Samsung Display Slovakia, s.r.o.

Financial Statements
as at 31 December 2017
and for the year then ended

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

(Translation)

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

Independent Auditors' 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 2017, 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 2017, 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 the Statutory Body and Those Charged with Governance for the Financial Statements

The 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 the 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, the 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 the statutory body either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

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 auditors' 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 the statutory body.

- Conclude on the appropriateness of the 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 auditors' 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 auditors' 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.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

Reporting on Information in the Annual Report

The 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 auditors' report.

When we obtain the Annual Report of the Company, 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 2017 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 Company and its environment that we have acquired during the course of the audit of the financial statements.

25 January 2018
Bratislava, Slovak Republic

Slovenská komora audítorov
SKAU
Č.licencie 96
KPMG
Slovensko spol. s r.o.

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

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

Contents

Statement of financial position
as at 31 December 2017

in Euro

	Note	31-December-2017	31-December-2016
Assets			
Cash and cash equivalents	*9*	55 403 069	35 667 984
Trade and other receivables	*10*	1 884 797	19 984 559
Income tax receivable		710 158	1 544 752
Inventories	*12*	107 017	991 269
Assets classified as held for sale	*20*	-	8 753 501
Total current assets		**58 105 041**	**66 942 065**
Property, plant and equipment	*13*	2 777 016	48 057 399
Investment property	*14*	38 041 825	-
Intangible assets	*15*	2 022	13 134
Long-term receivables		1 780	5 031
Deferred tax asset	*16*	1 780 709	1 702 632
Total non-current assets		**42 603 352**	**49 778 196**
Total assets		**100 708 393**	**116 720 261**
Liabilities			
Trade and other payables	*17*	594 506	17 392 329
Deferred income - current portion	*18*	1 260 140	1 249 508
Income tax payable		-	-
Total current liabilities		**1 854 646**	**18 641 837**
Deferred income – non-current portion	*18*	6 287 790	7 558 562
Total non-current liabilities		**6 287 790**	**7 558 562**
Total liabilities		**8 142 436**	**26 200 399**
Equity			
Share capital	*19*	83 105 491	83 105 491
Legal reserve fund		1 580 744	2 868 111
Retained earnings		7 879 722	4 546 260
Total equity		**92 565 957**	**90 519 862**
Total equity and liabilities		**100 708 393**	**116 720 261**

The notes on pages 10 to 46 are an integral part of these financial statements.

Statement of profit and loss and other comprehensive income for the year ended 31 December 2017

in Euro

	Note	year ended 31-December-2017	year ended 31-December-2016
Sales of services	*21*	20 227 544	62 686 166
Cost of sales	*22*	(15 311 428)	(59 945 967)
Gross profit		**4 916 116**	**2 740 199**
Other operating income	*24*	772 281	3 007 034
Selling and administrative expenses	*23*	(7 692 269)	(7 548 232)
Operating profit (loss)		**(2 003 872)**	**(1 800 999)**
Other non-operating income	*24*	4 912 025	2 949 587
Other non-operating expenses	*24*	(346 927)	(306 950)
Finance income	*25*	5 029	42 420
Finance costs	*25*	(3 058)	(82 653)
Profit before tax		**2 563 197**	**801 405**
Income tax	*26*	(517 103)	(2 088 772)
Profit (loss) for the period		**2 046 094**	**(1 287 367)**
Profit (loss)		**2 046 094**	**(1 287 367)**
Other comprehensive income		-	-
Total comprehensive income (loss) for the period		**2 046 094**	**(1 287 367)**

The notes on pages 10 to 46 are an integral part of these financial statements.

in Euro

	Note	Share capital (Note 19)	Legal reserve fund (Note 19)	Retained earnings	Total
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		**83 105 491**	**2 868 111**	**4 546 260**	**90 519 862**
Balance as at 1 January 2017		**83 105 491**	**2 868 111**	**4 546 260**	**90 519 862**
Loss settled with legal reserve fund			(1 287 367)	1 287 367	-
Total comprehensive income for the period				2 046 094	**2 046 094**
Balance as at 31 December 2017	*19*	**83 105 491**	**1 580 744**	**7 879 722**	**92 565 957**

The notes on pages 10 to 46 are an integral part of these financial statements.

