

LG Display Co., Ltd.  
Form 6-K  
February 25, 2015  
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 February, 2015**

**LG Display Co., Ltd.**

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

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

**(Address of principal executive offices)**

Edgar Filing: LG Display Co., Ltd. - Form 6-K

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

Form 20-F       Form 40-F

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

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

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

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

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

Yes       No

**Table of Contents****Submission of Audit Report**

1. Name of external auditor: Samjong Accounting Corporation (KPMG)
2. Date of receiving external audit report: February 25, 2015
3. Auditor's opinion

	FY 2014	FY 2013
Audit Report on Separate Financial Statements	Unqualified	Unqualified

4. Financial Highlights of Separate Financial Statements

Items	FY 2014	FY 2013
Total Assets	21,011,836,600,394	20,644,592,617,994
Total Liabilities	10,387,761,963,439	10,882,167,949,202
Total Shareholders' Equity	10,624,074,636,955	9,762,424,668,792
Capital Stock	1,789,078,500,000	1,789,078,500,000
Revenues	25,383,670,078,470	25,854,183,399,062
Operating Income	984,789,915,471	753,550,179,197
Ordinary Income	1,221,692,397,193	386,425,310,479
Net Income	973,118,312,897	99,671,926,545
Total Shareholders' Equity / Capital Stock	593.8%	545.7%

**Table of Contents**

LG DISPLAY CO., LTD.

Separate Financial Statements

**For the Years Ended December 31, 2014 and  
2013**

(With Independent Auditors' Report Thereon)

**Table of Contents**

**Contents**

	<b>Page</b>
<u>Independent Auditors' Report</u>	1
<u>Separate Statements of Financial Position</u>	3
<u>Separate Statements of Comprehensive Income</u>	4
<u>Separate Statements of Changes in Equity</u>	5
<u>Separate Statements of Cash Flows</u>	6
<u>Notes to the Separate Financial Statements</u>	8
<u>Independent Accountants' Review Report on Internal Accounting Control System</u>	81
<u>Report on the Operation of Internal Accounting Control System</u>	83

**Table of Contents**

**Independent Auditors Report**

Based on a report originally issued in Korean

To the Board of Directors and Shareholders

LG Display Co., Ltd.:

We have audited the accompanying separate financial statements of LG Display Co., Ltd. (the Company) which comprise the separate statements of financial position of the Company as of December 31, 2014 and 2013, the related separate statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these separate financial statements in accordance with Korean International Financial Reporting Standards (K-IFRS), and for such internal control as management determines is necessary to enable the preparation of separate financial statements that are free from material misstatements, whether due to fraud or error.

***Auditors' Responsibility***

Our responsibility is to express an opinion on these separate financial statements based on our audits. We conducted our audits in accordance with Korean Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the separate financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the separate financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the separate financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

In our opinion, the separate financial statements referred to above present fairly, in all material respects, the separate financial position of the Company as of December 31, 2014 and 2013, and its separate financial performance and its separate cash flows for the years then ended in accordance with K-IFRS.

***Emphasis of Matter***

Without qualifying our opinion, we draw attention to the following:

Table of Contents

As discussed in note 20 to the separate financial statements, the Company has been or is 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 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**

***Other Matters***

The accompanying separate financial statements of the Company as of December 31, 2013 and for the year then ended were audited by us in accordance with the previous auditing standards generally accepted in the Republic of Korea.

The procedures and practices utilized in the Republic of Korea to audit such separate financial statements may differ from those generally accepted and applied in other countries.

KPMG Samjong Accounting Corp.

Seoul, Korea

February 17, 2015

This report is effective as of February 17, 2015, the audit report date. Certain subsequent events or circumstances, which may occur between the audit report date and the time of reading this report, could have a material impact on the accompanying separate financial statements and notes thereto. Accordingly, the readers of the audit report should understand that the above audit report has not been updated to reflect the impact of such subsequent events or circumstances, if any.



**Table of Contents**

LG DISPLAY CO., LTD.

**Separate Statements of Financial Position**

As of December 31, 2014 and 2013

<i>(In millions of won)</i>	<b>Note</b>	<b>December 31, 2014</b>	<b>December 31, 2013</b>
<b>Assets</b>			
Cash and cash equivalents	6, 13	100,558	253,059
Deposits in banks	6, 13	1,525,609	1,301,176
Trade accounts and notes receivable, net	7, 13, 19, 23	4,015,904	3,543,193
Other accounts receivable, net	7, 13	396,651	59,806
Other current financial assets	9, 13	2,569	
Inventories	8	2,046,675	1,586,642
Prepaid income taxes			3,665
Other current assets	7	203,122	129,826
<b>Total current assets</b>		<b>8,291,088</b>	<b>6,877,367</b>
Deposits in banks	6, 13	8,427	13
Investments	10	2,301,881	1,820,806
Other non-current financial assets	9, 13	27,609	40,892
Property, plant and equipment, net	11	8,700,301	10,294,740
Intangible assets, net	12	548,078	461,620
Deferred tax assets	29	883,965	936,000
Other non-current assets	7	250,488	213,155
<b>Total non-current assets</b>		<b>12,720,749</b>	<b>13,767,226</b>
<b>Total assets</b>		<b>21,011,837</b>	<b>20,644,593</b>
<b>Liabilities</b>			
Trade accounts and notes payable	13, 23	3,989,505	3,482,120
Current financial liabilities	13, 14	964,122	886,852
Other accounts payable	13	1,057,485	1,050,586
Accrued expenses		708,664	476,040
Income tax payable		142,760	
Provisions	18	193,429	199,737
Advances received	19	463,740	627,997
Other current liabilities	18	30,625	30,843
<b>Total current liabilities</b>		<b>7,550,330</b>	<b>6,754,175</b>
Non-current financial liabilities	13, 14	2,484,280	2,994,837
Non-current provisions	18	8,014	5,005
Defined benefit liabilities, net	17	323,710	318,696

Edgar Filing: LG Display Co., Ltd. - Form 6-K

Long-term advances received	19		427,397
Other non-current liabilities	18	21,428	382,058
<b>Total non-current liabilities</b>		2,837,432	4,127,993
<b>Total liabilities</b>		10,387,762	10,882,168
<b>Equity</b>			
Share capital	21	1,789,079	1,789,079
Share premium		2,251,113	2,251,113
Reserves	21	276	(305)
Retained earnings	22	6,583,607	5,722,538
<b>Total equity</b>		10,624,075	9,762,425
<b>Total liabilities and equity</b>		21,011,837	20,644,593

*See accompanying notes to the separate financial statements.*

**Table of Contents**

LG DISPLAY CO., LTD.

