LG Display Co., Ltd.
Form 6-K
May 15, 2013
Table of Contents

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 6-K

REPORT OF FOREIGN PRIVATE ISSUER

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

UNDER THE SECURITIES EXCHANGE ACT OF 1934

For the month of May 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)

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 x 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 x

Table of Contents

QUARTERLY REPORT

(From January 1, 2013 to March 31, 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.

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.

Contents

2

Table of Contents

Table of Contents

1. Company

A. Name and contact information

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

Our principal executive office is located at LG Twin Towers, 128 Yeoui-daero, Yeongdeungpo-gu, Seoul 150-721, Republic of Korea, 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 June 2006 December 2006 June 2007 December 2007 September 2008 December 2008	A1	NICE Information Service Co., Ltd. (A1 ~ D)
	June 2006 January 2007 June 2007 December 2007 September 2008	A1	Korea Investors Service, Inc. (A1 ~ D)
Corporate Debenture	June 2006	AA-	NICE Information Service Co., Ltd. (AAA ~ D)
	December 2006 June 2007 September 2008	A+	
	July 2009 October 2009 February 2010 May 2010 December 2010 August 2011 June 2012 October 2012 March 2013	AA-	

4

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

C. Capitalization

(1) Change in capital stock (as of March 31, 2013)

(Unit: Won, Share)

Date	Description	Change in number of common shares	Face amount per share
July 23, 2004	Offering (1)	33,600,000	5,000
September 8, 2004	Follow-on offering (2)	1,715,700	5,000
July 27, 2005	Follow-on offering (3)	32,500,000	5,000

(1) ADSs offering: 24,960,000 shares (US$30 per share, US$15 per ADS) / Initial public offering in Korea: 8,640,000 shares (34,500 per share)

(2) ADSs offering: 1,715,700 shares (34,500 per share) pursuant to the exercise of greenshoe option by the underwriters

Table of Contents

(3) ADSs offering: 32,500,000 shares (US$42.64 per share, US$21.32 per ADS)
(2) Convertible bonds

Not applicable.

D. Voting rights (as of March 31, 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)			

6

Table of Contents

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

2. Business

A. Business overview

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

As of March 31, 2013, we operated TFT-LCD and OLED production facilities and a LCD research center in Paju, Korea and TFT-LCD production facilities in Gumi, Korea. We have also established subsidiaries in the Americas, Europe and Asia.

As of March 31, 2013, our business consisted of the manufacture and sale of LCD and OLED panels and monitor products. Because our non-LCD business represented an extremely small portion of our assets and revenues as of and for the three months ended March 31, 2013, we have included them as part of our LCD reporting business segment.

2013 Q1 consolidated operating results highlights

(Unit: In billions of Won)

2013 Q1	LCD business
Sales Revenue	6,803
Gross Profit	704
Operating Profit (Loss)	151

B. Industry

(1) Industry characteristics and growth potential

- TFT-LCD technology is one of the widely used technologies in the manufacture of flat panel displays, and the demand for flat panel displays is growing. The flat panel display industry is characterized by entry barriers due to rapidly evolving technology, capital-intensive characteristics, and the significant investments required to achieve economies of scale, among other factors. There is intense competition among the players in the industry, and the industry as a whole has experienced continued growth in its production capacity in response to growth in demand for flat panel displays.

- The demand for LCD panels for notebook computers and monitors has stagnated due to market maturation. The demand for LCD panels for television sets has been growing as digital broadcasting is becoming more common and as LCD television has come to play an important role in the digital display market. In addition, the demand for LCD panels for tablets, smartphones, industrial products and automobile displays, among others, has shown continued growth.

- The average selling prices of LCD panels may continue to decline with time irrespective of general business cycles as a result of, among other factors, technology advancements and cost reductions.

Table of Contents

(2) Cyclicality

- The TFT-LCD business is highly cyclical. In spite of the increased demand for products, this industry has experienced periodic volatility caused by imbalances between supply and demand due to capacity expansion within the industry.

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

(3) Market conditions

- Since 2011, due to a general overcapacity and 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 (1)	2012(2)	2011 (3)
Panels for Notebook Computers (4)	39.6%	34.5%	34.9%
Panels for Monitors	33.9%	32.3%	28.3%
Panels for Televisions (5)	25.6%	25.2%	24.7%
Total	29.8%	28.4%	27.3%

(1) Source: 2013 Q1 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.

- 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.

8

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

- As a leading technology innovator in the display industry, we continue to focus on delivering differentiated value to our customers by developing new technologies and products, including 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. We are a leader in large OLED panel display technology, as demonstrated by our 55-inch OLED display panel unveiled at the Consumer Electronics Show in Las Vegas in January 2012, which was the largest OLED panel 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 2013, we made an additional investment of US$112 million, but the additional investment 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 2013, we received a distribution of 1.1 billion. 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%.

- In November 2010, in order to strengthen our e-book business, we acquired a 100% equity interest in Image & Materials, Inc., a company that develops and manufactures e-book deposition equipment components, at a purchase price of 35 billion. In each of June 2011, September 2011 and February 2012, we invested an additional 3.0 billion in Image & Materials, Inc.

- In October 2010, in order to strengthen our competitiveness in the e-book market, we entered into a joint venture with Iriver Ltd. and established L&I Electronics Technology (Dongguan) Limited, a company that specializes in e-book manufacturing, in Dongguan, China. We invested US$2.6 million and acquired a 51% equity interest in L&I Electronics Technology (Dongguan) Limited. In April 2013, we made an additional investment of CNY 37 million and increased our equity interest in L&I Electronics Technology (Dongguan) Limited to 100%.

- 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 June 30, 2012, we held a 23% equity interest in Narae Nanotech Corporation.

- In December 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.

Table of Contents

- 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 (%)
TFT-LCD	Product/ Service/ Other Sales	TFT-LCD (Overseas [1])	Panels for notebook computers, monitors, televisions, smartphones, tablets, etc	LG Display	6,113 (89.9%)
		TFT-LCD (Korea [1])	Panels for notebook computers, monitors, televisions, smartphones, tablets, etc	LG Display	690 (10.1%)
Total					6,803 (100.0%)

- Period: January 1, 2013 ~ March 31, 2013.

(1) Based on ship-to-party.

B. Average selling price trend of major products

The average selling price of LCD panels per square meter of net display area shipped in the first quarter of 2013 decreased by approximately 4% from the fourth quarter of 2012, largely as a result of a decrease in the proportion of small- to medium-sized products in our product mix due to a decrease in seasonal demand. 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$ / m^2)

Description	2013 Q1	2012 Q4	2012 Q3	2012 Q2
TFT-LCD panel [1][2]	770	802	733	701

(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 (%)	Suppliers
TFT-LCD		Glass	LCD panel	593	14.2%	Samsung Corning Precision

	Raw Materials	manufacturing			Glass Co., Ltd., Nippon Electric Glass Co., Ltd., etc.
		Backlight	1,201	28.8%	Heesung Electronics Ltd., etc.
		Polarizer	626	15.0%	LG Chem, etc.
		Others	1,749	42.0%	-
Total			4,169	100.0%	-

11

Table of Contents

- Period: January 1, 2013 ~ March 31, 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

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 1Q (1)	2012 (2)	2011 (2)
TFT-LCD	TFT-LCD	Gumi, Paju	2,043	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., 3 months).

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

(2) Production output

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

(Unit: 1,000 Glass sheets)

Business area	Items	Location of facilities	2013 1Q	2012	2011
TFT-LCD	TFT-LCD	Gumi, Paju	1,883	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 1Q	Actual working hours in 2013 1Q	Average utilization ratio
Gumi	2,160 (1) (90 days) (2)	2,056 (1) (86 days) (2)	95.2%
Paju (3)	2,160 (1) (90 days) (2)	2,160 (1) (90 days) (2)	100.0%

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

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

Table of Contents

(3) Includes P98, which commenced mass production in June 2012.

C. Investment plan

In 2013, we expect that our capital expenditures on a cash out basis will be no more than 4 trillion or, on a delivery basis, between approximately 4 trillion and 4.5 trillion, primarily to fund the expansion of our OLED and LTPS-based panel production capacities, as well as other expansions and 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	2012	2011
			Overseas [1]	6,113	27,280	22,328
TFT-LCD	Products, etc.	TFT-LCD	Korea [1]	690	2,150	1,963
			Total	6,803	29,430	24,291

(1) Based on ship-to-party.

B. Sales route and sales method

(1) Sales organization

- As of March 31, 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

- Our strategy is to secure stable sales to major personal computer makers and leading consumer electronics makers globally, strengthen sales of high-resolution, IPS, narrow bezel and other high-end display panels in the tablet, notebook computer and monitor markets and display panels larger than 55 inches in the television market and maintain our position as market leader in the market for high-end ultra-high definition (UHD), 3D FPR and other differentiated television panels.

13

Table of Contents

- In the smartphone, industrial products (including aviation and medical equipment) and automobile displays segment, our strategy is to continue 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

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

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

6. Market Risks and Risk Management

A. Market risks

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.

Table of Contents

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.

B. Interest rate risks

- Our exposure to interest rate risks relates primarily to our long term debt obligations. As of March 31, 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
	Fergason Patent Properties	October 2007 ~	Patent licensing of LCD driving technology
	Hewlett-Packard	January 2011 ~	Patent licensing of semi-conductor device technology
Technology licensing/supply agreement	Chunghwa Picture Tubes	November 2007 ~	Patent cross-licensing of LCD technology
	HannStar Display Corporation	November 2009 ~	Patent cross-licensing of LCD technology
	AU Optronics Corporation	August 2011~	Patent cross-licensing of LCD technology

	Innolux Corporation	July 2012 ~	Patent cross-licensing of LCD technology, etc.

Table of Contents

9. Research & Development

A. Summary of R&D-related expenditures

(Unit: In millions of Won, except percentages)

Items		2013 1Q	2012	2011
Material Cost		108,605	494,422	550,200
Labor Cost		128,518	412,805	365,375
Depreciation Expense		85,519	259,467	217,874
Others		67,745	206,093	180,582
Total R&D-Related Expenditures		390,387	1,372,787	1,314,031
Accounting Treatment	Selling & Administrative Expenses	96,274	301,239	248,328
	Manufacturing Cost	270,505	873,323	942,015
	Development Cost (Intangible Assets)	23,608	198,225	123,688
R&D-Related Expenditures / Revenue Ratio (Total R&D-Related Expenditures ÷ Revenue for the period × 100)		5.7%	4.7%	5.4%

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

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)

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

Table of Contents

- 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

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)

Table of Contents

- 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

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

Table of Contents

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

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 UHD display panel product

- a-Si based 1G 1D UHD panel with steady charging

- Developed extra-large edge LED with rigid heat resistant structure

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

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

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

- Applied heat resistant structure without heat sink

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

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

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

- Developed SNB structure technology

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

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

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

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

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

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

Table of Contents

- 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, LGE Optimus G)

- 320 PPI high resolution AH-IPS display panel

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

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

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

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

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

- Differentiated set bezel design

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

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

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

- Utilizes WRGB OLED technology with a thickness of 4.45 mm

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

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

- Direct bonding multi-sourcing in response to customer demand

28) Development of 23.8-inch desktop monitor product

- Developed new display panel size for desktop monitor products

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

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

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

- Developed even black matrix structure on all four sides

Achievements in 2013

1) Developed 19.5-inch desktop monitor product

- Developed new display panel size for desktop monitor products

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

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

- Applied GF2 direct bonding process

Table of Contents

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

- Increased luminance 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

10. Intellectual Property

As of March 31, 2013, our cumulative patent portfolio (including patents that have already expired) included a total of 20,623 patents, consisting of 9,541 in Korea and 11,082 in other countries.

11. Environmental Matters

We are subject to a variety of environmental 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 a variety of laws and regulations relating to the use, storage, discharge and disposal of such chemical by-products and waste substances. 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.

We have also voluntarily agreed to reduce emission of greenhouse gases, such as triflouride 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 triflouride 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 CO_2 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 CO_2 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 CO_2 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.

22

Table of Contents

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 CO_2 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.

Operations at our manufacturing plants are subject to regulation and periodic monitoring 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 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, and received commendations from the Prime Minister and the Minister of Environment of Korea for our efforts to promote recycling.

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.

Table of Contents

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 is to be published in June 2013.

