

LG Display Co., Ltd.
Form 6-K
November 14, 2013
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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 November 2013

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, 2013 to September 30, 2013)

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. REFERENCES TO Q1~Q3 OF A FISCAL YEAR ARE REFERENCES TO THE NINE-MONTH PERIOD ENDED SEPTEMBER 30 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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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 instruments | Month of rating | Credit rating | Rating agency (Rating range) |
|---------------------|-----------------|---------------|---|
| Commercial Paper | January 2006 | A1 | NICE Information Service Co., Ltd. (A1 ~ D) |
| | June 2006 | | |
| | December 2006 | | |
| | June 2007 | | |
| | December 2007 | | |
| | September 2008 | | |
| | December 2008 | | |
| | June 2006 | | |
| | January 2007 | | |
| | June 2007 | | |
| Corporate Debenture | December 2007 | AA- | Korea Investors Service, Inc. (A1 ~ D) |
| | September 2008 | | |
| | June 2006 | | |
| | December 2006 | | |
| | June 2007 | | |
| | September 2008 | | |
| | July 2009 | | |
| | October 2009 | | |
| | February 2010 | | |
| | May 2010 | | |
| Corporate Debenture | December 2010 | AA- | NICE Information Service Co., Ltd. (AAA ~ D) |
| | August 2011 | | |
| | June 2012 | | |
| | October 2012 | | |
| Corporate Debenture | March 2013 | | |

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| | | |
|----------------|-----|-------------------------------|
| June 2013 | | |
| June 2006 | AA- | |
| January 2007 | | |
| June 2007 | A+ | |
| September 2008 | | |
| July 2009 | | |
| December 2009 | | |
| February 2010 | | |
| May 2010 | | Korea Investors Service, Inc. |
| August 2010 | | |
| February 2011 | AA- | (AAA ~ D) |
| April 2011 | | |
| August 2011 | | |
| October 2011 | | |
| June 2012 | | |
| October 2012 | | |
| June 2013 | | |
| October 2009 | | |
| December 2009 | | |
| August 2010 | | |
| December 2010 | | Korea Ratings Corporation |
| February 2011 | AA- | (AAA ~ D) |
| April 2011 | | |
| July 2011 | | |
| October 2011 | | |
| June 2012 | | |
| March 2013 | | |
| June 2013 | | |

C. Capitalization

(1) Change in capital stock (as of September 30, 2013)

There were no changes to our issued capital stock during the nine-month reporting period ended September 30, 2013.

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(2) Convertible bonds
Not applicable.

D. Voting rights (as of September 30, 2013)

(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) | 2012 | 2011 | 2010 |
|---|--------|-----------|-----------|
| Par value (Won) | 5,000 | 5,000 | 5,000 |
| Profit (loss) for the period (million Won) ⁽¹⁾ | 28,549 | (991,032) | 1,002,648 |
| Earnings per share (Won) ⁽²⁾ | 80 | (2,770) | 2,802 |
| Total cash dividend amount for the period (million Won) | | | 178,908 |
| Total stock dividend amount for the period (million Won) | | | |
| Cash dividend payout ratio (%) | | | 17.8 |
| Cash dividend yield (%) ⁽³⁾ | | | 1.3 |
| Stock dividend yield (%) | | | |
| Cash dividend per share (Won) | | | 500 |
| 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.

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- (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.

As of September 30, 2013, 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 September 30, 2013, 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.

2013 Q1~Q3 consolidated operating results highlights

(Unit: In billions of Won)

| 2013 Q1~Q3 | Display business |
|-------------------------|------------------|
| Sales Revenue | 19,954 |
| Gross Profit | 2,657 |
| Operating Profit (Loss) | 906 |

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) Cyclicity

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The TFT-LCD 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.

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(3) Market conditions

Since 2011, due to a slowdown in growth in the TFT-LCD industry, TFT-LCD panel makers have slowed their respective rates of production capacity growth, while a number of them are pursuing other strategic alternatives such as mergers or formation of new alliances.

Most TFT-LCD panel makers are located in Asia.

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

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 TFT-LCD panels (i.e., TFT-LCD panels that are 9 inches or larger) based on revenue is as follows:

| | 2013 Q1-Q3 ⁽¹⁾ | 2012 ⁽²⁾ | 2011 ⁽³⁾ |
|--|---------------------------|---------------------|---------------------|
| Panels for Notebook Computers ⁽⁴⁾ | 37.8% | 34.5% | 34.9% |
| Panels for Monitors | 35.3% | 32.3% | 28.3% |
| Panels for Televisions ⁽⁵⁾ | 23.4% | 25.2% | 24.7% |
| Total | 28.1% | 28.4% | 27.3% |

(1) Source: 2013 Q3 DisplaySearch Quarterly Large-Area TFT LCD Shipment Report.

(2) Source: 2012 Q4 DisplaySearch Quarterly Large-Area TFT LCD Shipment Report.

(3) Source: 2011 Q4 DisplaySearch Quarterly Large-Area TFT LCD Shipment Report (advanced version with LED backlight).

(4) Includes panels for netbooks and tablets.

(5) Includes panels for public displays.

(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.

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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.

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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 in the categories of three-dimensional (3D), touch screens and next generation displays. 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 the technical skills and have established a supply chain management system that enables us to provide one-stop solutions to our customers with respect to touch module products. In addition, we have shown that we are technologically a step ahead of the competition by developing products such as 10.1-inch flexible LCDs, 2.6 mm thin televisions (the thinnest in the world at the time) and 19-inch flexible e-papers. With respect to OLED display technology, in January 2013, we were the first to supply a 55-inch OLED 3D television display panel to customers, which was also the largest at the time.

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

C. New businesses

In order to meet the rapidly increasing market demand for large TFT-LCD panels, we commenced mass production at P83, an eighth generation fabrication line located in our P8 facility, and P9, a new eighth generation production facility, in March 2011 and June 2012, respectively.

We also plan to strengthen our market position in future display technologies by strengthening our OLED business, accelerating the development of flexible display technologies and maintaining our leadership position in the LED backlight LCD market.

We are making an effort to increase our competitiveness, including in the LCD component parts market, by forming cooperative relationships with suppliers and purchasers of our products. As part of this effort, in March 2005, we established a joint venture company, Paju Electric Glass Co., Ltd., with Nippon Electric Glass Co., Ltd. We invested 14.4 billion in return for a 40% interest in Paju Electric Glass Co., Ltd. In November 2010 and April 2011, we invested an additional 14.8 billion and 4.4 billion, respectively, in Paju Electric Glass Co., Ltd. but the additional investments did not change our percentage interest in Paju Electric Glass Co., Ltd.

As part of our strategy to expand our production capacity overseas, we signed an investment agreement and a joint venture agreement in November 2009 with the City of Guangzhou, China, to build an eighth-generation panel fabrication facility in China and held a groundbreaking ceremony in May 2012. In December 2012, we established a joint venture company, LG Display (China) Co., Ltd., with Guangzhou GET Technologies Development Co., Ltd. and Shenzhen SKYWORTH-RGB Electronics Co., Ltd. to manufacture and sell eighth-generation panels. We made an initial investment of US\$28 million and acquired a 70% equity interest in LG Display (China) Co., Ltd. In March, September and October 2013, we made additional investments of US\$112 million, US\$60 million and US\$140 million, respectively, but the additional investments did not change our percentage interest in LG Display (China) Co., Ltd.

In December 2009, we acquired a 30.6% limited partnership interest in LB Gemini New Growth Fund No. 16. Under the limited partnership agreement, we agreed to invest a total amount of 30 billion in the fund, and as of December 31, 2010, we had invested 8.3 billion in the fund. By becoming a limited partner of this fund, our aim is to seek direct investment opportunities as well as to receive benefits from the investment. In February 2011, we received a distribution of 1.4 billion from the fund, and in March and April 2011, we invested an additional 1.9 billion and 3.1 billion, respectively, in the fund. In June 2011, we received a further distribution of 0.7 billion as return of principal and 0.9 billion as dividends and we invested an additional 1.2 billion in the fund. In December 2011, we invested an additional 2.0 billion in the fund. In April, July and September 2012, we received distributions of 1.0 billion, 0.8 billion and 1.8 billion from the fund, respectively. In each of September, November and December 2012, we invested an additional 1.5 billion in the fund. In March and May 2013, we received distributions of 1.1 billion and 0.3 billion from the fund, respectively, and in each of June and September 2013, we invested an additional 1.5 billion in the fund. The additional investments did not change our investment commitment amount of 30 billion or our limited partnership interest in the fund, which remained at

30.6%.

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In November 2010, in order to build Backlight-Module-System (BMS) lines that would help differentiate our technical skills from those of our competitors and increase our cost competitiveness, we entered into a joint venture with Compal Electronics, Inc., a Taiwanese company, and established LUCOM Display Technology (Kunshan) Ltd. in Kunshan, China. We invested US\$2.3 million and acquired a 51% equity interest in LUCOM Display Technology (Kunshan) Ltd. In February and April 2011, we invested an additional US\$3.1 million and US\$2.3 million, respectively, in LUCOM Display Technology (Kunshan) Ltd., but the additional investments did not change our percentage interest in LUCOM Display Technology (Kunshan) Ltd.

In April 2011, in order to enhance the product quality and assist the local development of coaters, a component used in our TFT-LCD products, we invested 20 billion and acquired a 16.6% interest in Narae Nanotech Corporation, a Korean equipment manufacturer. In June 2011, we invested an additional 10.0 billion and acquired a further 7.7% interest in Narae Nanotech Corporation. As of September 30, 2013, we held a 23% equity interest in Narae Nanotech Corporation.

In November 2011, in order to improve our cost competitiveness with respect to the glass substrate etching stage of our TFT-LCD panel manufacturing process, we invested 10.6 billion and acquired a 20.3% interest in Avatec Co., Ltd., a third party glass substrate etching processor. Avatec Co., Ltd. increased its paid-in capital in October 2012 and January 2013. We did not subscribe to additional equity on those occasions and, as a result, our equity interest in Avatec Co., Ltd. was diluted to 16.3% after the January 2013 paid-in capital increase.

In December 2011, in order to expand our module production capacity, we established LG Display U.S.A. Inc. in Texas, United States, and LG Display Reynosa S.A. de C.V. in Reynosa, Mexico. We invested in the form of paid-in capital 12.4 billion and 92 million in LG Display U.S.A. Inc. and LG Display Reynosa S.A. de C.V., respectively. We currently own a 100% interest in LG Display U.S.A. Inc. and a 1% interest in LG Display Reynosa S.A. de C.V. LG Display U.S.A. Inc. owns the remaining 99% interest in LG Display Reynosa S.A. de C.V.

In April 2012, in order to improve our cost competitiveness with respect to tempered glass used for touch screens, we invested 2.0 billion and acquired a 19.8% interest in Glonix Co., Ltd.

3. Major Products and Raw Materials**A. Major products**

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

(Unit: In billions of Won, except percentages)

| Business area | Sales type | Items (Market) | Usage | Major trademark | Sales in 2013 Q1~Q3 (%) |
|---------------|-----------------------------|------------------------------------|--|-----------------|-------------------------|
| Display | Product/Service/Other Sales | TFT-LCD (Overseas ⁽¹⁾) | Panels for notebook computers, monitors, televisions, smartphones, tablets, etc. | LG Display | 17,851 (89.5%) |
| | | TFT-LCD (Korea ⁽¹⁾) | Panels for notebook computers, monitors, televisions, smartphones, tablets, etc. | LG Display | 2,103 (10.5%) |
| Total | | | | | 19,954 (100.0%) |

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Period: January 1, 2013 ~ September 30, 2013.

- (1) Based on ship-to-party.

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The average selling price of LCD panels per square meter of net display area shipped in the third quarter of 2013 increased by approximately 3% from the second quarter of 2013, largely as a result of improved product mix due to an increase in the shipment of small- to medium-sized products. There is no assurance that the average selling prices of LCD panels will not fluctuate in the future due to imbalances in supply and demand.

(Unit: US\$ / m²)

| Description | 2013 Q3 | 2013 Q2 | 2013 Q1 | 2012 Q4 |
|---------------------------------|---------|---------|---------|---------|
| TFT-LCD panel ⁽¹⁾⁽²⁾ | 678 | 657 | 770 | 802 |

(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.

(Unit: In billions of Won, except percentages)

| Business area | Purchase type | Items | Usage | Cost ⁽¹⁾ | Ratio (%) |
|---------------|---------------|-----------|---------------|---------------------|-----------|
| Display | Raw Materials | Glass | LCD panel | 1,693 | 14.9% |
| | | Backlight | | 3,115 | 27.3% |
| | | Polarizer | 1,853 | 16.3% | |
| Total | | Others | manufacturing | 4,735 | 41.5% |
| | | | | 11,396 | 100.0% |

Period: January 1, 2013 ~ September 30, 2013.

(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

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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 | 2013 Q1~Q3 ⁽¹⁾ | 2012 ⁽²⁾ | 2011 ⁽²⁾ |
|---------------|---------|------------------------|---------------------------|---------------------|---------------------|
| Display | TFT-LCD | Gumi, Paju | 6,391 | 9,195 | 8,376 |

- (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., 9 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)

| Business area | Items | Location of facilities | 2013 Q1~Q3 | 2012 | 2011 |
|---------------|---------|------------------------|------------|-------|-------|
| Display | TFT-LCD | Gumi, Paju | 5,707 | 7,853 | 6,850 |

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

B. Production performance and utilization ratio

(Unit: Hours, except percentages)

| Production facilities | Available working hours in 2013 Q1~Q3 | Actual working hours in 2013 Q1~Q3 | Average utilization ratio |
|-----------------------|---|---|------------------------------|
| Gumi | 6,552 ⁽¹⁾ (273 days) ⁽²⁾ | 6,428 ⁽¹⁾ (267.8 days) ⁽²⁾ | 98.1% |
| Paju | 6,552 ⁽¹⁾ (273 days) ⁽²⁾ | 6,512 ⁽¹⁾ (271.3 days) ⁽²⁾ | 99.4% |

- (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 2013, we expect that our capital expenditures on a cash out basis will be not more than approximately 4 trillion or, on a delivery basis, approximately 3 trillion, mainly to fund the expansion of our OLED and LTPS-based panel production capacities and other expansions and

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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) | 2013 Q1~Q3 | 2012 | 2011 |
|---------------|----------------|-------------------------|------------|--------|--------|
| Display | Products, etc. | Overseas ⁽¹⁾ | 17,851 | 27,280 | 22,328 |
| | | Korea ⁽¹⁾ | 2,103 | 2,150 | 1,963 |
| | | Total | 19,954 | 29,430 | 24,291 |

(1) Based on ship-to-party.

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B. Sales route and sales method

(1) Sales organization

As of September 30, 2013, 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

(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 makers and leading consumer electronics makers 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 differentiated television panels and increased the proportion of sales of our premium television panels, such as our ultra-high definition (Ultra HD) and large OLED 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 high-end products applying IPS technology.

(5) Purchase orders

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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.)

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6. Market Risks and Risk Management

A. Market risks

Our industry continues to experience continued declines in the average selling prices of display 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 TFT-LCD 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 makers in Korea, Taiwan, China and Japan. 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 investment and 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.

B. Risk management

The average selling prices of display panels have declined in general and could continue to decline with time irrespective of industry-wide cyclical fluctuations. Certain contributing factors for this decline will be beyond our ability to control and manage. However, in anticipation of such price decline we have continued to develop new technologies and have implemented various cost reduction measures. In addition, in order to manage our risk against foreign currency fluctuations, we may from time to time enter into cross-currency interest rate swap contracts and foreign currency forward contracts.

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 Japanese Yen and the Euro.

We generally use forward exchange contracts with a maturity of less than one year to hedge against currency risks.

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. In addition, we also adjust the factoring volumes of foreign currency denominated receivables and utilize usances as means of settling accounts

payable relating to capital expenditures for our facilities, in response to currency fluctuations.

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B. Interest rate risks

Our exposure to interest rate risks relates primarily to our long term debt obligations. As of September 30, 2013, we had no interest swap contracts outstanding.

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 |
|---------------------------------------|---------------------------------|-----------------|--|
| Technology licensing agreement | Semiconductor Energy Laboratory | October 2005 ~ | 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. |
| | | | |

9. Research & Development

A. Summary of R&D-related expenditures

(Unit: In millions of Won, except percentages)

| Items | | 2013 Q1-Q3 | 2012 | 2011 |
|-------------------------------------|--------------------------------------|------------|-----------|-----------|
| Material Cost | | 421,202 | 494,422 | 550,200 |
| Labor Cost | | 395,497 | 412,805 | 365,375 |
| Depreciation Expense | | 250,419 | 259,467 | 217,874 |
| Others | | 197,349 | 206,093 | 180,582 |
| Total R&D-Related Expenditures | | 1,264,467 | 1,372,787 | 1,314,031 |
| Accounting Treatment ⁽¹⁾ | Selling & Administrative Expenses | 257,323 | 301,239 | 248,328 |
| | Manufacturing Cost | 911,191 | 873,323 | 942,015 |
| | Development Cost (Intangible Assets) | 95,953 | 198,225 | 123,688 |

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R&D-Related Expenditures / Revenue Ratio

| | | | |
|---|------|------|------|
| (Total R&D-Related Expenditures ÷ Revenue for the period × 100) | 6.3% | 4.7% | 5.4% |
|---|------|------|------|

(1) For accounting purposes, R&D-related expenditures are recognized in accordance with their respective sources of cost.

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B. R&D achievements
Achievements in 2011

- 1) Introduction of glass-free mobile 3D product (4.3-inch WVGA)

Development and preparation for mass production of our first glass-free 3D product (utilizing barrier cell)

- 2) Introduction of the world's first 12.5-inch AH-IPS notebook product

Development of the world's first 12.5-inch notebook utilizing AH-IPS technology

Achievement of a maximum circuit logic power of 1.0W

Development of a slim and light AH-IPS model (development of a model that utilizes IPS and flat PCB)

- 3) Introduction of an integrated 14.0-inch touch panel notebook product

Development of a 14.0-inch touch panel notebook product as part of our plan to develop and expand our integrated touch panel products portfolio

- 4) Introduction of our 15.6-inch dream color IPS notebook product

Development of a notebook utilizing H-IPS technology

Realization of a 100% color reproduction rate by applying RGB LED technology

Realization of 1.073G color by applying 10-bit color depth technology

- 5) Development and mass production of 9.7-inch LCD panels for tablets

Application of AH-IPS and slim LCD technology

Decreased thickness by 20% and weight by 7% compared to LCD panel for conventional tablets

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- 6) Development of the world's first 3D FPR 23-inch full high-definition (FHD) TN monitor product

Minimization of flicker / crosstalk by applying FPR technology

Minimization of cost increase by applying one layer 3D film

Realization of high luminance 3D images (two times the luminance compared to images from monitors utilizing shutter glass technology)

- 7) Introduction of our first 50-inch Cinema TV product

Application of 21:9 screen display ratio (2560 x 1080 resolution)

Application of 960ch + EPI source driver integrated circuits (D-IC) for optimal high-resolution

Application of scanning technology under the Horizontal 2Edge structure

- 8) Development of the world's first 3D FPR 23-inch IPS FHD monitor product

Minimization of flicker / crosstalk by applying FPR technology

Minimization of cost increase by applying one layer 3D film

Realization of high luminance 3D images (two times the luminance compared to images from monitors utilizing shutter glass technology)

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- 9) Development and introduction of the world's first 15.6-inch HD FPR 3D notebook product

Realization of the world's first 15.6-inch HD FPR 3D product

Realization of high luminance 3D images (two times the luminance compared to images from notebooks utilizing shutter glass technology)

Minimization of cost increase by applying one layer 3D film

- 10) Development and introduction of the world's first 17.3-inch Dream Color AH-IPS notebook product

Development of the world's first 17.3-inch notebook computer applying AH-IPS

Realization of Dream Color (100% color reproduction rate) by applying RGB LED

Realization of 1.073G color by applying Color Depth 10-bit technology

Realization of 89 degrees viewing angle (up/down/left/right) by applying IPS technology

- 11) Development and introduction of a 15.6-inch HD product with the world's lowest (at the time) power consumption from logic circuit (0.5W).

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

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

Increase in battery life due to logic circuit power consumption reduction

- 12) Development of the world's smallest (at the time) Narrow Bezel Notebook Model

The first in the world to apply 4.5 mm narrow bezel

Formation of camera hole by B/M mask patterning

- 13) Development of a new 10.1-inch WX smartbook LCD

Development of the our first 10.1-inch WXGA LCD following in the footsteps of our 9.7-inch XGA model

Realization of reduced power consumption, high permeability and increased viewing angle by application of IPS technology.

- 14) Development of a 42-inch FHD product applying COT technology

Simplifying panel production process by applying COT (Color Filter on TFT) technology

Luminance increased by 10%

- 15) Development of 42-inch, 47-inch and 55-inch direct slim LCD TV

Development of the world's first direct-mounted 11.0 mm depth ultra-slim liquid crystal display module (LCM) model

Application of 96 block local dimming and M240Hz technology

- 16) Development of a 47-inch super narrow public display panel

Development of our first super narrow bezel (seam 6.9 mm) product for application in public display panels

- 17) Introduction of the world's first 15.6-inch FHD AH-IPS notebook product

Development of the world's first 15.6-inch FHD model applying AH-IPS technology

Development of slim & light AH-IPS model (thickness: 3.4 mm; weight: 330g)

Achieving the following viewing angles by applying IPS technology; 178° from top to bottom; 178° from left to right

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- 18) Development of a 15.6-inch FHD notebook applying a new backlight arrangement

Optimization of light placement by application of New Concept LED Backlight

Reduction in the number of LED integrated circuits (78ea g 10ea) by application of mid-power LED

Reduced energy consumption pursuant to a reduction in the number of LED integrated circuits (7.4W g 5.9W)

- 19) Development of the world's first 215/25/27 FHD TN and 215 FHD IPS 3D monitor

Minimization of flicker/crosstalk by application of FPR technology

Minimization of cost increase by applying one-layered 3D film

Realization of high luminance 3D images (two times the luminance compared to images from monitors utilizing shutter glass technology)

- 20) Development of a 4.5-inch true HD AH-IPS display smartphone product

For 4G LTE smartphones (introduced in September 2011)

Application of true HD720 resolution and AH-IPS technology

- 21) Development of the world's first 14.0-inch HD 3D FPR notebook product

Realization of the world's first 14.0-inch 3D FPR display

Realization of high luminance 3D images (two times the luminance compared to images from notebook panels utilizing shutter glass technology)

- 22) Development of the world's first AH-IPS GIP / DRD column inversion technology

Development of AH-IPS GIP / DRD by application of shrink GIP technology

Realization of TN-equivalent panel size through reduced panel load

Achieved TN-equivalent logic energy consumption levels

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 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 (72ea 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

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

Reduced cost by applying Taper LGP

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- 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 K9 model Kia cars

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

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- 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

- 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

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- 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 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

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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

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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

10. Intellectual Property

As of September 30, 2013, our cumulative patent portfolio (including patents that have already expired) included a total of 23,127 patents, consisting of 11,200 in Korea and 11,927 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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We have also voluntarily agreed to reduce emission of greenhouse gases, such as trifluoride oxide and perfluoro compounds, or PFCs, including sulfur hexafluoride, or SF6, gases, by installing abatement systems to meet voluntary emissions targets for the TFT-LCD industry for 2010. As part of our voluntary activities to reduce emission of greenhouse gases, we installed trifluoride oxide abatement systems at all of our production lines.

