

LG Display Co., Ltd.  
Form 6-K  
May 16, 2014  
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**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**Form 6-K**

**REPORT OF FOREIGN PRIVATE ISSUER**

**PURSUANT TO RULE 13a-16 OR 15d-16**

**UNDER THE SECURITIES EXCHANGE ACT OF 1934**

**For the month of May 2014**

**LG Display Co., Ltd.**

**(Translation of Registrant's name into English)**

**LG Twin Towers, 128 Yeoui-daero, Yeongdeungpo-gu, Seoul 150-721, Republic of Korea**

**(Address of principal executive offices)**

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Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F       Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Note: Regulation S-T Rule 101(b)(1) only permits the submission in paper of a Form 6-K if submitted solely to provide an attached annual report to security holders.

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Note: Regulation S-T Rule 101(b)(7) only permits the submission in paper of a Form 6-K if submission to furnish a report or other document that the registration foreign private issuer must furnish and make public under the laws of the jurisdiction in which the registrant is incorporated, domiciled or legally organized (the registrant's home country), or under the rules of the home country exchange on which the registrant's securities are traded, as long as the report or other document is not a press release, is not required to be and has not been distributed to the registrant's security holders, and if discussing a material event, has already been the subject of a Form 6-K submission or other Commission filing on EDGAR.

Indicate by check mark whether by furnishing the information contained in this Form, the registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes       No

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**QUARTERLY REPORT**

(From January 1, 2014 to March 31, 2014)

THIS IS A TRANSLATION OF THE QUARTERLY REPORT ORIGINALLY PREPARED IN KOREAN AND IS IN SUCH FORM AS REQUIRED BY THE KOREAN FINANCIAL SUPERVISORY COMMISSION.

IN THE TRANSLATION PROCESS, SOME PARTS OF THE REPORT WERE REFORMATTED, REARRANGED OR SUMMARIZED AND CERTAIN NUMBERS WERE ROUNDED FOR THE CONVENIENCE OF READERS. REFERENCES TO Q1 , Q2 AND Q3 OF A FISCAL YEAR ARE REFERENCES TO THE THREE-MONTH PERIODS ENDED MARCH 31, JUNE 30 AND SEPTEMBER 30, RESPECTIVELY, OF SUCH FISCAL YEAR.

UNLESS EXPRESSLY STATED OTHERWISE, ALL INFORMATION CONTAINED HEREIN IS PRESENTED ON A CONSOLIDATED BASIS IN ACCORDANCE WITH KOREAN INTERNATIONAL FINANCIAL REPORTING STANDARDS, OR K-IFRS, WHICH DIFFER IN CERTAIN RESPECTS FROM GENERALLY ACCEPTED ACCOUNTING PRINCIPLES IN CERTAIN OTHER COUNTRIES, INCLUDING THE UNITED STATES. K-IFRS ALSO DIFFERS IN CERTAIN RESPECTS FROM THE INTERNATIONAL FINANCIAL REPORTING STANDARDS AS ISSUED BY THE INTERNATIONAL ACCOUNTING STANDARDS BOARD. WE HAVE MADE NO ATTEMPT TO IDENTIFY OR QUANTIFY THE IMPACT OF THESE DIFFERENCES IN THIS DOCUMENT.

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| Attachment: 1. Financial Statements in accordance with K-IFRS |                                                               |    |

**Table of Contents****1. Company****A. Name and contact information**

The name of our company is EL-GI DISPLAY CHUSIK HOESA, which shall be LG Display Co., Ltd. in English.

Our principal executive office is located at LG Twin Towers, 128 Yeoui-daero, Yeongdeungpo-gu, Seoul 150-721, Republic of Korea, and our telephone number is +82-2-3777-1010. Our website address is <http://www.lgdisplay.com>.

**B. Domestic credit rating**

| Subject instrument | Month of rating | Credit rating <sup>(1)</sup> | Rating agency (Rating range)       |
|--------------------|-----------------|------------------------------|------------------------------------|
|                    | June 2012       |                              |                                    |
|                    | October 2012    |                              | NICE Information Service Co., Ltd. |
|                    | March 2013      | AA-                          |                                    |
|                    | June 2013       |                              | (AAA ~ D)                          |
|                    | October 2013    |                              |                                    |
|                    | June 2012       |                              |                                    |
| Corporate bonds    | October 2012    | AA-                          | Korea Investors Service, Inc.      |
|                    | June 2013       |                              |                                    |
|                    | October 2013    |                              | (AAA ~ D)                          |
|                    | March 2014      | AA                           |                                    |
|                    | June 2012       |                              |                                    |
|                    | March 2013      | AA-                          | Korea Ratings Corporation          |
|                    | June 2013       |                              | (AAA ~ D)                          |
|                    | March 2014      | AA                           |                                    |

(1) Domestic credit ratings are generally defined to indicate the following:

| Subject instrument | Credit rating | Definition                                                                                                                                                                                             |
|--------------------|---------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                    | AAA           | Strongest capacity for timely repayment.                                                                                                                                                               |
|                    | AA+/AA/AA-    | Very strong capacity for timely repayment. This capacity may, nevertheless, be slightly inferior than is the case for the highest rating category                                                      |
|                    | A+/A/A-       | Strong capacity for timely repayment. This capacity may, nevertheless, be more vulnerable to adverse changes in circumstances or in economic conditions than is the case for higher rating categories. |
|                    | BBB+/BBB/BBB- | Capacity for timely repayment is adequate, but adverse changes in circumstances and in economic conditions are more likely to impair this capacity.                                                    |
| Corporate bonds    | BB+/BB/BB-    | Capacity for timely repayment is currently adequate, but that there are some speculative characteristics that make the repayment uncertain over time.                                                  |

|         |                                                                                                                                                       |
|---------|-------------------------------------------------------------------------------------------------------------------------------------------------------|
| B+/B/B- | Lack of adequate capacity for repayment and speculative characteristics.<br>Interest payment in time of unfavorable economic conditions is uncertain. |
| CCC     | Lack of capacity for even current repayment and high risk of default.                                                                                 |
| CC      | Greater uncertainties than higher ratings.                                                                                                            |
| C       | High credit risk and lack of capacity for timely repayment.                                                                                           |
| D       | Insolvency.                                                                                                                                           |

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## C. Capitalization

## (1) Change in capital stock (as of March 31, 2014)

There were no changes to our issued capital stock during the year reporting period ended March 31, 2014.

## (2) Convertible bonds

Not applicable.

## D. Voting rights (as of March 31, 2014)

(Unit: share)

| Description                                                                                   |                  | Number of shares |
|-----------------------------------------------------------------------------------------------|------------------|------------------|
| A. Total number of shares issued:                                                             | Common shares    | 357,815,700      |
|                                                                                               | Preferred shares |                  |
| B. Shares without voting rights:                                                              | Common shares    |                  |
|                                                                                               | Preferred shares |                  |
| C. Shares subject to restrictions on voting rights pursuant to our articles of incorporation: | Common shares    |                  |
|                                                                                               | Preferred shares |                  |
| D. Shares subject to restrictions on voting rights pursuant to regulations:                   | Common shares    |                  |
|                                                                                               | Preferred shares |                  |
| E. Shares with restored voting rights:                                                        | Common shares    |                  |
|                                                                                               | Preferred shares |                  |
| Total number of issued shares with voting rights (=A - B - C - D + E):                        | Common shares    | 357,815,700      |
|                                                                                               | Preferred shares |                  |

## E. Dividends

Dividends for the three most recent fiscal years

| Description (unit)                                        | 2013   | 2012   | 2011      |
|-----------------------------------------------------------|--------|--------|-----------|
| Par value (Won)                                           | 5,000  | 5,000  | 5,000     |
| Profit (loss) for the period (million Won) <sup>(1)</sup> | 99,672 | 28,549 | (991,032) |
| Earnings per share (Won) <sup>(2)</sup>                   | 279    | 80     | (2,770)   |

Total cash dividend amount for the period (million Won)



Total stock dividend amount for the period (million Won)

Cash dividend payout ratio (%)

Cash dividend yield (%) <sup>(3)</sup>

Stock dividend yield (%)

Cash dividend per share (Won)

Stock dividend per share (share)

- (1) Profit (loss) for the period based on separate K-IFRS.
- (2) Earnings per share is based on par value of 5,000 per share and is calculated by dividing net income by weighted average number of common stock.
- (3) Cash dividend yield is the percentage that is derived by dividing cash dividend by the arithmetic average of the daily closing prices of our common stock during the one-week period ending two trading days prior to the closing of the register of shareholders for the purpose of determining the shareholders entitled to receive annual dividends.

## 2. Business

### A. Business overview

We were incorporated in February 1985 under the laws of the Republic of Korea. LG Electronics and LG Semicon transferred their respective LCD business to us in 1998, and since then, our business has been focused on the research, development, manufacture and sale of display panels, applying technologies such as TFT-LCD and OLED.

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As of March 31, 2014, we operated TFT-LCD and OLED production facilities and a research center in Paju, Korea and TFT-LCD production facilities in Gumi, Korea. We have also established subsidiaries in the Americas, Europe and Asia.

As of March 31, 2014, our business consisted of the manufacture and sale of display and display related products utilizing TFT-LCD, OLED and other technologies under a single reporting business segment.

**2014 Q1 consolidated operating results highlights**

(Unit: In billions of Won)

| 2014 Q1                 | Display business |
|-------------------------|------------------|
| Sales Revenue           | 5,588            |
| Gross Profit            | 664              |
| Operating Profit (Loss) | 94               |

**B. Industry****(1) Industry characteristics and growth potential**

TFT-LCD display panels are one of the most widely used type of display panels in flat panel display products, and the entry barriers to manufacture TFT-LCD display panels are relatively high due to the technology and capital intensive nature of the mass manufacturing process that is required to achieve economies of scale, among other factors.

While growth in the market for displays used in notebook computer, monitor and other traditional IT products has stagnated or declined, the market for displays used in tablet and smartphone products in the rapidly evolving IT environment has been growing very quickly. The display market for televisions has shown steady growth mainly due to growing demand from developing countries as well as from consumers in general for larger sized display panels. As for displays used in industrial, automobile and other value added products, we expect to see growth in these markets.

**(2) Cyclical**

The display panel business is highly cyclical and sensitive to fluctuations in the general economy. The industry experiences periodic volatility caused by imbalances between supply and demand due to capacity expansion and changing production utilization rates within the industry.

Macroeconomic factors and other causes of business cycles can affect the rate of growth in demand for display panels. Accordingly, if supply exceeds demand, average selling prices of display panels may decrease. Conversely, if growth in demand outpaces growth in supply, average selling prices may increase.

(3) Market conditions

Overall, while there have been some variations in rates of production capacity growth among individual display panel manufacturers, display panel manufacturers have generally slowed their respective rates of production capacity growth since 2011 due to a slowdown in growth of the display panel industry.

Most display panel manufacturers are located in Asia.

a. Korea: LG Display, Samsung Display, Hydis Technologies, etc.

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b. Taiwan: AU Optronics, Innolux, CPT, HannStar, etc.

c. Japan: Japan Display, Sharp, Panasonic LCD, etc.

d. China: BOE, CSOT, etc.

(4) Market shares

Our worldwide market share of large-sized display panels (i.e., panels that are 9 inches or larger) based on revenue is as follows:

|                                              | 2014 Q1      | 2013         | 2012         |
|----------------------------------------------|--------------|--------------|--------------|
| Panels for Televisions <sup>(1)</sup>        | 22.5%        | 24.7%        | 25.2%        |
| Panels for Monitors                          | 32.3%        | 34.0%        | 32.3%        |
| Panels for Notebook Computers <sup>(2)</sup> | 32.7%        | 32.3%        | 32.1%        |
| Panels for Tablet Computers                  | 24.2%        | 32.0%        | 40.3%        |
| <b>Total</b>                                 | <b>25.4%</b> | <b>27.8%</b> | <b>28.4%</b> |

*Source: DisplaySearch*

(1) Includes panels for public displays.

(2) Includes panels for netbooks.

(5) Competitiveness

Our ability to compete successfully depends on factors both within and outside our control, including product pricing, our relationship with customers, successful and timely investment and product development, cost competitiveness, success in marketing to our end-brand customers, component and raw material supply costs, foreign exchange rates and general economic and industry conditions.

In order to compete effectively, it is critical to be cost competitive and maintain stable and long-term relationships with customers which will enable us to be profitable even in a buyer's market.

A substantial portion of our sales is attributable to a limited number of end-brand customers and their designated system integrators. The loss of these end-brand customers, as a result of customers entering into strategic supplier arrangements with our competitors or otherwise, would result in reduced sales.

Developing new products and technologies that can be differentiated from those of our competitors is critical to the success of our business. It is important that we take active measures to protect our intellectual property internationally by obtaining patents and undertaking monitoring activities in our major markets. It is also necessary to recruit and retain experienced key managerial personnel and skilled line operators.

As a leading technology innovator in the display industry, we continue to focus on delivering differentiated value to our customers by developing new technologies and products, including next generation display panels with three-dimensional ( 3D ), IPS, copper line, touch screens and various other competitive technologies. With respect to 3D technology, we have commenced mass production of high definition 3D panels with reduced degrees of crosstalk, or the degree of 3D image overlapping, of less than 1% (which is less than what the human eye can perceive). We have also acquired diverse technical skills and have established a supply chain management system that enables us to provide one-stop solutions. Based on the strength of our IPS and copper line technologies, we have been able to maintain our strength in the market for television panels. With respect to our OLED business, following our supply of the world's first 55-inch OLED 3D panels for televisions in January 2013, we have supplied curved OLED panels for televisions and curved plastic OLED panels for smartphones and have shown that we are technologically a step ahead of the competition.

Moreover, we entered into long-term sales contracts with major global firms to secure customers and expand partnerships for technology development.

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## C. New businesses

For our continued growth, we are actively exploring and preparing for new business opportunities that may arise in the changing market environment. As such, we are continually reviewing and looking at opportunities in the display and promising new industries.

**3. Major Products and Raw Materials**

## A. Major products

We manufacture TFT-LCD and OLED panels, of which a significant majority is exported overseas.

(Unit: In billions of Won, except percentages)

| Business area | Sales type                          | Items<br>(Market)                           | Usage                                                                                  | Major<br>trademark | Sales in 2014 Q1 (%) |
|---------------|-------------------------------------|---------------------------------------------|----------------------------------------------------------------------------------------|--------------------|----------------------|
| Display       | Product/<br>Service/<br>Other sales | Display panel<br>(Overseas <sup>(1)</sup> ) | Panels for notebook computers,<br>monitors, televisions, smartphones,<br>tablets, etc. | LG Display         | 4,943 (88.5%)        |
|               |                                     | Display panel<br>(Korea <sup>(1)</sup> )    | Panels for notebook computers,<br>monitors, televisions, smartphones,<br>tablets, etc. | LG Display         | 645 (11.5%)          |
| Total         |                                     |                                             |                                                                                        |                    | 5,588 (100.0%)       |

- Period: January 1, 2014 ~ March 31, 2014.

(1) Based on ship-to-party.

## B. Average selling price trend of major products

The average selling price of LCD panels per square meter of net display area shipped in the first quarter of 2014 decreased by approximately 3% from the fourth quarter of 2013, largely as a result of a decrease in the shipment of small- to medium-sized products and the effect of such decrease on our product mix. There is no assurance that the average selling prices of LCD panels will not fluctuate in the future due to change in market conditions.

(Unit: US\$ / m<sup>2</sup>)

| Description                     | 2014 Q1 | 2013 Q4 | 2013 Q3 | 2013 Q2 |
|---------------------------------|---------|---------|---------|---------|
| Display panel <sup>(1)(2)</sup> | 628     | 697     | 678     | 657     |

- (1) Quarterly average selling price per square meter of net display area shipped.
- (2) Excludes semi-finished products in the cell process.

C. Major raw materials

Prices of major raw materials depend on fluctuations in supply and demand in the market as well as on change in size and quantity of raw materials due to the increased production of large-sized panels.

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(Unit: In billions of Won, except percentages)

| Business area | Purchase type | Items     | Usage                       | Cost <sup>(1)</sup> | Ratio (%) |
|---------------|---------------|-----------|-----------------------------|---------------------|-----------|
| Display       | Raw materials | Glass     | Display panel manufacturing | 455                 | 14.2%     |
|               |               | Backlight |                             | 774                 | 24.2%     |
|               |               | Polarizer |                             | 571                 | 17.8%     |
|               |               | Others    |                             | 1,399               | 43.8%     |
| Total         |               |           |                             | 3,199               | 100.0%    |

- Period: January 1, 2014 ~ March 31, 2014.

(1) Based on total cost for purchase of raw materials which includes manufacturing and development costs, etc.

**4. Production and Equipment****A. Production capacity and output****(1) Production capacity**

The table below sets forth the production capacity of our Gumi and Paju facilities in the periods indicated.

(Unit: 1,000 Glass sheets)

| Business area | Items         | Location of facilities | 2014 Q1 <sup>(1)</sup> | 2013 <sup>(2)</sup> | 2012 <sup>(2)</sup> |
|---------------|---------------|------------------------|------------------------|---------------------|---------------------|
| Display       | Display panel | Gumi, Paju             | 2,069                  | 8,562               | 9,195               |

(1) Calculated based on the maximum monthly input capacity (based on glass input substrate size for eighth generation glass sheets) during the period multiplied by the number of months in the period (i.e., 3 months).

(2) Calculated based on the maximum monthly input capacity (based on glass input substrate size for eighth generation glass sheets) during the year multiplied by the number of months in a year (i.e., 12 months).

**(2) Production output**

The table below sets forth the production output of our Gumi and Paju facilities in the periods indicated.

(Unit: 1,000 Glass sheets)



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| Business area | Items         | Location of facilities | 2014 Q1 | 2013  | 2012  |
|---------------|---------------|------------------------|---------|-------|-------|
| Display       | Display panel | Gumi, Paju             | 1,923   | 7,670 | 7,853 |

- Based on glass input substrate size for eighth generation glass sheets.

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## B. Production performance and utilization ratio

(Unit: Hours, except percentages)

| Production facilities | Available working hours<br>in 2014 Q1 | Actual working hours<br>in 2014 Q1 | Average<br>utilization ratio |
|-----------------------|---------------------------------------|------------------------------------|------------------------------|
| Gumi                  | 2,160 <sup>(1)</sup>                  | 2,144 <sup>(1)</sup>               |                              |
|                       | (90 days) <sup>(2)</sup>              | (89.3 days) <sup>(2)</sup>         | 99.3%                        |
| Paju                  | 2,160 <sup>(1)</sup>                  | 2,160 <sup>(1)</sup>               |                              |
|                       | (90 days) <sup>(2)</sup>              | (90.0 days) <sup>(2)</sup>         | 100.0%                       |

(1) Based on the assumption that all 24 hours in a day have been fully utilized.

(2) Number of days is calculated by averaging the number of working days for each facility.

## C. Investment plan

In 2014, we expect our capital expenditures to be approximately in the mid-W3 trillions in anticipation of funding the production of OLED and LTPS-based display panels and other future display products while maintaining and making improvements to our existing facilities. Such amount is subject to change depending on business conditions and market environment.

**5. Sales**

## A. Sales performance

(Unit: In billions of Won)

| Business area | Sales types    | Items (Market)          | 2014 Q1 | 2013   | 2012   |
|---------------|----------------|-------------------------|---------|--------|--------|
| Display       | Products, etc. | Overseas <sup>(1)</sup> | 4,943   | 24,341 | 27,280 |
|               |                | Korea <sup>(1)</sup>    | 645     | 2,692  | 2,150  |
|               |                | Total                   | 5,588   | 27,033 | 29,430 |

(1) Based on ship-to-party.

## B. Sales route and sales method

(1) Sales organization

As of March 31, 2014, each of our Television Business Unit and IT/Mobile Business Unit had individual sales and customer support functions.

Sales subsidiaries in the United States, Germany, Japan, Taiwan, China and Singapore perform sales activities and provide local technical support to customers.

(2) Sales route

Sales of our products take place through one of the following two routes:

LG Display HQ and overseas manufacturing subsidiaries g Overseas sales subsidiaries (USA/Germany/Japan/Taiwan/China/Singapore), etc. g System integrators and end-brand customers g End users

LG Display HQ and overseas manufacturing subsidiaries g System integrators and end-brand customers g End users

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### (3) Sales methods and sales terms

Direct sales and sales through overseas subsidiaries, etc. Sales terms are subject to change depending on the fluctuation in the supply and demand of LCD panels.

### (4) Sales strategy

As part of our sales strategy, we have secured stable sales to major personal computer manufacturers and leading consumer electronics manufacturers globally, strengthened sales of high-resolution, IPS, narrow bezel and other high-end display panels in the tablet, notebook computer and monitor markets, led the television market with our OLED and other market leading television panels and increased the proportion of sales of our differentiated television panels, such as our ultra-high definition ( Ultra HD ) and large television panels, in our product mix.

In the smartphone, industrial products (including aviation and medical equipment) and automobile displays segment, we have continued to build a strong and diversified business portfolio by expanding our business with customers with a global reach on the strength of our differentiated products applying IPS, plastic OLED, high-resolution and other technologies.

### (5) Purchase orders

Customers generally place purchase orders with us one month prior to delivery. Our customary practice for procuring orders from our customers and delivering our products to such customers is as follows:

Receive order from customer (overseas sales subsidiaries, etc.) g Headquarter is notified g  
Manufacture product g Ship product (overseas sales subsidiaries, etc.) g Sell product (overseas sales subsidiaries, etc.)

## **6. Market Risks and Risk Management**

### A. Market risks

The display industry continues to experience continued declines in the average selling prices of TFT-LCD and OLED panels irrespective of cyclical fluctuations in the industry, and our margins would be adversely impacted if prices decrease faster than we are able to reduce our costs.

The display industry is highly competitive. We have experienced pressure on the prices and margins of our major products due largely to additional industry capacity from panel manufacturers in Korea, Taiwan, China and Japan coupled with changes in the production mix of such manufacturers. Our main competitors in the industry include

Samsung Display, Hydis Technologies, AU Optronics, Innolux, CPT, HannStar, Japan Display, Sharp, Panasonic LCD, BOE and CSOT.

Our ability to compete successfully depends on factors both within and outside our control, including product pricing, performance and reliability, successful and timely investments, utilization of differentiated technologies in product development, success or failure of our end-brand customers in marketing their brands and products, component and raw material supply costs, and general economic and industry conditions. We cannot provide assurance that we will be able to compete successfully with our competitors on these fronts and, as a result, we may be unable to sustain our current market position.

Our results of operations are subject to exchange rate fluctuations. To the extent that we incur costs in one currency and generate sales in a different currency, our profit margins may be affected by changes in the exchange rates between the two currencies. Our sales of display panels are denominated mainly in U.S. dollars, whereas our purchases of raw materials are denominated mainly in U.S. dollars and Japanese Yen. Our risk management policy regarding foreign currency risk is to minimize the impact of foreign currency fluctuations on our foreign currency denominated assets and liabilities.

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**B. Risk management**

As the average selling prices of TFT-LCD and OLED panels can continue to decline over time irrespective of industry-wide cyclical fluctuations, we may find it hard to manage risks associated with certain factors that are outside our control. However, we counteract such declines in average selling prices by increasing the proportion of high value panels in our product mix while also implementing various cost reduction measures. In addition, in order to manage our risk against foreign currency fluctuations, we continually monitor our currency position and risk, and when needed, we may from time to time enter into cross-currency interest rate swap contracts and foreign currency forward contracts. As of March 31, 2014, we had not entered into any such contract for currency related derivative products.

**7. Derivative Contracts**

**A. Currency risks**

We are exposed to currency risks on sales, purchases and borrowings that are denominated in currencies other than in Won, our functional currency. These currencies are primarily the U.S. dollar, the Euro and the Japanese Yen.

Interest on borrowings is denominated in the currency of the borrowing. Generally, borrowings are denominated in currencies that match the cash flows generated by our underlying operations, primarily in Won and the U.S. dollar.

In respect of other monetary assets and liabilities denominated in foreign currencies, we ensure that our net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates, when necessary, to address short-term imbalances.

**B. Interest rate risks**

Our exposure to interest rate risks relates primarily to our floating rate long term debt obligations. We have established and are managing interest rate risk policies to minimize uncertainty and costs associated with interest rate fluctuations by monitoring cyclical interest rate fluctuations and enacting countermeasures.

**8. Major contracts**

Our material contracts, other than contracts entered into in the ordinary course of business, are set forth below:

| Type of agreement | Name of party | Term           | Content |
|-------------------|---------------|----------------|---------|
|                   |               | October 2005 ~ |         |

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|                                       |                                 |                 |                                                      |
|---------------------------------------|---------------------------------|-----------------|------------------------------------------------------|
| Technology licensing agreement        | Semiconductor Energy Laboratory |                 | Patent licensing of LCD and OLED related technology  |
|                                       | Ferguson Patent Properties      | October 2007 ~  | Patent licensing of LCD driving technology           |
|                                       | Hewlett-Packard                 | January 2011 ~  | Patent licensing of semi-conductor device technology |
| Technology licensing/supply agreement | Chunghwa Picture Tubes          | November 2007 ~ | Patent cross-licensing of LCD technology             |
|                                       | HannStar Display Corporation    | November 2009 ~ | Patent cross-licensing of LCD technology             |
|                                       | AU Optronics Corporation        | August 2011~    | Patent cross-licensing of LCD technology             |
|                                       | Innolux Corporation             | July 2012 ~     | Patent cross-licensing of LCD technology, etc.       |

**Table of Contents****9. Research & Development**

## A. Summary of R&amp;D-related expenditures

(Unit: In millions of Won, except percentages)

| Items                                                                                                                   | 2014 Q1                              | 2013             | 2012             |             |
|-------------------------------------------------------------------------------------------------------------------------|--------------------------------------|------------------|------------------|-------------|
| Material Cost                                                                                                           | 138,611                              | 586,901          | 494,422          |             |
| Labor Cost                                                                                                              | 166,742                              | 500,705          | 412,805          |             |
| Depreciation Expense                                                                                                    | 64,922                               | 319,854          | 259,467          |             |
| Others                                                                                                                  | 45,206                               | 267,320          | 206,093          |             |
| <b>Total R&amp;D-Related Expenditures</b>                                                                               | <b>415,481</b>                       | <b>1,674,780</b> | <b>1,372,787</b> |             |
|                                                                                                                         | Selling & Administrative Expenses    | 289,974          | 1,095,727        | 785,111     |
| Accounting Treatment <sup>(1)</sup>                                                                                     | Manufacturing Cost                   | 92,292           | 456,818          | 389,451     |
|                                                                                                                         | Development Cost (Intangible Assets) | 33,215           | 122,235          | 198,225     |
| <b>R&amp;D-Related Expenditures / Revenue Ratio (Total R&amp;D-Related Expenditures ÷ Revenue for the period × 100)</b> |                                      | <b>7.4%</b>      | <b>6.2%</b>      | <b>4.7%</b> |

- (1) For accounting purposes, R&D-related expenditures are recognized in accordance with our financial statements. Previous to this quarterly report, they were recognized in accordance with their respective sources of cost.

## B. R&amp;D achievements

*Achievements in 2012*

- 1) Introduction of the world's first 13.3-inch high definition plus ( HD+ ) AH-IPS notebook product

Development of the world's first 13.3-inch HD+ model applying AH-IPS technology

- 2) Development and introduction of a 14.0-inch HD product with the world's lowest (at the time) rate of logic circuit energy consumption (0.4W)

Application of DRD Z-inversion, HVDD and low voltage process



Application of high intensity LED (2.3cd) and Vcut light guiding plate

Increase in battery life due to reduced logic circuit energy consumption

3) Introduction of a 14.0-inch HD+ notebook product with a high color reproduction rate

Development of a 14.0-inch HD+ 72% color reproduction rate model

Development of a slim model applying 0.3 mm glass etching

4) Introduction of a 15.6-inch full high-definition ( FHD ) glasses-free 3D notebook product

Development of the first notebook product applying switchable barrier type 3D technology that does not require the use of glasses

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- 5) Development of the world's first 23-inch FHD monitor product applying AH-IPS 4Mask technology

Increased display panel luminance by application of AH-IPS technology (20% more luminance compared to display panels applying conventional IPS technology)

Simplified panel production process by application of AH-IPS 4Mask technology

30% reduction in energy consumption resulting from increased efficiency of LED and circuit components

Increased productivity in the manufacture of circuit and mechanical components resulting from increased standardization

- 6) Development of TN monitor products (20-inch HD+, 21.5-inch FHD and 23-inch FHD) applying new LED

20% reduction in energy consumption resulting from increased efficiency of LED and circuit components (based on 23W power consumption models)

Increased productivity in the manufacture of circuit and mechanical components resulting from increased standardization

- 7) Development of products with new edge backlight unit (32-inch, 37-inch and 42-inch FHD)

Vertical 2Bar LED backlight unit g Vertical 1Bar LED backlight unit

Reduced energy consumption by 25% resulting from a reduction in the number of LED integrated (based on 32-inch display panel)

- 8) Development of 42-inch FHD product with new direct backlight unit

Development of LED Lens through the improvement of LED Beam spread angle (72° based on 42-inch display panel)

Same thickness as conventional edge LED lighting lamp (35.5 mm)

- 9) Development of products with the world's narrowest bezels of 3.5 mm (47-inch and 55-inch FHD)

Narrow set design possible using 3.5 mm bezel

- 10) Development of the world's first panel products without borders on three sides (32-inch, 42-inch, 47-inch and 55-inch FHD)

Made possible by removing the forward-facing case top, resulting in zero bezel on three sides

- 11) Development of monitor products without borders on three sides (21.5-inch, 23-inch and 27-inch FHD)

Made possible by removing the forward-facing case top, resulting in zero bezel on three sides, and application of double-sided adhesive to secure the position of the panel and backlight

Used double guide panels to reduce light leakage issues in IPS panels

- 12) Development of 12.5-inch HD AH-IPS slim and light notebook display panels

Achieved thickness of 2.85t

Reduced the number of LEDs required by using high intensity LEDs (2.5cd)

- 13) The world's first GF2 Touch Tablet Product Development (10.1WXGA LCM + Touch)

Touch Concept: GF2, Touch IC In-House

Reduced cost by applying TMIC

Reduced power consumption by applying 6 in 1 (Buck version) PMIC

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Reduced cost and power consumption by applying AH-IPS + DRD-Z

Reduced cost by applying Taper LGP

- 14) Development of Automotive 9.2WV product that applies wide temperature AH5-IPS technology

For use in Center Information Displays and Rear Seat Entertainment Displays mounted on a mass produced passenger car

Wide temperature materials/components used and AH5-IPS technology applied

- 15) Application and introduction of the world's first large multi-model on a glass ( MMG ) type product (60-inch FHD and 32-inch HD)

Increased glass efficiency by successfully applying large MMG technology for the first time in the industry

Developed three sided and six sided chamfers for eighth generation 60-inch FHD panels and 32-inch HD panels, respectively

- 16) Development of the world's first 84-inch Ultra HD display panel product

a-Si based 1G 1D Ultra HD panel with steady charging

Developed extra-large edge LED with rigid heat resistant structure

- 17) Development of 2000 nit bright public display panel for outdoor use (47-inch FHD)

Use of optimal-temperature panel prevents any blackening effect when exposed to direct sunlight

Use of quarter-wave plate (applying FPR technology) allows viewers wearing polarized sunglasses to view the public display panel with ease

Applied heat resistant structure without heat sink

Improved bright room contrast ratio by applying Shine Out ARC POL technology

- 18) Development of seam (AtA) 5.6 mm super-narrow bezel ( SNB ) public display panel (55-inch FHD)

Bezel thickness minimized (2.9 mm for pad, 1.6 mm for non-pad)

Developed SNB structure technology

- 19) Development of 47-inch and 55-inch display panel products applying vertical 1Bar structure

Our first 47-inch and 55-inch display panel products applying vertical 1Bar LED backlight units

Reduced number of LEDs needed, resulting in reduced energy consumption (for example, energy consumption for the 47-inch display panel was reduced from 65.5W to 55.8W)

- 20) Development of the world's first 29-inch 21:9 ratio three-side borderless monitor product

Made possible by removing the forward-facing case top, resulting in zero bezel on three sides

Double-sided adhesive used to secure the position of the panel and backlight

Double guide panels used to resolve light leakage issues in IPS panels

- 21) Development of the world's first 12.9-inch high-resolution slim AH-IPS display panel

Ultra-high resolution WQSXGA+ (239 PPI)

Achieved 400 nit brightness by improving panel luminance and applying high intensity LED PKG and new 1Bar structure

Developed 2.95 mm slim model through glass etching and application of rigid PCB

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22) Development of the world's first ultra-slim all-in-one product applying G2 Touch technology (4.67WXGA)

320 PPI high resolution AH-IPS display panel

Ultra-slim LCM by applying G2 Touch and OCR Direct Bonding technologies

23) Development of the world's first TV product applying DRD technology (32-inch, 37-inch HD)

Simplified circuit structure for HD TV by applying DRD technology (source driver integrated circuits (D-IC)) reduced from 4ea to 2ea

24) Development of customer co-designed TV (32-inch to 55-inch FHD)

Co-designed TV model that integrates LCM and the front cover in a single body

Differentiated set bezel design

25) Development of the world's first borderless TV product with 7.8 mm bezel (47-inch FHD)

Borderless on the top and left/right sides with a borderless like bottom design

26) Development of the world's largest, at the time, 55-inch FHD OLED TV product

Utilizes WRGB OLED technology with a thickness of 4.45 mm

27) Development of the first touch notebook product with direct bonding of touch screen module (TSM) (12.5-inch FHD)

Applied direct bonding between LCM and TSM to reduce thickness (4.8 mm)

Direct bonding multi-sourcing in response to customer demand

28) Development of 23.8-inch desktop monitor product

Developed new display panel size for desktop monitor products

Narrower bezels (8 mm for the top and left/right sides) compared to conventional bezels

- 29) Development of the world's first clear borderless (borderless on all four sides) monitor product (27-inch FHD)

Applied Narrow Bezel Vertical LED Structure technology by changing the LED backlight structure

Developed even black matrix structure on all four sides

*Achievements in 2013*

- 1) Developed 19.5-inch desktop monitor product

Developed new display panel size for desktop monitor products

Increased yield of glass panel area per glass substrate by cutting glass substrates at 19.5 inches

- 2) Developed 11.6-inch Tab Book product applying GF2 touch technology

Applied GF2 direct bonding process

- 3) Developed 5.0-inch and 5.5-inch high resolution (over 400 PPI) smartphone products applying AH-IPS technology