	Note	year ended 31-December-2017	year ended 31-December-2016
Cash flow from operating activities			
Result for the period		**2 046 094**	**(1 287 367)**
Adjustments for:			
Depreciation of property, plant and equipment and amortization of intangible assets	*13,14, 15*	6 358 569	27 341 224
Write-down of inventory, trade receivables and property, plant and equipment	*10, 12*	441 209	15 777
Net interest costs	*25*	(17)	(257)
Unrealized exchange rate losses		10	-
Unrealized exchange rate gains		(847)	(2 249)
Loss (gain) on sale of non-current assets	*24*	(3 316 571)	(1 380 189)
Tax expense (income)	*26*	517 103	2 088 772
Operating profit before changes in working capital items		**6 045 550**	**26 775 711**
Decrease / (Increase) in trade and other receivables (including accruals and deferrals)	*10*	18 824 920	3 890 712
(Decrease) / Increase in trade and other payables (including accruals and deferrals)	*17*	(16 796 985)	(2 634 694)
(Decrease) / Increase in deferred income, including government grant	*18*	(1 260 140)	(1 334 155)
Decrease / (Increase) in inventories	*12*	903 770	360 561
Cash generated from (used in) operating activities		**7 717 115**	**27 058 135**
Tax (paid) / refunded	*26*	239 414	(2 743 186)
Net cash generated from operating activities		**7 956 529**	**24 314 949**
Cash flows from investing activities			
Interest received	*25*	17	257
Acquisition of property, plant and equipment	*13*	(3 248 230)	(21 638 700)
Proceeds from the sale of non-current assets		15 026 769	3 726 654
Net cash used in investing activities		**11 778 556**	**(17 911 789)**
Cash flows from financing activities			
Share capital decrease		-	-
Net cash provided (repaid) by financing activities		**-**	**-**
Net increase (decrease) in cash and cash equivalents	*9*	19 735 085	6 403 160
Cash and cash equivalents at the beginning of the period	*9*	35 667 984	29 264 824
Cash and cash equivalents at the end of the period	*9*	**55 403 069**	**35 667 984**

The notes on pages 10 to 46 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.

In 2017 the Company extended its operations also to rent of movable and immovable assets. It was recorded into the Commercial Register on 9 June 2017 based on the sole shareholder decision from 2 May 2017.

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 and rent of movable and immovable properties. As of 1 June 2017 the Company sold the production line for LCD and LED panels to SAMSUNG Electronics Slovakia s.r.o. Since this date the Company changed its scope of business from a production company to a rental company.

Number of employees

The average number of employees for the period from 1 January 2017 to 31 May 2017 was 667, including 5 managers. The average number of employees for the period from 1 June 2017 to 31 December 2017 was 8, including 1 manager. The average number of employees for the year ended 31 December 2016 was 568 employees, including 6 managers.

The number of employees as at 31 May 2017 was 784, including 5 managers and as at 31 December 2017 was 7, including 1 manager (31 December 2016 it was 611 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 2017 to 31 December 2017. The Slovak Act on Accounting requires the Company to prepare their financial statements for the period ended 31 December 2017 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 2017 and for the year then ended and were prepared and authorized for issue by the Company's statutory representative on 25 January 2018.

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 2016, i.e., for the preceding accounting period, were approved by the shareholder on the General Meeting held on 22 March 2017.

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 1 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 22 March 2017 the sole shareholder appointed KPMG Slovenko, spol. s r.o. as the auditor of the financial statements for the period from 1 January 2017 to 31 December 2017.

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 4d) – Investment property
- Note 4j) – Impairment of property, plant and equipment
- Note 4g) – Assets held for sale
- Note 4i) – Write-downs of inventory
- Note 4k) – 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 13).

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 j). 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.

iv. Reclassification to investment property

When the use of a property changes from owner-occupied to investment property, the property is remeasured to fair value and reclassified accordingly. The Company applies the cost model in recognition and measurement of investment property and continue in its depreciation based on the historical depreciation rate.

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 j).

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) Investment property

Investment property is held to earn rentals or for capital appreciation or both. Therefore, an investment property generates cash flows largely independently of the other assets held by an entity. This distinguishes investment property from owner-occupied property. The production or supply of goods or services (or the use of property for administrative purposes) generates cash flows that are attributable not only to property, but also to other assets used in the production or supply process. IAS 16 applies to owner-occupied property.

Investment property shall be recognised as an asset when, and only when:
- it is probable that the future economic benefits that are associated with the investment property will flow to the entity; and
- the cost of the investment property can be measured reliably.

An investment property is measured initially at its cost. Transaction costs shall be included in the initial measurement.

The Company applies the cost model in recognition and measurement of investment property and continue in its depreciation based on the historical depreciation rate.

The Company measures the fair value of investment property, for the purpose of disclosure (if it uses the cost model).

After initial recognition, the Company measures all of its investment properties in accordance with IAS 16's requirements for that model, other than those that meet the criteria to be classified as held for sale (or are included in a disposal group that is classified as held for sale) in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. Investment properties that meet the criteria to be classified as held for sale (or are included in a disposal group that is classified as held for sale) shall be measured in accordance with IFRS 5.

Based on the inputs used in determining the fair value of assets and liabilities the fair value hierarchy has been defined:
Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.
Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
Level 3: inputs for the assets and liabilities that are not based on observable market data (unobservable inputs).

e) 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. An 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.

f) 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.

g) 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.

h) 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.

i) 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.

j) 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.

k) 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 for produced finished goods). The Company was responsible only for assembly, operates on cost plus basis and charges processing fee to SAMSUNG Electronics Slovakia s.r.o. according to production of finished goods. 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.

l) 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.

m) Revenue

i. Sales of services

Revenue from the sale of services related to processing fee from production of LCM panels 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.