We also installed an SF6 abatement system in P1 in April 2005, and have taken steps to install additional SF6 abatement systems through the use of Clean Development Mechanism, or CDM, projects. We manage our CDM projects jointly with LG International Corp. On July 10, 2010, after becoming the first TFT-LCD company to receive the UNFCCC CDM Executive Board's approval of our CDM project, we installed an SF6 abatement system in P6. We received a total of 343,971 tonnes of CO₂ equivalent of certified emission reduction credits, or CERs, from the UN for the reduction of greenhouse gas emissions in P6 during the period from August 1, 2010 to December 31, 2010, all of which was sold in December 2011. We also received a total of 579,583 tonnes of CO₂ equivalent of CERs for the reduction of greenhouse gas emissions in P6 during the period from January 1, 2011 to January 31, 2012. In August 2011, we commenced the installation of an SF6 abatement system in P7 through the implementation of CDM projects which became operational in February 2012. We received a total of 222,270 tonnes of CO₂ equivalent of CERs from the UN for the reduction of greenhouse gas emissions in P6 and P7 during the period from February 1, 2012 to March 31, 2012. We intend to ask a third party accreditation agency to examine the reduction of our greenhouse gas emissions since April 1, 2012 as part of our application for receiving CERs from the UN.

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 year 2012 to the Korean government (i.e., the Ministry of Environment and the Ministry of Trade, Industry & Energy) in March 2013 after it was certified by the Korean Foundation for Quality, 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 CO₂ equivalent; Tetra Joules)

| Category | 2012 | 2011 | 2010 |
|------------------|--------|--------|--------|
| Greenhouse gases | 6,161 | 5,928 | 5,576 |
| Energy | 61,169 | 53,223 | 45,841 |

In addition, in order to improve the efficiency and reliability of measuring our greenhouse gas emission reduction activities, we have implemented improvements to our Plant Energy & Environment System (our electronic greenhouse gas inventory system) in 2012.

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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 for each environmental area, including air quality, water quality, toxic materials and radiation. 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 have established and are currently operating a new green management system, which was certified by BSI Group Korea in November 2011. 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 and 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 purchase 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.

In October 2005, we became the first TFT-LCD company to receive accreditation as an International Accredited Testing Laboratory by the Korea Laboratory Accreditation Scheme, which is operated by the Korean Ministry of Knowledge Economy. 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 September 30, 2013 | As of December 31, 2012 | As of December 31, 2011 | As of December 31, 2010 | As of December 31, 2009 ⁽¹⁾ |
|--|--------------------------------|-------------------------------|-------------------------------|-------------------------------|---|
| Current assets | 8,017,102 | 8,914,685 | 7,858,065 | 8,840,433 | 8,226,142 |
| Quick assets | 5,600,279 | 6,524,678 | 5,540,695 | 6,625,216 | 6,558,362 |
| Inventories | 2,416,823 | 2,390,007 | 2,317,370 | 2,215,217 | 1,667,780 |
| Non-current assets | 14,329,101 | 15,540,826 | 17,304,866 | 15,017,225 | 11,477,335 |
| Investments in equity accounted investees | 415,724 | 402,158 | 385,145 | 325,532 | 282,450 |
| Property, plant and equipment, net | 12,070,699 | 13,107,511 | 14,696,849 | 12,815,401 | 9,596,497 |
| Intangible assets | 458,685 | 497,602 | 535,114 | 539,901 | 352,393 |
| Other non-current assets | 1,383,993 | 1,533,555 | 1,687,758 | 1,336,391 | 1,245,995 |
| Total assets | 22,346,203 | 24,455,511 | 25,162,931 | 23,857,658 | 19,703,477 |
| Current liabilities | 7,095,356 | 9,206,158 | 9,911,434 | 8,881,829 | 6,495,071 |
| Non-current liabilities | 4,597,856 | 5,009,173 | 5,120,469 | 3,914,862 | 3,168,657 |
| Total liabilities | 11,693,212 | 14,215,331 | 15,031,903 | 12,796,691 | 9,663,728 |
| 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 | (58,034) | (69,370) | 12,181 | (35,298) | (51,005) |
| Retained earnings | 6,590,167 | 6,238,989 | 6,063,359 | 7,031,163 | 6,050,562 |
| Non-controlling interest | 80,666 | 30,369 | 15,296 | 24,910 | 0 |
| Total equity | 10,652,991 | 10,240,180 | 10,131,028 | 11,060,967 | 10,039,749 |

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

| Description | For the nine months ended September 30, 2013 | For the nine months ended September 30, 2012 | For the nine months ended September 30, 2011 | For the nine months ended September 30, 2010 | For the nine months ended September 30, 2009 ⁽¹⁾ |
|---|--|--|--|--|---|
| Revenue | 19,954,023 | 20,687,093 | 17,681,311 | 19,028,172 | 14,132,558 |
| Operating profit (loss) | 906,363 ⁽²⁾ | 325,087 ⁽³⁾ | (608,812) ⁽³⁾ | 1,831,747 ⁽³⁾ | 745,397 ⁽³⁾ |
| Operating profit from continuing operations | 348,157 | (83,383) | (781,641) | 1,427,606 | 615,654 |
| Profit (loss) for the period | 348,157 | (83,383) | (781,641) | 1,427,606 | 615,654 |
| Profit (loss) attributable to: | | | | | |
| Owners of the Company | 354,576 | (81,024) | (776,337) | 1,426,462 | 615,654 |
| Non-controlling interest | (6,419) | (2,359) | (5,304) | 1,144 | |
| Basic earnings (loss) per share | 991 | (226) | (2,170) | 3,987 | 1,721 |
| Diluted earnings (loss) per share | 991 | (226) | (2,170) | 3,892 | 1,721 |
| Number of consolidated entities | 19 | 20 | 18 | 16 | 11 |

- (1) Although our financial statements for the year ended December 31, 2009 were audited by our independent auditors in accordance with K-IFRS, our interim financial statements were not reviewed by our independent auditors.
- (2) Amendment to K-IFRS No. 1001 Presentation of Financial Statements adopted in the presentation of operating profit. After adoption of the amendment, 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.
- (3) Reclassified to conform to the presentation for the nine months ended September 30, 2013.

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

(Unit: In millions of Won)

| Description | As of September | As of December 31, 2012 | As of December 31, 2011 | As of December 31, 2010 | As of December 31, 2009 ⁽¹⁾ |
|------------------------------------|-----------------|----------------------------|----------------------------|----------------------------|---|
| | 30, 2013 | | | | |
| Current assets | 7,422,308 | 8,432,253 | 7,326,764 | 8,499,873 | 7,973,355 |
| Quick assets | 5,441,100 | 6,484,308 | 5,414,054 | 6,739,908 | 6,687,050 |
| Inventories | 1,981,208 | 1,947,945 | 1,912,710 | 1,759,965 | 1,286,305 |
| Non-current assets | 14,056,608 | 15,369,335 | 16,947,200 | 14,658,125 | 11,283,512 |
| Investments | 1,654,674 | 1,468,778 | 1,386,313 | 1,279,831 | 1,075,229 |
| Property, plant and equipment, net | 10,681,963 | 12,004,435 | 13,522,553 | 11,688,061 | 8,730,263 |
| Intangible assets | 453,491 | 488,663 | 479,510 | 483,260 | 340,885 |
| Other non-current assets | 1,266,480 | 1,407,459 | 1,558,824 | 1,206,973 | 1,137,135 |
| Total assets | 21,478,916 | 23,801,588 | 24,273,964 | 23,157,998 | 19,256,867 |
| Current liabilities | 7,097,286 | 9,132,943 | 9,485,333 | 8,453,869 | 6,120,663 |
| Non-current liabilities | 4,596,411 | 5,007,525 | 5,101,714 | 3,833,454 | 3,102,006 |
| Total liabilities | 11,693,697 | 14,140,468 | 14,587,047 | 12,287,323 | 9,222,669 |
| 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 | (465) | (893) | (3,944) | (7,795) | (17,366) |
| Retained earnings | 5,745,492 | 5,621,821 | 5,650,669 | 6,838,278 | 6,011,372 |
| Total equity | 9,785,219 | 9,661,120 | 9,686,917 | 10,870,675 | 10,034,198 |

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

| Description | For the nine months ended September 30, 2013 | For the nine months ended September 30, 2012 | For the nine months ended September 30, 2011 | For the nine months ended September 30, 2010 | For the nine months ended September 30, 2009 ⁽¹⁾ |
|--|--|--|--|--|---|
| Revenue | 19,140,049 | 20,174,069 | 17,022,421 | 18,793,301 | 14,194,396 |
| Operating profit (loss) | 625,344 ⁽²⁾ | 190,575 ⁽³⁾ | (704,980) ⁽³⁾ | 1,588,933 ⁽³⁾ | 787,744 ⁽³⁾ |
| Operating profit (loss) from continuing operations | 123,561 | (158,642) | (834,324) | 1,305,635 | 662,199 |
| Profit (loss) for the period | 123,561 | (158,642) | (834,324) | 1,305,635 | 662,199 |
| Basic earnings (loss) per share | 345 | (443) | (2,332) | 3,649 | 1,851 |
| Diluted earnings (loss) per share | 345 | (443) | (2,332) | 3,558 | 1,851 |

- (1) Although our financial statements for the year ended December 31, 2009 were audited by our independent auditors in accordance with K-IFRS, our interim financial statements were not reviewed by our independent auditors.
- (2) Amendment to K-IFRS No. 1001 Presentation of Financial Statements adopted in the presentation of operating profit. After adoption of the amendment, 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.
- (3) Reclassified to conform to the presentation for the nine months ended September 30, 2013.

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C. Consolidated subsidiaries (as of September 30, 2013)

| 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 | 90% |
| 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% |
| L&I Electronic Technology (Dongguan) Limited | Manufacturing and sales | China | 100% |
| 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% |

D. Status of equity investment (as of September 30, 2013)

| Company | Investment Amount | Initial Equity Investment Date | Equity Interest |
|--|-------------------|--------------------------------|-----------------|
| LG Display America, Inc. | US\$300,000,000 | September 24, 1999 | 100% |
| LG Display Germany GmbH | EUR960,000 | 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. | CNY2,834,206,315 | July 15, 2002 | 100% |
| LG Display Shanghai Co., Ltd. | CNY4,138,650 | January 16, 2003 | 100% |
| LG Display Poland Sp. zo.o. | PLN410,327,700 | September 6, 2005 | 80% |
| LG Display Guangzhou Co., Ltd. | CNY895,904,754 | August 7, 2006 | 90% |
| LG Display Shenzhen Co., Ltd. | CNY3,775,250 | August 28, 2007 | 100% |
| LG Display Singapore Pte. Ltd. | SGD1,400,000 | January 12, 2009 | 100% |
| L&T Display Technology (Xiamen) Co., Ltd. | CNY41,785,824 | January 5, 2010 | 51% |
| L&T Display Technology (Fujian) Co., Ltd. | CNY59,197,026 | January 5, 2010 | 51% |
| LG Display Yantai Co., Ltd. | CNY525,016,000 | April 19, 2010 | 100% |
| L&I Electronic Technology (Dongguan) Limited | CNY54,387,360 | October 25, 2010 | 100% |
| LUCOM Display Technology (Kunshan) Limited | CNY50,353,677 | December 27, 2010 | 51% |
| LG Display U.S.A. Inc. | US\$10,920,000 | December 8, 2011 | 100% |
| LG Display Reynosa S.A. de C.V. | MXN111,998,058 | December 30, 2011 | 100% |
| Nanumnuri Co., Ltd. | 800,000,000 | March 19, 2012 | 100% |
| LG Display (China) Co., Ltd. ⁽¹⁾ | CNY1,251,165,149 | December 27, 2012 | 70% |

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| Company | Investment Amount | Initial Equity Investment Date | Equity Interest |
|--|-------------------|--------------------------------|-----------------|
| Suzhou Raken Technology Co., Ltd. ⁽²⁾ | CNY636,973,649 | October 7, 2008 | 51% |
| 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% |
| Guangzhou New Vision Technology Research and Development Limited | CNY25,000,000 | July 11, 2008 | 50% |
| NEW OPTICS, Ltd. | 12,199,600,000 | July 30, 2008 | 42% |
| 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 ⁽³⁾ | 17,177,282,659 | 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% |
| Eralite Optoelectronics (Jiangsu) Co., Ltd. | US\$4,000,000 | September 28, 2010 | 20% |
| 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 September and October 2013, we invested CNY372 million and CNY858 million, respectively, in LG Display (China) Co., Ltd. The investment did not affect our percentage interest.
- (2) In September 2013, we invested CNY68 million in Suzhou Raken Technology Co., Ltd. The investment did not affect our percentage interest.
- (3) In September 2013, we invested 1.5 billion in LB Gemini New Growth Fund No. 16. The investment did not affect our percentage interest.

13. Audit Information

A. Audit service

(Unit: In millions of Won, hours)

| Description | 2013 Q1-Q3 | 2012 | 2011 |
|-----------------------------|------------------------------|------------------------------|------------------------------|
| Auditor | KPMG Samjong | KPMG Samjong | KPMG Samjong |
| Activity | Audit by independent auditor | Audit by independent auditor | Audit by independent auditor |
| Compensation ⁽¹⁾ | 910 (325) ⁽²⁾ | 850 (285) ⁽²⁾ | 850 (285) ⁽²⁾ |
| Time required | 9,375 | 16,792 | 16,154 |

- (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

(Unit: In millions of Won)

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| Fiscal year | Contract date | Service description | Service period | Compensation |
|-------------|---------------|--|---------------------------|--------------|
| 2013 | July 29, 2013 | Advisory services in establishing a compliance system in connection with our disclosure obligations under the U.S. Securities and Exchange commission s conflict mineral rule. | July 2013 to October 2013 | 126 |

14. Board of Directors

A. Members of the board of directors

As of September 30, 2013, our board of directors are two non-outside directors, one non-standing director and four outside directors.

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(As of September 30, 2013)

| 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 |
| James (Hoyoung) Jeong | November 2, 1961 | Director (non-outside), Chief Executive Officer and President | Chief Financial Officer of LG Electronics | February 29, 2008 |
| Yu Sig Kang | 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 | 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 |

B. Committees of the board of directors

As of September 30, 2013, we have the following committees that serve under our board of directors: Audit Committee, Outside Director Nomination Committee and Management Committee.

(as of September 30, 2013)

| Committee | Composition | Member |
|-----------------------------|--|---|
| Audit Committee | 3 outside directors | Tae Sik Ahn, Joon Park, Jin Jang |
| Outside Director Nomination | 1 non-outside director and | James (Hoyoung) Jeong, Dong Il Kwon, Jin Jang |
| Management Committee | 2 outside directors 2 non-outside directors | Sang Beom Han, James (Hoyoung) Jeong |

C. Independence of directors

Outside director: Independent

Non-outside director: Not independent

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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 September 30, 2013): 500,000,000 shares.

(2) Total shares issued and outstanding (as of September 30, 2013): 357,815,700 shares.

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B. Shareholder list

(1) Largest shareholder and related parties as of September 30, 2013:

| 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 September 30, 2013:

| 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 2013 Q1~Q3

(Unit: person, in millions of Won)

| Classification | No. of directors ⁽¹⁾ | Amount paid ⁽²⁾ | Per capita average remuneration paid ⁽⁴⁾ |
|---|---------------------------------|----------------------------|---|
| Non-outside directors | 3 | 1,343 ⁽³⁾ | 448 |
| Outside directors who are not audit committee members | 1 | 50 | 50 |
| Outside directors who are audit committee members | 3 | 147 | 49 |
| Total | 7 | 1,540 | |

(1) Number of directors as at September 30, 2013.

(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 nine months ended September 30, 2013.

(2) Stock options
Not applicable.

Table of Contents**B. Employees**

As of September 30, 2013, we had 34,237 employees (excluding our executive officers). On average, our male employees have served 6.0 years and our female employees have served 4.1 years. The total amount of salary paid to our employees for the nine months ended September 30, 2013 based on income tax statements submitted to the Korean tax authority in accordance with Article 20 of the Income Tax Act was 967,672 million for our male employees and 291,311 million for our female employees. The following table provides details of our employees as of September 30, 2013:

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

| | Number of employees (1) | Total salary in 2013 Q1~Q3 (2) (3) (4) | Total salary per capita (5) | Average years of service |
|--------|----------------------------|--|--------------------------------|--------------------------|
| Male | 24,208 | 967,672 | 40 | 6.0 |
| Female | 10,029 | 291,311 | 28 | 4.1 |
| Total | 34,237 | 1,258,983 | 36 | 5.4 |

(1) Includes part-time employees.

(2) Welfare benefits and retirement expenses have been excluded. Total welfare benefit provided to our employees for the nine months ended September 30, 2013 was 247,307 million and the per capita welfare benefit provided was 7.2 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: 24,241, female: 10,315) for the nine months ended September 30, 2013.

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LG DISPLAY CO., LTD. AND SUBSIDIARIES

Condensed Consolidated Interim Financial Statements

(Unaudited)

September 30, 2013 and 2012

(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 September 30, 2013 and the condensed consolidated interim statements of comprehensive income (loss) for each of the three-month and nine-month periods ended September 30, 2013 and 2012, and statements of changes in equity and cash flows for the nine-month periods ended September 30, 2013 and 2012, 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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As discussed in note 2 (e) to the condensed consolidated interim financial statements, the Group has applied the amendment to K-IFRS No. 1001, *Presentation of Financial Statements*, and presented operating profit or loss as an amount of revenue less cost of sales, selling and administrative expense, and research and development expenses in the consolidated statement of comprehensive income (loss) since the annual reporting for the year ended December 31, 2012. The Group applied this change in accounting policies retrospectively, and accordingly restated the comparative condensed consolidated statements of comprehensive income (loss) for the three-month and nine-month periods ended September 30, 2012.

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, 2012 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 15, 2013, expressed an unqualified opinion. The accompanying condensed consolidated statement of financial position of the Group as of December 31, 2012, 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

October 31, 2013

This report is effective as of October 31, 2013, 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 September 30, 2013 and December 31, 2012

| <i>(In millions of won)</i> | Note | September 30, 2013 | December 31, 2012 |
|---|---------|--------------------|-------------------|
| Assets | | | |
| Cash and cash equivalents | 9 | 2,081,341 | 2,338,661 |
| Deposits in banks | 9 | 565,160 | 315,092 |
| Trade accounts and notes receivable, net | 9,16,19 | 2,608,742 | 3,334,341 |
| Other accounts receivable, net | 9 | 74,791 | 199,007 |
| Other current financial assets | 9 | 3,852 | 3,828 |
| Inventories | 5 | 2,416,823 | 2,390,007 |
| Prepaid income taxes | | 4,773 | 8,483 |
| Other current assets | | 261,620 | 325,266 |
| Total current assets | | 8,017,102 | 8,914,685 |
| Investments in equity accounted investees | 6 | 415,724 | 402,158 |
| Other non-current financial assets | 9 | 49,154 | 86,432 |
| Deferred tax assets | 21 | 1,160,179 | 1,294,813 |
| Property, plant and equipment, net | 7,20 | 12,070,699 | 13,107,511 |
| Intangible assets, net | 8,20 | 458,685 | 497,602 |
| Other non-current assets | | 174,660 | 152,310 |
| Total non-current assets | | 14,329,101 | 15,540,826 |
| Total assets | | 22,346,203 | 24,455,511 |
| Liabilities | | | |
| Trade accounts and notes payable | 9,19 | 3,145,804 | 4,147,036 |
| Current financial liabilities | 9,10 | 663,179 | 1,015,272 |
| Other accounts payable | 9,19 | 1,797,327 | 2,811,161 |
| Accrued expenses | | 602,666 | 412,055 |
| Income tax payable | | 56,191 | 56,521 |
| Provisions | 17 | 164,264 | 250,984 |
| Advances received | | 637,219 | 485,468 |
| Other current liabilities | | 28,706 | 27,661 |
| Total current liabilities | | 7,095,356 | 9,206,158 |
| Non-current financial liabilities | 9,10 | 3,345,342 | 3,440,585 |
| Non-current provisions | | 4,521 | 6,515 |
| Deferred tax liabilities | 21 | 432 | |
| Employee benefits | 14 | 295,919 | 180,640 |
| Long-term advances received | 16 | 570,068 | 1,049,678 |
| Other non-current liabilities | | 381,574 | 331,755 |
| Total non-current liabilities | | 4,597,856 | 5,009,173 |
| Total liabilities | | 11,693,212 | 14,215,331 |

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| | | | |
|---|----|------------|------------|
| Equity | | | |
| Share capital | 18 | 1,789,079 | 1,789,079 |
| Share premium | | 2,251,113 | 2,251,113 |
| Reserves | 18 | (58,034) | (69,370) |
| Retained earnings | | 6,590,167 | 6,238,989 |
| Total equity attributable to equity holders of the Controlling Company | | 10,572,325 | 10,209,811 |
| Non-controlling interests | | 80,666 | 30,369 |
| Total equity | | 10,652,991 | 10,240,180 |
| Total liabilities and equity | | 22,346,203 | 24,455,511 |

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 and nine-month periods ended September 30, 2013 and 2012

| <i>(In millions of won, except earnings per share)</i> | Note | For the three-month periods ended September 30 | | For the nine-month periods ended September 30 | |
|--|---------|---|-------------|--|--------------|
| | | 2013 | 2012 | 2013 | 2012 |
| Revenue | 19,20 | 6,578,735 | 7,593,045 | 19,954,023 | 20,687,093 |
| Cost of sales | 5,11,19 | (5,590,949) | (6,791,821) | (17,297,081) | (18,787,668) |
| Gross profit | | 987,786 | 801,224 | 2,656,942 | 1,899,425 |
| Selling expenses | 12 | (187,553) | (193,267) | (536,452) | (629,693) |
| Administrative expenses | 12 | (129,856) | (126,857) | (396,585) | (373,545) |
| Research and development expenses | | (281,184) | (183,961) | (817,542) | (571,100) |
| Operating profit | | 389,193 | 297,139 | 906,363 | 325,087 |
| Finance income | 15 | 64,905 | 104,317 | 147,537 | 204,558 |
| Finance costs | 15 | (75,904) | (125,939) | (303,794) | (316,098) |
| Other non-operating income | 13 | 322,203 | 283,750 | 870,844 | 767,684 |
| Other non-operating expenses | 13 | (306,802) | (331,396) | (1,038,962) | (1,051,022) |
| Equity income on investments, net | | 8,933 | 2,275 | 23,622 | 25,346 |
| Profit (loss) before income tax | | 402,528 | 230,146 | 605,610 | (44,445) |
| Income tax expense | 21 | (163,111) | (71,953) | (257,453) | (38,938) |
| Profit (loss) for the period | | 239,417 | 158,193 | 348,157 | (83,383) |
| Other comprehensive income (loss) | | | | | |
| Items that will not be reclassified to profit or loss | | | | | |
| Defined benefit plan actuarial losses | 14 | (98) | (71,076) | (247) | (70,825) |
| Income tax relating to items that will not be reclassified to profit or loss | | 20 | 17,207 | (35) | 17,101 |
| | | (78) | (53,869) | (282) | (53,724) |
| Items that may be reclassified subsequently to profit or loss | | | | | |
| Net change in fair value of available-for-sale financial assets | 15 | 42 | 8,997 | 302 | 16,331 |
| Cumulative translation differences | | (119,267) | (30,527) | 12,812 | (29,825) |
| Share of loss from sale of treasury stocks by associates | | (6) | (125) | (113) | |
| Income tax relating to items that may be reclassified to profit or loss | | (317) | (1,752) | (134) | (3,580) |
| | | (119,548) | (23,407) | 12,867 | (17,074) |
| Other comprehensive income (loss) for the period, net of income tax | | (119,626) | (77,276) | 12,585 | (70,798) |
| Total comprehensive income (loss) for the period | | 119,791 | 80,917 | 360,742 | (154,181) |