Table of Contents

12. Financial Information

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

(Unit: In millions of Won)

Description	As of March 31, 2013	As of December 31, 2012	As of December 31, 2011	As of December 31, 2010	As of December 31, 2009 [(1)]
Current assets	9,115,142	8,914,685	7,858,065	8,840,433	8,226,142
Quick assets	6,586,569	6,524,678	5,540,695	6,625,216	6,558,362
Inventories	2,528,573	2,390,007	2,317,370	2,215,217	1,667,780
Non-current assets	14,970,759	15,540,826	17,304,866	15,017,225	11,477,335
Investments in equity accounted investees	402,074	402,158	385,145	325,532	282,450
Property, plant and equipment, net	12,576,371	13,107,511	14,696,849	12,815,401	9,596,497
Intangible assets	466,660	497,602	535,114	539,901	352,393
Other non-current assets	1,525,654	1,533,555	1,687,758	1,336,391	1,245,995
Total assets	24,085,901	24,455,511	25,162,931	23,857,658	19,703,477
Current liabilities	8,307,611	9,206,158	9,911,434	8,881,829	6,495,071
Non-current liabilities	5,433,395	5,009,173	5,120,469	3,914,862	3,168,657
Total liabilities	13,741,006	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	(23,061)	(69,370)	12,181	(35,298)	(51,005)
Retained earnings	6,242,671	6,238,989	6,063,359	7,031,163	6,050,562
Non-controlling interest	85,093	30,369	15,296	24,910	0
Total equity	10,344,895	10,240,180	10,131,028	11,060,967	10,039,749

Table of Contents

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

Description	For the three months ended March 31, 2013	For the three months ended March 31, 2012	For the three months ended March 31, 2011	For the three months ended March 31, 2010	For the three months ended March 31, 2009 [1]
Revenue	6,803,240	6,183,676	5,365,516	5,876,347	3,542,309
Operating profit (loss)	151,288[2]	(211,173)[3]	(254,546)[3]	790,179[3]	(410,751)[3]
Operating profit from continuing operations	3,487	(129,233)	(115,426)	648,625	(346,633)
Profit (loss) for the period	3,487	(129,233)	(115,426)	648,625	(346,633)
Profit (loss) attributable to:					
Owners of the Company	3,899	(128,464)	(115,189)	649,066	(346,633)
Non-controlling interest	(412)	(769)	(237)	(441)	
Basic earnings (loss) per share	11	(359)	(322)	1,814	(969)
Diluted earnings (loss) per share	11	(359)	(322)	1,732	(969)
Number of consolidated entities	20	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 three months ended March 31, 2013.

26

Table of Contents

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

(Unit: In millions of Won)

Description	As of March 31, 2013	As of December 31, 2012	As of December 31, 2011	As of December 31, 2010	As of December 31, 2009
Current assets	8,495,889	8,432,253	7,326,764	8,499,873	7,973,355
Quick assets	6,437,146	6,484,308	5,414,054	6,739,908	6,687,050
Inventories	2,058,743	1,947,945	1,912,710	1,759,965	1,286,305
Non-current assets	14,851,067	15,369,335	16,947,200	14,658,125	11,283,512
Investments	1,588,964	1,468,778	1,386,313	1,279,831	1,075,229
Property, plant and equipment, net	11,415,492	12,004,435	13,522,553	11,688,061	8,730,263
Intangible assets	458,827	488,663	479,510	483,260	340,885
Other non-current assets	1,387,784	1,407,459	1,558,824	1,206,973	1,137,135
Total assets	23,346,956	23,801,588	24,273,964	23,157,998	19,256,867
Current liabilities	8,311,253	9,132,943	9,485,333	8,453,869	6,120,663
Non-current liabilities	5,431,720	5,007,525	5,101,714	3,833,454	3,102,006
Total liabilities	13,742,973	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	(555)	(893)	(3,944)	(7,795)	(17,366)
Retained earnings	5,564,346	5,621,821	5,650,669	6,838,278	6,011,372
Total equity	9,603,983	9,661,120	9,686,917	10,870,675	10,034,198

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

Description	For the three months ended March 31, 2013	For the three months ended March 31, 2012	For the three months ended March 31, 2011	For the three months ended March 31, 2010	For the three months ended March 31, 2009 (1)
Revenue	6,568,525	5,955,719	5,051,751	5,840,744	3,426,949
Operating profit (loss)	68,578(2)	(263,116)(3)	(317,540)(3)	692,217(3)	(432,774)(3)
Operating profit (loss) from continuing operations	(57,634)	(175,078)	(154,350)	599,044	(433,567)
Profit (loss) for the period	(57,634)	(175,078)	(154,350)	599,044	(433,567)
Basic earnings (loss) per share	161	(489)	(431)	1,674	(1,212)
Diluted earnings (loss) per share	161	(489)	(431)	1,596	(1,212)

(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 three months ended March 31, 2013.

Table of Contents

C. Consolidated subsidiaries (as of March 31, 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	51%
Image & Materials, Inc.	Manufacturing and sales	Korea	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 March 31, 2013)

Company	Investment Amount	Initial Equity Investment Date	Equity Interest
LG Display America, Inc.	US$260,000,000	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%

Table of Contents

Company	Investment Amount	Initial Equity Investment Date	Equity Interest
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	CNY17,062,560	October 25, 2010	51%(1)
Image & Materials, Inc.	43,999,839,152	November 29, 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.	CNY879,165,149(2)	December 27, 2012	70%
Suzhou Raken Technology Co., Ltd.	CNY569,455,395	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%(3)
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%(4)
Dynamic Solar Design Co., Ltd.	6,066,658,000	June 24, 2009	40%
Global OLED Technology LLC	US$45,170,000	December 23, 2009	33%
LB Gemini New Growth Fund No. 16	14,371,847,109(5)	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%(6)
Glonix Co., Ltd.	2,000,000,000	April 10, 2012	20%

(1) In April 2013, we invested CNY 37 million and increased our equity interest in L&I Electronic Technology (Dongguan) Limited to 100%.

(2) In March 2013, we invested CNY 703 million in LG Display (China) Co., Ltd. The investment did not affect our percentage interest.

(3) Our equity interest in TLI Co., Ltd. was diluted to 10.4% after holders of TLI Co., Ltd. s warrant bonds exercised their right to shares in the first quarter of 2013.

(4) Our equity interest in Wooree E&L Co., Ltd. was diluted to 21.3% because we did not subscribe to any of the additional equity interests issued in Wooree E&L Co., Ltd. s paid-in capital increase in January 2013.

(5) In March 2013, we received a distribution of 1.1 billion. Our percentage interest remained unchanged.

(6) Our equity interest in Avatec Co., Ltd. was diluted to 16.3% after holders of Avatec Co., Ltd. stock options exercised their options in January 2013.

Table of Contents

13. Audit Information

A. Audit service

(Unit: In millions of Won, hours)

Description	2013 1Q	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	3,354	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

Not applicable.

14. Board of Directors

A. Members of the board of directors

On March 8, 2013, Joon Park was newly appointed and Tae Shik Ahn was reappointed as outside directors at our annual general meeting of shareholders and William Y. Kim voluntarily resigned as an outside director. As of March 31, 2013, our board of directors are comprised of two non-outside directors, one non-standing director and four outside directors.

30

Table of Contents

(As of March 31, 2013)

Name	Date of birth	Position	Experience (including current position)	First elected
Sang Beom Han	June 18, 1955	Representative Director (non-outside), Chief Executive Officer and President	Head of LG Display TV Business Division	March 9, 2012
James (Hoyoung) Jeong	November 2, 1961	Director (non-outside), Chief Financial Officer and Executive Vice 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 March 31, 2013, we have the following committees that serve under our board of directors: Audit Committee, Outside Director Nomination Committee and Management Committee.

(as of March 31, 2013)

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

C. Independence of directors

- Outside director: Independent
- Non-outside director: Not independent
-

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

Table of Contents

15. Information Regarding Shares

A. Total number of shares

(1) Total number of shares authorized to be issued (as of March 31, 2013): 500,000,000 shares.

(2) Total shares issued and outstanding (as of March 31, 2013): 357,815,700 shares.

B. Shareholder list

(1) Largest shareholder and related parties as of March 31, 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	930	0.0%

(2) Shareholders who are known to us to own 5% or more of our shares as of March 31, 2013:

Beneficial Owner	Number of Shares of Common Stock	Equity Interest
LG Electronics	135,625,000	37.9%
National Pension Service	21,633,625	6.1%

16. Directors and Employees

A. Directors

(1) Remuneration for directors in 2013 Q1

(Unit: person, in millions of Won)

Classification	No. of directors (1)	Amount paid (2)	Per capita average remuneration paid (4)
Non-outside directors	3	642.8(3)	214.3
Outside directors who are not audit committee members	1	16.5	16.5
Outside directors who are audit committee members	3	42.0	14.0
Total	7	701.3	

(1) Number of directors as at March 31, 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 three months ended March 31, 2013.

32

Table of Contents

(2) Stock options

Not applicable.

B. Employees

As of March 31, 2013, we had 34,714 employees (excluding our executive officers). The total amount of salary paid to our employees for the three months ended March 31, 2013 based on income tax statements submitted to the Korean tax authority in accordance with Article 20 of the Income Tax Act was 478,460 million. The following table provides details of our employees as of March 31, 2013:

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

	Number of employees (1)	Total salary in 2013 Q1 (2) (3) (4)	Total salary per capita (5)	Average years of service
Male	24,278	369,148	15.2	5.5
Female	10,436	109,311	10.5	3.6
Total	34,714	478,460	13.8	4.9

(1) Includes part-time employees.
(2) Welfare benefits and retirement expenses have been excluded. Total welfare benefit provided to our employees for the three months ended March 31, 2013 was 82,775 million and the per capita welfare benefit provided was 2.4 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: 24,294, female: 10,597) for the three months ended March 31, 2013.

Table of Contents

LG DISPLAY CO., LTD. AND SUBSIDIARIES

Condensed Consolidated Interim Financial Statements

(Unaudited)

March 31, 2013 and 2012

(With Independent Auditors   Review Report Thereon)

34

Table of Contents

Table of Contents

Independent Auditors Review Report

Based on a report originally issued in Korean

To the Board of Directors and Shareholders

LG Display Co., Ltd.:

Reviewed Financial Statements

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

Table of Contents

As discussed in note 2 (e) to the consolidated 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 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 consolidated statement of comprehensive loss for the three-month period ended March 31, 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 in all material respects.

/s/ KPMG Samjong Accounting Corp.

Seoul, Korea

April 30, 2013

This report is effective as of April 30, 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.

Table of Contents

LG DISPLAY CO., LTD. AND SUBSIDIARIES

Condensed Consolidated Interim Statements of Financial Position

(Unaudited)

As of March 31, 2013 and December 31, 2012

(In millions of won)	Note	March 31, 2013	December 31, 2012
Assets			
Cash and cash equivalents	9	2,351,652	2,338,661
Deposits in banks	9	745,126	315,092
Trade accounts and notes receivable, net	9, 16, 19	2,957,581	3,334,341
Other accounts receivable, net	9	109,523	199,007
Other current financial assets	9	4,298	3,828
Inventories	5	2,528,573	2,390,007
Prepaid income taxes		6,639	8,483
Other current assets		411,750	325,266
Total current assets		9,115,142	8,914,685
Investments in equity accounted investees	6	402,074	402,158
Other non-current financial assets	9	78,028	86,432
Deferred tax assets	21	1,292,915	1,294,813
Property, plant and equipment, net	7, 20	12,576,371	13,107,511
Intangible assets, net	8, 20	466,660	497,602
Other non-current assets		154,711	152,310
Total non-current assets		14,970,759	15,540,826
Total assets		24,085,901	24,455,511
Liabilities			
Trade accounts and notes payable	9, 19	4,125,741	4,147,036
Current financial liabilities	9, 10	829,625	1,015,272
Other accounts payable	9, 19	2,079,340	2,811,161
Accrued expenses		442,815	412,055
Income tax payable		54,788	56,521
Provisions		246,615	250,984
Advances received		500,432	485,468
Other current liabilities		28,255	27,661
Total current liabilities		8,307,611	9,206,158
Non-current financial liabilities	9, 10	3,896,170	3,440,585
Non-current provisions		5,539	6,515
Employee benefits	14	218,523	180,640
Long-term advances received	16	978,648	1,049,678
Other non-current liabilities		334,515	331,755
Total non-current liabilities		5,433,395	5,009,173
Total liabilities		13,741,006	14,215,331

Equity

Share capital	18	1,789,079	1,789,079
Share premium		2,251,113	2,251,113
Reserves	18	(23,061)	(69,370)
Retained earnings		6,242,671	6,238,989
Total equity attributable to equity holders of the Controlling Company		10,259,802	10,209,811
Non-controlling interests		85,093	30,369
Total equity		10,344,895	10,240,180
Total liabilities and equity		24,085,901	24,455,511

See accompanying notes to the condensed consolidated interim financial statements.

