Samsung Display Slovakia, s.r.o.

Financial Statements
as at 31 December 2016
and for the year then ended

in accordance with International Financial Reporting Standards
(IFRS) as adopted by the European Union (EU)

(Translation)

KPMG

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Translation of the Auditor's Report originally prepared in Slovak language

Independent Auditor's Report

To the Owner and Director of Samsung Display Slovakia, s.r.o.:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Samsung Display Slovakia, s.r.o. („the Company"), which comprise the statement of financial position as at 31 December 2016, statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2016, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section. We are independent of the Company in accordance with the ethical requirements of the Act No. 423/2015 Coll. on statutory audit and on amendments to Act No. 431/2002 Coll. on accounting as amended ("the Act on Statutory Audit") including the Code of Ethics for an Auditor that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Statutory Body for the Financial Statements

Statutory body is responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as statutory body determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, statutory body is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless statutory body either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by statutory body.

- Conclude on the appropriateness of statutory body's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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Report on Other Legal and Regulatory Requirements

Reporting on Information in the Annual Report

Statutory body is responsible for the information in the Annual Report prepared in accordance with the Act No. 431/2002 Coll. on Accounting as amended ("the Act on Accounting"). Our opinion on the financial statements, mentioned above, does not cover other information in the Annual Report.

In connection with our audit of the financial statements, our responsibility is to read the Annual Report and, in doing so, consider whether the other information is materially inconsistent with the audited financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

The Annual Report was not available to us as of the date of this auditor's report.

When we obtain the Annual Report, we will consider whether it includes the disclosures required by the Act on Accounting, and, based on the work undertaken in the course of the audit of the financial statements, we will express an opinion as to whether:

- the information given in the Annual Report for the year 2016 is consistent with the financial statements prepared for the same financial year; and
- the Annual Report contains information according to the Act on Accounting.

In addition, we will report whether we have identified any material misstatement in the Annual Report in light of the knowledge and understanding of the accounting entity and its environment that we have acquired during the course of the audit of the financial statements.

24 January 2017
Bratislava, Slovak Republic

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Auditing company:
KPMG Slovensko spol. s r.o.
License SKAU No. 96

Responsible auditor:
Ing. Marek Masaryk
License UDVA No. 1104

Contents

Samsung Display Slovakia, s.r.o.

Statement of financial position
as at 31 December 2016

in Euro

	Note	31-December-2016	31-December-2015
Assets			
Cash and cash equivalents	*8*	35 667 984	29 264 824
Trade and other receivables	*9*	19 984 559	23 497 791
Income tax receivable		1 544 752	-
Inventories	*11*	991 269	1 360 697
Assets classified as held for sale	*18*	8 753 501	373 408
Total current assets		**66 942 065**	**54 496 720**
Property, plant and equipment	*12*	48 057 399	64 860 860
Intangible assets	*13*	13 134	23 147
Long-term receivables		5 031	5 031
Deferred tax asset	*14*	1 702 632	2 638 416
Total non-current assets		**49 778 196**	**67 527 454**
Total assets		**116 720 261**	**122 024 174**
Liabilities			
Trade and other payables	*15*	17 392 329	20 029 272
Deferred income - current portion	*16*	1 249 508	1 334 155
Income tax payable		-	45 447
Total current liabilities		**18 641 837**	**21 408 874**
Deferred income – non-current portion	*16*	7 558 562	8 808 070
Total non-current liabilities		**7 558 562**	**8 808 070**
Total liabilities		**26 200 399**	**30 216 944**
Equity			
Share capital	*17*	83 105 491	83 105 491
Legal reserve fund		2 868 111	2 856 070
Retained earnings		4 546 260	5 845 669
Total equity		**90 519 862**	**91 807 230**
Total equity and liabilities		**116 720 261**	**122 024 174**

The notes on pages 10 to 40 are an integral part of these financial statements.

Samsung Display Slovakia, s.r.o.

Statement of profit and loss and other comprehensive income for the year ended 31 December 2016

in Euro

	Note	year ended 31-December-2016	year ended 31-December-2015
Sales of services	*19*	62 686 166	77 048 226
Cost of sales	*20*	(59 945 967)	(70 973 433)
Gross profit		**2 740 199**	**6 074 793**
Other operating income	*22*	3 007 034	1 577 397
Selling and administrative expenses	*21*	(7 548 232)	(9 799 246)
Operating profit (loss)		**(1 800 999)**	**(2 147 056)**
Other non-operating income	*22*	2 949 587	2 425 285
Other non-operating expenses	*22*	(306 950)	(226 459)
Finance income	*23*	42 420	248 776
Finance costs	*23*	(82 653)	(258 457)
Profit before tax		**801 405**	**42 089**
Income tax	*24*	(2 088 772)	(198 725)
Profit (loss) for the period		**(1 287 367)**	**240 814**
Profit (loss)		**(1 287 367)**	**240 814**
Other comprehensive income		-	-
Total comprehensive income (loss) for the period		**(1 287 367)**	**240 814**

The notes on pages 10 to 40 are an integral part of these financial statements.

Statement of changes in equity
for the year ended 31 December 2016

in Euro

	Note	Share capital (Note 17)	Legal reserve fund (Note 17)	Retained earnings	Total
Balance as at 1 January 2015		**116 105 491**	**2 680 452**	**5 780 473**	**124 566 416**
Share capital decrease		(33 000 000)	-	-	**(33 000 000)**
Transfer to legal reserve fund		-	175 618	(175 618)	**-**
Total comprehensive income for the period		-	-	240 814	**240 814**
Balance as at 31 December 2015		**83 105 491**	**2 856 070**	**5 845 669**	**91 807 230**
Balance as at 1 January 2016		**83 105 491**	**2 856 070**	**5 845 669**	**91 807 230**
Transfer to legal reserve fund			12 041	(12 041)	**-**
Total comprehensive income for the period				(1 287 367)	**(1 287 367)**
Balance as at 31 December 2016	*17*	**83 105 491**	**2 868 111**	**4 546 260**	**90 519 862**

The notes on pages 10 to 40 are an integral part of these financial statements.

	Note	year ended 31-December-2016	year ended 31-December-2015
Cash flow from operating activities			
Result for the period		**(1 287 367)**	**240 814**
Adjustments for:			
Depreciation of property, plant and equipment and amortization of intangible assets	*12,13*	27 341 224	44 874 363
Write-down of inventory, trade receivables and property, plant and equipment	*9, 11*	15 777	8 975
Net interest costs	*23*	(257)	(1)
Unrealized exchange rate losses		-	-
Unrealized exchange rate gains		(2 249)	(1 317)
Loss (gain) on sale of non-current assets	*22*	(1 380 189)	6 142
Tax expense (income)	*24*	2 088 772	(198 725)
Operating profit before changes in working capital items		**26 775 711**	**44 930 251**
Decrease / (Increase) in trade and other receivables (including accruals and deferrals)	*9*	3 890 712	4 541 317
(Decrease) / Increase in trade and other payables (including accruals and deferrals)	*15*	(2 634 694)	(11 905 944)
(Decrease) / Increase in deferred income, including government grant	*16*	(1 334 155)	(2 320 571)
Decrease / (Increase) in inventories	*11*	360 561	625 892
Cash generated from (used in) operating activities		**27 058 135**	**35 870 945**
Tax (paid) / refunded	*24*	(2 743 186)	1 370 871
Net cash generated from operating activities		**24 314 949**	**37 241 816**
Cash flows from investing activities			
Interest received	*23*	257	1
Acquisition of property, plant and equipment	*12*	(21 638 700)	(22 475 591)
Proceeds from the sale of non-current assets		3 726 654	11 017
Net cash used in investing activities		**(17 911 789)**	**(22 464 573)**
Cash flows from financing activities			
Share capital decrease		-	(33 000 000)
Net cash provided (repaid) by financing activities		**-**	**(33 000 000)**
Net increase (decrease) in cash and cash equivalents	*8*	6 403 160	(18 222 757)
Cash and cash equivalents at the beginning of the period	*8*	29 264 824	47 487 581
Cash and cash equivalents at the end of the period	*8*	**35 667 984**	**29 264 824**

The notes on pages 10 to 40 are an integral part of these financial statements.