Luminance increased by 10% compared to conventional panels (5.0-inch FHD panel has 403 PPI and 5.5-inch FHD panel has 440 PPI)

Developed new source D-IC to drive 4 lanes of MIPI with speeds of up to 1 Gbps per lane

- 4) Developed the world's first 60-inch three-side borderless product

Made possible by removing the forward-facing case top, resulting in zero bezel on three sides with a borderless like bottom design

- 5) Developed the world's first 47-inch and 55-inch FHD TV product with 2.3 mm narrow bezels

Achieved optimal slim design by minimizing bezel width to 2.3 mm



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- 6) Developed 55-inch and 65-inch Ultra HD products with narrow bezels

Ultra HD (55-inch model has 80 PPI and 65-inch model has 68 PPI)

Achieved high transmittance panel by applying 1 Gate 1 Data structure

Achieved narrow bezels (55-inch model has 6.9 mm and 65-inch has 7.5 mm) by optimizing panel and mechanical design

- 7) Developed 42-inch, 47-inch and 55-inch FHD three-side borderless products with direct backlight units

Borderless design made possible by removing the forward-facing case top, resulting in zero bezel on three sides

- 8) Developed 5-inch HD smartphone product utilizing oxide cell technology

Reduced energy consumption and achieved narrower bezels by using indium gallium zinc oxide (IGZO) cell technology (energy consumption reduced by 26.7% and bezel size reduced by 23.0% compared to products utilizing conventional silicon (a-Si) cell technology)

- 9) Developed FHD a-Si AH-IPS technology for use in smartphone products (more than 400 PPI)

Improved structure and technology compared to conventional FHD panels (luminance increased by 30%, achieved 443 PPI in 5.0-inch FHD panel)

Developed new D-IC and IC bonding materials and processes

- 10) Developed new line of 19.5-inch HD+ monitor products with IPS technology

Developed new line of display panels for desktop monitor products

Increased yield of glass panel area per glass substrate by cutting glass substrates at 19.5 inches

- 11) Developed 19.5-inch HD+ ultra-light monitor product

The world's lightest (at the time) 19.5-inch HD+ IPS monitor product with slim concept design

Reduced weight by 55% from 1520g to 830g and thickness from 7.6t to 5.4t compared to a conventional 19.5-inch HD+ IPS monitor product

- 12) Developed the world's first borderless monitor product with 3.5 mm narrow bezel (23.8-inch FHD)

Developed 23.8-inch FHD Neo Blade1 monitor product with the world's narrowest (at the time) bezel (3.5 mm)

- 13) Introduced 9.2-inch WXGA high resolution / high luminance automotive display product

The first automotive display product to apply EPI interface (800Mbps high speed transmission with Real 8it)

High luminance (800 nit) and high color gamut (70%)

Developed T-con with improved reliability and resolution

- 14) Developed 49-inch FHD four sided borderless like product

Achieved narrow borders by applying 4.9 mm GIP technology and developed a new PSJ mechanical structure

Developed new resin technology to apply to the bottom base decoration

- 15) Developed 55-inch FHD wide color gamut ( WCG ) LCM product

Achieved life like colors with WCG by combining panel and optical technologies

Developed differentiated case top set design

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16) Developed our first 60-inch FHD product

Achieved narrow panel bezel size (7.8 mm)

New size in our product lineup

17) Developed the world's first 23.8-inch Ultra HD monitor product

The world's first Ultra HD AH-IPS monitor product (23.8-inch Ultra HD: 185 ppi)

Applied PAC panel technology and developed Ultra HD T-con/D-IC driver

Developed high luminance dual LED array structure

18) Expanded product lineup of 21:9 screen aspect ratio monitors

Expanded product lineup of 21:9 screen aspect ratio monitors to include 25-inch, 29-inch and 34-inch monitors

Borderless on three sides by removing case top

19) Developed the world's first 13.3-inch FHD notebook model with 1.9 mm narrow bezel

Development slim notebook design by utilizing panel GLA structure and minimizing bezel size to 1.9 mm

Achieved slim (3.0 mm) and ultra-light (230 g) LCM by utilizing 0.25 mm glass PPP LGP technology

20) Developed our first quad HD ( QHD ) notebook model (13.3-inch, 222 ppi / 14.0-inch / 210 ppi)

Increased transmittance rate by utilizing 3<sup>rd</sup> metal, coop CS, red eye 12 um technology and improving aperture ratio

Achieved slim (2.6 mm) and ultra-light (235 g) LCM by utilizing 0.3 mm glass PPP LGP technology

21) Introduced product applying PPP LGP to maximize light collimation

Developed PPP technology for light collimation (improved luminance by 44% compared to conventional panels) for a more energy efficient panel model

Used 2 sheet structure to reduce thickness

22) Developed 12.3-inch FHD full cluster automotive product

The world's first full cluster product to apply IPS technology

Ultra-high luminance (800 nit) and high color gamut (85%). High color PR and developed RG LED for high light collimation

Applied the highest resolution (1920 x 720), at the time, for clusters

23) Developed 5.5-inch QHD LTPS smartphone panel applying AH-IPS technology with the world's highest resolution, at the time, for smartphone panels (more than 500 ppi)

Designed and developed QHD, the world's highest resolution, at the time, for smartphone panels (538 ppi)

The world's first QHD module applying 1 chip D-IC driver

*Achievements in 2014*

1) Developed the world's first green plus structure television panel products (42-inch, 49-inch and 55-inch Ultra HD)

Added white pixels to increase transmittance by 55% compared to conventional display panels

Developed energy conservation technology for Ultra HD products

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- 2) Developed the world's narrowest, at the time, bezel (BtB 3.5 mm) videowall product (55-inch FHD)

The world's narrowest, at the time, bezel (BtB 3.5 mm) videowall product

Reduced panel PAD parts and minimized bezel size

- 3) Developed our first 79-inch Ultra HD product

New size in our product lineup

Achieved narrow bezel (On 9.9 mm) and slim depth (13.9 mm)

- 4) Developed the world's first 4-sided borderless like product (49-inch, 55-inch and 60-inch FHD)

Removed front case top and narrowed gap between the panel and front deco cabinet (set side reduced from 2.0 mm to 0.5 mm)

- 5) Developed the world's first a-Si AF-IPS 5Mask panel product for smartphones (5.0 WVGA)

Reduced production cost and simplified manufacturing process by reducing the number of mask steps from 6 to 5

Same level of performance as 6Mask panels

- 6) Developed the world's first LTPS AH-IPS photo alignment and negative LC panel product for smartphones (5.0-inch FHD)

LTPS AH-IPS photo alignment and negative LC panel product for smartphones developed in March 2014

Improved luminance and contrast ratio through improvement in panel transmittance (450 nit to 515 nit; 1,000:1 to 1500:1).

- 7) Developed the world's first 23.8-inch FHD ultra slim and light monitor product

Achieved ultra light design (reduced LCM weight from 2,270g to 1,280g compared to conventional LCMs)

Achieved ultra slim design by using slim component parts (7.6t reduced to 5.5t)

#### **10. Intellectual Property**

As of March 31, 2014, our cumulative patent portfolio (including patents that have already expired) included a total of 25,096 patents, consisting of 12,523 in Korea and 12,573 in other countries.

#### **11. Environmental Matters**

We are subject to a variety of environmental laws and regulations, and we may be subject to fines or restrictions that could cause our operations to be interrupted. Our manufacturing processes generate worksite waste, including water and air pollutants, at various stages in the manufacturing process, and we are subject to relevant laws and regulations in each area of the environment, including with respect to the treatment of chemical by-products. We have installed various types of anti-pollution equipment, consistent with environmental standards, for the treatment of chemical waste and equipment for the recycling of treated waste water at our various facilities. However, we cannot provide assurance that environmental claims will not be brought against us or that the local or national governments will not take steps toward adopting more stringent environmental standards. Any failure on our part to comply with any present or future environmental regulations could result in the assessment of damages or imposition of fines against us, suspension of production or a cessation of operations. In addition, environmental regulations could require us to acquire costly equipment or to incur other significant compliance expenses that may materially and negatively affect our financial condition and results of operations.

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In 2010, we were designated by the Korean government as one of the companies subject to greenhouse gas emission and energy consumption targets under the Framework Act on Low Carbon, Green Growth. As a result, we may need to invest in additional equipment and there may be other costs associated with meeting reduction targets, which may have a negative effect on our profitability or production activities. In addition, if we fail to meet a reduction target and are unable to comply with the government's subsequent enforcement notice relating to such failure, we may be subject to fines.

In connection with the greenhouse gas emission and energy reduction target system, we submitted a statement of our domestic emissions and energy usage for the 2013 to the Korean government (i.e., the Ministry of Environment and the Ministry of Trade, Industry & Energy) in March 2014 after it was certified by Lloyd's Register Quality Assurance, a government-designated certification agency.

The table below sets forth yearly levels of our greenhouse gases emissions and energy usage in the statement submitted to the Korean government:

(Unit: thousand tonnes of CO<sub>2</sub> equivalent; Tetra Joules)

| Category         | 2013   | 2012   | 2011   |
|------------------|--------|--------|--------|
| Greenhouse gases | 6,922  | 6,161  | 5,928  |
| Energy           | 61,092 | 61,169 | 53,223 |

Operations at our manufacturing plants are subject to regulation and periodic scheduled and unscheduled on-site inspections by the Korean Ministry of Environment and local environmental protection authorities. We believe that we have adopted adequate anti-pollution measures and have minimized our impact on the environment by improving existing and developing new technologies for the effective maintenance of environmental protection standards consistent with local industry practice. In addition, we have continually monitored, and we believe that we are in compliance in all material respects with, the applicable environmental laws and regulations in Korea. Expenditures related to such compliance may be substantial. Such expenditures are generally included in capital expenditures. As required by Korean law, we employ licensed environmental specialists to manage our air pollution, toxic materials and waste water. In February 2013, to reduce costs and ensure safe water quality, we entered into a contract with a specialist company to operate our waste water treatment facilities. We currently have ISO 14001 certifications with respect to the environmental record for P1 through P98, our OLED production facility in Gumi, Korea, our Gumi module production plant and our Paju module production plant, as well as our module production plants in Nanjing, Yantai and Guangzhou, China.

In addition, with respect to P1 through P98 and our module production plants in Gumi and Paju, we received certification from BSI Group Korea in November 2011 and ISO 5001 certification in December 2013 for our green management system. Furthermore, we have been certified by the Korean Ministry of Environment as a "Green Company", with respect to our environmental record for P1 and our module production plant in Gumi since 1997, with respect to our operations at P2 and P3 since 2006, and with respect to our operations at P4, P5 and P6 since 2008. Also, we received certification to self-inspect designated waste products with respect to our Paju plant by the Ministry of Environment in 2011, which was recertified in 2013. In addition, in recognition of our efforts to reduce greenhouse gas emissions, we were awarded a commendation from the Minister of Environment in the efforts against climate change category in the 2013 Green Management Awards, which was jointly hosted by the Ministry of Environment and the Ministry of Trade, Industry & Energy.

We also have an internal monitoring system to control the use of hazardous substances in the manufacture of our products as we are committed to compliance with all applicable environmental laws and regulations, including European Union Restriction of Hazardous Substances (RoHS) Directive 2011/65/EU, and restricts the use of certain hazardous substances in the manufacture of electrical and electronic equipment.

In addition, as part of our commitment to use environment-friendly raw materials, we have implemented a green purchasing system that prevents the introduction of hazardous materials at the purchasing stage. The green purchasing system has been a key component in our efforts to comply with RoHS and other applicable environmental laws and regulation.



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In October 2005, we became the first display panel company to receive accreditation as an International Accredited Testing Laboratory by the Korea Laboratory Accreditation Scheme, which is operated by the Korean Ministry of Trade, Industry & Energy. In September 2006, we received international accreditation from TUV SUD, EU's German accreditation agency, as a RoHS testing laboratory. Our efforts to keep pace with the increasingly stringent accreditation standards and to receive and maintain such accreditations are part of our on-going efforts to systematically monitor environmentally controlled substances in our component parts inventory. Moreover, we participated in reforming IEC 62321, an international testing standard published by the International Electrotechnical Commission and used by RoHS, and the commission adopted our halogen-free combustion ion chromatography method in as IEC 62321-3-2, which was published in June 2013.

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## A. Financial highlights (Based on consolidated K-IFRS)

(Unit: In millions of Won)

| Description                               | As of March 31, 2014 | As of December 31, 2013 | As of December 31, 2012 | As of December 31, 2011 | As of December 31, 2010 |
|-------------------------------------------|----------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Current assets                            | 7,316,308            | 7,731,788               | 8,914,685               | 7,858,065               | 8,840,433               |
| Quick assets                              | 5,117,464            | 5,798,547               | 6,524,678               | 5,540,695               | 6,625,216               |
| Inventories                               | 2,198,844            | 1,933,241               | 2,390,007               | 2,317,370               | 2,215,217               |
| Non-current assets                        | 14,282,636           | 13,983,496              | 15,540,826              | 17,304,866              | 15,017,225              |
| Investments in equity accounted investees | 411,512              | 406,536                 | 402,158                 | 385,145                 | 325,532                 |
| Property, plant and equipment, net        | 12,139,482           | 11,808,334              | 13,107,511              | 14,696,849              | 12,815,401              |
| Intangible assets                         | 464,697              | 468,185                 | 497,602                 | 535,114                 | 539,901                 |
| Other non-current assets                  | 1,266,945            | 1,300,441               | 1,533,555               | 1,687,758               | 1,336,391               |
| <b>Total assets</b>                       | <b>21,598,944</b>    | <b>21,715,284</b>       | <b>24,455,511</b>       | <b>25,162,931</b>       | <b>23,857,658</b>       |
| Current liabilities                       | 7,793,803            | 6,788,919               | 9,206,158               | 9,911,434               | 8,881,829               |
| Non-current liabilities                   | 3,089,319            | 4,128,945               | 5,009,173               | 5,120,469               | 3,914,862               |
| <b>Total liabilities</b>                  | <b>10,883,122</b>    | <b>10,917,864</b>       | <b>14,215,331</b>       | <b>15,031,903</b>       | <b>12,796,691</b>       |
| Share capital                             | 1,789,079            | 1,789,079               | 1,789,079               | 1,789,079               | 1,789,079               |
| Share premium                             | 2,251,113            | 2,251,113               | 2,251,113               | 2,251,113               | 2,251,113               |
| Reserves                                  | (111,964)            | (91,674)                | (69,370)                | 12,181                  | (35,298)                |
| Retained earnings                         | 6,580,689            | 6,662,655               | 6,238,989               | 6,063,359               | 7,031,163               |
| Non-controlling interest                  | 206,905              | 186,247                 | 30,369                  | 15,296                  | 24,910                  |
| <b>Total equity</b>                       | <b>10,715,822</b>    | <b>10,797,420</b>       | <b>10,240,180</b>       | <b>10,131,028</b>       | <b>11,060,967</b>       |

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(Unit: In millions of Won, except for per share data and number of consolidated entities)

| Description                                 | For the three months ended March 31, 2014 | For the three months ended March 31, 2013 | For the three months ended March 31, 2012 | For the three months ended March 31, 2011 | For the three months ended March 31, 2010 |
|---------------------------------------------|-------------------------------------------|-------------------------------------------|-------------------------------------------|-------------------------------------------|-------------------------------------------|
| Revenue                                     | 5,587,698                                 | 6,803,240                                 | 6,183,676                                 | 5,365,516                                 | 5,876,347                                 |
| Operating profit (loss)                     | 94,281                                    | 151,288                                   | (211,173) <sup>(1)</sup>                  | (254,546) <sup>(1)</sup>                  | 790,179 <sup>(1)</sup>                    |
| Operating profit from continuing operations | (81,968)                                  | 3,487                                     | (129,233)                                 | (115,426)                                 | 648,625                                   |
| Profit (loss) for the period                | (81,968)                                  | 3,487                                     | (129,233)                                 | (115,426)                                 | 648,625                                   |
| Profit (loss) attributable to:              |                                           |                                           |                                           |                                           |                                           |
| Owners of the Company                       | (79,951)                                  | 3,899                                     | (128,464)                                 | (115,189)                                 | 649,066                                   |
| Non-controlling interest                    | (2,017)                                   | (412)                                     | (769)                                     | (237)                                     | (441)                                     |
| Basic earnings (loss) per share             | (223)                                     | 11                                        | (359)                                     | (322)                                     | 1,814                                     |
| Diluted earnings (loss) per share           | (223)                                     | 11                                        | (359)                                     | (322)                                     | 1,732                                     |
| Number of consolidated entities             | 19                                        | 18                                        | 20                                        | 18                                        | 16                                        |

- (1) Restated to retroactively adopt amendment to K-IFRS No. 1001 Presentation of Financial Statements in the presentation of operating profit. Under the amendment, which was adopted for our financial statements for the interim and annual periods since December 31, 2012, operating profit or loss is presented as an amount of revenue less cost of sales, selling and administrative expenses and research and development expenses. Prior to the adoption of the amendment, other income and other expenses were included in the presentation of operating profit or loss.

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## B. Financial highlights (Based on separate K-IFRS)

(Unit: In millions of Won)

| Description                        | As of March 31, 2014 | As of December 31, 2013 | As of December 31, 2012 | As of December 31, 2011 | As of December 31, 2010 |
|------------------------------------|----------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Current assets                     | 6,704,732            | 6,877,367               | 8,432,253               | 7,326,764               | 8,499,873               |
| Quick assets                       | 5,022,911            | 5,290,725               | 6,484,308               | 5,414,054               | 6,739,908               |
| Inventories                        | 1,681,821            | 1,586,642               | 1,947,945               | 1,912,710               | 1,759,965               |
| Non-current assets                 | 13,217,723           | 13,767,226              | 15,369,335              | 16,947,200              | 14,658,125              |
| Investments                        | 1,821,627            | 1,820,806               | 1,468,778               | 1,386,313               | 1,279,831               |
| Property, plant and equipment, net | 9,792,318            | 10,294,740              | 12,004,435              | 13,522,553              | 11,688,061              |
| Intangible assets                  | 453,078              | 461,620                 | 488,663                 | 479,510                 | 483,260                 |
| Other non-current assets           | 1,150,700            | 1,190,060               | 1,407,459               | 1,558,824               | 1,206,973               |
| <b>Total assets</b>                | <b>19,922,455</b>    | <b>20,644,593</b>       | <b>23,801,588</b>       | <b>24,273,964</b>       | <b>23,157,998</b>       |
| Current liabilities                | 7,223,656            | 6,754,175               | 9,132,943               | 9,485,333               | 8,453,869               |
| Non-current liabilities            | 3,087,947            | 4,127,993               | 5,007,525               | 5,101,714               | 3,833,454               |
| <b>Total liabilities</b>           | <b>10,311,603</b>    | <b>10,882,168</b>       | <b>14,140,468</b>       | <b>14,587,047</b>       | <b>12,287,323</b>       |
| Share capital                      | 1,789,079            | 1,789,079               | 1,789,079               | 1,789,079               | 1,789,079               |
| Share premium                      | 2,251,113            | 2,251,113               | 2,251,113               | 2,251,113               | 2,251,113               |
| Reserves                           | (680)                | (305)                   | (893)                   | (3,944)                 | (7,795)                 |
| Retained earnings                  | 5,571,340            | 5,722,538               | 5,621,821               | 5,650,669               | 6,838,278               |
| <b>Total equity</b>                | <b>9,610,852</b>     | <b>9,762,425</b>        | <b>9,661,120</b>        | <b>9,686,917</b>        | <b>10,870,675</b>       |

(Unit: In millions of Won, except for per share data)

| Description                                        | For the three months ended March 31, 2014 | For the three months ended March 31, 2013 | For the three months ended March 31, 2012 | For the three months ended March 31, 2011 | For the three months ended March 31, 2010 |
|----------------------------------------------------|-------------------------------------------|-------------------------------------------|-------------------------------------------|-------------------------------------------|-------------------------------------------|
| Revenue                                            | 5,534,134                                 | 6,568,525                                 | 5,955,719                                 | 5,051,751                                 | 5,840,744                                 |
| Operating profit (loss)                            | (1,687)                                   | 68,578                                    | (263,116) <sup>(1)</sup>                  | (317,540) <sup>(1)</sup>                  | 692,217 <sup>(1)</sup>                    |
| Operating profit (loss) from continuing operations | (148,992)                                 | (57,634)                                  | (175,078)                                 | (154,350)                                 | 599,044                                   |
| Profit (loss) for the period                       | (148,992)                                 | (57,634)                                  | (175,078)                                 | (154,350)                                 | 599,044                                   |
| Basic earnings (loss) per share                    | (416)                                     | 161                                       | (489)                                     | (431)                                     | 1,674                                     |
| Diluted earnings (loss) per share                  | (416)                                     | 161                                       | (489)                                     | (431)                                     | 1,596                                     |

- (1) Restated to retroactively adopt amendment to K-IFRS No. 1001 Presentation of Financial Statements in the presentation of operating profit. Under the amendment, which was adopted for our financial statements for the interim and annual periods since December 31, 2012, operating profit or loss is presented as an amount of revenue less cost of sales, selling and administrative expenses and research and development expenses. Prior to the adoption of the amendment, other income and other expenses were included in the presentation of operating profit or loss.

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## C. Consolidated subsidiaries (as of March 31, 2014)

| Company                                    | Primary Business               | Location  | Equity Interest |
|--------------------------------------------|--------------------------------|-----------|-----------------|
| LG Display America, Inc.                   | Sales                          | U.S.A.    | 100%            |
| LG Display Germany GmbH                    | Sales                          | Germany   | 100%            |
| LG Display Japan Co., Ltd.                 | Sales                          | Japan     | 100%            |
| LG Display Taiwan Co., Ltd.                | Sales                          | Taiwan    | 100%            |
| LG Display Nanjing Co., Ltd.               | Manufacturing and sales        | China     | 100%            |
| LG Display Shanghai Co., Ltd.              | Sales                          | China     | 100%            |
| LG Display Poland Sp. zo.o.                | Manufacturing and sales        | Poland    | 80%             |
| LG Display Guangzhou Co., Ltd.             | Manufacturing and sales        | China     | 100%            |
| LG Display Shenzhen Co., Ltd.              | Sales                          | China     | 100%            |
| LG Display Singapore Pte. Ltd.             | Sales                          | Singapore | 100%            |
| L&T Display Technology (Xiamen) Co., Ltd.  | Manufacturing and sales        | China     | 51%             |
| L&T Display Technology (Fujian) Co., Ltd.  | Manufacturing and sales        | China     | 51%             |
| LG Display Yantai Co., Ltd.                | Manufacturing and sales        | China     | 100%            |
| LG Display (China) Co., Ltd.               | Manufacturing and sales        | China     | 70%             |
| LUCOM Display Technology (Kunshan) Limited | Manufacturing and sales        | China     | 51%             |
| LG Display U.S.A. Inc.                     | Manufacturing and sales        | U.S.A.    | 100%            |
| LG Display Reynosa S.A. de C.V.            | Manufacturing                  | Mexico    | 100%            |
| Nanumnuri Co., Ltd.                        | Workplace services             | Korea     | 100%            |
| Unified Innovative Technology, LLC         | Managing intellectual property | U.S.A.    | 100%            |

## D. Status of equity investments (as of March 31, 2014)

| Company                                   | Investment Amount | Initial Equity Investment Date | Equity Interest |
|-------------------------------------------|-------------------|--------------------------------|-----------------|
| LG Display America, Inc.                  | US\$ 375,000,000  | September 24, 1999             | 100%            |
| LG Display Germany GmbH                   | EUR 960,000       | November 5, 1999               | 100%            |
| LG Display Japan Co., Ltd.                | ¥ 95,000,000      | October 12, 1999               | 100%            |
| LG Display Taiwan Co., Ltd.               | NT\$ 115,500,000  | May 19, 2000                   | 100%            |
| LG Display Nanjing Co., Ltd.              | CNY 2,834,206,315 | July 15, 2002                  | 100%            |
| LG Display Shanghai Co., Ltd.             | CNY 4,138,650     | January 16, 2003               | 100%            |
| LG Display Poland Sp. zo.o.               | PLN 410,327,700   | September 6, 2005              | 80%             |
| LG Display Guangzhou Co., Ltd.            | CNY 992,062,354   | August 7, 2006                 | 100%            |
| LG Display Shenzhen Co., Ltd.             | CNY 3,775,250     | August 28, 2007                | 100%            |
| LG Display Singapore Pte. Ltd.            | SGD 1,400,000     | January 12, 2009               | 100%            |
| L&T Display Technology (Xiamen) Co., Ltd. | CNY 41,785,824    | January 5, 2010                | 51%             |

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|                                                      |      |               |                   |      |
|------------------------------------------------------|------|---------------|-------------------|------|
| L&T Display Technology<br>(Fujian) Co., Ltd.         | CNY  | 59,197,026    | January 5, 2010   | 51%  |
| LG Display Yantai Co., Ltd.                          | CNY  | 525,016,000   | April 19, 2010    | 100% |
| LUCOM Display Technology<br>(Kunshan) Limited        | CNY  | 50,353,677    | December 27, 2010 | 51%  |
| LG Display U.S.A. Inc.                               | US\$ | 10,920,000    | December 8, 2011  | 100% |
| LG Display Reynosa S.A. de<br>C.V.                   | MXN  | 111,998,058   | December 30, 2011 | 100% |
| Nanumnuri Co., Ltd.                                  |      | 800,000,000   | March 19, 2012    | 100% |
| LG Display (China) Co., Ltd. <sup>(1)</sup>          | CNY  | 2,646,023,882 | December 27, 2012 | 70%  |
| Unified Innovative Technology,<br>LLC <sup>(2)</sup> | US\$ | 4,000,000     | March 21, 2014    | 100% |
| Suzhou Raken Technology Co.,<br>Ltd.                 | CNY  | 636,973,649   | October 7, 2008   | 51%  |

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| Company                                              | Investment Amount | Initial Equity Investment Date | Equity Interest |
|------------------------------------------------------|-------------------|--------------------------------|-----------------|
| Paju Electric Glass Co., Ltd.                        | 33,648,000,000    | March 25, 2005                 | 40%             |
| TLI Co., Ltd.                                        | 14,073,806,250    | May 16, 2008                   | 10%             |
| AVACO Co., Ltd.                                      | 6,172,728,120     | June 9, 2008                   | 16%             |
| New Optics Ltd.                                      | 12,199,600,000    | July 30, 2008                  | 46%             |
| LIG ADP Co., Ltd.                                    | 6,330,000,000     | February 24, 2009              | 13%             |
| Wooree E&L Co., Ltd. (formerly Wooree LED Co., Ltd.) | 11,900,000,000    | May 22, 2009                   | 21%             |
| Global OLED Technology LLC                           | US\$ 45,170,000   | December 23, 2009              | 33%             |
| LB Gemini New Growth Fund No. 16 <sup>(3)</sup>      | 20,939,282,659    | December 7, 2009               | 31%             |
| Can Yang Investment Ltd.                             | US\$ 15,300,000   | January 27, 2010               | 9%              |
| YAS Co., Ltd.                                        | 10,000,000,000    | September 16, 2010             | 19%             |
| Narae Nanotech Corporation                           | 30,000,000,000    | April 22, 2011                 | 23%             |
| Avatec Co., Ltd.                                     | 10,600,000,000    | December 6, 2011               | 16%             |
| Glonix Co., Ltd.                                     | 2,000,000,000     | April 10, 2012                 | 20%             |

- (1) In January 2014, we invested CNY333 million in LG Display (China) Co., Ltd. The investment did not affect our percentage interest.
- (2) In March 2014, we invested US\$4 million and established United Innovative Technology, LLC, a wholly owned subsidiary. In April 2014, we an additional investment of US\$5 million. The additional investment did not affect our percentage interest.
- (3) In January and March 2014, we received distributions of 1,035 million and 921 million, respectively, as return of principal from our investments in LB Gemini New Growth Fund No. 16. In March 2014, we invested 324 million in the fund. The investment did not affect our percentage interest.

**13. Audit Information**

## A. Audit service

(Unit: In millions of Won, hours)

| Description                 | 2014                         | 2013                         | 2012                         |
|-----------------------------|------------------------------|------------------------------|------------------------------|
| Auditor                     | KPMG Samjong                 | KPMG Samjong                 | KPMG Samjong                 |
| Activity                    | Audit by independent auditor | Audit by independent auditor | Audit by independent auditor |
| Compensation <sup>(1)</sup> | 910 (326) <sup>(2)</sup>     | 910 (325) <sup>(2)</sup>     | 850 (285) <sup>(2)</sup>     |
| Time required               | 3,315                        | 16,202                       | 16,792                       |

- (1) Compensation amount is the contracted amount for the full fiscal year.
- (2) Compensation amount in ( ) is for Form 20-F filing and SOX 404 audit.



B. Non-audit service  
Not applicable.

**Table of Contents****14. Board of Directors**

## A. Members of the board of directors

As of March 31, 2014 our board of directors consist of two non-outside directors, one non-standing director and four outside directors.

(As of March 31, 2014)

| Name                       | Date of birth     | Position                                                      | Experience (including current position)                                                                           | First elected  |
|----------------------------|-------------------|---------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------|----------------|
| Sang Beom Han              | June 18, 1955     | Representative                                                | Head of LG Display TV Business Division                                                                           | March 9, 2012  |
| Sangdon Kim <sup>(1)</sup> | October 20, 1962  | Director (non-outside), Chief Executive Officer and President | Chief Financial Officer and Senior Vice President of Serveone; Head of Jeong-Do Management Department of LG Uplus | March 7, 2014  |
| Yu Sig Kang <sup>(2)</sup> | November 3, 1948  | Director (non-standing)                                       | Representative Director of LG Corp.                                                                               | March 11, 2011 |
| Tae Sik Ahn                | March 21, 1956    | Outside Director                                              | Professor, School of Business Administration, Seoul National University                                           | March 12, 2010 |
| Jin Jang <sup>(3)</sup>    | November 28, 1954 | Outside Director                                              | Chair Professor, Department of Information Display, Kyung Hee University                                          | March 11, 2011 |
| Dong Il Kwon               | February 5, 1957  | Outside Director                                              | Professor, Department of Materials Science and Engineering, Seoul National University                             | March 9, 2012  |
| Joon Park                  | October 30, 1954  | Outside Director                                              | Professor, School of Law, Seoul National University                                                               | March 8, 2013  |

- (1) Sangdon Kim was elected as a non-outside director at our general meeting of shareholders held on March 7, 2014.
- (2) Yu Sig Kang was reelected as a non-standing director at our general meeting of shareholders held on March 7, 2014.
- (3) Jin Jang was reelected as a non-standing director at our general meeting of shareholders held on March 7, 2014.

## B. Committees of the board of directors

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As of March 31, 2014, we have the following committees that serve under our board of directors: Audit Committee, Outside Director Nomination Committee and Management Committee.

(as of March 31, 2014)

| Committee                   | Composition                                     | Member                                 |
|-----------------------------|-------------------------------------------------|----------------------------------------|
| Audit Committee             | 3 outside directors                             | Tae Sik Ahn, Joon Park, Jin Jang       |
| Outside Director Nomination | 1 non-standing director and 2 outside directors | Yu Sig Kang, Tae Sik Ahn, Dong Il Kwon |
| Management Committee        | 2 non-outside directors                         | Sang Beom Han, Sangdon Kim             |

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## C. Independence of directors

Outside director: Independent

Non-outside director: Not independent

Each of our outside directors meets the applicable independence standards set forth under the applicable laws and regulations. Each of our outside directors was nominated by the Outside Director Nomination Committee, was approved by the board of directors and was appointed at the general meeting of shareholders. None of our outside directors has or had any business transaction or any related party transactions with us.

**15. Information Regarding Shares**

## A. Total number of shares

(1) Total number of shares authorized to be issued (as of March 31, 2014): 500,000,000 shares.

(2) Total shares issued and outstanding (as of March 31, 2014): 357,815,700 shares.

## B. Shareholder list

(1) Largest shareholder and related parties as of March 31, 2014:

| Name           | Relationship        | Number of shares of common stock | Equity interest |
|----------------|---------------------|----------------------------------|-----------------|
| LG Electronics | Largest Shareholder | 135,625,000                      | 37.9%           |
| Sang Beom Han  | Related Party       | 4,204                            | 0.0%            |

(2) Shareholders who are known to us to own 5% or more of our shares as of March 31, 2014:

| Beneficial owner         | Number of shares of common stock | Equity interest |
|--------------------------|----------------------------------|-----------------|
| LG Electronics           | 135,625,000                      | 37.9%           |
| National Pension Service | 25,237,480                       | 7.1%            |

**16. Directors and Employees**

## A. Directors

## (1) Remuneration for directors in 2014 Q1

(Unit: person, in millions of Won)

| Classification                                        | No. of directors <sup>(1)</sup> | Amount paid <sup>(2)</sup> | Per capita average remuneration paid <sup>(4)</sup> |
|-------------------------------------------------------|---------------------------------|----------------------------|-----------------------------------------------------|
| Non-outside directors                                 | 3                               | 813 <sup>(3)</sup>         | 271                                                 |
| Outside directors who are not audit committee members | 1                               | 17                         | 17                                                  |
| Outside directors who are audit committee members     | 3                               | 50                         | 17                                                  |
| Total                                                 | 7                               | 880                        |                                                     |

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- (1) Number of directors as at March 31, 2014.
- (2) Amount paid is calculated on the basis of amount of cash actually paid.
- (3) Among the non-outside directors, Yu Sig Kang does not receive any remuneration.
- (4) Per capita average remuneration paid is calculated by dividing total amount paid by the average number of directors for the year ended March 31, 2014.

## (2) Remuneration for individual directors and audit committee members

Individual amount of remuneration paid in 2014 Q1

(Unit: in millions of Won)

| Name          | Position  | Total remuneration | Payment not included in total remuneration |
|---------------|-----------|--------------------|--------------------------------------------|
| Sang Beom Han | President | 604                |                                            |

Method of calculation

| Name          | Method of calculation                                                                                                                                                                      |
|---------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Sang Beom Han | Total remuneration: 604 million (consisting of 242 million in salary and 362 million in bonus).<br>Salary and bonus amounts determined by the HR personnel policy for executive directors. |

## (3) Stock options

Not applicable.