Table of Contents

LG DISPLAY CO., LTD. AND SUBSIDIARIES

Condensed Consolidated Interim Statements of Comprehensive Income (Loss)

(Unaudited)

For the three-month periods ended March 31, 2013 and 2012

(In millions of won, except earnings per share)	**Note**	**2013**	**2012**
Revenue	19, 20	6,803,240	6,183,676
Cost of sales	5, 11, 19	(6,098,978)	(5,855,450)
Gross profit		704,262	328,226
Selling expenses	12	(166,125)	(207,435)
Administrative expenses	12	(127,653)	(122,337)
Research and development expenses		(259,196)	(209,628)
Operating profit (loss)		151,288	(211,174)
Finance income	15	57,208	77,564
Finance costs	15	(133,346)	(109,960)
Other non-operating income	13	336,818	280,105
Other non-operating expenses	13	(374,538)	(250,671)
Equity income on investments, net		3,326	17,116
Profit (loss) before income tax		40,756	(197,020)
Income tax (expense) benefit	21	(37,269)	67,787
Profit (loss) for the period		3,487	(129,233)
Other comprehensive income (loss)			
Items that will not be reclassified to profit or loss			
Defined benefit plan actuarial losses	14	(166)	(242)
Income tax relating to items that will not be reclassified to profit or loss		(51)	13
		(217)	(229)
Items that may be reclassified subsequently to profit or loss			
Net change in unrealized fair value of available-for-sale financial assets	15	824	(2,070)
Cumulative translation differences		48,890	(340)
Loss on sales of own shares of associates accounted for using the equity method		(256)	(336)
Income tax relating to items that may be reclassified to profit or loss		(52)	13
		49,406	(2,733)
Other comprehensive income (loss) for the period, net of income tax		49,189	(2,962)
Total comprehensive income (loss) for the period		52,676	(132,195)
Profit (loss) attributable to:			
Owners of the Controlling Company		3,899	(128,464)
Non-controlling interests		(412)	(769)

Profit (loss) for the period		3,487	(129,233)
Total comprehensive income (loss) attributable to:			
Owners of the Controlling Company		49,991	(131,187)
Non-controlling interests		2,685	(1,008)
Total comprehensive income (loss) for the period		52,676	(132,195)
Earnings (loss) per share			
Basic and diluted earnings (loss) per share	22	11	(359)

See accompanying notes to the condensed consolidated interim financial statements.

LG DISPLAY CO., LTD. AND SUBSIDIARIES

Condensed Consolidated Interim Statements of Changes in Equity

(Unaudited)

For the three-month periods ended March 31, 2013 and 2012

	Attributable to owners of the Controlling Company							
(In millions of won)	**Share capital**	**Share premium**	**Cumulative net gain on sales of own shares of associates**	**Fair value reserve**	**Translation reserve**	**Retained earnings**	**Non-controlling interest**	**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 income (loss) for the period								
Loss for the period						(128,464)	(769)	(129,233)
Other comprehensive income (loss)								
Net change in unrealized fair value of available-for-sale financial assets, net of tax				(2,053)				(2,053)
Defined benefit plan actuarial loss, net of tax						(229)		(229)
Cumulative translation differences, net of tax					(105)		(239)	(344)
Loss on sales of own shares of associates accounted for using the equity method, net of tax			(336)					(336)
Total other comprehensive income (loss)			(336)	(2,053)	(105)	(229)	(239)	(2,962)
Total comprehensive income (loss) for the period			(336)	(2,053)	(105)	(128,693)	(1,008)	(132,195)
Balances at March 31, 2012	1,789,079	2,251,113	260	(5,909)	15,336	5,934,666	14,288	9,998,833
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						3,899	(412)	3,487
Other comprehensive income (loss)								
Net change in unrealized fair value of available-for-sale financial assets, net of tax				716				716
Defined benefit plan actuarial loss, net of tax						(217)		(217)
Cumulative translation differences, net of tax					45,849		3,097	48,946
Loss on sales of own shares of associates accounted for using the equity method, net of tax			(256)					(256)
Total other comprehensive income (loss)			(256)	716	45,849	(217)	3,097	49,189
			(256)	716	45,849	3,682	2,685	52,676

Total comprehensive income (loss) for the period								
Transaction with owners, recognized directly in equity								
Capital increase of subsidiaries							52,039	52,039
Balances at March 31, 2013	1,789,079	2,251,113	292	650	(24,003)	6,242,671	85,093	10,344,895

See accompanying notes to the condensed consolidated interim financial statements.

Table of Contents

LG DISPLAY CO., LTD. AND SUBSIDIARIES

Condensed Consolidated Interim Statements of Cash Flows

(Unaudited)

For the three-month periods ended March 31, 2013 and 2012

(In millions of won)	**Note**	**2013**	**2012**
Cash flows from operating activities:			
Profit (loss) for the period		3,487	(129,233)
Adjustments for:			
Income tax expense (benefit)	21	37,269	(67,787)
Depreciation	11	1,048,775	926,986
Amortization of intangible assets	11	68,451	63,017
Gain on foreign currency translation		(96,881)	(82,181)
Loss on foreign currency translation		174,328	53,039
Costs related to defined benefit plans	14	39,582	34,871
Reversal of stock compensation expense			(3)
Impairment loss on intangible assets		1,157	226
Gain on disposal of property, plant and equipment		(2,870)	(53)
Loss on disposal of property, plant and equipment		159	354
Finance income		(12,933)	(45,758)
Finance costs		102,243	47,187
Equity in income of equity method accounted investees, net		(3,326)	(17,116)
Other income		(292)	(5,350)
Other expenses		43,943	48,755
		1,399,605	956,187
Change in trade accounts and notes receivable		347,211	(92,171)
Change in other accounts receivable		91,351	81,564
Change in other current assets		(80,997)	(124,923)
Change in inventories		(138,566)	119,690
Change in other non-current accounts receivable			(54)
Change in other non-current assets		(13,041)	(17,367)
Change in trade accounts and notes payable		(111,973)	52,786
Change in other accounts payable		(173,289)	(133,890)
Change in accrued expenses		33,715	66,128
Change in other current liabilities		(2,008)	5,472
Change in other non-current liabilities		5	89
Change in provisions		(56,574)	(52,100)
Change in defined benefit liabilities		(1,489)	(10,556)
		(105,655)	(105,332)
Cash generated from operating activities		1,297,437	721,622
Income taxes paid		(35,364)	(29,959)
Interest received		8,476	9,279
Interest paid		(45,049)	(50,073)
Net cash provided by operating activities		1,225,500	650,869

See accompanying notes to the condensed consolidated interim financial statements.

41

Table of Contents

LG DISPLAY CO., LTD. AND SUBSIDIARIES

Condensed Consolidated Interim Statements of Cash Flows

(Unaudited)

For the three-month periods ended March 31, 2013 and 2012

(In millions of won)	Note	2013	2012
Cash flows from investing activities:			
Dividends received		300	
Proceeds from withdrawal of deposits in banks		100,000	400,000
Increase in deposits in banks		(530,034)	(342,846)
Proceeds from disposal of investments in equity accounted investees		1,116	
Acquisition of property, plant and equipment		(1,025,070)	(1,197,360)
Proceeds from disposal of property, plant and equipment		5,457	151
Acquisition of intangible assets		(48,749)	(82,594)
Grants received		956	2,170
Payment for settlement of derivatives			(1,619)
Proceeds from collection of short-term loans		2	
Increase in short-term loans			(39)
Acquisition of other non-current financial assets		(674)	(481)
Proceeds from disposal of other non-current financial assets		10,354	7,102
Net cash used in investing activities		(1,486,342)	(1,215,516)
Cash flows from financing activities:			
Proceeds from short-term borrowings		84,185	2,648,686
Repayments of short-term borrowings		(89,890)	(1,759,990)
Proceeds from issuance of debentures		288,820	
Proceeds from long-term debt		162,405	
Repayments of current portion of long-term debt		(235,588)	(212,084)
Capital increase of subsidiaries		52,039	
Net cash provided by financing activities		261,971	676,612
Net increase in cash and cash equivalents		1,129	111,965
Cash and cash equivalents at January 1		2,338,661	1,517,977
Effect of exchange rate fluctuations on cash held		11,862	5,685
Cash and cash equivalents at March 31		2,351,652	1,635,627

See accompanying notes to the condensed consolidated interim financial statements.

Table of Contents

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 March 31, 2013, LG Electronics Inc. owns 37.9% (135,625,000 shares) of the Controlling Company s common shares.

As of March 31, 2013, the Controlling Company has its TFT-LCD manufacturing plants, OLED manufacturing plant and LCD 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 March 31, 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 Depository Shares (ADSs) under the symbol LPL . One ADS represents one-half of one share of common stock. As of March 31, 2013, there are 18,480,346 ADSs outstanding.

Table of Contents

1. Reporting Entity, Continued

(b) Consolidated Subsidiaries as of March 31, 2013

(In millions)

Subsidiaries	Location	Percentage of ownership	Fiscal year end	Date of incorporation	Business	Capital stocks
LG Display America, Inc.	California, U.S.A.	100%	Dec. 31	Sep. 24, 1999	Sell TFT-LCD products	USD 260
LG Display Japan Co., Ltd.	Tokyo, Japan	100%	Dec. 31	Oct. 12, 1999	Sell TFT-LCD Products	JPY 95
LG Display Germany GmbH	Dusseldorf, 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. zo. 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	Dongguan, China	51%	Dec. 31	Sep. 26, 2010	Manufacture and sell e-Book devices	CNY 33
Image & Materials, Inc.	Domestic	100%	Dec. 31	May 17, 2006	Manufacture EPD materials	KRW 1,008
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.	Texas, U.S.A.	100%	Dec. 31	Oct. 26, 2011	Manufacture TFT-LCD products	USD 11
	Reynosa, Mexico	100%	Dec. 31	Nov. 4, 2011		MXN 112

LG Display Reynosa S.A. de C.V.					Manufacture TFT-LCD products	
Nanumnuri Co., Ltd.	Domestic	100%	Dec. 31	Mar. 21, 2012	Janitorial services	KRW 800
LG Display (China) Co., Ltd. (*)	Guangzhou, China	70%	Dec. 31	Dec. 10, 2012	Manufacture and sell TFT-LCD products	CNY 1,256

(*) In March 2013, the Controlling Company contributed 121,424 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 this additional investment.

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 April 19, 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.

2. 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 statement of comprehensive income (loss) for the three-month period ended March 31, 2012. The impact upon adoption of the amendment for the three-month period ended March 31, 2012 is as follows:

(In millions of won)	**2012**
Operating profit (loss) before adoption of the amendment	(178,216)
Deductions:	
Rental income	(1,341)
Foreign currency gain	(275,494)
Gain on disposal of property, plant and equipment	(53)
Reversal of allowance for doubtful accounts for other receivables	(298)
Commission earned	(852)
Others	(1,647)
	(279,685)
Additions:	
Other bad debt expense	
Foreign currency loss	216,295
Loss on disposal of property, plant and equipment	354
Impairment loss on intangible assets	226
Expenses related to legal proceedings or claims and others	29,852
	246,727
Operating profit (loss) after adoption of the amendment	(211,174)

46

Table of Contents

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.

Table of Contents

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

(i) 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 Contents

5. Inventories

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

(In millions of won)	**March 31, 2013**	**December 31, 2012**
Finished goods	1,075,555	1,044,125
Work-in-process	758,518	653,260
Raw materials	350,779	370,653
Supplies	343,721	321,969
	2,528,573	2,390,007

For the three-month periods ended March 31, 2013 and 2012, the amount of inventories recognized as cost of sales and inventory write-downs is as follows;

(In millions of won)	**2013**	**2012**
Inventories recognized as cost of sales	6,098,978	5,855,450
Including: valuation loss of inventories	173,312	130,847

49

Table of Contents

6. Investments in Equity Accounted Investees

Associates and jointly controlled entities (equity method investees) as of March 31, 2013 are as follows:

(In millions of won)

Associates and jointly controlled entities	Location	Percentage of ownership	Fiscal year end	Date of incorporation	Business	Carrying amount
Suzhou Raken Technology Ltd.	Suzhou, China	51%	Dec. 31	Oct. 2008	Manufacture and sell LCD modules and LCD TV set	131,732
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	3,753
Global OLED Technology LLC	Virginia, U.S.A.	33%	Dec. 31	Dec. 2009	Manage and license OLED patents	36,145
Paju Electric Glass Co., Ltd.	Domestic	40%	Dec. 31	Jan. 2005	Manufacture electric glass for FPDs	77,261
TLI Inc. (*1,2)	Domestic	10%	Dec. 31	Oct. 1998	Manufacture and sell semiconductor parts	5,525
AVACO Co., Ltd. (*1)	Domestic	16%	Dec. 31	Jan. 2001	Manufacture and sell equipment for FPDs	10,169
New Optics LTD.	Domestic	42%	Dec. 31	Aug. 2005	Manufacture back light parts for TFT-LCDs	28,547
LIG ADP Co., Ltd. (*1)	Domestic	13%	Dec. 31	Jan. 2001	Develop and manufacture equipment for FPDs	1,266
WooRee E&L Co., Ltd. (formerly, WooRee LED Co., Ltd.) (*3)	Domestic	21%	Dec. 31	Jun. 2008	Manufacture LED back light unit packages	26,308
Dynamic Solar Design Co., Ltd.	Domestic	40%	Dec. 31	Apr. 2009	Develop and manufacture equipment for solar battery and FPDs	
LB Gemini New Growth Fund No. 16 (*4)	Domestic	31%	Dec. 31	Dec. 2009	Invest in small and middle sized companies and benefit from M&A opportunities	14,457
Can Yang Investments Limited (*1)	Hong Kong	9%	Dec. 31	Jan. 2010	Develop, manufacture and sell LED parts	13,287
YAS Co., Ltd. (*1)	Domestic	19%	Dec. 31	Apr. 2002	Develop and manufacture deposition equipment for OLEDs	9,405
Eralite Optoelectronics (Jiangsu) Co., Ltd.	Suzhou, China	20%	Dec. 31	Aug. 2010	Manufacture LED packages	3,487

Narenanotech Corporation	Domestic	23%	Dec. 31	Dec. 1995	Manufacture and sell FPD manufacturing equipment	26,046
Avatec. Co., Ltd. (*1,5)	Domestic	16%	Dec. 31	Aug. 2000	Manufacture and sell glass for FPDs	14,467
Glonix Co., Ltd.	Domestic	20%	Dec. 31	Oct. 2006	Manufacture and sell LCD	219
						402,074

50

Table of Contents

6. Investments in Equity Accounted Investees, Continued

(*1) 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.