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| | | | | | |
|---|----------------|----------------|----------------|------------------|-------|
| Profit (loss) attributable to: | | | | | |
| Owners of the Controlling Company | 244,997 | 158,615 | 354,576 | (81,024) | |
| Non-controlling interests | (5,580) | (422) | (6,419) | (2,359) | |
| Profit (loss) for the period | 239,417 | 158,193 | 348,157 | (83,383) | |
| Total comprehensive income (loss) attributable to: | | | | | |
| Owners of the Controlling Company | 130,831 | 81,748 | 365,630 | (151,292) | |
| Non-controlling interests | (11,040) | (831) | (4,888) | (2,889) | |
| Total comprehensive income (loss) for the period | 119,791 | 80,917 | 360,742 | (154,181) | |
| Earnings (loss) per share | | | | | |
| Basic and diluted earnings (loss) per share | 22 | 685 | 443 | 991 | (226) |

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 nine-month periods ended September 30, 2013 and 2012

| <i>(In millions of won)</i> | Attributable to owners of the Controlling Company Share of gain from sale of treasury stocks | | | | | | | |
|--|---|------------------|------------------|-----------------------|------------------------|----------------------|------------------------------|-----------------|
| | Share capital | Share premium | by associates | Fair value reserve | Translation reserve | Retained earnings | Non-controlling interests | Total equity |
| Balances at January 1, 2012 | 1,789,079 | 2,251,113 | 596 | (3,856) | 15,441 | 6,063,359 | 15,296 | 10,131,028 |
| Total comprehensive loss for the period | | | | | | | | |
| Loss for the period | | | | | | (81,024) | (2,359) | (83,383) |
| Other comprehensive income (loss) | | | | | | | | |
| Net change in fair value of available-for-sale financial assets, net of tax | | | | 12,773 | | | | 12,773 |
| Defined benefit plan actuarial loss, net of tax | | | | | | (53,724) | | (53,724) |
| Exchange differences on translating foreign operations, net of tax | | | | | (29,317) | | (530) | (29,847) |
| Total other comprehensive income (loss) | | | | 12,773 | (29,317) | (53,724) | (530) | (70,798) |
| Total comprehensive income (loss) for the period | | | | 12,773 | (29,317) | (134,748) | (2,889) | (154,181) |
| Transaction with owners, recognized directly in equity | | | | | | | | |
| Balances at September 30, 2012 | 1,789,079 | 2,251,113 | 596 | 8,917 | (13,876) | 5,928,611 | 12,407 | 9,976,847 |
| Balances at January 1, 2013 | 1,789,079 | 2,251,113 | 548 | (66) | (69,852) | 6,238,989 | 30,369 | 10,240,180 |
| Total comprehensive income (loss) for the period | | | | | | | | |
| Profit (loss) for the period | | | | | | 354,576 | (6,419) | 348,157 |
| Other comprehensive income (loss) | | | | | | | | |
| Net change in fair value of available-for-sale financial assets, net of tax | | | | 166 | | | | 166 |
| Defined benefit plan actuarial loss, net of tax | | | | | | (282) | | (282) |
| Exchange differences on translating foreign operations, net of tax | | | | | 11,283 | | 1,531 | 12,814 |
| Share of loss from sale of treasury stocks by associates, net of tax | | | (113) | | | | | (113) |
| Total other comprehensive income (loss) | | | (113) | 166 | 11,283 | (282) | 1,531 | 12,585 |
| Total comprehensive income (loss) for the period | | | (113) | 166 | 11,283 | 354,294 | (4,888) | 360,742 |

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

| | | | | | | | | |
|--|--|--|--|--|--|---------|--------|--------|
| Capital contribution from non-controlling interests and others | | | | | | (3,116) | 55,185 | 52,069 |
|--|--|--|--|--|--|---------|--------|--------|

| | | | | | | | | |
|---------------------------------------|-----------|-----------|-----|-----|----------|-----------|--------|------------|
| Balances at September 30, 2013 | 1,789,079 | 2,251,113 | 435 | 100 | (58,569) | 6,590,167 | 80,666 | 10,652,991 |
|---------------------------------------|-----------|-----------|-----|-----|----------|-----------|--------|------------|

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 nine-month periods ended September 30, 2013 and 2012

| <i>(In millions of won)</i> | Note | 2013 | 2012 |
|--|------|-----------|-----------|
| Cash flows from operating activities: | | | |
| Profit (loss) for the period | | 348,157 | (83,383) |
| Adjustments for: | | | |
| Income tax expense | 21 | 257,453 | 38,938 |
| Depreciation | 11 | 2,782,570 | 3,044,408 |
| Amortization of intangible assets | 11 | 184,975 | 198,131 |
| Gain on foreign currency translation | | (137,952) | (120,748) |
| Loss on foreign currency translation | | 148,675 | 67,696 |
| Costs related to defined benefit plans | 14 | 118,207 | 104,009 |
| Impairment loss on property, plant and equipment | | 848 | |
| Impairment loss on intangible assets | | 1,513 | 37,720 |
| Reversal of impairment loss on intangible assets | | (296) | |
| Gain on disposal of property, plant and equipment | | (6,451) | (4,343) |
| Loss on disposal of property, plant and equipment | | 773 | 3,168 |
| Loss on disposal of intangible assets | | 168 | 704 |
| Finance income | | (34,963) | (68,032) |
| Finance costs | | 129,654 | 146,521 |
| Equity in income of equity method accounted investees, net | | (23,622) | (25,346) |
| Other income | | (498) | (6,761) |
| Other expenses | | 275,804 | 392,671 |
| | | 3,696,858 | 3,808,736 |
| Change in trade accounts and notes receivable | | 278,115 | (894,483) |
| Change in other accounts receivable | | 139,480 | 39,835 |
| Change in other current assets | | 73,059 | (124,331) |
| Change in inventories | | (26,816) | (429,440) |
| Change in other non-current assets | | (60,470) | (44,299) |
| Change in trade accounts and notes payable | | (880,371) | 812,930 |
| Change in other accounts payable | | (291,277) | (202,749) |
| Change in accrued expenses | | 177,251 | 173,547 |
| Change in other current liabilities | | (13,883) | 353,671 |
| Change in long-term advances received | | | 789,670 |
| Change in other non-current liabilities | | 184 | 2,369 |
| Change in provisions | | (235,357) | (313,204) |
| Change in defined benefit liabilities | | (2,781) | (29,073) |
| | | (842,866) | 134,443 |
| Cash generated from operating activities | | 3,202,149 | 3,859,796 |
| Income taxes paid | | (119,177) | (67,400) |
| Interest received | | 29,638 | 27,048 |
| Interest paid | | (131,079) | (146,152) |
| Net cash provided by operating activities | | 2,981,531 | 3,673,292 |

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, Continued

(Unaudited)

For the nine-month periods ended September 30, 2013 and 2012

| <i>(In millions of won)</i> | Note | 2013 | 2012 |
|---|------|--------------------|--------------------|
| Cash flows from investing activities: | | | |
| Dividends received | | 14,582 | 686 |
| Proceeds from withdrawal of deposits in banks | | 1,254,209 | 812,000 |
| Increase in deposits in banks | | (1,505,439) | (550,339) |
| Acquisition of investments in equity accounted investees | | (14,983) | (3,533) |
| Proceeds from disposal of investments in equity accounted investees | | 1,483 | 3,938 |
| Acquisition of property, plant and equipment | | (2,510,750) | (3,316,048) |
| Proceeds from disposal of property, plant and equipment | | 18,314 | 13,514 |
| Acquisition of intangible assets | | (140,313) | (242,009) |
| Proceeds from disposal of intangible assets | | 1,902 | |
| Grants received | | 1,744 | 2,173 |
| Payment for settlement of derivatives | | | (211) |
| Proceeds from collection of short-term loans | | 2 | |
| Increase in short-term loans | | | (31) |
| Acquisition of other non-current financial assets | | (4,844) | (54,070) |
| Proceeds from disposal of other non-current financial assets | | 39,924 | 11,089 |
| Net cash used in investing activities | | (2,844,169) | (3,322,841) |
| Cash flows from financing activities: | | | |
| Proceeds from short-term borrowings | | 1,393,121 | 3,259,471 |
| Repayments of short-term borrowings | | (1,394,460) | (3,115,712) |
| Proceeds from issuance of debentures | | 288,820 | |
| Proceeds from long-term debt | | 162,405 | 494,000 |
| Repayments of current portion of long-term debt and debentures | | (902,137) | (558,317) |
| Capital contribution from non-controlling interests | | 52,039 | |
| Net cash provided by (used in) financing activities | | (400,212) | 79,442 |
| Net increase (decrease) in cash and cash equivalents | | (262,850) | 429,893 |
| Cash and cash equivalents at January 1 | | 2,338,661 | 1,517,977 |
| Effect of exchange rate fluctuations on cash held | | 5,530 | (813) |
| Cash and cash equivalents at September 30 | | 2,081,341 | 1,947,057 |

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 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, the Controlling Company changed its name to LG Display Co., Ltd. as a result of the decrease in Philips' s share interest in the Controlling Company and the possibility of its business expansion to Organic Light Emitting Diode (OLED) and Flexible Display products. As of September 30, 2013, LG Electronics Inc. owns 37.9% (135,625,000 shares) of the Controlling Company' s common shares.

As of September 30, 2013, the Controlling Company has its TFT-LCD manufacturing plants, OLED manufacturing plant and Research & Development Center in Paju and TFT-LCD manufacturing plants in Gumi. The Controlling Company has overseas subsidiaries located in the Americas, Europe and Asia.

The Controlling Company' s common stock is listed on the Korea Exchange under the identifying code 034220. As of September 30, 2013, 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 September 30, 2013, there are 18,195,154 ADSs outstanding.

Table of Contents1. Reporting Entity, Continued(b) Consolidated Subsidiaries as of September 30, 2013*(In millions)*

| Subsidiaries | Location | Percentage of ownership | Fiscal year end | Date of incorporation | Business | Capital stocks |
|---|-------------------|-------------------------|-----------------|-----------------------|--|----------------|
| LG Display America, Inc. (*1) | San Jose, U.S.A. | 100% | Dec. 31 | Sep. 24, 1999 | Sell TFT-LCD products | USD 300 |
| LG Display Japan Co., Ltd. | Tokyo, Japan | 100% | Dec. 31 | Oct. 12, 1999 | Sell TFT-LCD products | JPY 95 |
| LG Display Germany GmbH | Ratingen, Germany | 100% | Dec. 31 | Nov. 5, 1999 | Sell TFT-LCD products | EUR 1 |
| LG Display Taiwan Co., Ltd. | Taipei, Taiwan | 100% | Dec. 31 | Apr. 12, 1999 | Sell TFT-LCD products | NTD 116 |
| LG Display Nanjing Co., Ltd. | Nanjing, China | 100% | Dec. 31 | Jul. 15, 2002 | Manufacture and sell TFT-LCD products | CNY 2,834 |
| LG Display Shanghai Co., Ltd. | Shanghai, China | 100% | Dec. 31 | Jan. 16, 2003 | Sell TFT-LCD products | CNY 4 |
| LG Display Poland Sp. z o. o. | Wroclaw, Poland | 80% | Dec. 31 | Sep. 6, 2005 | Manufacture and sell TFT-LCD products | PLN 511 |
| LG Display Guangzhou Co., Ltd. | Guangzhou, China | 90% | Dec. 31 | Jun. 30, 2006 | Manufacture and sell TFT-LCD products | CNY 992 |
| LG Display Shenzhen Co., Ltd. | Shenzhen, China | 100% | Dec. 31 | Aug. 28, 2007 | Sell TFT-LCD products | CNY 4 |
| LG Display Singapore Pte. Ltd. | Singapore | 100% | Dec. 31 | Jan. 12, 2009 | Sell TFT-LCD products | SGD 1.4 |
| L&T Display Technology (Xiamen) Limited | Xiamen, China | 51% | Dec. 31 | Jan. 5, 2010 | Manufacture LCD module and TV sets | CNY 82 |
| L&T Display Technology (Fujian) Limited | Fujian, China | 51% | Dec. 31 | Jan. 5, 2010 | Manufacture LCD Module and monitor sets | CNY 116 |
| LG Display Yantai Co., Ltd. | Yantai, China | 100% | Dec. 31 | Apr. 19, 2010 | Manufacture and sell TFT-LCD products | CNY 525 |
| L&I Electronic Technology (Dongguan) Limited (*2) | Dongguan, China | 100% | Dec. 31 | Sep. 26, 2010 | Manufacture and sell e-Book devices | CNY 71 |
| LUCOM Display Technology (Kunshan) Limited | Kunshan, China | 51% | Dec. 31 | Dec. 15, 2010 | Manufacture notebook borderless hinge-up | CNY 99 |
| LG Display U.S.A. Inc. | McAllen, U.S.A. | 100% | Dec. 31 | Oct. 26, 2011 | Manufacture TFT-LCD products | USD 11 |
| LG Display Reynosa S.A. de C.V. | Reynosa, Mexico | 100% | Dec. 31 | Nov. 4, 2011 | Manufacture TFT-LCD products | MXN 112 |

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| | | | | | | |
|-----------------------------------|------------------|------|---------|---------------|---------------------------------------|-----------|
| Nanumnuri Co., Ltd. | Gumi, | 100% | Dec. 31 | Mar. 21, 2012 | Janitorial services | KRW 800 |
| | South Korea | | | | | |
| LG Display (China) Co., Ltd. (*3) | Guangzhou, China | 70% | Dec. 31 | Dec. 10, 2012 | Manufacture and sell TFT-LCD products | CNY 1,628 |

(*1) In June 2013, the Controlling Company invested 44,768 million in cash for the capital increase of LG Display America, Inc. (LGDUS). There were no changes in the Controlling Company s ownership percentage in LGDUS as a result of this additional investment.

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1. Reporting Entity, Continued

(*2) In April and June 2013, the Controlling Company invested an aggregate of 6,730 million in cash to participate in the disproportionate capital increase of L&I Electronic Technology (Dongguan) Limited and acquired the remaining interest from non-controlling interests. As of September 30, 2013, L&I Electronic Technology (Dongguan) Limited, which is in liquidation, is wholly owned by the Controlling Company.

(*3) In March and September 2013, the Controlling Company contributed 186,878 million in cash for the capital increase of LG Display (China) Co., Ltd. (LGDCA). There were no changes in the Controlling Company's ownership percentage in LGDCA as a result of the additional investments.

In July 2013, I&M, which was a subsidiary of the Controlling Company, completed liquidation.

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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, 2012.

The condensed consolidated interim financial statements were authorized for issuance by the Board of Directors on October 16, 2013.

(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:

derivative financial instruments measured at fair value;

financial instruments at fair value through profit or loss measured at fair value;

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

liabilities for defined benefit plans 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, 2012.

Table of Contents2. Basis of Presenting Financial Statements, Continued(e) Changes in accounting policies(i) Presentation of Operating Profit or Loss in the Condensed Consolidated Interim Statement of Comprehensive Income (Loss)

The Group has adopted the amendment to K-IFRS No. 1001, *Presentation of Financial Statements*, and has presented operating profit or loss as an amount of revenue less cost of sales and selling and administrative expense including research and development expenses on the consolidated statement of comprehensive income (loss) from the year ended December 31, 2012.

The Group has applied the amendment retrospectively, and accordingly restated the comparative condensed consolidated interim statements of comprehensive income (loss) for the three-month and nine-month periods ended September 30, 2012. The impact upon adoption of the amendment for the three-month and nine-month periods ended September 30, 2012 is as follows:

(In millions of won)

| | 2012 | |
|---|--|---|
| | For the three-month period ended September 30 | For the nine-month period ended September 30 |
| Operating profit before adoption of the amendment | 253,407 | 49,699 |
| Deductions: | | |
| Rental income | (1,904) | (5,288) |
| Foreign currency gain | (276,374) | (745,402) |
| Reversal of impairment loss on assets | | (3) |
| Gain on disposal of property, plant and equipment | (1,612) | (4,343) |
| Reversal of allowance for doubtful accounts for other receivables | (213) | (508) |
| Commission earned | (1,683) | (3,098) |
| Others | (1,962) | (8,983) |
| | (283,748) | (767,625) |
| Additions: | | |
| Foreign currency loss | 252,086 | 690,865 |
| Loss on disposal of property, plant and equipment | 1,262 | 3,168 |
| Loss on disposal of intangible assets | 94 | 704 |
| Impairment loss on intangible assets | 37 | 37,720 |
| Expenses related to legal proceedings or claims and others | 74,001 | 310,556 |
| | 327,480 | |
| | 1 | 1,043,013 |
| Restated operating profit after adoption of the amendment | 297,139 | 325,087 |

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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, 2012, except for the application of K-IFRS No. 1034, *Interim Financial Reporting*, and the amended or new accounting standards explained below:

(a) Changes to the Significant Accounting Policies
(i) Amendment to K-IFRS No.1001, *Presentation of Financial Statements*

The Group has applied the amendment to K-IFRS No. 1001, *Presentation of Financial Statements*, effective January 1, 2013, by classifying other comprehensive income by nature into items that will not be reclassified to profit or loss and items that may be reclassified subsequently to profit or loss .

(ii) K-IFRS No.1110, *Consolidated Financial Statements*

The Group has applied the standard of K-IFRS No. 1110, *Consolidated Financial Statements*, effective January 1, 2013. The standard defines the principle of control and establishes control as the basis for determining which entities are consolidated in the consolidated financial statements. A subsidiary is an entity controlled by the investor or the subsidiary of the investor. An investor or the subsidiary of the investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. There is no significant impact of applying this standard on the condensed consolidated interim financial statements.

(iii) K-IFRS No.1111, *Joint Arrangement*

The Group has applied the standard of K-IFRS No. 1111, *Joint Arrangement*, effective January 1, 2013. The standard classifies joint arrangements into two types: joint operations and joint ventures. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets and obligations for the liabilities relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint venturers) have rights to the net assets of the arrangement. The standard requires a joint operator to recognize and measure the assets and liabilities (and recognize the related revenues and expenses) in relation to its interest in the arrangement in accordance with relevant K-IFRSs applicable to the particular assets, liabilities, revenues and expenses. The standard requires a joint venturer to recognize an investment and to account for that investment using the equity method. There is no significant impact of applying this standard on the condensed consolidated interim financial statements.

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3. Summary of Significant Accounting Policies, Continued

(a) Changes to the Significant Accounting Policies, Continued

(iv) K-IFRS No.1112, *Disclosure of Interests in Other Entities*

The Group has applied the standard of K-IFRS No. 1112, *Disclosures of Interests in Other Entities*, effective January 1, 2013. The standard brings together into a single standard all the disclosure requirements about an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. The standard requires an entity to disclose information that enables users of financial statements to evaluate the nature of and risks associated with its interests in other entities and the effects of those interests on its financial position, financial performance and cash flows. There is no significant impact of applying this standard on the condensed consolidated interim financial statements.

(v) Amendment to K-IFRS No.1019, *Employee Benefits*

The Group has applied the amendment to K-IFRS No.1019, *Employee Benefits*, effective January 1, 2013. The revised standard requires the Group to calculate the expected return on plan assets based on the discount rate that is used to measure the present value of defined benefit obligation.

(b) New Standards and Interpretations Not Yet Adopted

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

The amendment improves application guidance of K-IFRS No.1032, *Financial Instruments: Presentation*, to clarify criterion of offsetting financial assets and financial liabilities. The amendment will be effective for annual periods beginning on or after January 1, 2014, and has not been adopted early in preparing these condensed consolidated interim financial statements.

Management is in the process of evaluating the impact, if any, of applying this standard on its financial position and results of operations.

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, 2012.