1. General information about the Company

Samsung Display Slovakia, s.r.o. (hereinafter referred to as “the Company”) is a company incorporated in Slovakia.

The Company’s registered address is:

Samsung Display Slovakia, s.r.o.

919 42 Voderady 401

Slovakia

The Company was established on 12 March 2007 and was registered in the Commercial Register on 28 March 2007 under its original name Samsung Electronics LCD Slovakia s.r.o. (Commercial Register of the District Court Bratislava I in Bratislava, Section s.r.o., file 45269/B). Effectively from 8 September 2012 the Company has been renamed to its current name Samsung Display Slovakia, s.r.o. As at 30 September 2012 the Company is registered in the Commercial Register of the District Court Trnava, Section s.r.o., file 23392/T.

Identification number of the Company (IČO) is 36758205 and the tax identification number (DIČ) is 2022348757.

The principal activities of the Company

The principal activities of the Company are the production and sale of TFT LCD and LED panels and modules. The Company considers this as the only operating segment.

Number of employees

The average number of employees for the year ended 31 December 2016 was 568, including 6 managers (in 2015 it was 684 employees, including 6 managers).

The number of employees as at 31 December 2016 was 611, including 5 managers (31 December 2015 it was 568 employees, including 6 managers).

Information on unlimited liability

The Company is not a partner with unlimited liability in other entities according to Article 56 (5) of the Commercial Register.

Legal reason for the preparation of the Financial Statements

The financial statements have been prepared as ordinary financial statements in accordance with Article 17 (6) and Article 17a (2) of the Act No. 431/2002 Coll. on Accounting as amended for the accounting period from 1 January 2016 to 31 December 2016. The Slovak Act on Accounting requires the Company to prepare their financial statements for the period ended 31 December 2016 according to IFRS as adopted by EU as in previous years criteria set by Slovak Act on Accounting for obligatory financial statements prepared in accordance with IFRS as adopted by EU were met. Once the Company met these criteria, it must continue to prepare financial statements in accordance with IFRS as adopted by EU regardless of criteria.

Date of authorization of the financial statements for issue

These financial statements have been prepared as at 31 December 2016 and for the year then ended and were prepared and authorized for issue by the Company’s statutory representative on 24 January 2017.

The shareholder of the Company can amend these financial statements until they are approved by the shareholder.

Date of approval of the Financial Statements for the preceding accounting period

The Financial Statements of the Company as at 31 December 2015, i.e., for the preceding accounting period, were approved by the shareholder on the General Meeting held on 19 May 2016.

The Company's bodies

Statutory representative Mr. Hyuk Chang Kwon

Information about the shareholders as at the end of reporting period and on structure of shareholders until the date of their change during the reporting period

The shareholder of the Company is as follows:

Shareholder	Interest in share capital		Voting rights in %	Different interest on other items of equity than interest on share capital %
	in absolute terms	in %		
Samsung Display Co. Ltd., Republic of Korea	83 105 491	100	100	

Information about the ultimate parent

The Company is consolidated into the financial statements of Samsung Display CO., Ltd., Samsung 2 Ro, Giheung-gu 95, Yong-in-City, Gyeonggi-do, Republic of Korea. These consolidated financial statements are further consolidated into the financial statements of Samsung Electronics Co., Ltd., Republic of Korea, the ultimate shareholder. These consolidated financial statements are available at the registered office of the ultimate shareholder at 416 Maetan 3-dong, Yeongtong-gu, Suwon, Gyeonggi-do, Republic of Korea. The address of the Register Court where these consolidated financial statements are filed is Financial Supervisory Service located at 150-743, 97 Yeoui-daero, Youngdeungpo-gu, Seoul, South Korea.

Appointment of auditor

On 12 March 2015 the sole shareholder appointed KPMG Slovenko, spol. s r.o. as the auditor of the financial statements for the period from 1 January 2016 to 31 December 2016.

2. Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU).

3. Basis of preparation

The financial statements were prepared using the going concern assumption that the Company will continue its operations for the foreseeable future.

Basis of measurement

The financial statements have been prepared on the historical cost basis except for financial derivative instruments, which are measured at fair value.

Functional and presentation currency

The financial statements are presented in the Euro which is the Company´s functional currency and are rounded to the whole Euro.

Use of estimates and judgment

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognized in the financial statements are described in the following notes:

- Note 4i) – Impairment of property, plant and equipment
- Note 4f) – Assets held for sale
- Note 4h) – Write-downs of inventory
- Note 4j) – Provisions

Impairment review

Factors considered important, as part of an impairment review, include the following:

- Technological advancements;
- Significant underperformance relative to expected historical or projected future operating results;
- Significant changes in the manner of our use of the acquired assets or the strategy for our overall business;
- Obsolescence of products.

When the Company determines that the carrying value of non-current assets may not be recoverable based upon the existence of one or more of the above indicators of impairment, any impairment is measured based on the Company´s estimates of projected net discounted cash flows expected to result from that asset, including eventual disposition (refer to Note 12).

4. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

a) Foreign currency

Transactions in foreign currencies are translated to the functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the end of reporting period are translated to the Euro at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to the Euro at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognized in profit or loss.

The fair value of forward exchange contracts is based on their listed market price, if available. If a listed market price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

b) Property, plant and equipment

i. Recognition and measurement

Items of property, plant and equipment are stated at cost less accumulated depreciation (see below) and impairment losses (see accounting policy i). Acquisition price includes expenditures that are directly attributable to the acquisition of the asset.The cost of self-constructed assets includes the cost of materials, direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use and the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognized net in profit or loss from operating activities.

ii. Subsequent costs

The Company recognizes in the carrying amount of an item of property or plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied within the item will flow to the Company and its cost can be measured reliably. Expenditure on repairs or maintenance of property and equipment incurred to restore or maintain future economic benefits expected from the assets is recognized as an expense when incurred.

iii. Depreciation

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Depreciation commences in the month when the asset was put into use. Land and assets under construction are not depreciated. The estimated useful lives are as follows:

• Buildings and structures	15 years
• Machinery and equipment	5 years
• Vehicles	5 years
• Low value non-current tangible assets	5 years
• Moulds	13 months

Depreciation methods and useful lives, as well as residual values, are reassessed at the reporting date.

c) Intangible assets

i. Recognition and measurement

Intangible assets acquired by the Company have finite useful lives and are measured at cost less accumulated amortization and accumulated impairment losses (see accounting policy i).

ii. Subsequent costs

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other costs are recognized in profit or loss as incurred.

iii. Amortization

Amortization is charged to profit or loss on a straight-line basis over the estimated useful lives of each part of intangible assets. The amortization commences in the month when the asset was put into use. The estimated useful lives are as follows:

- Software 5 years
- Low value non-current intangible assets 5 years

Amortization methods and useful lives, as well as residual values, are reassessed at the reporting date.

iv. Impairment review

Impairment review of intangible assets is performed in a similar manner as for property, plant and equipment described in the accounting policy above.

d) Leases (Company as a Lessee)

i. Leased assets

Assets held by the Company under leases which transfer to the Company substantially all of the risks and rewards of ownership are classified as finance leases. On initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases are classified as operating leases and are not recognized in the Company's statement of financial position.

ii. Lease payments

Payments made under operating leases are recognized in profit or loss from operating activities on a straight-line basis over the term of the lease. Lease incentives received are recognized as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

iii. Determining whether an arrangement contains a lease

At inception of an arrangement, the Company determines whether such an arrangement is or contains a lease. A asset is the subject of a lease if fulfilment of the arrangement is dependent on the use of that specified asset and the arrangement conveys the right to use the asset. At inception or upon reassessment of the arrangement, the Company separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. Subsequently the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Company's incremental borrowing rate.

e) Leased assets (Company as a Lessor)

Leases in which the Company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income.

f) Assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified ad held-for-sale, if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, an then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, which continue to be measured in accordance with the Company's other accounting policies. Impairment losses on initial classification as held-for-sale or held-for-distribution and subsequent gains and losses on re-measurement are recognized in profit or loss.

Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortized or depreciated.

g) Financial instruments

i. Financial assets

Classifications

The Company classifies financial assets into the following categories: fair value through profit or loss (derivatives), loans and receivables and cash and cash equivalents. The classification depends on the purpose for which the financial asset was acquired and whether it is quoted in an active market. The Company's management classifies the financial assets at its initial recognition.

Loans and receivables

Loans and receivables represent non-derivative financial assets with fixed or determinable payment dates, not quoted in an active market. These are classified in current assets except for those when their maturity is later than 12 months from the reporting date. These are classified as non-current assets. This category represents trade receivables, other receivables, cash and cash equivalents and loans to related parties recognized in the statement of financial position.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances.

Recognition and derecognition of financial assets

Acquisition and sale of financial asset is recognized as at the date when the transaction is agreed, i.e. at the date when the Company commits itself to buy or sell the asset. The financial asset is initially recognized at fair value plus any directly attributable transaction costs. In case of financial asset not recognized at fair value the transaction costs are recognized in profit or loss.

Loans and receivables are measured at amortized cost using the effective interest rate method, less impairment losses, if necessary.

An impairment loss to loans and receivables is recognized if there is an objective evidence that the Company is not able to collect the total outstanding amount due according to originally agreed conditions. Significant financial difficulties of the debtor, probability that a declaration for bankruptcy or restructuring proceeding will be filed for a debtor, non-payment after the agreed due date are considered as the indicators of the impairment of loans and receivables.

The amount of the impairment loss represents the difference between the carrying amount and the present amount of estimated amount of future cash-flows discounted by the originally used effective interest rate of the instrument. The carrying amount of the asset is reduced using allowance account through profit or loss. In the case that the trade receivable is not recoverable, it is written off with the corresponding entry on the allowance account.

The financial asset is derecognized, when:

a) The asset is repaid or when contractual rights to the cash flows from the asset expire, or

b) The Company transferred the rights to receive cash-flow from the financial asset or concluded an agreement on transfer of income from this asset immediately after obtaining the income, and at the same time

   – It transferred substantially all of the risks and rewards of ownership of this asset, or

   – It neither transferred nor retains all of the risks and rewards of ownership and did not retain control over the asset transferred. The control is retained when the contractual party does not have any practical ability to sell this asset to independent party without further restrictions.

ii. Non-derivative financial liabilities – measurement

The Company classifies non-derivative financial liabilities into the other financial liabilities category.

Trade payables and other financial liabilities

Trade and other financial liabilities are recognized initially at fair value. Subsequent to initial recognition they are stated at amortized cost.

Loans and borrowings

Interest-bearing borrowings are recognized initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortized cost with any difference between cost and redemption value being recognized in profit or loss over the period of the borrowings on an effective interest basis

iii. Derivative financial instruments

The derivative financial instruments are used to economically hedge the Company's exposure to foreign exchange risks arising from operational, financing and investment activities. In accordance with its treasury policy, the Company does not hold or issue derivative financial instruments for trading purposes. However, as no derivatives qualify for hedge accounting they are accounted for as trading instruments.

Derivative financial instruments are recognized initially at fair value and subsequent to initial recognition they are re-measured to their fair value. The gain or loss on re-measurement to fair value is recognized immediately in profit or loss as part of net finance costs. Any attributable transaction costs are recognized in profit or loss when incurred.

h) Inventories

Inventories are stated at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The cost of production of inventories is based on the weighted average cost method and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

The Company evaluates the realisability of its inventory on a case-by-case basis and adjusts the carrying value of inventory through a charge to profit or loss based on the estimates of the net realizable value. Inventory for which no further processing or re-processing can be performed is written-off. The Company also considers recent trends in revenues for various inventory items and instances where the net realizable value of inventory is likely to be less than its carrying value.

i) Impairment

Non-derivative financial assets

Financial assets not classified as at fair value through profit or loss, are assessed at each reporting date to determine whether there is objective evidence of impairment.

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognized in profit or loss from operating activities and reflected in an allowance account against receivables.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost, the reversal is recognized in profit or loss.

Non-financial assets

The carrying amounts of the Company's assets, other than property, plant and equipment, intangible assets, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit", or "CGU").

An impairment loss is recognized whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that are largely independent from other assets and groups.

Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units (group of units) and then, to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

The recoverable amount of other assets is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognized.

Considerations used for identifying indicators of impairment of non-financial assets are also described in accounting policy 4c) iv.

j) Provisions

A provision is recognized in the statement of financial position when the Company has a present legal or constructive obligation as a result of a past event that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

The Company does not book any warranty provision. It does not have any responsibility for warranty claims, as these are allocated to SAMSUNG Electronics Slovakia s.r.o. (the sole customer). The Company is responsible only for assembly, operates on cost plus basis and charges processing fee to SAMSUNG Electronics Slovakia s.r.o. If there are any defects identified these are solved by Samsung Electronics Slovakia s.r.o., the Company is not taking any responsibility and is not charged by Samsung Electronics Slovakia s.r.o. with warranty costs.

k) Discontinued operation

A discontinued operation is a component of the Company's business, the operations and cash flows of which can be clearly distinguished from the rest of the Company and which:

- represents a separate major line of business or geographic area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business (division) or geographic area of operations; or
- is a subsidiary acquired exclusively with a view to re-sale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale.

When an operation is classified as a discontinued operation, the comparative statement of profit or loss and OCI is re-presented as if the operation has been discontinued from the start of the comparative year.

l) Revenue

i. Sales of services

Revenue from the sale of services is based on cost plus basis. Final output of production process is "work", processing fee is charged to the sole customer SAMSUNG Electronics Slovakia s.r.o. Revenue from the sale of services is recognized in profit or loss when material is processed in the Company, the processing fee is invoiced to customer and the final product (LCM panel not owned by the Company) is transported to the customer.

ii. Rental income

Rental income is recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease. Rental income from subleased property is recognized as revenue from services.

m) Finance costs and finance income

Finance costs and finance income comprise:

- interest expense on borrowings calculated using the effective interest method (other than those that are directly attributable to the acquisition, construction or production of a qualifying asset);
- interest income on funds invested;
- gains and losses from revaluation of derivatives to fair value; and
- foreign exchange gains and losses.