(*2) 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.

(*3) 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.

(*4) The Controlling Company is a member of limited partnership in the LB Gemini New Growth Fund No. 16 (the Fund). In 2013, the Controlling Company received 1,116 million from the Fund as a capital distribution. Despite the distribution from the Fund, 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.

(*5) 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. Property, Plant and Equipment

For the three-month periods ended March 31, 2013 and 2012, the Group purchased property, plant and equipment of 524,150 million and 665,936 million, respectively. The capitalized borrowing costs and the annualized capitalization rate were 2,484 million and 4.81%, and 7,789 million and 3.11% for the three-month periods ended March 31, 2013 and 2012, respectively.

8. Intangible Assets

The Group capitalizes expenditures related to development activities, such as expenditures incurred on designing, manufacturing and testing of products that are ultimately selected for production. The balances of capitalized development costs as of March 31, 2013 and December 31, 2012 are 153,777 million and 169,176 million, respectively.

Table of Contents

9. Financial Instruments

(a) Credit risk

(i) Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk as of March 31, 2013 and December 31, 2012 is as follows:

(In millions of won)	**March 31, 2013**	**December 31, 2012**
Cash and cash equivalents	2,351,652	2,338,661
Deposits in banks	745,126	315,092
Trade accounts and notes receivable, net	2,957,581	3,334,341
Other accounts receivable, net	109,523	199,007
Available-for-sale financial assets	2,838	2,838
Other non-current financial assets	12,107	11,246
Deposits	53,181	62,862
Derivatives	438	
Others	16	16
	6,232,462	6,264,063

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

(In millions of won)	**March 31, 2013**	**December 31, 2012**
Domestic	195,104	205,454
Euro-zone countries	472,332	415,664
Japan	170,272	79,564
United States	1,025,048	1,392,303
China	652,540	881,018
Taiwan	191,550	166,839
Others	250,735	193,499
	2,957,581	3,334,341

52

Table of Contents

9. Financial Instruments, Continued

(ii) Impairment loss

The aging of trade accounts and notes receivable as of March 31, 2013 and December 31, 2012 are as follows:

(In millions of won)	March 31, 2013		December 31, 2012	
	Book value	Impairment loss	Book value	Impairment loss
Not past due	2,933,659	(632)	3,298,888	(1,007)
Past due 1-15 days	5,201	(2)	18,307	(5)
Past due 16-30 days	9,584	(1)	12,152	(2)
Past due 31-60 days	6,271	(1)	2,829	(3)
Past due more than 60 days	3,507	(5)	3,184	(2)
	2,958,222	(641)	3,335,360	(1,019)

The movement in the allowance for impairment in respect of receivables during the three-month period ended March 31, 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)	(378)	356
Balance at the reporting date	641	1,019

53

Table of Contents

9. Financial Instruments, Continued

(b) Liquidity risk

(i) The following are the contractual maturities of financial liabilities, including estimated interest payments, as of March 31, 2013:

(In millions of won)		Contractual cash flows					
	Carrying amount	**Total**	**6 months or less**	**6-12 months**	**1-2 years**	**2-5 years**	**More than 5 years**
Non-derivative financial liabilities:							
Secured bank loan	55,605	57,264	664	28,466	28,134		
Unsecured bank loans	1,942,409	2,105,739	363,708	103,218	548,392	1,088,597	1,824
Unsecured bond issues	2,722,920	3,007,482	442,467	51,187	727,999	1,785,829	
Trade accounts and notes payables	4,125,741	4,125,741	4,125,741				
Other accounts payable	1,911,065	1,911,239	1,911,239				
Other non-current liabilities	30	30	30				
Derivative financial liabilities:							
Forward exchange contracts not designated for hedging							
Outflow	4,861	256,515	256,515				
Inflow		(251,639)	(251,639)				
	10,762,631	11,212,371	6,848,725	182,871	1,304,525	2,874,426	1,824

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

(ii) As of March 31, 2013, there are no derivatives designated as cash flow hedge.

Table of Contents

9. Financial Instruments, Continued

(c) Currency risk

(i) Exposure to currency risk

The Group s exposure to foreign currency risk based on notional amounts as of March 31, 2013 and December 31, 2012 is as follows:

(In millions)	March 31, 2013						
	USD	**JPY**	**CNY**	**TWD**	**EUR**	**PLN**	**SGD**
Cash and cash equivalents	1,184	12,280	392	4	68	6	1
Trade accounts and notes receivable	2,301	582	1,342	3	12	23	
Other accounts receivable	38	12	151	3	7		
Available-for-sale financial assets				3			
Other assets denominated in foreign currencies	1	175	19	11			1
Trade accounts payable	(2,074)	(25,736)	(1,853)	(45)			
Other accounts payable	(86)	(9,293)	(644)	(7)	(34)	(6)	
Debts	(1,017)		(33)				
Bonds	(350)						
Gross statement of financial position exposure	(3)	(21,980)	(626)	(28)	53	23	2
Forward exchange contracts	(330)						
Net exposure	(333)	(21,980)	(626)	(28)	53	23	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 Contents

9. Financial Instruments, Continued

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

(In won)	**Average rate**		**Reporting date spot rate**	
	2013	**2012**	**March 31, 2013**	**December 31, 2012**
USD	1,084.24	1,131.43	1,112.10	1,071.10
JPY	11.76	14.29	11.80	12.48
CNY	174.21	179.32	178.95	171.88
TWD	36.80	38.09	37.22	36.90
EUR	1,431.21	1,483.90	1,425.21	1,416.26
PLN	344.63	350.94	341.16	348.21
SGD	876.43	894.97	896.28	875.48

(ii) Sensitivity analysis

A weaker won, as indicated below, against the following currencies which comprise the Group s assets or liabilities denominated in foreign currency as of March 31, 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:

(In millions of won)	**March 31, 2013**		**December 31, 2012**	
	Equity	**Profit or loss**	**Equity**	**Profit or loss**
USD (5 percent weakening)	(16,450)	(6,727)	21,637	32,664
JPY (5 percent weakening)	(10,938)	(6,362)	(17,921)	(13,935)
CNY (5 percent weakening)	(5,596)	(3)	(4,176)	
TWD (5 percent weakening)	(50)	(5)	(838)	(5)
EUR (5 percent weakening)	2,726	3,194	2,491	2,629
PLN (5 percent weakening)	365	68	537	8
SGD (5 percent weakening)	53		16	

A stronger won against the above currencies as of March 31, 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 Contents

9. Financial Instruments, Continued

(d) Interest rate risk

(i) Profile

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

(In millions of won)	March 31, 2013	December 31, 2012
Fixed rate instruments		
Financial assets	3,099,616	2,656,591
Financial liabilities	(3,164,051)	(3,077,467)
	(64,435)	(420,876)
Variable rate instruments		
Financial liabilities	(1,556,883)	(1,378,390)

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

As of March 31, 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
March 31, 2013				
Variable rate instruments	(11,801)	11,801	(11,801)	11,801
December 31, 2012				
Variable rate instruments	(10,448)	10,448	(10,448)	10,448

Table of Contents

9. Financial Instruments, Continued

(e) Fair values

(i) Fair values versus carrying amounts

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

(In millions of won)	**March 31, 2013**		**December 31, 2012**	
	Carrying amounts	**Fair values**	**Carrying amounts**	**Fair values**
Assets carried at fair value				
Available-for-sale financial assets	13,910	13,910	13,463	13,463
Derivatives	438	438		
	14,348	14,348	13,463	13,463
Assets carried at amortized cost				
Cash and cash equivalents	2,351,652	2,351,652	2,338,661	2,338,661
Deposits in banks	745,126	745,126	315,092	315,092
Trade accounts and notes receivable	2,957,581	2,957,581	3,334,341	3,334,341
Other accounts receivable	109,523	109,523	199,007	199,007
Other non-current financial assets	12,107	12,107	11,246	11,246
Deposits	53,181	53,181	62,862	62,862
Others	16	16	16	16
	6,229,186	6,229,186	6,261,225	6,261,225
Liabilities carried at fair value				
Derivatives	4,861	4,861		
Liabilities carried at amortized cost				
Secured bank loans	55,605	55,605	53,555	53,555
Unsecured bank loans	1,942,409	1,998,430	1,783,698	1,823,514
Unsecured bond issues	2,722,920	2,817,528	2,618,604	2,677,038
Trade accounts and notes payable	4,125,741	4,125,741	4,147,036	4,147,036
Other accounts payable	1,911,065	1,911,032	2,641,958	2,641,901
Other non-current liabilities	30	30	30	30
	10,757,770	10,908,366	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.

58

Table of Contents

9. Financial Instruments, Continued

(e) Fair values, 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:

	March 31, 2013	December 31, 2012
Derivatives	2.76%	Not applicable
Bonds, loans and borrowings	2.86%	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 March 31, 2013 and December 31, 2012 are as follows:

(In millions of won)

	Level 1	Level 2	Level 3	Total
March 31, 2013				
Assets				
Available-for-sale financial assets	13,910			13,910
Derivatives		438		438
	13,910	438		14,348
Liabilities				
Derivatives		(4,861)		(4,861)

(In millions of won)

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

The derivative financial assets and liabilities are classified as Level 2 since all significant inputs to compute the fair value of the over-the-counter derivatives were observable.

Table of Contents

9. 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)

	March 31, 2013	December 31, 2012
Total liabilities	13,741,006	14,215,331
Total equity	10,344,895	10,240,180
Cash and deposits in banks (*1)	3,096,778	2,653,753
Borrowings (including bonds)	4,720,934	4,455,857
Total liabilities to equity ratio	133%	139%
Net borrowings to equity ratio (*2)	16%	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 total equity with borrowings (including bonds) less cash and deposits in banks.

10. Financial Liabilities

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

(In millions of won)

	March 31, 2013	December 31, 2012
Current		
Short-term borrowings	30,230	35,739
Current portion of long-term debt	794,534	979,533
Derivatives	4,861	
	829,625	1,015,272
Non-current		
Won denominated borrowings	806,135	807,005
Foreign currency denominated borrowings	756,228	589,105
Bonds	2,333,807	2,044,475
	3,896,170	3,440,585

The above financial liabilities, except for the derivative liabilities, are measured at amortized cost.

Table of Contents

10. Financial Liabilities, Continued

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

(In millions of won, USD and CNY)

Lender	Annual interest rate as of March 31, 2013	March 31, 2013	December 31, 2012
Bank of China and others	1.50%~6.56%	30,230	35,739
Foreign currency equivalent		USD 22	USD 28
		CNY 31	CNY 31
		30,230	35,739

(c) Local currency denominated long-term debt as of March 31, 2013 and December 31, 2012 is as follows:

(In millions of won)

Lender	Annual interest rate as of March 31, 2013	March 31, 2013	December 31, 2012
Shinhan Bank and others	3-year Korean Treasury Bond rate less 1.25%, 2.75%	15,484	16,629
National Agricultural Cooperative Federation and others	4.51%~5.21%, 1-year bank bond rate plus 1.40%	845,457	845,072
Less current portion		(54,806)	(54,696)
		806,135	807,005

61

10. Financial Liabilities, Continued

(d) Foreign currency denominated long-term debt as of March 31, 2013 and December 31, 2012 is as follows:

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

Lender	Annual interest rate as of March 31, 2013 (*)	March 31, 2013	December 31, 2012
The Export-Import Bank of Korea			26,777
Kookmin Bank and others	6ML+1.78%, 3ML+1.70%~2.25%	1,106,540	905,080
Bank of China and others	90% of the Basic Rate published by the People s Bank of China	303	290
			7,666
Foreign currency equivalent		USD 995	USD 870
		CNY 2	CNY 2
			EUR 5
Less current portion		(350,615)	(350,708)
		756,228	589,105

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

Table of Contents

10. Financial Liabilities, Continued

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

(In millions of won and USD)

	Maturity	Annual interest rate as of March 31, 2013	March 31, 2013	December 31, 2012
Local currency bonds (*)				
Publicly issued bonds	April 2014~ March 2018	2.90%~5.89%	2,340,000	2,250,000
Less discount on bonds			(6,193)	(5,579)
Less current portion				(199,946)
			2,333,807	2,044,475
Foreign currency bonds(*)				
Floating-rate bonds	April 2013	3ML+1.80%	389,235	374,885
Foreign currency equivalent			USD 350	USD 350
Less discount on bonds			(122)	(702)
Less current portion			(389,113)	(374,183)
			2,333,807	2,044,475

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

Table of Contents

11. The Nature of Expenses

The nature of expenses for the three-month periods ended March 31, 2013 and 2012 are as follows:

(In millions of won)

	2013	**2012**
Changes in inventories	(138,566)	119,691
Purchases of raw materials, merchandise and others	4,006,412	3,770,750
Depreciation and amortization	1,117,226	990,003
Outsourcing fees	70,887	29,854
Labor costs	684,001	633,536
Supplies and others	228,048	206,616
Utility expense	185,262	160,578
Fees and commissions	117,389	109,299
Shipping costs	81,449	103,844
After-sale service expenses	22,754	26,356
Others	305,404	278,699
	6,680,266	6,429,226

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 period ended March 31, 2013, other non-operating income and other non-operating expenses contained exchange differences amounting to 328,809 million and 346,224 million, respectively (for the three-month period ended March 31, 2012 : 275,494 million and 216,295 million, respectively).