Table of Contents5. Inventories

Inventories as of September 30, 2013 and December 31, 2012 are as follows:

| <i>(In millions of won)</i> | September 30, 2013 | December 31, 2012 |
|-----------------------------|---------------------------|--------------------------|
| Finished goods | 946,098 | 1,044,125 |
| Work-in-process | 800,987 | 653,260 |
| Raw materials | 332,664 | 370,653 |
| Supplies | 337,074 | 321,969 |
| | 2,416,823 | 2,390,007 |

For the nine-month periods ended September 30, 2013 and 2012, the amount of inventories recognized as cost of sales and inventory write-downs is as follows;

| <i>(In millions of won)</i> | 2013 | 2012 |
|--|-------------|-------------|
| Inventories recognized as cost of sales | 17,297,081 | 18,787,668 |
| Including: valuation loss of inventories | 180,470 | 118,187 |

Table of Contents6. Investments in Equity Accounted Investees

Associates and joint ventures (equity method investees) as of September 30, 2013 are as follows:

*(In millions of won)***Associates and jointly**

| controlled entities | Location | Percentage | | Date of incorporation | Business | Carrying amount |
|--|-----------------------|---------------------|------------------------|------------------------------|--|------------------------|
| | | of ownership | Fiscal year end | | | |
| Suzhou Raken Technology Ltd. (*1) | Suzhou, China | 51% | Dec. 31 | Oct. 2008 | Manufacture and sell LCD modules and LCD TV set | 133,204 |
| Guangzhou New Vision Technology Research and Development Limited | Guangzhou, China | 50% | Dec. 31 | Jul. 2008 | R&D on design of LCD modules and LCD TV set | 3,657 |
| Global OLED Technology LLC | Virginia, U.S.A. | 33% | Dec. 31 | Dec. 2009 | Manage and license OLED patents | 33,298 |
| Paju Electric Glass Co., Ltd. | Paju, South Korea | 40% | Dec. 31 | Jan. 2005 | Manufacture electric glass for FPDs | 83,839 |
| TLI Inc. (*2,3) | Seongnam, South Korea | 10% | Dec. 31 | Oct. 2005 | Manufacture and sell | 5,438 |
| AVACO Co., Ltd. (*2) | Daegu, South Korea | 16% | Dec. 31 | Jan. 1998 | Manufacture and sell semiconductor parts | 11,287 |
| New Optics Ltd. | Yangju, South Korea | 42% | Dec. 31 | Aug. 2001 | equipment for FPDs Manufacture back | 35,123 |
| LIG ADP Co., Ltd. (*2) | Seongnam, South Korea | 13% | Dec. 31 | Jan. 2001 | LCDs Develop and manufacture | 2,181 |
| WooRee E&L Co., Ltd. (*4) | Ansan, South Korea | 21% | Dec. 31 | Jun. 2008 | equipment for FPDs Manufacture LED back light unit | 26,986 |
| LB Gemini New Growth Fund No. 16 (*5) | Seoul, South Korea | 31% | Dec. 31 | Dec. 2009 | packages Invest in small and middle sized companies and benefit from M&A opportunities | 17,070 |
| Can Yang Investments Limited (*2) | Hong Kong | 9% | Dec. 31 | Jan. | Develop, manufacture | 12,187 |

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| | | | | | | |
|--|------------------------|-----|---------|--------------|---|---------|
| YAS Co., Ltd. (*2) | Paju, South Korea | 19% | Dec. 31 | 2010 Apr. | and sell LED parts Develop and manufacture deposition equipment for OLEDs | 9,487 |
| Eralite Optoelectronics (Jiangsu) Co., Ltd. | Suzhou, China | 20% | Dec. 31 | Aug. | Manufacture LED packages | 1,842 |
| Narenanotech Corporation | Yongin, South Korea | 23% | Dec. 31 | 2010 Dec. | Manufacture and sell FPD manufacturing equipment | 25,682 |
| Avatec. Co., Ltd. (*2,6) | Daegu, South Korea | 16% | Dec. 31 | Aug. | Manufacture and sell glass for FPDs | 14,443 |
| Glonix Co., Ltd. (*7) | Gimhae, South Korea | 20% | Dec. 31 | Oct. | Manufacture and sell LCD | |
| | | | | | | 415,724 |

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6. Investments in Equity Accounted Investees, Continued

- (*1) In September 2013, the Controlling Company invested 11,917 million in cash for the capital increase of Suzhou Raken Technology Ltd (Raken). There were no changes in the Controlling Company's ownership percentage in Raken as a result of this additional investment.
- (*2) Although the Controlling Company's share interests in TLI Inc., Avaco Co., Ltd., LIG ADP Co., Ltd., Can Yang Investments Limited, YAS Co., Ltd., and Avatec Co., Ltd. are below 20%, the Controlling Company is able to exercise significant influence through its right to assign a director to the board of directors of each investee and, accordingly, the investments in these investees have been accounted for using the equity method.
- (*3) In 2013, the Controlling Company's ownership in TLI Inc. was reduced from 12% to 10% due to the shares issued in relation to the exercise of warrants.
- (*4) In 2013, the Controlling Company's ownership in WooRee E&L Co., Ltd. was reduced from 30% to 21% because the Controlling Company did not participate in WooRee E&L Co., Ltd.'s capital increase.
- (*5) The Controlling Company is a member of limited partnership in the LB Gemini New Growth Fund No.16 (the Fund). In March and May 2013, the Controlling Company received 1,116 million and 260 million, respectively, from the Fund as a capital distribution and made additional cash investment of 1,533 million in the Fund in June and September 2013, respectively. 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.
- (*6) In 2013, the Controlling Company's ownership in Avatec Co., Ltd. was reduced from 17% to 16% due to the shares issued in relation to the exercise of stock options.
- (*7) The Controlling Company's share of net assets of Glonix Co., Ltd. (Glonix) was reduced below zero and, accordingly, the Controlling Company discontinued the recognition of its share of losses of the Glonix. The Controlling Company's unrecognized share of losses of the Glonix amounts to 86 million.

In August 2013, Dynamic Solar Design Co., Ltd. completed liquidation.

Dividends received from associates and jointly controlled entities for the nine-month periods ended September 30, 2013 and 2012 amounted to 14,276 million and 204 million, respectively.

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7. **Property, Plant and Equipment**

For the nine-month periods ended September 30, 2013 and 2012, the Group purchased property, plant and equipment of 1,849,812 million and 2,293,716 million, respectively. The capitalized borrowing costs and the annualized capitalization rate were 15,860 million and 4.68%, and 22,353 million and 3.23% for the nine-month periods ended September 30, 2013 and 2012, respectively. Also for the nine-month periods ended September 30, 2013 and 2012, the Group disposed of property, plant and equipment with carrying amounts of 12,636 million and 12,339 million, respectively, and recognized 6,451 million and 773 million as gain and loss, respectively, on disposal of property, plant and equipment for the nine-month period ended September 30, 2013 (gain and loss for the nine-month period ended on September 30, 2012: 4,343 million and 3,168 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 September 30, 2013 and December 31, 2012 are 162,741 million and 169,176 million, respectively.

Table of Contents9. 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 September 30, 2013 and December 31, 2012 is as follows:

(In millions of won)

| | September 30, 2013 | December 31, 2012 |
|--|---------------------------|--------------------------|
| Cash and cash equivalents | 2,081,341 | 2,338,661 |
| Trade accounts and notes receivable, net | 2,608,742 | 3,334,341 |
| Other accounts receivable, net | 74,791 | 199,007 |
| Available-for-sale financial assets | 2,838 | 2,838 |
| Other non-current financial assets | 8,575 | 11,262 |
| Deposits | 27,731 | 62,862 |
| Deposits in banks | 565,160 | 315,092 |
| | 5,369,178 | 6,264,063 |

The maximum exposure to credit risk for trade accounts and notes receivable as of September 30, 2013 and December 31, 2012 by geographic region is as follows:

(In millions of won)

| | September 30, 2013 | December 31, 2012 |
|---------------------|---------------------------|--------------------------|
| Domestic | 355,176 | 205,454 |
| Euro-zone countries | 377,159 | 415,664 |
| Japan | 188,954 | 79,564 |
| United States | 681,295 | 1,392,303 |
| China | 514,943 | 881,018 |
| Taiwan | 297,093 | 166,839 |
| Others | 194,122 | 193,499 |
| | 2,608,742 | 3,334,341 |

Table of Contents9. Financial Instruments, Continued

(ii) Impairment loss

The aging of trade accounts and notes receivable as of September 30, 2013 and December 31, 2012 is as follows:

(In millions of won)

| | September 30, 2013 | | December 31, 2012 | |
|----------------------------|--------------------|-----------------|-------------------|-----------------|
| | Book value | Impairment loss | Book value | Impairment loss |
| Not past due | 2,600,869 | (391) | 3,298,888 | (1,007) |
| Past due 1-15 days | 2,981 | (1) | 18,307 | (5) |
| Past due 16-30 days | 2,039 | (1) | 12,152 | (2) |
| Past due 31-60 days | 208 | (1) | 2,829 | (3) |
| Past due more than 60 days | 3,044 | (5) | 3,184 | (2) |
| | 2,609,141 | (399) | 3,335,360 | (1,019) |

The movement in the allowance for impairment in respect of receivables during the nine-month period ended September 30, 2013 and the year ended December 31, 2012 are as follows:

(In millions of won)

| | 2013 | 2012 |
|--|-------|-------|
| Balance at the beginning of the period | 1,019 | 663 |
| Bad debt expense (reversal of allowance for doubtful accounts) | (620) | 356 |
| Balance at the reporting date | 399 | 1,019 |

Table of Contents9. Financial Instruments, Continued

(b) Liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments, as of September 30, 2013:

(In millions of won)

| | Carrying amount | Total | 6 months or less | Contractual cash flows | | | More than 5 years |
|---|--------------------|-----------|---------------------|------------------------|-----------|-----------|----------------------|
| | | | | 6-12 months | 1-2 years | 2-5 years | |
| Non-derivative financial liabilities : | | | | | | | |
| Secured bank loan | 53,780 | 54,675 | 27,487 | 27,188 | | | |
| Unsecured bank loans | 1,619,757 | 1,750,374 | 136,231 | 228,736 | 615,894 | 768,044 | 1,469 |
| Unsecured bond issues | 2,334,984 | 2,565,016 | 51,187 | 347,872 | 613,171 | 1,552,786 | |
| Trade accounts and notes payables | 3,145,804 | 3,145,804 | 3,145,804 | | | | |
| Other accounts payable | 1,607,693 | 1,607,693 | 1,607,693 | | | | |
| Other non-current liabilities | 26 | 26 | | | | 26 | |
| | 8,762,044 | 9,123,588 | 4,968,428 | 603,796 | 1,229,065 | 2,320,830 | 1,469 |

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

Table of Contents9. 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 September 30, 2013 and December 31, 2012 is as follows:

(In millions)

| | September 30, 2013 | | | | | | |
|--|--------------------|----------|---------|------|------|-----|-----|
| | USD | JPY | CNY | TWD | EUR | PLN | SGD |
| Cash and cash equivalents | 1,694 | 10,788 | 369 | 10 | 23 | 73 | 1 |
| Deposits in banks | | | | | 30 | | |
| Trade accounts and notes receivable | 1,940 | 4 | 1,695 | 4 | | 19 | |
| Other accounts receivable | 6 | | 84 | 2 | 6 | | |
| Available-for-sale financial assets | | | | 3 | | | |
| Other assets denominated in foreign currencies | 1 | 170 | 18 | 10 | | | 1 |
| Trade accounts payable | (1,702) | (24,192) | (1,912) | (65) | | | |
| Other accounts payable | (63) | (7,658) | (1,173) | (6) | (31) | (6) | |
| Debts | (752) | | (31) | | | | |
| Net exposure | 1,124 | (20,888) | (950) | (42) | 28 | 86 | 2 |

(In millions)

| | December 31, 2012 | | | | | | |
|--|-------------------|----------|---------|-------|------|-----|-----|
| | USD | JPY | CNY | TWD | EUR | PLN | SGD |
| Cash and cash equivalents | 1,466 | 7,540 | 536 | 2 | 61 | 2 | |
| Trade accounts and notes receivable | 2,656 | 433 | 1,223 | | 95 | 37 | |
| Other accounts receivable | 66 | 95 | 340 | | 1 | | |
| Available-for-sale financial assets | | | | 3 | | | |
| Other assets denominated in foreign currencies | 1 | 178 | 20 | 11 | | | 1 |
| Trade accounts payable | (2,234) | (31,162) | (1,847) | (463) | (67) | | |
| Other accounts payable | (109) | (12,948) | (725) | (8) | (38) | (8) | |
| Debts | (898) | | (33) | | (5) | | |
| Bonds | (349) | | | | | | |
| Net exposure | 599 | (35,864) | (486) | (455) | 47 | 31 | 1 |

Table of Contents9. Financial Instruments, Continued

Average exchange rates applied for the nine-month periods ended September 30, 2013 and 2012, and the exchange rates at September 30, 2013 and December 31, 2012 are as follows:

| <i>(In won)</i> | Average rate | | Reporting date spot rate | |
|-----------------|--------------|----------|--------------------------|-------------------|
| | 2013 | 2012 | September 30, 2013 | December 31, 2012 |
| USD | 1,105.68 | 1,138.99 | 1,075.60 | 1,071.10 |
| JPY | 11.45 | 14.36 | 10.99 | 12.48 |
| CNY | 179.29 | 179.90 | 175.75 | 171.88 |
| TWD | 37.20 | 38.33 | 36.42 | 36.90 |
| EUR | 1,455.87 | 1,459.88 | 1,451.31 | 1,416.26 |
| PLN | 346.65 | 347.14 | 343.65 | 348.21 |
| SGD | 883.59 | 904.97 | 855.65 | 875.48 |

(ii) Sensitivity analysis

A weaker won, as indicated below, against the following currencies which comprise the Group's financial assets or liabilities denominated in foreign currency as of September 30, 2013 and December 31, 2012, 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 be as follows:

| <i>(In millions of won)</i> | September 30, 2013 | | December 31, 2012 | |
|-----------------------------|--------------------|----------------|-------------------|----------------|
| | Equity | Profit or loss | Equity | Profit or loss |
| USD (5 percent weakening) | 43,728 | 52,411 | 21,637 | 32,664 |
| JPY (5 percent weakening) | (9,668) | (5,656) | (17,921) | (13,935) |
| CNY (5 percent weakening) | (8,359) | (5) | (4,176) | |
| TWD (5 percent weakening) | (74) | (5) | (838) | (5) |
| EUR (5 percent weakening) | 1,351 | 2,381 | 2,491 | 2,629 |
| PLN (5 percent weakening) | 1,178 | 919 | 537 | 8 |
| SGD (5 percent weakening) | 44 | | 16 | |

A stronger won against the above currencies as of September 30, 2013 and December 31, 2012 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 Contents9. Financial Instruments, Continued

(d) Interest rate risk

(i) Profile

The interest rate profile of the Group's interest-bearing financial instruments as of September 30, 2013 and December 31, 2012 is as follows:

| <i>(In millions of won)</i> | September 30, 2013 | December 31, 2012 |
|----------------------------------|--------------------|-------------------|
| Fixed rate instruments | | |
| Financial assets | 2,649,339 | 2,656,591 |
| Financial liabilities | (3,170,080) | (3,077,467) |
| | (520,741) | (420,876) |
| Variable rate instruments | | |
| Financial liabilities | (838,441) | (1,378,390) |

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

As of September 30, 2013 and December 31, 2012, 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, would remain constant.

| <i>(In millions of won)</i> | Equity | | Profit or loss | |
|-----------------------------|-----------------|-----------------|-----------------|-----------------|
| | 1%p increase | 1%p decrease | 1%p increase | 1%p decrease |
| September 30, 2013 | | | | |
| Variable rate instruments | (6,355) | 6,355 | (6,355) | 6,355 |
| December 31, 2012 | | | | |
| Variable rate instruments | (10,448) | 10,448 | (10,448) | 10,448 |

Table of Contents9. 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)

| | September 30, 2013 | | December 31, 2012 | |
|--|--------------------|-------------|-------------------|-------------|
| | Carrying amounts | Fair values | Carrying amounts | Fair values |
| Assets carried at fair value | | | | |
| Available-for-sale financial assets | 14,026 | 14,026 | 13,463 | 13,463 |
| Assets carried at amortized cost | | | | |
| Cash and cash equivalents | 2,081,341 | 2,081,341 | 2,338,661 | 2,338,661 |
| Deposits in banks | 565,160 | 565,160 | 315,092 | 315,092 |
| Trade accounts and notes receivable | 2,608,742 | 2,608,742 | 3,334,341 | 3,334,341 |
| Other accounts receivable | 74,791 | 74,791 | 199,007 | 199,007 |
| Other non-current financial assets | 8,575 | 8,575 | 11,262 | 11,262 |
| Deposits | 27,731 | 27,731 | 62,862 | 62,862 |
| | 5,366,340 | 5,366,340 | 6,261,225 | 6,261,225 |
| Liabilities carried at amortized cost | | | | |
| Secured bank loans | 53,780 | 53,780 | 53,555 | 53,555 |
| Unsecured bank loans | 1,619,757 | 1,661,208 | 1,783,698 | 1,823,514 |
| Unsecured bond issues | 2,334,984 | 2,395,129 | 2,618,604 | 2,677,038 |
| Trade accounts and notes payable | 3,145,804 | 3,145,804 | 4,147,036 | 4,147,036 |
| Other accounts payable | 1,607,693 | 1,607,693 | 2,641,958 | 2,641,901 |
| Other non-current liabilities | 26 | 26 | 30 | 30 |
| | 8,762,044 | 8,863,640 | 11,244,881 | 11,343,074 |

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, 2012.

Table of Contents9. Financial Instruments, Continued

(ii) 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:

| | September 30, 2013 | December 31, 2012 |
|-----------------------------|--------------------|-------------------|
| Bonds, loans and borrowings | 2.99% | 3.69% |

(iii) Fair value hierarchy

The table below analyzes financial instruments carried at fair value, by valuation method. 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 September 30, 2013 and December 31, 2012 are as follows:

(In millions of won)

| | Level 1 | Level 2 | Level 3 | Total |
|-------------------------------------|---------|---------|---------|--------|
| September 30, 2013 | | | | |
| Assets | | | | |
| Available-for-sale financial assets | 14,026 | | | 14,026 |

(In millions of won)

| | Level 1 | Level 2 | Level 3 | Total |
|-------------------------------------|---------|---------|---------|--------|
| December 31, 2012 | | | | |
| Assets | | | | |
| Available-for-sale financial assets | 13,463 | | | 13,463 |

Table of Contents9. Financial Instruments, Continued

(f) Capital management

Management's policy is to maintain a strong 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 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)

| | September 30, 2013 | December 31, 2012 |
|-------------------------------------|--------------------|-------------------|
| Total liabilities | 11,693,212 | 14,215,331 |
| Total equity | 10,652,991 | 10,240,180 |
| Cash and deposits in banks (*1) | 2,646,501 | 2,653,753 |
| Borrowings (including bonds) | 4,008,521 | 4,455,857 |
| Total liabilities to equity ratio | 110% | 139% |
| Net borrowings to equity ratio (*2) | 13% | 18% |

(*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 borrowings (including bonds) less cash and deposits in banks by total equity.

Table of Contents10. Financial Liabilities

(a) Financial liabilities as of September 30, 2013 and December 31, 2012 are as follows:

(In millions of won)

| | September 30, 2013 | December 31, 2012 |
|---|--------------------|-------------------|
| Current | | |
| Short-term borrowings | 34,300 | 35,739 |
| Current portion of long-term debt | 628,879 | 979,533 |
| | 663,179 | 1,015,272 |
| Non-current | | |
| Won denominated borrowings | 804,588 | 807,005 |
| Foreign currency denominated borrowings | 505,532 | 589,105 |
| Bonds | 2,035,222 | 2,044,475 |
| | 3,345,342 | 3,440,585 |

(b) Short-term borrowings as of September 30, 2013 and December 31, 2012 are as follows:

(In millions of won, USD and CNY)

| Lender | Annual interest rate | September 30, 2013 | December 31, 2012 |
|-----------------------------|-----------------------------|-----------------------|----------------------|
| | as of September 30, 2013 | | |
| Bank of China and others | 1.50%~6.56% | 34,300 | 35,739 |
| Foreign currency equivalent | | USD 27 CNY 31 | USD 28 CNY 31 |

(c) Won denominated long-term debt as of September 30, 2013 and December 31, 2012 is as follows:

(In millions of won)

| Lender | Annual interest rate | September 30, 2013 | December 31, 2012 |
|--|---|-----------------------|----------------------|
| | as of September 30, 2013 | | |
| Shinhan Bank and others | 3-year Korean Treasury Bond rate less 1.25%, 2.75% | 13,188 | 16,629 |
| National Agricultural Cooperative Federation and others | 4.51%~5.21%, 1-year bank bond rate plus 1.40% | 846,239 | 845,072 |
| Less current portion | | (54,839) | (54,696) |
| | | 804,588 | 807,005 |

Table of Contents10. Financial Liabilities. Continued

(d) Long-term debt denominated in currencies other than won as of September 30, 2013 and December 31, 2012 is as follows:

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

| Lender | Annual interest rate as of September 30, 2013 (*) | September 30, 2013 | December 31, 2012 |
|---|--|-------------------------------|------------------------------|
| The Export-Import Bank of Korea | | | 26,777 |
| Kookmin Bank and others | 6ML+1.78%, | | |
| | 3ML+1.70%~2.25% | 779,810 | 905,080 |
| China Bank of Communications and others | | | 7,956 |
| Less current portion | | (274,278) | (350,708) |
| | | 505,532 | 589,105 |
| Foreign currency equivalent | | USD 725 | USD 870 CNY 2 EUR 5 |

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

Table of Contents10. Financial Liabilities, Continued

(e) Details of bonds issued and outstanding as of September 30, 2013 and December 31, 2012 are as follows:

(In millions of won and USD)

| | Maturity | Annual interest rate as of September 30, 2013 | September 30, 2013 | December 31, 2012 |
|---|-------------|--|-----------------------|----------------------|
| Won denominated bonds (*) | | | | |
| Publicly issued bonds | April 2014~ | | | |
| | March 2018 | 2.90%~5.89% | 2,340,000 | 2,250,000 |
| Less discount on bonds | | | (5,016) | (5,579) |
| Less current portion | | | (299,762) | (199,946) |
| | | | 2,035,222 | 2,044,475 |
| Bonds denominated in currencies other than won | | | | |
| Floating-rate bonds | | | | 374,885 |
| Foreign currency equivalent | | | | USD350 |
| Less discount on bonds | | | | (702) |
| Less current portion | | | | (374,183) |
| | | | 2,035,222 | 2,044,475 |

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

Table of Contents11. The Nature of Expenses

The nature of expenses for the three-month and nine-month periods ended September 30, 2013 and 2012 are as follows:

(In millions of won)

| | For the three-month periods ended September 30, | | For the nine-month periods ended September 30, | |
|--|--|-----------|---|------------|
| | 2013 | 2012 | 2013 | 2012 |
| Changes in inventories | (21,163) | (177,848) | (26,816) | (429,440) |
| Purchases of raw materials, merchandise and others | 3,457,633 | 4,687,969 | 10,764,860 | 12,935,559 |
| Depreciation and amortization | 891,741 | 1,188,082 | 2,967,545 | 3,242,539 |
| Outsourcing fees | 150,885 | 117,551 | 385,350 | 225,155 |
| Labor costs | 687,870 | 631,988 | 2,060,709 | 1,884,932 |
| Supplies and others | 269,335 | 224,431 | 761,029 | 628,579 |
| Utility expense | 193,945 | 186,850 | 541,652 | 492,824 |
| Fees and commissions | 119,938 | 113,454 | 354,723 | 330,460 |
| Shipping costs | 62,606 | 101,323 | 216,035 | 338,202 |
| After-sale service expenses | 26,320 | 26,572 | 73,382 | 79,533 |
| Others | 429,427 | 274,844 | 1,181,852 | 993,820 |
| | 6,268,537 | 7,375,216 | 19,280,321 | 20,722,163 |

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

For the three-month and nine-month periods ended September 30, 2013, other non-operating income included exchange differences amounting to 315,107 million and 843,410 million, respectively (for the three-month and nine-month periods ended September 30, 2012: 276,374 million and 745,402 million, respectively), and other non-operating expenses included exchange differences amounting to 227,807 million and 806,301 million, respectively (for the three-month and nine-month periods ended September 30, 2012: 252,086 million and 690,865 million, respectively).

The expenses for the three-month and nine-month periods ended September 30, 2012 were reclassified to conform to the classification for the three-month and nine-month periods ended September 30, 2013.

Table of Contents12. Selling and Administrative Expenses

Details of selling and administrative expenses for the three-month and nine-month periods ended September 30, 2013 and 2012 are as follows:

(In millions of won)

| | For the three-month periods ended September 30, | | For the nine-month periods ended September 30, | |
|--|--|---------|---|-----------|
| | 2013 | 2012 | 2013 | 2012 |
| Salaries | 63,558 | 56,473 | 183,930 | 173,873 |
| Expenses related to defined benefit plan | 5,893 | 5,352 | 17,093 | 16,135 |
| Other employee benefits | 14,894 | 13,646 | 55,960 | 43,111 |
| Shipping costs | 51,618 | 82,216 | 171,363 | 281,116 |
| Fees and commissions | 50,421 | 47,629 | 152,699 | 146,848 |
| Depreciation and amortization | 23,395 | 27,571 | 72,144 | 81,007 |
| Taxes and dues | 6,559 | 8,463 | 24,473 | 20,003 |
| Advertising | 44,242 | 21,796 | 93,863 | 73,361 |
| After-sale service | 26,320 | 26,572 | 73,382 | 79,533 |
| Rent | 5,571 | 6,378 | 17,544 | 19,703 |
| Insurance | 2,288 | 2,336 | 9,237 | 7,778 |
| Travel | 5,849 | 5,363 | 16,016 | 15,347 |
| Training | 4,559 | 3,833 | 10,271 | 10,356 |
| Others | 12,242 | 12,496 | 35,062 | 35,067 |
| | 317,409 | 320,124 | 933,037 | 1,003,238 |

The expenses for the three-month and nine-month periods ended September 30, 2012 were reclassified to conform to the classification for the three-month and nine-month periods ended September 30, 2013.