Since 1 June 2017 the Company extended its business activities which were recorded into the Commercial Register and transformed from a production company to a rental company.

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.

n) 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.

o) 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.

p) 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.

q) 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.

r) 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 2017 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. Standards issued but not yet effective

Estimated impact of the adoption of IFRS 9 and IFRS 15

The Company is required to adopt IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers from 1 January 2018. The Company has assessed the estimated impact that the initial application of IFRS 9 and IFRS 15 will have on its financial statements. The estimated impact of the adoption of these standards on the Company's equity as at 1 January 2018 is based on assessments undertaken to date and is summarized below. The actual impacts of adopting the standards at 1 January 2018 may change because the new accounting policies are subject to change until the Company presents its first financial statements that include the date of initial application.

Estimated impact of adoption of IFRS 9 and IFRS 15

in Euro	**As reported at 31-December-2017**	**Estimated adjustments due to IFRS 9**	**Estimated adjustments due to IFRS 15**	**Estimated adjusted opening balance at 1-January-2018**
Reserves	1 580 755	-	-	1 580 755
Retained earnings	7 879 722	-	-	7 879 722
NCI	-	-	-	-

The total estimated adjustment (net of tax) to the opening balance of the Company's equity at 1 January 2018 is nill.

IFRS 9 Financial Instruments

IFRS 9 Financial Instruments sets out requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

i. Classification – Financial assets

IFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics.

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, FVOCI and FVTPL. The standard eliminates the existing IAS 39 categories of held to maturity, loans and receivables and available for sale.

Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never bifurcated. Instead, the hybrid financial instrument as a whole is assessed for classification.

Based on its assessment, the Company does not believe that the new classification requirements will have a material impact on its accounting for trade receivables, loans, investments in debt securities and investments in equity securities that are managed on a fair value basis.

ii. Impairment – Financial assets and contract assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with a forward-looking 'expected credit loss' (ECL) model. This will require considerable judgement about how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis.

The new impairment model will apply to financial assets measured at amortised cost or FVOCI, except for investments in equity instruments, and to contract assets.

The Company believes that impairment losses are likely to increase and become more volatile for assets in the scope of the IFRS 9 impairment model. Based on the impairment methodology described below, the Company has estimated that application of IFRS 9's impairment requirements at 1 January 2018 results in additional impairment losses as follows.

in Euro	**Estimated additional impairment recognised at 1-January-2018**
Trade and other receivables as at 31 December 2017	1 884 797
Additional trade receivables recognised on adoption of IFRS 15	-
Gross additional impairment losses	-

in Euro	**Estimated additional adjustment to equity at 1-January-2018**
Decrease in retained earnings	-
Decrease in NCI	-
Increase in reserves	-
Decrease in equity	-

Trade and other receivables, including contract assets

The estimated ECLs were calculated based on actual credit loss experience over the last past years. The Company performed the calculation of ECL rates separately for related party entities and non-related party entities.

Actual credit loss experience was adjusted by scalar factors to reflect differences between economic conditions during the period over which the historical data was collected, current conditions and the Company's view of economic conditions over the expected lives of the receivables.

The following table provides information about the estimated exposure to credit risk and ECLs for trade and other receivables, including contract assets for individuals as at 1 January 2018.

in Euro	**Estimated gross carrying amount**	**Weighted average loss rate**	**Estimated loss allowance**	**Credit impaired**
Current	726 071	-	-	-
1-30 days past due	104 711	40%	41 885	41 885
31-60 days past due	209 421	40%	83 769	83 769
61-90 days past due	209 421	40%	83 769	83 769
More than 90 days past due	635 173	40,65%	258 215	258 215
Total trade and other receivables	**1 884 797**		**467 638**	**467 638**

Cash and cash equivalent

The cash and cash equivalents are held with bank and financial institution counterparties.

The estimated impairment on cash and cash equivalents was calculated based on the 12-month expected loss basis and reflects the short maturities of the exposures. The Company considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties.

The Company used a similar approach for assessment of ECLs for cash and cash equivalents to those used for debt securities. The Company estimated that application of IFRS 9's impairment requirements at 1 January 2018 results in no impairment.

iii. Disclosures

IFRS 9 will require extensive new disclosures, in particular about hedge accounting, credit risk and ECLs. The Company's assessment included an analysis to identify data gaps against current processes and the Company is in the process of implementing the system and controls changes that it believes will be necessary to capture the required data.

iv. Transition

Changes in accounting policies resulting from the adoption of IFRS 9 will generally be applied retrospectively. Management of the company does not expect any significant impact on financial statements.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes.

i. Sales of goods

For the sale of finished goods, revenue 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. Revenue is recognised at this point provided that the revenue and costs can be measured reliably, the recovery of the consideration is probable and there is no continuing management involvement with the goods.