The expenses for the three-month period ended March 31, 2012 were reclassified to conform to the classification for the three-month period ended March 31, 2013.

Table of Contents

12. Selling and Administrative Expenses

Details of selling and administrative expenses for the three-month periods ended March 31, 2013 and 2012 are as follows:

(In millions of won)

	2013	2012
Salaries	59,053	60,944
Expenses related to defined benefit plan	5,657	5,568
Other employee benefits	16,165	13,285
Shipping costs	60,213	89,033
Fees and commissions	50,977	51,636
Depreciation	24,734	25,386
Taxes and dues	7,998	3,689
Advertising	16,083	24,493
After-sale service	22,754	26,356
Rent	6,147	6,637
Insurance	3,610	2,482
Travel	4,747	5,398
Training	3,548	3,953
Others	12,092	10,912
	293,778	329,772

The expenses for the three-month period ended March 31, 2012 were reclassified to conform to the classification for the three-month period ended March 31, 2013.

65

Table of Contents

13. Other Non-operating Income and Other Non-operating Expenses

(a) Details of other non-operating income for the three-month periods ended March 31, 2013 and 2012 are as follows:

(In millions of won)

	2013	2012
Rental income	2,154	1,341
Foreign currency gain	328,809	275,494
Gain on disposal of property, plant and equipment	2,870	53
Reversal of allowance for doubtful accounts for other receivables	292	298
Commission earned	643	852
Others	2,050	2,067
	336,818	280,105

(b) Details of other non-operating expenses for the three-month periods ended March 31, 2013 and 2012 are as follows:

(In millions of won)

	2013	2012
Other bad debt expense	25	
Foreign currency loss	346,224	216,295
Loss on disposal of property, plant and equipment	159	354
Impairment loss on intangible assets	1,157	226
Donations	1,387	3,843
Expenses related to legal proceedings or claims and others	25,586	29,953
	374,538	250,671

Table of Contents

14. 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 March 31, 2013 and December 31, 2012 are as follows:

(In millions of won)

	March 31, 2013	December 31, 2012
Present value of partially funded defined benefit obligations	705,485	672,370
Fair value of plan assets	(486,962)	(491,730)
	218,523	180,640

(b) Expenses recognized in profit or loss for the three-month periods ended March 31, 2013 and 2012 are as follows:

(In millions of won)

	2013	2012
Current service cost	37,476	32,692
Interest cost	6,505	5,727
Expected return on plan assets	(4,399)	(3,548)
	39,582	34,871

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

(In millions of won)

	March 31, 2013	December 31, 2012
Deposits with financial institutions	486,962	491,730

As of March 31, 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 periods ended March 31, 2013 and 2012 are as follows:

(In millions of won)

	2013	2012
Defined benefit plan actuarial gain (loss)	(166)	(242)
Income tax	(51)	13
Defined benefit plan actuarial gain (loss), net of income tax	(217)	(229)

Table of Contents

15. Finance income and Finance costs

(a) Finance income and costs recognized in profit and loss for the three-month periods ended March 31, 2013 and 2012 are as follows:

(In millions of won)

	2013	2012
Finance income		
Interest income	9,634	8,128
Foreign currency gain	44,323	68,451
Gain on disposal of investments in equity accounted investees	3,251	985
	57,208	77,564
Finance costs		
Interest expense	46,758	46,405
Foreign currency loss	79,406	53,553
Loss on valuation of financial liabilities at fair value through profit or loss		737
Loss on sale of trade accounts and notes receivable	5,504	9,265
Loss on disposal of investments in equity accounted investees	1,678	
	133,346	109,960

68

Table of Contents

15. Finance income and Finance costs, Continued

(b) Finance income and costs recognized in other comprehensive income or loss for the three-month periods ended March 31, 2013 and 2012 are as follows:

(In millions of won)

	2013	2012
Gain (loss) on valuation of available-for-sale securities	824	(2,070)
Tax effect	(108)	17
Finance income (costs) recognized in other comprehensive income after tax	716	(2,053)

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 1,478 million (1,644,218 million) and JPY 5,000 million (59,007 million) in connection with the Controlling Company s export sales transactions with its subsidiaries. As of March 31, 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.

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 (278,025 million) and USD 100 million (111,210 million), respectively, and as of March 31, 2013, accounts and notes receivable amounting to USD 224 million (249,323 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, June 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 (1,118,773 million), USD 65 million (72,287 million) and USD 168 million (186,833 million), respectively, and, as of March 31, 2013, accounts and notes receivable amounting to USD 219 million (243,526 million) and USD 88 million (97,881 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 (246,886 million), USD 200 million (222,420 million), and USD 100 million (111,210 million), respectively, and, as of March 31, 2013, accounts and notes receivable amounting to USD 84 million (93,550 million), USD 71 million (79,400 million), and USD 41 million (45,757 million) were sold, with none of the underlying accounts and notes receivable being past due, respectively. In December 2010 and in December 2012, LG Display Shanghai Co., Ltd. entered into agreements with BNP Paribas and Hongkong & Shanghai Banking Corp. for accounts receivable sales negotiating facilities of up to an aggregate of USD 130 million (144,573 million) and USD 100 million (111,210 million), respectively, and as of March 31, 2013, accounts and notes receivable amounting to USD 123 million (136,573 million) and USD 66 million (73,408 million) were sold, with none of the underlying accounts and notes receivable being past due, 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 March 31, 2013, accounts and notes receivable amounting to USD 69 million (76,452 million) were sold, with none of the underlying accounts and notes receivable being past due.

Table of Contents

16. Commitments, Continued

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 (341,415 million), and, as of March 31, 2013, accounts and notes receivable amounting to USD 129 million (143,231 million) were sold, with none of the underlying accounts and notes receivable being past due. In addition, LG Display Germany GmbH started forfaiting and accounts and notes receivable amounting to USD 4 million (4,314 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 (88,968 million) and USD 50 million (55,605 million), respectively, and, as of March 31, 2013, accounts and notes receivable amounting to USD 80 million (88,945 million) and USD 37 million (41,133 million) were sold but not past due, respectively. In addition, in June 2011, LG Display America, Inc. entered into an agreement with Citibank for accounts receivable sales negotiating facilities of up to an aggregate of USD 200 million (222,420 million) and as of March 31, 2013, accounts and notes receivable amounting to USD 150 million (166,341 million) were sold, 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 Bank for accounts receivable sales negotiating facilities of up to an aggregate of USD 90 million (100,089 million) and, as of March 31, 2013, accounts and notes receivable amounting to USD 9 million (9,506 million) were sold, with none of the underlying accounts and notes receivable being past due. 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 March 31, 2013, accounts and notes receivable amounting to USD 66 million (73,292 million) were sold to Shinhan Bank, with none of the underlying accounts and notes receivable being past due. In addition, the Controlling Company entered into agreements with Standard Chartered Bank for accounts receivable sales negotiating facilities of up to USD 50 million (55,605 million) and USD 23 million (25,578 million) in April 2011 and November 2012, respectively. As of March 31, 2013, accounts and notes receivable amounting to USD 48 million (53,552 million) were sold to Standard Chartered Bank, with none of the underlying accounts and notes receivable being past due under the agreement in April 2011 and no accounts and notes receivable were sold, with none of the underlying accounts and notes receivable being past due under the agreement in November 2012. In connection with all of the contracts in this paragraph, the Group has sold its accounts receivable without recourse.

Letters of credit

As of March 31, 2013, the Controlling Company has agreements with Korea Exchange Bank in relation to the opening of letters of credit up to USD 15 million (16,682 million), USD 15 million (16,682 million) with China Construction Bank, JPY 1,500 million (17,702 million) with Woori Bank, USD 70 million (77,847 million) with Bank of China, USD 60 million (66,726 million) with Sumitomo Mitsui Banking Corporation, USD 15 million (16,682 million) with Hana Bank and USD 30 million (33,363 million) with Shinhan Bank.

Payment guarantees

The Controlling Company obtained payment guarantees amounting to USD 8.5 million (9,453 million) and EUR 215 million (306,420 million) from Royal Bank of Scotland and other various banks for a number of occasions including value added tax payments in Poland.

16. Commitments, Continued

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 5 million (5,561 million), JPY 700 million (8,261 million), CNY 800 million (143,160 million) and PLN 0.2 million (68 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 65 million (72,287 million) and JPY 8,000 million (94,410 million) in total, with Mizuho Corporate Bank and other various banks.

License agreements

As of March 31, 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 March 31, 2013, the Controlling Company s balance of advances received from a customer amount to USD 1,280 million (1,423,488 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 260 million (289,146 million) from the Industrial Bank of Korea relating to advances received.

Pledged Assets

Regarding the secured bank loan amounting to USD 50 million (55,605 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.

Table of Contents

17. Contingencies, Continued

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. The final determination is scheduled to be issued on June 28, 2013.

Patent Infringement Litigations and Invalidity 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. Meanwhile, under the mediation of the Korean Ministry of Trade, Industry & Energy, the Controlling Company and SSD have agreed to work toward resolving the currently pending patent infringement proceedings through settlement.

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.

Table of Contents

17. Contingencies, Continued

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.

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 thirty-one Direct Action Plaintiffs including Motorola Mobility, Inc., Electrograph Technologies Corp. and its affiliates, TracFone Wireless Inc., Best Buy Co., Inc. and its affiliates, Target Corp., Sears, Roebuck and Co., Kmart Corp., Old Comp Inc., Good Guys, Inc., RadioShack Corp., Newegg Inc., Costco Wholesale Corp., Office Depot, Inc., Interbond Corp. of America (BrandsMart), Jaco Electronics, Inc., 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., ViewSonic Corp., NECO Alliance LLC, Rockwell Automation Inc., Proview Technology, Inc. and its affiliates, and the attorneys general of Illinois, Washington, Oregon, South Carolina, and Mississippi.

Table of Contents

17. Contingencies, Continued

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.

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 March 31, 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 March 31, 2013.

(b) Reserves

Translation reserve

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

Fair value reserve

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

Table of Contents

19. Related Parties

(a) Key management personnel compensation

Compensation costs of key management for the three-month periods ended March 31, 2013 and 2012 are as follows:

(In millions of won)

	2013	2012
Short-term benefits	791	540
Expenses related to the defined benefit plan	687	37
	1,478	577

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 periods ended March 31, 2013 and 2012 are as follows:

(In millions of won)

	Sales and others		Purchases and others	
	2013	2012	2013	2012
Joint ventures	100,571	200,113	20,670	21,041
Associates	300	208	491,657	320,342
LG Electronics	1,676,416	1,384,608	38,425	53,509
Other related parties	2,276	1,171	136,551	87,617
	1,779,563	1,586,100	687,303	482,509

Account balances with related parties as of March 31, 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	
	March 31, 2013	December 31, 2012	March 31, 2013	December 31, 2012
Joint ventures	60,073	92,870	117,715	168,620
Associates	913	521	468,333	610,427
LG Electronics	736,686	658,516	76,077	67,867
Other related parties	565	743	168,150	125,746
	798,237	752,650	830,275	972,660

The significant transactions for the three-month period ended March 31, 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*.

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 90% of total sales for the three-month period ended March 31, 2013.

The following is a summary of sales by region based on the location of the customers for the three-month periods ended March 31, 2013 and 2012.

(a) Revenue by geography

(In millions of won)

	Revenue	
	For the three-month periods ended March 31	
Region	2013	2012
Domestic	690,065	498,543
Foreign		
China	3,822,765	3,408,188
Asia (excluding China)	657,963	560,220
United States	710,693	613,647
Europe	921,754	1,103,078
Sub total	6,113,175	5,685,133
Total	6,803,240	6,183,676

Sales to Company A and Company B constituted 28% and 26% of total revenue, respectively, for the three-month period ended March 31, 2013 (the three-month period ended March 31, 2012: 22% and 17%). The Group s top ten end-brand customers together accounted for 78% of sales for the three-month period ended March 31, 2013 (the three-month period ended March 31, 2012: 69%).

