Samsung Denmark Research Center ApS

c/o Novi 8, Alfred Nobels Vej 27, 2., 9220 Aalborg Øst

Company reg. no. 34 70 30 19

Annual report

1 January - 31 December 2018

The annual report have been submitted and approved by the general meeting on the 16 April 2019.

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Rajinder Gawera
Chairman of the meeting

Contents

Notes:

- To ensure the greatest possible applicability of this document, British English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

Management's report

The board of directors and the managing director have today presented the annual report of Samsung Denmark Research Center ApS for the financial year 1 January to 31 December 2018.

The annual report has been presented in accordance with the International Reporting Standards as approved by the EU and additional disclosure requirements in the Danish Financial Statements Act.

We consider the accounting policies used appropriate, and in our opinion the annual accounts provide a true and fair view of the Company's assets and liabilities and its financial position at 31 December 2018 and of the Company's results of its activities and cash flows in the financial year 1 January to 31 December 2018.

We are of the opinion that the management's review includes a fair description of the issues dealt with.

The annual report is recommended for approval by the general meeting.

Aalborg, 16 April 2019

Managing Director

Rajinder Gawera

Board of directors

Jung Suk Oh	Joonsuk Kim	Rajinder Gawera
Hyun-Joon Kang		

Independent auditor's report

To the shareholders of Samsung Denmark Research Center ApS

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2018 and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2018 in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

We have audited the financial statements of Samsung Denmark Research Center ApS for the financial year 1 January - 31 December 2018, which comprise statement of comprehensive income, balance sheet, statement of cash flows, statement of changes in equity, summary of accounting policies and notes ("financial statements").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the *Auditor’s Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, 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.

Statement on the Management's Review

Management is responsible for the Management's Review.

Our opinion on the financial statements does not cover Management’s Review, and we do not express any kind of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read Management’s Review and, in doing so, consider whether Management’s Review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statement Acts. We did not identify any material misstatement in Management's Review.

Management's Responsibilities for the financial statements

Management is responsible for the preparation of Financial Statements that give a true and fair view in accordance with International Financial Repoerting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act, and for such internal control as Management 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, Management 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 in preparing the financial statements, unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark 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 conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in 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 the 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 Management.

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

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

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.

Aalborg, 16 April 2019

PricewaterhouseCoopers
Statsautorisret Revisionspartnerselskab
CVR no. 33 77 12 31

Line Borregaard
State Authorised Public Accountant
mne34353

Company data

The company	Samsung Denmark Research Center ApS c/o Novi 8 Alfred Nobels Vej 27, 2. 9220 Aalborg Øst	
	Company reg. no.	34 70 30 19
	Established:	1 September 2012
	Domicile:	Aalborg
	Financial year:	1 January - 31 December
Board of directors	Jung Suk Oh Joonsuk Kim Rajinder Gawera Hyun-Joon Kang	
Managing Director	Rajinder Gawera	
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab	
Parent company	Samsung Electronics Europe Holding Coöperatief U.A.	
Ultimate parent company	Samsung Electronics Co. Ltd., South Korea	

Management's review

The principal activities of the company

The principal activity consists of activities related to development and commercial exploitation of integrated circuits within the wireless communication business area and other similar business areas.

Development in activities and financial matters

The statement of comprehensive income covers the period 1 January to 31 December 2018 and shows a result of DKK 3,813,712 against a result of DKK 3,498,694 last year. The balance sheet shows equity of DKK 117,379,258.

Management considers the result for the year to be satisfactory.

Statement of comprehensive income 1 January - 31 December

All amounts in DKK.

Note		2018	2017
2	Revenue	53.664.758	49.316.871
3	Other external costs	-7.026.575	-7.219.293
	Gross results	**46.638.183**	**42.097.578**
4	Staff costs	-39.801.374	-35.713.155
5	Depreciation of tangible and intangible assets	-1.964.388	-1.901.071
	Operating profit	**4.872.421**	**4.483.352**
6	Financial costs	-1.179	-8.637
	Profit before tax	**4.871.242**	**4.474.715**
7	Tax of the profit for the year	-1.057.530	-976.021
	Profit for the year and total comprehensive income	**3.813.712**	**3.498.694**
	Proposed distribution of the results:		
	Transferred to retained earnings	3.813.712	3.498.694
	Distribution in total	**3.813.712**	**3.498.694**

Balance sheet 31 December

All amounts in DKK.