Interest income and interest expense are recognized in profit or loss as they accrue, using the effective interest method.

n) Income tax

Income tax expense comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or in other comprehensive income.

i. Current tax

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted at the reporting date, and any adjustment to tax payable in respect of previous periods.

ii. Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profit will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

iii. Tax exposures

In determining the amount of current and deferred tax, the Company takes into account the impact of uncertain tax positions and whether additional taxes or interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Company to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

o) Employee benefits

Short-term employee benefits obligations are measured on an undiscounted basis and are expensed as the related service is provided. A provision is recognized for the amount expected to be paid under short-term cash bonus if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

p) Government grants

Government grants are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and the Company will comply with the conditions associated with the grant. Grants that compensate the Company for the cost of an asset are recognised in profit or loss on a systematic basis over the useful life of the asset. Grants that compensate the Company for expenses incurred are recognised in profit or loss as other operating income on a systematic basis in the same periods in which the expenses are recognised.

The Company applies gross presentation for government grants related to assets and recognizes the grant as income and the depreciation of the asset separately.

q) Offsetting

Financial assets and liabilities are set off and the net amount presented in the statement of financial position only if the Company has a legal right to set off the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted by the reporting standards, or for gains and losses arising from a group of similar transactions.

5. Determination of fair values

Fair values have been determined for measurement and / or disclosure purposes based on the following methods:

i. Trade and other financial receivables

The fair value of trade and other financial receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at measurement date. Short-term receivables with no stated interest rate are measured at the original invoice amount if the effect of discounting is immaterial. Fair value is determined at initial recognition and, for disclosure purposes, at each annual reporting date.

ii. Trade and other financial liabilities

Trade and other financial liabilities are recognized initially at fair value. Carrying amount of trade liabilities is approximately equal to their fair value.

6. Application of new standards and interpretations

The following new Standards and Interpretations are not yet effective for the annual period ended 31 December 2016 and have not been applied in preparing these financial statements. The interpretation did not have any significant impact on the Company's financial statements.

7. New standards and interpretations not yet adopted

IFRS 9 Financial Instruments

IFRS 9 has been issued in July 2014 and is effective for annual periods beginning on or after 1 January 2018. Key features of the new standard are:

Financial assets are required to be classified into three measurement categories: those to be measured subsequently at amortised cost, those to be measured subsequently at fair value through other comprehensive income (FVOCI) and those to be measured subsequently at fair value through profit or loss (FVPL).

Classification for debt instruments is driven by the entity's business model for managing the financial assets and whether the contractual cash flows represent solely payments of principal and interest (SPPI). If a debt instrument is held to collect cash flows, it may be carried at amortised cost if it also meets the SPPI requirement. Debt instruments that meet the SPPI requirement and are held in a portfolio where an entity both holds to collect assets' cash flows and sells assets may be classified as FVOCI. Financial assets that do not contain cash flows that are SPPI must be measured at FVPL (for example, derivatives). Embedded derivatives are no longer separated from financial assets but will be included in assessing the SPPI condition.

Investments in equity instruments are always measured at fair value. However, management can make an irrevocable election to present changes in fair value in other comprehensive income, provided the instrument is not held for trading. If the equity instrument is held for trading, changes in fair value are presented in profit or loss.

Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The key change is that an entity will be required to present the effects of changes in own credit risk of financial liabilities designated at fair value through profit or loss in other comprehensive income.

IFRS 9 introduces a new model for the recognition of impairment losses – the expected credit losses (ECL) model. There is a 'three stage' approach which is based on the change in credit quality of financial assets since initial recognition. In practice, the new rules mean that entities will have to record an immediate loss equal to the 12-month ECL on initial recognition of financial assets that are not credit impaired (or lifetime ECL for trade receivables). Where there has been a significant increase in credit risk, impairment is measured using lifetime ECL rather than 12-month ECL. The model includes operational simplifications for trade receivables and lease.

Hedge accounting requirements were amended to align accounting more closely with risk management. The standard provides entities with an accounting policy choice between applying the hedge accounting requirements of IFRS 9 or continuing to apply IAS 39 to all hedges because the standard currently does not address accounting for macro hedging.

The standard has not been endorsed by the European Union yet. The Company is currently assessing the impact of the new standard on its financial statements.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 has been issued on 28 May 2014 and is effective for the periods beginning on or after 1 January 2018. The new standard introduces the core principle that revenue must be recognised when the goods or services are transferred to the customer, at the transaction price. Any bundled goods or services that are distinct must be recognised separately, and any discounts or rebates on the contract price must generally be allocated to the separate elements. When the consideration varies for any reason, minimum amounts must be recognised if they are not at significant risk of reversal. Costs incurred to secure contracts with customers have to be capitalised and amortised over the period when the benefits of the contract are consumed.

The standard has been endorsed by the European Union. Clarifications to IFRS 15 Revenue from Contracts with Customers is not yet endorsed by the EU but IFRS 15 Revenue from Contracts with Customers including Effective Date of IFRS 15 have been endorsed by the EU. The Company is currently assessing the impact of the new standard on its financial statements.

IFRS 16 Leases

IFRS 16 is effective for annual periods beginning on or after 1 January 2019. Earlier application is permitted if the entity also applies IFRS 15).

IFRS 16 supersedes IAS 17 Leases and related interpretations. The Standard eliminates the current dual accounting model for lessees and instead requires companies to bring most leases on-balance sheet under a single model, eliminating the distinction between operating and finance leases.

Under IFRS 16, a contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. For such contracts, the new model requires a lessee to recognise a right-of-use asset and a lease liability. The right-of-use asset is depreciated and the liability accrues interest. This will result in a front-loaded pattern of expense for most leases, even when the lessee pays constant annual rentals.

The new Standard introduces a number of limited scope exceptions for lessees which include:

- leases with a lease term of 12 months or less and containing no purchase options, and
- leases where the underlying asset has a low value ('small-ticket' leases).

Lessor accounting shall remain largely unaffected by the introduction of the new Standard and the distinction between operating and finance leases will be retained.

Annual Improvements to IFRSs

The improvements introduce amendments existing standards and consequential amendments to other standards and interpretations. None of these amendments have been endorsed by EU yet.
None of these amendments are expected to have a significant impact on the financial statements of the Entity.

Amendments to IAS 7 (applicable to annual periods beginning on or after 1 January 2017). The amendment require new disclosures that help users to evaluate changes in liabilities arising from financing activities, including changes from cash flows and non-cash changes (such as the effect of foreign exchange gains or losses, changes arising for obtaining or losing control of subsidiaries, changes in fair value).
Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealised Losses (applicable to annual periods beginning on or after 1 January 2017). The amendments clarify how and when to account for deferred tax assets in certain situations and clarify how future taxable income should be determined for the purposes of assessing the recognition of deferred tax assets.

Amendments to IFRS 2: Classification and Measurement of Share-based Payment Transactions (applicable to annual periods beginning on or after 1 January 2018). The amendments clarify share-based payment accounting on the following areas:

- the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments;
- share-based payment transactions with a net settlement feature for withholding tax obligations; and

a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity settled.

Amendments to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (applicable to annual periods beginning on or after 1 January 2021). The amendments address concerns arising from implementing IFRS 9 before implementing the replacement standard that the IASB is developing for IFRS 4. The amendments introduce two optional solutions. One solution is a temporary exemption from IFRS 9, effectively deferring its application for some insurers. The other is an overlay approach to presentation to alleviate the volatility that may arise when applying IFRS 9 before the forthcoming insurance contracts standard.