## B. Employees

As of March 31, 2014, we had 33,205 employees (excluding our executive officers). On average, our male employees have served 6.4 years and our female employees have served 4.6 years. The total amount of salary paid to our employees for the three months ended March 31, 2014 based on income tax statements submitted to the Korean tax authority in accordance with Article 20 of the Income Tax Act was 418,340 million for our male employees and 113,133 million for our female employees. The following table provides details of our employees as of March 31, 2014

(Unit: person, in millions of Won, year)

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|              | Number of employees <sup>(1)</sup> | Total salary in 2014 Q1 <sup>(2) (3) (4)</sup> | Total salary per capita <sup>(5)</sup> | Average years of service |
|--------------|------------------------------------|------------------------------------------------|----------------------------------------|--------------------------|
| Male         | 23,681                             | 418,340                                        | 18                                     | 6                        |
| Female       | 9,524                              | 113,133                                        | 12                                     | 5                        |
| <b>Total</b> | <b>33,205</b>                      | <b>531,473</b>                                 | <b>16</b>                              | <b>6</b>                 |

(1) Includes part-time employees.

(2) Welfare benefits and retirement expenses have been excluded. Total welfare benefit provided to our employees for the three months ended March 31, 2014 was 86,912 million and the per capita welfare benefit provided was 2.6 million.

(3) Based on income tax statements, which are submitted to the Korean tax authority in accordance with Article 20 of the Income Tax Act.

(4) Includes incentive payments to employees who have transferred from our affiliated companies.

(5) Calculated using the average number of employees (male: 23,763, female: 9,740) for the three months ended March 31, 2014.

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LG DISPLAY CO., LTD. AND SUBSIDIARIES

Condensed Consolidated Interim Financial Statements

(Unaudited)

**March 31, 2014 and 2013**

(With Independent Auditors' Review Report Thereon)

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**Independent Auditors' Review Report**

Based on a report originally issued in Korean

To the Board of Directors and Shareholders

LG Display Co., Ltd.:

***Reviewed Financial Statements***

We have reviewed the accompanying condensed consolidated interim financial statements of LG Display Co., Ltd. and subsidiaries (the Group) which comprise the condensed consolidated interim statement of financial position as of March 31, 2014 and the condensed consolidated interim statements of comprehensive income (loss), changes in equity and cash flows for the three-month periods ended March 31, 2014 and 2013, and notes, comprising a summary of significant accounting policies and other explanatory information.

***Management's Responsibility for the Condensed Consolidated Interim Financial Statements***

Management is responsible for the preparation and fair presentation of these condensed consolidated interim financial statements in accordance with Korean International Financial Reporting Standards No. 1034, *Interim Financial Reporting*, and for such internal controls as management determines necessary to enable the preparation of condensed consolidated interim financial statements that are free from material misstatement, whether due to fraud or error.

***Auditors' Responsibility***

Our responsibility is to issue a report on these condensed consolidated interim financial statements based on our reviews.

We conducted our reviews in accordance with the Review Standards for Quarterly and Semiannual Financial Statements established by the Security and Futures Commission of the Republic of Korea. A review of interim financial information consists principally of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in the Republic of Korea and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

***Conclusion***

Based on our reviews, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial statements referred to above are not presented fairly, in all material respects, in accordance with Korean International Financial Reporting Standards No. 1034, *Interim Financial Reporting*.

***Emphasis of Matter***

As discussed in note 17 to the condensed consolidated interim financial statements, the Group has been or is under investigations by antitrust authorities in several countries with respect to possible anti-competitive activities in the Liquid Crystal Display (LCD) industry and named as defendants in a number of individual lawsuits and class actions in the United States and Canada, respectively, in connection with alleged antitrust violations concerning the sale of

LCD panels. The Group estimated and recognized losses related to these investigations and alleged violations. However, actual losses are subject to change in the future based on new developments in each matter, or changes in circumstances, which could be materially different from those estimated and recognized by the Group.

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***Other Matters***

The procedures and practices utilized in the Republic of Korea to review such condensed consolidated interim financial statements may differ from those generally accepted and applied in other countries. Accordingly, this report and the accompanying condensed consolidated interim financial statements are for use by those knowledgeable about Korean review standards and their application in practice.

We audited the consolidated statement of financial position as of December 31, 2013 and the related consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, which are not accompanying this review report, in accordance with auditing standards generally accepted in the Republic of Korea, and our report thereon, dated February 19, 2014, expressed an unqualified opinion. The accompanying condensed consolidated statement of financial position of the Group as of December 31, 2013, presented for comparative purposes, is not different from that audited by us from which it was derived in all material respects.

/s/ KPMG Samjong Accounting Corp.  
Seoul, Korea  
May 2, 2014

This report is effective as of May 2, 2014 the review report date. Certain subsequent events or circumstances, which may occur between the review report date and the time of reading this report, could have a material impact on the accompanying condensed consolidated interim financial statements and notes thereto. Accordingly, the readers of the review report should understand that the above review report has not been updated to reflect the impact of such subsequent events or circumstances, if any.

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LG DISPLAY CO., LTD. AND SUBSIDIARIES

**Condensed Consolidated Interim Statements of Financial Position**

(Unaudited)

As of March 31, 2014 and December 31, 2013

| <i>(In millions of won)</i>               | Note    | March 31, 2014    | December 31, 2013 |
|-------------------------------------------|---------|-------------------|-------------------|
| <b>Assets</b>                             |         |                   |                   |
| Cash and cash equivalents                 | 9       | 550,122           | 1,021,870         |
| Deposits in banks                         | 9       | 1,470,573         | 1,301,539         |
| Trade accounts and notes receivable, net  | 9,16,19 | 2,573,566         | 3,128,626         |
| Other accounts receivable, net            | 9       | 85,360            | 89,545            |
| Other current financial assets            | 9       | 937               | 919               |
| Inventories                               | 5       | 2,198,844         | 1,933,241         |
| Prepaid income taxes                      |         | 5,002             | 4,066             |
| Other current assets                      |         | 431,904           | 251,982           |
| <b>Total current assets</b>               |         | <b>7,316,308</b>  | <b>7,731,788</b>  |
| Investments in equity accounted investees | 6       | 411,512           | 406,536           |
| Other non-current financial assets        | 9       | 45,499            | 46,259            |
| Property, plant and equipment, net        | 7,20    | 12,139,482        | 11,808,334        |
| Intangible assets, net                    | 8,20    | 464,697           | 468,185           |
| Deferred tax assets                       | 21      | 956,534           | 1,037,000         |
| Other non-current assets                  |         | 264,912           | 217,182           |
| <b>Total non-current assets</b>           |         | <b>14,282,636</b> | <b>13,983,496</b> |
| <b>Total assets</b>                       |         | <b>21,598,944</b> | <b>21,715,284</b> |
| <b>Liabilities</b>                        |         |                   |                   |
| Trade accounts and notes payable          | 9,19    | 2,965,129         | 2,999,522         |
| Current financial liabilities             | 9,10    | 1,298,532         | 907,942           |
| Other accounts payable                    | 9,19    | 2,010,100         | 1,454,339         |
| Accrued expenses                          |         | 437,501           | 491,236           |
| Income tax payable                        |         | 50,586            | 46,777            |
| Provisions                                | 17      | 185,537           | 200,731           |
| Advances received                         | 16      | 805,694           | 656,775           |
| Other current liabilities                 |         | 40,724            | 31,597            |
| <b>Total current liabilities</b>          |         | <b>7,793,803</b>  | <b>6,788,919</b>  |
| Non-current financial liabilities         | 9,10    | 2,466,603         | 2,994,837         |
| Non-current provisions                    |         | 4,580             | 5,005             |

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|                                                                       |    |                   |                   |
|-----------------------------------------------------------------------|----|-------------------|-------------------|
| Defined benefit liabilities, net                                      | 14 | 386,095           | 319,087           |
| Long-term advances received                                           | 16 | 192,384           | 427,397           |
| Deferred tax liabilities                                              | 21 | 214               | 119               |
| Other non-current liabilities                                         |    | 39,443            | 382,500           |
| <b>Total non-current liabilities</b>                                  |    | <b>3,089,319</b>  | <b>4,128,945</b>  |
| <b>Total liabilities</b>                                              |    | <b>10,883,122</b> | <b>10,917,864</b> |
| <b>Equity</b>                                                         |    |                   |                   |
| Share capital                                                         | 18 | 1,789,079         | 1,789,079         |
| Share premium                                                         |    | 2,251,113         | 2,251,113         |
| Reserves                                                              | 18 | (111,964)         | (91,674)          |
| Retained earnings                                                     |    | 6,580,689         | 6,662,655         |
| <b>Total equity attributable to owners of the Controlling Company</b> |    | <b>10,508,917</b> | <b>10,611,173</b> |
| <b>Non-controlling interests</b>                                      |    | <b>206,905</b>    | <b>186,247</b>    |
| <b>Total equity</b>                                                   |    | <b>10,715,822</b> | <b>10,797,420</b> |
| <b>Total liabilities and equity</b>                                   |    | <b>21,598,944</b> | <b>21,715,284</b> |

*See accompanying notes to the condensed consolidated interim financial statements.*

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## LG DISPLAY CO., LTD. AND SUBSIDIARIES

**Condensed Consolidated Interim Statements of Comprehensive Income (Loss)**

(Unaudited)

For the three-month periods ended March 31, 2014 and 2013

| <i>(In millions of won, except earnings (loss) per share)</i>   | <b>Note</b> | <b>2014</b>     | <b>2013</b>    |
|-----------------------------------------------------------------|-------------|-----------------|----------------|
| Revenue                                                         | 19,20       | 5,587,698       | 6,803,240      |
| Cost of sales                                                   | 5,11,19     | (4,923,867)     | (6,098,978)    |
| <b>Gross profit</b>                                             |             | <b>663,831</b>  | <b>704,262</b> |
| Selling expenses                                                | 12          | (157,880)       | (166,125)      |
| Administrative expenses                                         | 12          | (121,696)       | (127,653)      |
| Research and development expenses                               |             | (289,974)       | (259,196)      |
| <b>Operating profit</b>                                         |             | <b>94,281</b>   | <b>151,288</b> |
| Finance income                                                  | 15          | 28,680          | 57,208         |
| Finance costs                                                   | 15          | (57,063)        | (133,346)      |
| Other non-operating income                                      | 13          | 181,953         | 336,818        |
| Other non-operating expenses                                    | 13          | (227,805)       | (374,538)      |
| Equity in income of equity accounted investees, net             |             | 8,552           | 3,326          |
| <b>Profit before income tax</b>                                 |             | <b>28,598</b>   | <b>40,756</b>  |
| Income tax expense                                              | 21          | (110,566)       | (37,269)       |
| <b>Profit (loss) for the period</b>                             |             | <b>(81,968)</b> | <b>3,487</b>   |
| <b>Other comprehensive income (loss)</b>                        |             |                 |                |
| <b>Items that will never be reclassified to profit or loss</b>  |             |                 |                |
| Remeasurements of the net defined benefit liability             | 14          | (2,719)         | (166)          |
| Related income tax                                              |             | 704             | (51)           |
|                                                                 |             | (2,015)         | (217)          |
| <b>Items that are or may be reclassified to profit or loss</b>  |             |                 |                |
| Net change in fair value of available-for-sale financial assets | 15          | 830             | 824            |
| Foreign currency translation differences for foreign operations |             | (22,994)        | 48,890         |
| Share of loss from sale of treasury stocks by associates        |             | (365)           | (256)          |
| Related income tax                                              |             | 74              | (52)           |
|                                                                 |             | (22,455)        | 49,406         |

|                                                                            |           |        |    |
|----------------------------------------------------------------------------|-----------|--------|----|
| <b>Other comprehensive income (loss) for the period, net of income tax</b> | (24,470)  | 49,189 |    |
| <b>Total comprehensive income (loss) for the period</b>                    | (106,438) | 52,676 |    |
| <b>Profit (loss) attributable to:</b>                                      |           |        |    |
| Owners of the Controlling Company                                          | (79,951)  | 3,899  |    |
| Non-controlling interests                                                  | (2,017)   | (412)  |    |
| <b>Profit (loss) for the period</b>                                        | (81,968)  | 3,487  |    |
| <b>Total comprehensive income (loss) attributable to:</b>                  |           |        |    |
| Owners of the Controlling Company                                          | (102,256) | 49,991 |    |
| Non-controlling interests                                                  | (4,182)   | 2,685  |    |
| <b>Total comprehensive income (loss) for the period</b>                    | (106,438) | 52,676 |    |
| <b>Earnings (loss) per share</b>                                           |           |        |    |
| Basic earnings (loss) per share                                            | 22        | (223)  | 11 |
| Diluted earnings (loss) per share                                          | 22        | (223)  | 11 |

*See accompanying notes to the condensed consolidated interim financial statements.*



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LG DISPLAY CO., LTD. AND SUBSIDIARIES

**Condensed Consolidated Interim Statements of Changes in Equity**

(Unaudited)

For the three-month periods ended March 31, 2014 and 2013

| <i>(In millions of won)</i>                                                 | Attributable to owners of the Controlling Company |               |               |                                                                  |                     |                   |                           | Total equity |
|-----------------------------------------------------------------------------|---------------------------------------------------|---------------|---------------|------------------------------------------------------------------|---------------------|-------------------|---------------------------|--------------|
|                                                                             | Share capital                                     | Share premium | of associates | Cumulative net gain on sales of own shares<br>Fair value reserve | Translation reserve | Retained earnings | Non-controlling interests |              |
| <b>Balances at January 1, 2013</b>                                          | 1,789,079                                         | 2,251,113     | 548           | (66)                                                             | (69,852)            | 6,238,989         | 30,369                    | 10,240,180   |
| <b>Total comprehensive income (loss) for the period</b>                     |                                                   |               |               |                                                                  |                     |                   |                           |              |
| Profit (loss) for the period                                                |                                                   |               |               |                                                                  |                     | 3,899             | (412)                     | 3,487        |
| <b>Other comprehensive income (loss)</b>                                    |                                                   |               |               |                                                                  |                     |                   |                           |              |
| Net change in fair value of available-for-sale financial assets, net of tax |                                                   |               |               | 716                                                              |                     |                   |                           | 716          |
| Remeasurements of the net defined benefit liability, net of tax             |                                                   |               |               |                                                                  |                     | (217)             |                           | (217)        |
| Exchange differences on translating foreign operations, net of tax          |                                                   |               |               |                                                                  | 45,849              |                   | 3,097                     | 48,946       |
| Share of loss from sale of treasury stocks by associates, net of tax        |                                                   |               | (256)         |                                                                  |                     |                   |                           | (256)        |
|                                                                             |                                                   |               | (256)         | 716                                                              | 45,849              | (217)             | 3,097                     | 49,189       |

|                                                                             |           |           |       |     |          |           |         |            |
|-----------------------------------------------------------------------------|-----------|-----------|-------|-----|----------|-----------|---------|------------|
| Total other comprehensive income (loss)                                     |           |           |       |     |          |           |         |            |
| Total comprehensive income (loss) for the period                            |           |           | (256) | 716 | 45,849   | 3,682     | 2,685   | 52,676     |
| <b>Transaction with owners, recognized directly in equity</b>               |           |           |       |     |          |           |         |            |
| Capital contribution from non-controlling interests                         |           |           |       |     |          |           | 52,039  | 52,039     |
| <b>Balances at March 31, 2013</b>                                           | 1,789,079 | 2,251,113 | 292   | 650 | (24,003) | 6,242,671 | 85,093  | 10,344,895 |
| <b>Balances at January 1, 2014</b>                                          | 1,789,079 | 2,251,113 | (254) | 572 | (91,992) | 6,662,655 | 186,247 | 10,797,420 |
| <b>Total comprehensive income (loss) for the period</b>                     |           |           |       |     |          |           |         |            |
| Loss for the period                                                         |           |           |       |     |          | (79,951)  | (2,017) | (81,968)   |
| <b>Other comprehensive income (loss)</b>                                    |           |           |       |     |          |           |         |            |
| Net change in fair value of available-for-sale financial assets, net of tax |           |           |       | 949 |          |           |         | 949        |
| Remeasurements of the net defined benefit liability, net of tax             |           |           |       |     |          | (2,015)   |         | (2,015)    |
| Exchange differences on translating foreign operations, net of tax          |           |           |       |     | (20,874) |           | (2,165) | (23,039)   |
| Share of loss from sale of treasury stocks by associates, net of tax        |           |           | (365) |     |          |           |         | (365)      |
| Total other comprehensive income (loss)                                     |           |           | (365) | 949 | (20,874) | (2,015)   | (2,165) | (24,470)   |
|                                                                             |           |           | (365) | 949 | (20,874) | (81,966)  | (4,182) | (106,438)  |

Total comprehensive  
income (loss) for the  
period

**Transaction with  
owners, recognized  
directly in equity**

Capital contribution  
from non-controlling  
interests

24,840 24,840

**Balances at**

**March 31, 2014** 1,789,079 2,251,113 (619) 1,521 (112,866) 6,580,689 206,905 10,715,822

*See accompanying notes to the condensed consolidated interim financial statements.*

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LG DISPLAY CO., LTD. AND SUBSIDIARIES

**Condensed Consolidated Interim Statements of Cash Flows**

(Unaudited)

For the three-month periods ended March 31, 2014 and 2013

| <i>(In millions of won)</i>                                | <b>Note</b> | <b>2014</b> | <b>2013</b> |
|------------------------------------------------------------|-------------|-------------|-------------|
| <b>Cash flows from operating activities:</b>               |             |             |             |
| Profit (loss) for the period                               |             | (81,968)    | 3,487       |
| <b>Adjustments for:</b>                                    |             |             |             |
| Income tax expense                                         | 21          | 110,566     | 37,269      |
| Depreciation                                               | 11          | 864,215     | 1,048,775   |
| Amortization of intangible assets                          | 11          | 56,444      | 68,451      |
| Gain on foreign currency translation                       |             | (25,973)    | (96,881)    |
| Loss on foreign currency translation                       |             | 46,976      | 174,328     |
| Expenses related to defined benefit plans                  | 14          | 64,905      | 39,582      |
| Impairment loss on intangible assets                       |             | 286         | 1,157       |
| Gain on disposal of property, plant and equipment          |             | (2,765)     | (2,870)     |
| Loss on disposal of property, plant and equipment          |             | 295         | 159         |
| Finance income                                             |             | (13,927)    | (12,933)    |
| Finance costs                                              |             | 43,166      | 102,243     |
| Equity in income of equity method accounted investees, net |             | (8,552)     | (3,326)     |
| Other income                                               |             | (7,281)     | (292)       |
| Other expenses                                             |             | 49,331      | 43,943      |
|                                                            |             | 1,177,686   | 1,399,605   |
| Change in trade accounts and notes receivable              |             | 452,340     | 347,211     |
| Change in other accounts receivable                        |             | 11,966      | 91,351      |
| Change in other current assets                             |             | (171,337)   | (80,997)    |
| Change in inventories                                      |             | (265,603)   | (138,566)   |
| Change in other non-current assets                         |             | (61,428)    | (13,041)    |
| Change in trade accounts and notes payable                 |             | (41,248)    | (111,973)   |
| Change in other accounts payable                           |             | (1,896)     | (173,289)   |
| Change in accrued expenses                                 |             | (35,300)    | 33,715      |
| Change in other current liabilities                        |             | 16,756      | (2,008)     |
| Change in other non-current liabilities                    |             | 3,972       | 5           |
| Change in provisions                                       |             | (34,051)    | (56,574)    |
| Change in defined benefit liabilities, net                 |             | (807)       | (1,489)     |
|                                                            |             | (126,636)   | (105,655)   |
| Cash generated from operating activities                   |             | 969,082     | 1,297,437   |
| Income taxes paid                                          |             | (26,352)    | (35,364)    |

|                                                  |                |                  |
|--------------------------------------------------|----------------|------------------|
| Interests received                               | 6,233          | 8,476            |
| Interests paid                                   | (38,742)       | (45,049)         |
| <b>Net cash provided by operating activities</b> | <b>910,221</b> | <b>1,225,500</b> |

*See accompanying notes to the condensed consolidated interim financial statements.*

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LG DISPLAY CO., LTD. AND SUBSIDIARIES

**Condensed Consolidated Interim Statements of Cash Flows**

(Unaudited)

For the three-month periods ended March 31, 2014 and 2013

| <i>(In millions of won)</i>                                         | <b>Note</b> | <b>2014</b>        | <b>2013</b>        |
|---------------------------------------------------------------------|-------------|--------------------|--------------------|
| <b>Cash flows from investing activities:</b>                        |             |                    |                    |
| Dividends received                                                  |             |                    | 300                |
| Proceeds from withdrawal of deposits in banks                       |             | 231,176            | 100,000            |
| Increase in deposits in banks                                       |             | (400,210)          | (530,034)          |
| Acquisition of investments in equity accounted investees            |             | (324)              |                    |
| Proceeds from disposal of investments in equity accounted investees |             | 3,589              | 1,116              |
| Acquisition of property, plant and equipment                        |             | (1,041,001)        | (1,025,070)        |
| Proceeds from disposal of property, plant and equipment             |             | 10,352             | 5,457              |
| Acquisition of intangible assets                                    |             | (63,168)           | (48,749)           |
| Government grants received                                          |             | 2,006              | 956                |
| Proceeds from collection of short-term loans                        |             |                    | 2                  |
| Acquisition of other non-current financial assets                   |             | (2,152)            | (674)              |
| Proceeds from disposal of other non-current financial assets        |             | 2,957              | 10,354             |
| <b>Net cash used in investing activities</b>                        |             | <b>(1,256,775)</b> | <b>(1,486,342)</b> |
| <b>Cash flows from financing activities:</b>                        |             |                    |                    |
| Proceeds from short-term borrowings                                 |             | 1,163,680          | 84,185             |
| Repayments of short-term borrowings                                 |             | (792,164)          | (89,890)           |
| Proceeds from issuance of debentures                                |             |                    | 288,820            |
| Proceeds from long-term debt                                        |             |                    | 162,405            |
| Repayments of long-term debt                                        |             | (503,618)          |                    |
| Repayments of current portion of long-term debt and debentures      |             | (22,360)           | (235,588)          |
| Capital contribution from non-controlling interest                  |             | 24,840             | 52,039             |
| <b>Net cash provided by (used in) financing activities</b>          |             | <b>(129,622)</b>   | <b>261,971</b>     |
| <b>Net increase (decrease) in cash and cash equivalents</b>         |             | <b>(476,176)</b>   | <b>1,129</b>       |
| Cash and cash equivalents at January 1                              |             | 1,021,870          | 2,338,661          |
| Effect of exchange rate fluctuations on cash held                   |             | 4,428              | 11,862             |
| <b>Cash and cash equivalents at March 31</b>                        |             | <b>550,122</b>     | <b>2,351,652</b>   |

*See accompanying notes to the condensed consolidated interim financial statements.*



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1. Reporting Entity

(a) Description of the Controlling Company

LG Display Co., Ltd. (the Controlling Company ) was incorporated in February 1985 under its original name of LG Soft, Ltd. as a wholly owned subsidiary of LG Electronics Inc. In 1998, LG Electronics Inc. and LG Semicon Co., Ltd. transferred their respective Thin Film Transistor-Liquid Crystal Display ( TFT-LCD ) related business to the Controlling Company. The main business of the Controlling Company and its subsidiaries (the Group ) is to manufacture and sell TFT-LCD panels. The Controlling Company is a stock company ( Jusikhoesa ) domiciled in the Republic of Korea with its address at 128 Yeouidae-ro, Yeongdeungpo-gu, Seoul, the Republic of Korea. In July 1999, LG Electronics Inc. and Koninklijke Philips Electronics N.V. ( Philips ) entered into a joint venture agreement. Pursuant to the agreement, the Controlling Company changed its name to LG.Philips LCD Co., Ltd. However, in February 2008, the Controlling Company changed its name to LG Display Co., Ltd. considering the decrease of Philips 's share interest in the Controlling Company and the possibility of its business expansion to other display products including Organic Light Emitting Diode ( OLED ) and Flexible Display products. As of March 31, 2014, LG Electronics Inc. owns 37.9% (135,625,000 shares) of the Controlling Company 's common stock.

As of March 31, 2014, the Controlling Company has TFT-LCD manufacturing plants, an OLED manufacturing plant and an Research & Development Center in Paju and TFT-LCD manufacturing plants in Gumi. The Controlling Company has overseas subsidiaries located in North America, Europe and Asia.

The Controlling Company 's common stock is listed on the Korea Exchange under the identifying code 034220. As of March 31, 2014, there are 357,815,700 shares of common stock outstanding. The Controlling Company 's common stock is also listed on the New York Stock Exchange in the form of American Depositary Shares ( ADSs ) under the symbol LPL . One ADS represents one-half of one share of common stock. As of March 31, 2014, there are 21,597,254 ADSs outstanding.



**Table of Contents**1. Reporting Entity, Continued(b) Consolidated Subsidiaries as of March 31, 2014*(In millions)*

| <b>Subsidiaries</b>                        | <b>Location</b>      | <b>Percentage of ownership</b> | <b>Fiscal year end</b> | <b>Date of incorporation</b> | <b>Business</b>                          | <b>Capital stocks</b> |
|--------------------------------------------|----------------------|--------------------------------|------------------------|------------------------------|------------------------------------------|-----------------------|
| LG Display America, Inc.                   | San Jose,<br>U.S.A.  | 100%                           | December 31            | September 24,<br>1999        | Sell TFT-LCD products                    | USD 375               |
| LG Display Japan Co., Ltd.                 | Tokyo,<br>Japan      | 100%                           | December 31            | October 12,<br>1999          | Sell TFT-LCD products                    | JPY 95                |
| LG Display Germany GmbH                    | Ratingen,<br>Germany | 100%                           | December 31            | November 5,<br>1999          | Sell TFT-LCD products                    | EUR 1                 |
| LG Display Taiwan Co., Ltd.                | Taipei,<br>Taiwan    | 100%                           | December 31            | April 12, 1999               | Sell TFT-LCD products                    | NTD 116               |
| LG Display Nanjing Co., Ltd.               | Nanjing,<br>China    | 100%                           | December 31            | July 15, 2002                | Manufacture and sell TFT-LCD products    | CNY 2,834             |
| LG Display Shanghai Co., Ltd.              | Shanghai,<br>China   | 100%                           | December 31            | January 16,<br>2003          | Sell TFT-LCD products                    | CNY 4                 |
| LG Display Poland Sp. z o.o.               | Wroclaw,<br>Poland   | 80%                            | December 31            | September 6,<br>2005         | Manufacture and sell TFT-LCD products    | PLN 511               |
| LG Display Guangzhou Co., Ltd.             | Guangzhou,<br>China  | 100%                           | December 31            | June 30,<br>2006             | Manufacture and sell TFT-LCD products    | CNY 992               |
| LG Display Shenzhen Co., Ltd.              | Shenzhen,<br>China   | 100%                           | December 31            | August 28,<br>2007           | Sell TFT-LCD products                    | CNY 4                 |
| LG Display Singapore Pte. Ltd.             | Singapore            | 100%                           | December 31            | January 12,<br>2009          | Sell TFT-LCD products                    | SGD 1.4               |
| L&T Display Technology (Xiamen) Limited    | Xiamen,<br>China     | 51%                            | December 31            | January 5,<br>2010           | Manufacture LCD module and LCD TV sets   | CNY 82                |
| L&T Display Technology (Fujian) Limited    | Fujian,<br>China     | 51%                            | December 31            | January 5,<br>2010           | Manufacture LCD module and monitor sets  | CNY 116               |
| LG Display Yantai Co., Ltd.                | Yantai,<br>China     | 100%                           | December 31            | April 19, 2010               | Manufacture and sell TFT-LCD products    | CNY 525               |
| LUCOM Display Technology (Kunshan) Limited | Kunshan,<br>China    | 51%                            | December 31            | December 15,<br>2010         | Manufacture notebook borderless hinge-up | CNY 99                |
| LG Display U.S.A. Inc.                     | McAllen,<br>U.S.A.   | 100%                           | December 31            | October 26,<br>2011          | Manufacture and sell TFT-LCD             | USD 11                |

|                                         |                    |      |             |                   |                                       |     |       |
|-----------------------------------------|--------------------|------|-------------|-------------------|---------------------------------------|-----|-------|
| LG Display Reynosa S.A. de C.V.         | Reynosa, Mexico    | 100% | December 31 | November 4, 2011  | products Manufacture TFT-LCD products | MXN | 112   |
| Nanumnuri Co., Ltd.                     | Gumi, South Korea  | 100% | December 31 | March 21, 2012    | Janitorial services                   | KRW | 800   |
| LG Display (China) Co., Ltd. (*1)       | Guangzhou, China   | 70%  | December 31 | December 10, 2012 | Manufacture and sell TFT-LCD products | CNY | 3,780 |
| Unified Innovative Technology, LLC (*2) | Wilmington, U.S.A. | 100% | December 31 | March 12, 2014    | Manage intellectual property          | USD | 4     |

(\*1) In January 2014, LG Display Guangzhou Co., Ltd. ( LGDGZ ) contributed 57,961 million in cash for the capital increase of LG Display (China) Co., Ltd. ( LGDCA ). The Controlling Company's ownership percentage in LGDCA decreased from 64% to 56% and LGDGZ's ownership percentage in LGDCA increased from 6% to 14%, respectively, as of December 31, 2013 to March 31, 2014.

(\*2) In March 2014, the Controlling Company established Unified Innovative Technology, LLC, a wholly owned subsidiary of the Controlling Company, founded for the management of intellectual property, with an investment of 4,283 million.

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2. **Basis of Presenting Financial Statements**

(a) **Statement of Compliance**

The condensed consolidated interim financial statements have been prepared in accordance with Korean International Financial Reporting Standards ( K-IFRSs ) No.1034, *Interim Financial Reporting*. They do not include all of the information required for full annual consolidated financial statements and should be read in conjunction with the consolidated financial statements of the Group as of and for the year ended December 31, 2013.

The condensed consolidated interim financial statements were authorized for issuance by the Board of Directors on April 22, 2014.

(b) **Basis of Measurement**

The condensed consolidated interim financial statements have been prepared on the historical cost basis except for the following material items in the statements of financial position:

available-for-sale financial assets measured at fair value, and

liabilities for defined benefit plans are recognized as the present value of defined benefit obligations less the fair value of plan assets

(c) **Functional and Presentation Currency**

The condensed consolidated interim financial statements are presented in Korean won, which is the Controlling Company's functional currency. All amounts in Korean won are in millions unless otherwise stated.

(d) **Use of Estimates and Judgments**

The preparation of the condensed consolidated interim financial statements in conformity with K-IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied in its consolidated financial statements as of and for the year ended December 31, 2013.

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3. Summary of Significant Accounting Policies

The significant accounting policies followed by the Group in the preparation of its condensed consolidated interim financial statements are the same as those followed by the Group in its preparation of the consolidated financial statements as of and for the year ended December 31, 2013, except for the application of K-IFRS No. 1034, *Interim Financial Reporting*, and the amended accounting standards explained below:

(a) Changes to the Significant Accounting Policies

Amendment to K-IFRS No. 1032, *Financial Instruments: Presentation*

The Group has applied the amendment to K-IFRS No. 1032, *Financial Instruments: Presentation*, effective January 1, 2014. The amendment improves application guidance of K-IFRS No.1032, *Financial Instruments: Presentation*, to clarify criterion of offsetting financial assets and financial liabilities. There is no impact of applying this amendment on the condensed consolidated interim financial statements for the three-month period ended March 31, 2014.

Amendment to K-IFRS No. 1036, *Impairment of Assets*

The Group has applied the amendment to K-IFRS No. 1036, *Impairment of Assets*, effective January 1, 2014. The amendment improves disclosure guidance of the recoverable amount of cash-generating units to which goodwill or indefinite-lived intangible assets have been allocated. Under the amendments, the recoverable amount is required to be disclosed only when an impairment loss has been recognized or reversed. Furthermore, for consistency purposes, the amendment expands certain disclosure requirements when the recoverable amount of the asset is its fair value less costs of disposal. There is no significant impact of applying this amendment on the condensed consolidated interim financial statements for the three-month period ended March 31, 2014.

4. Financial Risk Management

The objectives and policies on financial risk management followed by the Group are consistent with those disclosed in the consolidated financial statements as of and for the year ended December 31, 2013.

**Table of Contents**5. Inventories

Inventories as of March 31, 2014 and December 31, 2013 are as follows:

| <i>(In millions of won)</i> | <b>March 31, 2014</b> | <b>December 31, 2013</b> |
|-----------------------------|-----------------------|--------------------------|
| Finished goods              | 896,307               | 733,987                  |
| Work-in-process             | 643,145               | 605,718                  |
| Raw materials               | 291,305               | 261,947                  |
| Supplies                    | 368,087               | 331,589                  |
|                             | <b>2,198,844</b>      | <b>1,933,241</b>         |

For the three-month periods ended March 31, 2014 and 2013, the amount of inventories recognized as cost of sales, inventory write-downs and reversal and usage of inventory write-downs included in cost of sales is as follows;

| <i>(In millions of won)</i>                            | <b>2014</b> | <b>2013</b> |
|--------------------------------------------------------|-------------|-------------|
| Inventories recognized as cost of sales                | 4,923,867   | 6,098,978   |
| Including: inventory write-downs                       | 267,087     | 173,312     |
| Including: reversal and usage of inventory write-downs | (211,363)   | (135,720)   |

**Table of Contents****6. Investments in Equity Accounted Investees**

Associates and Joint Ventures (Equity Method Investees) as of March 31, 2014 are as follows:

(In millions of won)

| <b>Associates and joint ventures</b> | <b>Location</b>       | <b>Percentage of ownership</b> | <b>Fiscal year end</b> | <b>Date of incorporation</b> | <b>Business</b>                                   | <b>Carrying amount</b> |
|--------------------------------------|-----------------------|--------------------------------|------------------------|------------------------------|---------------------------------------------------|------------------------|
| Suzhou Raken Technology Co., Ltd.    | Suzhou, China         | 51%                            | December 31            | October 2008                 | Manufacture and sell LCD modules and LCD TV set   | 134,410                |
| Global OLED Technology, LLC          | Herndon, U.S.A.       | 33%                            | December 31            | December 2009                | Manage and license OLED patents                   | 30,430                 |
| Paju Electric Glass Co., Ltd.        | Paju, South Korea     | 40%                            | December 31            | January 2005                 | Manufacture electric glass for FPDs               | 83,247                 |
| TLI Inc.                             | Seongnam, South Korea | 10%                            | December 31            | October 1998                 | Manufacture and sell semiconductor parts for FPDs | 5,368                  |
| AVACO Co., Ltd.                      | Daegu, South Korea    | 16%                            | December 31            | January 2001                 | Manufacture and sell equipment for FPDs           | 10,751                 |
| New Optics Ltd.                      | Yangju, South Korea   | 46%                            | December 31            | August 2005                  | Manufacture back light parts for TFT-LCDs         | 38,804                 |
| LIG ADP Co., Ltd.                    | Seongnam, South Korea | 13%                            | December 31            | January 2001                 | Develop and manufacture equipment for FPDs        | 2,358                  |
| WooRee E&L Co., Ltd.                 | Ansan, South Korea    | 21%                            | December 31            | June 2008                    | Manufacture LED back light unit packages          | 23,009                 |
|                                      |                       | 31%                            | December 31            | December 2009                |                                                   | 19,337                 |

|                                       |                     |     |             |               |                                                                               |         |
|---------------------------------------|---------------------|-----|-------------|---------------|-------------------------------------------------------------------------------|---------|
| LB Gemini New Growth Fund No. 16 (*1) | Seoul, South Korea  |     |             |               | Invest in small and middle sized companies and benefit from M&A opportunities |         |
| Can Yang Investments Limited          | Hong Kong           | 9%  | December 31 | January 2010  | Develop, manufacture and sell LED parts                                       | 10,913  |
| YAS Co., Ltd.                         | Paju, South Korea   | 19% | December 31 | April 2002    | Develop and manufacture deposition equipment for OLEDs                        | 10,565  |
| Narenanotech Corporation              | Yongin, South Korea | 23% | December 31 | December 1995 | Manufacture and sell FPD manufacturing equipment                              | 25,717  |
| AVATEC Co., Ltd.                      | Daegu, South Korea  | 16% | December 31 | August 2000   | Process and sell glass for FPDs                                               | 16,603  |
| Glonix Co., Ltd.                      | Gimhae, South Korea | 20% | December 31 | October 2006  | Manufacture and sell LCD                                                      |         |
|                                       |                     |     |             |               |                                                                               | 411,512 |

(\*1) The Controlling Company is a member of a limited partnership in the LB Gemini New Growth Fund No.16 ( the Fund ). In January and March 2014, the Controlling Company received 1,035 million and 921 million, respectively, from the Fund as a capital distribution and made an additional cash investment of 324 million in the Fund in March 2014. There were no changes in the Controlling Company s ownership percentage in the Fund and the Controlling Company is committed to making future investments of up to an aggregate of 30,000 million.