Note	Assets	2018	2017
	Non-current assets		
8	Goodwill	65.778.798	65.778.798
9	Property, plants and equipment	4.105.704	4.753.543
	Other receivables	479.018	469.625
	Non-current assets in total	**70.363.520**	**71.001.966**
	Current assets		
	Receivables from group enterprises	9.693.249	8.619.195
	Other receivables	320.087	201.283
10	Deferred expenses	555.400	173.479
	Cash and cash equivalents	53.651.980	48.961.021
	Current assets in total	**64.220.716**	**57.954.978**
	Assets in total	**134.584.236**	**128.956.944**

Balance sheet 31 December

All amounts in DKK.

Equity and liabilities

Note		2018	2017
	Equity		
12	Share capital	90.000	90.000
13	Share premium account	97.177.412	97.177.412
	Retained earnings	20.111.846	16.298.134
	Equity in total	**117.379.258**	**113.565.546**
	Liabilities		
14	Deferred tax liability	5.617.941	4.560.411
	Other non-current payables	162.970	280.176
	Non-current liabilities in total	5.780.911	4.840.587
	Trade payables	1.213.789	1.049.479
	Other liabilities	10.210.278	9.501.332
	Current liabilities in total	11.424.067	10.550.811
	Liabilities in total	**17.204.978**	**15.391.398**
	Equity and liabilities in total	**134.584.236**	**128.956.944**

Statement of changes in equity

All amounts in DKK.

	Contributed capital	Share premium account	Retained earnings	In total
Equity opening balance 2017	90.000	97.177.412	12.799.440	110.066.852
Profit for the year	0	0	3.498.694	3.498.694
Transactions with owners	0	0	0	0
Equity opening balance 2018	90.000	97.177.412	16.298.134	113.565.546
Profit for the year	0	0	3.813.712	3.813.712
Transactions with owners	0	0	0	0
	90.000	**97.177.412**	**20.111.846**	**117.379.258**

Cash flow statement 1 January - 31 December

All amounts in DKK.

	2018	2017
Operating profit	4.872.421	4.483.352
Depreciation	1.964.388	1.901.072
Change in working capital	-828.122	-4.877.444
Cash flow from operating activities before net financials	6.008.687	1.506.980
Interest paid	-1.179	-8.637
Cash flow from operating activities	**6.007.508**	**1.498.343**
Purchase of tangible assets	-1.316.549	-2.389.153
Cash flow from investment activities	**-1.316.549**	**-2.389.153**
Changes in cash and cash equivalents	**4.690.959**	**-890.810**
Cash and cash equivalents opening balance	48.961.021	49.851.831
Cash and cash equivalents closing balance	**53.651.980**	**48.961.021**

Cash and cash equivalents		
Cash and cash equivalents	53.651.980	48.961.021
Cash and cash equivalents closing balance	**53.651.980**	**48.961.021**

Accounting policies used

The annual report for Samsung Denmark Research Center ApS is presented in accordance with the International Financial Reporting Standards and additional disclosure requirements in the Danish Financial Statements Act

The annual report has been prepared according to the standards and interpretations which entered into force for the financial year. Please refer to note 19 concerning implementation of new accounting standards.

The board of directors and management have on 16 April 2019 considered and adopted the annual report for the year ended 31 December 2018 for Samsung Denmark Research Center ApS. The annual report is presented to the shareholders of Samsung Denmark Research Center ApS for approval at the annual general meeting on 16 April 2019.

Translation of foreign currency

Management has determined the functional currency to be Danish Kroner (DKK). The functional currency is the currency used in the primary financial environments in which the Company conducts its business. Transactions in currencies other than the functional currency are considered transactions in foreign currency.

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials.

Receivables, payables, and other monetary items in foreign currency are translated by using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or the recognition in the latest annual accounts of the amount owed or the liability is recognised in the profit and loss account under financial income and expenses.