Amendments to IFRS 10 and IAS 28 Sale or contribution of assets between an investor and its associate or joint venture (effective date has not been set yet by the IASB). The Amendments clarify that in a transaction involving an associate or joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business, such that:

- a full gain or loss is recognised when a transaction between an investor and its associate or joint venture involves the transfer of an asset or assets which constitute a business (whether it is housed in a subsidiary or not), while a partial gain or loss is recognised when a transaction between an investor and its associate or joint venture involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

8. Cash and cash equivalents

in Euro	**31-December-2016**	**31-December-2015**
Bank balances	132	124
Cash-pooling account	35 658 802	29 105 150
Deposits	9 050	159 550
Cash and cash equivalents	**35 667 984**	**29 264 824**

Balances on bank accounts are at the Company´s full disposal.

In December 2012 the Company entered a Multi Entity Cash Pooling Agreement which was signed between Citibank, N.A. and various companies within the SAMSUNG Group and which is maintained by Samsung Electronics European Holding. Based on this agreement Citibank is notionally consolidating debit and credit balances in accounts in the same location for, inter alia, interest purposes.

As at 31 December 2016 there were bank guarantees provided for the Company in favour of the Customs office for customs debt in amounts of EUR 1 000 000 (31 December 2015: EUR 1 000 000).

9. Trade and other receivables

in Euro	**31-December-2016**	**31-December-2015**
Financial assets		
Trade receivables	16 633 073	16 560 385
Non-trade receivables	2 838 206	6 413 174
Less: provision for impairment	(6 911)	-
Total financial assets	*19 464 368*	*22 973 559*
Non-financial assets		
Advance payments made	364 843	346 526
Prepaid expenses	140 662	166 877
Accrued revenues	14 686	10 829
Total non-financial assets	*520 191*	*524 232*
Total trade and other receivables	**19 984 559**	**23 497 791**

The breakdown of financial trade and other receivables by currency is as follows:

in Euro	31-December-2016 Balance recalculated to EUR	%	31-December-2015 Balance recalculated to EUR	%
EUR	19 471 279	100%	22 973 559	100%
	19 471 279	100%	**22 973 559**	100%
Provision for impairment	(6 911)		-	
	19 464 368	100%	**22 973 559**	100%

The Company is exposed to a customer concentration risk as majority of trade receivables (as some of them are booked through balance sheet operations) and 100 % of revenues during the year ended 31 December 2016 (31 December 2015: majority of trade receivables) has been transacted with customers would are members of the Samsung Electronics Group.

The aging structure of financial trade and other receivables is provided in the table below:

In Euro	31-December-2016	31-December-2015
Not past due	19 460 322	22 967 385
Past due	10 957	6 174
Trade and other receivables – gross	**19 471 279**	**22 973 559**
Provision for impairment	(6 911)	-
Trade and other receivables - net	**19 464 368**	**22 973 559**

Credit quality of financial trade and other receivables

The credit quality of financial trade and other receivables that are neither past due nor impaired is shown in the following table:

in Euro	31-December-2016	31-December-2015
Group 1	-	-
Group 2	19 460 322	22 967 385
Group 3	-	-
	19 460 322	**22 967 385**

Group 1 – new customers (less than 6 months).
Group 2 – existing customers (more than 6 months) with no defaults in the past.
Group 3 – existing customers (more than 6 months) with some defaults in the past, which were fully recovered.

Analysis of overdue financial trade and other receivables that are not impaired

As at 31 December 2016, financial trade and other receivables of EUR 4 046 (31 December 2015: EUR 6 174) which were past due but not impaired.

in Euro	31-December-2016	31-December-2015
Up to 1 month	4 046	6 174
1 to 2 months	-	-
3 to 6 months	0	-
Over 6 months	-	-
	4 046	**6 174**

Impairment of financial trade and other receivables

As at 31 December 2016 financial trade and other receivables of EUR 6 911 (2015: EUR 0) were fully impaired.

Receivables are not pledged.

No lien has been established on receivables as at 31 December 2016 and 31 December 2015.

10. Financial instruments by category

in Euro	Assets at fair value through profit and loss	Loans and receivables	Total
31 December 2016			
Assets as per statement of financial position			
Cash and cash equivalents	-	35 667 984	35 667 984
Trade and other receivables (excl. derivatives) - financial	-	19 464 368	19 464 368
	-	**55 132 352**	**55 132 352**

in Euro	Liabilities at fair value through profit and loss	Other financial liabilities at amortised cost	Total
31 December 2016			
Liabilities as per statement of financial position			
Trade and other payables - financial	-	16 207 078	16 207 078
	-	**16 207 078**	**16 207 078**

in Euro	Assets at fair value through profit and loss	Loans and receivables	Total
31 December 2015			
Assets as per statement of financial position			
Cash and cash equivalents	-	29 264 824	29 264 824
Trade and other receivables (excl. derivatives) - financial	-	22 973 559	22 973 559
	-	**52 238 383**	**52 238 383**

in Euro	Liabilities at fair value through profit and loss	Other financial liabilities at amortised cost	Total
31 December 2015			
Liabilities as per statement of financial position			
Trade and other payables - financial	-	18 710 948	18 710 948
	-	**18 710 948**	**18 710 948**

11. Inventories

in Euro	**31-December-2016**	**31-December-2015**
Raw materials and consumables	1 010 787	1 371 349
Work in progress and semi-finished goods	-	-
Finished goods	-	-
Inventories - gross	**1 010 787**	**1 371 349**
Write down of inventories	(19 518)	(10 652)
Inventories - net	**991 269**	**1 360 697**

No lien has been established on inventory as at 31 December 2016 and 31 December 2015.

As at 31 December 2016, the Company has recorded the write-down of inventories in amount of EUR 19 518 (31 December 2015: EUR 10 652).

12. Property, plant and equipment

in Euro	Land, Structures	Machinery and equipment	Acquisition of property, plant and equipment	Assets classified as held for sale	Total
Cost					
Balance at 1 January 2015	93 280 170	170 834 720	7 811 356	-	271 926 246
Acquisitions	41 611	22 434 104	175 361	-	22 651 076
Transfers	-	7 811 356	(7 811 356)	-	-
Disposals	-	8 735 002	175 361	-	8 910 363
Transfer to assets classified as held for sale	-	(38 485 286)	-	38 485 286	-
Balance at 31 December 2015	**93 321 781**	**153 859 892**	**-**	**38 485 286**	**285 666 959**
Balance at 1 January 2016	93 321 781	153 859 892	-	38 485 286	285 666 959
Acquisitions	48 839	21 132 343	457 518	-	21 638 700
Transfers	-	-	-	-	-
Disposals	-	(25 223 512)	(384 392)	(38 485 286)	(64 093 190)
Transfers to assets classified as held for sale	-	(99 382 769)	-	99 382 769	-
Balance at 31 December 2016	**93 370 620**	**50 385 954**	**73 126**	**99 382 769**	**243 212 469**
Accumulated Depreciation and impairment losses					
Balance at 1 January 2015	34 909 854	149 377 703	-	-	184 287 557
Depreciation charge for the period	5 912 891	38 949 963	-	-	44 862 854
Disposals	-	8 717 720	-	-	8 717 720
Transfer to assets classified as held for sale	-	(38 111 878)	-	38 111 878	-
Balance at 31 December 2015	**40 822 745**	**141 498 068**	**-**	**38 111 878**	**220 432 691**
Balance at 1 January 2016	40 822 745	141 498 068	-	38 111 878	220 432 691
Depreciation charge for the period	5 914 437	21 416 774	-	-	27 331 211
Disposals	-	(23 250 445)	-	(38 111 878)	(61 362 333)
Transfer to assets classified as held for sale		(90 629 268)		90 629 268	
Balance at 31 December 2016	**46 737 182**	**49 035 119**	**-**	**90 629 268**	**186 401 569**
Carrying amounts					
At 1 January 2015	58 370 316	21 457 017	7 811 356	-	87 638 689
At 31 December 2015	**52 499 036**	**12 361 824**	**-**	**373 408**	**65 234 268**
At 1 January 2016	52 499 036	12 361 824	-	373 408	65 234 268
At 31 December 2016	**46 633 438**	**1 350 835**	**73 126**	**8 753 501**	**56 810 900**

Insurance

As at 31 December 2016 property, plant and equipment are insured against damage up to EUR 161 656 446 (31 December 2015: 177 000 000).