Under IFRS 15, revenue will be recognised when a customer obtains control of the goods.

The Company's assessment indicates that this will have not any significant impact on financial statements.

ii. Transition

Changes in accounting policies resulting from the adoption of IFRS 15 will generally be applied retrospectively. Management of the company does not expect any significant impact on financial statements.

8. New standards and interpretations not yet adopted

IFRS 9 Financial Instruments (2014)

Effective for annual periods beginning on or after 1 January 2018; to be applied retrospectively with some exemptions. The restatement of prior periods is not required, and is permitted only if information is available without the use of hindsight. Early application is permitted.

This Standard replaces IAS 39 Financial Instruments: Recognition and Measurement, except that the IAS 39 exception for a fair value hedge of an interest rate exposure of a portfolio of financial assets or financial liabilities continues to apply, and entities have an accounting policy choice between applying the hedge accounting requirements of IFRS 9 or continuing to apply the existing hedge accounting requirements in IAS 39 for all hedge accounting.

Although the permissible measurement bases for financial assets – amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit and loss (FVTPL) – are similar to IAS 39, the criteria for classification into the appropriate measurement category are significantly different.

A financial asset is measured at amortized cost if the following two conditions are met:

- the assets is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and,
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

In addition, for a non-trading equity instrument, an entity may elect to irrevocably present subsequent changes in fair value (including foreign exchange gains and losses) in OCI. These are not reclassified to profit or loss under any circumstances.

For debt instruments measured at FVOCI, interest revenue, expected credit losses and foreign exchange gains and losses are recognised in profit or loss in the same manner as for amortised cost assets. Other gains and losses are recognised in OCI and are reclassified to profit or loss on derecognition.

The impairment model in IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' model, which means that a loss event will no longer need to occur before an impairment allowance is recognised.

IFRS 9 includes a new general hedge accounting model, which aligns hedge accounting more closely with risk management. The types of hedging relationships – fair value, cash flow and foreign operation net investment – remain unchanged, but additional judgment will be required.

The standard contains new requirements to achieve, continue and discontinue hedge accounting and allows additional exposures to be designated as hedged items.

Extensive additional disclosures regarding an entity's risk management and hedging activities are required.

The Company does not expect IFRS 9 (2014) to have material impact on the financial statements.

The classification and measurement of the Company's financial instruments are not expected to change under IFRS 9 because of the nature of the Company's operations and the types of financial instruments that it holds.

IFRS 15 Revenue from contracts with customers

Effective for annual periods beginning on or after 1 January 2018. Earlier application is permitted.

The new standard provides a framework that replaces existing revenue recognition guidance in IFRS. Entities will adopt a five-step model to determine when to recognise revenue, and at what amount. The new model specifies that revenue should be recognised when (or as) an entity transfers control of goods or services to a customer at the amount to which the entity expects to be entitled. Depending on whether certain criteria are met, revenue is recognised:

- over time, in a manner that depicts the entity's performance; or
- at a point in time, when control of the goods or services is transferred to the customer.

IFRS 15 also establishes the principles that an entity shall apply to provide qualitative and quantitative disclosures which provide useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer.

Although it has not yet fully completed its initial assessment of the potential impact of IFRS 15 on the Company's financial statements, management does not expect that the new standard, when initially applied, will have material impact on the Company's financial statements. The timing and measurement of the Company's revenues are not expected to change under IFRS 15 because of the nature of the Company's operations and the types of revenues it earns.

IFRS 16 Leases

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.

The Company does not expect that the new Standard, when initially applied, will have material impact on the financial statements because the Company is not party to a contractual arrangement that would be in the scope of IFRS 16.

Amendments to IFRS 4 - Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts

Effective for annual periods beginning on or after 1 January 2021; to be applied prospectively.

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.

The Company expects that the amendments, when initially applied, will not have a material impact on the financial statements as the Company is not an insurer provider.

Amendments to IFRS 10 and IAS 28 - Sale or contribution of assets between an investor and its associate or joint venture

The effective date has not yet been determined by the IASB, however earlier adoption is permitted.

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.

The Company does not expect that the amendments, when initially applied, will have material impact on the financial statements as the Company has no subsidiaries, associates or joint ventures.

9. Cash and cash equivalents

in Euro	**31-December-2017**	**31-December-2016**
Bank balances	394	132
Cash-pooling account	55 401 230	35 658 802
Deposits	1 445	9 050
Cash and cash equivalents	**55 403 069**	**35 667 984**

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 2017 there were bank guarantees provided for the Company in favour of the Customs office for customs debt in amounts of EUR 0 (31 December 2016: EUR 1 000 000).