Table of Contents13. Other Non-operating Income and Other Non-operating Expenses

- (a) Details of other non-operating income for the three-month and nine-month periods ended September 30, 2013 and 2012 are as follows:

(In millions of won)

| | For the three-month periods ended September 30, | | For the nine-month periods ended September 30, | |
|---|--|---------|---|---------|
| | 2013 | 2012 | 2013 | 2012 |
| Rental income | 1,591 | 1,904 | 8,952 | 5,288 |
| Foreign currency gain | 315,107 | 276,374 | 843,410 | 745,402 |
| Reversal of impairment loss on assets | 296 | | 296 | 3 |
| Gain on disposal of property, plant and equipment | 839 | 1,612 | 6,451 | 4,343 |
| Reversal of allowance for doubtful accounts for other receivables | 143 | 213 | 497 | 508 |
| Commission earned | 2,004 | 1,683 | 3,241 | 3,098 |
| Others | 2,223 | 1,964 | 7,997 | 9,042 |
| | 322,203 | 283,750 | 870,844 | 767,684 |

- (b) Details of other non-operating expenses for the three-month and nine-month periods ended September 30, 2013 and 2012 are as follows:

(In millions of won)

| | For the three-month periods ended September 30, | | For the nine-month periods ended September 30, | |
|--|--|---------|---|-----------|
| | 2013 | 2012 | 2013 | 2012 |
| Foreign currency loss | 227,807 | 252,086 | 806,301 | 690,865 |
| Loss on disposal of property, plant and equipment | 100 | 1,262 | 773 | 3,168 |
| Loss on disposal of intangible assets | | 94 | 168 | 704 |
| Impairment loss on property, plant and equipment | 71 | | 848 | |
| Impairment loss on intangible assets | 356 | 37 | 1,513 | 37,720 |
| Donations | 2,079 | 3,918 | 7,610 | 8,006 |
| Expenses related to legal proceedings or claims and others | 76,389 | 73,999 | 221,749 | 310,559 |
| | 306,802 | 331,396 | 1,038,962 | 1,051,022 |

Table of Contents14. Employee Benefits

The Group's primary defined benefit plan provides a lump-sum payment to an employee based on final salary rates and length of service at the time the employee leaves the Group.

- (a) Recognized liabilities for defined benefit obligations as of September 30, 2013 and December 31, 2012 are as follows:

(In millions of won)

| | September 30, 2013 | December 31, 2012 |
|---|--------------------|-------------------|
| Present value of partially funded defined benefit obligations | 775,156 | 672,370 |
| Fair value of plan assets | (479,237) | (491,730) |
| | 295,919 | 180,640 |

- (b) Expenses recognized in profit or loss for the three-month and nine-month periods ended September 30, 2013 and 2012 are as follows:

(In millions of won)

| | For the three-month periods ended September 30, | | For the nine-month periods ended September 30, | |
|----------------------|--|--------|---|---------|
| | 2013 | 2012 | 2013 | 2012 |
| Current service cost | 37,490 | 32,456 | 112,443 | 97,470 |
| Interest cost, net | 1,798 | 2,179 | 5,764 | 6,539 |
| | 39,288 | 34,635 | 118,207 | 104,009 |

- (c) Plan assets as of September 30, 2013 and December 31, 2012 are as follows:

(In millions of won)

| | September 30, 2013 | December 31, 2012 |
|--------------------------------------|--------------------|-------------------|
| Deposits with financial institutions | 479,237 | 491,730 |

As of September 30, 2013, plan assets mainly consist of deposits in banks, for which the payment of their principal and interest is guaranteed.

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- (d) Actuarial gain and loss recognized in other comprehensive income (loss) for the three-month and nine-month periods ended September 30, 2013 and 2012 are as follows:

(In millions of won)

| | For the three-month periods ended September 30, | | For the nine-month periods ended September 30, | |
|--|--|----------|---|----------|
| | 2013 | 2012 | 2013 | 2012 |
| Defined benefit plan actuarial loss | (98) | (71,076) | (247) | (70,825) |
| Income tax | 20 | 17,207 | (35) | 17,101 |
| Defined benefit plan actuarial loss, net of income tax | (78) | (53,869) | (282) | (53,724) |

15. Finance income and costs

- (a) Finance income and costs recognized in profit and loss for the three-month and nine-month periods ended September 30, 2013 and 2012 are as follows:

(In millions of won)

| | For the three-month periods ended September 30, | | For the nine-month periods ended September 30, | |
|---|--|---------|---|---------|
| | 2013 | 2012 | 2013 | 2012 |
| Finance income | | | | |
| Interest income | 9,524 | 6,612 | 29,867 | 21,305 |
| Dividend income | | 482 | 306 | 482 |
| Foreign currency gain | 55,343 | 97,223 | 114,075 | 179,793 |
| Gain on disposal of investments in equity accounted investees | 38 | | 3,289 | 2,978 |
| | 64,905 | 104,317 | 147,537 | 204,558 |
| Finance costs | | | | |
| Interest expense | 37,174 | 55,346 | 124,538 | 139,707 |
| Foreign currency loss | 33,769 | 56,093 | 161,616 | 143,290 |
| Loss on sale of trade accounts and notes receivable | 4,900 | 8,108 | 15,901 | 25,185 |
| Loss on redemption of debentures | | | | 1,524 |
| Loss on disposal of investments in equity accounted investees | 61 | | 1,739 | |
| Impairment loss on valuation of available-for-sale securities | | 6,392 | | 6,392 |
| | 75,904 | 125,939 | 303,794 | 316,098 |

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- (b) Finance income and costs recognized in other comprehensive income for the three-month and nine-month periods ended September 30, 2013 and 2012 are as follows:

(In millions of won)

| | For the three-month periods ended September 30, | | For the nine-month periods ended September 30, | |
|---|--|---------|---|---------|
| | 2013 | 2012 | 2013 | 2012 |
| Net change in fair value of available-for-sale financial assets | 42 | 8,997 | 302 | 16,331 |
| Tax effect | (199) | (1,729) | (136) | (3,558) |
| Finance income (costs) recognized in other comprehensive income after tax | (157) | 7,268 | 166 | 12,773 |

16. Commitments

Factoring 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 1,713 million (1,843,019 million) and JPY 5,000 million (54,934 million) in connection with the Controlling Company's export sales transactions with its subsidiaries. As of September 30, 2013, no short-term borrowings were outstanding in connection with these agreements. In connection with all of the contracts in this paragraph, the Controlling Company has sold its accounts receivable with recourse.

Table of Contents16. Commitments, Continued

In June 2009 and January 2011, LG Display Singapore Pte. Ltd., the Controlling Company's subsidiary, entered into agreements with Standard Chartered Bank and Citibank for accounts receivable sales negotiating facilities of up to an aggregate of USD 250 million (268,900 million) and USD 100 million (107,560 million), respectively, and as of September 30, 2013, accounts and notes receivable amounting to USD 250 million (268,891 million) were sold, with none of the underlying accounts and notes receivable being past due under the agreement with Standard Chartered Bank, and no accounts and notes receivable were sold, but not past due under the agreement with Citibank. In June 2009 and 2011 and July 2011, LG Display Taiwan Co., Ltd. entered into agreements with Taishin International Bank, BNP Paribas and Chinatrust Commercial Bank for accounts receivable sales negotiating facilities of up to an aggregate of USD 1,006 million (1,082,054 million), USD 65 million (69,914 million) and USD 160 million (172,096 million), respectively, and, as of September 30, 2013, accounts and notes receivable amounting to USD 296 million (318,864 million) and USD 61 million (65,393 million) were sold, with none of the underlying accounts and notes receivable being past due under the agreements with Taishin International Bank and Chinatrust Commercial Bank, respectively. In addition, in December 2010, LG Display Taiwan Co., Ltd. entered into agreements with Citibank and Standard Chartered Bank and, in December 2012, with Sumitomo Mitsui Banking Corporation for accounts receivable sales negotiating facilities of up to an aggregate of USD 222 million (238,783 million), USD 280 million (301,168 million), and USD 100 million (107,560 million), respectively, and, as of September 30, 2013, accounts and notes receivable amounting to USD 44 million (47,684 million), USD 12 million (12,792 million), and USD 27 million (28,547 million) were sold, with none of the underlying accounts and notes receivable being past due, respectively. In December 2010 and 2012, and May 2013, LG Display Shanghai Co., Ltd. entered into agreements with BNP Paribas, Hongkong & Shanghai Banking Corp. and Standard Chartered Bank for accounts receivable sales negotiating facilities of up to an aggregate of USD 130 million (139,828 million), USD 200 million (215,120 million) and USD 50 million (53,780 million), respectively, and, as of September 30, 2013, accounts and notes receivable amounting to USD 107 million (114,900 million) and USD 109 million (117,461 million) were sold, with none of the underlying accounts and notes receivable being past due under the agreements with BNP Paribas and Hongkong & Shanghai Banking Corp., respectively. In July 2009, LG Display Shenzhen Co., Ltd. and LG Display Shanghai Co., Ltd. entered into agreements with Bank of China Limited, and, as of September 30, 2013, accounts and notes receivable amounting to USD 85 million (91,712 million) were sold, with none of the underlying accounts and notes receivable being past due. In addition, in May and September 2013, LG Display Shenzhen Co., Ltd. entered into agreements with Bank of Communications Co. Ltd. and Standard Chartered Bank, and, as of September 30, 2013, accounts and notes receivable amounting to USD 15 million (16,017 million) were sold, with none of the underlying accounts and notes receivable being past due under the agreement with Standard Chartered Bank. In June 2010, LG Display Germany GmbH entered into an agreement with Citibank for accounts receivable sales negotiating facilities of up to an aggregate of USD 307 million (330,209 million), and, as of September 30, 2013, accounts and notes receivable amounting to USD 130 million (139,333 million) were sold, with none of the underlying accounts and notes receivable being past due. In addition, in September, 2011, LG Display Germany GmbH started forfaiting and accounts and notes receivable amounting to USD 14 million (15,462 million) were sold, with none of the underlying accounts and notes receivable being past due. In March 2011, LG Display America, Inc. entered into agreements with Australia and New Zealand Banking Group Limited and Standard Chartered Bank for accounts receivable sales negotiating facilities of up to an aggregate of USD 80 million (86,048 million) and USD 50 million (53,780 million), respectively, and, as of September 30, 2013, no accounts and notes receivable were sold, but not past due under the agreements. In addition, in June 2011 and September 2013, LG Display America, Inc. entered into agreements with Citibank and Sumitomo Mitsui Banking Corporation for accounts receivable sales negotiating facilities of up to an aggregate of USD 200 million (215,120 million) and USD 180 million (193,608 million), respectively, as of September 30, 2013, accounts and notes receivable amounting to USD 196 million (210,322 million) and USD 155 million (166,255 million) were sold, respectively, with none of the underlying accounts and notes receivable being past due. In August 2011, LG Display Japan Co., Ltd. entered into an agreement with Sumitomo Mitsui Banking Corporation for accounts receivable sales negotiating facilities of up to an aggregate of USD 90 million (96,804 million) and, as of September 30, 2013, no accounts and notes receivable were sold, but not past due under the agreement with Sumitomo Mitsui Banking Corporation. The Controlling Company has a credit facility agreement with Shinhan Bank pursuant to which the Controlling Company could sell its accounts and notes receivable up to an aggregate of 100,000 million in connection with its domestic sales transactions and, as of September 30, 2013, no accounts and notes receivable were sold, but not past due under the agreement with Shinhan bank. In addition, the Controlling Company entered into agreements with Standard Chartered Bank for accounts receivable sales negotiating facilities of up to USD 50 million (53,780 million) and USD 23 million (24,739 million) in April 2011 and November 2012, respectively and, as of September 30, 2013, 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 Group has sold its accounts receivable without recourse.

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16. Commitments, Continued

Letters of credit

As of September 30, 2013, the Controlling Company has agreements with Korea Exchange Bank in relation to the opening of letters of credit up to USD 15 million (16,134 million), USD 15 million (16,134 million) with China Construction Bank, JPY 1,500 million (16,480 million) with Woori Bank, USD 100 million (107,560 million) with Bank of China, USD 60 million (64,536 million) with Sumitomo Mitsui Banking Corporation, USD 30 million (32,268 million) with Hana Bank and USD 30 million (32,268 million) with Shinhan Bank.

Payment guarantees

The Controlling Company obtained payment guarantees amounting to USD 8.5 million (9,143 million) and EUR 215 million (312,032 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 USD 7 million (7,529 million), JPY 700 million (7,691 million), CNY 1,400 million (246,050 million), TWD 10 million (364 million) and PLN 0.2 million (69 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 (64,536 million) and JPY 8,000 million (87,894 million) in total, with Mizuho Corporate Bank and other various banks.

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16. Commitments, Continued

License agreements

As of September 30, 2013, in relation to its TFT-LCD business, the Controlling 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 September 30, 2013, the Controlling Company's balance of advances received from a customer amount to USD 1,080 million (1,161,648 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 220 million (236,632 million) from the Industrial Bank of Korea relating to advances received.

Pledged Assets

Regarding the secured bank loan amounting to USD 50 million (53,780 million) from the Export-Import Bank of Korea, the Controlling Company provided part of its OLED machinery as pledged assets.

17. Contingencies

Anvik Corporation's lawsuit for infringement of patent

In 2007, Anvik Corporation filed a patent infringement case against the Group, along with other LCD manufacturing companies in the United States District Court for the Southern District of New York (SDNY district court), in connection with the usage of photo-masking equipment manufactured by Nikon Corporation. The court granted Nikon Corporation's motion for summary judgment of invalidity of the patents-in-suit and entered a judgment in favor of Nikon Corporation, the Controlling Company and LG Display America, Inc. and other TFT-LCD manufacturing companies, dismissing the case in April 2012. In April 2012, Anvik Corporation appealed the court's decision to the United States Court of Appeals for the Federal Circuit (CAFC). The CAFC has reversed the SDNY district court's summary judgment ruling and remanded the case back to the district court for further proceedings.

Industrial Technology Research Institute of Taiwan's action for patent infringement

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 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 had not infringed ITRI's patents. Meanwhile, ITRI appealed to the United States Court of Appeals for the Federal Circuit.

Table of Contents17. Contingencies, ContinuedPatent Infringement Litigations and Invalidation Proceedings Between the Controlling Company and Samsung Display Co., Ltd. and Samsung Electronics Co., Ltd.

In September 2012, the Controlling Company filed a complaint in the Seoul Central District Court against Samsung Display Co., Ltd. (SSD) and Samsung Electronics Co., Ltd. (SSE) claiming infringement of seven patents related to Organic Light Emitting Diode (OLED) display technology and relevant manufacturing methods and seeking monetary compensation. As a response, SSD requested for an invalidity proceeding over the identical seven patents in the Korean Intellectual Property Tribunal. Furthermore, in December 2012, SSD filed a complaint in the Seoul Central District Court against the Controlling Company and LG Electronics Co., Ltd. (LGE) claiming infringement of seven patents related to Liquid Crystal Display (LCD) technology and seeking monetary compensation, and of which the Controlling Company responded by requesting for an invalidity proceeding over such LCD patents in the Korean Intellectual Property Tribunal. For the amicable settlement, the settlement proceeded under the arbitration of the government and, on September 23, 2013, the Controlling Company and Samsung Display withdrew the entire patent infringement litigations and invalidity proceedings and agreed to seek patent cooperation measures through conversation.

Request for arbitration of Arkema France and its subsidiary regarding termination of a contract with the Controlling Company

In October 2012, Arkema France (Arkema) and its subsidiary filed a request for arbitration in the International Court of Arbitration of the International Chamber of Commerce regarding termination of a contract with the Controlling Company. The Controlling Company is currently defending against Arkema s claims.

Anti-trust investigations and litigations

In December 2006, the Controlling Company received notices of investigation by the Korea Fair Trade Commission, the Japan Fair Trade Commission, the U.S. Department of Justice, and the European Commission with respect to possible anti-competitive activities in the TFT-LCD industry. The Controlling Company subsequently received similar notices from the Canadian Bureau of Competition Policy, the Federal Competition Commission of Mexico, the Secretariat of Economic Law of Brazil and the Taiwan Fair Trade Commission.

In November 2008, the Controlling Company executed an agreement with the U.S. Department of Justice (DOJ) whereby the Controlling Company and its U.S. subsidiary, LG Display America, Inc. (LGDUS), pleaded guilty to a Sherman Antitrust Act violation and agreed to pay a single total fine of USD 400 million.

In December 2008, the U.S. District Court for the Northern District of California accepted the terms of the plea agreement and entered a judgment against the Controlling Company and LGDUS and ordered the payment of USD 400 million. The agreement resolved all federal criminal charges against the Controlling Company and LGDUS in the United States in connection with this matter.

In December 2010, the European Commission (the EC) issued a decision finding that the Controlling Company engaged in anti-competitive activities in the LCD industry in violation of European competition laws and imposed a fine of EUR 215 million. In February 2011, the Controlling Company filed with the European Union General Court an application for partial annulment and reduction of the fine imposed by the EC. To date the European Union General Court has not ruled on the Controlling Company s application. In November 2011, the Controlling Company received an additional Request for Information from the EC relating to the alleged anti-competitive activities in the LCD industry and is responding to the request.

Table of Contents17. Contingencies, Continued

In November 2009, the Taiwan Fair Trade Commission terminated its investigation without any finding of violations or levying of fines. Also, in February 2012, the Competition Bureau of Canada terminated its investigation against the Controlling Company without any finding of violations or levying of fines. To date no decision has been issued by the Japan Fair Trade Commission, and we believe the statutory time period by which the Commission was required to have issued a decision has already lapsed. To date investigations by the Federal Competition Commission of Mexico and the Secretariat of Economic Law of Brazil are ongoing.

In August 2011, the Korea Fair Trade Commission issued an Examination Report finding that the Controlling Company engaged in anti-competitive activities in violation of Korean fair trade laws and a hearing was held in October 2011. In December 2011, the Korea Fair Trade Commission imposed a fine on the Controlling Company and certain of its subsidiaries of approximately \$31.378 million, and the Controlling Company filed an appeal of the decision with the Seoul High Court in December 2011. To date the Seoul High Court has not ruled on the Controlling Company's appeal.

Subsequent to the commencement of the DOJ investigation, a number of class action complaints were filed against the Controlling Company and other TFT-LCD panel manufacturers in the U.S. and Canada alleging violation of respective antitrust laws and related laws. The class action lawsuits in the U.S. were transferred to the Northern District of California for pretrial proceedings (MDL Proceedings). In March 2010, the court certified the class action complaints filed by direct purchasers and indirect purchasers. Seventy-eight entities (including groups of affiliated entities) submitted requests for exclusion from the direct purchaser class. The time period for submitting requests for exclusion from the indirect purchaser class expired on April 13, 2012 and ten entities (including groups and affiliated entities) submitted requests for exclusion from the indirect purchaser class. In addition, since 2010, the attorneys general of Arkansas, California, Florida, Illinois, Michigan, Mississippi, Missouri, New York, Oklahoma, Oregon, South Carolina, Washington, West Virginia and Wisconsin filed complaints against the Controlling Company, alleging similar antitrust violations as alleged in the MDL Proceedings. In June 2011, the Controlling Company reached a settlement with the direct purchaser class, which the federal district court approved in December 2011. In July 2012, the Controlling Company reached a settlement with the indirect purchaser class and with the state attorneys general of Arkansas, California, Florida, Michigan, Missouri, New York, West Virginia, and Wisconsin, which was approved by the federal district court in April 2013. In March 2013, the Oklahoma attorney general dismissed its action as to the Company pursuant to a settlement agreement.

Apart from the direct and indirect purchaser class actions, individual plaintiffs filed complaints in various state or federal courts in the United States alleging violation of the respective antitrust laws and related laws by various LCD panel manufacturers. To date the Controlling Company is defending against twenty Direct Action Plaintiffs including 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, and the attorneys general of Illinois, Washington, Oregon, South Carolina, and Mississippi.

In Canada, 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 decision as well as defending the on-going class actions in Quebec and British Columbia.

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17. Contingencies, Continued

While the Group continues its vigorous defense of the various pending proceedings described above, there is a possibility that one or more proceedings may result in an unfavorable outcome to the Company. For certain cases described above, management is not able to estimate the potential loss if the final outcome of the cases is unfavorable to the Group as the cases are in early stage and management does not have sufficient information to estimate the amount of possible loss. Otherwise the Group has established provisions with respect to certain of the contingencies, considering factors such as the nature of the litigation, claim, or assessment, the progress of the case and the opinions or views of legal counsel and other advisers. These estimates have been based on our assessment of the facts and circumstances and are subject to change materially based upon new information, intervening events and the final outcome of the cases.

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 September 30, 2013 and December 31, 2012, the number of issued common shares is 357,815,700. There have been no changes in the capital stock from January 1, 2012 to September 30, 2013.