**Separate Statements of Comprehensive Income**

For the years ended December 31, 2014 and 2013

*(In millions of won, except earnings per share)*

	<b>Note</b>	<b>2014</b>	<b>2013</b>
Revenue	23, 24	25,383,670	25,854,183
Cost of sales	8, 23	(22,360,245)	(23,103,569)
<b>Gross profit</b>		<b>3,023,425</b>	<b>2,750,614</b>
Selling expenses	16	(485,557)	(515,211)
Administrative expenses	16	(396,916)	(394,656)
Research and development expenses		(1,156,162)	(1,087,197)
<b>Operating profit</b>		<b>984,790</b>	<b>753,550</b>
Finance income	27	479,321	67,136
Finance costs	27	(205,608)	(254,022)
Other non-operating income	25	862,167	850,870
Other non-operating expenses	25	(898,978)	(1,031,109)
<b>Profit before income tax</b>		<b>1,221,692</b>	<b>386,425</b>
Income tax expense	28	248,574	286,753
<b>Profit for the year</b>		<b>973,118</b>	<b>99,672</b>
<b>Other comprehensive income (loss)</b>			
<b>Items that will never be reclassified to profit or loss</b>			
Remeasurements of net defined benefit liabilities	17, 28	(147,822)	1,379
Related income tax	17, 28	35,773	(334)
		(112,049)	1,045
<b>Items that are or may be reclassified to profit or loss</b>			
Net change in fair value of available-for-sale financial assets	27, 28	767	776
Related income tax	27, 28	(186)	(188)
		581	588
<b>Other comprehensive income (loss) for the year, net of income tax</b>		<b>(111,468)</b>	<b>1,633</b>
<b>Total comprehensive income for the year</b>		<b>861,650</b>	<b>101,305</b>

**Earnings per share (In won)**

Basic earnings per share	30	2,720	279
Diluted earnings per share	30	2,720	279

*See accompanying notes to the separate financial statements.*

**Table of Contents**

LG DISPLAY CO., LTD.

**Separate Statements of Changes in Equity**

For the years ended December 31, 2014 and 2013

<i>(In millions of won)</i>	<b>Share capital</b>	<b>Share premium</b>	<b>Fair value Reserves</b>	<b>Retained earnings</b>	<b>Total equity</b>
<b>Balances at January 1, 2013</b>	1,789,079	2,251,113	(893)	5,621,821	9,661,120
<b>Total comprehensive income for the year</b>					
Profit for the year				99,672	99,672
<b>Other comprehensive income</b>					
Net change in fair value of available-for-sale financial assets, net of tax			588		588
Remeasurements of net defined benefit liabilities, net of tax				1,045	1,045
Total other comprehensive income			588	1,045	1,633
Total comprehensive income for the year			588	100,717	101,305
<b>Transaction with owners, recognized directly in equity</b>					
<b>Balances at December 31, 2013</b>	1,789,079	2,251,113	(305)	5,722,538	9,762,425
<b>Balances at January 1, 2014</b>	1,789,079	2,251,113	(305)	5,722,538	9,762,425
<b>Total comprehensive income for the year</b>					
Profit for the year				973,118	973,118
<b>Other comprehensive income (loss)</b>					
Net change in fair value of available-for-sale financial assets, net of tax			581		581
Remeasurements of net defined benefit liabilities, net of tax				(112,049)	(112,049)
Total other comprehensive income (loss)			581	(112,049)	(111,468)
Total comprehensive income for the year			581	861,069	861,650
<b>Transaction with owners, recognized directly in equity</b>					

<b>Balances at December 31, 2014</b>	1,789,079	2,251,113	276	6,583,607	10,624,075
--------------------------------------	-----------	-----------	-----	-----------	------------

*See accompanying notes to the separate financial statements.*

**Table of Contents**

LG DISPLAY CO., LTD.

**Separate Statements of Cash Flows**

For the years ended December 31, 2014 and 2013

<i>(In millions of won)</i>	<b>Note</b>	<b>2014</b>	<b>2013</b>
<b>Cash flows from operating activities:</b>			
Profit for the year		973,118	99,672
<b>Adjustments for:</b>			
Income tax expense	28	248,574	286,753
Depreciation	11, 15	2,854,996	3,380,966
Amortization of intangible assets	12, 15	263,326	230,539
Gain on foreign currency translation		(41,789)	(54,937)
Loss on foreign currency translation		72,877	35,954
Expenses related to defined benefit plans	17, 26	196,495	158,866
Gain on disposal of property, plant and equipment		(18,248)	(8,258)
Loss on disposal of property, plant and equipment		2,204	621
Impairment loss on property, plant and equipment		8,097	
Loss on disposal of intangible assets		115	452
Impairment loss on intangible assets		492	1,626
Reversal of impairment loss on intangible assets			(296)
Finance income		(475,659)	(54,014)
Finance costs		179,343	177,332
Other income		(14,508)	(2,947)
Other expenses		278,001	352,205
		3,554,316	4,504,862
Change in trade accounts and notes receivable		(1,082,193)	557,445
Change in other accounts receivable		(14,900)	49,113
Change in other current assets		(43,759)	4,505
Change in inventories		(460,033)	361,303
Change in other non-current assets		(87,729)	(118,745)
Change in trade accounts and notes payable		506,663	(877,147)
Change in other accounts payable		(367,623)	(168,872)
Change in accrued expenses		233,936	44,790
Change in other current liabilities		(14,128)	(13,259)
Change in other non-current liabilities		17,978	9,805
Change in provisions		(187,021)	(315,266)
Change in defined benefit liabilities, net		(339,303)	(19,093)
		(1,838,112)	(485,421)

Cash generated from operating activities	2,689,322	4,119,113
Income taxes refunded (paid)	1,709	(36,537)
Interests received	33,530	28,333
Interests paid	(158,162)	(172,054)
<b>Net cash provided by operating activities</b>	<b>2,566,399</b>	<b>3,938,855</b>

*See accompanying notes to the separate financial statements.*



**Table of Contents**

LG DISPLAY CO., LTD.

**Separate Statements of Cash Flows, Continued**

For the years ended December 31, 2014 and 2013

<i>(In millions of won)</i>	<b>2014</b>	<b>2013</b>
<b>Cash flows from investing activities:</b>		
Dividends received	107,173	14,582
Proceeds from withdrawal of deposits in banks	1,651,176	1,657,079
Increase in deposits in banks	(1,884,023)	(2,643,933)
Acquisition of investments	(531,387)	(508,400)
Proceeds from disposal of investments	12,280	13,717
Acquisition of property, plant and equipment	(1,365,062)	(2,973,707)
Proceeds from disposal of property, plant and equipment	72,825	22,950
Acquisition of intangible assets	(325,651)	(181,708)
Proceeds from disposal of intangible assets		1,902
Government grants received	3,639	1,744
Proceeds from disposal of other financial assets	82	
Acquisition of other non-current financial assets	(4,219)	(5,410)
Proceeds from disposal of other non-current financial assets	15,390	43,047
<b>Net cash used in investing activities</b>	<b>(2,247,777)</b>	<b>(4,558,137)</b>
<b>Cash flows from financing activities:</b>		
Proceeds from short-term borrowings	219,839	1,123,130
Repayments of short-term borrowings		(1,123,130)
Proceeds from issuance of debentures	597,563	587,603
Proceeds from long-term debt	102,389	372,785
Repayments of long-term debt	(503,618)	(301,229)
Repayments of current portion of long-term debt and debentures	(887,296)	(1,187,384)
<b>Net cash used in financing activities</b>	<b>(471,123)</b>	<b>(528,225)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(152,501)</b>	<b>(1,147,507)</b>
Cash and cash equivalents at January 1	253,059	1,400,566
<b>Cash and cash equivalents at December 31</b>	<b>100,558</b>	<b>253,059</b>

*See accompanying notes to the separate financial statements.*



---

**Table of Contents**

**LG DISPLAY CO., LTD.**

Notes to the Separate Financial Statements

For the years ended December 31, 2014 and 2013

1. **Organization and Description of Business**

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

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

The Company's common stock is listed on the Korea Exchange under the identifying code 034220. As of December 31, 2014, there are 357,815,700 shares of common stock outstanding. The Company's common stock is also listed on the New York Stock Exchange in the form of American Depositary Shares (ADSs) under the symbol LPL. One ADS represents one-half of one share of common stock. As of December 31, 2014, there are 22,485,216 ADSs outstanding.