Lien

As of 31 December 2016 and 31 December 2015 there is no pledged property, plant and equipment.

Impairment testing for the year ended 31 December 2016

In the accounting period ended 31 December 2015, Company´s management decided to close one production division (triggering event), due to increased competition and the need to manufacture the products at lower costs.

Closed production division was located in main building and the Company tested this building for impairment. The carrying amount of main building at 31 December 2016 is EUR 27 550 021 and represents significant part of all structures.

For the impairment test performed the recoverable amount was calculated as a fair value less costs of disposals amount using valuation technique - income approach (discounted cash flows generating by rent fee). Key assumptions used in the impairment testing were rent fee and yield. Based on market research the average yield used was 7.50% and average rent fee used was 6.25 EUR per square meter per month.

Based on this testing, no impairment losses of the main building were identified. There are not any other significant assets connected with closing of that production division.

The Company has carried out a sensitivity analysis aimed at the change of rent fee and yield. An increase in yield by 10% would not cause any impairment loss. A decrease of rent fee by 10% would not cause any significant impairment loss.

13. Intangible assets

In Euro	**Software**
Cost	
Balance at 1 January 2015	1 899 335
Acquisitions	-
Transfers	-
Disposals	-
Balance at 31 December 2015	**1 899 335**
Balance at 1 January 2016	1 899 335
Acquisitions	-
Transfers	-
Disposals	-
Balance at 31 December 2016	**1 899 335**
Amortization and impairment losses	
Balance at 1 January 2015	1 864 679
Amortization for the period	11 509
Disposals	-
Balance at 31 December 2015	**1 876 188**
Balance at 1 January 2016	1 876 188
Amortization for the period	10 013
Disposals	-
Balance at 31 December 2016	**1 886 201**
Carrying amounts	
At 1 January 2015	34 656
At 31 December 2015	**23 147**
At 1 January 2016	23 147
At 31 December 2016	**13 134**

14. Deferred tax asset

In Euro	**31-December-2016**	**31-December-2015**
Property, plant and equipment	2 548 214	3 171 159
Value adjustment to inventory	4 294	2 343
Government subsidies	(856 787)	(947 235)
Accrued expenses	6 911	412 149
Deferred tax asset	**1 702 632**	**2 638 416**

All movements in temporary differences were recognized in profit or loss during the relevant periods.

During the years ended 31 December 2010 and 31 December 2011, the Company received subsidy for procurement of fixed assets and for creation of new jobs. For accounting purposes the subsidy for procurement of fixed assets is recognized in the statement of comprehensive income over the period of estimated useful life of the assets and the part related to depreciation before recognition date was released in the Statement of Comprehensive Income immediately. For tax purposes all of the subsidy will be released in the future periods over the tax life of the assets. The difference between accounting and tax treatment resulted in deferred tax liability.

15. Trade and other payables

in Euro	31-December-2016	31-December-2015
Financial liabilities		
Trade payables	11 014 149	15 056 802
Non-trade payables	3 947 463	2 488 763
Liabilities to employees and social security	1 245 466	1 165 383
Total financial liabilities	*16 207 078*	*18 710 948*
Non-financial liabilities		
VAT liability	1 181 051	1 314 124
Advance payments received	4 200	4 200
Total non-financial liabilities	*1 185 251*	*1 318 324*
Total trade and other payables	**17 392 329**	**20 029 272**

The breakdown of financial trade and other payables by currencies is as follows:

in Euro	31-December-2016 Balance recalculated to EUR	%	31-December-2015 Balance recalculated to EUR	%
EUR	16 087 532	99%	18 582 404	99%
USD	118 366	1%	127 364	1%
KRW	1 180	0%	1 180	0%
	16 207 078	**100**%	**18 710 948**	**100**%

Structure of payables according to maturity

The aging structure of financial liabilities is shown in the table below:

In Euro	31-December-2016	31-December-2015
Payables overdue	-	1 600
Payables due within 3 months	16 207 078	18 709 348
Total trade and other payables	**16 207 078**	**18 710 948**

Liabilities are not secured by any lien.

Social fund

The social fund liabilities are presented among non-trade payables and changed during the period as follows:

In Euro	31-December-2016	31-December-2015
Balance at beginning of the period	51 176	69 416
Recognized as expenses	49 396	57 140
Drawing	(44 060)	(75 380)
Balance at end of the period	**56 512**	**51 176**

According to the Act on the Social Fund, the social fund is used to satisfy social, health, recreation, and other needs of employees.

16. Deferred income

in Euro	31-December-2016	31-December-2015
Government grants - current portion	1 249 508	1 334 155
Government grants - non-current portion	7 558 562	8 808 070
Total deferred income	**8 808 070**	**10 142 225**

The Company has been awarded government grants. They were conditional upon the acquisition of Property, plant and equipment (PPE). Grants, recognized as at 31 December 2016, amount to EUR 8 808 thousand and relate to PPE, which has been utilised since 2008. The grant, recognised as deferred income is being amortised over the useful life of the PPE.

17. Capital and reserves

Share capital

The total authorized and issued share capital of the Company amounts to EUR 83 105 491 as at 31 December 2016 (31 December 2015: EUR 83 105 491). The share capital is fully paid up.

The ownership structure is as follows:

	31-December-2016 (EUR)	Share and voting rights (%)	31-December-2015 (EUR)	Share and voting rights (%)
Samsung Display Co., Ltd., Republic of Korea	83 105 491	100%	83 105 491	100%
Total	**83 105 491**	**100%**	**83 105 491**	**100%**

The voting rights represent the portion in the share capital owned by the respective shareholder.

Legal reserve fund

The Company is obliged by Slovak law to create a legal reserve in the minimum amount of 5% of net profit (annually) and up to a maximum of 10% of the registered share capital. As the fund's balance has not reached yet its maximum amount, a further distribution from the Company's profits is required in the future. Distribution of the legal reserve fund can be used for covering the Company's losses only.

Distribution of profit of the preceding period

The Company achieved a profit of EUR 240 814 for the year ended 31 December 2015, part of which was transferred to the legal reserve fund (EUR 12 041) as per the local Commercial Code. The Company achieved a statutory loss of EUR 1 287 367 for the year ended 31 December 2016, which is to be settled with Legal Reserve Fund cumulated from previous years.

18. Discontinued operation and assets held for sale

Assets held for sale

At the end of accounting period ended 31 December 2016, Company`s management committed to plan to sell the moulds to the entity within the Samsung group early in 2017. These assets met criteria set by IFRS 5 for classifying as assets held for sale. The expected selling price is higher than carrying amount. No impairment provision is needed regarding these assets held for sale.