(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 Contents19. Related Parties

(a) Key management personnel compensation

Compensation costs of key management for the three-month and nine-month periods ended September 30, 2013 and 2012 are as follows:

| <i>(In millions of won)</i> | For the three-month periods ended September 30, | | For the nine-month periods ended September 30, | |
|--|--|-------------|---|-------------|
| | 2013 | 2012 | 2013 | 2012 |
| Short-term benefits | 664 | 443 | 2,278 | 1,328 |
| Expenses related to defined benefit plan | 72 | 39 | 1,068 | 135 |
| | 736 | 482 | 3,346 | 1,463 |

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

(b) Significant transactions with related companies

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 and nine-month periods ended September 30, 2013 and 2012 are as follows:

(i) Sales and others

| <i>(In millions of won)</i> | For the three-month periods ended September 30, | | For the nine-month periods ended September 30, | |
|-----------------------------|--|-------------|---|-------------|
| | 2013 | 2012 | 2013 | 2012 |
| Joint ventures | 142,512 | 127,211 | 393,029 | 506,668 |
| Associates | 112 | 6,186 | 5,881 | 6,397 |
| LG Electronics | 1,500,493 | 1,585,044 | 4,810,684 | 4,436,085 |
| Other related parties(*) | 1,640 | 6,117 | 5,680 | 8,241 |
| | 1,644,757 | 1,724,558 | 5,215,274 | 4,957,391 |

(ii) Purchases and others

| <i>(In millions of won)</i> | For the three-month periods ended September 30, | | For the nine-month periods ended September 30, | |
|-----------------------------|--|-------------|---|-------------|
| | 2013 | 2012 | 2013 | 2012 |
| Joint ventures | 42,564 | 67,799 | 137,152 | 104,209 |
| Associates | 498,237 | 646,446 | 1,481,726 | 1,853,410 |
| LG Electronics | 108,044 | 54,357 | 243,770 | 188,044 |
| Other related parties(*) | 153,769 | 125,016 | 421,139 | 324,244 |

| | | | |
|---------|---------|-----------|-----------|
| 802,614 | 893,618 | 2,283,787 | 2,469,907 |
|---------|---------|-----------|-----------|

Table of Contents19. Related Parties, Continued

Account balances with related parties as of September 30, 2013 and December 31, 2012 are as follows:

(In millions of won)

| | Trade accounts and notes receivable and others | | Trade accounts and notes payable and others | |
|--------------------------|---|----------------------|--|----------------------|
| | September 30, 2013 | December 31, 2012 | September 30, 2013 | December 31, 2012 |
| Joint ventures | 80,838 | 92,870 | 140,968 | 168,620 |
| Associates | 3,361 | 521 | 443,939 | 610,427 |
| LG Electronics | 699,240 | 658,516 | 131,485 | 67,867 |
| Other related parties(*) | 627 | 743 | 137,393 | 125,746 |
| | 784,066 | 752,650 | 853,785 | 972,660 |

(*) The significant transactions for the three-month and nine-month periods ended September 30, 2013 and the account balances as of December 31, 2012 were restated because a related party restated its consolidated financial statements in accordance with K-IFRS No.1110, *Consolidated Financial Statements*.

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

The Group manufactures and sells TFT-LCD and Active Matrix (AM)-OLED products. Sales of AM-OLED products are insignificant to total sales. Sales in countries other than South Korea represent approximately 89% of total sales for the nine-month period ended September 30, 2013.

The following is a summary of sales by region based on the location of the customers for the three-month and nine-month periods ended September 30, 2013 and 2012.

(a) Revenue by geography

(In millions of won)

| Region | For the three-month periods ended September 30, | | For the nine-month periods ended September 30, | |
|------------------------|---|-----------|--|------------|
| | 2013 | 2012 | 2013 | 2012 |
| Domestic | 706,177 | 538,039 | 2,102,989 | 1,540,513 |
| Foreign | | | | |
| China | 3,675,881 | 4,260,474 | 10,797,325 | 11,333,172 |
| Asia (excluding China) | 767,649 | 842,684 | 2,221,099 | 2,138,412 |
| United States | 599,161 | 910,691 | 2,059,599 | 2,373,356 |
| Europe | 829,867 | 1,041,157 | 2,773,011 | 3,301,640 |
| Sub total | 5,872,558 | 7,055,006 | 17,851,034 | 19,146,580 |
| Total | 6,578,735 | 7,593,045 | 19,954,023 | 20,687,093 |

Sales to Company A and Company B constituted 27% and 21% of total revenue, respectively, for the nine-month period ended September 30, 2013 (the nine-month period ended September 30, 2012: 23% and 19%, respectively). The Group's top ten end-brand customers together accounted for 76% of sales for the nine-month period ended September 30, 2013 (the nine-month period ended September 30, 2012: 69%).

(b) Non-current assets by geography

(In millions of won)

| Region | September 30, 2013 | | December 31, 2012 | |
|-----------|-------------------------------|-------------------|-------------------------------|-------------------|
| | Property, plant and equipment | Intangible assets | Property, plant and equipment | Intangible assets |
| Domestic | 10,680,522 | 453,506 | 12,002,578 | 488,678 |
| Foreign | | | | |
| China | 1,241,069 | 4,084 | 939,929 | 7,499 |
| Others | 149,108 | 1,095 | 165,004 | 1,425 |
| Sub total | 1,390,177 | 5,179 | 1,104,933 | 8,924 |
| Total | 12,070,699 | 458,685 | 13,107,511 | 497,602 |

Table of Contents20. Geographic and Other Information, Continued

(c) Revenue by product

(In millions of won)

| Product | For the three-month periods ended September 30, | | For the nine-month periods ended September 30, | |
|---------------------|---|-----------|--|------------|
| | 2013 | 2012 | 2013 | 2012 |
| Panels for: | | | | |
| Notebook computers | 1,397,361 | 1,927,047 | 4,148,770 | 4,738,917 |
| Desktop monitors | 1,290,760 | 1,203,113 | 4,057,037 | 3,682,485 |
| TFT-LCD televisions | 2,911,337 | 3,583,798 | 9,176,470 | 9,791,750 |
| Mobile and others | 979,277 | 879,087 | 2,571,746 | 2,473,941 |
| | 6,578,735 | 7,593,045 | 19,954,023 | 20,687,093 |

21. Income Taxes

(a) Details of Income tax expense (benefit) for the three-month and nine-month periods ended September 30, 2013 and 2012 are as follows:

(In millions of won)

| | For the three-month periods ended September 30, | | For the nine-month periods ended September 30, | |
|--------------------------------|---|--------|--|---------|
| | 2013 | 2012 | 2013 | 2012 |
| Current tax expense | 70,726 | 6,166 | 122,556 | 46,242 |
| Deferred tax expense (benefit) | 92,385 | 65,787 | 134,897 | (7,304) |
| Income tax expense | 163,111 | 71,953 | 257,453 | 38,938 |

Table of Contents21. 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 September 30, 2013 and December 31, 2012 are attributable to the following:

| | Assets | | Liabilities | | Total | |
|---|-----------|-----------|-------------|---------|-----------|-----------|
| | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 |
| <i>(In millions of won)</i> | | | | | | |
| Other accounts receivable, net | | | (1,844) | (2,063) | (1,844) | (2,063) |
| Inventories, net | 15,839 | 10,075 | | | 15,839 | 10,075 |
| Available-for-sale financial assets | 149 | 285 | | | 149 | 285 |
| Defined benefit obligation | 63,464 | 38,573 | | | 63,464 | 38,573 |
| Investments in equity accounted investees | 7,935 | 7,619 | | | 7,935 | 7,619 |
| Accrued expenses | 76,846 | 81,802 | | | 76,846 | 81,802 |
| Property, plant and equipment | 172,587 | 171,881 | | | 172,587 | 171,881 |
| Intangible assets | | 2,488 | (1,381) | | (1,381) | 2,488 |
| Provisions | 10,825 | 12,979 | | | 10,825 | 12,979 |
| Gain or loss on foreign currency translation, net | 417 | 5,340 | (957) | (958) | (540) | 4,382 |
| Others | 15,686 | 34,344 | (524) | (220) | 15,162 | 34,124 |
| Tax loss carryforwards | 170,679 | 233,139 | | | 170,679 | 233,139 |
| Tax credit carryforwards | 630,026 | 699,529 | | | 630,026 | 699,529 |
| Deferred tax assets (liabilities) | 1,164,453 | 1,298,054 | (4,706) | (3,241) | 1,159,747 | 1,294,813 |

Statutory tax rate applicable to the Controlling Company is 24.2% for the nine-month period ended September 30, 2013.

During the nine-month period ended September 30, 2013, the Controlling Company remeasured the possibility of realization of the amount of tax credit related deferred tax assets considering the change in the minimum tax rate and other factors, and, accordingly, the unused tax credit for which no deferred tax asset is recognized increased by 104,418 million.

Table of Contents22. Earnings (Loss) Per Share

(a) Basic earnings (loss) per share for the three-month and nine-month periods ended September 30, 2013 and 2012 are as follows:

| <i>(In won and number of shares)</i> | For the three-month periods ended September 30, | | For the nine-month periods ended September 30, | |
|--|--|-----------------|---|------------------|
| | 2013 | 2012 | 2013 | 2012 |
| Profit (loss) attributable to owners of the Controlling Company | 244,996,534,865 | 158,614,921,979 | 354,576,160,420 | (81,024,495,100) |
| Weighted-average number of common shares outstanding | 357,815,700 | 357,815,700 | 357,815,700 | 357,815,700 |
| Earnings (loss) per share | 685 | 443 | 991 | (226) |

There were no events or transactions that resulted in changes in the number of common shares used for calculating earnings (loss) per share.

(b) Diluted earnings per share for the three-month and nine-month periods ended September 30, 2013 are not calculated since there are no potential common stocks. In addition, there are no effect of dilutive potential ordinary shares due to the Controlling Company's net loss for the three-month and nine-month periods ended September 30, 2012.

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LG DISPLAY CO., LTD.

Condensed Separate Interim Financial Statements

(Unaudited)

September 30, 2013 and 2012

(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 September 30, 2013, the condensed separate interim statements of comprehensive income (loss) for each of the three-month and nine-month periods ended September 30, 2013 and 2012, and statements of changes in equity and cash flows for the nine-month periods ended September 30, 2013 and 2012, 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*.

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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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As discussed in note 2 (e) to the condensed separate interim financial statements, the Company has applied the amendment to K-IFRS No. 1001, *Presentation of Financial Statements*, and presented operating profit or loss as an amount of revenue less cost of sales, selling and administrative expense, and research and development expenses in the separate statement of comprehensive income (loss) since the annual reporting for the year ended December 31, 2012. The Company applied this change in accounting policies retrospectively, and accordingly restated the comparative condensed separate statements of comprehensive income (loss) for the three-month and nine-month periods ended September 30, 2012.

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, 2012, 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 15, 2013, expressed an unqualified opinion. The accompanying condensed separate statement of financial position of the Company as of December 31, 2012, 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

October 31, 2013

This report is effective as of October 31, 2013, 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 September 30, 2013 and December 31, 2012

| <i>(In millions of won)</i> | Note | September 30, 2013 | December 31, 2012 |
|--|-----------|--------------------|-------------------|
| Assets | | | |
| Cash and cash equivalents | 9 | 489,221 | 1,400,566 |
| Deposits in banks | 9 | 564,913 | 315,000 |
| Trade accounts and notes receivable, net | 9, 16, 19 | 4,170,116 | 4,548,459 |
| Other accounts receivable, net | 9 | 63,072 | 101,337 |
| Other current financial assets | 9 | 2,975 | 2,976 |
| Inventories | 5 | 1,981,208 | 1,947,945 |
| Prepaid income taxes | | 3,156 | 3,699 |
| Other current assets | | 147,647 | 112,271 |
| Total current assets | | 7,422,308 | 8,432,253 |
| Investments | 6 | 1,654,674 | 1,468,778 |
| Other non-current financial assets | 9 | 43,796 | 80,318 |
| Deferred tax assets | 20 | 1,051,087 | 1,186,704 |
| Property, plant and equipment, net | 7 | 10,681,963 | 12,004,435 |
| Intangible assets, net | 8 | 453,491 | 488,663 |
| Other non-current assets | | 171,597 | 140,437 |
| Total non-current assets | | 14,056,608 | 15,369,335 |
| Total assets | | 21,478,916 | 23,801,588 |
| Liabilities | | | |
| Trade accounts and notes payable | 9, 19 | 3,585,708 | 4,386,383 |
| Current financial liabilities | 9, 10 | 628,879 | 971,577 |
| Other accounts payable | 9, 19 | 1,484,915 | 2,618,171 |
| Accrued expenses | | 589,009 | 418,047 |
| Provisions | 17 | 163,218 | 249,755 |
| Advances received | | 617,824 | 462,614 |
| Other current liabilities | | 27,733 | 26,396 |
| Total current liabilities | | 7,097,286 | 9,132,943 |
| Non-current financial liabilities | 9, 10 | 3,345,342 | 3,440,585 |
| Non-current provisions | | 4,521 | 6,515 |
| Employee benefits | 14 | 295,530 | 180,302 |
| Long-term advances received | 16 | 570,068 | 1,049,678 |
| Other non-current liabilities | | 380,950 | 330,445 |
| Total non-current liabilities | | 4,596,411 | 5,007,525 |
| Total liabilities | | 11,693,697 | 14,140,468 |
| Equity | | | |
| Share capital | 18 | 1,789,079 | 1,789,079 |

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| | | | |
|-------------------------------------|----|------------|------------|
| Share premium | | 2,251,113 | 2,251,113 |
| Reserves | 18 | (465) | (893) |
| Retained earnings | | 5,745,492 | 5,621,821 |
| Total equity | | 9,785,219 | 9,661,120 |
| Total liabilities and equity | | 21,478,916 | 23,801,588 |

See accompanying notes to the condensed separate interim financial statements.

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LG DISPLAY CO., LTD.

Condensed Separate Interim Statements of Comprehensive Income (Loss)

(Unaudited)

For the three-month and nine-month periods ended September 30, 2013 and 2012

| <i>(In millions of Won, except earnings per share)</i> | Note | For the three-month periods ended September 30 | | For the nine-month periods ended September 30 | |
|--|---------|---|-------------|--|--------------|
| | | 2013 | 2012 | 2013 | 2012 |
| Revenue | 19 | 6,301,509 | 7,451,133 | 19,140,049 | 20,174,069 |
| Cost of sales | 5,11,19 | (5,579,263) | (6,768,085) | (17,018,882) | (18,690,274) |
| Gross profit | | 722,246 | 683,048 | 2,121,167 | 1,483,795 |
| Selling expenses | 12 | (126,038) | (139,484) | (379,170) | (428,532) |
| Administrative expenses | 12 | (103,065) | (101,193) | (305,198) | (302,023) |
| Research and development expenses | | (279,095) | (180,015) | (811,455) | (562,665) |
| Operating profit | | 214,048 | 262,356 | 625,344 | 190,575 |
| Finance income | 15 | 74,216 | 49,672 | 51,120 | 131,003 |
| Finance costs | 15 | (68,696) | (66,555) | (201,833) | (210,638) |
| Other non-operating income | 13 | 277,905 | 210,123 | 687,537 | 563,142 |
| Other non-operating expenses | 13 | (261,886) | (257,429) | (866,398) | (813,886) |
| Profit (loss) before income tax | | 235,587 | 198,167 | 295,770 | (139,804) |
| Income tax expense | 20 | (116,683) | (66,495) | (172,209) | (18,838) |
| Profit (loss) for the period | | 118,904 | 131,672 | 123,561 | (158,642) |
| Other comprehensive income (loss) | | | | | |
| Items that will not be reclassified to profit or loss | | | | | |
| Defined benefit plan actuarial gain (loss) | 14 | (82) | (71,091) | 145 | (70,650) |
| Income tax relating to items that will not be reclassified to profit or loss | | 20 | 17,207 | (35) | 17,101 |
| | | (62) | (53,884) | 110 | (53,549) |
| Items that may be reclassified subsequently to profit or loss | | | | | |
| Net change in fair value of available-for-sale financial assets | 15 | 823 | 7,148 | 564 | 14,702 |
| Income tax relating to items that may be reclassified to profit or loss | | (199) | (1,729) | (136) | (3,558) |
| | | 624 | 5,419 | 428 | 11,144 |
| Other comprehensive income (loss) for the period, net of income tax | | 562 | (48,465) | 538 | (42,405) |
| Total comprehensive income (loss) for the period | | 119,466 | 83,207 | 124,099 | (201,047) |
| Earnings (loss) per share | | | | | |
| Basic and diluted earnings (loss) per share | 21 | 332 | 368 | 345 | (443) |

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 nine-month periods ended September 30, 2013 and 2012

| <i>(In millions of won)</i> | Share capital | Share premium | Fair value reserve | Retained earnings | Total equity |
|---|--------------------------|--------------------------|-------------------------------|------------------------------|-------------------------|
| Balances at January 1, 2012 | 1,789,079 | 2,251,113 | (3,944) | 5,650,669 | 9,686,917 |
| Total comprehensive loss for the period | | | | | |
| Loss for the period | | | | (158,642) | (158,642) |
| Other comprehensive income (loss) | | | | | |
| Net change in fair value of available-for-sale financial assets, net of tax | | | 11,144 | | 11,144 |
| Defined benefit plan actuarial gain, net of tax | | | | (53,549) | (53,549) |
| Total other comprehensive income (loss) | | | 11,144 | (53,549) | (42,405) |
| Total comprehensive income (loss) for the period | | | 11,144 | (212,191) | (201,047) |
| Transaction with owners, recognized directly in equity | | | | | |
| Balances at September 30, 2012 | 1,789,079 | 2,251,113 | 7,200 | 5,438,478 | 9,485,870 |
| Balances at January 1, 2013 | 1,789,079 | 2,251,113 | (893) | 5,621,821 | 9,661,120 |
| Total comprehensive income for the period | | | | | |
| Profit for the period | | | | 123,561 | 123,561 |
| Other comprehensive income (loss) | | | | | |
| Net change in fair value of available-for-sale financial assets, net of tax | | | 428 | | 428 |
| Defined benefit plan actuarial gain, net of tax | | | | 110 | 110 |
| Total other comprehensive income | | | 428 | 110 | 538 |
| Total comprehensive income for the period | | | 428 | 123,671 | 124,099 |
| Transaction with owners, recognized directly in equity | | | | | |
| Balances at September 30, 2013 | 1,789,079 | 2,251,113 | (465) | 5,745,492 | 9,785,219 |

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 nine-month periods ended September 30, 2013 and 2012

| <i>(In millions of won)</i> | Note | 2013 | 2012 |
|---|------|-------------|-------------|
| Cash flows from operating activities: | | | |
| Profit (loss) for the period | | 123,561 | (158,642) |
| Adjustments for: | | | |
| Income tax expense | 20 | 172,209 | 18,838 |
| Depreciation | 11 | 2,611,620 | 2,860,707 |
| Amortization of intangible assets | 11 | 180,512 | 193,522 |
| Gain on foreign currency translation | | (116,539) | (97,423) |
| Loss on foreign currency translation | | 134,359 | 50,051 |
| Costs related to defined benefit plans | 14 | 117,808 | 103,672 |
| Reversal of stock compensation expense | | | (3) |
| Gain on disposal of property, plant and equipment | | (5,581) | (4,395) |
| Loss on disposal of property, plant and equipment | | 191 | 1,166 |
| Loss on disposal of intangible assets | | 168 | |
| Impairment loss on intangible assets | | 1,478 | 1,063 |
| Reversal of impairment loss on intangible assets | | (296) | |
| Finance income | | (38,560) | (114,698) |
| Finance costs | | 140,720 | 185,477 |
| Other income | | (3,556) | (7,231) |
| Other expenses | | 275,987 | 392,704 |
| | | 3,470,520 | 3,583,450 |
| Change in trade accounts and notes receivable | | (56,891) | (1,450,247) |
| Change in other accounts receivable | | 37,217 | 1,177 |
| Change in other current assets | | (20,471) | (28,319) |
| Change in inventories | | (33,263) | (357,976) |
| Change in other non-current assets | | (60,124) | (44,054) |
| Change in trade accounts and notes payable | | (698,941) | 943,038 |
| Change in other accounts payable | | (215,141) | (19,435) |
| Change in accrued expenses | | 155,438 | 126,813 |
| Change in other current liabilities | | (10,133) | 361,493 |
| Change in long-term advances received | | | 789,670 |
| Change in provisions | | (235,357) | (313,204) |
| Change in defined benefit liabilities | | (2,435) | (28,941) |
| | | (1,140,101) | (19,985) |
| Cash generated from operating activities | | 2,453,980 | 3,404,823 |
| Income taxes refund (paid) | | (36,221) | 2,588 |
| Interest received | | 23,920 | 23,709 |
| Interest paid | | (130,036) | (143,446) |
| Net cash provided by operating activities | | 2,311,643 | 3,287,674 |

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, Continued

(Unaudited)

For the nine-month periods ended September 30, 2013 and 2012

| <i>(In millions of won)</i> | Note | 2013 | 2012 |
|--|-------------|--------------------|--------------------|
| Cash flows from investing activities: | | | |
| Dividends received | | 14,582 | 55,800 |
| Proceeds from withdrawal of deposits in banks | | 1,254,206 | 812,000 |
| Increase in deposits in banks | | (1,505,284) | (212,000) |
| Acquisition of investments | | (253,359) | (148,072) |
| Proceeds from disposal of investments | | 9,978 | 3,571 |
| Acquisition of property, plant and equipment | | (2,215,149) | (3,101,353) |
| Proceeds from disposal of property, plant and equipment | | 16,761 | 18,945 |
| Acquisition of intangible assets | | (139,740) | (238,295) |
| Proceeds from disposal of intangible assets | | 1,902 | |
| Grants received | | 1,744 | 2,173 |
| Payment for settlement of derivatives | | | (211) |
| Acquisition of other non-current financial assets | | (4,844) | (54,069) |
| Proceeds from disposal of other non-current financial assets | | 39,171 | 10,257 |
| Net cash used in investing activities | | (2,780,032) | (2,851,254) |
| Cash flows from financing activities: | | | |
| Proceeds from short-term borrowings | | 1,123,130 | 3,157,641 |
| Repayments of short-term borrowings | | (1,123,130) | (3,045,913) |
| Proceeds from issuance of debentures | | 288,820 | |
| Proceeds from long-term debt | | 162,405 | 494,000 |
| Repayments of current portion of long-term debt and debentures | | (894,181) | (502,527) |
| Net cash provided by (used in) financing activities | | (442,956) | 103,201 |
| Net increase (decrease) in cash and cash equivalents | | (911,345) | 539,621 |
| Cash and cash equivalents at January 1 | | 1,400,566 | 604,890 |
| Cash and cash equivalents at September 30 | | 489,221 | 1,144,511 |

See accompanying notes to the condensed separate interim financial statements.

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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, the Company changed its name to LG Display Co., Ltd. as a result of the decrease in Philips's share interest in the Company and the possibility of its business expansion to Organic Light Emitting Diode (OLED) and Flexible Display products. As of September 30, 2013, LG Electronics Inc. owns 37.9% (135,625,000 shares) of the Company's common shares.

As of September 30, 2013, the Company has its TFT-LCD manufacturing plants, OLED manufacturing plant and Research & Development Center in Paju and TFT-LCD manufacturing plants in Gumi. The Company has overseas subsidiaries located in the Americas, Europe and Asia.

The Company's common stock is listed on the Korea Exchange under the identifying code 034220. As of September 30, 2013, 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 September 30, 2013, there are 18,195,154 ADSs outstanding.

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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, 2012.

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 October 16, 2013.

(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:

derivative financial instruments measured at fair value;

financial instruments at fair value through profit or loss measured at fair value;

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

liabilities for defined benefit plans 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, 2012.

Table of Contents2. Basis of Presenting Financial Statements, Continued(e) Changes in accounting policies(i) Presentation of Operating Profit or Loss in the Condensed Separate Interim Statement of Comprehensive Income (Loss)

The Company has adopted the amendment to K-IFRS No. 1001, *Presentation of Financial Statements*, and has presented operating profit or loss as an amount of revenue less cost of sales and selling and administrative expense including research and development expenses on the separate statement of comprehensive income (loss) from the year ended December 31, 2012.