Non-current assets acquired in foreign currency are measured at the exchange rate on the transaction date.

The profit and loss account

Revenue

Revenue is recognised in the profit and loss account if delivery and risk transfer to the buyer have taken place before the end of the year, and if the income can be determined reliably and is expected to be received. The net turnover is recognised exclusive of VAT and taxes and with the deduction of any discounts granted in connection with the sale.

Revenue from research and development services is recognised in the accounting period in which the services are rendered.

Other external costs

Other external costs comprise costs for sales, administration and premises.

Staff costs

Staff costs include salaries and wages including holiday allowances, pensions and other costs for social security etc. for staff members.

Depreciation, amortisation and writedown

Depreciation, amortisation and writedown comprise depreciation, amortisation and writedown for the year and gains and losses on disposal of non-current assets.

Net financials

Net financials comprise interest, realised and unrealised capital gains and losses concerning financial assets and liabilities, amortisation of financial assets and liabilities, additions and reimbursements under the Danish tax prepayment scheme, etc. Financial income and expenses are recognised in the profit and loss account with the amounts that relate to the financial year.

Tax of the profit for the year

The tax for the year comprises the current tax for the year and the changes in deferred tax, and it is recognised in the profit and loss account with the share referring to the profit for the year and directly in equity with the share referring to entries directly in equity.

The Company is subject to the Danish legislation concerning compulsory joint taxation with the Danish group enterprises.

The current Danish corporate tax is allocated among the jointly taxed companies in proportion to their respective taxable income (full allocation with reimbursement of tax losses).

The balance sheet

Goodwill

At the first recognition, acquired goodwill is measured in the balance sheet at cost. Subsequently, goodwill is measured at cost with deduction of accumulated impairment. Goodwill is not amortized.

Goodwill impairment test

Goodwill is tested annually for impairments, the first time before the end of the acquisition year.

The carrying amount of goodwill is tested for impairment together with the other non-current assets in the cash-generating unit to which goodwill is allocated and written down to the recoverable amount over the income statement if the carrying amount is higher. The recoverable amount is generally computed as the present value of the expected future net cash flows from the activity (cash-generating unit) to which the goodwill is allocated.

An impairment is recognised if the carrying amount of an asset exceeds its recoverable amount. The impairment is recognised in the income statement in a separate line. Impairment of goodwill is not reversed.

Property, plant and equipment

Property, plant and equipment are measured at cost with deduction of accrued depreciation and writedown.

The basis of depreciation is cost with deduction of any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the book value, the amortisation discontinues.

If the amortisation period or the residual value is changed, the effect on amortisation will in the future be recognised as a change in the accounting estimates.

The cost comprises the acquisition cost and costs directly attached to the acquisition until the time when the asset is ready for use.

The cost of a total asset is divided into separate components. These components are depreciated separately to reflect the differences in the useful lives of each individual components.

Depreciation takes place on a straight line basis and based on an evaluation of the expected useful life and the residual value of the individual assets:

	Useful life	Residual value
Property, plant and equipment	3-5 years	0 %

Subsequent costs, e.g. in connection with replacement of components of tangible assets, are recognised in the carrying amount of the asset if it is probable that the cost will result in future economic benefits for the company. The replaced components are removed from the balance sheet and recognised as an expense in the income statement. All costs incurred for ordinary repairs and maintenance are recognised in the income statement as incurred.

Assets with a cost less than USD 1,000 are recognised as costs in the profit and loss account in the year of acquisition.

Profit or loss deriving from the sales of tangible fixed assets is measured as the difference between the sales price reduced by the selling costs and the book value at the time of the sale. Profit or loss is recognised in the profit and loss account under depreciation.

Property, plant and equipment impairment test

The book values of property, plant and equipment is subject to annual impairment test in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets respectively. Writedown takes place to the recoverable amount, if this value is lower than the book value.

The recoverable value is equal to the value of the net selling price or the value in use, whichever is higher. The value in use is determined as the present value of the expected net cash flow deriving from the use of the asset or the group of assets.

Previously recognised writedown is reversed when the condition for the writedown no longer exist.