10. Trade and other receivables

in Euro	31-December-2017	31-December-2016
Financial assets		
Trade receivables	1 019 555	16 633 073
Non-trade receivables	1 167 267	2 838 206
Less: provision for impairment	(467 638)	(6 911)
Total financial assets	*1 719 184*	*19 464 368*
Non-financial assets		
Advance payments made	96 683	364 843
Prepaid expenses	68 931	140 663
Accrued revenues	-	14 686
Total non-financial assets	*165 613*	*520 191*
Total trade and other receivables	**1 884 797**	**19 984 559**

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

in Euro	31-December-2017 Balance recalculated to EUR	31-December-2016 Balance recalculated to EUR
EUR	2 186 822	19 471 279
	2 186 822	**19 471 279**
Provision for impairment	(467 638)	(6 911)
	1 719 184	**19 464 368**

The Company was 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 were transacted with group customers.

During the year ended 31 December 2017 majority of revenues and significant part of receivables were transacted with group customers.

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

In Euro	31-December-2017	31-December-2016
Not past due	1 035 005	19 460 322
Past due	1 151 817	10 957
Trade and other receivables – gross	**2 186 822**	**19 471 279**
Provision for impairment	(467 638)	(6 911)
Trade and other receivables - net	**1 719 184**	**19 464 368**

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-2017**	**31-December-2016**
Group 1	-	-
Group 2	1 035 005	19 460 322
Group 3	-	-
	1 035 005	**19 460 322**

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 2017, financial trade and other receivables of EUR 691 090 (31 December 2016: EUR 4 046) which were past due but not impaired.

in Euro	**31-December-2017**	**31-December-2016**
Up to 1 month	-	4 046
1 to 2 months	188 479	-
3 to 6 months	495 700	-
Over 6 months	-	-
	684 179	**4 046**

Impairment of financial trade and other receivables

As at 31 December 2017 financial trade and other receivables of EUR 467 638 (2016: EUR 6 911) were fully impaired.

Receivables are not pledged.

No lien has been established on receivables as at 31 December 2017 and 31 December 2016.

11. Financial instruments by category

in Euro	**Assets at fair value through profit and loss**	**Loans and receivables**	**Total**
31 December 2017			
Assets as per statement of financial position			
Cash and cash equivalents	-	55 403 069	55 403 069
Trade and other receivables (excl. derivatives) - financial	-	1 719 184	1 719 184
	-	**57 122 253**	**57 122 253**

in Euro	Liabilities at fair value through profit and loss	Other financial liabilities at amortised cost	Total
31 December 2017			
Liabilities as per statement of financial position			
Trade and other payables - financial	-	464 301	464 301
	-	**464 301**	**464 301**

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**

12. Inventories

in Euro	31-December-2017	31-December-2016
Raw materials and consumables	107 017	1 010 787
Work in progress and semi-finished goods	-	-
Finished goods	-	-
Inventories - gross	**107 017**	**1 010 787**
Write down of inventories	-	(19 518)
Inventories - net	**107 017**	**991 269**

No lien has been established on inventory as at 31 December 2017 and 31 December 2016.

As at 31 December 2017, the Company has recorded the write-down of inventories in amount of EUR 0 (31 December 2016: EUR 19 518).

13. Property, plant and equipment

in Euro	Land, Structures	Machinery and equipment	Acquisition of property, plant and equipment	Assets classified as held for sale	Investment property	Total
Cost						
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)
Transfer 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**
Balance at 1 January 2017	93 370 620	50 385 954	73 126	99 382 769	-	243 212 469
Acquisitions	141 287	2 513 563	22 374	571 006	-	3 248 230
Transfers	(90 661 173)	50 752	(73 126)	22 374	90 661 173	-
Disposals	(73 718)	(40 944 855)	(22 374)	(99 976 149)	-	(141 017 096)
Transfers to assets classified as held for sale	-	-	-	-	-	-
Balance at 31 December 2017	**2 777 016**	**12 005 414**	**-**	**-**	**90 661 173**	**105 443 603**
Accumulated Depreciation and impairment losses						
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**
Balance at 1 January 2017	46 737 182	49 035 119	-	90 629 268	-	186 401 569
Depreciation charge for the period	5 922 559	428 774	-	-	-	6 351 333
Transfers	(52 619 348)	-	-		52 619 348	-
Disposals	(40 393)	(37 458 480)	-	(90 629 268)	-	(128 128 141)
Transfer to assets classified as held for sale	-	-	-		-	
Balance at 31 December 2017	**-**	**12 005 414**	**-**	**-**	**52 619 348**	**64 624 761**
Carrying amounts						
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**
At 1 January 2017	46 633 438	1 350 835	73 126	8 753 501	-	56 810 900
At 31 December 2017	**2 777 016**	**-**	**-**	**-**	**38 041 825**	**40 818 842**

Insurance
As at 31 December 2017 property, plant and equipment are insured against damage up to EUR 96 900 000 (31 December 2016: 161 656 446).

Lien
As of 31 December 2017 and 31 December 2016 there is no pledged property, plant and equipment.