(b) Non-current assets by geography

(In millions of won)

	March 31, 2013		December 31, 2012	
Region	Property, plant and equipment	Intangible assets	Property, plant and equipment	Intangible assets
Domestic	11,414,808	458,841	12,002,578	488,678
Foreign				
China	1,004,811	6,387	939,929	7,499
Others	156,752	1,432	165,004	1,425
Sub total	1,161,563	7,819	1,104,933	8,924
Total	12,576,371	466,660	13,107,511	497,602

76

Table of Contents

20. Geographic and Other Information, Continued

(c) Revenue by product

(In millions of won)

Product	Revenue For the three-month periods ended March 31 2013	2012
Panels for:		
Notebook computers	1,585,554	1,176,160
Desktop monitors	1,406,881	1,285,164
TFT-LCD televisions	2,909,797	2,877,695
Mobile and others	901,008	844,657
	6,803,240	6,183,676

21. Income Taxes

(a) Details of Income tax expense (benefit) for the three-month periods ended March 31, 2013 and 2012 are as follows:

(In millions of won)	2013	2012
Current tax expense	35,474	26,819
Deferred tax expense (benefit)	1,795	(94,606)
Income tax expense (benefit)	37,269	(67,787)

Table of Contents

21. Income Taxes, Continued

(b) Deferred Tax Assets and Liabilities

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

Deferred tax assets and liabilities as of March 31, 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			(1,661)	(2,063)	(1,661)	(2,063)
Inventories, net	17,841	10,075			17,841	10,075
Available-for-sale financial assets	177	285			177	285
Defined benefit obligation	41,506	38,573			41,506	38,573
Investments in equity accounted investees	12,640	7,619			12,640	7,619
Accrued expenses	88,808	81,802			88,808	81,802
Property, plant and equipment	166,314	171,881			166,314	171,881
Intangible assets	2,766	2,488			2,766	2,488
Provisions	12,134	12,979			12,134	12,979
Gain or loss on foreign currency translation, net	4,160	5,340	(954)	(958)	3,206	4,382
Others	23,633	34,344		(220)	23,633	34,124
Tax loss carryforwards	246,778	233,139			246,778	233,139
Tax credit carryforwards	678,773	699,529			678,773	699,529
Deferred tax assets (liabilities)	1,295,530	1,298,054	(2,615)	(3,241)	1,292,915	1,294,813

Statutory tax rate applicable to the Controlling Company is 24.2% for the three-month period ended March 31, 2013.

As of March 31, 2013, the Controlling Company applied 16% as the minimum tax rate when measuring the amount of tax credit related deferred tax assets for which it is probable that the related tax benefit will be realized. As a result of this rate change, the unused tax credit for which no deferred tax asset is recognized deferred increased by 129,811 million for the three-month period ended March 31, 2013.

Table of Contents

22. Earnings (Loss) Per Share

(a) Basic earnings (Loss) per share for the three-month periods ended March 31, 2013 and 2012 are as follows:

(In won and No. of shares)	**2013**	**2012**
Profit (loss) attributable to owners of the Controlling Company	3,899,143,341	(128,463,547,327)
Weighted-average number of common shares outstanding	357,815,700	357,815,700
Earnings (loss) per share	11	(359)

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 period ended March 31, 2013 is not calculated since there was no potential common stock. In addition, there is no effect of dilutive potential ordinary shares due to the Controlling Company s net loss for the three-month period ended March 31, 2012.

79

Table of Contents

LG DISPLAY CO., LTD.

Condensed Separate Interim Financial Statements

(Unaudited)

March 31, 2013 and 2012

(With Independent Auditors   Review Report Thereon)

80

Table of Contents

Table of Contents

Independent Auditors Review Report

Based on a report originally issued in Korean

To the Board of Directors and Shareholders

LG Display Co., Ltd.:

Reviewed Financial Statements

We have reviewed the accompanying condensed separate interim financial statements of LG Display Co., Ltd. (the Company) which comprise the condensed separate interim statement of financial position as of March 31, 2013, the condensed separate interim statements of comprehensive loss, changes in equity and cash flows for the three-month periods ended March 31, 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*.

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.

Table of Contents

As discussed in note 2 (e) to the separate 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 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 separate statement of comprehensive loss for the three-month period ended March 31, 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 in all material respects.

/s/ KPMG Samjong Accounting Corp.

Seoul, Korea

April 30, 2013

This report is effective as of April 30, 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.

Table of Contents

LG DISPLAY CO., LTD.

Condensed Separate Interim Statements of Financial Position

(Unaudited)

As of March 31, 2013 and December 31, 2012

(In millions of won)	Note	March 31, 2013	December 31, 2012
Assets			
Cash and cash equivalents	9	1,456,301	1,400,566
Deposits in banks	9	745,000	315,000
Trade accounts and notes receivable, net	9, 16, 19	3,965,841	4,548,459
Other accounts receivable, net	9	66,976	101,337
Other current financial assets	9	3,413	2,976
Inventories	5	2,058,743	1,947,945
Prepaid income taxes		4,677	3,699
Other current assets		194,938	112,271
Total current assets		8,495,889	8,432,253
Investments	6	1,588,964	1,468,778
Other non-current financial assets	9	72,233	80,318
Deferred tax assets	20	1,173,054	1,186,704
Property, plant and equipment, net	7	11,415,492	12,004,435
Intangible assets, net	8	458,827	488,663
Other non-current assets		142,497	140,437
Total non-current assets		14,851,067	15,369,335
Total assets		23,346,956	23,801,588
Liabilities			
Trade accounts and notes payable	9, 19	4,426,871	4,386,383
Current financial liabilities	9, 10	799,092	971,577
Other accounts payable	9, 19	1,889,982	2,618,171
Accrued expenses		436,291	418,047
Provisions		245,364	249,755
Advances received		486,435	462,614
Other current liabilities		27,218	26,396
Total current liabilities		8,311,253	9,132,943
Non-current financial liabilities	9, 10	3,896,170	3,440,585
Non-current provisions		5,539	6,515
Employee benefits	14	218,186	180,302
Long-term advances received	16	978,648	1,049,678
Other non-current liabilities		333,177	330,445
Total non-current liabilities		5,431,720	5,007,525
Total liabilities		13,742,973	14,140,468
Equity			
Share capital	18	1,789,079	1,789,079

Share premium		2,251,113	2,251,113
Reserves	18	(555)	(893)
Retained earnings		5,564,346	5,621,821
Total equity		9,603,983	9,661,120
Total liabilities and equity		23,346,956	23,801,588

See accompanying notes to the condensed separate interim financial statements.

LG DISPLAY CO., LTD.

Condensed Separate Interim Statements of Comprehensive Loss

(Unaudited)

For the three-month periods ended March 31, 2013 and 2012

(In millions of won, except earnings per share)	**Note**	**2013**	**2012**
Revenue	19	6,568,525	5,955,719
Cost of sales	5, 19	(6,019,364)	(5,777,462)
Gross profit		549,161	178,257
Selling expenses	12	(123,086)	(132,008)
Administrative expenses	12	(100,692)	(101,617)
Research and development expenses		(256,805)	(207,748)
Operating profit (loss)		68,578	(263,116)
Finance income	15	18,761	43,145
Finance costs	15	(105,910)	(74,059)
Other non-operating income	13	287,483	222,171
Other non-operating expenses	13	(312,655)	(188,714)
Profit (loss) before income tax		(43,743)	(260,573)
Income tax (expense) benefit	20	(13,891)	85,495
Loss for the period		(57,634)	(175,078)
Other comprehensive income (loss)			
Items that will not be reclassified to profit or loss			
Defined benefit plan actuarial gain (loss)	14	210	(53)
Income tax relating to items that will not be reclassified to profit or loss		(51)	13
		159	(40)
Items that may be reclassified subsequently to profit or loss			
Net change in unrealized fair value of available-for-sale financial assets	15	446	(68)
Income tax relating to items that may be reclassified to profit or loss		(108)	16
		338	(52)
Other comprehensive income (loss) for the period, net of income tax		497	(92)
Total comprehensive loss for the period		(57,137)	(175,170)
Loss per share			
Basic and diluted loss per share	21	(161)	(489)

See accompanying notes to the condensed separate interim financial statements.

Table of Contents

LG DISPLAY CO., LTD.

Condensed Separate Interim Statements of Changes in Equity

(Unaudited)

For the three-month periods ended March 31, 2013 and 2012

(In millions of won)	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				(175,078)	(175,078)
Other comprehensive loss					
Net change in unrealized fair value of available-for-sale financial assets, net of tax			(52)		(52)
Defined benefit plan actuarial loss, net of tax				(40)	(40)
Total other comprehensive loss			(52)	(40)	(92)
Total comprehensive loss for the period			(52)	(175,118)	(175,170)
Transaction with owners, recognized directly in equity					
Balances at March 31, 2012	1,789,079	2,251,113	(3,996)	5,475,551	9,511,747
Balances at January 1, 2013	1,789,079	2,251,113	(893)	5,621,821	9,661,120
Total comprehensive loss for the period					
Loss for the period				(57,634)	(57,634)
Other comprehensive income (loss)					
Net change in unrealized fair value of available-for-sale financial assets, net of tax			338		338
Defined benefit plan actuarial gain, net of tax				159	159
Total other comprehensive income			338	159	497
Total comprehensive income (loss) for the period			338	(57,475)	(57,137)
Transaction with owners, recognized directly in equity					
Balances at March 31, 2013	1,789,079	2,251,113	(555)	5,564,346	9,603,983

See accompanying notes to the condensed separate interim financial statements.

Table of Contents

LG DISPLAY CO., LTD.

Condensed Separate Interim Statements of Cash Flows

(Unaudited)

For the three-month periods ended March 31, 2013 and 2012

(In millions of won)	Note	2013	2012
Cash flows from operating activities:			
Loss for the period		57,634	175,078
Adjustments for:			
Income tax expense (benefit)	20	13,891	(85,495)
Depreciation	11	989,863	865,951
Amortization of intangible assets	11	66,666	61,282
Gain on foreign currency translation		(82,366)	(63,881)
Loss on foreign currency translation		160,192	40,824
Costs related to defined benefit plans	14	39,454	34,557
Reversal of stock compensation expense			(3)
Gain on disposal of property, plant and equipment		(2,700)	(65)
Loss on disposal of property, plant and equipment		137	1
Impairment loss on intangible assets		1,157	226
Finance income		(8,370)	(42,083)
Finance costs		99,155	53,089
Other income		(2,653)	(15,367)
Other expenses		43,920	48,999
		1,318,346	898,035
Change in trade accounts and notes receivable		547,369	(258,160)
Change in other accounts receivable		36,027	(4,558)
Change in other current assets		(77,547)	(108,430)
Change in inventories		(110,798)	117,195
Change in other non-current assets		(12,892)	(17,404)
Change in trade accounts and notes payable		(44,546)	12,542
Change in other accounts payable		(145,442)	15,941
Change in accrued expenses		18,522	40,728
Change in other current liabilities		7,076	7,406
Change in provisions		(56,574)	(52,100)
Change in defined benefit liabilities		(1,360)	(10,506)
		159,835	(257,346)
Cash generated from operating activities		1,420,547	465,611
Income taxes paid		(1,378)	(1,796)
Interest received		7,021	8,927
Interest paid		(44,900)	(49,273)
Net cash provided by operating activities		1,381,290	423,469

See accompanying notes to the condensed separate interim financial statements.

Table of Contents

LG DISPLAY CO., LTD.

Condensed Separate Interim Statements of Cash Flows, Continued

(Unaudited)

For the three-month periods ended March 31, 2013 and 2012

(In millions of won)	Note	2013	2012
Cash flows from investing activities:			
Dividends received		300	
Proceeds from withdrawal of deposits in banks		100,000	400,000
Increase in deposits in banks		(530,000)	
Acquisition of investments		(121,424)	(3,800)
Proceeds from disposal of investments		1,116	
Acquisition of property, plant and equipment		(966,102)	(1,134,117)
Proceeds from disposal of property, plant and equipment		5,453	65
Acquisition of intangible assets		(48,517)	(78,241)
Grants received		956	2,170
Payment for settlement of derivatives			(1,619)
Acquisition of other non-current financial assets		(674)	(481)
Proceeds from disposal of other non-current financial assets		10,032	6,847
Net cash used in investing activities		(1,548,860)	(809,176)
Cash flows from financing activities:			
Proceeds from short-term borrowings		1,888	2,648,686
Repayments of short-term borrowings		(1,888)	(1,738,438)
Proceeds from long-term debt		162,405	
Proceeds from issuance of debentures		288,820	
Repayments of current portion of long-term debt		(227,920)	(197,881)
Net cash provided by financing activities		223,305	712,367
Net increase in cash and cash equivalents		55,735	326,660
Cash and cash equivalents at January 1		1,400,566	604,890
Cash and cash equivalents at March 31		1,456,301	931,550

See accompanying notes to the condensed separate interim financial statements.