(\*2) In March 2014, the Controlling Company disposed of investments in Eralite Optoelectronics (Jiangsu) Co., Ltd., acquired for manufacturing LED Package, for 1,633 million and recognized 156 million for the difference between the amount received and the carrying amount as finance cost.

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**7. Property, Plant and Equipment**

For the three-month periods ended March 31, 2014 and 2013, the Group purchased property, plant and equipment of 1,231,327 million and 524,150 million, respectively. The capitalized borrowing costs and the annualized capitalization rate were 9,837 million and 4.46%, and 2,484 million and 4.81% for the three-month periods ended March 31, 2014 and 2013, respectively. Also, for the three-month periods ended March 31, 2014 and 2013, the Group disposed of property, plant and equipment with carrying amounts of 7,882 million and 2,746 million, respectively, and recognized 2,765 million and 295 million as gain and loss, respectively, on disposal of property, plant and equipment for the three-month period ended March 31, 2014 (gain and loss for the three-month period ended on March 31, 2013: 2,870 million and 159 million, respectively).

**8. Intangible Assets**

The Group capitalizes expenditures related to development activities, such as expenditures incurred on designing, manufacturing and testing of products that are ultimately selected for production. The balances of capitalized development costs as of March 31, 2014 and December 31, 2013 are 163,874 million and 163,243 million, respectively.



**Table of Contents**9. Financial Instruments

## (a) Credit risk

## (i) Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk as of March 31, 2014 and December 31, 2013 is as follows:

*(In millions of won)*

|                                          | <b>March 31, 2014</b> | <b>December 31, 2013</b> |
|------------------------------------------|-----------------------|--------------------------|
| Cash and cash equivalents                | 550,122               | 1,021,870                |
| Deposits in banks                        | 1,470,573             | 1,301,539                |
| Trade accounts and notes receivable, net | 2,573,566             | 3,128,626                |
| Other accounts receivable, net           | 85,360                | 89,545                   |
| Available-for-sale financial assets      | 2,846                 | 2,838                    |
| Deposits                                 | 20,773                | 21,439                   |
| Other non-current financial assets       | 9,357                 | 8,831                    |
|                                          | 4,712,597             | 5,574,688                |

The maximum exposure to credit risk for trade accounts and notes receivable as of March 31, 2014 and December 31, 2013 by geographic region was as follows:

*(In millions of won)*

|                     | <b>March 31, 2014</b> | <b>December 31, 2013</b> |
|---------------------|-----------------------|--------------------------|
| Domestic            | 290,380               | 264,703                  |
| Euro-zone countries | 231,812               | 302,920                  |
| Japan               | 135,139               | 111,397                  |
| United States       | 690,215               | 1,048,005                |
| China               | 673,044               | 784,597                  |
| Taiwan              | 374,835               | 438,929                  |
| Others              | 178,141               | 178,075                  |
|                     | 2,573,566             | 3,128,626                |

**Table of Contents**9. Financial Instruments, Continued

## (ii) Impairment loss

The aging of trade accounts and notes receivable as of March 31, 2014 and December 31, 2013 was as follows:

*(In millions of won)*

|                            | <b>March 31, 2014</b> |                            | <b>December 31, 2013</b> |                            |
|----------------------------|-----------------------|----------------------------|--------------------------|----------------------------|
|                            | <b>Book<br/>value</b> | <b>Impairment<br/>loss</b> | <b>Book<br/>value</b>    | <b>Impairment<br/>loss</b> |
| Not past due               | 2,563,078             | (248)                      | 3,091,184                | (317)                      |
| Past due 1-15 days         | 7,305                 | (2)                        | 30,005                   | (8)                        |
| Past due 16-30 days        | 3,307                 |                            | 7,504                    | (1)                        |
| Past due 31-60 days        | 62                    | (2)                        | 82                       | (1)                        |
| Past due more than 60 days | 69                    | (3)                        | 181                      | (3)                        |
|                            | 2,573,821             | (255)                      | 3,128,956                | (330)                      |

The movement in the allowance for impairment in respect of receivables during the three-month period ended March 31, 2014 and the year ended December 31, 2013 are as follows:

*(In millions of won)*

|                                        | <b>2014</b> | <b>2013</b> |
|----------------------------------------|-------------|-------------|
| Balance at the beginning of the period | 330         | 1,019       |
| Reversal of bad debt expense           | (75)        | (689)       |
| Balance at the reporting date          | 255         | 330         |

**Table of Contents**9. Financial Instruments, Continued

## (b) Liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments, as of March 31, 2014.

(In millions of won)

|                                                  | Carrying<br>amount | Total     | Contractual cash flows |                |           |           |                      |
|--------------------------------------------------|--------------------|-----------|------------------------|----------------|-----------|-----------|----------------------|
|                                                  |                    |           | 6 months<br>or less    | 6-12<br>months | 1-2 years | 2-5 years | More than<br>5 years |
| <b>Non-derivative<br/>financial liabilities:</b> |                    |           |                        |                |           |           |                      |
| Secured bank loan                                | 26,720             | 27,007    | 27,007                 |                |           |           |                      |
| Unsecured bank loans                             | 1,103,318          | 1,123,717 | 438,764                | 204,933        | 260,134   | 218,761   | 1,125                |
| Unsecured bond issues                            | 2,635,097          | 2,851,247 | 353,115                | 385,371        | 1,089,844 | 1,022,917 |                      |
| Trade accounts and<br>notes payables             | 2,965,129          | 2,965,129 | 2,965,129              |                |           |           |                      |
| Other accounts payable                           | 1,660,914          | 1,660,993 | 1,638,293              | 22,700         |           |           |                      |
| Other non-current<br>liabilities                 | 32,612             | 33,627    |                        |                | 25,553    | 8,074     |                      |
|                                                  | 8,423,790          | 8,661,720 | 5,422,308              | 613,004        | 1,375,531 | 1,249,752 | 1,125                |

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

**Table of Contents**9. Financial Instruments, Continued

## (c) Currency risk

## (i) Exposure to currency risk

The Group's exposure to foreign currency risk based on notional amounts as of March 31, 2014 and December 31, 2013 is as follows:

*(In millions)*

|                                                | March 31, 2014 |          |         |     |      |     |     |
|------------------------------------------------|----------------|----------|---------|-----|------|-----|-----|
|                                                | USD            | JPY      | CNY     | TWD | EUR  | PLN | SGD |
| Cash and cash equivalents                      | 141            | 1,050    | 769     | 16  | 23   | 53  |     |
| Trade accounts and notes receivable            | 2,014          | 160      | 1,378   |     |      | 19  |     |
| Other accounts receivable                      | 4              | 11       | 66      | 1   | 3    |     |     |
| Long-term other accounts receivable            | 9              |          |         |     |      |     |     |
| Other assets denominated in foreign currencies | 1              | 346      | 20      | 7   |      |     | 1   |
| Trade accounts and notes payable               | (1,502)        | (25,950) | (1,728) |     |      |     |     |
| Other accounts payable                         | (254)          | (5,941)  | (2,221) | (9) | (30) | (6) |     |
| Long-term other accounts payable               |                |          | (1)     |     |      |     |     |
| Debt                                           | (1,047)        |          |         |     |      |     |     |
| Net exposure                                   | (634)          | (30,324) | (1,717) | 15  | (4)  | 66  | 1   |

*(In millions)*

|                                                | December 31, 2013 |          |         |      |      |     |     |
|------------------------------------------------|-------------------|----------|---------|------|------|-----|-----|
|                                                | USD               | JPY      | CNY     | TWD  | EUR  | PLN | SGD |
| Cash and cash equivalents                      | 710               | 1,961    | 1,108   | 20   | 20   | 38  |     |
| Deposits in banks                              |                   |          |         |      | 20   |     |     |
| Trade accounts and notes receivable            | 2,463             | 6,410    | 1,391   | 6    | 19   | 17  |     |
| Other accounts receivable                      | 5                 |          | 160     |      | 2    |     |     |
| Long-term other accounts receivable            | 8                 |          |         |      |      |     |     |
| Available-for-sale financial assets            |                   |          |         | 3    |      |     |     |
| Other assets denominated in foreign currencies | 1                 | 170      | 20      | 8    |      |     | 1   |
| Trade accounts and notes payable               | (1,858)           | (30,834) | (1,858) | (11) | (15) |     |     |
| Other accounts payable                         | (191)             | (4,404)  | (1,528) | (12) | (34) | (8) |     |
| Debt                                           | (715)             |          | (31)    |      |      |     |     |
| Net exposure                                   | 423               | (26,697) | (738)   | 14   | 12   | 47  | 1   |

**Table of Contents**9. Financial Instruments, Continued

Average exchange rates applied for the three-month periods ended March 31, 2014 and 2013 and the exchange rates at March 31, 2014 and December 31, 2013 are as follows:

| <i>(In won)</i> | Average rate |          | Reporting date spot rate |                   |
|-----------------|--------------|----------|--------------------------|-------------------|
|                 | 2014         | 2013     | March 31, 2014           | December 31, 2013 |
| USD             | 1,069.00     | 1,084.24 | 1,068.80                 | 1,055.30          |
| JPY             | 10.39        | 11.76    | 10.39                    | 10.05             |
| CNY             | 175.39       | 174.21   | 172.30                   | 174.09            |
| TWD             | 35.32        | 36.80    | 35.04                    | 35.32             |
| EUR             | 1,465.08     | 1,431.21 | 1,469.39                 | 1,456.26          |
| PLN             | 350.33       | 344.63   | 352.27                   | 351.11            |
| SGD             | 842.45       | 876.43   | 849.10                   | 832.75            |

## (ii) Sensitivity analysis

A weaker won, as indicated below, against the following currencies which comprise the Group's assets or liabilities denominated in foreign currency as of March 31, 2014 and December 31, 2013, would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considers to be reasonably possible as of the end of reporting period. The analysis assumes that all other variables, in particular interest rates, would remain constant. The changes in equity and profit or loss would have been as follows:

| <i>(In millions of won)</i> | March 31, 2014 |                | December 31, 2013 |                |
|-----------------------------|----------------|----------------|-------------------|----------------|
|                             | Equity         | Profit or loss | Equity            | Profit or loss |
| USD (5 percent weakening)   | (28,662)       | (16,642)       | 15,198            | 22,224         |
| JPY (5 percent weakening)   | (12,854)       | (9,071)        | (11,007)          | (7,526)        |
| CNY (5 percent weakening)   | (14,559)       | (754)          | (6,267)           | (515)          |
| TWD (5 percent weakening)   | 28             |                | 28                | (4)            |
| EUR (5 percent weakening)   | (699)          | 1,188          | 250               | 1,877          |
| PLN (5 percent weakening)   | 1,102          | 210            | 669               | 494            |
| SGD (5 percent weakening)   | 26             | 26             | 31                |                |

A stronger won against the above currencies as of March 31, 2014 and December 31, 2013 would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

**Table of Contents**9. Financial Instruments, Continued

## (d) Interest rate risk

## (i) Profile

The interest rate profile of the Group's interest-bearing financial instruments as of March 31, 2014 and December 31, 2013 is as follows:

*(In millions of won)*

|                                  | March 31, 2014 | December 31, 2013 |
|----------------------------------|----------------|-------------------|
| <b>Fixed rate instruments</b>    |                |                   |
| Financial assets                 | 2,023,541      | 2,326,247         |
| Financial liabilities            | (2,639,537)    | (3,156,590)       |
|                                  | (615,996)      | (830,343)         |
| <b>Variable rate instruments</b> |                |                   |
| Financial liabilities            | (1,125,598)    | (746,189)         |

## (ii) Equity and profit or loss sensitivity analysis for variable rate instruments

As of March 31, 2014 and December 31, 2013, a change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below for each 12-month period following the reporting dates. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

*(In millions of won)*

|                           | Equity          |                 | Profit or loss  |                 |
|---------------------------|-----------------|-----------------|-----------------|-----------------|
|                           | 1%p<br>increase | 1%p<br>decrease | 1%p<br>increase | 1%p<br>decrease |
| <b>March 31, 2014</b>     |                 |                 |                 |                 |
| Variable rate instruments | (5,557)         | 5,557           | (5,557)         | 5,557           |
| <b>December 31, 2013</b>  |                 |                 |                 |                 |
| Variable rate instruments | (5,656)         | 5,656           | (5,656)         | 5,656           |

**Table of Contents**9. Financial Instruments, Continued

## (e) Fair values

## (i) Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the condensed consolidated interim statements of financial position, are as follows:

(In millions of won)

|                                              | March 31, 2014   |             | December 31, 2013 |             |
|----------------------------------------------|------------------|-------------|-------------------|-------------|
|                                              | Carrying amounts | Fair values | Carrying amounts  | Fair values |
| <b>Assets carried at fair value</b>          |                  |             |                   |             |
| Available-for-sale financial assets(*)       | 13,632           | 13,632      | 14,235            | 14,235      |
| <b>Assets carried at amortized cost</b>      |                  |             |                   |             |
| Cash and cash equivalents                    | 550,122          | 550,122     | 1,021,870         | 1,021,870   |
| Deposits in banks                            | 1,470,573        | 1,470,573   | 1,301,539         | 1,301,539   |
| Trade accounts and notes receivable          | 2,573,566        | 2,573,566   | 3,128,626         | 3,128,626   |
| Other accounts receivable                    | 85,360           | 85,360      | 89,545            | 89,545      |
| Deposits                                     | 20,773           | 20,773      | 21,439            | 21,439      |
| Other non-current financial assets           | 9,357            | 9,357       | 8,831             | 8,831       |
|                                              | 4,709,751        | 4,709,751   | 5,571,850         | 5,571,850   |
| <b>Liabilities carried at amortized cost</b> |                  |             |                   |             |
| Secured bank loans                           | 26,720           | 26,720      | 26,383            | 26,383      |
| Unsecured bank loans                         | 1,103,318        | 1,103,224   | 1,241,981         | 1,266,521   |
| Unsecured bond issues                        | 2,635,097        | 2,695,100   | 2,634,415         | 2,689,697   |
| Trade accounts and notes payable             | 2,965,129        | 2,965,129   | 2,999,522         | 2,999,522   |
| Other accounts payable                       | 1,660,914        | 1,660,336   | 1,374,664         | 1,374,719   |
| Other non-current liabilities                | 32,612           | 32,046      | 9,879             | 9,959       |
|                                              | 8,423,790        | 8,482,555   | 8,286,844         | 8,366,801   |

(\*) Investments in equity instruments that do not have a quoted price in an active market, and whose fair value cannot be reliably measured are measured at cost and excluded from the disclosure of fair value.

The basis for determining fair values above by the Group are consistent with those disclosed in the financial statements as of and for the year ended December 31, 2013.

(ii) Financial Instruments measured at cost

Available-for-sale financial assets measured at cost as of March 31, 2014 are as follows:

*(In millions of won)*

|                                  | <b>March 31, 2014</b> | <b>December 31, 2013</b> |
|----------------------------------|-----------------------|--------------------------|
| Intellectual Discovery Co., Ltd. | 2,673                 | 2,673                    |



**Table of Contents**9. Financial Instruments, Continued

## (iii) Interest rates used for determining fair value

The significant interest rates applied for determination of the above fair value at the reporting date are as follows:

|                                  | <b>March 31, 2014</b> | <b>December 31, 2013</b> |
|----------------------------------|-----------------------|--------------------------|
| Debentures, loans and borrowings | 2.70%~3.53%           | 2.81%~3.84%              |

## (iv) Fair value hierarchy

The table below analyzes financial instruments carried at fair value based on the input variables used in the valuation method to measure fair value of assets and liabilities. The different levels have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: inputs for the asset or liability that are not based on observable market data

The financial instruments carried at fair value as of March 31, 2014 and December 31, 2013 are as follows:

*(In millions of won)*

|                                     | <b>Level 1</b> | <b>Level 2</b> | <b>Level 3</b> | <b>Total</b> |
|-------------------------------------|----------------|----------------|----------------|--------------|
| <b>March 31, 2014</b>               |                |                |                |              |
| <b>Assets</b>                       |                |                |                |              |
| Available-for-sale financial assets | 13,632         |                |                | 13,632       |

*(In millions of won)*

|                                     | <b>Level 1</b> | <b>Level 2</b> | <b>Level 3</b> | <b>Total</b> |
|-------------------------------------|----------------|----------------|----------------|--------------|
| <b>December 31, 2013</b>            |                |                |                |              |
| <b>Assets</b>                       |                |                |                |              |
| Available-for-sale financial assets | 14,235         |                |                | 14,235       |

**Table of Contents**9. Financial Instruments, Continued

## (f) Capital management

Management's policy is to maintain a capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Liabilities to equity ratio, net borrowings to equity ratio and other financial ratios are used by management to achieve an optimal capital structure. Management also monitors the return on capital as well as the level of dividends to ordinary shareholders. Equity, defined by K-IFRS, is identical to the definition of capital, managed by management.

*(In millions of won)*

|                                     | <b>March 31, 2014</b> | <b>December 31, 2013</b> |
|-------------------------------------|-----------------------|--------------------------|
| Total liabilities                   | 10,883,122            | 10,917,864               |
| Total equity                        | 10,715,822            | 10,797,420               |
| Cash and deposits in banks (*1)     | 2,020,695             | 2,323,409                |
| Borrowings (including bonds)        | 3,765,135             | 3,902,779                |
| Total liabilities to equity ratio   | 102%                  | 101%                     |
| Net borrowings to equity ratio (*2) | 16%                   | 15%                      |

(\*1) Cash and deposits in banks consist of cash and cash equivalents and deposits in banks.

(\*2) Net borrowings to equity ratio is calculated by dividing total equity with borrowings (including bonds) less cash and deposits in banks.

**Table of Contents**10. Financial Liabilities

(a) Financial liabilities as of March 31, 2014 and December 31, 2013 are as follows:

| <i>(In millions of won)</i>             | <b>March 31, 2014</b> | <b>December 31, 2013</b> |
|-----------------------------------------|-----------------------|--------------------------|
| <b>Current</b>                          |                       |                          |
| Short-term borrowings                   | 392,576               | 21,090                   |
| Current portion of long-term debt       | 905,956               | 886,852                  |
|                                         | 1,298,532             | 907,942                  |
| <b>Non-current</b>                      |                       |                          |
| Won denominated borrowings              | 6,323                 | 503,968                  |
| Foreign currency denominated borrowings | 464,928               | 495,991                  |
| Bonds                                   | 1,995,352             | 1,994,878                |
|                                         | 2,466,603             | 2,994,837                |

(b) Short-term borrowings as of March 31, 2014 and December 31, 2013 are as follows:

*(In millions of won, USD and CNY)*

| <b>Lender</b>                                      | <b>Annual interest rate</b> |                       |                          |
|----------------------------------------------------|-----------------------------|-----------------------|--------------------------|
|                                                    | <b>as of</b>                |                       |                          |
|                                                    | <b>March 31, 2014 (%)</b>   | <b>March 31, 2014</b> | <b>December 31, 2013</b> |
| Korea Exchange Bank and others (*)                 | 0.48~0.65                   | 382,522               |                          |
| Industrial and Commercial Bank of China and others | 0.73~3.54                   | 9,964                 | 21,000                   |
| Woori Bank                                         | 3.00                        | 90                    | 90                       |
| Foreign currency equivalent                        |                             | USD 367               | USD 15<br>CNY 31         |
|                                                    |                             | 392,576               | 21,090                   |

(\*) The Group recognized 763 million as interest expense in relation to the above short-term borrowings during the three-month period ended March 31, 2014.

(c) Won denominated long-term debt as of March 31, 2014 and December 31, 2013 is as follows:

*(In millions of won)*

| <b>Lender</b>                          | <b>Annual interest rate<br/>as of<br/>March 31, 2014 (%)</b> | <b>March 31,<br/>2014</b> | <b>December 31,<br/>2013</b> |
|----------------------------------------|--------------------------------------------------------------|---------------------------|------------------------------|
| Shinhan Bank and others                | 3-year Korean Treasury<br>Bond rate less 1.25, 2.75          | 10,678                    | 11,932                       |
| Korea Development Bank and others      |                                                              |                           | 496,632                      |
| Less current portion of long-term debt |                                                              | (4,355)                   | (4,596)                      |
|                                        |                                                              | 6,323                     | 503,968                      |

**Table of Contents**10. Financial Liabilities, Continued

- (d) Long-term debt denominated in currencies other than won as of March 31, 2014 and December 31, 2013 is as follows:

*(In millions of won and USD)*

| <b>Lender</b>                          | <b>Annual interest rate<br/>as of<br/>March 31, 2014 (%)</b> (*) | <b>March 31,<br/>2014</b> | <b>December 31,<br/>2013</b> |
|----------------------------------------|------------------------------------------------------------------|---------------------------|------------------------------|
| Kookmin Bank and others                | 3ML+0.90~1.90, 6ML+1.78                                          | 726,784                   | 738,710                      |
| Foreign currency equivalent            |                                                                  | USD 680                   | USD 700                      |
| Less current portion of long-term debt |                                                                  | (261,856)                 | (242,719)                    |
|                                        |                                                                  | 464,928                   | 495,991                      |

- (\*) ML represents Month LIBOR (London Inter-Bank Offered Rates).

- (e) Details of bonds issued and outstanding as of March 31, 2014 and December 31, 2013 are as follows:

*(In millions of won)*

|                                  | <b>Maturity</b> | <b>Annual interest rate<br/>as of<br/>March 31, 2014 (%)</b> | <b>March 31,<br/>2014</b> | <b>December 31,<br/>2013</b> |
|----------------------------------|-----------------|--------------------------------------------------------------|---------------------------|------------------------------|
| <b>Won denominated bonds (*)</b> |                 |                                                              |                           |                              |
| Publicly issued bonds            | April 2014~     |                                                              |                           |                              |
|                                  | November 2018   | 2.90~5.89                                                    | 2,640,000                 | 2,640,000                    |
| Less discount on bonds           |                 |                                                              | (4,903)                   | (5,585)                      |
| Less current portion             |                 |                                                              | (639,745)                 | (639,537)                    |
|                                  |                 |                                                              | 1,995,352                 | 1,994,878                    |

- (\*) Principal of the won denominated bonds is to be repaid at maturity and interests are paid quarterly in arrears.



**Table of Contents****11. The Nature of Expenses and Others**

The classification of expenses by nature for the three-month periods ended March 31, 2014 and 2013 are as follows:

*(In millions of won)*

|                                                    | <b>2014</b>      | <b>2013</b>      |
|----------------------------------------------------|------------------|------------------|
| Changes in inventories                             | (265,603)        | (138,566)        |
| Purchases of raw materials, merchandise and others | 2,920,064        | 3,974,948        |
| Depreciation and amortization                      | 920,659          | 1,117,226        |
| Outsourcing fees                                   | 235,971          | 102,351          |
| Labor cost                                         | 741,762          | 684,001          |
| Supplies and others                                | 230,952          | 228,048          |
| Utility                                            | 184,884          | 185,262          |
| Fees and commissions                               | 110,768          | 117,389          |
| Shipping costs                                     | 55,940           | 81,449           |
| Advertising                                        | 26,608           | 16,083           |
| After-sale service expenses                        | 21,165           | 22,754           |
| Taxes and dues                                     | 16,345           | 19,180           |
| Travel                                             | 14,639           | 12,752           |
| Others                                             | 316,186          | 257,389          |
|                                                    | <b>5,530,340</b> | <b>6,680,266</b> |

Total expenses consist of cost of sales, selling, administrative, research and development expenses and other non-operating expenses, excluding foreign exchange differences.

Certain expenses for the three-month period ended March 31, 2013 were reclassified to conform to the classification for the three-month period ended March 31, 2014.

**Table of Contents****12. Selling and Administrative Expenses**

Details of selling and administrative expenses for the three-month periods ended March 31, 2014 and 2013 are as follows:

*(In millions of won)*

|                                           | <b>2014</b>    | <b>2013</b>    |
|-------------------------------------------|----------------|----------------|
| Salaries                                  | 64,136         | 59,424         |
| Expenses related to defined benefit plans | 9,148          | 5,497          |
| Other employee benefits                   | 17,629         | 16,165         |
| Shipping costs                            | 44,894         | 60,213         |
| Fees and commissions                      | 40,216         | 50,977         |
| Depreciation                              | 22,525         | 24,734         |
| Taxes and dues                            | 4,559          | 7,998          |
| Advertising                               | 26,608         | 16,083         |
| After-sale service                        | 21,165         | 22,754         |
| Rent                                      | 5,304          | 6,147          |
| Insurance                                 | 3,229          | 3,610          |
| Travel                                    | 5,768          | 4,747          |
| Training                                  | 2,025          | 3,548          |
| Others                                    | 12,370         | 11,881         |
|                                           | <b>279,576</b> | <b>293,778</b> |

Certain expenses for the three-month period ended March 31, 2013 were reclassified to conform to the classification for the three-month period ended March 31, 2014.



**Table of Contents**13. Other Non-operating Income and Other Non-operating Expenses

- (a) Details of other non-operating income for the three-month periods ended March 31, 2014 and 2013 are as follows:

*(In millions of won)*

|                                                                   | <b>2014</b>    | <b>2013</b>    |
|-------------------------------------------------------------------|----------------|----------------|
| Rental income                                                     | 1,935          | 2,154          |
| Foreign currency gain                                             | 167,728        | 328,809        |
| Gain on disposal of property, plant and equipment                 | 2,765          | 2,870          |
| Reversal of allowance for doubtful accounts for other receivables |                | 292            |
| Commission earned                                                 |                | 643            |
| Others                                                            | 9,525          | 2,050          |
|                                                                   | <b>181,953</b> | <b>336,818</b> |

- (b) Details of other non-operating expenses for the three-month periods ended March 31, 2014 and 2013 are as follows:

*(In millions of won)*

|                                                            | <b>2014</b>    | <b>2013</b>    |
|------------------------------------------------------------|----------------|----------------|
| Other bad debt expense                                     | 288            | 25             |
| Foreign currency loss                                      | 190,882        | 346,224        |
| Loss on disposal of property, plant and equipment          | 295            | 159            |
| Impairment loss on intangible assets                       | 286            | 1,157          |
| Donations                                                  | 3,332          | 1,387          |
| Expenses related to legal proceedings or claims and others | 32,722         | 25,586         |
|                                                            | <b>227,805</b> | <b>374,538</b> |

14. Employee Benefits

The Controlling Company and certain subsidiaries defined benefit plans provide a lump-sum payment to an employee based on final salary rates and length of service at the time the employee leaves the Controlling Company.

- (a) Recognized liabilities for defined benefit plans as of March 31, 2014 and December 31, 2013 are as follows:

*(In millions of won)*

|                                                               | <b>March 31, 2014</b> | <b>December 31, 2013</b> |
|---------------------------------------------------------------|-----------------------|--------------------------|
| Present value of partially funded defined benefit obligations | 866,658               | 807,738                  |
| Fair value of plan assets                                     | (480,563)             | (488,651)                |
|                                                               | 386,095               | 319,087                  |

**Table of Contents**14. Employee Benefits, Continued

- (b) Expenses recognized in profit or loss for the three-month periods ended March 31, 2014 and 2013 are as follows:

*(In millions of won)*

|                      | <b>2014</b> | <b>2013</b> |
|----------------------|-------------|-------------|
| Current service cost | 39,137      | 37,476      |
| Past service cost    | 21,990      |             |
| Net interest cost    | 3,778       | 2,106       |
|                      | 64,905      | 39,582      |

- (c) Plan assets as of March 31, 2014 and December 31, 2013 are as follows:

*(In millions of won)*

|                              | <b>March 31, 2014</b> | <b>December 31, 2013</b> |
|------------------------------|-----------------------|--------------------------|
| Guaranteed deposits in banks | 480,563               | 488,651                  |

As of March 31, 2014, the Group maintains the plan assets primarily with Mirae Asset Securities Co., Ltd. and Shinhan Bank.

- (d) Remeasurements of the net defined benefit liability included in other comprehensive income (loss) for the three-month periods ended March 31, 2014 and 2013 are as follows:

*(In millions of won)*

|                                                                        | <b>2014</b> | <b>2013</b> |
|------------------------------------------------------------------------|-------------|-------------|
| Remeasurements of the net defined benefit liability                    | (2,719)     | (166)       |
| Income tax                                                             | 704         | (51)        |
| Remeasurements of the net defined benefit liability, net of income tax | (2,015)     | (217)       |

**Table of Contents**15. Finance Income and Finance Costs

- (a) Finance income and costs recognized in profit and loss for the three-month periods ended March 31, 2014 and 2013 are as follows:

*(In millions of won)*

|                                                               | <b>2014</b> | <b>2013</b> |
|---------------------------------------------------------------|-------------|-------------|
| <b>Finance income</b>                                         |             |             |
| Interest income                                               | 14,036      | 9,634       |
| Foreign currency gain                                         | 14,639      | 44,323      |
| Gain on disposal of investments in equity accounted investees |             | 3,251       |
| Gain on disposal of available-for-sale financial assets       | 5           |             |
|                                                               | 28,680      | 57,208      |
| <b>Finance costs</b>                                          |             |             |
| Interest expense                                              | 27,252      | 46,758      |
| Foreign currency loss                                         | 19,398      | 79,406      |
| Loss on sale of trade accounts and notes receivable           | 3,271       | 5,504       |
| Loss on early redemption of debt                              | 6,986       |             |
| Loss on disposal of investments in equity accounted investees | 156         | 1,678       |
|                                                               | 57,063      | 133,346     |

- (b) Finance income and costs recognized in other comprehensive income for the three-month periods ended March 31, 2014 and 2013 are as follows:

*(In millions of won)*

|                                                                          | <b>2014</b> | <b>2013</b> |
|--------------------------------------------------------------------------|-------------|-------------|
| Net change in fair value of available-for-sale financial assets          | 830         | 824         |
| Tax effect                                                               | 119         | (108)       |
| <b>Finance income recognized in other comprehensive income after tax</b> | <b>949</b>  | <b>716</b>  |

16. CommitmentsFactoring and securitization of accounts receivable

The Controlling Company has agreements with Korea Development Bank and several other banks for accounts receivable sales negotiating facilities of up to an aggregate of USD 1,813 million ( 1,938,247 million) and JPY 5,000 million ( 51,937 million) in connection with the Controlling Company's export sales transactions with its

subsidiaries. As of March 31, 2014, accounts and notes receivable amounting to USD 358 million ( 382,522 million) were sold but are not past due. In connection with all of the contracts in this paragraph, the Controlling Company has sold its accounts receivable with recourse.

**Table of Contents**16. Commitments, Continued

The Controlling Company and oversea subsidiaries entered into agreements with financial institutions for accounts receivables sales negotiating facilities. The respective maximum amount of accounts receivables sales and the amount of sold accounts receivables before maturity by contract are as follows:

(In millions of USD and KRW)

| Classification                 | Financial institutions                          | Maximum            |                | Not yet due    |                |         |
|--------------------------------|-------------------------------------------------|--------------------|----------------|----------------|----------------|---------|
|                                |                                                 | Contractual amount | KRW equivalent | Amount         | KRW equivalent |         |
| <b>Controlling Company</b>     | Shinhan Bank                                    | KRW                | 100,000        |                | 100,000        |         |
|                                | Standard Chartered Bank                         | USD                | 73             |                | 78,022         |         |
| <b>Subsidiaries</b>            |                                                 |                    |                |                |                |         |
| LG Display Singapore Pte. Ltd. | Standard Chartered Bank                         | USD                | 250            | 267,200        | USD 28         | 30,030  |
|                                | Citibank                                        | USD                | 100            | 106,880        |                |         |
|                                | Hongkong & Shanghai Banking Corp.               | USD                | 250            | 267,200        | USD 182        | 194,920 |
| LG Display Taiwan Co., Ltd.    | Taishin International Bank                      | USD                | 1,006          | 1,075,213      | USD 42         | 44,588  |
|                                | BNP Paribas                                     | USD                | 170            | 181,696        | USD 37         | 39,470  |
|                                | Chinatrust Commercial Bank                      | USD                | 160            | 171,008        | USD 4          | 3,801   |
|                                | Citibank                                        | USD                | 222            | 237,274        |                |         |
|                                | Standard Chartered Bank                         | USD                | 280            | 299,264        | USD 5          | 5,840   |
|                                | Sumitomo Mitsui Banking Corporation             | USD                | 220            | 235,136        | USD 116        | 124,098 |
|                                | Hongkong & Shanghai Banking Corp.               | USD                | 65             | 69,472         | USD 15         | 16,164  |
| LG Display Shanghai Co., Ltd.  | BNP Paribas                                     | USD                | 130            | 138,944        | USD 107        | 114,673 |
|                                | Hongkong & Shanghai Banking Corp.               | USD                | 55             | 58,784         | USD 26         | 27,717  |
|                                | Standard Chartered Bank                         | USD                | 50             | 53,440         |                |         |
|                                | Bank of China Limited                           |                    |                | Not applicable | USD 19         | 20,661  |
| LG Display Shenzhen Co., Ltd.  | Bank of China Limited                           |                    |                | Not applicable | USD 31         | 33,694  |
|                                | Standard Chartered Bank                         |                    |                | Not applicable | USD 11         | 11,318  |
| LG Display Germany GmbH        | Citibank                                        | USD                | 170            | 181,696        | USD 126        | 134,765 |
|                                | BNP Paribas                                     | USD                | 87             | 92,986         | USD 37         | 39,620  |
|                                | Commerzbank AG and others                       |                    |                | Not applicable | USD 15         | 15,516  |
| LG Display America, Inc.       | Australia and New Zealand Banking Group Limited | USD                | 80             | 85,504         |                |         |
|                                | Standard Chartered Bank                         | USD                | 50             | 53,440         |                |         |

**Table of Contents**16. Commitments, Continued*Factoring and securitization of accounts receivable, Continued**(In millions of USD  
and KRW)*

| Classification                | Financial institutions                 | Maximum               |                   | Not yet due |                   |
|-------------------------------|----------------------------------------|-----------------------|-------------------|-------------|-------------------|
|                               |                                        | Contractual<br>amount | KRW<br>equivalent | Amount      | KRW<br>equivalent |
|                               | Citibank                               | USD 300               | 320,640           | USD 166     | 177,111           |
|                               | Sumitomo Mitsui Banking<br>Corporation | USD 180               | 192,384           | USD 149     | 158,870           |
| LG Display Japan Co.,<br>Ltd. | Sumitomo Mitsui Banking<br>Corporation | USD 90                | 96,192            | USD 10      | 10,624            |
|                               |                                        | USD 3,915             | 4,184,353         | USD 1,126   | 1,203,480         |
|                               |                                        | USD 3,988             |                   | USD 1,126   |                   |
|                               |                                        | KRW 100,000           | 4,362,375         |             | 1,203,480         |

In connection with all of the contracts in the above table, the Controlling Company has sold its accounts receivable without recourse.