Transfer to investment property
During 2017, buildings, structures and related land plots were transferred to investment property (see Note 14), because they were no longer used by the Company for production operations and they were decided that the buildings and structures will be leased.

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.

Impairment testing for the year ended 31 December 2017

As at 31 December 2017 the Company recognised under IAS 16 only the land plots in the carrying amount of EUR 2 776 560 which is lower compare to its fair value as at 31 December 2017, based on valuation appraisal. Therefore no impairment triggers were identified.

14. Investment property

See accounting policy in Note 4d).

In Euro	**31-December-2017**	**31-December-2016**
Balance at 1 January	-	-
Acquisitions	-	-
Reclassification from property, plant and equipment	38 041 825	-
Change in fair value	-	-
Balance at 31 December	**38 041 825**	**-**

In Euro	**Depreciation method**	**Useful life**	**Costs as at 31 December 2017**	**Accumulated depreciation as at 31 December 2017**	**Carrying amount as at 31 December 2017**
Buildings and structures	straight-line	15	88 821 606	52 619 347	36 202 259
Land *(rented part)*	n/a	-	1 839 566	-	1 839 566
Balance at 31 December			**90 661 172**	**52 619 347**	**38 041 825**

Individually there are no buildings, structures or land with carrying amount as at 31 December 2017 greater than fair value.

Investment property comprises a commercial properties that are leased to third parties and a related party entity. Leased contracts with third parties are for indefinite time period and the lease contract with related party is for period of 25 months started from 1 June 2017. No contingent rents are charged. Further information about these leases is included in Note 21.

Based on the IAS 40 the investment property shall be measured using the fair value model or the cost model. The Company has decided to use the cost model for measurement of recognised investment property. The Company performed the fair value measurement of investment property for the purpose of disclosures as required by the IAS 40.

Measurement of fair values

The fair value of investment property was determined by the external independent property valuers having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued.
The fair value measurement for all of the investment properties has been categorised as a Level 3 fair value based on the inputs to the valuation technique used (see Note 4d).

The table below compares carrying amount as at 31 December 2017 with the fair value measurement.

In Euro	**Carrying value as at 31 December 2017**	**Fair value measurement as at 31 December 2017**
Buildings and structures	36 202 259	42 564 095
Land *(rented part)*	1 839 566	3 648 923
Balance at 31 December	**38 041 825**	**46 213 018**

15. Intangible assets

In Euro	**Software**
Cost	
Balance at 1 January 2016	1 899 335
Acquisitions	-
Transfers	-
Disposals	-
Balance at 31 December 2016	**1 899 335**
Balance at 1 January 2017	1 899 335
Acquisitions	-
Transfers	-
Disposals	(51 143)
Balance at 31 December 2017	**1 848 192**
Amortization and impairment losses	
Balance at 1 January 2016	1 876 188
Amortization for the period	10 013
Disposals	-
Balance at 31 December 2016	**1 886 201**
Balance at 1 January 2017	1 886 201
Amortization for the period	7 236
Disposals	(47 268)
Balance at 31 December 2017	**1 846 170**
Carrying amounts	
At 1 January 2016	23 147
At 31 December 2016	**13 134**
At 1 January 2017	13 134
At 31 December 2017	**2 022**

16. Deferred tax asset

In Euro	**31-December-2017**	**31-December-2016**
Property, plant and equipment	2 615 435	2 548 214
Value adjustment to inventory	-	4 294
Government subsidies	(834 726)	(856 787)
Accrued expenses	-	6 911
Deferred tax asset	**1 780 709**	**1 702 632**

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.

17. Trade and other payables

in Euro	31-December-2017	31-December-2016
Financial liabilities		
Trade payables	78 915	11 014 149
Non-trade payables	349 372	3 947 463
Liabilities to employees and social security	36 014	1 245 466
Total financial liabilities	*464 301*	*16 207 078*
Non-financial liabilities		
VAT liability	130 205	1 181 051
Advance payments received	-	4 200
Total non-financial liabilities	*130 205*	*1 185 251*
Total trade and other payables	**594 506**	**17 392 329**

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

in Euro	31-December-2017 Balance recalculated to EUR	%	31-December-2016 Balance recalculated to EUR	%
EUR	408 656	88%	16 087 532	99%
USD	54 465	12%	118 366	1%
KRW	1 180	0%	1 180	0%
	464 301	**100**%	**16 207 078**	**100**%

Structure of payables according to maturity

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

In Euro	31-December-2017	31-December-2016
Payables overdue	51 809	-
Payables due within 3 months	412 493	16 207 078
Total trade and other payables	**464 301**	**16 207 078**

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-2017	31-December-2016
Balance at beginning of the period	56 512	51 176
Recognized as expenses	200 365	49 396
Drawing	(256 532)	(44 060)
Balance at end of the period	**344**	**56 512**

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

18. Deferred income

in Euro	31-December-2017	31-December-2016
Government grants - current portion	1 260 140	1 249 508
Government grants - non-current portion	6 287 790	7 558 562
Total deferred income	**7 547 930**	**8 808 070**

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 2017, amount to EUR 7 548 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.