2. **Basis of Presenting Financial Statements**

(a) **Statement of Compliance**

In accordance with the Act on External Audits of Stock Companies, these separate financial statements have been prepared in accordance with Korean International Financial Reporting Standards (K-IFRS).

These financial statements are separate financial statements prepared in accordance with K-IFRS No.1027, *Separate Financial Statements*, presented by a parent, an investor in an associate or a venture in a joint ventures, 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 separate financial statements were authorized for issuance by the Board of Directors on January 27, 2015, which will be submitted for approval to the shareholders' meeting to be held on March 13, 2015.



**Table of Contents**

**LG DISPLAY CO., LTD.**

Notes to the Separate Financial Statements

For the years ended December 31, 2014 and 2013

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

(b) **Basis of Measurement**

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

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

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

(c) **Functional and Presentation Currency**

The separate 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 separate 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.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the separate financial statements is included in the following notes:

Classification of financial instruments (note 3.(d))

Estimated useful lives of property, plant and equipment (note 3.(e))  
Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next 12 months is included in the following notes:

Recognition and measurement of provisions (note 3.(j), 18 and 20)

Net realizable value of inventories (note 8)

Measurement of defined benefit obligations (note 17)

Deferred tax assets and liabilities (note 29)

**Table of Contents**

**LG DISPLAY CO., LTD.**

Notes to the Separate Financial Statements

For the years ended December 31, 2014 and 2013

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

(e) **Changes in accounting policies**

Except for the changes below, the Company has consistently applied the accounting policies set out in Note 3 to all periods presented in the separate financial statements.

The following amendments to standards and an interpretation were adopted with a date of initial application of January 1, 2014 are as follows.

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

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

K-IFRS No. 2121, *Levies*

The nature and effects of the changes are explained below.

**(i) Presentation of financial instruments**

The Company has adopted amendments to K-IFRS No.1032, *Financial Instruments: Presentation*, since January 1, 2014. The amendments clarify the meaning of "currently has a legally enforceable right of set-off". According to the amendments, the right to set off should not be contingent on a future event, and legally enforceable in the normal course of business, in the event of default, and in the event of insolvency or bankruptcy of the entity and all of the counterparties. The amendments also state that some gross settlement systems would be considered equivalent to net settlement if they eliminate or result in insignificant credit and liquidity risk and process receivables and payables in a single settlement process or cycle. There is no impact of applying this amendment on the separate financial statements.

**(ii) Disclosure of the recoverable amount**

The Company has adopted amendments to K-IFRS No. 1036, *Impairment of Assets*, since January 1, 2014. The amendments require the disclosure of information about the recoverable amount of impaired assets, if that amount is based on fair value less costs of disposal. They also require the disclosure of additional information about that fair value measurement. In addition, if the recoverable amount of impaired assets based on fair value less costs of disposal was measured using a present value technique, the amendments also require the disclosure of the discount rates that have been used in the current and previous measurements. There is no significant impact of applying this amendment

on the separate financial statements.

(iii) Levies

The Company has adopted K-IFRS No. 2121, *Levies*, since January 1, 2014. K-IFRS No. 2121 is an Interpretation of K-IFRS No. 1037, *Provisions, Contingent Liabilities and Contingent Assets*, on the accounting for levies imposed by governments. K-IFRS No. 1037 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (or obligating event ). K-IFRS No. 2121 clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. The interpretation does not provide guidance on the accounting for the costs arising from recognizing the liability to pay a levy. Other K-IFRSs should be applied to determine whether the recognition of a liability to pay a levy gives rise to an asset or an expense. There is no impact of applying this interpretation on the separate financial statements.



**Table of Contents**

**LG DISPLAY CO., LTD.**

Notes to the Separate Financial Statements

For the years ended December 31, 2014 and 2013

3. **Summary of Significant Accounting Policies**

The significant accounting policies followed by the Company in preparation of its separate financial statements are as follows:

(a) **Interest in subsidiaries, associates and joint ventures**

These separate financial statements are prepared and presented in accordance with K-IFRS No.1027, *Separate Financial Statements*. The Company applied the cost method to investments in subsidiaries, associates and joint ventures in accordance with K-IFRS No.1027. Dividends from subsidiaries, associates or joint ventures are recognized in profit or loss when the right to receive the dividend is established.

(b) **Foreign Currency Transactions and Translation**

Transactions in foreign currencies are translated to the respective functional currencies of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated to the functional currency at the exchange rate on the reporting date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was originally determined. Foreign currency differences arising on retranslation are recognized in profit or loss, except for differences arising on available-for-sale equity instruments and a financial asset and liability designated as a cash flow hedge, which are recognized in other comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the original transaction. Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition are recognized in profit or loss in the period in which they arise. Foreign currency differences arising from assets and liabilities in relation to the investing and financing activities including loans, bonds and cash and cash equivalents are recognized in finance income (costs) in the separate statement of comprehensive income and foreign currency differences arising from assets and liabilities in relation to activities other than investing and financing activities are recognized in other non-operating income (expense) in the separate statement of comprehensive income. Relevant foreign currency differences are presented in gross amounts in the separate statement of comprehensive income.

**Table of Contents**

**LG DISPLAY CO., LTD.**

Notes to the Separate Financial Statements

For the years ended December 31, 2014 and 2013

3. Summary of Significant Accounting Policies, Continued

(c) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the weighted-average method, and includes expenditures incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated selling expenses. In the case of manufactured inventories and work-in-process, cost includes an appropriate share of production overheads based on the actual capacity of production facilities. However, the normal capacity is used for the allocation of fixed production overheads if the actual level of production is lower than the normal capacity.

(d) Financial Instruments

(i) Non-derivative financial assets

The Company initially recognizes loans and receivables and deposits on the date they are originated. All other non-derivative financial assets, including financial assets at fair value through profit or loss ( FVTPL ), are recognized in the separate statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows of the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability. If a transfer does not result in derecognition because the Company has retained substantially all the risks and rewards of ownership of the transferred asset, the Company continues to recognize the transferred asset and recognizes a financial liability for the consideration received. In subsequent periods, the Company recognizes any income on the transferred assets and any expense incurred on the financial liability.

Financial assets and liabilities are offset and the net amount presented in the separate statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

The Company has the following non-derivative financial assets: financial assets at FVTPL, loans and receivables and available-for-sales financial assets.

Financial assets at fair value through profit or loss

A financial asset is classified at FVTPL if it is classified as held for trading or is designated as such upon initial recognition. If a contract contains one or more embedded derivatives, the Company designates the entire hybrid (combined) contract as a financial asset at FVTPL unless: the embedded derivative(s) does not significantly modify the cash flows that otherwise would be required by the contract; or it is clear with little or no analysis when a similar hybrid (combined) instrument is first considered that separation of the embedded derivative(s) is prohibited. Upon initial recognition, attributable transaction costs are recognized in profit or loss as incurred. Financial assets at FVTPL are measured at fair value, and changes therein are recognized in profit or loss.