Receivables

Receivables are measured at amortised cost. In order to meet expected losses, writedown takes place at the net realisable value.

Deferred expenses

Deferred expenses recognised under assets comprise incurred costs concerning the next financial year.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand.

Corporate tax and deferred tax

Current tax receivable and tax liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on previous years' taxable income and prepaid taxes. Tax receivable and tax liabilities are set off to the extent that legal right of set-off exists and if the items are expected to be settled net or simultaneously.

According to the rules of joint taxation, Samsung Denmark Research Center ApS is unlimited, jointly and severally liable towards the Danish tax authorities for the total corporation tax, including withholding tax on interest, royalties and dividends, arising within the jointly taxed group of companies.

Deferred tax is measured on the basis of all temporary differences in assets and liabilities with a balance sheet focus.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation on the balance sheet date and prevailing when the deferred tax is expected to be released as current tax.

Deferred tax assets are assessed annually and are recognised only to the extent that their utilisation is probable.

Accounting policies used

Liabilities

Other liabilities concerning trade payables, group enterprises and other liabilities are measured at amortised cost.

Notes

All amounts in DKK.

1. Accounting estimates and judgements

Estimation uncertainty

Determining the carrying value of certain assets and liabilities requires judgements, estimates and assumptions relating to future events.

The estimates and assumptions about future events are based on historical experience and other factors which by management are considered reliable but by nature are associated with uncertainty. The assumptions may be incomplete or inaccurate, and unexpected events or circumstances may arise. Furthermore, the company is subject to risks and uncertainties which may lead to actual results differing from these estimates.

It may be necessary to change previous estimates due to changes in the conditions on which they were based or due to new information or subsequent events.

Estimates which are especially important for the financial reporting are made by applying the valuation of the impairment test for goodwill among others.

Impairment test for goodwill

At the annual impairment test for goodwill, or if there is an indication of impairment, an estimate is made of whether the parts of the business to which the asset is allocated (cash generating units) will be capable of generating sufficient positive net cash flows in the future to support the value of goodwill and other net assets in the relevant part of the business.

Due to the nature of the business, an estimate must be made of expected cash flows for many years in the future, which naturally leads to some uncertainty. It is not considered necessary to account for impairment of goodwill at present.

The impairment test and the related sensitivities are described in more detail in note 8.

Accounting policies used

As part of its application of the Company's accounting policies, management makes judgements, in addition to estimates, which may materially affect the amounts recognised in the annual report.

In 2018, however, management has not made such judgements.

Notes

All amounts in DKK.

		2018	2017
2.	**Revenue**		
	Sale of services	53.664.758	49.316.871
		53.664.758	**49.316.871**
3.	**Other external costs**		
	Travel and event expenses	781.325	1.417.341
	Costs of premises	1.469.920	1.905.176
	Administration costs	4.775.330	3.896.776
		7.026.575	**7.219.293**
4.	**Staff costs**		
	Salaries and wages	36.288.885	32.154.552
	Pension costs	2.371.618	2.149.575
	Other costs for social security	303.137	213.026
	Other staff costs	837.734	1.196.002
		39.801.374	**35.713.155**
	Average number of employees	46	41

Remuneration of board of directors and management

The board of directors and management are remunerated at group level.

		2018	2017
5.	**Depreciation of tangible and intangible assets**		
	Depreciation on property, plant and equipment	1.950.391	1.865.862
	Loss on disposal of property, plant and equipment	13.997	35.209
		1.964.388	**1.901.071**
6.	**Financial costs**		
	Interest, banks	0	38
	Exchange differences	1.179	8.599
		1.179	**8.637**

All amounts in DKK.

		2018	2017
7.	**Tax of the profit for the year**		
	Adjustment for the year of deferred tax	1.057.530	976.021
		1.057.530	**976.021**
	Tax on profit for the year may be subdivised as follows:		
	Calculated 22% tax on profit for the year before tax	1.071.673	984.437
	Tax effect of non-deductible costs	-3.678	-3.232
	Correction	-10.465	-5.184
		1.057.530	976.021
	Effective tax rate	21,7%	21,8%

All amounts in DKK.