19. 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 2017 (31 December 2016: EUR 83 105 491). The share capital is fully paid up.

The ownership structure is as follows:

	31-December-2017 (EUR)	Share and voting rights (%)	31-December-2016 (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.

Based on the decision of the sole shareholder the registered share capital of the Company in the amount of EUR 83 105 491 is to be decreased by the sum of EUR 50 000 000. This amount will be paid to the sole shareholder. The company is allowed to pay this amount to the sole shareholder once the change of the share capital is registered in the relevant commercial register of Slovak republic. The Company expects that this change should be registered in April 2018.

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 loss of EUR 1 287 367 for the year ended 31 December 2016, which was settled with Legal Reserve Fund cumulated from previous years as per the local Commercial Code. The Company achieved a statutory profit of EUR 2 046 094 for the year ended 31 December 2017. Under the local Commercial code, part of which is to be transferred to the legal reserve fund is EUR 102 305.

20. 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 was higher than the carrying amount. No impairment provision was 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 took place in first quarter of 2017.

As at 31 December 2017 the company did not recognise any assets held for sale as the recognition conditions according to IFRS 5 were not met.

in Euro	**31-December -2017**
Cost	-
Depreciation and impairment losses	-
Carrying amounts	**-**

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.

At 31 December 2016 the Company decided to fully disclose previous period revenues and expenses as majority of expenses still occurred and were allocated to the division classified as continued operation. 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. This treatment is valid also for the period ended 31 December 2017.

21. Sales of services

Sales of services are represented by the processing fee (production of TFT LCD and LED panels) and rental income from lease of investment property. The breakdown of sales is as follows:

in Euro	year ended 31-December-2017	year ended 31-December-2016
Processing fee	16 127 437	62 686 166
Rental income	4 100 107	-
	20 227 544	**62 686 166**

The Company sold as at 1 June 2017 the production division of TFT LCD and LED panels to SAMSUNG Electronics Slovakia s.r.o. what represents decrease in sale of services as they cover only the period of five months ending 31 May 2017.

100% of sales of services are within the Slovak republic.

Since June 2017 the Company has extended its objects and became a rental company. This change has been recorded into the business register and rental income is as at 31 December 2017 presented within sales of services. As at 31 December 2016 rental income was presented within other operating income (Note 24).

The Company has rental contracts which are covering rent of investment properties. Contracts are for indefinite time period or for the period of 25 months from the date of signature. Monthly rent, based on the contracted conditions, is on average EUR 531 110.

22. Cost of sales

in Euro	year ended 31-December-2017	year ended 31-December-2016
Personnel expenses	5 230 383	11 552 278
Commission and service charges	4 927 074	18 006 257
Depreciation and amortization	2 129 758	24 206 453
Consumption of material	1 001 334	1 559 182
External processing	663 435	1 280 143
Utilities	644 478	1 025 411
Repair and maintenance	398 478	1 334 725
Insurance	37 895	81 557
Rent expense	29 234	65 205
Other	249 359	834 757
	15 311 428	**59 945 967**

23. Selling and administrative expenses

in Euro	year ended 31-December-2017	year ended 31-December-2016
Depreciation and amortization	4 228 811	3 134 770
Commission and service charges	997 411	1 059 925
Accounting/IT services	651 853	801 142
Personnel expenses	617 901	1 082 997
Bad debt expense	460 727	6 911
Audit fee	135 350	147 670
Insurance	59 215	53 739
Consumable supplies	54 791	145 303
Representation expenses	38 108	50 105
Rent and lease expense	30 118	72 118
Repair and maintenance	29 717	52 995
Travel	19 597	14 234
Communication	8 351	240 917
Transport	2 636	10 450
Taxes and dues	(426 898)	364 223
Other	784 581	310 733
	7 692 269	**7 548 232**

Breakdown of costs for services provided by the auditing company

in Euro	year ended 31-December-2017	year ended 31-December-2016
Audit of financial statements	72 365	71 473
Other assurance services	-	-
Tax consulting	35 242	26 157
Other non-audit services	27 743	50 040
	135 350	**147 670**

24. Other income and other expenses

Other operating income

in Euro	year ended 31-December-2017	year ended 31-December-2016
Rental and other income	772 281	3 007 034
	772 281	**3 007 034**

Rental income is presented as at 31 December 2017 within the sale of services (Note 21) as a result of extended business activities of the Company (rental services).