*Letters of credit*

As of March 31, 2014, the Controlling Company has agreements in relation to the opening of letters of credit up to USD 15 million ( 16,032 million) with Korea Exchange Bank, USD 15 million ( 16,032 million) with China Construction Bank, JPY 1,000 million ( 10,387 million) with Woori Bank, USD 100 million ( 106,880 million) with Bank of China, USD 60 million ( 64,128 million) with Sumitomo Mitsui Banking Corporation, USD 30 million ( 32,064 million) with Hana Bank and USD 30 million ( 32,064 million) with Shinhan Bank.

*Payment guarantees*

The Controlling Company obtained payment guarantees amounting to USD 8.5 million ( 9,085 million) and EUR 210 million ( 308,572 million) from Royal Bank of Scotland and other various banks for a number of occasions including value added tax payments in Poland.

LG Display Japan Co., Ltd. and other subsidiaries are provided with payment guarantees from the Bank of Tokyo-Mitsubishi UFJ and other various banks amounting to JPY 700 million ( 7,271 million), CNY 880 million ( 151,624 million), TWD 6 million ( 210 million) and PLN 0.2 million ( 70 million), respectively, for their local tax payments.

*Credit facility*

LG Display Japan Co., Ltd. and other subsidiaries have entered into short-term credit facility agreements of up to USD 60 million ( 64,128 million) and JPY 8,000 million ( 83,098 million) in total, with Mizuho Corporate Bank and other various banks.

License agreements

As of March 31, 2014, in relation to its TFT-LCD business, the Group has technical license agreements with Hitachi Display, Ltd. and others and has a trademark license agreement with LG Corp.



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**Table of Contents**16. Commitments, Continued*Long-term supply agreement*

In connection with long-term supply agreements, as of March 31, 2014 the Controlling Company's balance of advances received from a customer amount to USD 880 million ( 940,544 million) in aggregate. The advances received will be offset against outstanding accounts receivable balances after a given period of time, as well as those arising from the supply of products thereafter. The Controlling Company received a payment guarantee amounting to USD 180 million ( 192,384 million) from the Industrial Bank of Korea relating to advances received.

*Pledged Assets*

Regarding the secured bank loan amounting to USD 25 million ( 26,720 million) from the Export-Import Bank of Korea, the Controlling Company provided part of its OLED machinery as pledged assets.

17. Legal proceedings

## (a) Patent infringements

*Industrial Technology Research Institute of Taiwan*

In 2012, the United States International Trade Commission ( USITC ) granted a motion by Industrial Technology Research Institute of Taiwan ( ITRI ) to add the Controlling Company and LG Display America, Inc. as additional respondents in an investigation under Section 337 of the United States Tariff Act (In the Matter of Certain Devices for Improving Uniformity Used in a Backlight Module and Components Thereof and Products Containing the Same, Investigation No. 337-TA-805). ITRI is seeking an exclusion order which prohibits the importation of televisions and monitors incorporating the Controlling Company's products into the United States for alleged patent infringement. On October 22, 2012, USITC issued a Notice of Initial Determination finding that the Controlling Company and LG Display America, Inc. did not infringe the asserted patent of ITRI. On May 17, 2013, USITC issued a final determination finding that the patent was invalid and the Controlling Company and LG Display America, Inc. had not infringed ITRI's patents. Meanwhile, on June 28, 2013, ITRI appealed the USITC's decision to the United States Court of Appeals for the Federal Circuit ( CAFC ). The Controlling Company does not have a present obligation for this matter and has not recognized any provision at March 31, 2014. It is not possible to reasonably estimate an amount of potential loss, if any, because the USITC is not statutorily authorized to award damages in Section 337 investigations and the Controlling Company and LG Display America, Inc. do not anticipate any assessment of damages by the USITC regardless of the final outcome of the investigation.

*Delaware Display Group LLC and Innovative Display Technologies LLC*

In December 2013, Delaware Display Group LLC and Innovative Display Technologies LLC filed a patent infringement case against the Controlling Company and LG Display America, Inc. in the United States District Court for the District of Delaware. The Controlling Company does not have a present obligation for this matter and has not recognized any provision at March 31, 2014. It is not possible to reasonably estimate an amount of potential loss, if any, because the plaintiffs have not provided any information regarding damages.

*Surpass Tech Innovation LLC*

In March 2014, Surpass Tech Innovation LLC filed a complaint in the U.S. District Court for the District of Delaware against the Controlling Company and LG Display America, Inc. for alleged patent infringement.

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**Table of Contents****17. Legal proceedings, Continued**

The Controlling Company does not have a present obligation for this matter and has not recognized any provision at March 31, 2014. It is not possible to reasonably estimate an amount of potential loss, if any, because the plaintiffs have not provided any information regarding damages.

**(b) Anti-trust investigations and litigations**

In January 2010, the Controlling Company received notice of the antitrust investigation by the Secretariat of Economic Law of Brazil. To date, the investigation by the Secretariat of Economic Law of Brazil is ongoing. The timing and amount of outflows are uncertain and the outcome depends upon the investigation proceedings.

In December 2011, the Korea Fair Trade Commission (the KFTC ) imposed a fine of 31,378 million after finding that the Controlling Company and certain of its subsidiaries engaged in anti-competitive activities in violation of Korean fair trade laws. In February 2014, the Seoul High Court annulled the fining decision of the KFTC. In March 2014, the KFTC filed an appeal of the Seoul High Court decision with the Supreme Court of Korea. Any future recovery of the previously paid fine will be recognized when it is virtually certain.

In the United States, direct purchaser class plaintiffs, indirect purchaser class plaintiffs, and several state attorneys general and individual plaintiffs filed complaints against the Controlling Company and other TFT-LCD panel manufacturers alleging violation of the U.S. antitrust laws and related state laws. The Controlling Company is currently defending actions brought by Motorola Mobility, Inc., Electrograph Technologies Corp. and its affiliates, TracFone Wireless Inc., Costco Wholesale Corp., Office Depot, Inc., Interbond Corp. of America (BrandsMart), P.C. Richard & Son Long Island Corp., MARTA Cooperative of America, Inc., ABC Appliance (ABC Warehouse), Schultze Agency Services, LLC (Tweeter), AASI Creditor Liquidating Trust for All American Semiconductor Inc., Tech Data Corp. and its affiliate, CompuCom Systems, Inc., NECO Alliance LLC, Proview Technology, Inc. and its affiliates, Acer America Corp. and its affiliates, and the attorneys general of Illinois, Washington and Oregon. The timing and amounts of outflows are uncertain and the outcomes depend upon the various court proceedings.

In Canada, class action complaints alleging violations of Canada competition laws were filed against the Controlling Company and other TFT-LCD manufacturers in Ontario, British Columbia and Quebec. The Ontario Superior Court of Justice certified the class action complaints filed by the direct and indirect purchasers in May 2011. The Controlling Company is pursuing an appeal of the class certification decision. The actions in Quebec and British Columbia have been stayed. The timing and amount of outflows are uncertain and the outcome depends upon the court proceedings.

While the Group continues its vigorous defense of the various pending proceedings described above, management's assessment of the facts and circumstances could change based upon new information, intervening events and the final outcome of the cases. Consequently, the actual results could be materially different from management's current estimates.

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18. Capital and Reserves

(a) Share capital

The Controlling Company is authorized to issue 500,000,000 shares of capital stock (par value 5,000), and as of March 31, 2014 and December 31, 2013, the number of issued common shares is 357,815,700. There have been no changes in the capital stock from January 1, 2013 to March 31, 2014.

(b) Reserves

Reserves consist mainly of the following:

*Translation reserve*

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

*Fair value reserve*

The fair value reserve comprises the cumulative net change in the fair value of available-for-sale financial assets until the investments are derecognized or impaired.

**Table of Contents**19. Related Parties

## (a) Related parties

Related parties as of March 31, 2014 are as follows:

| <b>Classification</b>                                                                  | <b>Description</b>                           |
|----------------------------------------------------------------------------------------|----------------------------------------------|
| Associates and joint ventures(*)                                                       | Suzhou Raken Technology Co., Ltd. and others |
| Subsidiaries of Associates                                                             | ADP System Co., Ltd. and others              |
| Entity that has significant influence over the Controlling Company                     | LG Electronics Inc.                          |
| Subsidiaries of the entity that has significant influence over the Controlling Company | Subsidiaries of LG Electronics Inc.          |

(\*) Details of associates and joint ventures are described in note 6.

Related parties other than associates and joint ventures that have transactions such as sales or balance of trade accounts and notes receivable and payable with the Group as of March 31, 2014 and December 31 2013 are as follows:

| <b>Classification</b>                                                                  | <b>March 31, 2014</b>                             | <b>December 31, 2013</b>                          |
|----------------------------------------------------------------------------------------|---------------------------------------------------|---------------------------------------------------|
| Subsidiaries of Associates                                                             | ADP System Co., Ltd.                              | ADP System Co., Ltd.                              |
|                                                                                        | Shinbo Electric Co., Ltd.                         | Shinbo Electric Co., Ltd.                         |
|                                                                                        | AVATEC Electronics Yantai Co., Ltd.               | AVATEC Electronics Yantai Co., Ltd.               |
| Entity that has significant influence over the Controlling Company                     | LG Electronics Inc.                               | LG Electronics Inc.                               |
| Subsidiaries of the entity that has significant influence over the Controlling Company | Hi Business Logistics Co., Ltd.                   | Hi Business Logistics Co., Ltd.                   |
|                                                                                        | Hiplaza Co., Ltd.                                 | Hiplaza Co., Ltd.                                 |
|                                                                                        | Hi Entech Co., Ltd.                               | Hi Entech Co., Ltd.                               |
|                                                                                        | LG Hitachi Water Solutions Co., Ltd.              | LG Hitachi Water Solutions Co., Ltd.              |
|                                                                                        | LG Innotek Co., Ltd.                              | LG Innotek Co., Ltd.                              |
|                                                                                        | Hanuri Co., Ltd.                                  | Hanuri Co., Ltd.                                  |
|                                                                                        | Qingdao LG Inspur Digital Communication Co., Ltd. | Qingdao LG Inspur Digital Communication Co., Ltd. |
|                                                                                        | LG Innotek Poland Sp. z o.o.                      | LG Innotek Poland Sp. z o.o.                      |
|                                                                                        | LG Innotek Huizhou Co., Ltd                       | LG Innotek (Guangzhou) Co., Ltd.                  |
|                                                                                        | LG Electronics Wroclaw Sp. z o.o.                 | LG Electronics Wroclaw Sp. z o.o.                 |
|                                                                                        | LG Electronics Vietnam Co., Ltd.                  |                                                   |

|                                         |                                         |
|-----------------------------------------|-----------------------------------------|
|                                         | LG Electronics Vietnam Co.,<br>Ltd.     |
| LG Electronics Reynosa, S.A. DE<br>C.V. | LG Electronics Reynosa, S.A.<br>DE C.V. |
| LG Electronics Thailand Co., Ltd.       | LG Electronics Thailand Co.,<br>Ltd.    |

**Table of Contents**19. Related Parties, Continued

| <b>Classification</b> | <b>March 31, 2014</b>                                | <b>December 31, 2013</b>                             |
|-----------------------|------------------------------------------------------|------------------------------------------------------|
|                       | LG Electronics Taiwan Taipei Co., Ltd.               | LG Electronics Taiwan Taipei Co., Ltd.               |
|                       | LG Electronics Shenyang Inc.                         | LG Electronics Shenyang Inc.                         |
|                       | LG Electronics RUS, LLC                              | LG Electronics RUS, LLC                              |
|                       | LG Electronics Nanjing Display Co., Ltd.             | LG Electronics Nanjing Display Co., Ltd.             |
|                       | LG Electronics Mlawa Sp. z o.o.                      | LG Electronics Mlawa Sp. z o.o.                      |
|                       | LG Electronics Mexicali, S.A. DE C.V.                | LG Electronics Mexicali, S.A. DE C.V.                |
|                       | LG Electronics India Pvt. Ltd.                       | LG Electronics India Pvt. Ltd.                       |
|                       | LG Electronics do Brasil Ltda.                       | LG Electronics do Brasil Ltda.                       |
|                       | LG Electronics Air-Conditioning (Shandong) Co., Ltd. | LG Electronics Air-Conditioning (Shandong) Co., Ltd. |
|                       | LG Electronics (Kunshan) Computer Co., Ltd.          | LG Electronics (Kunshan) Computer Co., Ltd.          |
|                       | Inspur LG Digital Mobile Communications Co., Ltd.    | LG Electronics (Hangzhou) Co., Ltd.                  |
|                       | Hi Logistics Europe B.V.                             | Inspur LG Digital Mobile Communications Co., Ltd.    |
|                       | Hi Logistics (China) Co., Ltd.                       | Hi Logistics Europe B.V.                             |
|                       | LG Electronics Alabama Inc.                          | Hi Logistics (China) Co., Ltd.                       |

**Table of Contents**19. Related Parties, Continued

## (b) Key management personnel compensation

Compensation costs of key management for the three-month periods ended March 31, 2014 and 2013 are as follows:

*(In millions of won)*

|                                              | <b>2014</b> | <b>2013</b> |
|----------------------------------------------|-------------|-------------|
| Short-term benefits                          | 445         | 791         |
| Expenses related to the defined benefit plan | 69          | 687         |
|                                              | 514         | 1,478       |

Key management refers to the registered directors who have significant control and responsibilities over the Controlling Company's operations and business.

(c) Significant transactions such as sales of goods and purchases of raw material and outsourcing service and others, which occurred in the normal course of business with related parties for the three-month periods ended March 31, 2014 and 2013 are as follows:

*(In millions of won)*

|                                   | <b>2014</b>                |                        |                  |                    |
|-----------------------------------|----------------------------|------------------------|------------------|--------------------|
|                                   | <b>Purchase and others</b> |                        |                  |                    |
|                                   | <b>Purchase of</b>         | <b>Acquisition of</b>  | <b>and</b>       | <b>Outsourcing</b> |
|                                   | <b>raw material</b>        | <b>property, plant</b> | <b>and</b>       | <b>fees</b>        |
|                                   | <b>and others</b>          | <b>and</b>             | <b>equipment</b> | <b>Other costs</b> |
|                                   | <b>and others</b>          | <b>others</b>          | <b>and</b>       | <b>Other costs</b> |
| <b>Joint Venture</b>              |                            |                        |                  |                    |
| Suzhou Raken Technology Co., Ltd. | 54,820                     |                        |                  | 28,420             |



**Table of Contents**19. Related Parties, Continued*(In millions of won)*

|                                                                                               | <b>2014</b>                 |                                                        |                                                              |                             |                        |
|-----------------------------------------------------------------------------------------------|-----------------------------|--------------------------------------------------------|--------------------------------------------------------------|-----------------------------|------------------------|
|                                                                                               | <b>Purchase and others</b>  |                                                        |                                                              |                             |                        |
|                                                                                               | <b>Sales<br/>and others</b> | <b>Purchase of<br/>raw material<br/>and<br/>others</b> | <b>Acquisition of<br/>raw material<br/>and<br/>equipment</b> | <b>Outsourcing<br/>fees</b> | <b>Other<br/>costs</b> |
| <b>Associates and their subsidiaries</b>                                                      |                             |                                                        |                                                              |                             |                        |
| New Optics Ltd.                                                                               | 1,263                       | 11,673                                                 |                                                              | 2,406                       | 651                    |
| LIG ADP Co., Ltd.                                                                             |                             | 273                                                    | 5,623                                                        |                             | 7                      |
| TLI Inc.                                                                                      |                             | 15,010                                                 |                                                              |                             | 627                    |
| AVACO Co., Ltd.                                                                               | 41                          | 270                                                    | 70,592                                                       |                             | 344                    |
| AVATEC Co., Ltd.                                                                              |                             | 14                                                     |                                                              | 14,160                      | 43                     |
| AVATEC Electronics Yantai Co., Ltd.                                                           |                             |                                                        |                                                              |                             | 1,468                  |
| Paju Electric Glass Co., Ltd.                                                                 |                             | 178,867                                                |                                                              |                             | 1,077                  |
| Shinbo Electric Co., Ltd.                                                                     | 3,679                       | 172,137                                                |                                                              | 24,963                      | 37                     |
| Narenanotech Corporation                                                                      |                             | 46                                                     | 912                                                          |                             | 757                    |
| Glonix Co., Ltd                                                                               |                             | 4,402                                                  |                                                              |                             | 114                    |
| ADP System Co., Ltd.                                                                          |                             | 180                                                    | 208                                                          |                             | 29                     |
| YAS Co., Ltd.                                                                                 |                             | 404                                                    | 2,009                                                        |                             | 28                     |
|                                                                                               | 4,983                       | 383,276                                                | 79,344                                                       | 41,529                      | 5,182                  |
| <b>Entity that has significant influence over the Controlling Company</b>                     |                             |                                                        |                                                              |                             |                        |
| LG Electronics Inc.                                                                           | 541,287                     | 6,830                                                  | 38,843                                                       |                             | 5,766                  |
| <b>Subsidiaries of the entity that has significant influence over the Controlling Company</b> |                             |                                                        |                                                              |                             |                        |
| LG Electronics India Pvt. Ltd.                                                                | 18,714                      |                                                        |                                                              |                             |                        |
| LG Electronics Vietnam Co., Ltd.                                                              | 9,670                       |                                                        |                                                              |                             |                        |
| LG Electronics Thailand Co., Ltd.                                                             | 12,639                      |                                                        |                                                              |                             |                        |

**Table of Contents**19. Related Parties, Continued*(In millions of won)*

|                                                   | <b>2014</b>                 |                                       |                                             |                             |                        |
|---------------------------------------------------|-----------------------------|---------------------------------------|---------------------------------------------|-----------------------------|------------------------|
|                                                   | <b>Purchase and others</b>  |                                       |                                             |                             |                        |
|                                                   | <b>Sales<br/>and others</b> | <b>Purchase of<br/>and<br/>others</b> | <b>Acquisition of<br/>and<br/>equipment</b> | <b>Outsourcing<br/>fees</b> | <b>Other<br/>costs</b> |
| LG Electronics Nanjing Display Co., Ltd.          | 126,877                     |                                       |                                             |                             |                        |
| LG Electronics RUS, LLC                           | 99,102                      |                                       |                                             |                             |                        |
| LG Electronics do Brasil Ltda.                    | 132,378                     |                                       |                                             |                             | 73                     |
| Hi Business Logistics Co., Ltd.                   | 10                          |                                       |                                             |                             | 7,339                  |
| LG Innotek Co., Ltd.                              | 733                         | 115,237                               |                                             |                             | 2,496                  |
| LG Hitachi Water Solutions Co., Ltd.              |                             |                                       | 10,301                                      |                             |                        |
| Qingdao LG Inspur Digital Communication Co., Ltd. | 31,843                      |                                       |                                             |                             |                        |
| Inspur LG Digital Mobile Communications Co., Ltd. | 29,872                      |                                       |                                             |                             |                        |
| LG Electronics Mexicali, S.A. DE C.V.             | 47,963                      |                                       |                                             |                             |                        |
| LG Electronics Mlawa Sp. z o.o.                   | 93,395                      |                                       |                                             |                             |                        |
| LG Electronics Shenyang Inc.                      | 23,110                      |                                       |                                             |                             |                        |
| LG Electronics Taiwan Taipei Co., Ltd.            | 5,984                       |                                       |                                             |                             |                        |
| LG Electronics Reynosa, S.A. DE C.V.              | 196,582                     |                                       |                                             |                             | 86                     |
| LG Electronics Wroclaw Sp. z o.o.                 | 219,195                     |                                       |                                             |                             | 15                     |
| HiEntech Co., Ltd.                                |                             |                                       |                                             |                             | 6,131                  |
| Others                                            | 111                         | 804                                   |                                             |                             | 1,416                  |
|                                                   | 1,048,178                   | 116,041                               | 10,301                                      |                             | 17,556                 |
|                                                   | 1,649,268                   | 506,147                               | 128,488                                     | 69,949                      | 28,504                 |

**Table of Contents**19. Related Parties, Continued*(In millions of won)*

|                                                                                               | <b>2013</b>                 |                                                    |                                                             |                             |                        |
|-----------------------------------------------------------------------------------------------|-----------------------------|----------------------------------------------------|-------------------------------------------------------------|-----------------------------|------------------------|
|                                                                                               | <b>Purchase and others</b>  |                                                    |                                                             |                             |                        |
|                                                                                               | <b>Sales<br/>and others</b> | <b>Purchase of<br/>raw material<br/>and others</b> | <b>Acquisition of<br/>property, plant<br/>and equipment</b> | <b>Outsourcing<br/>fees</b> | <b>Other<br/>costs</b> |
| <b>Joint Venture</b>                                                                          |                             |                                                    |                                                             |                             |                        |
| Suzhou Raken Technology Co., Ltd.                                                             | 100,571                     |                                                    |                                                             | 27,726                      |                        |
| <b>Associates and their subsidiaries</b>                                                      |                             |                                                    |                                                             |                             |                        |
| New Optics Ltd.                                                                               |                             | 39,832                                             |                                                             | 1,118                       | 315                    |
| LIG ADP Co., Ltd.                                                                             |                             | 191                                                | 1,979                                                       |                             | 162                    |
| TLI Inc.                                                                                      |                             | 13,794                                             |                                                             |                             | 2                      |
| AVACO Co., Ltd.                                                                               |                             | 219                                                | 6,283                                                       |                             | 1,456                  |
| AVATEC Co., Ltd.                                                                              |                             |                                                    |                                                             | 11,510                      | 104                    |
| AVATEC Electronics Yantai Co., Ltd.                                                           |                             |                                                    |                                                             |                             | 125                    |
| Paju Electric Glass Co., Ltd.                                                                 |                             | 199,095                                            |                                                             |                             | 880                    |
| Shinbo Electric Co., Ltd.                                                                     |                             | 177,542                                            |                                                             | 4,227                       | 11                     |
| Narenanotech Corporation                                                                      | 300                         | 159                                                | 2,266                                                       |                             | 222                    |
| Glonix Co., Ltd                                                                               |                             | 754                                                |                                                             |                             | 85                     |
| ADP System Co., Ltd.                                                                          |                             | 233                                                | 92                                                          |                             | 121                    |
| YAS Co., Ltd.                                                                                 |                             | 943                                                | 27,903                                                      |                             | 32                     |
|                                                                                               | 300                         | 432,762                                            | 38,523                                                      | 16,855                      | 3,515                  |
| <b>Entity that has significant influence over the Controlling Company</b>                     |                             |                                                    |                                                             |                             |                        |
| LG Electronics Inc.                                                                           | 527,479                     | 13,774                                             | 17,726                                                      |                             | 4,251                  |
| <b>Subsidiaries of the entity that has significant influence over the Controlling Company</b> |                             |                                                    |                                                             |                             |                        |
| LG Electronics India Pvt. Ltd.                                                                | 24,219                      |                                                    |                                                             |                             |                        |
| LG Electronics Vietnam Co., Ltd.                                                              | 13,504                      |                                                    |                                                             |                             |                        |

**Table of Contents**19. Related Parties, Continued*(In millions of won)*

|                                                   | <b>2013</b>                |                     |                        |                    |              |
|---------------------------------------------------|----------------------------|---------------------|------------------------|--------------------|--------------|
|                                                   | <b>Purchase and others</b> |                     |                        |                    |              |
|                                                   | <b>Sales</b>               | <b>Purchase of</b>  | <b>Acquisition of</b>  | <b>Outsourcing</b> | <b>Other</b> |
|                                                   | <b>and others</b>          | <b>raw material</b> | <b>property, plant</b> | <b>fees</b>        | <b>costs</b> |
|                                                   |                            | <b>and</b>          | <b>and</b>             |                    |              |
|                                                   |                            | <b>others</b>       | <b>equipment</b>       |                    |              |
| LG Electronics Thailand Co., Ltd.                 | 23,223                     |                     |                        |                    |              |
| LG Electronics Nanjing Display Co., Ltd.          | 100,275                    |                     |                        |                    | 103          |
| LG Electronics RUS, LLC                           | 133,211                    |                     |                        |                    |              |
| LG Electronics do Brasil Ltda.                    | 72,670                     | 838                 |                        |                    | 9            |
| Hi Business Logistics Co., Ltd.                   | 10                         |                     |                        |                    | 6,733        |
| LG Innotek Co., Ltd.                              | 1,961                      | 121,170             |                        |                    | 481          |
| Inspur LG Digital Mobile Communications Co., Ltd. | 15,753                     |                     |                        |                    |              |
| LG Electronics Mexicali, S.A. DE C.V.             | 75,288                     |                     |                        |                    |              |
| LG Electronics Mlawa Sp. z o.o.                   | 134,716                    |                     |                        |                    |              |
| LG Electronics Shenyang Inc.                      | 42,726                     |                     |                        |                    |              |
| LG Electronics Taiwan Taipei Co., Ltd.            | 18,676                     |                     |                        |                    |              |
| LG Electronics Reynosa, S.A. DE C.V.              | 244,257                    |                     |                        |                    | 74           |
| LG Electronics Wroclaw Sp. z o.o.                 | 250,087                    |                     |                        |                    |              |
| Others                                            | 637                        | 6,279               |                        |                    | 2,854        |
|                                                   | 1,151,213                  | 128,287             |                        |                    | 10,254       |
|                                                   | 1,779,563                  | 574,823             | 56,249                 | 44,581             | 18,020       |

Related parties transaction amounts for the three-month period ended March 31, 2013 were represented to conform to the classification for the three-month period ended March 31, 2014.

**Table of Contents**19. Related Parties, Continued

- (d) Trade accounts and notes receivable and payable as of March 31, 2014 and December 31, 2013 are as follows:

(In millions of won)

|                                     | Trade accounts and notes receivable<br>and others |                   | Trade accounts and notes payable<br>and others |                   |
|-------------------------------------|---------------------------------------------------|-------------------|------------------------------------------------|-------------------|
|                                     | March 31, 2014                                    | December 31, 2013 | March 31, 2014                                 | December 31, 2013 |
| <b>Joint Venture</b>                |                                                   |                   |                                                |                   |
| Suzhou Raken Technology Co., Ltd.   | 64,869                                            | 66,855            | 53,241                                         | 104,119           |
| <b>Associates</b>                   |                                                   |                   |                                                |                   |
| New Optics Ltd.                     | 1,474                                             |                   | 16,329                                         | 8,998             |
| LIG ADP Co., Ltd.                   |                                                   |                   | 6,489                                          | 1,649             |
| TLI Inc.                            |                                                   |                   | 16,312                                         | 10,418            |
| AVACO Co., Ltd.                     |                                                   |                   | 35,862                                         | 15,390            |
| AVATEC Co., Ltd.                    |                                                   |                   | 4,673                                          | 10,041            |
| AVATEC Electronics Yantai Co., Ltd. |                                                   |                   | 1,674                                          | 1,122             |
| Paju Electric Glass Co., Ltd.       |                                                   |                   | 118,545                                        | 108,379           |
| Shinbo Electric Co., Ltd.           | 3,948                                             | 4,562             | 188,712                                        | 165,823           |
| Narenanotech Corporation            |                                                   |                   | 1,886                                          | 1,766             |
| Glonix Co., Ltd.                    |                                                   |                   | 1,969                                          | 1,987             |
| ADP System Co., Ltd.                |                                                   |                   | 459                                            | 1,410             |
| YAS Co., Ltd.                       |                                                   |                   | 2,685                                          | 17,156            |
|                                     | 5,422                                             | 4,562             | 395,595                                        | 344,139           |

**Table of Contents**19. Related Parties, Continued*(In millions of won)*

|                                                                                               | Trade accounts and notes receivable<br>and others |                   | Trade accounts and notes payable<br>and others |                   |
|-----------------------------------------------------------------------------------------------|---------------------------------------------------|-------------------|------------------------------------------------|-------------------|
|                                                                                               | March 31, 2013                                    | December 31, 2012 | March 31, 2013                                 | December 31, 2012 |
| <b>Entity that has significant influence over the Controlling Company</b>                     |                                                   |                   |                                                |                   |
| LG Electronics Inc.                                                                           | 383,185                                           | 278,165           | 73,663                                         | 74,085            |
| <b>Subsidiaries of the entity that has significant influence over the Controlling Company</b> |                                                   |                   |                                                |                   |
| LG Electronics India Pvt. Ltd.                                                                | 11,415                                            | 7,414             |                                                |                   |
| LG Electronics Vietnam Co., Ltd.                                                              | 7,815                                             | 8,827             |                                                |                   |
| LG Electronics Thailand Co., Ltd.                                                             | 10,842                                            | 10,141            |                                                |                   |
| LG Electronics RUS, LLC                                                                       | 21,651                                            | 91,018            |                                                |                   |
| LG Innotek Co., Ltd.                                                                          | 2                                                 | 3                 | 131,831                                        | 84,727            |
| Qingdao LG Inspur Digital Communication Co., Ltd.                                             | 31,842                                            | 24,671            |                                                |                   |
| Inspur LG Digital Mobile Communications Co., Ltd.                                             | 31,550                                            | 15,824            |                                                |                   |
| LG Electronics Mexicali, S.A. DE C.V.                                                         | 6,170                                             | 1,649             |                                                |                   |
| LG Electronics Mlawa Sp. z o.o.                                                               | 45,518                                            | 55,908            |                                                |                   |
| LG Electronics Nanjing Display Co., Ltd.                                                      | 118,746                                           | 79,978            | 17                                             | 216               |
| LG Electronics Shenyang Inc.                                                                  | 22,150                                            | 25,578            |                                                |                   |
| LG Electronics Taiwan Taipei Co., Ltd                                                         | 4,228                                             | 3,334             |                                                |                   |
| LG Electronics Reynosa, S.A. DE C.V.                                                          | 41,064                                            | 5,027             |                                                |                   |
| LG Electronics Wroclaw Sp. z o.o.                                                             | 52,437                                            | 11,736            |                                                |                   |
| LG Electronics do Brasil Ltda.                                                                | 10,236                                            | 1,750             | 22                                             |                   |
| LG Hitachi Water Solutions Co., Ltd.                                                          |                                                   |                   | 11,966                                         | 1,867             |
| Others                                                                                        | 92                                                | 104               | 9,230                                          | 5,717             |
|                                                                                               | 415,758                                           | 342,962           | 153,066                                        | 92,527            |
|                                                                                               | 869,234                                           | 692,544           | 675,565                                        | 614,870           |

**Table of Contents****20. Geographic and Other Information**

The following is a summary of sales by region based on the location of the customers for the three-month periods ended March 31, 2014 and 2013.

## (a) Revenue by geography

*(In millions of won)*

| <b>Region</b>          | <b>Revenue</b> |             |
|------------------------|----------------|-------------|
|                        | <b>2014</b>    | <b>2013</b> |
| Domestic               | 644,697        | 690,065     |
| Foreign                |                |             |
| China                  | 3,036,726      | 3,822,765   |
| Asia (excluding China) | 736,782        | 657,963     |
| United States          | 484,261        | 710,693     |
| Europe                 | 685,232        | 921,754     |
| Sub total              | 4,943,001      | 6,113,175   |
| Total                  | 5,587,698      | 6,803,240   |

Sales to Company A and Company B constituted 31% and 23% of total revenue, respectively, for the three-month period ended March 31, 2014 (the three-month period ended March 31, 2013: 28% and 26%). The Group's top ten end-brand customers together accounted for 80% of sales for the three-month period ended March 31, 2014 (the three-month period ended March 31, 2013: 78%).

## (b) Non-current assets by geography

*(In millions of won)*

| <b>Region</b> | <b>March 31, 2014</b>                |                          | <b>December 31, 2013</b>             |                          |
|---------------|--------------------------------------|--------------------------|--------------------------------------|--------------------------|
|               | <b>Property, plant and equipment</b> | <b>Intangible assets</b> | <b>Property, plant and equipment</b> | <b>Intangible assets</b> |
| Domestic      | 9,791,277                            | 453,088                  | 10,293,502                           | 461,635                  |
| Foreign       |                                      |                          |                                      |                          |
| China         | 2,203,895                            | 6,535                    | 1,367,276                            | 5,440                    |
| Others        | 144,310                              | 5,074                    | 147,556                              | 1,110                    |
| Sub total     | 2,348,205                            | 11,609                   | 1,514,832                            | 6,550                    |
| Total         | 12,139,482                           | 464,697                  | 11,808,334                           | 468,185                  |





**Table of Contents**20. Geographic and Other Information, Continued

## (c) Revenue by product

*(millions of won)*

| <b>Product</b>      | <b>Revenue</b> |             |
|---------------------|----------------|-------------|
|                     | <b>2014</b>    | <b>2013</b> |
| Panels for:         |                |             |
| TFT-LCD televisions | 2,283,596      | 2,909,797   |
| Desktop monitors    | 1,122,805      | 1,406,881   |
| Tablet products     | 584,314        | 974,876     |
| Notebook computers  | 677,510        | 641,641     |
| Mobile and others   | 919,473        | 870,045     |
|                     | 5,587,698      | 6,803,240   |

Revenue by product for the three-month periods ended March 31, 2013 were reclassified to conform to the classification for the three-month periods ended March 31, 2014.