During the year ended 31 December 2016, the Company entered into an agreement with SAMSUNG Electronics Slovakia s.r.o. to sell all of its moulds. The transaction will take place in first quarter of 2017.

in Euro	**31-December 2016**
Cost	99 382 769
Depreciation and impairment losses	90 629 268
Carrying amounts	**8 753 501**

Discontinued operations

In the accounting period ended 31 December 2015, Company´s management has decided to close one production division due to increased competition and the need to manufacture the products at lower costs.

The Company classified the division as a discontinued operation during 2015 with effort to sell the production lines connected to this division.

At 31 December 2015 the production lines (mostly machineries) connected with the closed production division were recognized as assets related to discontinued operation. These assets also met criteria set by IFRS 5 for classifying as assets held for sale and the Company sold them within Samsung group during 2016 accounting period. The selling price was higher than carrying amount. There were no other significant assets or liabilities connected with discontented operation.

In prior period the Company classified the division as a discontinued operation, however in current period majority of expenses still occurs and are allocated to the division classified as continued operation. Thus the Company decided to fully disclose previous period revenues and expenses. This was in line with IFRS 5, when presenting discontinued operations, it may be necessary to reconsider the allocation of revenue or expenses to a segment that is classified as a discontinued operation. Revenue and expenses should not be presented as discontinued unless they will cease to be earned / incurred on disposal of the discontinued operation. General corporate overhead expenses would not be allocated to a discontinued operation.

Assets related to discontinued operation

in Euro	**31-December 2015**
Property, plant and equipment	373 408
	373 408

19. Sales of services

Sales of services are represented by the processing fee (production of TFT LCD and LED panels). The breakdown of sales according to the individual territories is as follows:

in Euro	year ended 31-December-2016	year ended 31-December-2015
Slovakia	62 686 166	63 646 602
South Korea	-	13 401 624
	62 686 166	**77 048 226**

20. Cost of sales

in Euro	year ended 31-December-2016	year ended 31-December-2015
Depreciation and amortization	24 206 450	40 429 503
Commission and service charges	18 006 257	7 571 397
Personnel expenses	11 552 278	11 440 879
Consumption of material	1 559 182	6 302 664
Repair and maintenance	1 334 725	1 374 112
External processing	1 280 143	1 071 182
Utilities	1 025 411	1 677 991
Insurance	81 557	135 122
Rent expense	65 205	299 461
Other	834 757	671 122
	59 945 967	**70 973 433**

21. Selling and administrative expenses

in Euro	year ended 31-December-2016	year ended 31-December-2015
Depreciation and amortization	3 134 770	4 439 756
Personnel expenses	1 082 997	1 450 763
Commission and service charges	1 059 925	1 095 626
IT expenses	801 142	1 009 100
Taxes and dues	364 223	611 066
Communication	240 917	279 445
Consumable supplies	145 303	81 623
Rent and lease expense	72 118	102 558
Audit fee	147 670	190 215
Insurance	53 739	109 958
Repair and maintenance	52 995	23 145
Representation expenses	50 105	48 862
Travel	14 234	46 195
Transport	10 450	39 714
Bad debt expense	6 911	-
Other	310 733	271 220
	7 548 232	**9 799 246**

Breakdown of costs for services provided by the auditing company

in Euro	year ended 31-December-2016	year ended 31-December-2015
Audit of financial statements	71 473	87 677
Other assurance services	-	12 500
Tax consulting	26 157	46 838
Other non-audit services	50 040	43 200
	147 670	**190 215**

22. Other income and other expenses

Other operating income

in Euro	year ended 31-December-2016	year ended 31-December-2015
Rental income	3 007 034	1 577 394
	3 007 034	**1 577 394**

Other non-operating income and expenses

in Euro	year ended 31-December-2016	year ended 31-December-2015
Gain on Disposal of Tangible Assets	1 563 266	11 015
Gain from Government Subsidies (Note 16)	1 334 155	2 320 571
Revenues from repair of LCD panels	52 166	93 699
Other non-operating income	2 949 585	2 425 285
Loss on disposal of non-current assets	(183 076)	-
Other	(123 874)	(226 459)
Other non-operating expenses	(306 950)	(226 459)
Other non-operating income (expenses) - net	**2 642 637**	**2 198 826**

23. Finance income and finance costs

in Euro	year ended 31-December-2016	year ended 31-December-2015
Interest expense	-	-
Interest income	257	1
Net interest income (expense)	**257**	**1**
Foreign exchange losses	(82 653)	(258 457)
Foreign exchange gains	11 521	228 009
Net foreign exchange gains / (losses)	**(71 132)**	**(30 450)**
(Losses) and gains on revaluation of derivatives, net	30 642	20 776
Net finance income/(costs)	**(40 233)**	**(9 683)**
Split as:		
Finance income	42 420	248 776
Finance costs	(82 653)	(258 457)

The amount of interest income was generated from the cash deposits at banks. The amount of interest expense relates to the bank loans.

24. Income tax

in Euro	year ended 31-December-2016	year ended 31-December-2015
Current tax expense		
Adjustment to previous year tax charge	(1 152 988)	-
Income tax charge	-	391 764
Total current tax expense	**(1 152 988)**	**391 764**
Deferred tax expense		
Origination and reversal of temporary differences	(935 784)	(590 489)
Total income tax income/(expense) in profit or loss	**(2 088 772)**	**198 725**

Reconciliation of the effective tax rate

in Euro	year ended 31-December-2016	%	year ended 31-December-2015	%
Profit before tax	801 404		42 089	
Income tax using the domestic corporate tax rate	176 309	22%	9 260	22%
Adjustment to previous year tax charge	1 152 988	144%		
Tax non-deductible expenses and other items	-	95%	391 764	931%
Change in deductible temporary differences	935 784	-	(590 489)	(14 030%)
Income tax (income)/expense in profit or loss	**2 088 772**	**261%**	**198 725**	**%**

25. Capital commitments

There are no significant capital commitments as at 31 December 2016 and 31 December 2015.

26. Operating Leases

Leases as lessee

The Company leases 9 personal cars. These leases are classified as operating. The lease rentals are payable as follows:

In Euro	31-December-2016	31-December-2015
Less than one year	23 190	47 119
Between one and five years	27 786	31 734
More than five years	-	-
	50 976	**78 853**

Leases as lessor

As at 31 December 2016, the Company leases out items of its property, plant and equipment to its suppliers. The Company was provided with valuation report of these machineries based on which was calculated rental fee for renting these machineries. The related rental income in 2016 amounted to EUR 2 072 641 (2015: EUR 1 041 840).

27. Contingencies

Uncertainties in tax legislation

As many areas of the Slovak tax law have not been sufficiently tested in practice, there is some uncertainty as to how the tax authorities would apply them. For example, the Slovak transfer pricing legislation provides the possibility for tax authorities to make transfer pricing adjustments and impose additional tax liabilities in respect of transactions with foreign related parties if the Company's transaction prices are determined not to be on an arm´s length basis. It is possible with the evolution of the approach of the Slovak tax authorities to the application of the transfer pricing rules that the Company's transfer prices could potentially be challenged. The extent of this uncertainty cannot be quantified. It will be reduced only if legal precedents or official interpretations are available. The Company's management is not aware of any circumstances that may give rise to a future material expense in this respect.