Other non-operating income and expenses

in Euro	year ended 31-December-2017	year ended 31-December-2016
Gain on Disposal of Tangible Assets	3 631 385	1 563 266
Gain on Disposal of Intangible Assets	3 000	-
Gain from Government Subsidies (Note 18)	1 260 140	1 334 155
Revenues from repair of LCD panels	17 500	52 166
Other non-operating income	4 912 025	2 949 585
Loss on disposal of non-current assets	(317 814)	(183 076)
Other	(29 113)	(123 874)
Other non-operating expenses	(346 927)	(306 950)
Other non-operating income (expenses) - net	**4 565 098**	**2 642 637**

In the accounting period ended 31 December 2017, Company sold tangible assets (machinery, molds and other assets) to SAMSUNG Electronics Slovakia s.r.o., KNP s.r.o., Shinwha Intertek Slovakia s.r.o. or FINE DNC Slovakia, s.r.o.

25. Finance income and finance costs

in Euro	year ended 31-December-2017	year ended 31-December-2016
Interest expense	-	-
Interest income	17	257
Net interest income (expense)	**17**	**257**
Foreign exchange losses	(3 058)	(82 653)
Foreign exchange gains	5 012	11 521
Net foreign exchange gains / (losses)	**1 954**	**(71 132)**
(Losses) and gains on revaluation of derivatives, net	-	30 642
Net finance income/(costs)	**1 971**	**(40 233)**
Split as:		
Finance income	5 029	42 420
Finance costs	(3 058)	(82 653)

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

26. Income tax

in Euro	year ended 31-December-2017	year ended 31-December-2016
Current tax expense		
Adjustment to previous year tax charge	(595 180)	(1 152 988)
Income tax charge	-	-
Total current tax expense	**(595 180)**	**(1 152 988)**
Deferred tax expense		
Origination and reversal of temporary differences	78 077	(935 784)
Total income tax income/(expense) in profit or loss	**(517 103)**	**(2 088 772)**

Reconciliation of the effective tax rate

in Euro	year ended 31-December-2017	%	year ended 31-December-2016	%
Profit before tax	2 563 197		801 404	
Income tax using the domestic corporate tax rate	538 271	21%	176 309	22%
Adjustment to previous year tax charge	595 180	23%	1 152 988	144%
Tax non-deductible expenses and other items	21 168	1%	-	-
Change in deductible temporary differences	(637 516)	(25%)	759 475	95%
Income tax (income)/expense in profit or loss	**517 103**	**20%**	**2 088 772**	**261%**

27. Capital commitments

There are no significant capital commitments as at 31 December 2017 and 31 December 2016.

28. Operating Leases

Leases as lessee

The Company leases 1 personal car (7 personal cars until May 2017). These leases are classified as operating. The lease rentals are payable as follows:

In Euro	31-December-2017	31-December-2016
Less than one year	11 401	23 190
Between one and five years	27 363	27 786
More than five years	-	-
	38 764	**50 976**

Leases as lessor

As at 31 December 2017 the Company leases out its investment properties (see Note 14).

29. 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.

30. 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 2017 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 157 (year of 2016: TEUR 105).

Other related party transactions

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

in Euro	**year ended 31-December-2017**	**year ended 31-December-2016**
Samsung Semiconductor Europe GmbH	24 500	42 000
Samsung Electronics Slovakia, s. r. o.	21 370 561	62 686 166
SAMSUNG DISPLAY CO., LTD.	-	21 165
SAMSUNG ELECTRONICS HUNGARIAN	15 694	220 821
SAMSUNG DISPLAY VIETNAM CO., LTD.	-	1 206 392
SAMSUNG ELECTRONICS EGYPT S.A.E	-	21 398
Total sales	**21 410 755**	**64 197 942**

in Euro	year ended 31-December-2017	year ended 31-December-2016
SAMSUNG ELECTRONICS CO., (raw mat., fixed assets, other services)	487 027	520 101
SAMSUNG Vietnam (fixed assets)	-	183 076
SAMSUNG ELECTRONICS UK LTD (treasury, interest, other service)	4 073	3 540
SAMSUNG Electronics Slovakia s.r.o.	266 083	56 861 183
SAMSUNG DISPLAY CO., (raw mat., asset, other services)	127 456	74 714
Total purchases	**884 639**	**57 642 614**

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-2017	31-December-2016
Trade receivables	648 515	16 633 073
Other intercompany receivables	-	-
Cash pooling	55 401 230	35 658 802
Total receivables	**56 049 745**	**52 291 875**

in Euro	31-December-2017	31-December-2016
Trade liabilities	583	1 891 500
Other intercompany liabilities	102 541	283 387
Total payables	**103 124**	**2 174 887**

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

31. 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.

Majority (31 December 2016: 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 2017

in Euro	***Note***	***Carrying amount***	***less than 1 year***	***1 – 5 years***	***more than 5 years***
Trade and other payables	17	594 506	594 506	-	-
		594 506	**594 506**	**-**	**-**

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	17	17 392 329	17 392 329	-	-
		17 392 329	**17 392 329**	**-**	**-**

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 2017, 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 0,5 thousand EUR higher / lower (at 31 December 2016, 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 2016: 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.

32. 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 2017.

33. 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 25, 2018.

Mr. Hyuk Chang Kwon

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