21. Income Taxes

## (a) Details of income tax expense for the three-month periods ended March 31, 2014 and 2013 are as follows:

*(In millions of won)*

|                      | <b>2014</b> | <b>2013</b> |
|----------------------|-------------|-------------|
| Current tax expense  | 29,227      | 35,474      |
| Deferred tax expense | 81,339      | 1,795       |
| Income tax expense   | 110,566     | 37,269      |

**Table of Contents**21. Income Taxes, Continued

## (b) Deferred Tax Assets and Liabilities

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the deferred tax assets at the reporting date will be realized with the Group's estimated future taxable income.

Deferred tax assets and liabilities as of March 31, 2014 and December 31, 2013 are attributable to the following:

*(In millions of won)*

|                                                   | Assets          |                    | Liabilities     |                    | Total           |                    |
|---------------------------------------------------|-----------------|--------------------|-----------------|--------------------|-----------------|--------------------|
|                                                   | March, 31, 2014 | December, 31, 2013 | March, 31, 2014 | December, 31, 2013 | March, 31, 2014 | December, 31, 2013 |
| Other accounts receivable, net                    |                 |                    | (474)           | (2,476)            | (474)           | (2,476)            |
| Inventories, net                                  | 19,893          | 18,866             |                 |                    | 19,893          | 18,866             |
| Available-for-sale financial assets               | 217             | 98                 |                 |                    | 217             | 98                 |
| Defined benefit liabilities, net                  | 89,891          | 72,709             |                 |                    | 89,891          | 72,709             |
| Investments in equity accounted investees         | 4,674           | 2,972              |                 |                    | 4,674           | 2,972              |
| Accrued expenses                                  | 82,620          | 83,571             |                 |                    | 82,620          | 83,571             |
| Property, plant and equipment                     | 192,233         | 189,422            |                 |                    | 192,233         | 189,422            |
| Intangible assets                                 |                 |                    | (1,002)         | (1,207)            | (1,002)         | (1,207)            |
| Provisions                                        | 10,688          | 11,460             |                 |                    | 10,688          | 11,460             |
| Gain or loss on foreign currency translation, net | 295             | 282                | (953)           | (957)              | (658)           | (675)              |
| Others                                            | 17,044          | 13,473             | (218)           | (171)              | 16,826          | 13,302             |
| Tax losses carryforwards                          | 110,972         | 110,550            |                 |                    | 110,972         | 110,550            |
| Tax credit carryforwards                          | 430,440         | 538,289            |                 |                    | 430,440         | 538,289            |
| Deferred tax assets (liabilities)                 | 958,967         | 1,041,692          | (2,647)         | (4,811)            | 956,320         | 1,036,881          |

Statutory tax rate applicable to the Controlling Company is 24.2% for the three-month period ended March 31, 2014.

Income tax expense for the three-month period ended March 31, 2014 includes the effects of the increase in the minimum tax rate from 16% to 17% when measuring the amount of tax credit related deferred tax assets, and the effects of municipal corporate income tax rule amendments on certain deferred tax assets, both of which became effective January 1, 2014.

**Table of Contents**22. Earnings (Loss) Per Share

(a) Basic earnings (loss) per share for the three-month periods ended March 31, 2014 and 2013 are as follows:

| <i>(In won and No. of shares)</i>                                      | <b>2014</b>      | <b>2013</b>   |
|------------------------------------------------------------------------|------------------|---------------|
| <b>Profit (loss) attributable to owners of the Controlling Company</b> | (79,951,218,508) | 3,899,143,341 |
| Weighted-average number of common stocks outstanding                   | 357,815,700      | 357,815,700   |
| <b>Earnings (loss) per share</b>                                       | (223)            | 11            |

There were no events or transactions that resulted in changes in the number of common stocks used for calculating earnings (loss) per share from January 1, 2013 to March 31, 2014.

(b) Diluted earnings per share are not calculated since there was no potential common stock for the three-month periods ended March 31, 2014 and 2013.

23. Subsequent event

The Controlling Company publicly issued the following debentures after March 31, 2014:

| <i>(In millions of won)</i> |                      |                      |                    |
|-----------------------------|----------------------|----------------------|--------------------|
| <b>Issue date</b>           | <b>Maturity date</b> | <b>Interest rate</b> | <b>Face amount</b> |
| April 8, 2014               | April 8, 2017        | 3.14%                | 180,000            |
| April 8, 2014               | April 8, 2019        | 3.45%                | 120,000            |
|                             |                      |                      | 300,000            |

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LG DISPLAY CO., LTD.

Condensed Separate Interim Financial Statements

(Unaudited)

**March 31, 2014 and 2013**

(With Independent Auditors' Review Report Thereon)

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**Independent Auditors' Review Report**

Based on a report originally issued in Korean

To the Board of Directors and Shareholders

LG Display Co., Ltd.:

***Reviewed Financial Statements***

We have reviewed the accompanying condensed separate interim financial statements of LG Display Co., Ltd. (the Company ) which comprise the condensed separate interim statement of financial position as of March 31, 2014, the condensed separate interim statements of comprehensive loss, changes in equity and cash flows for the three-month periods ended March 31, 2014 and 2013, and notes, comprising a summary of significant accounting policies and other explanatory information.

***Management's Responsibility for the Condensed Separate Interim Financial Statements***

Management is responsible for the preparation and fair presentation of these condensed separate interim financial statements in accordance with Korean International Financial Reporting Standards No. 1034, *Interim Financial Reporting*, and for such internal controls as management determines necessary to enable the preparation of condensed separate interim financial statements that are free from material misstatement, whether due to fraud or error.

***Auditors' Responsibility***

Our responsibility is to issue a report on these condensed separate interim financial statements based on our reviews.

We conducted our reviews in accordance with the Review Standards for Quarterly and Semiannual Financial Statements established by the Security and Futures Commission of the Republic of Korea. A review of interim financial information consists principally of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in the Republic of Korea and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

***Conclusion***

Based on our reviews, nothing has come to our attention that causes us to believe that the condensed separate interim financial statements referred to above are not presented fairly, in all material respects, in accordance with Korean International Financial Reporting Standards No. 1034, *Interim Financial Reporting*.

***Emphasis of Matter***

As discussed in note 17 to the condensed separate interim financial statements, the Company has been or is under investigations by antitrust authorities in several countries with respect to possible anti-competitive activities in the Liquid Crystal Display ( LCD ) industry and named as defendants in a number of individual lawsuits and class actions in the United States and Canada, respectively, in connection with alleged antitrust violations concerning the sale of LCD panels. The Company estimated and recognized losses related to these investigations and alleged violations.

However, actual losses are subject to change in the future based on new developments in each matter, or changes in circumstances, which could be materially different from those estimated and recognized by the Company.

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***Other Matters***

The procedures and practices utilized in the Republic of Korea to review such condensed separate interim financial statements may differ from those generally accepted and applied in other countries. Accordingly, this report and the accompanying condensed separate interim financial statements are for use by those knowledgeable about Korean review standards and their application in practice.

We audited the separate statement of financial position as of December 31, 2013, and the related separate statements of comprehensive income, changes in equity and cash flows for the year then ended, which are not accompanying this review report, in accordance with auditing standards generally accepted in the Republic of Korea, and our report thereon, dated February 19, 2014, expressed an unqualified opinion. The accompanying condensed separate statement of financial position of the Company as of December 31, 2013, presented for comparative purposes, is not different from that audited by us from which it was derived in all material respects.

/s/ KPMG Samjong Accounting Corp.

Seoul, Korea

May 2, 2014

This report is effective as of May 2, 2014, the review report date. Certain subsequent events or circumstances, which may occur between the review report date and the time of reading this report, could have a material impact on the accompanying condensed separate interim financial statements and notes thereto. Accordingly, the readers of the review report should understand that the above review report has not been updated to reflect the impact of such subsequent events or circumstances, if any.



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LG DISPLAY CO., LTD.

**Condensed Separate Interim Statements of Financial Position**

(Unaudited)

As of March 31, 2014 and December 31, 2013

| <i>(In millions of won)</i>              | Note      | March 31, 2014    | December 31, 2013 |
|------------------------------------------|-----------|-------------------|-------------------|
| <b>Assets</b>                            |           |                   |                   |
| Cash and cash equivalents                | 9         | 270,948           | 253,059           |
| Deposits in banks                        | 9         | 1,470,000         | 1,301,176         |
| Trade accounts and notes receivable, net | 9, 16, 19 | 2,957,569         | 3,543,193         |
| Other accounts receivable, net           | 9         | 82,631            | 59,806            |
| Inventories                              | 5         | 1,681,821         | 1,586,642         |
| Prepaid income taxes                     |           | 3,674             | 3,665             |
| Other current assets                     |           | 238,089           | 129,826           |
| <b>Total current assets</b>              |           | <b>6,704,732</b>  | <b>6,877,367</b>  |
| Investments                              | 6         | 1,821,627         | 1,820,806         |
| Other non-current financial assets       | 9         | 38,417            | 40,905            |
| Property, plant and equipment, net       | 7         | 9,792,318         | 10,294,740        |
| Intangible assets, net                   | 8         | 453,078           | 461,620           |
| Deferred tax assets                      | 20        | 851,360           | 936,000           |
| Other non-current assets                 |           | 260,923           | 213,155           |
| <b>Total non-current assets</b>          |           | <b>13,217,723</b> | <b>13,767,226</b> |
| <b>Total assets</b>                      |           | <b>19,922,455</b> | <b>20,644,593</b> |
| <b>Liabilities</b>                       |           |                   |                   |
| Trade accounts and notes payable         | 9, 19     | 3,156,029         | 3,482,120         |
| Current financial liabilities            | 9, 10     | 1,288,478         | 886,852           |
| Other accounts payable                   | 9, 19     | 1,358,868         | 1,050,586         |
| Accrued expenses                         |           | 420,592           | 476,040           |
| Income tax payable                       |           | 85                |                   |
| Provisions                               | 17        | 184,705           | 199,737           |
| Advances received                        | 16        | 775,422           | 627,997           |
| Other current liabilities                |           | 39,477            | 30,843            |
| <b>Total current liabilities</b>         |           | <b>7,223,656</b>  | <b>6,754,175</b>  |
| Non-current financial liabilities        | 9, 10     | 2,466,603         | 2,994,837         |
| Non-current provisions                   |           | 4,580             | 5,005             |
| Defined benefit liabilities, net         | 14        | 385,659           | 318,696           |

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|                                      |    |                   |                   |
|--------------------------------------|----|-------------------|-------------------|
| Long-term advances received          | 16 | 192,384           | 427,397           |
| Other non-current liabilities        |    | 38,721            | 382,058           |
| <b>Total non-current liabilities</b> |    | <b>3,087,947</b>  | <b>4,127,993</b>  |
| <b>Total liabilities</b>             |    | <b>10,311,603</b> | <b>10,882,168</b> |
| <b>Equity</b>                        |    |                   |                   |
| Share capital                        | 18 | 1,789,079         | 1,789,079         |
| Share premium                        |    | 2,251,113         | 2,251,113         |
| Reserves                             | 18 | (680)             | (305)             |
| Retained earnings                    |    | 5,571,340         | 5,722,538         |
| <b>Total equity</b>                  |    | <b>9,610,852</b>  | <b>9,762,425</b>  |
| <b>Total liabilities and equity</b>  |    | <b>19,922,455</b> | <b>20,644,593</b> |

*See accompanying notes to the condensed separate interim financial statements.*

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LG DISPLAY CO., LTD.

**Condensed Separate Interim Statements of Comprehensive Loss**

(Unaudited)

For the three-month periods ended March 31, 2014 and 2013

| <i>(In millions of won, except earnings (loss) per share)</i>              | <b>Note</b> | <b>2014</b>      | <b>2013</b>     |
|----------------------------------------------------------------------------|-------------|------------------|-----------------|
| Revenue                                                                    | 19          | 5,534,134        | 6,568,525       |
| Cost of sales                                                              | 5, 11, 19   | (5,059,797)      | (6,019,364)     |
| <b>Gross profit</b>                                                        |             | <b>474,337</b>   | <b>549,161</b>  |
| Selling expenses                                                           | 12          | (94,468)         | (123,086)       |
| Administrative expenses                                                    | 12          | (93,240)         | (100,692)       |
| Research and development expenses                                          |             | (288,316)        | (256,805)       |
| <b>Operating profit (loss)</b>                                             |             | <b>(1,687)</b>   | <b>68,578</b>   |
| Finance income                                                             | 15          | 15,115           | 18,761          |
| Finance costs                                                              | 15          | (48,992)         | (105,910)       |
| Other non-operating income                                                 | 13          | 133,943          | 287,483         |
| Other non-operating expenses                                               | 13          | (172,066)        | (312,655)       |
| <b>Loss before income tax</b>                                              |             | <b>(73,687)</b>  | <b>(43,743)</b> |
| Income tax expense                                                         | 20          | (75,305)         | (13,891)        |
| <b>Loss for the period</b>                                                 |             | <b>(148,992)</b> | <b>(57,634)</b> |
| <b>Other comprehensive income (loss)</b>                                   |             |                  |                 |
| <b>Items that will never be reclassified to profit or loss</b>             |             |                  |                 |
| Remeasurements of the net defined benefit liability                        | 14          | (2,910)          | 210             |
| Related income tax                                                         |             | 704              | (51)            |
|                                                                            |             | (2,206)          | 159             |
| <b>Items that are or may be reclassified to profit or loss</b>             |             |                  |                 |
| Net change in fair value of available-for-sale financial assets            | 15          | (494)            | 446             |
| Related income tax                                                         |             | 119              | (108)           |
|                                                                            |             | (375)            | 338             |
| <b>Other comprehensive income (loss) for the period, net of income tax</b> |             | <b>(2,581)</b>   | <b>497</b>      |

|                                                |    |           |          |
|------------------------------------------------|----|-----------|----------|
| <b>Total comprehensive loss for the period</b> |    | (151,573) | (57,137) |
| <b>Loss per share</b>                          |    |           |          |
| Basic loss per share                           | 21 | (416)     | (161)    |
| Diluted loss per share                         | 21 | (416)     | (161)    |

*See accompanying notes to the condensed separate interim financial statements.*

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LG DISPLAY CO., LTD.

**Condensed Separate Interim Statements of Changes in Equity**

(Unaudited)

For the three-month periods ended March 31, 2014 and 2013

| <i>(In millions of won)</i>                                                 | <b>Share<br/>capital</b> | <b>Share<br/>premium</b> | <b>Reserves</b> | <b>Retained<br/>earnings</b> | <b>Total<br/>equity</b> |
|-----------------------------------------------------------------------------|--------------------------|--------------------------|-----------------|------------------------------|-------------------------|
| <b>Balances at January 1, 2013</b>                                          | 1,789,079                | 2,251,113                | (893)           | 5,621,821                    | 9,661,120               |
| <b>Total comprehensive income (loss) for the period</b>                     |                          |                          |                 |                              |                         |
| Loss for the period                                                         |                          |                          |                 | (57,634)                     | (57,634)                |
| <b>Other comprehensive income (loss)</b>                                    |                          |                          |                 |                              |                         |
| Net change in fair value of available-for-sale financial assets, net of tax |                          |                          | 338             |                              | 338                     |
| Remeasurements of the net defined benefit liability, net of tax             |                          |                          |                 | 159                          | 159                     |
| <b>Total other comprehensive income</b>                                     |                          |                          | 338             | 159                          | 497                     |
| <b>Total comprehensive income (loss) for the period</b>                     |                          |                          | 338             | (57,475)                     | (57,137)                |
| <b>Transaction with owners, recognized directly in equity</b>               |                          |                          |                 |                              |                         |
| <b>Balances at March 31, 2013</b>                                           | 1,789,079                | 2,251,113                | (555)           | 5,564,346                    | 9,603,983               |
| <b>Balances at January 1, 2014</b>                                          | 1,789,079                | 2,251,113                | (305)           | 5,722,538                    | 9,762,425               |
| <b>Total comprehensive income (loss) for the period</b>                     |                          |                          |                 |                              |                         |
| Loss for the period                                                         |                          |                          |                 | (148,992)                    | (148,992)               |
| <b>Other comprehensive income (loss)</b>                                    |                          |                          |                 |                              |                         |
| Net change in fair value of available-for-sale financial assets, net of tax |                          |                          | (375)           |                              | (375)                   |
| Remeasurements of the net defined benefit liability, net of tax             |                          |                          |                 | (2,206)                      | (2,206)                 |
| <b>Total other comprehensive loss</b>                                       |                          |                          | (375)           | (2,206)                      | (2,581)                 |
| <b>Total comprehensive loss for the period</b>                              |                          |                          | (375)           | (151,198)                    | (151,573)               |

**Transaction with owners, recognized directly in equity**

|                                   |           |           |       |           |           |
|-----------------------------------|-----------|-----------|-------|-----------|-----------|
| <b>Balances at March 31, 2014</b> | 1,789,079 | 2,251,113 | (680) | 5,571,340 | 9,610,852 |
|-----------------------------------|-----------|-----------|-------|-----------|-----------|

*See accompanying notes to the condensed separate interim financial statements.*

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LG DISPLAY CO., LTD.

**Condensed Separate Interim Statements of Cash Flows**

(Unaudited)

For the three-month periods ended March 31, 2014 and 2013

| <i>(In millions of won)</i>                       | Note | 2014      | 2013      |
|---------------------------------------------------|------|-----------|-----------|
| <b>Cash flows from operating activities:</b>      |      |           |           |
| Loss for the period                               |      | 148,992   | 57,634    |
| <b>Adjustments for:</b>                           |      |           |           |
| Income tax expense                                | 20   | 75,305    | 13,891    |
| Depreciation                                      | 11   | 816,020   | 989,863   |
| Amortization of intangible assets                 | 11   | 55,498    | 66,666    |
| Gain on foreign currency translation              |      | (15,821)  | (82,366)  |
| Loss on foreign currency translation              |      | 33,222    | 160,192   |
| Expenses related to defined benefit plans         | 14   | 64,836    | 39,454    |
| Gain on disposal of property, plant and equipment |      | (7,774)   | (2,700)   |
| Loss on disposal of property, plant and equipment |      | 1,135     | 137       |
| Impairment loss on intangible assets              |      | 286       | 1,157     |
| Finance income                                    |      | (12,259)  | (8,370)   |
| Finance costs                                     |      | 46,943    | 99,155    |
| Other income                                      |      | (7,316)   | (2,653)   |
| Other expenses                                    |      | 50,247    | 43,920    |
|                                                   |      | 1,100,322 | 1,318,346 |
| Change in trade accounts and notes receivable     |      | 472,750   | 547,369   |
| Change in other accounts receivable               |      | (15,054)  | 36,027    |
| Change in other current assets                    |      | (99,641)  | (77,547)  |
| Change in inventories                             |      | (95,179)  | (110,798) |
| Change in other non-current assets                |      | (61,466)  | (12,892)  |
| Change in trade accounts and notes payable        |      | (320,674) | (44,546)  |
| Change in other accounts payable                  |      | (122,925) | (145,442) |
| Change in accrued expenses                        |      | (38,723)  | 18,522    |
| Change in other current liabilities               |      | 14,879    | 7,076     |
| Change in other non-current liabilities           |      | 3,694     |           |
| Change in provisions                              |      | (33,889)  | (56,574)  |
| Change in defined benefit liabilities, net        |      | (783)     | (1,360)   |
|                                                   |      | (297,011) | 159,835   |
| Cash generated from operating activities          |      | 654,319   | 1,420,547 |
| Income taxes paid                                 |      | 10,236    | (1,378)   |
| Interests received                                |      | 4,150     | 7,021     |

|                                                  |                |                  |
|--------------------------------------------------|----------------|------------------|
| Interests paid                                   | (36,817)       | (44,900)         |
| <b>Net cash provided by operating activities</b> | <b>631,888</b> | <b>1,381,290</b> |

*See accompanying notes to the condensed separate interim financial statements.*



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LG DISPLAY CO., LTD.

**Condensed Separate Interim Statements of Cash Flows**

(Unaudited)

For the three-month periods ended March 31, 2014 and 2013

| <i>(In millions of won)</i>                                    | <b>2014</b>      | <b>2013</b>        |
|----------------------------------------------------------------|------------------|--------------------|
| <b>Cash flows from investing activities:</b>                   |                  |                    |
| Dividends received                                             |                  | 300                |
| Proceeds from withdrawal of deposits in banks                  | 231,176          | 100,000            |
| Increase in deposits in banks                                  | (400,000)        | (530,000)          |
| Acquisition of investments                                     | (4,607)          | (121,424)          |
| Proceeds from disposal of investments                          | 3,589            | 1,116              |
| Acquisition of property, plant and equipment                   | (287,858)        | (966,102)          |
| Proceeds from disposal of property, plant and equipment        | 39,744           | 5,453              |
| Acquisition of intangible assets                               | (57,129)         | (48,517)           |
| Government grants received                                     | 2,006            | 956                |
| Acquisition of other non-current financial assets              | (311)            | (674)              |
| Proceeds from disposal of other non-current financial assets   | 2,847            | 10,032             |
| <b>Net cash used in investing activities</b>                   | <b>(470,543)</b> | <b>(1,548,860)</b> |
| <b>Cash flows from financing activities:</b>                   |                  |                    |
| Proceeds from short-term borrowings                            | 1,111,567        | 1,888              |
| Repayments of short-term borrowings                            | (729,045)        | (1,888)            |
| Proceeds from long-term debt                                   |                  | 162,405            |
| Repayments of long-term debt                                   | (503,618)        |                    |
| Proceeds from issuance of debentures                           |                  | 288,820            |
| Repayments of current portion of long-term debt and debentures | (22,360)         | (227,920)          |
| <b>Net cash provided by (used in) financing activities</b>     | <b>(143,456)</b> | <b>223,305</b>     |
| <b>Net increase in cash and cash equivalents</b>               | <b>17,889</b>    | <b>55,735</b>      |
| Cash and cash equivalents at January 1                         | 253,059          | 1,400,566          |
| <b>Cash and cash equivalents at March 31</b>                   | <b>270,948</b>   | <b>1,456,301</b>   |

*See accompanying notes to the condensed separate interim financial statements.*



**Table of Contents****1. Organization and Description of Business**

LG Display Co., Ltd. (the Company) was incorporated in February 1985 under its original name of LG Soft, Ltd. as a wholly owned subsidiary of LG Electronics Inc. In 1998, LG Electronics Inc. and LG Semicon Co., Ltd. transferred their respective Thin Film Transistor-Liquid Crystal Display ( TFT-LCD ) related business to the Company. The main business of the Company is to manufacture and sell TFT-LCD panels. The Company is a stock company ( Jusikhoesa ) domiciled in the Republic of Korea with its address at 128 Yeouidae-ro, Yeongdeungpo-gu, Seoul, the Republic of Korea. In July 1999, LG Electronics Inc. and Koninklijke Philips Electronics N.V. ( Philips ) entered into a joint venture agreement. Pursuant to the agreement, the Company changed its name to LG.Philips LCD Co., Ltd. However, in February 2008, the Company changed its name to LG Display Co., Ltd. considering the decrease of Philips 's share interest in the Company and the possibility of its business expansion to other display products including Organic Light Emitting Diode ( OLED ) and Flexible Display products. As of March 31, 2014, LG Electronics Inc. owns 37.9% (135,625,000 shares) of the Company 's common stock.

As of March 31, 2014, the Company has TFT-LCD manufacturing plants, an OLED manufacturing plant and an Research & Development Center in Paju and TFT-LCD manufacturing plants in Gumi. The Company has overseas subsidiaries located in North America, Europe and Asia.

The Company 's common stock is listed on the Korea Exchange under the identifying code 034220. As of March 31, 2014, there are 357,815,700 shares of common stock outstanding. The Company 's common stock is also listed on the New York Stock Exchange in the form of American Depository Shares ( ADSs ) under the symbol LPL . One ADS represents one-half of one share of common stock. As of March 31, 2014, there are 21,597,254 ADSs outstanding.

**2. Basis of Presenting Financial Statements****(a) Statement of Compliance**

The condensed separate interim financial statements have been prepared in accordance with Korean International Financial Reporting Standards ( K-IFRSs ) No.1034, *Interim Financial Reporting*. They do not include all of the information required for full annual financial statements and should be read in conjunction with the financial statements of the Company as of and for the year ended December 31, 2013.

These condensed interim financial statements are separate interim financial statements prepared in accordance with K-IFRS No.1027, *Separate Financial Statements*, presented by a parent, an investor in an associate or a venturer in a jointly controlled entity, in which the investments are accounted for on the basis of the direct equity interest rather than on the basis of the reported results and net assets of the investees.

The condensed separate interim financial statements were authorized for issuance by the Board of Directors on April 22, 2014.

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2. **Basis of Presenting Financial Statements, Continued**

(b) **Basis of Measurement**

The condensed separate interim financial statements have been prepared on the historical cost basis except for the following material items in the statements of financial position:

available-for-sale financial assets measured at fair value, and

liabilities for defined benefit plans are recognized as the present value of defined benefit obligations less the fair value of plan assets

(c) **Functional and Presentation Currency**

The condensed separate interim financial statements are presented in Korean won, which is the Company's functional currency. All amounts in Korean won are in millions unless otherwise stated.

(d) **Use of Estimates and Judgments**

The preparation of the condensed separate interim financial statements in conformity with K-IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these condensed separate interim financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those applied in its financial statements as of and for the year ended December 31, 2013.

3. **Summary of Significant Accounting Policies**

The significant accounting policies followed by the Company in the preparation of its condensed separate interim financial statements are the same as those followed by the Company in its preparation of the financial statements as of and for the year ended December 31, 2013, except for the application of K-IFRS No. 1034, *Interim Financial Reporting*, and the amended accounting standards explained below:

(a) **Changes to the Significant Accounting Policies**

**Amendment to K-IFRS No. 1032, *Financial Instruments: Presentation***

The Company has applied the amendment to K-IFRS No. 1032, *Financial Instruments: Presentation*, effective January 1, 2014. The amendment improves application guidance of K-IFRS No.1032, *Financial Instruments:*

*Presentation*, to clarify criterion of offsetting financial assets and financial liabilities. There is no impact of applying this amendment on the condensed separate interim financial statements for the three-month period ended March 31, 2014.

**Table of Contents****3. Summary of Significant Accounting Policies, Continued****Amendment to K-IFRS No. 1036, *Impairment of Assets***

The Company has applied the amendment to K-IFRS No. 1036, *Impairment of Assets*, effective January 1, 2014. The amendment improves disclosure guidance of the recoverable amount of cash-generating units to which goodwill or indefinite-lived intangible assets have been allocated. Under the amendments, the recoverable amount is required to be disclosed only when an impairment loss has been recognized or reversed. Furthermore, for consistency purposes, the amendment expands certain disclosure requirements when the recoverable amount of the asset is its fair value less costs of disposal. There is no significant impact of applying this amendment on the condensed separate interim financial statements for the three-month period ended March 31, 2014.

**4. Financial Risk Management**

The objectives and policies on financial risk management followed by the Company are consistent with those disclosed in the financial statements as of and for the year ended December 31, 2013.

**5. Inventories**

Inventories as of March 31, 2014 and December 31, 2013 are as follows:

| <i>(In millions of won)</i> | <b>March 31, 2014</b> | <b>December 31, 2013</b> |
|-----------------------------|-----------------------|--------------------------|
| Finished goods              | 514,891               | 487,990                  |
| Work-in-process             | 595,023               | 570,008                  |
| Raw materials               | 254,253               | 240,439                  |
| Supplies                    | 317,654               | 288,205                  |
|                             | <b>1,681,821</b>      | <b>1,586,642</b>         |

For the three-month periods ended March 31, 2014 and 2013, the amount of inventories recognized as cost of sales, inventory write-downs and reversal and usage of inventory write-downs included in cost of sales is as follows:

| <i>(In millions of won)</i>                            | <b>2014</b> | <b>2013</b> |
|--------------------------------------------------------|-------------|-------------|
| Inventories recognized as cost of sales                | 5,059,797   | 6,019,364   |
| Including: inventory write-downs                       | 223,155     | 159,377     |
| Including: reversal and usage of inventory write-downs | (189,312)   | (118,903)   |

**Table of Contents**6. Investments

(a) Investments in subsidiaries consist of the following:

| <i>(In millions of won)</i> | Subsidiaries                               | Location          | Business                                    | March 31, 2014          |            | December 31, 2013       |            |
|-----------------------------|--------------------------------------------|-------------------|---------------------------------------------|-------------------------|------------|-------------------------|------------|
|                             |                                            |                   |                                             | Percentage of ownership | Book value | Percentage of ownership | Book Value |
|                             | LG Display America, Inc.                   | San Jose, U.S.A.  | Sell TFT-LCD products                       | 100%                    |            | 100%                    |            |
|                             | LG Display Germany GmbH                    | Ratingen, Germany | Sell TFT-LCD products                       | 100%                    | 19,373     | 100%                    | 19,373     |
|                             | LG Display Japan Co., Ltd.                 | Tokyo, Japan      | Sell TFT-LCD products                       | 100%                    | 15,686     | 100%                    | 15,686     |
|                             | LG Display Taiwan Co., Ltd.                | Taipei, Taiwan    | Sell TFT-LCD products                       | 100%                    | 35,230     | 100%                    | 35,230     |
|                             | LG Display Nanjing Co., Ltd.               | Nanjing, China    | Manufacture and sell TFT-LCD products       | 100%                    | 561,635    | 100%                    | 561,635    |
|                             | LG Display Shanghai Co., Ltd.              | Shanghai, China   | Sell TFT-LCD products                       | 100%                    | 9,093      | 100%                    | 9,093      |
|                             | LG Display Poland Sp. z o.o.               | Wroclaw, Poland   | Manufacture and sell TFT-LCD products       | 80%                     | 157,864    | 80%                     | 157,864    |
|                             | LG Display Guangzhou Co., Ltd.             | Guangzhou, China  | Manufacture and sell TFT-LCD products       | 100%                    | 174,157    | 100%                    | 174,157    |
|                             | LG Display Shenzhen Co., Ltd.              | Shenzhen, China   | Sell TFT-LCD products                       | 100%                    | 3,467      | 100%                    | 3,467      |
|                             | LG Display Singapore Pte. Ltd.             | Singapore         | Sell TFT-LCD products                       | 100%                    | 1,250      | 100%                    | 1,250      |
|                             | L&T Display Technology (Xiamen) Limited    | Xiamen, China     | Manufacture LCD module and LCD TV sets      | 51%                     |            | 51%                     |            |
|                             | L&T Display Technology (Fujian) Limited    | Fujian, China     | Manufacture LCD module and LCD monitor sets | 51%                     | 10,123     | 51%                     | 10,123     |
|                             | LG Display Yantai Co., Ltd.                | Yantai, China     | Manufacture and sell TFT-LCD products       | 100%                    | 88,488     | 100%                    | 88,488     |
|                             | LUCOM Display Technology (Kunshan) Limited | Kunshan, China    | Manufacture notebook borderless             | 51%                     | 8,594      | 51%                     | 8,594      |

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|                                      |                    |                                                         |      |         |      |         |
|--------------------------------------|--------------------|---------------------------------------------------------|------|---------|------|---------|
| LG Display U.S.A.,<br>Inc.           | McAllen, U.S.A.    | hinge-up<br>Manufacture and<br>sell TFT-LCD<br>products | 100% | 12,353  | 100% | 12,353  |
| LG Display Reynosa<br>S.A.de C.V.    | Reynosa,<br>Mexico | Manufacture<br>TFT-LCD<br>products                      | 1%   | 92      | 1%   | 92      |
| Nanumnuri Co., Ltd.                  | Gumi, South Korea  | Janitorial services                                     | 100% | 800     | 100% | 800     |
| LG Display (China)<br>Co., Ltd. (*1) | Guangzhou,China    | Manufacture and<br>sell TFT-LCD<br>products             | 56%  | 367,728 | 64%  | 367,728 |



**Table of Contents**6. Investments, Continued

(In millions of won)

| Subsidiaries                            | Location           | Business                     | March 31, 2014          |            | December 31, 2013       |            |
|-----------------------------------------|--------------------|------------------------------|-------------------------|------------|-------------------------|------------|
|                                         |                    |                              | Percentage of ownership | Book value | Percentage of ownership | Book value |
| Unified Innovative Technology, LLC (*2) | Wilmington, U.S.A. | Manage intellectual property | 100%                    | 4,283      |                         |            |
|                                         |                    |                              |                         | 1,470,216  |                         | 1,465,933  |

(\*1) In January 2014, LG Display Guangzhou Co., Ltd. ( LGDGZ ) contributed 57,961 million in cash for the capital increase of LG Display (China) Co., Ltd. ( LGDCA ). The Company's ownership percentage in LGDCA decreased from 64% to 56% and LGDGZ's ownership percentage in LGDCA increased from 6% to 14%, respectively, as of December 31, 2013 to March 31, 2014.

(\*2) In March 2014, the Company established Unified Innovative Technology, LLC, a wholly owned subsidiary of the Company, founded for the management of intellectual property, with an investment of 4,283 million.