		31/12 2018	31/12 2017
8.	**Goodwill**		
	Cost opening balance	65.778.798	65.778.798
	Cost closing balance	**65.778.798**	**65.778.798**
	Writedown opening balance	0	0
	Writedown for the year	0	0
	Writedown closing balance	**0**	**0**
	Book value closing balance	**65.778.798**	**65.778.798**

As of 31 December 2018 management tested the carrying value of goodwill for impairment. The Company acquired the activities of Cambridge Silicon Radio Denmark, a branch of Cambridge Silicon Radio Limited UK on 4 October 2012. In doing so, it recognised goodwill of DKK 65,779k, which corresponds to the carrying amount as at 31 December 2018.

The recoverable amount is based on the value, which is determined using expected net cash flows based on budgets for the years 2019-23 approved by the management and a discount rate before tax of 11%.

The weighted average growth rate used for exploration of future net cash flows for the years after 2023 has been estimated at 4,8%.

The key assumptions are based on experiences from previous years, external sources and instructions/calculations from the parent company.

Against this background, the carrying amount of goodwill is determined to be less than the recoverable amount. Thus, no impairment are required.

Notes

All amounts in DKK.

		31/12 2018	31/12 2017
9.	**Property, plants and equipment**		
	Cost opening balance	9.809.728	7.490.365
	Additions during the year	1.316.549	2.389.153
	Disposals during the year	-91.452	-69.790
	Cost closing balance	**11.034.825**	**9.809.728**
	Depreciation and writedown opening balance	-5.056.185	-3.224.903
	Depreciation and writedown for the year	-1.950.391	-1.865.862
	Depreciation and writedown, assets disposed of	77.455	34.580
	Depreciation and writedown closing balance	**-6.929.121**	**-5.056.185**
	Book value closing balance	**4.105.704**	**4.753.543**

No changes have been made to significant estimates concerning property, plant and equipment.

10. Deferred expenses

As part of the deferred expenses is a three year subscription. The share of the subscription due after 1 year is DKK 197.982.

11. Financial instruments

	31/12 2018	31/12 2017
Receivables from group enterprises	9.693.249	8.619.195
Other receivables	799.104	670.907
Cash and cash equivalents	53.651.980	48.961.021
	64.144.333	**58.251.123**

Refer to note 16 for the Company's risk management.

12. Share capital

The share capital consists of 90,000 shares, each with a nominel value of DKK 1. No shares hold particular rights.

All amounts in DKK.

13. Share premium account

The share premium account includes amounts not included in the nominal share capital, which are paid by the shareholders in connection with capital increase.

Pursuant to the Articles of Association, the share premium may be freely used for distribution of dividend and bonus issue.

	31/12 2018	31/12 2017
14. Deferred tax liability		
Deferred tax liability opening balance	4.560.411	3.584.390
Deferred tax of the results for the year	1.057.530	976.021
	5.617.941	**4.560.411**
The following items are subject to deferred tax:		
Intangible assets	14.471.335	12.404.002
Property, plant and equipment	-81.018	45.990
Losses carried forward from previous years	-8.772.376	-7.889.581
	5.617.941	**4.560.411**

15. Pledges, guarantees, and contingencies

Pledges and guarantees

None.

Contingent liabilities

The Company has entered into a tenancy agreement with an annual rent of DKK 1,016k. The agreement contains an annual rent regulation of minimum 2%. The tenancy may be terminated by giving 3 months' notice.

The Company has entered into a tenancy agreement with an annual rent of DKK 50k. The agreement contains an annual rent regulation of minimum 2%. The first annual regulation will take place at 1 January 2020. The tenancy may be terminated by giving 3 months' notice.

Joint taxation

Samsung Electronics branch of Samsung Electronics Nordic AB, Sweden, company reg. no 27 11 02 74 being the administration company, the Company is subject to the Danish scheme of joint taxation and unlimited jointly and severally liable with the other jointly taxed companies for the total corporation tax.

All amounts in DKK.

15. Pledges, guarantees, and contingencies (continued)

Joint taxation (continued)

The Company is unlimited jointly and severally liable with the other jointly taxed companies for any obligation to withhold tax on interest, royalties and dividends.