**Table of Contents**

**LG DISPLAY CO., LTD.**

Notes to the Separate Financial Statements

For the years ended December 31, 2014 and 2013

3. Summary of Significant Accounting Policies, Continued

(d) Financial Instruments, Continued

(i) Non-derivative financial assets, Continued

Cash and cash equivalents

Cash and cash equivalents include all cash balances and short-term highly liquid investments with an original maturity of three months or less that are readily convertible into known amounts of cash.

Deposits in banks

Deposits in banks are those with maturity of more than three months and less than one year and are held for cash management purposes.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. When loans and receivables are recognized initially, the Company measures them at their fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses. Loans and receivables comprise trade accounts and notes receivable and other accounts receivable.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or that are not classified as financial assets at FVTPL, held-to-maturity financial assets or loans and receivables. The Company's investments in equity securities and certain debt securities are classified as available-for-sale financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale equity instruments, are recognized in other comprehensive income and presented within equity in the fair value reserve. When an investment in available-for-sale financial assets is derecognized, the cumulative gain or loss in other comprehensive income is transferred to profit or loss.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and whose derivatives are linked to and must be settled by delivery of such unquoted equity instruments are measured at cost.

(ii) Non-derivative financial liabilities

The Company classifies financial liabilities into two categories, financial liabilities at FVTPL and other financial liabilities, in accordance with the substance of the contractual arrangement and the definitions of financial liabilities, and recognizes them in the separate statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Financial liabilities at FVTPL include financial liabilities held for trading or designated as such upon initial recognition at FVTPL. After initial recognition, financial liabilities at FVTPL are measured at fair value, and changes therein are recognized in profit or loss. Upon initial recognition, transaction costs that are directly attributable to the issuance of financial liabilities are recognized in profit or loss as incurred.

Table of Contents

**LG DISPLAY CO., LTD.**

Notes to the Separate Financial Statements

For the years ended December 31, 2014 and 2013

3. Summary of Significant Accounting Policies, Continued

(d) Financial Instruments, Continued

(ii) Non-derivative financial liabilities, Continued

Non-derivative financial liabilities other than financial liabilities classified as FVTPL are classified as other financial liabilities and measured initially at fair value minus transaction costs that are directly attributable to the issuance of financial liabilities. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method. As of December 31, 2014, non-derivative financial liabilities comprise borrowings, bonds and others.

The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

(iii) Share Capital

The Company only issued common stocks and they are classified as equity. Incremental costs directly attributable to the issuance of common stocks are recognized as a deduction from equity, net of tax effects. Capital contributed in excess of par value upon issuance of common stocks is classified as share premium within equity.

(iv) Derivative financial instruments, including hedge accounting

Derivatives are initially recognized at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognized in profit or loss except in the case where the derivatives are designated as cash flow hedges and the hedge is determined to be an effective hedge.

If necessary, the Company designates derivatives as hedging items to hedge the risk of changes in the fair value of assets, liabilities or firm commitments (a fair value hedge) and foreign currency risk of highly probable forecasted transactions or firm commitments (a cash flow hedge).

On initial designation of the hedge, the Company's management formally documents the relationship between the hedging instrument(s) and hedged item(s), including the risk management objectives and strategy in undertaking the hedge transaction, together with the methods that will be used to assess the effectiveness of the hedging relationship. The Company's management makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, whether the hedging instruments are expected to be highly effective in offsetting the changes in the fair value or cash flows of the respective hedged items during the period for which the hedge is designated, and whether

the actual results of each hedge are within a range of 80-125 percent. For a cash flow hedge of a forecasted transaction, the transaction should be highly probable to occur and should present an exposure to variations in cash flows that could ultimately affect reported net income.

**Table of Contents**

**LG DISPLAY CO., LTD.**

Notes to the Separate Financial Statements

For the years ended December 31, 2014 and 2013

3. Summary of Significant Accounting Policies, Continued

(d) Financial Instruments, Continued

(iv) Derivative financial instruments, including hedge accounting, Continued

Cash flow hedges

When a derivative is designated as a hedge of the variability in cash flows attributable to a particular risk associated with a recognized asset or liability or a highly probable forecasted transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognized in other comprehensive income and presented in the hedging reserve in equity. The amount recognized in other comprehensive income is removed and included in profit or loss in the same period the hedged cash flows affect profit or loss under the same line item in the separate statement of comprehensive income. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in profit or loss.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated, exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognized in other comprehensive income and presented in the hedging reserve in equity remains there until the forecasted transaction affects profit or loss. When the hedged item is a non-financial asset, the amount recognized in other comprehensive income is transferred to the carrying amount of the asset when the asset is recognized. If the forecasted transaction is no longer expected to occur, then the balance in other comprehensive income is recognized immediately in profit or loss. In other cases the amount recognized in other comprehensive income is transferred to profit or loss in the same period that the hedged item affects profit or loss.

Embedded derivative

Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at FVTPL. Changes in the fair value of separable embedded derivatives are recognized immediately in profit or loss.



**Table of Contents****LG DISPLAY CO., LTD.**

## Notes to the Separate Financial Statements

For the years ended December 31, 2014 and 2013

3. Summary of Significant Accounting Policies, Continued(e) Property, Plant and Equipment(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes an expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labor, any costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located and borrowing costs on qualifying assets.

The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item and recognized in other non-operating income or other non-operating expenses.

(ii) Subsequent costs

Subsequent expenditure on an item of property, plant and equipment is recognized as part of its cost only if it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

(iii) Depreciation

Depreciation is recognized in profit or loss on a straight-line basis method, reflecting the pattern in which the asset's future economic benefits are expected to be consumed by the Company. The residual value of property, plant and equipment is zero. Land is not depreciated.

Estimated useful lives of the assets are as follows:

	<b>Useful lives (years)</b>
Buildings and structures	20, 40
Machinery	4, 5

Furniture and fixtures	4
Equipment, tools and vehicles	4, 12

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate and any changes are accounted for as changes in accounting estimates. There were no such changes for all periods presented.

**Table of Contents**

**LG DISPLAY CO., LTD.**

Notes to the Separate Financial Statements

For the years ended December 31, 2014 and 2013

3. Summary of Significant Accounting Policies, Continued

(f) Borrowing Costs

The Company capitalizes borrowing costs, which includes interests and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs, directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. To the extent that the Company borrows funds specifically for the purpose of obtaining a qualifying asset, the Company determines the amount of borrowing costs eligible for capitalization as the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of those borrowings. The Company immediately recognizes other borrowing costs as an expense.

(g) Government Grants

In case there is reasonable assurance that the Company will comply with the conditions attached to a government grant, the government grant is recognized as follows:

(i) Grants related to the purchase or construction of assets

A government grant related to the purchase or construction of assets is deducted in calculating the carrying amount of the asset. The grant is recognized in profit or loss over the life of a depreciable asset as a reduced depreciation expense and cash related to grant received is presented in investing activities in the statement of cash flows.

(ii) Grants for compensating the Company's expenses incurred

A government grant that compensates the Company for expenses incurred is recognized in profit or loss as a deduction from relevant expenses on a systematic basis in the periods in which the expenses are recognized.

(iii) Other government grants

A government grant that becomes receivable for the purpose of giving immediate financial support to the Company with no compensation for expenses or losses already incurred or no future related costs is recognized as income of the period in which it becomes receivable.

(h) Intangible Assets

Intangible assets are initially measured at cost. Subsequently, intangible assets are measured at cost less accumulated amortization and accumulated impairment losses.