(b) Investments in joint ventures and associates consist of the following:

(In millions of won)

| Associates and Joint Ventures     | Location              | Business                                          | March 31, 2014          |            | December 31, 2013       |            |
|-----------------------------------|-----------------------|---------------------------------------------------|-------------------------|------------|-------------------------|------------|
|                                   |                       |                                                   | Percentage of ownership | Book Value | Percentage of ownership | Book value |
| Suzhou Raken Technology Co., Ltd. | Suzhou, China         | Manufacture and sell LCD modules and LCD TV sets  | 51%                     | 120,184    | 51%                     | 120,184    |
| Global OLED Technology, LLC       | Herndon, U.S.A.       | Managing and licensing OLED patents               | 33%                     | 53,282     | 33%                     | 53,282     |
| Paju Electric Glass Co., Ltd.     | Paju, South Korea     | Manufacture electric glass for FPDs               | 40%                     | 45,089     | 40%                     | 45,089     |
| TLI Inc.                          | Seongnam, South Korea | Manufacture and sell semiconductor parts for FPDs | 10%                     | 6,961      | 10%                     | 6,961      |

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|                                       |             |                                                                               |     |        |     |        |
|---------------------------------------|-------------|-------------------------------------------------------------------------------|-----|--------|-----|--------|
| AVACO Co., Ltd.                       | Daegu,      | Manufacture and sell equipment for FPDs                                       | 16% | 6,021  | 16% | 6,021  |
|                                       | South Korea |                                                                               |     |        |     |        |
| New Optics Ltd.                       | Yangju,     | Manufacture back light parts for TFT-LCDs                                     | 46% | 14,221 | 46% | 14,221 |
|                                       | South Korea |                                                                               |     |        |     |        |
| LIG ADP Co., Ltd.                     | Seongnam,   | Develop and manufacture equipment for FPDs                                    | 13% | 6,330  | 13% | 6,330  |
|                                       | South Korea |                                                                               |     |        |     |        |
| WooRee E&L Co., Ltd                   | Ansan,      | Manufacture LED back light unit packages                                      | 21% | 11,900 | 21% | 11,900 |
|                                       | South Korea |                                                                               |     |        |     |        |
| LB Gemini New Growth Fund No. 16 (*1) | Seoul,      | Invest in small and middle sized companies and benefit from M&A opportunities | 31% | 19,307 | 31% | 20,939 |
|                                       | South Korea |                                                                               |     |        |     |        |

**Table of Contents**6. Investments, Continued*(In millions of won)*

| Associates and<br>Joint Ventures                    | Location               | Business                                                        | March 31, 2014                |               | December 31,<br>2013          |               |
|-----------------------------------------------------|------------------------|-----------------------------------------------------------------|-------------------------------|---------------|-------------------------------|---------------|
|                                                     |                        |                                                                 | Percentage<br>of<br>ownership | Book<br>Value | Percentage<br>of<br>ownership | Book<br>value |
| Can Yang Investments<br>Limited                     | Hong Kong              | Develop, manufacture<br>and sell LED parts                      | 9%                            | 17,516        | 9%                            | 17,516        |
| YAS Co., Ltd.                                       | Paju,<br>South Korea   | Develop and<br>manufacture<br>deposition equipment<br>for OLEDs | 19%                           | 10,000        | 19%                           | 10,000        |
| Eralite Optoelectronics<br>(Jiangsu) Co., Ltd. (*2) | Suzhou,<br>China       | Manufacture LED<br>Packages                                     |                               |               | 20%                           | 1,830         |
| Narenanotech<br>Corporation                         | Yongin,<br>South Korea | Manufacture and sell<br>FPD manufacturing<br>equipment          | 23%                           | 30,000        | 23%                           | 30,000        |
| AVATEC Co., Ltd.                                    | Daegu,<br>South Korea  | Process and sell glass<br>for FPDs                              | 16%                           | 10,600        | 16%                           | 10,600        |
| Glonix Co., Ltd.                                    | Gimhae,<br>South Korea | Manufacture and sell<br>LCD                                     | 20%                           |               | 20%                           |               |
|                                                     |                        |                                                                 |                               | 351,411       | 354,873                       |               |

(\*1) The Company is a member of a limited partnership in the LB Gemini New Growth Fund No.16 ( the Fund ). In January and March 2014, the Company received 1,035 million and 921 million, respectively, from the Fund as a capital distribution and made an additional cash investment of 324 million in the Fund in March 2014. There were no changes in the Company's ownership percentage in the Fund and the Company is committed to making future investments of up to an aggregate of 30,000 million.

(\*2) In March 2014, the Company disposed of investments in Eralite Optoelectronics (Jiangsu) Co., Ltd., acquired for manufacturing LED Package, for 1,633 million and recognized 197 million for the difference between the amount received and the carrying amount as finance cost.

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**7. Property, Plant and Equipment**

For the three-month periods ended March 31, 2014 and 2013, the Company purchased property, plant and equipment of 348,708 million and 444,633 million, respectively. The capitalized borrowing costs and the annualized capitalization rate were 5,671 million and 4.46%, and 2,484 million and 4.81% for the three-month periods ended March 31, 2014 and 2013, respectively. Also, for the three-month periods ended March 31, 2014 and 2013, the Company disposed of property, plant and equipment with carrying amounts of 33,105 million and 2,890 million, respectively, and recognized 7,774 million and 1,135 million, respectively, as gain and loss on disposal of property, plant and equipment for the three-month period ended March 31, 2014 (gain and loss for the three-month period ended on March 31, 2013: 2,700 million and 137 million, respectively).

**8. Intangible Assets**

The Company capitalizes expenditures related to development activities, such as expenditures incurred on designing, manufacturing and testing of products that are ultimately selected for production. The balances of capitalized development costs as of March 31, 2014 and December 31, 2013, are 163,874 million and 163,243 million, respectively.

**Table of Contents**9. Financial Instruments

## (a) Credit risk

## (i) Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk as of March 31, 2014 and December 31, 2013 is as follows:

*(In millions of won)*

|                                          | <b>March 31, 2014</b> | <b>December 31, 2013</b> |
|------------------------------------------|-----------------------|--------------------------|
| Cash and cash equivalents                | 270,948               | 253,059                  |
| Deposits in banks                        | 1,470,000             | 1,301,176                |
| Trade accounts and notes receivable, net | 2,957,569             | 3,543,193                |
| Other accounts receivable, net           | 82,631                | 59,806                   |
| Available-for-sale financial assets      | 2,846                 | 2,838                    |
| Deposits                                 | 12,754                | 15,282                   |
| Other non-current financial assets       | 9,357                 | 8,831                    |
|                                          | 4,806,105             | 5,184,185                |

In addition to the financial assets above, as of March 31, 2014 and December 31, 2013, the Company provides payment guarantees of 7,482 million and 7,387 million, respectively, for its subsidiaries.

The maximum exposure to credit risk for trade accounts and notes receivable as of March 31, 2014 and December 31, 2013 by geographic region was as follows:

*(In millions of won)*

|                     | <b>March 31, 2014</b> | <b>December 31, 2013</b> |
|---------------------|-----------------------|--------------------------|
| Domestic            | 290,380               | 264,703                  |
| Euro-zone countries | 175,139               | 286,445                  |
| Japan               | 182,583               | 116,994                  |
| United States       | 1,034,276             | 1,236,652                |
| China               | 808,231               | 987,746                  |
| Taiwan              | 301,460               | 422,461                  |
| Others              | 165,500               | 228,192                  |
|                     | 2,957,569             | 3,543,193                |

**Table of Contents**9. Financial Instruments, Continued

## (ii) Impairment loss

The aging of trade accounts and notes receivable as of March 31, 2014 and December 31, 2013 was as follows:

| <i>(In millions of won)</i> | <b>March 31, 2014</b> |                        | <b>December 31, 2013</b> |                        |
|-----------------------------|-----------------------|------------------------|--------------------------|------------------------|
|                             | <b>Book value</b>     | <b>Impairment loss</b> | <b>Book value</b>        | <b>Impairment loss</b> |
| Not past due                | 2,942,330             | (7)                    | 3,551,096                | (9,890)                |
| Past due 1-15 days          | 2,220                 | (1)                    | 1,650                    | (4)                    |
| Past due 16-30 days         | 2,315                 |                        | 112                      | (1)                    |
| Past due 31-60 days         | 61                    | (2)                    | 53                       | (1)                    |
| Past due more than 60 days  | 20,342                | (9,689)                | 180                      | (2)                    |
|                             | 2,967,268             | (9,699)                | 3,553,091                | (9,898)                |

The movement in the allowance for impairment in respect of receivables during the three-month period ended March 31, 2014 and the year ended December 31, 2013 are as follows:

| <i>(In millions of won)</i>            | <b>2014</b> | <b>2013</b> |
|----------------------------------------|-------------|-------------|
| Balance at the beginning of the period | 9,898       | 243         |
| (Reversal of) Bad debt expense         | (199)       | 9,655       |
| Balance at the reporting date          | 9,699       | 9,898       |

**Table of Contents**9. Financial Instruments, Continued

## (b) Liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments, as of March 31, 2014.

(In millions of won)

|                                                 | Carrying<br>amount | Total     | Contractual cash flows |                |           |           |                      |
|-------------------------------------------------|--------------------|-----------|------------------------|----------------|-----------|-----------|----------------------|
|                                                 |                    |           | 6 months<br>or less    | 6-12<br>months | 1-2 years | 2-5 years | More than<br>5 years |
| <b>Non-derivative<br/>financial liabilities</b> |                    |           |                        |                |           |           |                      |
| Secured bank loan                               | 26,720             | 27,007    | 27,007                 |                |           |           |                      |
| Unsecured bank loans                            | 1,093,264          | 1,113,657 | 428,794                | 204,843        | 260,134   | 218,761   | 1,125                |
| Unsecured bond issues                           | 2,635,097          | 2,851,247 | 353,115                | 385,371        | 1,089,844 | 1,022,917 |                      |
| Trade accounts and<br>notes payables            | 3,156,029          | 3,156,029 | 3,156,029              |                |           |           |                      |
| Other accounts payable                          | 1,050,296          | 1,050,375 | 1,027,675              | 22,700         |           |           |                      |
| Other non-current<br>liabilities                | 32,394             | 33,408    |                        |                | 25,360    | 8,048     |                      |
| Payment guarantee                               |                    | 7,482     | 7,482                  |                |           |           |                      |
|                                                 | 7,993,800          | 8,239,205 | 5,000,102              | 612,914        | 1,375,338 | 1,249,726 | 1,125                |

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

**Table of Contents**9. Financial Instruments, Continued

## (c) Currency risk

## (i) Exposure to currency risk

The Company's exposure to foreign currency risk based on notional amounts as of March 31, 2014 and December 31, 2013 is as follows:

*(In millions)*

|                                                | <b>March 31, 2014</b> |                 |             |             |            |
|------------------------------------------------|-----------------------|-----------------|-------------|-------------|------------|
|                                                | <b>USD</b>            | <b>JPY</b>      | <b>CNY</b>  | <b>PLN</b>  | <b>EUR</b> |
| Cash and cash equivalents                      | 30                    | 1,017           |             | 1           | 17         |
| Trade accounts and notes receivable            | 2,494                 | 7,390           |             |             | 16         |
| Other accounts receivable                      | 17                    | 24              |             |             |            |
| Long-term other accounts receivable            | 9                     |                 |             |             |            |
| Other assets denominated in foreign currencies |                       | 51              |             |             |            |
| Trade accounts and notes payable               | (1,937)               | (25,953)        |             |             |            |
| Other accounts payable                         | (97)                  | (2,884)         | (91)        | (19)        | (1)        |
| Debt                                           | (1,038)               |                 |             |             |            |
| <b>Net exposure</b>                            | <b>(522)</b>          | <b>(20,355)</b> | <b>(91)</b> | <b>(18)</b> | <b>32</b>  |

*(In millions)*

|                                                | <b>December 31, 2013</b> |                 |            |            |
|------------------------------------------------|--------------------------|-----------------|------------|------------|
|                                                | <b>USD</b>               | <b>JPY</b>      | <b>PLN</b> | <b>EUR</b> |
| Cash and cash equivalents                      | 199                      | 1,927           | 1          | 4          |
| Deposits in banks                              |                          |                 |            | 20         |
| Trade accounts and notes receivable            | 3,091                    | 6,390           |            | 19         |
| Other accounts receivable                      | 7                        |                 |            |            |
| Long-term other accounts receivable            | 8                        |                 |            |            |
| Other assets denominated in foreign currencies |                          | 51              |            |            |
| Trade accounts and notes payable               | (2,703)                  | (24,532)        |            |            |
| Other accounts payable                         | (153)                    | (3,210)         |            | (6)        |
| Debt                                           | (700)                    |                 |            |            |
| <b>Net exposure</b>                            | <b>(251)</b>             | <b>(19,374)</b> | <b>1</b>   | <b>37</b>  |



**Table of Contents**9. Financial Instruments, Continued

Average exchange rates applied for the three-month periods ended March 31, 2014 and 2013 and the exchange rates at March 31, 2014 and December 31, 2013 are as follows:

| <i>(In won)</i> | Average rate |          | Reporting date spot rate |                   |
|-----------------|--------------|----------|--------------------------|-------------------|
|                 | 2014         | 2013     | March 31, 2014           | December 31, 2013 |
| USD             | 1,069.00     | 1,084.24 | 1,068.80                 | 1,055.30          |
| JPY             | 10.39        | 11.76    | 10.39                    | 10.05             |
| CNY             | 175.39       | 174.21   | 172.30                   | 174.09            |
| PLN             | 350.33       | 344.63   | 352.27                   | 351.11            |
| EUR             | 1,465.08     | 1,431.21 | 1,469.39                 | 1,456.26          |

## (ii) Sensitivity analysis

A weaker won, as indicated below, against the following currencies which comprise the Company's assets or liabilities denominated in foreign currency as of March 31, 2014 and December 31, 2013, would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Company considers to be reasonably possible as of the end of reporting period. The analysis assumes that all other variables, in particular interest rates, would remain constant. The changes in equity and profit or loss would have been as follows:

| <i>(In millions of won)</i> | March 31, 2014 |                | December 31, 2013 |                |
|-----------------------------|----------------|----------------|-------------------|----------------|
|                             | Equity         | Profit or loss | Equity            | Profit or loss |
| USD (5 percent weakening)   | (21,169)       | (21,169)       | (10,039)          | (10,039)       |
| JPY (5 percent weakening)   | (8,013)        | (8,013)        | (7,377)           | (7,377)        |
| CNY (5 percent weakening)   | (594)          | (594)          |                   |                |
| PLN (5 percent weakening)   | (240)          | (240)          | 13                | 13             |
| EUR (5 percent weakening)   | 1,782          | 1,782          | 2,042             | 2,042          |

A stronger won against the above currencies as of March 31, 2014 and December 31, 2013 would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

**Table of Contents**9. Financial Instruments, Continued

## (d) Interest rate risk

## (i) Profile

The interest rate profile of the Company's interest-bearing financial instruments as of March 31, 2014 and December 31, 2013 is as follows:

*(In millions of won)*

|                                  | March 31, 2014 | December 31, 2013 |
|----------------------------------|----------------|-------------------|
| <b>Fixed rate instruments</b>    |                |                   |
| Financial assets                 | 1,743,794      | 1,557,073         |
| Financial liabilities            | (2,639,447)    | (3,135,500)       |
|                                  | (895,653)      | (1,578,427)       |
| <b>Variable rate instruments</b> |                |                   |
| Financial liabilities            | (1,115,634)    | (746,189)         |

## (ii) Equity and profit or loss sensitivity analysis for variable rate instruments

As of March 31, 2014 and December 31, 2013, a change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below for each 12-month period following the reporting dates. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

*(In millions of won)*

|                           | Equity          |                 | Profit or loss  |                 |
|---------------------------|-----------------|-----------------|-----------------|-----------------|
|                           | 1%p<br>increase | 1%p<br>decrease | 1%p<br>increase | 1%p<br>decrease |
| <b>March 31, 2014</b>     |                 |                 |                 |                 |
| Variable rate instruments | (5,557)         | 5,557           | (5,557)         | 5,557           |
| <b>December 31, 2013</b>  |                 |                 |                 |                 |
| Variable rate instruments | (5,656)         | 5,656           | (5,656)         | 5,656           |

**Table of Contents**9. Financial Instruments, Continued

## (e) Fair values

## (i) Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the condensed separate interim statements of financial position, are as follows:

| <i>(In millions of won)</i>                  | <b>March 31, 2014</b>       |                        | <b>December 31, 2013</b>    |                        |
|----------------------------------------------|-----------------------------|------------------------|-----------------------------|------------------------|
|                                              | <b>Carrying<br/>amounts</b> | <b>Fair<br/>values</b> | <b>Carrying<br/>amounts</b> | <b>Fair<br/>values</b> |
| <b>Assets carried at fair value</b>          |                             |                        |                             |                        |
| Available-for-sale financial assets (*)      | 13,632                      | 13,632                 | 14,119                      | 14,119                 |
| <b>Assets carried at amortized cost</b>      |                             |                        |                             |                        |
| Cash and cash equivalents                    | 270,948                     | 270,948                | 253,059                     | 253,059                |
| Deposits in banks                            | 1,470,000                   | 1,470,000              | 1,301,176                   | 1,301,176              |
| Trade accounts and notes receivable          | 2,957,569                   | 2,957,569              | 3,543,193                   | 3,543,193              |
| Other accounts receivable                    | 82,631                      | 82,631                 | 59,806                      | 59,806                 |
| Deposits                                     | 12,754                      | 12,754                 | 15,282                      | 15,282                 |
| Other non-current financial assets           | 9,357                       | 9,357                  | 8,831                       | 8,831                  |
|                                              | 4,803,259                   | 4,803,259              | 5,181,347                   | 5,181,347              |
| <b>Liabilities carried at amortized cost</b> |                             |                        |                             |                        |
| Secured bank loans                           | 26,720                      | 26,720                 | 26,383                      | 26,383                 |
| Unsecured bank loans                         | 1,093,264                   | 1,093,187              | 1,220,891                   | 1,245,426              |
| Unsecured bond issues                        | 2,635,097                   | 2,695,100              | 2,634,415                   | 2,689,697              |
| Trade accounts and notes payable             | 3,156,029                   | 3,156,029              | 3,482,120                   | 3,482,120              |
| Other accounts payable                       | 1,050,296                   | 1,049,718              | 1,011,012                   | 1,011,067              |
| Other non-current liabilities                | 32,394                      | 31,828                 | 9,850                       | 9,930                  |
|                                              | 7,993,800                   | 8,052,582              | 8,384,671                   | 8,464,623              |

(\*) Investments in equity instruments that do not have a quoted price in an active market, and whose fair value cannot be reliably measured are measured at cost and excluded from the disclosure of fair value.

The basis for determining fair values above by the Company are consistent with those disclosed in the financial statements as of and for the year ended December 31, 2013.

## (ii) Financial Instruments measured at cost

Available-for-sale financial assets measured at cost as of March 31, 2014 are as follows:

*(In millions of won)*

|                                  | <b>March 31, 2014</b> | <b>December 31, 2013</b> |
|----------------------------------|-----------------------|--------------------------|
| Intellectual Discovery Co., Ltd. | 2,673                 | 2,673                    |

**Table of Contents**9. Financial Instruments, Continued

## (iii) Interest rates used for determining fair value

The significant interest rates applied for determination of the above fair value at the reporting date are as follows:

|                                  | <b>March 31, 2014</b> | <b>December 31, 2013</b> |
|----------------------------------|-----------------------|--------------------------|
| Debentures, loans and borrowings | 2.70%~3.53%           | 2.81%~3.84%              |

## (iv) Fair value hierarchy

The table below analyzes financial instruments carried at fair value based on the input variables used in the valuation method to measure fair value of assets and liabilities. The different levels have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: inputs for the asset or liability that are not based on observable market data

The financial instruments carried at fair value as of March 31, 2014 and December 31, 2013 are as follows:

| <i>(In millions of won)</i>         | <b>Level 1</b> | <b>Level 2</b> | <b>Level 3</b> | <b>Total</b> |
|-------------------------------------|----------------|----------------|----------------|--------------|
| <b>March 31, 2014</b>               |                |                |                |              |
| <b>Assets</b>                       |                |                |                |              |
| Available-for-sale financial assets | 13,632         |                |                | 13,632       |
| <i>(In millions of won)</i>         | <b>Level 1</b> | <b>Level 2</b> | <b>Level 3</b> | <b>Total</b> |
| <b>December 31, 2013</b>            |                |                |                |              |
| <b>Assets</b>                       |                |                |                |              |
| Available-for-sale financial assets | 14,119         |                |                | 14,119       |

**Table of Contents**9. Financial Instruments, Continued

## (f) Capital management

Management's policy is to maintain a capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Liabilities to equity ratio, net borrowings to equity ratio and other financial ratios are used by management to achieve an optimal capital structure. Management also monitors the return on capital as well as the level of dividends to ordinary shareholders. Equity, defined by K-IFRS, is identical to the definition of capital, managed by management.

(In millions of won)

|                                     | <b>March 31, 2014</b> | <b>December 31, 2013</b> |
|-------------------------------------|-----------------------|--------------------------|
| Total liabilities                   | 10,311,603            | 10,882,168               |
| Total equity                        | 9,610,852             | 9,762,425                |
| Cash and deposits in banks (*1)     | 1,740,948             | 1,554,235                |
| Borrowings (including bonds)        | 3,755,081             | 3,881,689                |
| Total liabilities to equity ratio   | 107%                  | 111%                     |
| Net borrowings to equity ratio (*2) | 21%                   | 24%                      |

(\*1) Cash and deposits in banks consist of cash and cash equivalents and deposits in banks.

(\*2) Net borrowings to equity ratio is calculated by dividing total equity with borrowings (including bonds) less cash and deposits in banks.

## (g) Transfers of financial assets

Details of transferred financial assets as of March 31, 2014 that are not derecognized are as follows:

| (In millions of won)   | <b>Trade accounts and notes receivable</b> |            |
|------------------------|--------------------------------------------|------------|
|                        | Carrying amount                            | Fair value |
| Assets                 | 382,522                                    | 382,522    |
| Associated liabilities | (382,522)                                  | (382,522)  |

The transferred financial assets, which are outstanding accounts receivable from the Company's subsidiaries in relation to the Company's export sales to its subsidiaries, are not derecognized since the Company bears the obligation to pay the scheduled cash flows of the financial assets to financial institutions unless the financial institutions collect the cash flows from the financial assets due.

**Table of Contents**10. Financial Liabilities

(a) Financial liabilities as of March 31, 2014 and December 31, 2013 are as follows:

*(In millions of won)*

|                                         | March 31, 2014 | December 31, 2013 |
|-----------------------------------------|----------------|-------------------|
| <b>Current</b>                          |                |                   |
| Short-term borrowings                   | 382,522        |                   |
| Current portion of long-term debt       | 905,956        | 886,852           |
|                                         | 1,288,478      | 886,852           |
| <b>Non-current</b>                      |                |                   |
| Won denominated borrowings              | 6,323          | 503,968           |
| Foreign currency denominated borrowings | 464,928        | 495,991           |
| Bonds                                   | 1,995,352      | 1,994,878         |
|                                         | 2,466,603      | 2,994,837         |

(b) Short-term borrowings as of March 31, 2014 and December 31, 2013 are as follows:

*(In millions of won and USD)*

| Lender                                | Annual interest rate<br>as of March 31, 2014 (%) | March 31,<br>2014 | December 31,<br>2013 |
|---------------------------------------|--------------------------------------------------|-------------------|----------------------|
| Korea Exchange Bank and<br>others (*) | 0.48~0.65                                        | 382,522           |                      |
| Foreign currency equivalent           |                                                  | USD 358           |                      |
|                                       |                                                  | 382,522           |                      |

(\*) The Company accounts for proceeds from sale of accounts receivables, which arose from export sales to the Company's subsidiaries, to financial institutions as short term borrowings as the sale did not meet derecognition criteria. The Company recognized 763 million as interest expense in relation to the above short-term borrowings during the three-month period ended March 31, 2014.

**Table of Contents**10. Financial Liabilities

(c) Long-term debt as of March 31, 2014 and December 31, 2013 is as follows:

*(In millions of won, USD)*

| <b>Lender</b>                                                  | <b>Annual interest rate as of March 31, 2014 (%)</b> <sup>(*)</sup> | <b>March 31, 2014</b> | <b>December 31, 2013</b> |
|----------------------------------------------------------------|---------------------------------------------------------------------|-----------------------|--------------------------|
| <b>Won denominated long-term debt</b>                          |                                                                     |                       |                          |
| Shinhan Bank and others                                        | 3-year Korean Treasury Bond rate less 1.25, 2.75                    | 10,678                | 11,932                   |
| Korea Development Bank and others                              |                                                                     |                       | 496,632                  |
| Less current portion of long-term debt                         |                                                                     | (4,355)               | (4,596)                  |
|                                                                |                                                                     | 6,323                 | 503,968                  |
| <b>Long-term debt denominated in currencies other than won</b> |                                                                     |                       |                          |
| Kookmin Bank and others                                        | 3ML+0.90~1.90,<br>6ML+1.78                                          | 726,784               | 738,710                  |
| Foreign currency equivalent                                    |                                                                     | USD 680               | USD 700                  |
| Less current portion of long-term debt                         |                                                                     | (261,856)             | (242,719)                |
|                                                                |                                                                     | 464,928               | 495,991                  |

(\*) ML represents Month LIBOR (London Inter-Bank Offered Rates).

(d) Details of bonds issued and outstanding as of March 31, 2014 and December 31, 2013 are as follows:

*(In millions of won)*

| <b>Maturity</b> | <b>Annual interest rate as of March 31, 2014 (%)</b> | <b>March 31, 2014</b> | <b>December 31, 2013</b> |
|-----------------|------------------------------------------------------|-----------------------|--------------------------|
|-----------------|------------------------------------------------------|-----------------------|--------------------------|



| <b>Won denominated bonds(*)</b> |             |           |           |           |
|---------------------------------|-------------|-----------|-----------|-----------|
| Publicly issued bonds           | April 2014~ |           |           |           |
|                                 | November    |           |           |           |
|                                 | 2018        | 2.90~5.89 | 2,640,000 | 2,640,000 |
| Less discount on bonds          |             |           | (4,903)   | (5,585)   |
| Less current portion            |             |           | (639,745) | (639,537) |
|                                 |             |           | 1,995,352 | 1,994,878 |

(\*) Principal of the won denominated bonds is to be repaid at maturity and interests are paid quarterly in arrears.

**Table of Contents****11. The Nature of Expenses and Others**

The classification of expenses by nature for the three-month periods ended March 31, 2014 and 2013 are as follows:

*(In millions of won)*

|                                                    | <b>2014</b>      | <b>2013</b>      |
|----------------------------------------------------|------------------|------------------|
| Changes in inventories                             | (95,179)         | (110,798)        |
| Purchases of raw materials, merchandise and others | 2,383,626        | 3,226,824        |
| Depreciation and amortization                      | 871,518          | 1,056,529        |
| Outsourcing fees                                   | 894,018          | 941,699          |
| Labor costs                                        | 643,396          | 568,780          |
| Supplies and others                                | 210,053          | 198,970          |
| Utility                                            | 177,656          | 175,073          |
| Fees and commissions                               | 89,836           | 101,320          |
| Shipping costs                                     | 32,194           | 76,010           |
| Advertising                                        | 26,570           | 16,039           |
| After-sale service expenses                        | 16,610           | 18,641           |
| Taxes and dues                                     | 12,223           | 11,641           |
| Travel                                             | 12,587           | 10,558           |
| Others                                             | 299,056          | 236,685          |
|                                                    | <b>5,574,164</b> | <b>6,527,971</b> |

Total expenses consist of cost of sales, selling, administrative, research and development expenses and other non-operating expenses, excluding foreign exchange differences.

Certain expenses for the three-month period ended March 31, 2013 were reclassified to conform to the classification for the three-month period ended March 31, 2014.

**Table of Contents****12. Selling and Administrative Expenses**

Details of selling and administrative expenses for the three-month periods ended March 31, 2014 and 2013 are as follows:

*(In millions of won)*

|                                           | <b>2014</b>    | <b>2013</b>    |
|-------------------------------------------|----------------|----------------|
| Salaries                                  | 42,017         | 38,005         |
| Expenses related to defined benefit plans | 8,962          | 5,368          |
| Other employee benefits                   | 9,694          | 8,575          |
| Shipping costs                            | 22,090         | 56,275         |
| Fees and commissions                      | 26,260         | 41,903         |
| Depreciation                              | 18,914         | 20,735         |
| Taxes and dues                            | 623            | 610            |
| Advertising                               | 26,570         | 16,039         |
| After-sale service                        | 16,610         | 18,641         |
| Rent                                      | 2,229          | 2,593          |
| Insurance                                 | 1,518          | 1,739          |
| Travel                                    | 4,085          | 3,020          |
| Training                                  | 1,799          | 3,298          |
| Others                                    | 6,337          | 6,977          |
|                                           | <b>187,708</b> | <b>223,778</b> |

**Table of Contents**13. Other Non-operating Income and Other Non-operating Expenses

- (a) Details of other non-operating income for the three-month periods ended March 31, 2014 and 2013 are as follows:

*(In millions of won)*

|                                                   | <b>2014</b> | <b>2013</b> |
|---------------------------------------------------|-------------|-------------|
| Rental income                                     | 925         | 1,083       |
| Foreign currency gain                             | 117,844     | 280,360     |
| Gain on disposal of property, plant and equipment | 7,774       | 2,700       |
| Commission earned                                 |             | 651         |
| Others                                            | 7,400       | 2,689       |
|                                                   | 133,943     | 287,483     |

- (b) Details of other non-operating expenses for the three-month periods ended March 31, 2014 and 2013 are as follows:

*(In millions of won)*

|                                                            | <b>2014</b> | <b>2013</b> |
|------------------------------------------------------------|-------------|-------------|
| Other bad debt expense                                     | 569         | 25          |
| Foreign currency loss                                      | 133,723     | 284,631     |
| Loss on disposal of property, plant and equipment          | 1,135       | 137         |
| Impairment loss on intangible assets                       | 286         | 1,157       |
| Donations                                                  | 3,319       | 1,370       |
| Expenses related to legal proceedings or claims and others | 33,034      | 25,335      |
|                                                            | 172,066     | 312,655     |

**Table of Contents****14. Employee Benefits**

The Company's defined benefit plans provide a lump-sum payment to an employee based on final salary rates and length of service at the time the employee leaves the Company.

- (a) Recognized liabilities for defined benefit plans as of March 31, 2014 and December 31, 2013 are as follows:

| <i>(In millions of won)</i>                                   | <b>March 31, 2014</b> | <b>December 31, 2013</b> |
|---------------------------------------------------------------|-----------------------|--------------------------|
| Present value of partially funded defined benefit obligations | 866,222               | 807,347                  |
| Fair value of plan assets                                     | (480,563)             | (488,651)                |
|                                                               | <b>385,659</b>        | <b>318,696</b>           |

- (b) Expenses recognized in profit or loss for the three-month periods ended March 31, 2014 and 2013 are as follows:

| <i>(In millions of won)</i> | <b>2014</b>   | <b>2013</b>   |
|-----------------------------|---------------|---------------|
| Current service cost        | 39,068        | 37,348        |
| Past service cost           | 21,990        |               |
| Net interest cost           | 3,778         | 2,106         |
|                             | <b>64,836</b> | <b>39,454</b> |

- (c) Plan assets as of March 31, 2014 and December 31, 2013 are as follows

| <i>(In millions of won)</i>  | <b>March 31, 2014</b> | <b>December 31, 2013</b> |
|------------------------------|-----------------------|--------------------------|
| Guaranteed deposits in banks | 480,563               | 488,651                  |

As of March 31, 2014, the Company maintains the plan assets primarily with Mirae Asset Securities Co., Ltd. and Shinhan Bank.

- (d) Remeasurements of the net defined benefit liability included in other comprehensive income (loss) for the three-month periods ended March 31, 2014 and 2013 are as follows:

| <i>(In millions of won)</i> | <b>2014</b> | <b>2013</b> |
|-----------------------------|-------------|-------------|
|-----------------------------|-------------|-------------|

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|                                                                        |         |      |
|------------------------------------------------------------------------|---------|------|
| Remeasurements of the net defined benefit liability                    | (2,910) | 210  |
| Income tax                                                             | 704     | (51) |
| Remeasurements of the net defined benefit liability, net of income tax | (2,206) | 159  |

**Table of Contents**15. Finance Income and Finance Costs

- (a) Finance income and costs recognized in profit and loss for the three-month periods ended March 31, 2014 and 2013 are as follows:

*(In millions of won)*

|                                                     | <b>2014</b> | <b>2013</b> |
|-----------------------------------------------------|-------------|-------------|
| <b>Finance income</b>                               |             |             |
| Interest income                                     | 12,259      | 8,066       |
| Dividend income                                     |             | 300         |
| Foreign currency gain                               | 2,856       | 10,395      |
|                                                     | 15,115      | 18,761      |
| <b>Finance costs</b>                                |             |             |
| Interest expense                                    | 31,216      | 46,042      |
| Foreign currency loss                               | 10,593      | 59,638      |
| Loss on early redemption of debt                    | 6,986       |             |
| Loss on impairment of investments                   |             | 122         |
| Loss on disposal of investments                     | 197         |             |
| Loss on sale of trade accounts and notes receivable |             | 108         |
|                                                     | 48,992      | 105,910     |

- (b) Finance income and costs recognized in other comprehensive income or loss for the three-month periods ended March 31, 2014 and 2013 are as follows:

*(In millions of won)*

|                                                                           | <b>2014</b> | <b>2013</b> |
|---------------------------------------------------------------------------|-------------|-------------|
| Net change in fair value of available-for-sale financial assets           | (494)       | 446         |
| Tax effect                                                                | 119         | (108)       |
| Finance income (costs) recognized in other comprehensive income after tax | (375)       | 338         |

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**Table of Contents****16. Commitments****Factoring and securitization of accounts receivable**

The Company has agreements with Korea Development Bank and several other banks for accounts receivable sales negotiating facilities of up to an aggregate of USD 1,813 million ( 1,938,247 million) and JPY 5,000 million ( 51,937 million) in connection with the Company's export sales transactions with its subsidiaries. As of March 31, 2014, accounts and notes receivable amounting to USD 358 million ( 382,522 million) were sold but are not past due. In connection with all of the contracts in this paragraph, the Company has sold its accounts receivable with recourse.

The Company has a credit facility agreement with Shinhan Bank pursuant to which the Company could sell its accounts receivables up to an aggregate of 100,000 million in connection with its domestic sales transactions and, as of March 31, 2014, no accounts and notes receivable were sold but not past due. In addition, the Company entered into agreements with Standard Chartered Bank for accounts receivable sales negotiating facilities of up to USD 50 million ( 53,440 million) and USD 23 million ( 24,582 million), in April 2011 and November 2012, respectively. As of March 31, 2014, no accounts and notes receivables sold to Standard Chartered Bank were outstanding in connection with these agreements. In connection with all of the contracts in this paragraph, the Company has sold its accounts receivable without recourse.

**Letters of credit**

As of March 31, 2014, the Company has agreements with Korea Exchange Bank in relation to the opening of letters of credit up to USD 15 million ( 16,032 million), USD 15 million ( 16,032 million) with China Construction Bank, JPY 1,000 million ( 10,387 million) with Woori Bank, USD 100 million ( 106,880 million) with Bank of China, USD 60 million ( 64,128 million) with Sumitomo Mitsui Banking Corporation, USD 30 million ( 32,064 million) with Hana Bank, and USD 30 million ( 32,064 million) with Shinhan Bank.