The Company has applied the amendment retrospectively, and accordingly restated the comparative condensed separate interim statements of comprehensive income (loss) for the three-month and nine-month periods ended September 30, 2012. The impact upon adoption of the amendment for the three-month and nine-month periods ended September 30, 2012 is as follows:

| <i>(In millions of won)</i> | 2012 | |
|--|--|---|
| | For the three-month period ended September 30 | For the nine-month period ended September 30 |
| Operating profit (loss) before adoption of the amendment | 218,931 | (52,683) |
| Deductions: | | |
| Rental income | (1,015) | (3,360) |
| Foreign currency gain | (199,972) | (545,709) |
| Gain on disposal of property, plant and equipment | (1,337) | (4,395) |
| Commission earned | (1,682) | (3,093) |
| Others | (6,100) | (6,100) |
| | (210,106) | (562,657) |
| Additions: | | |
| Other bad debt expense | 143 | 101 |
| Foreign currency loss | 178,851 | 493,315 |
| Loss on disposal of property, plant and equipment | 834 | 1,166 |
| Impairment loss on intangible assets | | 1,063 |
| Expenses related to legal proceedings or claims and others | 73,703 | 310,270 |
| | 253,351 | 805,915 |
| Restated operating profit after adoption of the amendment | 262,356 | 190,575 |

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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, 2012, 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

(i) Amendment to K-IFRS No.1001, *Presentation of Financial Statements*

The Company has applied the amendment to K-IFRS No. 1001, *Presentation of Financial Statements*, effective January 1, 2013, by classifying other comprehensive income by nature into items that will not be reclassified to profit or loss and items that may be reclassified subsequently to profit or loss.

(ii) Amendment to K-IFRS No.1019, *Employee Benefits*

The Company has applied the amendment to K-IFRS No. 1019, *Employee Benefits*, effective January 1, 2013. The revised standard requires the Company to calculate the expected return on plan assets based on the discount rate that is used to measure the present value of defined benefit obligation.

(b) New Standards and Interpretations Not Yet Adopted

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

The amendment improves application guidance of K-IFRS No. 1032, *Financial Instruments: Presentation*, to clarify criterion of offsetting financial assets and financial liabilities. The amendment will be effective for annual periods beginning on or after January 1, 2014, and has not been adopted early in preparing these condensed separate interim financial statements.

Management is in the process of evaluating the impact, if any, of applying this standard on its financial position and results of operations.

4. Financial Risk Management

The objectives and policies on financial risk management followed by the Company are consistent with those disclosed in the separate financial statements as of and for the year ended December 31, 2012.

Table of Contents5. Inventories

Inventories as of September 30, 2013 and December 31, 2012 are as follows:

| <i>(In millions of won)</i> | September 30, 2013 | December 31, 2012 |
|-----------------------------|---------------------------|--------------------------|
| Finished goods | 631,316 | 690,468 |
| Work-in-process | 751,087 | 620,175 |
| Raw materials | 304,825 | 354,240 |
| Supplies | 293,980 | 283,062 |
| | 1,981,208 | 1,947,945 |

For the nine-month periods ended September 30, 2013 and 2012, the amount of inventories recognized as cost of sales and inventory write-downs is as follows:

| <i>(In millions of won)</i> | 2013 | 2012 |
|--|-------------|-------------|
| Inventories recognized as cost of sales | 17,018,882 | 18,690,274 |
| Including: valuation loss of inventories | 152,089 | 100,918 |

6. Investments(a) Investments in subsidiaries

In March and September 2013, the Company invested 186,878 million in cash for the capital increase of LG Display (China) Co., Ltd. (LGDCA). There were no changes in the Company's ownership percentage in LGDCA as a result of the additional investments.

In April and June 2013, the Company invested an aggregate of 6,730 million in cash to participate in the disproportionate capital increase of L&I Electronic Technology (Dongguan) Limited and acquired the remaining interest from non-controlling interests. As of September 30, 2013, L&I Electronic Technology (Dongguan) Limited, which is in liquidation process, is wholly owned by the Company.

In July 2013, the Company collected 8,494 million from the investment of Image & Materials, which completed liquidation, and recognized difference from the carrying amount as finance cost.

In June 2013, the Company invested 44,768 million in cash for the capital increase of LG Display America Inc. (LGDUS). There were no changes in the Company's ownership percentage in LGDUS as a result of this additional investment.

The Company recognized an impairment loss of 8,027 million as finance costs for the difference between the carrying amount and the recoverable amount of investments in subsidiaries in 2013.

(b) Investments in associates

In September 2013, the Company invested 11,917 million in cash for the capital increase of Suzhou Raken Technology Ltd. (Raken). There were no changes in the Company's ownership percentage in Raken as a result of this additional investment.

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6. Investments, Continued

The Company is a member of limited partnership in the LB Gemini New Growth Fund No.16 (the Fund). In March and May 2013, the Company received 1,116 million and 260 million, respectively, from the Fund as capital distribution and made additional cash investment of 1,533 million in the Fund in June and September 2013, respectively. 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.

In 2013, the Company recognized an impairment loss of 2,727 million for the difference between the carrying amount of and the recoverable amount of the investment in Eralite Optoelectronics (Jiangsu) Co., Ltd., which manufactures LED Package.

In 2013, the Company recognized an impairment loss of 2,000 million for the difference between the carrying amount of and the recoverable amount of the investment in Glonix Co., Ltd., which manufactures and sells LCD.

In 2013, the Company collected 107 million from the investment of Dynamic Solar Design Co., Ltd., which completed liquidation, and recognized 38 million of difference between the carrying amount and the recovered amount as finance cost.

(c) Dividends

Dividends received from subsidiaries, associates and jointly controlled entities for the nine-month periods ended September 30, 2013 and 2012 amounted to 14,276 million and 55,318 million, respectively.

7. Property, Plant and Equipment

For the nine-month periods ended September 30, 2013 and 2012, the Company purchased property, plant and equipment of 1,405,083 million and 2,087,365 million, respectively. The capitalized borrowing costs and the annualized capitalization rate were 12,528 million and 4.68%, and 22,353 million and 3.23% for the nine-month periods ended September 30, 2013 and 2012, respectively. Also for the nine-month periods ended September 30, 2013 and 2012, the Company disposed of property, plant and equipment with carrying amounts of 11,371 million and 15,716 million, respectively, and recognized 5,581 million and 191 million, respectively, as gain and loss on disposal of property, plant and equipment for the nine-month period ended September 30, 2013 (gain and loss for the nine-month period ended on September 30, 2012: 4,395 million and 1,166 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 September 30, 2013 and December 31, 2012, are 162,741 million and 169,176 million, respectively.

Table of Contents9. 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 September 30, 2013 and December 31, 2012 is as follows:

(In millions of won)

| | September 30, 2013 | December 31, 2012 |
|--|---------------------------|--------------------------|
| Cash and cash equivalents | 489,221 | 1,400,566 |
| Trade accounts and notes receivable, net | 4,170,116 | 4,548,459 |
| Other accounts receivable, net | 63,072 | 101,337 |
| Available-for-sale financial assets | 2,838 | 2,838 |
| Other non-current financial assets | 8,575 | 11,259 |
| Deposits | 21,616 | 56,019 |
| Deposits in banks | 564,913 | 315,000 |
| | 5,320,351 | 6,435,478 |

In addition to the financial assets above, as of September 30, 2013 and December 31, 2012, the Company provides payment guarantees of 7,529 million and 15,124 million, respectively, in connection with its subsidiaries' loans.

The maximum exposure to credit risk for trade accounts and notes receivable as of September 30, 2013 and December 31, 2012 by geographic region is as follows:

(In millions of won)

| | September 30, 2013 | December 31, 2012 |
|---------------------|---------------------------|--------------------------|
| Domestic | 355,176 | 205,454 |
| Euro-zone countries | 500,299 | 529,138 |
| Japan | 334,711 | 167,242 |
| United States | 1,239,554 | 1,790,401 |
| China | 976,974 | 1,307,759 |
| Taiwan | 517,949 | 257,793 |
| Others | 245,453 | 290,672 |
| | 4,170,116 | 4,548,459 |

Table of Contents9. Financial Instruments, Continued

(ii) Impairment loss

The aging of trade accounts and notes receivable as of September 30, 2013 and December 31, 2012 is as follows:

| <i>(In millions of won)</i> | September 30, 2013 | | December 31, 2012 | |
|-----------------------------|---------------------------|------------------------|--------------------------|------------------------|
| | Book value | Impairment loss | Book value | Impairment loss |
| Not past due | 4,167,468 | (10) | 4,528,302 | (235) |
| Past due 1-15 days | 86 | (1) | 5,927 | (2) |
| Past due 16-30 days | 1,948 | (1) | 9,531 | (1) |
| Past due 31-60 days | 201 | (1) | 2,154 | (3) |
| Past due more than 60 days | 430 | (4) | 2,788 | (2) |
| | 4,170,133 | (17) | 4,548,702 | (243) |

The movement in the allowance for impairment in respect of receivables during the nine-month period ended September 30, 2013 and the year ended December 31, 2012 are as follows:

| <i>(In millions of won)</i> | 2013 | 2012 |
|--|-------------|-------------|
| Balance at the beginning of the period | 243 | 54 |
| Bad debt expense (reversal of allowance for doubtful accounts) | (226) | 189 |
| Balance at the reporting date | 17 | 243 |

Table of Contents9. Financial Instruments, Continued

(b) Liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments, as of September 30, 2013:

(In millions of won)

| | Carrying amount | Total | Contractual cash flows | | | | More than 5 years |
|---|--------------------|-----------|------------------------|----------------|-----------|-----------|----------------------|
| | | | 6 months or less | 6-12 months | 1-2 years | 2-5 years | |
| Non-derivative financial liabilities | | | | | | | |
| Secured bank loan | 53,780 | 54,675 | 27,487 | 27,188 | | | |
| Unsecured bank loans | 1,585,457 | 1,715,998 | 101,855 | 228,736 | 615,894 | 768,044 | 1,469 |
| Unsecured bond issues | 2,334,984 | 2,565,016 | 51,187 | 347,872 | 613,171 | 1,552,786 | |
| Trade accounts and notes payable | 3,585,708 | 3,585,708 | 3,585,708 | | | | |
| Other accounts payable | 1,334,890 | 1,334,890 | 1,334,890 | | | | |
| Payment guarantee | | 7,529 | 7,529 | | | | |
| | 8,894,819 | 9,263,816 | 5,108,656 | 603,796 | 1,229,065 | 2,320,830 | 1,469 |

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

Table of Contents9. 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 September 30, 2013 and December 31, 2012 is as follows:

| <i>(In millions)</i> | September 30, 2013 | | | |
|--|--------------------|-----------------|----------|-----------|
| | USD | JPY | PLN | EUR |
| Cash and cash equivalents | 312 | 10,763 | 5 | 13 |
| Deposits in banks | | | | 30 |
| Trade accounts and notes receivable | 3,582 | 7,022 | | 15 |
| Other accounts receivable | 14 | | | |
| Other assets denominated in foreign currencies | | 51 | | |
| Trade accounts payable | (2,425) | (24,215) | | |
| Other accounts payable | (120) | (6,894) | | (7) |
| Debts | (725) | | | |
| Net exposure | 638 | (13,273) | 5 | 51 |

| <i>(In millions)</i> | December 31, 2012 | | | | |
|--|-------------------|-----------------|-----|----------|-----------|
| | USD | JPY | CNY | PLN | EUR |
| Cash and cash equivalents | 696 | 7,508 | 5 | 1 | 47 |
| Trade accounts and notes receivable | 4,002 | 6,400 | | | 38 |
| Other accounts receivable | 17 | 1 | | | |
| Other assets denominated in foreign currencies | | 51 | | | |
| Trade accounts payable | (2,857) | (31,162) | | | |
| Other accounts payable | (248) | (12,262) | (5) | | (7) |
| Debts | (870) | | | | |
| Bonds | (349) | | | | |
| Net exposure | 391 | (29,464) | | 1 | 78 |

Table of Contents9. Financial Instruments, Continued

Average exchange rates applied for the nine-month periods ended September 30, 2013 and 2012 and the exchange rates at September 30, 2013 and December 31, 2012 are as follows:

| <i>(In won)</i> | Average rate | | Reporting date spot rate | |
|-----------------|--------------|----------|--------------------------|-------------------|
| | 2013 | 2012 | September 30, 2013 | December 31, 2012 |
| USD | 1,105.68 | 1,138.99 | 1,075.60 | 1,071.10 |
| JPY | 11.45 | 14.36 | 10.99 | 12.48 |
| CNY | 179.29 | 179.90 | 175.75 | 171.88 |
| PLN | 346.65 | 347.14 | 343.65 | 348.21 |
| EUR | 1,455.87 | 1,459.88 | 1,451.31 | 1,416.26 |

(ii) Sensitivity analysis

A weaker won, as indicated below, against the following currencies which comprise the Company's financial assets or liabilities denominated in foreign currency as of September 30, 2013 and December 31, 2012, 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 be as follows:

| <i>(In millions of won)</i> | September 30, 2013 | | December 31, 2012 | |
|-----------------------------|--------------------|----------------|-------------------|----------------|
| | Equity | Profit or loss | Equity | Profit or loss |
| USD (5 percent weakening) | 26,008 | 26,008 | 15,873 | 15,873 |
| JPY (5 percent weakening) | (5,527) | (5,527) | (13,931) | (13,931) |
| PLN (5 percent weakening) | 65 | 65 | 13 | 13 |
| EUR (5 percent weakening) | 2,805 | 2,805 | 4,187 | 4,187 |

A stronger won against the above currencies as of September 30, 2013 and December 31, 2012 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 Contents9. Financial Instruments, Continued

(d) Interest rate risk

(i) Profile

The interest rate profile of the Company's interest-bearing financial instruments as of September 30, 2013 and December 31, 2012 is as follows:

(In millions of won)

| | September 30, 2013 | December 31, 2012 |
|----------------------------------|--------------------|-------------------|
| Fixed rate instruments | | |
| Financial assets | 1,056,972 | 1,718,404 |
| Financial liabilities | (3,135,780) | (3,044,050) |
| | (2,078,808) | (1,325,646) |
| Variable rate instruments | | |
| Financial liabilities | (838,441) | (1,368,112) |

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

As of September 30, 2013 and December 31, 2012, 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, would remain constant.

(In millions of won)

| | Equity | | Profit or loss | |
|---------------------------|-----------------|-----------------|-----------------|-----------------|
| | 1%p increase | 1%p decrease | 1%p increase | 1%p decrease |
| September 30, 2013 | | | | |
| Variable rate instruments | (6,355) | 6,355 | (6,355) | 6,355 |
| December 31, 2012 | | | | |
| Variable rate instruments | (10,370) | 10,370 | (10,370) | 10,370 |

Table of Contents9. 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> | September 30, 2013 | | December 31, 2012 | |
|--|--------------------|-------------|-------------------|-------------|
| | Carrying amounts | Fair values | Carrying amounts | Fair values |
| Assets carried at fair value | | | | |
| Available-for-sale financial assets | 13,906 | 13,906 | 13,343 | 13,343 |
| Assets carried at amortized cost | | | | |
| Cash and cash equivalents | 489,221 | 489,221 | 1,400,566 | 1,400,566 |
| Deposits in banks | 564,913 | 564,913 | 315,000 | 315,000 |
| Trade accounts and notes receivable | 4,170,116 | 4,170,116 | 4,548,459 | 4,548,459 |
| Other accounts receivable | 63,072 | 63,072 | 101,337 | 101,337 |
| Other non-current financial assets | 8,575 | 8,575 | 11,259 | 11,259 |
| Deposits | 21,616 | 21,616 | 56,019 | 56,019 |
| | 5,317,513 | 5,317,513 | 6,432,640 | 6,432,640 |
| Liabilities carried at amortized cost | | | | |
| Secured bank loans | 53,780 | 53,780 | 53,555 | 53,555 |
| Unsecured bank loans | 1,585,457 | 1,626,923 | 1,740,003 | 1,779,819 |
| Unsecured bond issues | 2,334,984 | 2,395,129 | 2,618,604 | 2,677,038 |
| Trade accounts and notes payable | 3,585,708 | 3,585,708 | 4,386,383 | 4,386,383 |
| Other accounts payable | 1,334,890 | 1,334,890 | 2,479,772 | 2,479,772 |
| | 8,894,819 | 8,996,430 | 11,278,317 | 11,376,567 |

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, 2012.

Table of Contents9. Financial Instruments, Continued

(ii) 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:

| | September 30, 2013 | December 31, 2012 |
|-----------------------------|--------------------|-------------------|
| Bonds, loans and borrowings | 2.99% | 3.69% |

(iii) Fair value hierarchy

The table below analyzes financial instruments carried at fair value, by valuation method. 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 September 30, 2013 and December 31, 2012 are as follows:

| <i>(In millions of won)</i> | Level 1 | Level 2 | Level 3 | Total |
|-------------------------------------|---------|---------|---------|--------|
| September 30, 2013 | | | | |
| Assets | | | | |
| Available-for-sale financial assets | 13,906 | | | 13,906 |
| <i>(In millions of won)</i> | | | | |
| December 31, 2012 | | | | |
| Assets | | | | |
| Available-for-sale financial assets | 13,343 | | | 13,343 |

Table of Contents9. Financial Instruments, Continued

(f) Capital management

Management's policy is to maintain a strong 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 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)

| | September 30, 2013 | December 31, 2012 |
|-------------------------------------|--------------------|-------------------|
| Total liabilities | 11,693,697 | 14,140,468 |
| Total equity | 9,785,219 | 9,661,120 |
| Cash and deposits in banks (*1) | 1,054,134 | 1,715,566 |
| Borrowings (including bonds) | 3,974,221 | 4,412,162 |
| Total liabilities to equity ratio | 120% | 146% |
| Net borrowings to equity ratio (*2) | 30% | 28% |

(*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 borrowings (including bonds) less cash and deposits in banks by total equity.

Table of Contents10. Financial Liabilities

(a) Financial liabilities as of September 30, 2013 and December 31, 2012 are as follows:

| <i>(In millions of won)</i> | September 30, 2013 | December 31, 2012 |
|---|--------------------|-------------------|
| Current | | |
| Current portion of long-term debt | 628,879 | 971,577 |
| Non-current | | |
| Won denominated borrowings | 804,588 | 807,005 |
| Foreign currency denominated borrowings | 505,532 | 589,105 |
| Bonds | 2,035,222 | 2,044,475 |
| | 3,345,342 | 3,440,585 |

(b) Won denominated long-term debt as of September 30, 2013 and December 31, 2012 is as follows:

(In millions of won)

| Lender | Annual interest rate | September 30, 2013 | December 31, 2012 |
|---|-----------------------------|-----------------------|----------------------|
| | as of September 30, 2013 | | |
| Shinhan Bank and others | 3-year Korean Treasury | | |
| | Bond rate less | | |
| | 1.25%, 2.75% | 13,188 | 16,629 |
| National Agricultural Cooperative Federation and others | 4.51%~5.21%, | | |
| | 1-year bank bond rate | | |
| | plus 1.4% | 846,239 | 845,072 |
| Less current portion | | (54,839) | (54,696) |
| | | 804,588 | 807,005 |

(c) Long-term debt denominated in currencies other than won as of September 30, 2013 and December 31, 2012 is as follows:

(In millions of won and USD)

| Lender | Annual interest rate | September 30, 2013 | December 31, 2012 |
|---------------------------------|---------------------------------|-----------------------|----------------------|
| | as of September 30, 2013 (*) | | |
| The Export-Import Bank of Korea | | | 26,777 |
| Kookmin Bank and others | 6ML+1.78%, 3ML+1.70%~2.25% | 779,810 | 905,080 |

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| | | |
|-----------------------------|-----------|-----------|
| Foreign currency equivalent | USD725 | USD870 |
| Less current portion | (274,278) | (342,752) |
| | 505,532 | 589,105 |

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

Table of Contents10. Financial Liabilities, Continued

(d) Details of bonds issued and outstanding as of September 30, 2013 and December 31, 2012 are as follows:

(In millions of won and USD)

| | Maturity | Annual interest rate as of September 30, 2013 | September 30, 2013 | December 31, 2012 |
|---|-------------|--|-----------------------|----------------------|
| Won denominated bonds (*) | | | | |
| Publicly issued bonds | April 2014~ | | | |
| | March 2018 | 2.90%~5.89% | 2,340,000 | 2,250,000 |
| Less discount on bonds | | | (5,016) | (5,579) |
| Less current portion | | | (299,762) | (199,946) |
| | | | 2,035,222 | 2,044,475 |
| Bonds denominated in currencies other than won | | | | |
| Floating-rate bonds | | | | 374,885 |
| Foreign currency equivalent | | | | USD350 |
| Less discount on bonds | | | | (702) |
| Less current portion | | | | (374,183) |
| | | | 2,035,222 | 2,044,475 |

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

Table of Contents11. The Nature of Expenses

The nature of expenses for the three-month and nine-month periods ended September 30, 2013 and 2012 are as follows:

| <i>(In millions of won)</i> | For the three-month | | For the nine-month | |
|--|------------------------------------|-------------|------------------------------------|-------------|
| | periods ended September 30, | | periods ended September 30, | |
| | 2013 | 2012 | 2013 | 2012 |
| Changes in inventories | (36,786) | (123,127) | (33,263) | (357,977) |
| Purchase of raw material, merchandise and others | 2,934,615 | 3,708,318 | 8,866,138 | 10,848,331 |
| Depreciation and amortization | 844,675 | 1,125,918 | 2,792,132 | 3,054,229 |
| Outsourcing fee | 849,366 | 1,220,228 | 2,573,412 | 2,742,277 |
| Labor costs | 583,462 | 517,177 | 1,728,623 | 1,535,017 |
| Supplies and others | 244,432 | 191,944 | 682,298 | 541,547 |
| Utility expense | 184,649 | 175,112 | 513,686 | 458,594 |
| Fees and commissions | 95,271 | 93,207 | 287,390 | 264,058 |
| Shipping costs | 44,349 | 93,197 | 187,429 | 287,694 |
| After-sale service expenses | 21,939 | 20,161 | 60,594 | 58,615 |
| Others | 396,099 | 245,220 | 1,085,897 | 871,680 |
| | 6,162,071 | 7,267,355 | 18,744,336 | 20,304,065 |

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

For the three-month and nine-month periods ended September 30, 2013, other non-operating income included exchange differences amounting to 269,997 million and 671,221 million, respectively (for the three-month and nine-month periods ended September 30, 2012: 199,972 million and 545,709 million, respectively), and other non-operating expenses included exchange differences amounting to 187,276 million and 636,767 million, respectively (for the three-month and nine-month periods ended September 30, 2012: 178,851 million and 493,315 million, respectively).

The expenses for the three-month and nine-month periods ended September 30, 2012 were reclassified to conform to the classification for the three-month and nine-month periods ended September 30, 2013.