(i) Goodwill

Goodwill arising from business combinations is recognized as the excess of the acquisition cost of investments in subsidiaries, associates and joint ventures over the Company's share of the net fair value of the identifiable assets acquired and liabilities assumed. Any deficit is a bargain purchase that is recognized in profit or loss. Goodwill is measured at cost less accumulated impairment losses.

Table of Contents

**LG DISPLAY CO., LTD.**

Notes to the Separate Financial Statements

For the years ended December 31, 2014 and 2013

3. Summary of Significant Accounting Policies, Continued

(h) Intangible Assets, Continued

(ii) Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognized in profit or loss as incurred.

Development activities involve a plan or design of the production of new or substantially improved products and processes. Development expenditure is capitalized only if the Company can demonstrate all of the following:

the technical feasibility of completing the intangible asset so that it will be available for use or sale,

its intention to complete the intangible asset and use or sell it,

its ability to use or sell the intangible asset,

how the intangible asset will generate probable future economic benefits. Among other things, the Company can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset,

the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset, and

its ability to measure reliably the expenditure attributable to the intangible asset during its development.

The expenditure capitalized includes the cost of materials, direct labor, overhead costs that are directly attributable to preparing the asset for its intended use, and borrowing costs on qualifying assets.

(iii) Other intangible assets

Other intangible assets include intellectual property rights, software, customer relationships, technology, memberships and others.

(iv) Subsequent costs

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific intangible asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

Table of Contents**LG DISPLAY CO., LTD.**

## Notes to the Separate Financial Statements

For the years ended December 31, 2014 and 2013

3. Summary of Significant Accounting Policies, Continued(h) Intangible Assets, Continued(v) Amortization

Amortization is calculated on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use. The residual value of intangible assets is zero. However, as there are no foreseeable limits to the periods over which condominium and golf club memberships are expected to be available for use, these intangible assets are regarded as having indefinite useful lives and not amortized.

	<b>Estimated useful lives (years)</b>
Intellectual property rights	5, 10
Rights to use electricity, water and gas supply facilities	10
Software	4
Customer relationships	7
Technology	10
Development costs	(*)
Condominium and golf club memberships	Not amortized

(\*) Capitalized development costs are amortized over the useful life considering the life cycle of the developed products. Amortization of capitalized development costs is recognized in research and development expenses in the separate statement of comprehensive income.

Amortization periods and the amortization methods for intangible assets with finite useful lives are reviewed at each financial year-end. The useful lives of intangible assets that are not being amortized are reviewed each period to determine whether events and circumstances continue to support indefinite useful life assessments for those assets. If appropriate, the changes are accounted for as changes in accounting estimates.

(i) Impairment(i) Financial assets

A financial asset not carried at FVTPL is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency in interest or principal payments by an issuer or a debtor, for economic reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the Company would not otherwise consider, or the disappearance of an active market for that financial asset. In addition, for an investment in an equity security, objective evidence of impairment includes significant financial difficulty of the issuer and a significant or prolonged decline in its fair value below its cost.



**Table of Contents**

**LG DISPLAY CO., LTD.**

Notes to the Separate Financial Statements

For the years ended December 31, 2014 and 2013

3. Summary of Significant Accounting Policies, Continued

(i) Impairment, Continued

(i) Financial assets, Continued

The Company's management considers evidence of impairment for loans and receivables at both a specific asset and collective level. All individually significant loans and receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

In assessing collective impairment the Company uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

If there is objective evidence that an impairment loss has been incurred on financial assets carried at amortized cost, the amount of the impairment loss is measured as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Impairment losses are recognized in profit or loss and reflected in an allowance account against loans and receivables.

The amount of the impairment loss on financial assets including equity securities carried at cost is measured as the difference between the carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

When a decline in the fair value of an available-for-sale financial asset has been recognized in other comprehensive income, the amount of the cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognized in profit or loss.

In a subsequent period, for the financial assets recorded at fair value, if the fair value increases and the increase can be objectively related to an event occurring after the impairment loss was recognized, the previously recognized impairment loss is reversed. The amount of the reversal in financial assets carried at amortized cost and a debt instrument classified as available for sale is recognized in profit or loss. However, impairment loss recognized for an investment in an equity instrument classified as available-for-sale is reversed through other comprehensive income.



---

**Table of Contents**

**LG DISPLAY CO., LTD.**

Notes to the Separate Financial Statements

For the years ended December 31, 2014 and 2013

3. Summary of Significant Accounting Policies, Continued

(i) Impairment, Continued

(ii) Non-financial assets

The carrying amounts of the Company's non-financial assets, other than assets arising from employee benefits, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, irrespective of whether there is any indication of impairment, the recoverable amount is estimated each year at the same time.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit", or "CGU"). The recoverable amount of an asset or cash-generating unit is determined as the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Fair value less costs to sell is based on the best information available to reflect the amount that the Company could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Goodwill acquired in a business combination is allocated to CGUs that are expected to benefit from the synergies of the combination. Impairment losses recognized in respect of a CGU are allocated first to reduce the carrying amount of any goodwill allocated to the unit, and then to reduce the carrying amounts of the other assets in the unit on a pro rata basis.

In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of accumulated depreciation or amortization, if no impairment loss had been recognized. An impairment loss in respect of goodwill is not reversed.

**Table of Contents**

**LG DISPLAY CO., LTD.**

Notes to the Separate Financial Statements

For the years ended December 31, 2014 and 2013

3. Summary of Significant Accounting Policies, Continued

(j) Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

The risks and uncertainties that inevitably surround events and circumstances are taken into account in reaching the best estimate of a provision. Where the effect of the time value of money is material, provisions are determined at the present value of the expected future cash flows. The unwinding of the discount is recognized as finance cost.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

The Company recognizes a liability for warranty obligations based on the estimated costs expected to be incurred under its basic limited warranty. This warranty covers defective products and is normally applicable for eighteen months from the date of purchase. These liabilities are accrued when product revenues are recognized. Factors that affect the Company's warranty liability include historical and anticipated rates of warranty claims on those repairs and cost per claim to satisfy the Company's warranty obligation. Warranty costs primarily include raw materials and labor costs. As these factors are impacted by actual experience and future expectations, management periodically assesses the adequacy of its recorded warranty liabilities and adjusts the amounts as necessary. Accrued warranty obligations are included in the current and non-current provisions.

Liabilities for loss contingencies arising from claims, assessments, litigation, fines, and penalties and other sources, are recorded when it is probable that a liability has been incurred and the amount of the assessment and/or remediation can be reasonably estimated.

(k) Employee Benefits

(i) Short-term employee benefits

Short-term employee benefits that are due to be settled within twelve months after the end of the period in which the employees render the related service are recognized in profit or loss on an undiscounted basis. The expected cost of profit-sharing and bonus plans and others are recognized when the Company has a present legal or constructive obligation to make payments as a result of past events and a reliable estimate of the obligation can be made.

(ii) Other long-term employee benefits

The Company's net obligation in respect of long-term employee benefits other than pension plans is the amount of future benefit that employees have earned in return for their service in the current and prior periods.

**Table of Contents**

**LG DISPLAY CO., LTD.**

Notes to the Separate Financial Statements

For the years ended December 31, 2014 and 2013

3. Summary of Significant Accounting Policies, Continued

(k) Employee Benefits, Continued

(iii) Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

(iv) Defined benefit plan

A defined benefit plan is a post-employment benefit plan other than defined contribution plans. The Company's net obligation in respect of its defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The fair value of any plan assets is deducted.