**Payment guarantees**

The Company obtained payment guarantees amounting to USD 8.5 million ( 9,085 million) and EUR 210 million ( 308,572 million) from Royal Bank of Scotland and other various banks for a number of occasions including value added tax payments in Poland. In addition, the Company provides a payment guarantee in connection with the term loan credit facilities of LG Display America, Inc. with an aggregate amount of USD 7 million ( 7,482 million) for principals and related interests.

**License agreements**

As of March 31, 2014, in relation to its TFT-LCD business, the Company has technical license agreements with Hitachi Display, Ltd. and others and has a trademark license agreement with LG Corp.

**Long-term supply agreement**

In connection with long-term supply agreements, as of March 31, 2014, the Company's balance of advances received from a customer amount to USD 880 million ( 940,544 million) in aggregate. The advances received will be offset against outstanding accounts receivable balances after a given period of time, as well as those arising from the supply of products thereafter. The Company received a payment guarantee amounting to USD 180 million ( 192,384 million) from the Industrial Bank of Korea relating to advances received.

**Pledged Assets**



Regarding the secured bank loan amounting to USD 25 million ( 26,720 million) from the Export-Import Bank of Korea, the Company provided part of its OLED machinery as pledged assets.

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**Table of Contents**17. Legal proceedings

## (a) Patent infringements

Industrial Technology Research Institute of Taiwan

In 2012, the United States International Trade Commission ( USITC ) granted a motion by Industrial Technology Research Institute of Taiwan ( ITRI ) to add the Company and LG Display America, Inc. as additional respondents in an investigation under Section 337 of the United States Tariff Act (In the Matter of Certain Devices for Improving Uniformity Used in a Backlight Module and Components Thereof and Products Containing the Same, Investigation No. 337-TA-805). ITRI is seeking an exclusion order which prohibits the importation of televisions and monitors incorporating the Company's products into the United States for alleged patent infringement. On October 22, 2012, USITC issued a Notice of Initial Determination finding that the Company and LG Display America, Inc. did not infringe the asserted patent of ITRI. On May 17, 2013, USITC issued a final determination finding that the patent was invalid and the Company and LG Display America, Inc. had not infringed ITRI's patents. Meanwhile, on June 28, 2013, ITRI appealed the USITC's decision to the United States Court of Appeals for the Federal Circuit ( CAFC ). The Company does not have a present obligation for this matter and has not recognized any provision at March 31, 2014. It is not possible to reasonably estimate an amount of potential loss, if any, because the USITC is not statutorily authorized to award damages in Section 337 investigations and the Company and LG Display America, Inc. do not anticipate any assessment of damages by the USITC regardless of the final outcome of the investigation.

Delaware Display Group LLC and Innovative Display Technologies LLC

In December 2013, Delaware Display Group LLC and Innovative Display Technologies LLC filed a patent infringement case against the Company and LG Display America, Inc. in the United States District Court for the District of Delaware. The Company does not have a present obligation for this matter and has not recognized any provision at March 31, 2014. It is not possible to reasonably estimate an amount of potential loss, if any, because the plaintiffs have not provided any information regarding damages.

Surpass Tech Innovation LLC

In March 2014, Surpass Tech Innovation LLC filed a complaint in the U.S. District Court for the District of Delaware against the Company and LG Display America, Inc. for alleged patent infringement. The Company does not have a present obligation for this matter and has not recognized any provision at March 31, 2014. It is not possible to reasonably estimate an amount of potential loss, if any, because the plaintiffs have not provided any information regarding damages.

## (b) Anti-trust investigations and litigations

In January 2010, the Company received notice of the antitrust investigation by the Secretariat of Economic Law of Brazil. To date, the investigation by the Secretariat of Economic Law of Brazil is ongoing. The timing and amount of outflows are uncertain and the outcome depends upon the investigation proceedings.

In December 2011, the Korea Fair Trade Commission (the KFTC ) imposed a fine of 31,378 million after finding that the Company and certain of its subsidiaries engaged in anti-competitive activities in violation of Korean fair trade laws. In February 2014, the Seoul High Court annulled the fining decision of the KFTC. In March 2014, the KFTC filed an appeal of the Seoul High Court decision with the Supreme Court of Korea. Any future recovery of the

previously paid fine will be recognized when it is virtually certain.

**Table of Contents**

17. Legal proceedings, Continued

In the United States, direct purchaser class plaintiffs, indirect purchaser class plaintiffs, and several state attorneys general and individual plaintiffs filed complaints against the Company and other TFT-LCD panel manufacturers alleging violation of the U.S. antitrust laws and related state laws. The Company is currently defending actions brought by Motorola Mobility, Inc., Electrograph Technologies Corp. and its affiliates, TracFone Wireless Inc., Costco Wholesale Corp., Office Depot, Inc., Interbond Corp. of America (BrandsMart), P.C. Richard & Son Long Island Corp., MARTA Cooperative of America, Inc., ABC Appliance (ABC Warehouse), Schultze Agency Services, LLC (Tweeter), AASI Creditor Liquidating Trust for All American Semiconductor Inc., Tech Data Corp. and its affiliate, CompuCom Systems, Inc., NECO Alliance LLC, Proview Technology, Inc. and its affiliates, Acer America Corp. and its affiliates, and the attorneys general of Illinois, Washington and Oregon. The timing and amounts of outflows are uncertain and the outcomes depend upon the various court proceedings.

In Canada, class action complaints alleging violations of Canada competition laws were filed against the Company and other TFT-LCD manufacturers in Ontario, British Columbia and Quebec. The Ontario Superior Court of Justice certified the class action complaints filed by the direct and indirect purchasers in May 2011. The Company is pursuing an appeal of the class certification decision. The actions in Quebec and British Columbia have been stayed. The timing and amount of outflows are uncertain and the outcome depends upon the court proceedings.

While the Company continues its vigorous defense of the various pending proceedings described above management's assessment of the facts and circumstances could change based upon new information, intervening events and the final outcome of the cases. Consequently, the actual results could be materially different from management's current estimates.

18. Capital and Reserves

(a) Share capital

The Company is authorized to issue 500,000,000 shares of capital stock (par value \$5,000), and as of March 31, 2014 and December 31, 2013, the number of issued common shares is 357,815,700. There have been no changes in the capital stock from January 1, 2013 to March 31, 2014.

(b) Reserve

Reserve is comprised of the fair value reserve which is the cumulative net change in the fair value of available-for-sale financial assets until the investments are derecognized or impaired.

**Table of Contents**19. Related Parties

## (a) Related parties

Related parties as of March 31, 2014 are as follows:

| <b>Classification</b>                                                      | <b>Description</b>                           |
|----------------------------------------------------------------------------|----------------------------------------------|
| Subsidiaries(*)                                                            | LG Display America, Inc. and others          |
| Associates and joint ventures(*)                                           | Suzhou Raken Technology Co., Ltd. and others |
| Subsidiaries of Associates                                                 | ADP System Co., Ltd.                         |
| Entity that has significant influence over the Company                     | LG Electronics Inc.                          |
| Subsidiaries of the entity that has significant influence over the Company | Subsidiaries of LG Electronics Inc.          |

(\*) Details of subsidiaries, associates and joint ventures are described in note 6.

Related parties that have transactions such as sales or balance of trade accounts and notes receivable and payable with the Company excluding subsidiaries, associates and joint ventures as of March 31, 2014 and December 31, 2013 are as follows:

| <b>Classification</b>                                                      | <b>March 31, 2014</b>                                                                                                                                                                                                                                                                                                                                                                                                         | <b>December 31, 2013</b>                                                                                                                                                                                                                                                                                                                                                                                                  |
|----------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Subsidiaries of Associates                                                 | ADP System Co., Ltd.                                                                                                                                                                                                                                                                                                                                                                                                          | ADP System Co., Ltd.                                                                                                                                                                                                                                                                                                                                                                                                      |
| Entity that has significant influence over the Company                     | LG Electronics Inc.                                                                                                                                                                                                                                                                                                                                                                                                           | LG Electronics Inc.                                                                                                                                                                                                                                                                                                                                                                                                       |
| Subsidiaries of the entity that has significant influence over the Company | Hi Business Logistics Co., Ltd.<br>Hi Entech Co., Ltd<br>LG Hitachi Water Solutions Co., Ltd.<br>LG Innotek Co., Ltd.<br>Hanuri Co., Ltd.<br>Qingdao LG Inspur Digital Communication Co., Ltd.<br>LG Innotek Poland Sp. z o.o.<br>LG Electronics Reynosa S.A. DE C.V.<br>LG Electronics Vietnam Co., Ltd.<br><br>LG Electronics Thailand Co., Ltd.<br><br>LG Electronics RUS, LLC<br>LG Electronics Nanjing Display Co., Ltd. | Hi Business Logistics Co., Ltd.<br>Hiplaza Co., Ltd.<br>LG Hitachi Water Solutions Co., Ltd.<br>LG Innotek Co., Ltd.<br>Hanuri Co., Ltd.<br>Qingdao LG Inspur Digital Communication Co., Ltd.<br>LG Innotek Poland Sp. z o.o.<br>LG Innotek (Guangzhou) Co., Ltd.<br>LG Electronics Vietnam Co., Ltd.<br><br>LG Electronics Thailand Co., Ltd.<br><br>LG Electronics RUS, LLC<br>LG Electronics Nanjing Display Co., Ltd. |

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|                                                |                                                |
|------------------------------------------------|------------------------------------------------|
| LG Electronics India Pvt. Ltd.                 | LG Electronics India Pvt. Ltd.                 |
| LG Electronics do Brasil Ltda.                 | LG Electronics do Brasil Ltda.                 |
| LG Electronics (Kunshan)<br>Computer Co., Ltd. | LG Electronics (Kunshan)<br>Computer Co., Ltd. |
| LG Electronics Alabama Inc.                    | LG Electronics (Hangzhou)<br>Co., Ltd.         |
| Hi Logistics Europe B.V.                       | Hi Logistics Europe B.V.<br>Hi Entech Co., Ltd |

**Table of Contents**19. Related Parties, Continued

## (b) Key management personnel compensation

Compensation costs of key management for the three-month periods ended March 31, 2014 and 2013 are as follows:

*(In millions of won)*

|                                              | <b>2014</b> | <b>2013</b> |
|----------------------------------------------|-------------|-------------|
| Short-term benefits                          | 445         | 791         |
| Expenses related to the defined benefit plan | 69          | 687         |
|                                              | 514         | 1,478       |

Key management refers to the registered directors who have significant control and responsibilities over the Company's operations and business.

(c) Significant transactions such as sales of goods and purchases of raw material and outsourcing service and others, which occurred in the normal course of business with related parties for the three-month periods ended March 31, 2014 and 2013 are as follows:

*(In millions of won)*

|                               | <b>2014</b>                |                                            |                                                     |                         |                    |
|-------------------------------|----------------------------|--------------------------------------------|-----------------------------------------------------|-------------------------|--------------------|
|                               | <b>Purchase and others</b> |                                            |                                                     |                         |                    |
|                               | <b>Sales and others</b>    | <b>Purchase of raw material and others</b> | <b>Acquisition of property, plant and equipment</b> | <b>Outsourcing fees</b> | <b>Other costs</b> |
| <b>Subsidiaries</b>           |                            |                                            |                                                     |                         |                    |
| LG Display America, Inc.      | 1,775,167                  | 3                                          |                                                     |                         |                    |
| LG Display Japan Co., Ltd.    | 388,124                    |                                            |                                                     |                         | 8                  |
| LG Display Germany GmbH       | 704,642                    |                                            |                                                     |                         | 2,859              |
| LG Display Taiwan Co., Ltd.   | 516,002                    |                                            |                                                     |                         | 44                 |
| LG Display Nanjing Co., Ltd.  | 668                        | 5                                          |                                                     | 95,158                  |                    |
| LG Display Shanghai Co., Ltd. | 708,104                    |                                            |                                                     |                         | 56                 |
| LG Display Poland Sp. z o.o.  | 178                        | 37                                         |                                                     | 19,119                  |                    |

**Table of Contents**19. Related Parties, Continued*(In millions of won)*

|                                               | <b>2014</b>                |                     |                        |                  |                    |       |
|-----------------------------------------------|----------------------------|---------------------|------------------------|------------------|--------------------|-------|
|                                               | <b>Purchase and others</b> |                     |                        |                  |                    |       |
|                                               | <b>Acquisition of</b>      |                     |                        |                  |                    |       |
|                                               | <b>Sales</b>               | <b>Purchase of</b>  | <b>property, plant</b> | <b>and</b>       | <b>Outsourcing</b> |       |
|                                               | <b>and others</b>          | <b>raw material</b> | <b>and</b>             | <b>equipment</b> | <b>fees</b>        |       |
|                                               |                            | <b>and others</b>   |                        |                  | <b>Other costs</b> |       |
| LG Display Guangzhou Co., Ltd.                | 2,189                      | 4,243               |                        |                  | 485,517            | 1,419 |
| LG Display Shenzhen Co., Ltd.                 | 329,428                    |                     |                        |                  |                    | 4     |
| LG Display Yantai Co., Ltd.                   | 9,315                      | 1,459               |                        |                  | 97,560             | 865   |
| LG Display (China) Co., Ltd.                  | 30,926                     |                     |                        |                  |                    |       |
| LUCOM Display Technology<br>(Kunshan) Limited | 505                        |                     |                        |                  | 4,802              |       |
| LG Display U.S.A., Inc.                       | 25,256                     |                     |                        |                  |                    |       |
| LG Display Singapore Pte. Ltd.                | 301,920                    |                     |                        |                  |                    |       |
| L&T Display Technology (Fujian)<br>Limited    | 117,149                    | 1                   |                        |                  |                    |       |
| Nanumnuri Co., Ltd.                           |                            |                     |                        |                  |                    | 2,035 |
|                                               | 4,909,573                  | 5,748               |                        |                  | 702,156            | 7,290 |
| <b>Joint Venture</b>                          |                            |                     |                        |                  |                    |       |
| Suzhou Raken Technology Co., Ltd.             | 54,820                     |                     |                        |                  | 28,420             |       |
| <b>Associates and their subsidiaries</b>      |                            |                     |                        |                  |                    |       |
| New Optics Ltd.                               |                            | 11,673              |                        |                  | 2,406              | 651   |
| LIG ADP Co., Ltd.                             |                            | 273                 | 5,623                  |                  |                    | 7     |
| TLI Inc.                                      |                            | 15,010              |                        |                  |                    | 627   |
| AVACO Co., Ltd.                               | 41                         | 270                 | 17,396                 |                  |                    | 344   |
| AVATEC Co., Ltd.                              |                            | 14                  |                        |                  | 14,160             | 43    |
| Paju Electric Glass Co., Ltd.                 |                            | 178,867             |                        |                  |                    | 1,077 |
| Narenanotech Corporation                      |                            | 46                  | 912                    |                  |                    | 757   |



**Table of Contents**19. Related Parties, Continued*(In millions of won)*

|                                                                                   | <b>2014</b>                 |                                                    |                                                             |                             |                    |
|-----------------------------------------------------------------------------------|-----------------------------|----------------------------------------------------|-------------------------------------------------------------|-----------------------------|--------------------|
|                                                                                   | <b>Purchase and others</b>  |                                                    |                                                             |                             |                    |
|                                                                                   | <b>Sales<br/>and others</b> | <b>Purchase of<br/>raw material<br/>and others</b> | <b>Acquisition of<br/>property, plant<br/>and equipment</b> | <b>Outsourcing<br/>fees</b> | <b>Other costs</b> |
| Glonix Co., Ltd.                                                                  |                             | 4,402                                              |                                                             |                             | 114                |
| ADP System Co., Ltd.                                                              |                             | 180                                                | 208                                                         |                             | 29                 |
| YAS Co., Ltd.                                                                     |                             | 404                                                | 2,009                                                       |                             | 28                 |
|                                                                                   | 41                          | 211,139                                            | 26,148                                                      | 16,566                      | 3,677              |
| <b>Entity that has significant influence over the Company</b>                     |                             |                                                    |                                                             |                             |                    |
| LG Electronics Inc.                                                               | 323,644                     | 6,830                                              | 38,843                                                      |                             | 5,766              |
| <b>Subsidiaries of the entity that has significant influence over the Company</b> |                             |                                                    |                                                             |                             |                    |
| LG Electronics India Pvt. Ltd.                                                    | 18,714                      |                                                    |                                                             |                             |                    |
| LG Electronics Vietnam Co., Ltd.                                                  | 9,670                       |                                                    |                                                             |                             |                    |
| LG Electronics Thailand Co., Ltd.                                                 | 12,639                      |                                                    |                                                             |                             |                    |
| Hi Business Logistics Co., Ltd.                                                   | 10                          |                                                    |                                                             |                             | 7,339              |
| LG Innotek Co., Ltd.                                                              | 733                         | 115,237                                            |                                                             |                             | 508                |
| LG Hitachi Water Solutions Co., Ltd.                                              |                             |                                                    | 10,301                                                      |                             |                    |
| Qingdao LG Inspur Digital Communication Co., Ltd.                                 | 26,000                      |                                                    |                                                             |                             |                    |
| Hi Entech Co., Ltd.                                                               |                             |                                                    |                                                             |                             | 6,131              |
| Others                                                                            | 5,485                       | 804                                                |                                                             |                             | 543                |
|                                                                                   | 73,251                      | 116,041                                            | 10,301                                                      |                             | 14,521             |
|                                                                                   | 5,361,329                   | 339,758                                            | 75,292                                                      | 747,142                     | 31,254             |

**Table of Contents**19. Related Parties, Continued*(In millions of won)*

|                                            | <b>2013</b>                |                                             |                                                     |                         |                    |
|--------------------------------------------|----------------------------|---------------------------------------------|-----------------------------------------------------|-------------------------|--------------------|
|                                            | <b>Purchase and others</b> |                                             |                                                     |                         |                    |
|                                            | <b>Sales</b>               | <b>Purchase of raw materials and others</b> | <b>Acquisition of property, plant and equipment</b> | <b>Outsourcing fees</b> | <b>Other costs</b> |
| <b>Subsidiaries</b>                        | <b>and others</b>          |                                             |                                                     |                         |                    |
| LG Display America, Inc.                   | 2,214,594                  | 2                                           |                                                     |                         | 2                  |
| LG Display Japan Co., Ltd.                 | 376,691                    |                                             |                                                     |                         | 3                  |
| LG Display Germany GmbH                    | 934,429                    | 2                                           |                                                     |                         | 8,375              |
| LG Display Taiwan Co., Ltd.                | 497,467                    | 2                                           |                                                     |                         | 144                |
| LG Display Nanjing Co., Ltd.               | 1,185                      | 13                                          |                                                     | 124,498                 |                    |
| LG Display Shanghai Co., Ltd.              | 718,249                    |                                             |                                                     |                         | 74                 |
| LG Display Poland Sp. z o.o.               | 547                        | 31                                          |                                                     | 21,748                  |                    |
| LG Display Guangzhou Co., Ltd.             |                            | 2,960                                       |                                                     | 630,425                 | 332                |
| LG Display Shenzhen Co., Ltd.              | 468,109                    |                                             |                                                     |                         | 1                  |
| LG Display Yantai Co., Ltd.                | 4,601                      | 659                                         |                                                     | 123,831                 | 271                |
| LUCOM Display Technology (Kunshan) Limited | 13,657                     |                                             |                                                     |                         |                    |
| LG Display U.S.A., Inc.                    | 27,481                     | 50                                          |                                                     |                         |                    |
| LG Display Singapore Pte. Ltd.             | 324,566                    |                                             |                                                     |                         |                    |
| L&T Display Technology (Fujian) Limited    | 95,429                     | 3                                           |                                                     |                         |                    |
| Nanumnuri Co., Ltd.                        |                            |                                             |                                                     |                         | 879                |
|                                            | 5,677,005                  | 3,722                                       |                                                     | 900,502                 | 10,081             |
| <b>Joint Venture</b>                       |                            |                                             |                                                     |                         |                    |
| Suzhou Raken Technology Co., Ltd.          | 100,571                    |                                             |                                                     | 27,726                  |                    |

**Table of Contents**19. Related Parties, Continued*(In millions of won)*

|                                                                                   | 2013                |                                           |                                                    |                                            |             |
|-----------------------------------------------------------------------------------|---------------------|-------------------------------------------|----------------------------------------------------|--------------------------------------------|-------------|
|                                                                                   | Sales<br>and others | Purchase of<br>raw material<br>and others | Acquisition of<br>property, plant<br>and equipment | Purchase and others<br>Outsourcing<br>fees | Other costs |
| <b>Associates and their subsidiaries</b>                                          |                     |                                           |                                                    |                                            |             |
| New Optics Ltd.                                                                   |                     | 39,832                                    |                                                    | 1,118                                      | 315         |
| LIG ADP Co., Ltd.                                                                 |                     | 191                                       | 1,979                                              |                                            | 162         |
| TLI Inc.                                                                          |                     | 13,794                                    |                                                    |                                            | 2           |
| AVACO Co., Ltd.                                                                   |                     | 219                                       | 6,283                                              |                                            | 1,456       |
| AVATEC Co., Ltd.                                                                  |                     |                                           |                                                    | 11,510                                     | 104         |
| Paju Electric Glass Co., Ltd.                                                     |                     | 199,095                                   |                                                    |                                            | 880         |
| Narenanotech Corporation                                                          | 300                 | 159                                       | 2,266                                              |                                            | 222         |
| Glonix Co., Ltd.                                                                  |                     | 754                                       |                                                    |                                            | 85          |
| ADP System Co., Ltd.                                                              |                     | 233                                       | 92                                                 |                                            | 121         |
| YAS Co., Ltd.                                                                     |                     | 943                                       | 27,903                                             |                                            | 32          |
|                                                                                   | 300                 | 255,220                                   | 38,523                                             | 12,628                                     | 3,379       |
| <b>Entity that has significant influence over the Company</b>                     |                     |                                           |                                                    |                                            |             |
| LG Electronics Inc.                                                               | 337,989             | 13,774                                    | 17,726                                             |                                            | 4,010       |
| <b>Subsidiaries of the entity that has significant influence over the Company</b> |                     |                                           |                                                    |                                            |             |
| LG Electronics India Pvt. Ltd.                                                    | 24,219              |                                           |                                                    |                                            |             |
| LG Electronics Vietnam Co., Ltd.                                                  | 13,504              |                                           |                                                    |                                            |             |
| LG Electronics Thailand Co., Ltd.                                                 | 23,223              |                                           |                                                    |                                            |             |

**Table of Contents**19. Related Parties, Continued*(In millions of won)*

|                                 | <b>2013</b>                |                     |                        |                    |                    |
|---------------------------------|----------------------------|---------------------|------------------------|--------------------|--------------------|
|                                 | <b>Purchase and others</b> |                     |                        |                    |                    |
|                                 | <b>Sales</b>               | <b>Purchase of</b>  | <b>Acquisition of</b>  | <b>Outsourcing</b> | <b>Other costs</b> |
|                                 | <b>and others</b>          | <b>raw material</b> | <b>property, plant</b> | <b>fees</b>        |                    |
|                                 |                            | <b>and others</b>   | <b>and equipment</b>   |                    |                    |
| Hi Business Logistics Co., Ltd. | 10                         |                     |                        |                    | 6,733              |
| LG Innotek Co., Ltd.            | 1,961                      | 121,170             |                        |                    | 481                |
| Others                          | 8,383                      | 7,117               |                        |                    | 1,583              |
|                                 | 71,300                     | 128,287             |                        |                    | 8,797              |
|                                 | 6,187,165                  | 401,003             | 56,249                 | 940,856            | 26,267             |

Related parties transaction amounts for the three-month period ended March 31, 2013 were represented to conform to the classification for the three-month period ended March 31, 2014.

**Table of Contents**19. Related Parties, Continued

- (d) Trade accounts and notes receivable and payable as of March 31, 2014 and December 31, 2013 are as follows:

(In millions of won)

|                                               | Trade accounts and notes receivable<br>and others |                   | Trade accounts and notes payable<br>and others |                   |
|-----------------------------------------------|---------------------------------------------------|-------------------|------------------------------------------------|-------------------|
|                                               | March 31, 2014                                    | December 31, 2013 | March 31, 2014                                 | December 31, 2013 |
| <b>Subsidiaries</b>                           |                                                   |                   |                                                |                   |
| LG Display America, Inc.                      | 1,002,415                                         | 1,211,404         | 3                                              | 1                 |
| LG Display Japan Co., Ltd.                    | 183,282                                           | 117,041           | 8                                              | 4                 |
| LG Display Germany GmbH                       | 177,128                                           | 285,711           | 2,705                                          | 861               |
| LG Display Taiwan Co., Ltd.                   | 301,279                                           | 421,799           | 19                                             | 18,960            |
| LG Display Nanjing Co., Ltd.                  | 409                                               | 439               | 44,372                                         | 57,614            |
| LG Display Shanghai Co., Ltd.                 | 473,218                                           | 401,209           | 22                                             | 14                |
| LG Display Poland Sp. z o.o.                  | 148                                               | 197               | 13,207                                         | 12,426            |
| LG Display Guangzhou Co.,<br>Ltd.             | 1,617                                             | 620               | 457,392                                        | 754,373           |
| LG Display Shenzhen Co., Ltd.                 | 131,883                                           | 340,174           | 2                                              | 5                 |
| LG Display Yantai Co., Ltd.                   | 269                                               | 614               | 195,963                                        | 120,468           |
| LG Display (China) Co., Ltd.                  | 8,298                                             |                   |                                                |                   |
| LUCOM Display Technology<br>(Kunshan) Limited | 398                                               | 41                | 5,499                                          | 4,889             |
| LG Display U.S.A., Inc.                       | 25,400                                            | 15,154            |                                                |                   |
| LG Display Singapore Pte. Ltd.                | 53,151                                            | 117,513           |                                                |                   |
| L&T Display Technology<br>(Xiamen) Limited    | 20,323                                            | 20,066            |                                                |                   |
| L&T Display Technology<br>(Fujian) Limited    | 76,285                                            | 79,701            | 174,207                                        | 198,968           |
| Nanumnuri Co., Ltd.                           |                                                   |                   | 635                                            | 806               |
|                                               | 2,455,503                                         | 3,011,683         | 894,034                                        | 1,169,389         |

**Table of Contents**19. Related Parties, Continued*(In millions of won)*

|                                                                   | Trade accounts and notes receivable<br>and others |                   | Trade accounts and notes payable<br>and others |                   |
|-------------------------------------------------------------------|---------------------------------------------------|-------------------|------------------------------------------------|-------------------|
|                                                                   | March 31, 2014                                    | December 31, 2013 | March 31, 2014                                 | December 31, 2013 |
| <b>Joint Venture</b>                                              |                                                   |                   |                                                |                   |
| Suzhou Raken Technology Co.,<br>Ltd.                              | 64,869                                            | 66,855            | 53,241                                         | 104,119           |
| <b>Associates and their<br/>subsidiaries</b>                      |                                                   |                   |                                                |                   |
| New Optics Ltd.                                                   | 25                                                |                   | 16,329                                         | 8,998             |
| LIG ADP Co., Ltd.                                                 |                                                   |                   | 6,489                                          | 1,649             |
| TLI Inc.                                                          |                                                   |                   | 16,312                                         | 10,418            |
| AVACO Co., Ltd.                                                   |                                                   |                   | 20,118                                         | 15,291            |
| AVATEC Co., Ltd.                                                  |                                                   |                   | 4,673                                          | 10,041            |
| Paju Electric Glass Co., Ltd.                                     |                                                   |                   | 118,545                                        | 108,379           |
| Narenanotech Corporation                                          |                                                   |                   | 1,886                                          | 1,766             |
| Glonix Co., Ltd.                                                  |                                                   |                   | 1,969                                          | 1,987             |
| ADP System Co., Ltd.                                              |                                                   |                   | 459                                            | 1,410             |
| YAS Co., Ltd.                                                     |                                                   |                   | 2,685                                          | 17,156            |
|                                                                   | 25                                                |                   | 189,465                                        | 177,095           |
| <b>Entity that has significant<br/>influence over the Company</b> |                                                   |                   |                                                |                   |
| LG Electronics Inc.                                               | 270,228                                           | 239,504           | 73,663                                         | 74,085            |

**Table of Contents**19. Related Parties, Continued*(In millions of won)*

|                                                                                           | Trade accounts and notes receivable<br>and others |                   | Trade accounts and notes payable<br>and others |                   |
|-------------------------------------------------------------------------------------------|---------------------------------------------------|-------------------|------------------------------------------------|-------------------|
|                                                                                           | March 31, 2014                                    | December 31, 2013 | March 31, 2014                                 | December 31, 2013 |
| <b>Subsidiaries of the entity that<br/>has significant influence over<br/>the Company</b> |                                                   |                   |                                                |                   |
| LG Electronics India Pvt. Ltd.                                                            | 11,415                                            | 7,414             |                                                |                   |
| LG Electronics Vietnam Co.,<br>Ltd.                                                       | 7,815                                             | 8,827             |                                                |                   |
| LG Electronics Thailand Co.,<br>Ltd.                                                      | 10,842                                            | 10,141            |                                                |                   |
| LG Innotek Co., Ltd.                                                                      | 2                                                 | 3                 | 129,843                                        | 84,727            |
| LG Hitachi Water Solutions<br>Co., Ltd.                                                   |                                                   |                   | 11,966                                         |                   |
| Qingdao LG Inspur Digital<br>Communication Co., Ltd.                                      | 26,000                                            | 22,948            |                                                |                   |
| Hi Entech Co., Ltd.                                                                       |                                                   |                   | 5,183                                          |                   |
| Others                                                                                    | 4,877                                             | 975               | 3,551                                          | 7,068             |
|                                                                                           | 60,951                                            | 50,308            | 150,543                                        | 91,795            |
|                                                                                           | 2,851,576                                         | 3,368,350         | 1,360,946                                      | 1,616,483         |

**Table of Contents**20. Income Taxes

(a) Details of income tax expense for the three-month periods ended March 31, 2014 and 2013 are as follows:

*(In millions of won)*

|                               | <b>2014</b>   | <b>2013</b>   |
|-------------------------------|---------------|---------------|
| Current tax expense (benefit) | (10,158)      | 400           |
| Deferred tax expense          | 85,463        | 13,491        |
| <b>Income tax expense</b>     | <b>75,305</b> | <b>13,891</b> |

(b) Deferred Tax Assets and Liabilities

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the deferred tax assets at the reporting date will be realized with the Company's estimated future taxable income.

Deferred tax assets and liabilities as of March 31, 2014 and December 31, 2013 are attributable to the following:

*(In millions of won)*

|                                                   | <b>Assets</b>             |                              | <b>Liabilities</b>        |                              | <b>Total</b>              |                              |
|---------------------------------------------------|---------------------------|------------------------------|---------------------------|------------------------------|---------------------------|------------------------------|
|                                                   | <b>March 31,<br/>2014</b> | <b>December 31,<br/>2013</b> | <b>March 31,<br/>2014</b> | <b>December 31,<br/>2013</b> | <b>March 31,<br/>2014</b> | <b>December 31,<br/>2013</b> |
| Other accounts receivable, net                    |                           |                              | (474)                     | (2,476)                      | (474)                     | (2,476)                      |
| Inventories, net                                  | 18,441                    | 17,500                       |                           |                              | 18,441                    | 17,500                       |
| Available-for-sale financial assets               | 217                       | 98                           |                           |                              | 217                       | 98                           |
| Defined benefit liabilities, net                  | 89,891                    | 72,709                       |                           |                              | 89,891                    | 72,709                       |
| Accrued expenses                                  | 80,719                    | 81,193                       |                           |                              | 80,719                    | 81,193                       |
| Property, plant and equipment                     | 106,756                   | 102,651                      |                           |                              | 106,756                   | 102,651                      |
| Intangible assets                                 |                           |                              | (1,002)                   | (1,207)                      | (1,002)                   | (1,207)                      |
| Provisions                                        | 10,688                    | 11,460                       |                           |                              | 10,688                    | 11,460                       |
| Gain or loss on foreign currency translation, net | 295                       | 282                          | (953)                     | (957)                        | (658)                     | (675)                        |
| Others                                            | 5,370                     | 5,908                        |                           |                              | 5,370                     | 5,908                        |
| Tax losses carryforwards                          | 110,972                   | 110,550                      |                           |                              | 110,972                   | 110,550                      |
| Tax credit carryforwards                          | 430,440                   | 538,289                      |                           |                              | 430,440                   | 538,289                      |
| <b>Deferred tax assets (liabilities)</b>          | <b>853,789</b>            | <b>940,640</b>               | <b>(2,429)</b>            | <b>(4,640)</b>               | <b>851,360</b>            | <b>936,000</b>               |

Statutory tax rate applicable to the Company is 24.2% for the three-month period ended March 31, 2014.



**Table of Contents**20. Income Taxes, Continued

Income tax expense for the three-month period ended March 31, 2014 includes the effects of the increase in the minimum tax rate from 16% to 17% when measuring the amount of tax credit related deferred tax assets, and the effects of municipal corporate income tax rule amendments on certain deferred tax assets, both of which became effective January 1, 2014.

21. Loss per Share

(a) Basic loss per share for the three-month periods ended March 31, 2014 and 2013 are as follows:

| <i>(In won and No. of shares)</i>                       | <b>2014</b>     | <b>2013</b>    |
|---------------------------------------------------------|-----------------|----------------|
| <b>Loss for the period</b>                              | 148,992,346,597 | 57,634,310,418 |
| Weighted-average number of common<br>stocks outstanding | 357,815,700     | 357,815,700    |
| <b>Loss per share</b>                                   | 416             | 161            |

There were no events or transactions that resulted in changes in the number of common stocks used for calculating loss per share from January 1, 2013 to March 31, 2014.

(b) Diluted loss per share are not calculated since there was no potential common stock for the three-month periods ended March 31, 2014 and 2013.

22. Subsequent event

The Company publicly issued the following debentures after March 31, 2014:

| <i>(In millions of won)</i> |                      |                      |                    |
|-----------------------------|----------------------|----------------------|--------------------|
| <b>Issue date</b>           | <b>Maturity date</b> | <b>Interest rate</b> | <b>Face amount</b> |
| April 8, 2014               | April 8, 2017        | 3.14%                | 180,000            |
| April 8, 2014               | April 8, 2019        | 3.45%                | 120,000            |
|                             |                      |                      | 300,000            |

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**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

LG Display Co., Ltd.

(Registrant)

Date: May 16, 2014

By: /s/ Heeyeon Kim

(Signature)

Name: Heeyeon Kim

Title: Vice President / IR Division

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