The jointly taxed enterprises' total, known net liability to the Danish tax authorities appears from the annual accounts of the administration company.

16. Financial risks

As a result of its operations, investments and financing, the Company is exposed to financial risks, including market risks (currency and interest risks) and credit risks.

The Company's financial instruments primarily consist of cash and cash equivalents, where the carrying value as at 31 December 2018 amounts to DKK 53,652k. The carrying value is equivalent to the fair value.

Market risk

The Company’s activities expose it primarily to the financial risks of changes in foreign currency exchange rates. The Company monitors its exposure to foreign currencies and enters into derivative financial instruments to manage its exposure foreign currency risk where the exposure at month end is greater than £1 million. During the year, the Company has entered into no such contracts.

Credit risks

The Company is subject to the group's banking arrangements etc. and agreements on bank deposits are only entered into with counterparties when management considers that there is no credit risk. Based upon this, all counterparties are expected to be able to fulfill their obligations.

The maximum credit risk exposure relating to financial assets is the carrying amount of the assets in the balance sheet.

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors. The Company manages liquidity risk by maintaining adequate reserves, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

All amounts in DKK.

16. Financial risks (continued)

The table below analyses the Company's financial liabilities into relevant maturity based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due after 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year	Over 1 year	Total
31 December 2018			
Deferred tax liability	0	5.617.941	5.617.941
Trade payables	1.213.789	0	1.213.789
Other liabilities	10.210.278	162.970	10.373.248
	11.424.067	**5.780.911**	**17.204.978**
31 December 2017			
Deferred tax liability	0	4.560.411	4.560.411
Trade payables	1.049.479	0	1.049.479
Other liabilities	9.501.332	280.176	9.781.508
	10.550.811	**4.840.587**	**15.391.398**

Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders. The Company is not subject to any externally imposed capital requirements. The Directors have ensured that future funding is assured for a period exceeding 12 months from the date of signing of these financial statements.

17. Related parties

Controlling interest

Samsung Electronics Europe Holding Coöperatief U.A. Oluf Palmestraat 10 2616LR Delft The Netherlands (Ownership interest 100%)	Majority shareholder
Samsung Electronics Co. Ltd., South Korea www.samsung.com (Investor relations)	Ultimate parent company

All amounts in DKK.

17. Related parties (continued)

Other related parties

Jung Suk Oh	Board member
Joonsuk Kim	Board member
Rajinder Gawera	Manager and board member
Hyun-Joon Kang	Board member
Samsung Electronics, branch of Samsung Electronics Nordic AB, Sweden	Jointly taxed company
Harman Professional Denmark ApS	Jointly taxed company
Samsung SDS Europe Limited	Affiliated company
Samsung Cambridge Solution Centre Limited	Affiliated company

Transactions

The Company re-invoices costs paid with an addition of 10% to Samsung Cambridge Solution Centre Limited on a monthly basis. The transactions amounts to DKK 53,665k and have been recognised in the income statement under revenue and in the balance sheet under receivables from affiliated companies which are settled on an ongoing basis pursuant to the Company's standard terms. Transactions have taken place at arm's length.

The Company has acquired property, plant and equipment at an amount of DKK 16k from Samsung Cambridge Solution Centre Limited. Transactions have taken place at arm' length.

The Company has acquired IT services of DKK 1,639k from Samsung SDS Europe Limited. Transactions have taken place at arm's length.

18. Events after the balance sheet

No events have occurred after the balance sheet date which would have a material impact on the Company's financial position or requires additional information.

Notes

All amounts in DKK.

19. New accounting standards

Samsung Denmark Research Center ApS has not implemented any amendments as none of the new standards and interpretations have impact on recognition and measurement.

A number of new standards and interpretations have been issued, which are not mandatory for the Company in relation to the preparation of the annual report for 2018. The new standard IFRS 16 Leases is expected to have an impact on the presentation of the accounts of the Company. The Company is aware of this and will implement IFRS 16 Leases in the accounts for 2019. None of the other new standards and interpretations are expected to impact significantly on the presentation of the accounts of the Company.

The adopted standards and interpretations, which are not yet in force, are implemented as they become mandatory for the Company.