The calculation is performed annually by an independent actuary using the projected unit credit method. The discount rate is the yield at the reporting date on high quality corporate bonds that have maturity dates approximating the terms of the Company's obligations and that are denominated in the same currency in which the benefits are expected to be paid. The Company recognizes all actuarial gains and losses arising from defined benefit plans in retained earnings immediately.

The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Consequently, the net interest on the net defined benefit liability (asset) now comprises: interest cost on the defined benefit obligation, interest income on plan assets, and interest on the effect on the asset ceiling.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(l) Revenue

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of estimated returns, earned trade discounts, volume rebates and other cash incentives paid to customers. Revenue is recognized when persuasive evidence exists that the significant risks and rewards of ownership have been transferred to the buyer, generally on delivery and acceptance at the customers premises, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognized as a reduction of revenue when the sales are recognized. Sales taxes collected from customers and remitted to governmental authorities are accounted for on a net basis and therefore are excluded from revenues in the separate statements of comprehensive income.

**Table of Contents**

**LG DISPLAY CO., LTD.**

Notes to the Separate Financial Statements

For the years ended December 31, 2014 and 2013

3. Summary of Significant Accounting Policies, Continued

(m) Operating Segments

In accordance with K-IFRS No. 1108, *Operating Segments*, entity wide disclosures of geographic and product revenue information are provided in the consolidated financial statements.

(n) Finance Income and Finance Costs

Finance income comprises interest income on funds invested (including available-for-sale financial assets), dividend income, gains on the disposal of available-for-sale financial assets, changes in the fair value of financial assets at FVTPL, and gains on hedging instruments that are recognized in profit or loss. Interest income is recognized as it accrues in profit or loss, using the effective interest method. Dividend income is recognized in profit or loss on the date that the Company's right to receive payment is established.

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions, changes in the fair value of financial assets at FVTPL, impairment losses recognized on financial assets, and losses on hedging instruments that are recognized in profit or loss. Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset.

(o) Income Tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

(i) Current tax

Current tax is the expected tax payable or receivable on the taxable profit or loss for the year, using tax rates enacted or substantively enacted at the reporting date and any adjustment to tax payable in respect of previous years. The taxable profit is different from the accounting profit for the period since the taxable profit is calculated excluding the temporary differences, which will be taxable or deductible in determining taxable profit (tax loss) of future periods, and non-taxable or non-deductible items from the accounting profit.



**Table of Contents**

**LG DISPLAY CO., LTD.**

Notes to the Separate Financial Statements

For the years ended December 31, 2014 and 2013

3. Summary of Significant Accounting Policies, Continued

(o) Income Tax, Continued

(ii) Deferred tax

Deferred tax is recognized, using the liability method, in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and deferred tax assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. However, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill.

The Company recognizes a deferred tax liability for all taxable temporary differences associated with investments in subsidiaries, associates, and interests in joint ventures, except to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. A deferred tax asset is recognized for all deductible temporary differences to the extent that it is probable that the differences relating to investments in subsidiaries, associates and joint ventures will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilized.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

The Company offsets deferred tax assets and deferred tax liabilities if, and only if, the Company has a legally enforceable right to set off current tax assets against current tax liabilities and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority.

(p) Earnings Per Share

The Company presents basic and diluted earnings per share ( EPS ) data for its common stocks. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of common stocks outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of common stocks outstanding, adjusted for the effects of all dilutive potential common stocks, which comprise convertible bonds.

(q) New Standards and Interpretations Not Yet Adopted  
Amendment to K-IFRS No. 1027, *Separate Financial Statements*

Amendment to K-IFRS No. 1027, *Separate Financial Statements*, introduced equity accounting as a third option in the entity's separate financial statements, in addition to the existing cost and fair value options. This amendment will be effective for annual periods beginning on or after January 1, 2016, and has not been adopted early in preparing the separate financial statements.

Management believes that the adoption of the amendment is expected to have no impact on the separate financial statements.

**Table of Contents**

**LG DISPLAY CO., LTD.**

Notes to the Separate Financial Statements

For the years ended December 31, 2014 and 2013

4. **Determination of Fair Value**

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(a) **Current Assets and Liabilities**

The carrying amounts approximate fair value because of the short maturity of these instruments.

(b) **Trade Receivables and Other Receivables**

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes. The carrying amounts of short-term receivables approximate fair value.

(c) **Investments in Equity and Debt Securities**

The fair value of marketable available-for-sale financial assets is determined by reference to their quoted closing bid price at the reporting date. The fair value of non-marketable securities is determined using valuation methods.

(d) **Non-derivative Financial Liabilities**

Fair value, which is determined for disclosure purposes, except for the liabilities at FVTPL, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

5. **Risk Management**

(a) **Financial Risk Management**

The Company is exposed to credit risk, liquidity risk and market risks. The Company identifies and analyzes such risks, and controls are implemented under a risk management system to monitor and manage these risks at below a threshold level.

(i) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers.

The Company's exposure to credit risk of trade and other receivables is influenced mainly by the individual characteristics of each customer. However, management believes that the demographics of the Company's customer base, including the default risk of the country in which customers operate, do not have a significant influence on credit risk since the majority of the customers are global electronic appliance manufacturers operating in global markets.

**Table of Contents**

**LG DISPLAY CO., LTD.**

Notes to the Separate Financial Statements

For the years ended December 31, 2014 and 2013

5. Risk Management, Continued

The Company establishes credit limits for each customer and each new customer is analyzed quantitatively and qualitatively before determining whether to utilize third party guarantees, insurance or factoring as appropriate.

The Company does not establish allowances for receivables under insurance or receivables from customers with a high credit rating. For the rest of the receivables, the Company establishes an allowance for impairment of trade and other receivables that have been individually or collectively evaluated for impairment and estimated on the basis of historical loss experience for assets.

(ii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company has historically been able to satisfy its cash requirements from cash flows from operations and debt and equity financing. To the extent that the Company does not generate sufficient cash flows from operations to meet its capital requirements, the Company may rely on other financing activities, such as external long-term borrowings and offerings of debt securities, equity-linked and other debt securities. In addition, the Company maintains a line of credit with various banks.

(iii) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

i) Currency risk

The Company is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the functional currency of the Company, Korean won (KRW). The currencies in which these transactions primarily are denominated are USD, JPY, etc.

Interest on borrowings is denominated in the currency of the borrowing. Generally, borrowings are denominated in currencies that match the cash flows generated by the underlying operations of the Company, primarily KRW and

USD.

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

**Table of Contents****LG DISPLAY CO., LTD.**

## Notes to the Separate Financial Statements

For the years ended December 31, 2014 and 2013

5. Risk Management, Continuedii) Interest rate risk

Interest rate risk arises principally from the Company's debentures and borrowings. The Company establishes and applies its policy to reduce uncertainty arising from fluctuations in the interest rate and to minimize finance cost and manages interest rate risk by monitoring of trends of fluctuations in interest rate and establishing plan for countermeasures.