Table of Contents

1. Organization and Description of Business

LG Display Co., Ltd. (the Company) was incorporated in February 1985 under its original name of LG Soft, Ltd. as a wholly owned subsidiary of LG Electronics Inc. In 1998, LG Electronics Inc. and LG Semicon Co., Ltd. transferred their respective Thin Film Transistor-Liquid Crystal Display (TFT-LCD) related business to the Company. The main business of the Company is to manufacture and sell TFT-LCD panels. The Company is a stock company (Jusikhoesa) domiciled in the Republic of Korea with its address at 128 Yeouidae-ro, Yeongdeungpo-gu, Seoul, the Republic of Korea. In July 1999, LG Electronics Inc. and Koninklijke Philips Electronics N.V. (Philips) entered into a joint venture agreement. Pursuant to the agreement, the Company changed its name to LG.Philips LCD Co., Ltd. However, 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 March 31, 2013, LG Electronics Inc. owns 37.9% (135,625,000 shares) of the Company s common shares.

As of March 31, 2013, the Company has its TFT-LCD manufacturing plants, OLED manufacturing plant and LCD 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 March 31, 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 March 31, 2013, there are 18,480,346 ADSs outstanding.

2. Basis of Presenting Financial Statements

(a) Statement of Compliance

The condensed separate interim financial statements have been prepared in accordance with Korean International Financial Reporting Standards (K-IFRSs) No.1034, *Interim Financial Reporting.* They do not include all of the information required for full annual financial statements and should be read in conjunction with the financial statements of the Company as of and for the year ended December 31, 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 April 19, 2013.

Table of Contents

2. Basis of Presenting Financial Statements, Continued

(b) Basis of Measurement

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

- 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 Contents

2. 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 separate interim statement of comprehensive income (loss) for the three-month period ended March 31, 2012. The impact upon adoption of the amendment for the three-month period ended March 31, 2012 is as follows:

(In millions of won)

	2012
Operating profit (loss) before adoption of the amendment	(226,270)
Deductions:	
Rental income	(1,015)
Foreign currency gain	(196,231)
Gain on disposal of property, plant and equipment	(65)
Reversal of allowance for doubtful accounts for other receivables	(98)
Commission earned	(848)
Others	(23,467)
	(221,724)
Additions:	
Other bad debt expense	
Foreign currency loss	155,027
Loss on disposal of property, plant and equipment	1
Impairment loss on intangible assets	226
Expenses related to legal proceedings or claims and others	29,624
	184,878
Operating profit (loss) after adoption of the amendment	(263,116)

Table of Contents

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

(i) 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 financial statements as of and for the year ended December 31, 2012.

Table of Contents

5. Inventories

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

(In millions of won)	**March 31, 2013**	**December 31, 2012**
Finished goods	716,191	690,468
Work-in-process	717,679	620,175
Raw materials	326,785	354,240
Supplies	298,088	283,062
	2,058,743	1,947,945

For the three-month periods ended March 31, 2013 and 2012, the amount of inventories recognized as cost of sales and inventory write-downs is as follows:

(In millions of won)	**2013**	**2012**
Inventories recognized as cost of sales	6,019,364	5,777,462
Including: valuation loss of inventories	159,377	114,831

6. Investments

(a) Investments in subsidiaries

In March 2013, the Company invested 121,424 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 this additional investment.

(b) Investments in associates

The Company is a member of limited partnership in the LB Gemini New Growth Fund No.16 (the Fund). In 2013, the Company received 1,116 million from the Fund as a capital distribution. Despite the distribution from the Fund, 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.

7. Property, Plant and Equipment

For the three-month periods ended March 31, 2013 and 2012, the Company purchased property, plant and equipment of 444,633 million and 619,203 million, respectively. The capitalized borrowing costs and the annualized capitalization rate were 2,484 million and 4.81%, and 7,789 million and 3.11% for the three-month periods ended March 31, 2013 and 2012, respectively.

8. Intangible Assets

The Company capitalizes expenditures related to development activities, such as expenditures incurred on designing, manufacturing and testing of products that are ultimately selected for production. The balances of capitalized development costs as of March 31, 2013 and December 31, 2012, are 153,777 million and 169,176 million, respectively.

Table of Contents

9. Financial Instruments

(a) Credit risk

(i) Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk as of March 31, 2013 and December 31, 2012 is as follows:

(In millions of won)

	March 31, 2013	December 31, 2012
Cash and cash equivalents	1,456,301	1,400,566
Trade accounts and notes receivable, net	3,965,841	4,548,459
Other accounts receivable, net	66,976	101,337
Available-for-sale financial assets	2,838	2,838
Other non-current financial assets	12,107	11,246
Deposits	46,625	56,019
Deposits in banks	745,000	315,000
Derivatives	438	
Others	13	13
	6,296,139	6,435,478

In addition to the financial assets above, as of March 31, 2013 and December 31, 2012, the Company provides payment guarantees of 7,785 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 March 31, 2013 and December 31, 2012 by geographic region is as follows:

(In millions of won)

	March 31, 2013	December 31, 2012
Domestic	195,104	205,454
Euro-zone countries	562,990	529,138
Japan	246,949	167,242
United States	1,579,442	1,790,401
China	862,545	1,307,759
Taiwan	240,738	257,793
Others	278,073	290,672
	3,965,841	4,548,459

Table of Contents

9. Financial Instruments, Continued

(ii) Impairment loss

The aging of trade accounts and notes receivable as of March 31, 2013 and December 31, 2012 are as follows:

(In millions of won)	**March 31, 2013**		**December 31, 2012**	
	Book value	**Impairment loss**	**Book value**	**Impairment loss**
Not past due	3,947,505	(22)	4,528,302	(235)
Past due 1-15 days	4,285	(2)	5,927	(2)
Past due 16-30 days	7,334		9,531	(1)
Past due 31-60 days	6,270	(1)	2,154	(3)
Past due more than 60 days	476	(4)	2,788	(2)
	3,965,870	(29)	4,548,702	(243)

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

(In millions of won)	**2013**	**2012**
Balance at the beginning of the period	243	54
Bad debt expense (reversal of allowance for doubtful accounts)	(214)	189
Balance at the reporting date	29	243

95

Table of Contents

9. Financial Instruments, Continued

(b) Liquidity risk

(i) The following are the contractual maturities of financial liabilities, including estimated interest payments, as of March 31, 2013:

(In millions of won)		Contractual cash flows					
	Carrying amount	**Total**	**6 months or less**	**6-12 months**	**1-2 years**	**2-5 years**	**More than 5 years**
Non-derivative financial liabilities							
Secured bank loan	55,605	57,264	664	28,466	28,134		
Unsecured bank loans	1,911,876	2,075,135	333,364	102,958	548,392	1,088,597	1,824
Unsecured bond issues	2,722,920	3,007,482	442,467	51,187	727,999	1,785,829	
Trade accounts and notes payable	4,426,871	4,426,871	4,426,871				
Other accounts payable	1,761,574	1,761,574	1,761,574				
Payment guarantee		7,785	7,785				
Derivative financial liabilities							
Forward exchange contracts not designated for hedging							
Outflow	4,861	256,515	256,515				
Inflow		(251,639)	(251,639)				
	10,883,707	11,340,987	6,977,601	182,611	1,304,525	2,874,426	1,824

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

(ii) As of March 31, 2013, there are no derivatives designated as cash flow hedge.

96

Table of Contents

9. Financial Instruments, Continued

(c) Currency risk

(i) Exposure to currency risk

The Company s exposure to foreign currency risk based on notional amounts as of March 31, 2013 and December 31, 2012 is as follows:

(In millions)	March 31, 2013			
	USD	JPY	PLN	EUR
Cash and cash equivalents	473	12,260	5	45
Trade accounts and notes receivable	3,318	8,247		36
Other accounts receivable	17	1		
Other assets denominated in foreign currencies		51		
Trade accounts payable	(2,644)	(25,736)		(1)
Other accounts payable	(90)	(9,044)		(6)
Debts	(995)			
Bonds	(350)			
Gross statement of financial position exposure	(271)	(14,221)	5	74
Forward exchange contracts	(330)			
Net exposure	(601)	(14,221)	5	74

(In millions)	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 Contents

9. Financial Instruments, Continued

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

(In won)	Average rate		Reporting date spot rate	
	2013	2012	March 31, 2013	December 31, 2012
USD	1,084.24	1,131.43	1,112.10	1,071.10
JPY	11.76	14.29	11.80	12.48
CNY	174.21	179.32	178.95	171.88
PLN	344.63	350.94	341.16	348.21
EUR	1,431.21	1,483.90	1,425.21	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 March 31, 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:

(In millions of won)	March 31, 2013		December 31, 2012	
	Equity	Profit or loss	Equity	Profit or loss
USD (5 percent weakening)	(25,331)	(25,331)	15,873	15,873
JPY (5 percent weakening)	(6,361)	(6,361)	(13,931)	(13,931)
CNY (5 percent weakening)				
PLN (5 percent weakening)	65	65	13	13
EUR (5 percent weakening)	3,997	3,997	4,187	4,187

A stronger won against the above currencies as of March 31, 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 Contents

9. Financial Instruments, Continued

(d) Interest rate risk

(i) Profile

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

(In millions of won)	March 31, 2013	December 31, 2012
Fixed rate instruments		
Financial assets	2,204,139	1,718,404
Financial liabilities	(3,133,821)	(3,044,050)
	(929,682)	(1,325,646)
Variable rate instruments		
Financial liabilities	(1,556,580)	(1,368,112)

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

As of March 31, 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
March 31, 2013				
Variable rate instruments	(11,799)	11,799	(11,799)	11,799
December 31, 2012				
Variable rate instruments	(10,370)	10,370	(10,370)	10,370

Table of Contents

9. Financial Instruments, Continued

(e) Fair values

(i) Fair values versus carrying amounts

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

(In millions of won)	**March 31, 2013**		**December 31, 2012**	
	Carrying amounts	**Fair values**	**Carrying amounts**	**Fair values**
Assets carried at fair value				
Available-for-sale financial assets	13,789	13,789	13,343	13,343
Derivatives	438	438		
	14,227	14,227	13,343	13,343
Assets carried at amortized cost				
Cash and cash equivalents	1,456,301	1,456,301	1,400,566	1,400,566
Deposits in banks	745,000	745,000	315,000	315,000
Trade accounts and notes receivable	3,965,841	3,965,841	4,548,459	4,548,459
Other accounts receivable	66,976	66,976	101,337	101,337
Other non-current financial assets	12,107	12,107	11,246	11,246
Deposits	46,625	46,625	56,019	56,019
Others	13	13	13	13
	6,292,863	6,292,863	6,432,640	6,432,640
Liabilities carried at fair value				
Derivatives	4,861	4,861		
Liabilities carried at amortized cost				
Secured bank loans	55,605	55,605	53,555	53,555
Unsecured bank loans	1,911,876	1,967,908	1,740,003	1,779,819
Unsecured bond issues	2,722,920	2,817,528	2,618,604	2,677,038
Trade accounts and notes payable	4,426,871	4,426,871	4,386,383	4,386,383
Other accounts payable	1,761,574	1,761,574	2,479,772	2,479,772
	10,878,846	11,029,486	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 Contents

9. 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:

	March 31, 2013	December 31, 2012
Derivatives	2.76%	Not applicable
Bonds, loans and borrowings	2.86%	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 March 31, 2013 and December 31, 2012 are as follows:

(In millions of won)

	Level 1	Level 2	Level 3	Total
March 31, 2013				
Assets				
Available-for-sale financial assets	13,789			13,789
Derivatives		438		438
	13,789	438		14,227
Liabilities				
Derivatives		(4,861)		(4,861)

(In millions of won)

	Level 1	Level 2	Level 3	Total
December 31, 2012				
Assets				
Available-for-sale financial assets	13,343			13,343

The derivative financial assets and liabilities are classified as Level 2 since all significant inputs to compute the fair value of the over-the-counter derivatives were observable.

Table of Contents

9. 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)

	March 31, 2013	**December 31, 2012**
Total liabilities	13,742,973	14,140,468
Total equity	9,603,983	9,661,120
Cash and deposits in banks (*1)	2,201,301	1,715,566
Borrowings (including bonds)	4,690,401	4,412,162
Total liabilities to equity ratio	143%	146%
Net borrowings to equity ratio (*2)	26%	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 total equity with borrowings (including bonds) less cash and deposits in banks.

10. Financial Liabilities

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

(In millions of won)

	March 31, 2013	**December 31, 2012**
Current		
Current portion of long-term debt	794,231	971,577
Derivatives	4,861	
	799,092	971,577
Non-current		
Won denominated borrowings	806,135	807,005
Foreign currency denominated borrowings	756,228	589,105
Bonds	2,333,807	2,044,475
	3,896,170	3,440,585

The above financial liabilities, except for the derivative liabilities, are measured at amortized cost.