Table of Contents12. Selling and Administrative Expenses

Details of selling and administrative expenses for the three-month and nine-month periods ended September 30, 2013 and 2012 are as follows:

| <i>(In millions of won)</i> | For the three-month periods ended September 30, | | For the nine-month periods ended September 30, | |
|--|--|----------------|---|----------------|
| | 2013 | 2012 | 2013 | 2012 |
| Salaries | 42,093 | 34,725 | 120,864 | 104,054 |
| Expenses related to defined benefit plan | 5,336 | 4,789 | 16,008 | 15,014 |
| Other employee benefits | 6,941 | 6,418 | 22,924 | 19,048 |
| Shipping costs | 34,193 | 75,779 | 146,141 | 234,905 |
| Fees and commissions | 34,900 | 35,270 | 110,157 | 102,310 |
| Depreciation and amortization | 19,681 | 23,304 | 60,340 | 70,888 |
| Taxes and dues | 474 | 650 | 1,732 | 1,832 |
| Advertising | 44,225 | 21,770 | 93,831 | 73,294 |
| After-sale service | 21,939 | 20,161 | 60,594 | 58,615 |
| Rent | 2,106 | 2,195 | 7,069 | 6,911 |
| Insurance | 811 | 640 | 3,638 | 4,233 |
| Travel | 3,966 | 3,229 | 10,639 | 9,416 |
| Training | 4,118 | 3,512 | 9,207 | 9,404 |
| Others | 8,320 | 8,235 | 21,224 | 20,631 |
| | 229,103 | 240,677 | 684,368 | 730,555 |

The expenses for the three-month and nine-month periods ended September 30, 2012 were reclassified to conform to the classification for the three-month and nine-month periods ended September 30, 2013.

Table of Contents13. Other Non-operating Income and Other Non-operating Expenses

- (a) Details of other non-operating income for the three-month and nine-month periods ended September 30, 2013 and 2012 are as follows:

| <i>(In millions of won)</i> | For the three-month periods ended September 30, | | For the nine-month periods ended September 30, | |
|---|--|-------------|---|-------------|
| | 2013 | 2012 | 2013 | 2012 |
| Rental income | 1,065 | 1,015 | 3,172 | 3,360 |
| Foreign currency gain | 269,997 | 199,972 | 671,221 | 545,709 |
| Gain on disposal of property, plant and equipment | 947 | 1,337 | 5,581 | 4,395 |
| Reversal of impairment loss on intangible assets | 296 | | 296 | |
| Reversal of allowance for doubtful accounts for other receivables | 75 | | 63 | |
| Commission earned | 2,002 | 1,699 | 3,247 | 3,161 |
| Others | 3,523 | 6,100 | 3,957 | 6,517 |
| | 277,905 | 210,123 | 687,537 | 563,142 |

- (b) Details of other non-operating expenses for the three-month and nine-month periods ended September 30, 2013 and 2012 are as follows:

| <i>(In millions of won)</i> | For the three-month periods ended September 30, | | For the nine-month periods ended September 30, | |
|--|--|-------------|---|-------------|
| | 2013 | 2012 | 2013 | 2012 |
| Other bad debt expense | | 143 | | 101 |
| Foreign currency loss | 187,276 | 178,851 | 636,767 | 493,315 |
| Loss on disposal of property, plant and equipment | 1 | 834 | 191 | 1,166 |
| Loss on disposal of intangible assets | | | 168 | |
| Impairment loss on intangible assets | 321 | | 1,478 | 1,063 |
| Donations | 2,065 | 3,898 | 7,386 | 7,971 |
| Expenses related to legal proceedings or claims and others | 72,223 | 73,703 | 220,408 | 310,270 |
| | 261,886 | 257,429 | 866,398 | 813,886 |

Table of Contents14. **Employee Benefits**

The Company's primary defined benefit plan provides 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 obligations as of September 30, 2013 and December 31, 2012 are as follows:

| <i>(In millions of won)</i> | September 30, 2013 | December 31, 2012 |
|---|---------------------------|--------------------------|
| Present value of partially funded defined benefit obligations | 774,767 | 672,032 |
| Fair value of plan assets | (479,237) | (491,730) |
| | 295,530 | 180,302 |

- (b) Expenses recognized in profit or loss for the three-month and nine-month periods ended September 30, 2013 and 2012 are as follows:

| <i>(In millions of won)</i> | For the three-month periods ended September 30, | | For the nine-month periods ended September 30, | |
|-----------------------------|--|-------------|---|-------------|
| | 2013 | 2012 | 2013 | 2012 |
| Current service cost | 37,348 | 32,378 | 112,044 | 97,132 |
| Interest cost, net | 1,798 | 2,179 | 5,764 | 6,540 |
| | 39,146 | 34,557 | 117,808 | 103,672 |

- (c) Plan assets as of September 30, 2013 and December 31, 2012 are as follows:

| <i>(In millions of won)</i> | September 30, 2013 | December 31, 2012 |
|--------------------------------------|---------------------------|--------------------------|
| Deposits with financial institutions | 479,237 | 491,730 |

As of September 30, 2013, plan assets mainly consist of deposits in banks, for which the payment of their principal and interest is guaranteed.

- (d) Actuarial gain and loss recognized in other comprehensive income (loss) for the three-month and nine-month periods ended September 30, 2013 and 2012 are as follows:

| <i>(In millions of won)</i> | For the three-month periods ended September 30, | | For the nine-month periods ended September 30, | |
|---|--|-------------|---|-------------|
| | 2013 | 2012 | 2013 | 2012 |
| Defined benefit plan actuarial gain (loss) | (82) | (71,091) | 145 | (70,650) |
| Income tax | 20 | 17,207 | (35) | 17,101 |
| Defined benefit plan actuarial gain (loss), net of income tax | (62) | (53,884) | 110 | (53,549) |

Table of Contents15. Finance Income and Costs

- (a) Finance income and costs recognized in profit and loss for the three-month and nine-month periods ended September 30, 2013 and 2012 are as follows:

| <i>(In millions of won)</i> | For the three-month periods ended September 30, | | For the nine-month periods ended September 30, | |
|---|--|-------------|---|-------------|
| | 2013 | 2012 | 2013 | 2012 |
| Finance income | | | | |
| Interest income | 7,244 | 4,506 | 22,875 | 16,564 |
| Dividend income | 12,805 | 482 | 14,582 | 55,800 |
| Foreign currency gain | 54,129 | 44,684 | 13,625 | 58,639 |
| Gain on disposal of investments | 38 | | 38 | |
| | 74,216 | 49,672 | 51,120 | 131,003 |
| Finance costs | | | | |
| Interest expense | 37,931 | 54,368 | 125,774 | 135,864 |
| Foreign currency loss | 28,031 | 2,024 | 63,172 | 23,835 |
| Loss on redemption of debentures | | | | 1,524 |
| Loss on disposal of investments | 1 | | 1 | |
| Impairment loss on investments | 2,726 | 3,741 | 12,754 | 42,813 |
| Impairment loss on valuation of available-for-sale securities | | 6,392 | | 6,392 |
| Loss on sale of trade accounts and notes receivable | 7 | 30 | 132 | 210 |
| | 68,696 | 66,555 | 201,833 | 210,638 |

- (b) Finance income and costs recognized in other comprehensive income for the three-month and nine-month periods ended September 30, 2013 and 2012 are as follows:

| <i>(In millions of won)</i> | For the three-month periods ended September 30, | | For the nine-month periods ended September 30, | |
|---|--|-------------|---|-------------|
| | 2013 | 2012 | 2013 | 2012 |
| Net change in fair value of available-for-sale financial assets | 823 | 7,148 | 564 | 14,702 |
| Tax effect | (199) | (1,729) | (136) | (3,558) |
| | 624 | 5,419 | 428 | 11,144 |

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 1,713 million (1,843,019 million) and JPY 5,000 million (54,934 million) in connection with the Company's export sales transactions with its subsidiaries. As of September 30, 2013, no short-term borrowings were outstanding in connection with these agreements. 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 and notes receivable up to an aggregate of 100,000 million in connection with its domestic sales transactions and, as of September 30, 2013, no accounts and notes receivable were sold but not past due under the agreement with Shinhan bank. In addition, the Company entered into agreements with Standard Chartered Bank for accounts receivable sales negotiating facilities of up to USD 50 million (53,780 million) and USD 23 million (24,739 million) in April 2011 and November 2012, respectively. As of September 30, 2013, 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 September 30, 2013, the Company has agreements with Korea Exchange Bank in relation to the opening of letters of credit up to USD 15 million (16,134 million), USD 15 million (16,134 million) with China Construction Bank, JPY 1,500 million (16,480 million) with Woori Bank, USD 100 million (107,560 million) with Bank of China, USD 60 million (64,536 million) with Sumitomo Mitsui Banking Corporation, USD 30 million (32,268 million) with Hana Bank, and USD 30 million (32,268 million) with Shinhan Bank.

Payment guarantees

The Company obtained payment guarantees amounting to USD 8.5 million (9,143 million) and EUR 215 million (312,032 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 (7,529 million) for principals and related interests.

License agreements

As of September 30, 2013, 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 September 30, 2013, the Company's balance of advances received from a customer amount to USD 1,080 million (1,161,648 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 220 million (236,632 million) from the Industrial Bank of Korea relating to advances received.

Table of Contents16. Commitments, ContinuedPledged Assets

Regarding the secured bank loan amounting to USD 50 million (53,780 million) from the Export-Import Bank of Korea, the Company provided part of its OLED machinery as pledged assets.

17. ContingenciesAnvik Corporation's lawsuit for infringement of patent

In 2007, Anvik Corporation filed a patent infringement case against the Company, along with other LCD manufacturing companies in the United States District Court for the Southern District of New York (SDNY district court), in connection with the usage of photo-masking equipment manufactured by Nikon Corporation. The court granted Nikon Corporation's motion for summary judgment of invalidity of the patents-in-suit and entered a judgment in favor of Nikon Corporation, the Company and LG Display America, Inc. and other TFT-LCD manufacturing companies, dismissing the case in April 2012. In April 2012, Anvik Corporation appealed the court's decision to the United States Court of Appeals for the Federal Circuit (CAFC). The CAFC has reversed the SDNY district court's summary judgment ruling and remanded the case back to the district court for further proceedings.

Industrial Technology Research Institute of Taiwan's action for patent infringement

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 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 had not infringed ITRI's patents. Meanwhile, ITRI appealed to the United States Court of Appeals for the Federal Circuit.

Patent Infringement Litigations and Invalidity Proceedings Between the Company and Samsung Display Co., Ltd. and Samsung Electronics Co., Ltd.

In September 2012, the Company filed a complaint in the Seoul Central District Court against Samsung Display Co., Ltd. (SSD) and Samsung Electronics Co., Ltd. (SSE) claiming infringement of seven patents related to Organic Light Emitting Diode (OLED) display technology and relevant manufacturing methods and seeking monetary compensation. As a response, SSD requested for an invalidity proceeding over the identical seven patents in the Korean Intellectual Property Tribunal. Furthermore, in December 2012, SSD filed a complaint in the Seoul Central District Court against the Company and LG Electronics Co., Ltd. (LGE) claiming infringement of seven patents related to Liquid Crystal Display (LCD) technology and seeking monetary compensation, and of which the Company responded by requesting for an invalidity proceeding over such LCD patents in the Korean Intellectual Property Tribunal. For the amicable settlement, the settlement proceeded under the arbitration of the government and, on September 23, 2013, the Company and Samsung Display withdrew the entire patent infringement litigations and invalidity proceedings and agreed to seek patent cooperation measures through conversation.

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17. Contingencies, Continued

Request for arbitration of Arkema France and its subsidiary regarding termination of a contract with the Company

In October 2012, Arkema France (Arkema) and its subsidiary filed a request for arbitration in the International Court of Arbitration of the International Chamber of Commerce regarding termination of a contract with the Company. The Company is currently defending against Arkema s claims.

Anti-trust investigations and litigations

In December 2006, the Company received notices of investigation by the Korea Fair Trade Commission, the Japan Fair Trade Commission, the U.S. Department of Justice, and the European Commission with respect to possible anti-competitive activities in the TFT-LCD industry. The Company subsequently received similar notices from the Canadian Bureau of Competition Policy, the Federal Competition Commission of Mexico, the Secretariat of Economic Law of Brazil and the Taiwan Fair Trade Commission.

In November 2008, the Company executed an agreement with the U.S. Department of Justice (DOJ) whereby the Company and its U.S. subsidiary, LG Display America, Inc. (LGDUS), pleaded guilty to a Sherman Antitrust Act violation and agreed to pay a single total fine of USD 400 million. In December 2008, the U.S. District Court for the Northern District of California accepted the terms of the plea agreement and entered a judgment against the Company and LGDUS and ordered the payment of USD 400 million. The agreement resolved all federal criminal charges against the Company and LGDUS in the United States in connection with this matter.

In December 2010, the European Commission (the EC) issued a decision finding that the Company engaged in anti-competitive activities in the LCD industry in violation of European competition laws and imposed a fine of EUR 215 million. In February 2011, the Company filed with the European Union General Court an application for partial annulment and reduction of the fine imposed by the EC. To date the European Union General Court has not ruled on the Company s application. In November 2011, the Company received an additional Request for Information from the EC relating to the alleged anti-competitive activities in the LCD industry and is responding to the request.

In November 2009, the Taiwan Fair Trade Commission terminated its investigation without any finding of violations or levying of fines. Also, in February 2012, the Competition Bureau of Canada terminated its investigation against the Company without any finding of violations or levying of fines. To date no decision has been issued by the Japan Fair Trade Commission, and we believe the statutory time period by which the Commission was required to have issued a decision has already lapsed. To date investigations by the Federal Competition Commission of Mexico and the Secretariat of Economic Law of Brazil are ongoing.

In August 2011, the Korea Fair Trade Commission issued an Examination Report finding that the Company engaged in anti-competitive activities in violation of Korean fair trade laws and a hearing was held in October 2011. In December 2011, the Korea Fair Trade Commission imposed a fine on the Company and certain of its subsidiaries of approximately 31,378 million, and the Company filed an appeal of the decision with the Seoul High Court in December 2011. To date the Seoul High Court has not ruled on the Company s appeal.

Table of Contents17. Contingencies, Continued

Subsequent to the commencement of the DOJ investigation, a number of class action complaints were filed against the Company and other TFT-LCD panel manufacturers in the U.S. and Canada alleging violation of respective antitrust laws and related laws. The class action lawsuits in the U.S. were transferred to the Northern District of California for pretrial proceedings (MDL Proceedings). In March 2010, the court certified the class action complaints filed by direct purchasers and indirect purchasers. Seventy-eight entities (including groups of affiliated entities) submitted requests for exclusion from the direct purchaser class. The time period for submitting requests for exclusion from the indirect purchaser class expired on April 13, 2012 and ten entities (including groups and affiliated entities) submitted requests for exclusion from the indirect purchaser class. In addition, since 2010, the attorneys general of Arkansas, California, Florida, Illinois, Michigan, Mississippi, Missouri, New York, Oklahoma, Oregon, South Carolina, Washington, West Virginia and Wisconsin filed complaints against the Company, alleging similar antitrust violations as alleged in the MDL Proceedings. In June 2011, the Company reached a settlement with the direct purchaser class, which the federal district court approved in December 2011. In July 2012, the Company reached a settlement with the indirect purchaser class and with the state attorneys general of Arkansas, California, Florida, Michigan, Missouri, New York, West Virginia, and Wisconsin, which was approved by the federal district court in April 2013. In March 2013, the Oklahoma attorney general dismissed its action as to the Company pursuant to a settlement agreement.

Apart from the direct and indirect purchaser class actions, individual plaintiffs filed complaints in various state or federal courts in the United States alleging violation of the respective antitrust laws and related laws by various LCD panel manufacturers. To date the Company is defending against twenty Direct Action Plaintiffs including 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, and the attorneys general of Illinois, Washington, Oregon, South Carolina, and Mississippi.

In Canada, 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 decision as well as defending the on-going class actions in Quebec and British Columbia.

While the Company continues its vigorous defense of the various pending proceedings described above, there is a possibility that one or more proceedings may result in an unfavorable outcome to the Company. For certain cases described above, management is not able to estimate the potential loss if the final outcome of the cases is unfavorable to the Company as the cases are in early stage and management does not have sufficient information to estimate the amount of possible loss. Otherwise the Company has established provisions with respect to certain of the contingencies, considering factors such as the nature of the litigation, claim, or assessment, the progress of the case and the opinions or views of legal counsel and other advisers. These estimates have been based on our assessment of the facts and circumstances and are subject to change materially based upon new information, intervening events and the final outcome of the cases.

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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 September 30, 2013 and December 31, 2012, the number of issued common shares is 357,815,700. There have been no changes in the capital stock from January 1, 2012 to September 30, 2013.

(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 Contents19. Related Parties

(a) Key management personnel compensation

Compensation costs of key management for the three-month and nine-month periods ended September 30, 2013 and 2012 are as follows:

| <i>(In millions of won)</i> | For the three-month periods ended September 30, | | For the nine-month periods ended September 30, | |
|--|--|-------------|---|-------------|
| | 2013 | 2012 | 2013 | 2012 |
| Short-term benefits | 664 | 443 | 2,278 | 1,328 |
| Expenses related to defined benefit plan | 72 | 39 | 1,068 | 135 |
| | 736 | 482 | 3,346 | 1,463 |

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

(b) Significant transactions with related companies

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 and nine-month periods ended September 30, 2013 and 2012 are as follows:

(iii) Sales and others

| <i>(In millions of won)</i> | For the three-month periods ended September 30, | | For the nine-month periods ended September 30, | |
|-----------------------------|--|-------------|---|-------------|
| | 2013 | 2012 | 2013 | 2012 |
| Subsidiaries | 5,433,094 | 6,660,712 | 16,437,096 | 18,101,819 |
| Joint ventures | 142,512 | 127,211 | 393,029 | 506,668 |
| Associates | | 1 | 1,472 | 211 |
| LG Electronics | 437,110 | 241,489 | 1,264,416 | 723,259 |
| Other related parties(*) | 2,580 | 6,117 | 5,680 | 8,241 |
| | 6,015,296 | 7,035,530 | 18,101,693 | 19,340,198 |

(iv) Purchases and others

| <i>(In millions of won)</i> | For the three-month periods ended September 30, | | For the nine-month periods ended September 30, | |
|-----------------------------|--|-------------|---|-------------|
| | 2013 | 2012 | 2013 | 2012 |
| Subsidiaries | 891,351 | 1,042,797 | 2,595,746 | 2,733,036 |
| Joint ventures | 42,564 | 67,799 | 137,152 | 104,209 |
| Associates | 292,767 | 364,096 | 866,332 | 1,087,142 |
| LG Electronics | 108,000 | 54,718 | 243,232 | 187,924 |
| Other related parties(*) | 152,424 | 117,909 | 417,067 | 312,513 |

| | | | |
|-----------|-----------|-----------|-----------|
| 1,487,106 | 1,647,319 | 4,259,529 | 4,424,824 |
|-----------|-----------|-----------|-----------|

Table of Contents19. Related Parties, Continued

Account balances with related parties as of September 30, 2013 and December 31, 2012 are as follows:

| <i>(In millions of won)</i> | Trade accounts and notes receivable and others | | Trade accounts and notes payable and others | |
|-----------------------------|---|----------------------|--|----------------------|
| | September 30, 2013 | December 31, 2012 | September 30, 2013 | December 31, 2012 |
| Subsidiaries | 3,545,115 | 3,979,211 | 1,298,431 | 1,139,362 |
| Joint ventures | 80,838 | 92,870 | 140,968 | 168,620 |
| Associates | 1 | | 251,519 | 363,654 |
| LG Electronics | 365,110 | 198,972 | 131,485 | 67,867 |
| Other related parties(*) | 627 | 563 | 136,532 | 124,826 |
| | 3,991,691 | 4,271,616 | 1,958,935 | 1,864,329 |

(*) The significant transactions for the three-month and nine-month periods ended September 30, 2012 and the account balances as of December 31, 2012 were restated because a related party restated its consolidated financial statements in accordance with K-IFRS No.1110, *Consolidated Financial Statements*.

20. Income Taxes

(a) Details of income tax expense (benefit) for the three-month and nine-month periods ended September 30, 2013 and 2012 are as follows:

| <i>(In millions of won)</i> | For the three-month periods ended September 30, | | For the nine-month periods ended September 30, | |
|-------------------------------|--|---------|---|--------|
| | 2013 | 2012 | 2013 | 2012 |
| Current tax expense (benefit) | 35,517 | (1,237) | 36,763 | 2,471 |
| Deferred tax expense | 81,166 | 67,732 | 135,446 | 16,367 |
| Income tax expense | 116,683 | 66,495 | 172,209 | 18,838 |

Table of Contents20. 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 Company's estimated future taxable income.

Deferred tax assets and liabilities as of September 30, 2013 and December 31, 2012 are attributable to the following:

(In millions of won)

| | Assets | | Liabilities | | Total | |
|---|-----------|-----------|-------------|---------|-----------|-----------|
| | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 |
| Other accounts receivable, net | | | (1,844) | (2,063) | (1,844) | (2,063) |
| Inventories, net | 14,583 | 8,903 | | | 14,583 | 8,903 |
| Available-for-sale financial assets | 149 | 285 | | | 149 | 285 |
| Defined benefit obligation | 63,464 | 38,573 | | | 63,464 | 38,573 |
| Accrued expenses | 74,808 | 79,321 | | | 74,808 | 79,321 |
| Property, plant and equipment | 81,430 | 81,832 | | | 81,430 | 81,832 |
| Intangible assets | | 2,488 | (1,381) | | (1,381) | 2,488 |
| Provisions | 10,825 | 12,979 | | | 10,825 | 12,979 |
| Gain or loss on foreign currency translation, net | 417 | 5,340 | (957) | (958) | (540) | 4,382 |
| Others | 8,888 | 27,336 | | | 8,888 | 27,336 |
| Tax loss carryforwards | 170,679 | 233,139 | | | 170,679 | 233,139 |
| Tax credit carryforwards | 630,026 | 699,529 | | | 630,026 | 699,529 |
| Deferred tax assets (liabilities) | 1,055,269 | 1,189,725 | (4,182) | (3,021) | 1,051,087 | 1,186,704 |

Statutory tax rate applicable to the Company is 24.2% for the nine-month period ended September 30, 2013.

During the nine-month period ended September 30, 2013, the Company remeasured the possibility of realization of the amount of tax credit related deferred tax assets considering the change in the minimum tax rate and other factors, and, accordingly, the unused tax credit for which no deferred tax asset is recognized increased by 104,418 million.

Table of Contents21. Earnings (Loss) Per Share

(a) Basic earnings (loss) per share for the three-month and nine-month periods ended September 30, 2013 and 2012 are as follows:

| <i>(In won and number of shares)</i> | For the three-month periods ended September 30, | | For the nine-month periods ended September 30, | |
|--|--|-----------------|---|-------------------|
| | 2013 | 2012 | 2013 | 2012 |
| Profit (loss) for the period | 118,904,828,096 | 131,671,194,923 | 123,561,356,547 | (158,642,314,821) |
| Weighted-average number of common shares outstanding | 357,815,700 | 357,815,700 | 357,815,700 | 357,815,700 |
| Earnings (loss) per share | 332 | 368 | 345 | (443) |

There were no events or transactions that resulted in changes in the number of common shares used for calculating earnings (loss) per share.

(b) Diluted earnings per share for the three-month and nine-month periods ended September 30, 2013 are not calculated since there are no potential common stocks. In addition, there are no effect of dilutive potential ordinary shares due to the Company's net loss for the three-month and nine-month periods ended September 30, 2012.

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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: November 14, 2013

By: /s/ Heeyeon Kim
(Signature)
Name: Heeyeon Kim
Title: Vice President / IR Division

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