28. Related parties

Identity of related parties

The Company has a related party relationship with various group companies within the Samsung Electronics Group, Samsung Display Group and with its directors and executive officers. The ultimate controlling party is Samsung Electronics Co., Ltd.

Transactions with key management personnel

Key management includes one statutory representative as he is person who have authority and responsibility for planning, directing and controlling the activities of the entity. The compensation for the year ended 31 December 2016 paid or payable to key management by the Company or to the parent company for services provided by the key management is included in the caption of administrative expense in profit or loss in the amount of TEUR 105 (year of 2015: TEUR 196).

Other related party transactions

The Company carried out the following transactions with the related parties:

in Euro	**year ended 31-December-2016**	**year ended 31-December-2015**
Samsung Semiconductor Europe GmbH	42 000	42 000
Samsung Electronics Slovakia, s. r. o.	62 686 166	63 672 593
SAMSUNG DISPLAY CO., LTD.	21 165	13 472 524
SAMSUNG ELECTRONICS HUNGARIAN	220 821	13 285
SAMSUNG DISPLAY VIETNAM CO., LTD.	1 206 392	-
SAMSUNG INTERNATIONAL INC.	-	11 006
SAMSUNG ELECTRONICS EGYPT S.A.E	21 398	2 600
Total sales	**64 197 942**	**77 214 008**

in Euro	**year ended 31-December-2016**	**year ended 31-December-2015**
SAMSUNG ELECTRONICS CO., (raw mat., fixed assets, other services)	520 101	619 109
SEMES.CO.,LTD (material, other services)	-	383
SAMSUNG Vietnam (fixed assets)	183 076	-
SAMSUNG ELECTRONICS UK LTD (treasury, interest, other service)	3 540	5 695
SAMSUNG Electronics Slovakia s.r.o.	56 861 183	66 624 436
SAMSUNG SDS EUROPE LTD. (IT services, other services)	-	637 297
SAMSUNG DISPLAY CO., (raw mat., asset, other services)	74 714	1 414 980
SAMSUNG SDI CO.,LTD.	-	44 399
SAMSUNG ELECTRONICS HUNGARY LTD.	-	2 750 819
SAMSUNG INTERNATIONAL INC(SAMEX)	-	20 390
Total purchases	**57 642 614**	**72 117 506**

Part of the transactions with related parties is carried out through balance sheet operations. Other related party transactions data are intended solely for consolidation purposes of Samsung Electronics Co., Ltd.

SAMSUNG Electronics Slovakia s.r.o. purchases material and subsequently sells and delivers it to the Company. It represents expense to the Company. In next step the Company immediately sells the same material to subcontractors for processing at the same price as purchased (no margin occurs). It represents revenue for the Company.

Subcontractors sell back processed material which was previously purchased from the Company. It represents expense to the Company. Subsequently the Company sells purchased processed material from subcontractors to SAMSUNG Electronics Slovakia s.r.o. with no margin. It represents revenue to the Company.

Selected assets and liabilities arising from related-party transactions are presented in the table below:

in Euro	31-December-2016	31-December-2015
Trade receivables	16 633 073	16 560 386
Other intercompany receivables	-	52 995
Cash pooling	35 658 802	29 105 150
Total receivables	**52 291 875**	**45 718 531**

in Euro	31-December-2016	31-December-2015
Trade liabilities	1 891 500	4 617 742
Other intercompany liabilities	283 387	227 398
Total payables	**2 174 887**	**4 845 140**

Transactions between related parties have been realized on an arm´s length basis.

29. Risk management

Overview

Exposure to credit, market, liquidity interest rate and currency risks arises in the normal course of the Company's business. Derivative financial instruments are used to hedge exposure to fluctuations in foreign exchange rates.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Directors have overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Directors monitor compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers.

100% (31 December 2015: 100%) of the Company's revenue is attributable to sales transactions with customers in the Samsung Electronics Group which are related parties. To date the Company has recovered all due amounts from Samsung Electronics Group customers.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers outside the Samsung Electronics Group requiring credit over a certain amount.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments, in the statement of financial position.

For banks and financial institutions, only independently rated parties with a minimum rating of ´A´ are accepted.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses.

The Company uses overdraft accounts and short term facilities to finance their operational needs, whereas the long term financing and equity are used to finance its investments.

For managing its liquidity the Company is preparing monthly, quarterly and annual cash flow forecasts.

The following are contractual maturities of financial liabilities:

31 December 2016

in Euro	**Note**	***Carrying amount***	***less than 1 year***	***1 – 5 years***	***more than 5 years***
Trade and other payables	15	17 392 329	17 392 329	-	-
		17 392 329	**17 392 329**	**-**	**-**

The following are contractual maturities of financial liabilities:

31 December 2015

in Euro	**Note**	***Carrying amount***	***less than 1 year***	***1 – 5 years***	***more than 5 years***
Trade and other payables	15	20 029 272	20 029 272	-	-
		20 029 272	**20 029 272**	**-**	**-**

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

The Company is exposed indirectly to the purchasing trends of consumers in the consumer electronics sector. This risk is managed by the Company's parent company through monitoring market trends and adjusting production volumes accordingly.

Currency risk

Foreign currency risk arises when future commercial transactions or recognized assets and liabilities are denominated in a currency that is not the Company´s functional currency.

The Company is exposed to foreign currency risk on cash, purchases and interest-bearing borrowings that are denominated in a currency other than the Euro. Other currencies used in the Company´s transactions are primarily the U.S. Dollars and GBP. However, the change in value of the Euro against these and other foreign currencies would not have a material impact on the Company's profit before tax, as the majority of transactions is performed in Euro.

The Company has set up a policy of managing of its foreign exchange risk against the functional currency. To manage the foreign currency risk arising from future commercial transactions and recognized assets and liabilities, the Company uses forward contracts (if needed).

At 31 December 2016, if the Euro had strengthened / weakened by 1% against other foreign currencies, with all other variables held constant, post-tax profit for the period would have been approximately 1 thousand EUR higher / lower (at 31 December 2015, if the Euro had strengthened / weakened by 1% against other foreign currencies, post-tax profit would have been approximately 1 thousand EUR higher / lower).

Interest rate risk

Management has entered into loan contracts which are exposed to floating interest rates in the normal course of business. The Company does not enter into derivative contracts to manage interest rate risk. This is performed by the parent Company on the Group basis. Loan contracts which are exposed to fixed interest rates do not have an impact on interest rate risk.

An increase or decrease of interest rate (euribor, libor) by 100 basis points, considering all other factors remain unchanged, would cause a decrease or an increase of post-tax profit by approximately 0 thousand EUR (31 December 2015: approximately 0 thousand EUR).

Capital management

The Company defines the capital as its Equity. The Company's policy is to maintain a strong capital base so as to sustain future development of the business and maintain sufficient funds for significant capital expenditures that are planned within the next years. No significant share options are provided to employees or other external parties.

There were no changes in the Group's approach to capital management during the period.

30. Fair values

Fair values versus carrying amounts

The fair value of trade and other receivables, cash and cash equivalents, trade and other payables, with variable interest rate is estimated as the present value of the future cash flows discounted at market rate of interest at the reporting date and is approximated by their carrying amounts as at 31 December 2016.

31. Events after the end of reporting period

No events occurred after the end of reporting period that would require adjustment or additional disclosure to the financial statements and notes to the financial statements.

These financial statements were authorized for issue on January 24, 2017.

Mr. Hyuk Chang Kwon

Statutory representative /
person responsible for bookkeeping
and preparation of the financial statements