Table of Contents

10. Financial Liabilities, Continued

(b) Local currency denominated long-term debt as of March 31, 2013 and December 31, 2012 is as follows:

(In millions of won)

Lender	Annual interest rate as of March 31, 2013	March 31, 2013	December 31, 2012
Shinhan Bank and others	3-year Korean Treasury Bond rate less 1.25%, 2.75%	15,484	16,629
National Agricultural Cooperative Federation and others	4.51%~5.21%, 1-year bank bond rate plus 1.4%	845,457	845,072
Less current portion		(54,806)	(54,696)
		806,135	807,005

(c) Foreign currency denominated long-term debt as of March 31, 2013 and December 31, 2012 is as follows:

(In millions of won and USD)

Lender	Annual interest rate as of March 31, 2013	March 31, 2013	December 31, 2012
The Export-Import Bank of Korea			26,777
Kookmin Bank and others	6ML+1.78%, 3ML+1.70%~2.25%	1,106,540	905,080
Foreign currency equivalent		USD995	USD870
Less current portion		(350,312)	(342,752)
		756,228	589,105

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

103

Table of Contents

10. Financial Liabilities, Continued

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

(In millions of won and USD)

	Maturity	Annual interest rate as of March 31, 2013	March 31, 2013	December 31, 2012
Local currency Bonds (*)				
Publicly issued bonds	April 2014~ March 2018	2.90%~5.89%	2,340,000	2,250,000
Less discount on bonds			(6,193)	(5,579)
Less current portion				(199,946)
			2,333,807	2,044,475
Foreign currency Bonds (*)				
Floating-rate bonds	April 2013	3ML+1.80%	389,235	374,885
Foreign currency equivalent			USD350	USD350
Less discount on bonds			(122)	(702)
Less current portion			(389,113)	(374,183)
			2,333,807	2,044,475

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

Table of Contents

11. The Nature of Expenses

The nature of expenses for the three-month periods ended March 31, 2013 and 2012 are as follows:

(In millions of won)

	2013	2012
Changes in inventories	(110,798)	117,195
Purchases of raw materials, merchandise and others	3,422,138	3,020,962
Depreciation and amortization	1,056,529	927,233
Outsourcing fees	746,384	908,119
Labor costs	568,780	512,427
Supplies and others	198,970	178,958
Utility expense	175,073	149,338
Fees and commissions	101,320	85,207
Shipping costs	76,010	81,667
After-sale service expenses	18,641	19,415
Others	274,924	252,001
	6,527,971	6,252,522

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 period ended March 31, 2013, other non-operating income and other non-operating expenses contained exchange differences amounting to 280,360 million and 284,631 million, respectively (for the three-month period ended March 31, 2012 : 196,231 million and 155,027 million, respectively).

The expenses for the three-month period ended March 31, 2012 were reclassified to conform to the classification for the three-month period ended March 31, 2013.

Table of Contents

12. Selling and Administrative Expenses

Details of selling and administrative expenses for the three-month periods ended March 31, 2013 and 2012 are as follows:

(In millions of won)	**2013**	**2012**
Salaries	38,005	35,915
Expenses related to defined benefit plan	5,368	5,315
Other employee benefits	8,575	6,082
Shipping costs	56,275	67,698
Fees and commissions	41,903	34,486
Depreciation	20,735	21,893
Taxes and dues	610	609
Advertising	16,039	24,462
After-sale service	18,641	19,415
Rent	2,593	2,340
Insurance	1,739	1,862
Travel	3,020	3,368
Training	3,298	3,638
Others	6,977	6,542
	223,778	233,625

The expenses for the three-month period ended March 31, 2012 were reclassified to conform to the classification for the three-month period ended March 31, 2013.

Table of Contents

13. Other Non-operating Income and Other Non-operating Expenses

(a) Details of other non-operating income for the three-month periods ended March 31, 2013 and 2012 are as follows:

(In millions of won)	**2013**	**2012**
Rental income	1,083	1,015
Foreign currency gain	280,360	196,231
Gain on disposal of property, plant and equipment	2,700	65
Reversal of allowance for doubtful accounts for other receivables		98
Commission earned	651	878
Others	2,689	23,884
	287,483	222,171

(b) Details of other non-operating expenses for the three-month periods ended March 31, 2013 and 2012 are as follows:

(In millions of won)	**2013**	**2012**
Other bad debt expense	25	
Foreign currency loss	284,631	155,027
Loss on disposal of property, plant and equipment	137	1
Impairment loss on intangible assets	1,157	226
Donations	1,370	3,836
Expenses related to legal proceedings or claims and others	25,335	29,624
	312,655	188,714

14. 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 March 31, 2013 and December 31, 2012 are as follows:

(In millions of won)	**March 31, 2013**	**December 31, 2012**
Present value of partially funded defined benefit obligations	705,148	672,032
Fair value of plan assets	(486,962)	(491,730)
	218,186	180,302

(b) Expenses recognized in profit or loss for the three-month periods ended March 31, 2013 and 2012 are as follows:

(In millions of won)	**2013**	**2012**
Current service cost	37,348	32,378
Interest cost	6,505	5,727
Expected return on plan assets	(4,399)	(3,548)
	39,454	34,557

(c) Plan assets as of March 31, 2013 and December 31, 2012 are as follows

(In millions of won)	**March 31, 2013**	**December 31, 2012**
Deposits with financial institutions	486,962	491,730

As of March 31, 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 periods ended March 31, 2013 and 2012 are as follows:

(In millions of won)	**2013**	**2012**
Defined benefit plan actuarial gain (loss)	210	(53)
Income tax	(51)	13
Defined benefit plan actuarial gain (loss), net of income tax	159	(40)

Table of Contents

15. Finance income and Finance costs

(a) Finance income and costs recognized in profit and loss for the three-month periods ended March 31, 2013 and 2012 are as follows:

(In millions of won)

	2013	2012
Finance income		
Interest income	8,066	7,099
Dividend income	300	204
Foreign currency gain	10,395	35,842
	18,761	43,145
Finance costs		
Interest expense	46,042	44,923
Foreign currency loss	59,638	20,773
Loss on valuation of financial liabilities at fair value through profit or loss		737
Loss on impairment of investments	122	7,487
Loss on sale of trade accounts and notes receivable	108	139
	105,910	74,059

(b) Finance income and costs recognized in other comprehensive income or loss for the three-month periods ended March 31, 2013 and 2012 are as follows:

(In millions of won)

	2013	2012
Gain (loss) on valuation of available-for-sale securities	446	(68)
Tax effect	(108)	16
Finance income (costs) recognized in other comprehensive income after tax	338	(52)

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 1,478 million (1,644,218 million) and JPY 5,000 million (59,007 million) in connection with the Company s export sales transactions with its subsidiaries. As of March 31, 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 March 31, 2013, accounts and notes receivable amounting to USD 66 million (73,292 million) were sold to Shinhan Bank, with none of the underlying accounts and notes receivable being past due. In addition, the Company entered into agreements with Standard Chartered Bank for accounts receivable sales negotiating facilities of up to USD 50 million (55,605 million) and USD 23 million (25,578 million), in April 2011 and November 2012, respectively. As of March 31, 2013, accounts and notes receivable amounting to USD 48 million (53,552 million) were sold to Standard Chartered Bank, with none of the underlying accounts and notes receivable being past due under the agreement in April 2011 and no accounts and notes receivable were sold, with none of the underlying accounts and notes receivable being past due under the agreement in November 2012. In connection with all of the contracts in this paragraph, the Company has sold its accounts receivable without recourse.

Letters of credit

As of March 31, 2013, the Company has agreements with Korea Exchange Bank in relation to the opening of letters of credit up to USD 15 million (16,682 million), USD 15 million (16,682 million) with China Construction Bank, JPY 1,500 million (17,702 million) with Woori Bank, USD 70 million (77,847 million) with Bank of China, USD 60 million (66,726 million) with Sumitomo Mitsui Banking Corporation, USD 15 million (16,682 million) with Hana Bank, and USD 30 million (33,363 million) with Shinhan Bank.

Payment guarantees

The Company obtained payment guarantees amounting to USD 8.5 million (9,453 million) and EUR 215 million (306,420 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 (7,785 million) for principals and related interests.

License agreements

As of March 31, 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 March 31, 2013, the Company s balance of advances received from a customer amount to USD 1,280 million (1,423,488 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 260 million (289,146 million) from the Industrial Bank of Korea relating to advances received.

Table of Contents

16. Commitments, Continued

Pledged Assets

Regarding the secured bank loan amounting to USD 50 million (55,605 million) from the Export-Import Bank of Korea, the Company provided part of its OLED manufacturing 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 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. The final determination is scheduled to be issued on June 28, 2013.

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. Meanwhile, under the mediation of the Korean Ministry of Trade, Industry & Energy, the Company and SSD have agreed to work toward resolving the currently pending patent infringement proceedings through settlement.

111

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.

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

Table of Contents

17. Contingencies, Continued

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 thirty-one Direct Action Plaintiffs including Motorola Mobility, Inc., Electrograph Technologies Corp. and its affiliates, TracFone Wireless Inc., Best Buy Co., Inc. and its affiliates, Target Corp., Sears, Roebuck and Co., Kmart Corp., Old Comp Inc., Good Guys, Inc., RadioShack Corp., Newegg Inc., Costco Wholesale Corp., Office Depot, Inc., Interbond Corp. of America (BrandsMart), Jaco Electronics, Inc., 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., ViewSonic Corp., NECO Alliance LLC, Rockwell Automation Inc., 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.

18. Capital and Reserves

(a) Share capital

The Company is authorized to issue 500,000,000 shares of capital stock (par value 5,000), and as of March 31, 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 March 31, 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.

113

Table of Contents

19. Related Parties

(a) Key management personnel compensation

Compensation costs of key management for the three-month periods ended March 31, 2013 and 2012 are as follows:

(In millions of won)

	2013	2012
Short-term benefits	791	540
Expenses related to the defined benefit plan	687	37
	1,478	577

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 periods ended March 31, 2013 and 2012 are as follows:

(In millions of won)

	Sales and others		Purchases and others	
	2013	2012	2013	2012
Subsidiaries	5,677,005	5,363,286	800,302	909,793
Joint ventures	100,571	200,113	20,670	21,041
Associates	300	208	309,751	318,911
LG Electronics	407,318	216,171	38,110	53,502
Other related parties(*)	1,971	1,171	135,168	85,983
	6,187,165	5,780,949	1,304,001	1,389,230

Account balances with related parties as of March 31, 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	
	March 31, 2013	December 31, 2012	March 31, 2013	December 31, 2012
Subsidiaries	3,472,238	3,979,211	1,270,616	1,139,362
Joint ventures	60,073	92,870	117,715	168,620
Associates			284,742	363,654
LG Electronics	214,146	198,972	76,077	67,867
Other related parties(*)	565	563	167,130	124,826
	3,747,022	4,271,616	1,916,280	1,864,329

(*) The significant transactions for the three-month period ended March 31, 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*.

Table of Contents

20. Income Taxes

(a) Details of income tax expense (benefit) for the three-month periods ended March 31, 2013 and 2012 are as follows:

(In millions of won)	**2013**	**2012**
Current tax expense	400	564
Deferred tax expense (benefit)	13,491	(86,059)
Income tax expense (benefit)	13,891	(85,495)

(b) Deferred Tax Assets and Liabilities

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

Deferred tax assets and liabilities as of March 31, 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			(1,661)	(2,063)	(1,661)	(2,063)
Inventories, net	16,461	8,903			16,461	8,903
Available-for-sale financial assets	177	285			177	285
Defined benefit obligation	41,506	38,573			41,506	38,573
Accrued expenses	86,443	79,321			86,443	79,321
Property, plant and equipment	68,826	81,832			68,826	81,832
Intangible assets	2,766	2,488			2,766	2,488
Provisions	12,134	12,979			12,134	12,979
Gain or loss on foreign currency translation, net	4,160	5,340	(954)	(958)	3,206	4,382
Others	17,645	27,336			17,645	27,336
Tax loss carryforwards	246,778	233,139			246,778	233,139
Tax credit carryforwards	678,773	699,529			678,773	699,529
Deferred tax assets (liabilities)	1,175,669	1,189,725	(2,615)	(3,021)	1,173,054	1,186,704

Statutory tax rate applicable to the Company is 24.2% for the three-month period ended March 31, 2013.

Table of Contents

20. Income Taxes, Continued

As of March 31, 2013, the Company applied 16% as the minimum tax rate when measuring the amount of tax credit related deferred tax assets for which it is probable that the related tax benefit will be realized. As a result of this rate change, the unused tax credit for which no deferred tax asset is recognized deferred increased by 129,811 million for the three-month period ended March 31, 2013.

21. Loss Per Share

(a) Basic loss per share for the three-month periods ended March 31, 2013 and 2012 are as follows:

(In won and No. of shares)	**2013**	**2012**
Loss for the period	57,634,310,418	175,078,414,289
Weighted-average number of common shares outstanding	357,815,700	357,815,700
Loss per share	161	489

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

(b) Diluted loss per share for the three-month period ended March 31, 2013 is not calculated since there was no potential common stock. In addition, there is no effect of dilutive potential ordinary shares due to the Company s net loss for the three-month period ended March 31, 2012.

Table of Contents

SIGNATURES

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

	LG Display Co., Ltd.	
	(Registrant)	
Date: May 15, 2013	By:	/s/ Heeyeon Kim
		(Signature)
	Name:	Heeyeon Kim
	Title:	Vice President / IR Division

117