(b) Capital Management

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

*(In millions of won)*

	<b>December 31, 2014</b>	<b>December 31, 2013</b>
Total liabilities	10,387,762	10,882,168
Total equity	10,624,075	9,762,425
Cash and deposits in banks (*1)	1,626,167	1,554,235
Borrowings (including bonds)	3,448,402	3,881,689
Total liabilities to equity ratio	98%	111%
Net borrowings to equity ratio (*2)	17%	24%

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

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

**Table of Contents****LG DISPLAY CO., LTD.**

## Notes to the Separate Financial Statements

For the years ended December 31, 2014 and 2013

**6. Cash and Cash Equivalents and Deposits in Banks**

Cash and cash equivalents and deposits in banks at the reporting date are as follows:

<i>(In millions of won)</i>	<b>December 31, 2014</b>	<b>December 31, 2013</b>
<b>Current assets</b>		
<b>Cash and cash equivalents</b>		
Demand deposits	100,558	253,059
<b>Deposits in banks</b>		
Time deposits	1,452,804	1,231,176
Restricted cash (*)	72,805	70,000
	<b>1,525,609</b>	<b>1,301,176</b>
<b>Non-current assets</b>		
<b>Deposits in banks</b>		
Restricted cash (*)	8,427	13
	<b>1,634,594</b>	<b>1,554,248</b>

(\*) Restricted cash includes mutual growth fund to aid LG Group's second and third-tier suppliers, and others.



**Table of Contents****LG DISPLAY CO., LTD.**

## Notes to the Separate Financial Statements

For the years ended December 31, 2014 and 2013

7. Receivables and Other Current Assets

(a) Trade accounts and notes receivable at the reporting date are as follows:

*(In millions of won)*

	December 31, 2014	December 31, 2013
Trade, net	145,301	175,997
Due from related parties	3,870,603	3,367,196
	4,015,904	3,543,193

(b) Other accounts receivable at the reporting date are as follows:

*(In millions of won)*

	December 31, 2014	December 31, 2013
<b>Current assets</b>		
Non-trade accounts receivable, net	378,704	49,626
Accrued income	17,947	10,180
	396,651	59,806

Due from related parties included in other accounts receivable, as of December 31, 2014 and 2013 are 363,267 million and 1,154 million, respectively.

(c) Other assets at the reporting date are as follows:

*(In millions of won)*

	December 31, 2014	December 31, 2013
<b>Current assets</b>		
Advance payments	9,558	8,503
Prepaid expenses	42,657	44,179

Edgar Filing: LG Display Co., Ltd. - Form 6-K

Value added tax refundable	150,907	77,144
	203,122	129,826
<b>Non-current assets</b>		
Long-term prepaid expenses	247,588	209,655
Others	2,900	3,500
	250,488	213,155

**Table of Contents****LG DISPLAY CO., LTD.**

## Notes to the Separate Financial Statements

For the years ended December 31, 2014 and 2013

**8. Inventories**

Inventories at the reporting date are as follows:

<i>(In millions of won)</i>	<b>December 31, 2014</b>	<b>December 31, 2013</b>
Finished goods	653,610	487,990
Work-in-process	710,813	570,008
Raw materials	381,558	240,439
Supplies	300,694	288,205
	<b>2,046,675</b>	<b>1,586,642</b>

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

<i>(In millions of won)</i>	<b>2014</b>	<b>2013</b>
Inventories recognized as cost of sales	22,360,245	23,103,569
Including: inventory write-downs	299,948	189,312
Including: reversal and usage of inventory write-downs	(189,312)	(118,903)

There were no significant reversals of inventory write-downs recognized during 2014 and 2013.

**Table of Contents****LG DISPLAY CO., LTD.**

## Notes to the Separate Financial Statements

For the years ended December 31, 2014 and 2013

9. Other Financial Assets

(a) Other financial assets at the reporting date are as follows:

<i>(In millions of won)</i>	<b>December 31, 2014</b>	<b>December 31, 2013</b>
<b>Current assets</b>		
Available-for-sale financial assets	2,569	
<b>Non-current assets</b>		
Available-for-sale financial assets	6,713	16,792
Deposits	13,037	15,282
Long-term other accounts receivable	7,859	8,818
	<b>27,609</b>	<b>40,892</b>

(b) Available-for-sale financial assets at the reporting date are as follows:

<i>(In millions of won)</i>	<b>December 31, 2014</b>	<b>December 31, 2013</b>
<b>Current assets</b>		
<b>Debt securities</b>		
Government bonds	2,569	
<b>Non-current assets</b>		
<b>Debt securities</b>		
Government bonds	668	2,838
<b>Equity securities</b>		
Intellectual Discovery, Ltd.	2,673	2,673
Siliconworks Co., Ltd.		11,281
Henghao Technology Co., Ltd.	3,372	
	<b>6,045</b>	<b>13,954</b>
	<b>9,282</b>	<b>16,792</b>



**Table of Contents****LG DISPLAY CO., LTD.**

## Notes to the Separate Financial Statements

For the years ended December 31, 2014 and 2013

10. **Investments**

(a) Investments in subsidiaries consist of the following:

(In millions of won)

Overseas Subsidiaries	Location	Business	December 31, 2014		December 31, 2013	
			Percentage of ownership	Book value	Percentage of ownership	Book Value
LG Display America, Inc. (*1)	San Jose, U.S.A.	Sell TFT-LCD products	100%	36,815	100%	
LG Display Germany GmbH	Ratingen, Germany	Sell TFT-LCD products	100%	19,373	100%	19,373
LG Display Japan Co., Ltd.	Tokyo, Japan	Sell TFT-LCD products	100%	15,686	100%	15,686
LG Display Taiwan Co., Ltd.	Taipei, Taiwan	Sell TFT-LCD products	100%	35,230	100%	35,230
LG Display Nanjing Co., Ltd. (*2)	Nanjing, China	Manufacture and sell TFT-LCD products	100%	579,747	100%	561,635
LG Display Shanghai Co., Ltd.	Shanghai, China	Sell TFT-LCD products	100%	9,093	100%	9,093
LG Display Poland Sp. z o.o. (*3)	Wroclaw, Poland	Manufacture and sell TFT-LCD products	100%	194,992	80%	157,864
LG Display Guangzhou Co., Ltd. (*4)	Guangzhou, China	Manufacture and sell TFT-LCD products	100%	293,557	100%	174,157
LG Display Shenzhen Co., Ltd.	Shenzhen, China	Sell TFT-LCD products	100%	3,467	100%	3,467
LG Display Singapore PTE. LTD.	Singapore Xiamen,	Sell TFT-LCD products	100%	1,250	100%	1,250
			51%		51%	

Edgar Filing: LG Display Co., Ltd. - Form 6-K

L&T Display Technology (Xiamen) Limited	China	Manufacture LCD module and TV sets				
L&T Display Technology (Fujian) Limited	Fujian, China	Manufacture LCD module and LCD monitor sets	51%	10,123	51%	10,123
LG Display Yantai Co., Ltd. (*5)	Yantai, China	Manufacture and sell TFT-LCD products	100%	159,769	100%	88,488
LUCOM Display Technology (Kunshan) Limited (*6)	Kunshan, China	Manufacture notebook borderless hinge-up			51%	8,594
LG Display U.S.A., Inc.	McAllen, U.S.A.	Manufacture and sell TFT-LCD products	100%	12,353	100%	12,353
LG Display Reynosa S.A.de C.V. (*7)	Reynosa, Mexico	Manufacture TFT-LCD products			1%	92

**Table of Contents****LG DISPLAY CO., LTD.**

## Notes to the Separate Financial Statements

For the years ended December 31, 2014 and 2013

10. Investments, Continued*(In millions of won)*

Overseas Subsidiaries	Location	Business	December 31, 2014		December 31, 2013	
			Percentage of ownership	Book value	Percentage of ownership	Book value
Nanumnuri Co., Ltd.	Gumi, South Korea	Janitorial services	100%	800	100%	800
LG Display China Co., Ltd. (*8)	Guangzhou, China	Manufacture and sell TFT-LCD products	56%	588,467	64%	367,728
Unified Innovative Technology, LLC (*9)	Wilmington, U.S.A.	Manage intellectual property	100%	9,489		
Money Market Trust	Seoul, South Korea	Money market trust	100%	18,100		
				1,988,311		1,465,933

(\*1) In June 2014, the Company invested 36,815 million in cash for the capital increase of LG Display America, Inc. ( LGDUS ). There was no change in the Company's ownership percentage in LGDUS as a result of this additional investment.

(\*2) In December 2014, the Company invested 18,112 million in cash for the capital increase of LG Display Nanjing Co., Ltd. ( LGDNJ ). There was no change in the Company's ownership percentage in LGDNJ as a result of this additional investment.

(\*3) In November 2014, Toshiba Corporation exercised its put option to sell 20% ownership of LG Display Poland Sp. z o.o. ( LGDWR ) in whole at 37,128 million.

(\*4) In December 2014, the Company invested 119,400 million in cash for the capital increase of LG Display Guangzhou Co., Ltd. ( LGDGZ ). There was no change in the Company's ownership percentage in LGDGZ as a result of this additional investment.

(\*5) In June 2014, the Company invested 71,281 million in cash for the capital increase of LG Display Yantai Co., Ltd. ( LGDYT ). There was no change in the Company's ownership percentage in LGDYT as a result of this additional investment.

(\*6)



In June 2014, the Company disposed of the entire investments in LUCOM Display Technology (Kunshan) Limited at 3,383 million and recognized 5,211 million for the difference between the disposal amount and the carrying amount as finance cost.

- (\*7) In December 2014, the Company disposed of entire investments in LG Display Reynosa S.A. de C.V. ( LGDRS ) at 65 million and recognized 27 million for the difference between the disposal amount and the carrying amount as finance cost. Meanwhile, LG Display U.S.A. Inc. ( LGDUH ), a subsidiary of the Company, disposed of the entire investments in LGDRS at 6,419 million.
- (\*8) In May 2014, the Company invested 220,740 million in cash for the capital increase of LG Display (China) Co., Ltd. ( LGDCA ). In addition, in January, April and September 2014, LG Display Guangzhou Co., Ltd. ( LGDGZ ), a subsidiary of the Company, invested an aggregate of 105,297 million in cash for the capital increase of LGDCA. In 2014, the Company's ownership percentage in LGDCA decreased from 64% to 56% and LGDGZ's ownership percentage in LGDCA increased from 6% to 14%.
- (\*9) In March, the Company established Unified Innovative Technology, LLC ( UNIT ), a wholly owned subsidiary of the Company, for the management of intellectual property, with an investment of 4,283 million. In April 2014, the Company invested 5,206 million in cash for the capital increase of UNIT.

**Table of Contents****LG DISPLAY CO., LTD.**

## Notes to the Separate Financial Statements

For the years ended December 31, 2014 and 2013

10. Investments, Continued

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

*(In millions of won)*

<b>Joint Ventures</b>	<b>Location</b>	<b>Business</b>	<b>December 31, 2014</b>		<b>December 31, 2013</b>	
			<b>Percentage of ownership</b>	<b>Book value</b>	<b>Percentage of ownership</b>	<b>Book value</b>
Suzhou Raken Technology Co., Ltd. (*1)	Suzhou, China	Manufacture and sell LCD modules and LCD TV sets	51%	120,184	51%	120,184
Global OLED Technology LLC (*2)	Herndon, U.S.A.	Managing and licensing OLED patents	33%	28,732	33%	53,282
				148,916	173,466	

(\*1) Despite of its 51% ownership, management concluded that the Company does not have control of Suzhou Raken Technology Co., Ltd. ( Raken ) because the Company and AmTRAN Technology Co., Ltd., which has a 49% equity interest of the investee, jointly control the board of directors of the investee through equal voting powers.

(\*2) In 2014, the Company recognized an impairment loss of 24,550 million for the difference between the carrying amount and the recoverable amount of investments in Global OLED Technology LLC as finance cost.

**Table of Contents****LG DISPLAY CO., LTD.**

## Notes to the Separate Financial Statements

For the years ended December 31, 2014 and 2013

10. Investments, Continued

(c) Investments in associates consist of the following:

*(In millions of won)*

Associates	Location	Business	December 31, 2014		December 31, 2013	
			Percentage of ownership	Book Value	Percentage of ownership	Book Value
Paju Electric Glass Co., Ltd.	Paju, South Korea	Manufacture electric glass for FPDs	40%	45,089	40%	45,089
TLI Inc.	Seongnam, South Korea	Manufacture and sell semiconductor parts	10%	6,961	10%	6,961
AVACO Co., Ltd.	Daegu, South Korea	Manufacture and sell equipment for FPDs	16%	6,021	16%	6,021
New Optics Ltd.	Yangju, South Korea	Manufacture back light parts for TFT-LCDs	46%	14,221	46%	14,221
LIG ADP Co., Ltd.	Seongnam, South Korea	Develop and manufacture the equipment for FPDs	13%	6,330	13%	6,330
WooRee E&L Co., Ltd.	Ansan, South Korea	Manufacture LED back light unit packages	21%	11,900	21%	11,900
LB Gemini New Growth Fund No.16 (*1)	Seoul, South Korea	Invest in small and middle sized companies and benefit from M&A opportunities	31%	14,065	31%	20,939
Can Yang Investments Limited (*2)	Hong Kong	Develop, manufacture and	9%	9,467	9%	17,516

Edgar Filing: LG Display Co., Ltd. - Form 6-K

YAS Co., Ltd.	Paju, South Korea	sell LED parts Develop and manufacture deposition equipment for OLEDs	19%	10,000	19%	10,000
Eralite Optoelectronics (Jiangsu) Co., Ltd. (*3)	Suzhou, China	Manufacture LED Packages			20%	1,830
Narenanotech Corporation	Yongin, South Korea	Manufacture and sell FPD manufacturing equipment	23%	30,000	23%	30,000
AVATEC Co., Ltd.	Daegu, South Korea	Process and sell glass for FPDs	16%	10,600	16%	10,600
Glonix Co., Ltd.	Gimhae, South Korea	Manufacture and sell LCD	20%		20%	
				164,654		181,407

**Table of Contents**

**LG DISPLAY CO., LTD.**

Notes to the Separate Financial Statements

For the years ended December 31, 2014 and 2013

10. Investments, Continued

- (\*1) The Company is a member of a limited partnership in the LB Gemini New Growth Fund No.16 ( the Fund ). In January, March, September and December 2014, the Company received 1,035 million, 921 million, 1,596 million and 3,646 million respectively, from the Fund as capital distribution and made an additional cash investment of 324 million in the fund in March 2014. There was no change in the Company's ownership percentage in the Fund and the Company is committed to making future investments of up to an aggregate of 30,000 million.
- (\*2) In 2014, the Company recognized an impairment loss of 8,049 million as finance cost for the difference between the carrying amount and the recoverable amount of investments in Can Yang Investments Limited which develop, manufactures and sells LED parts.
- (\*3) In March 2014, the Company disposed of the entire investments in Eralite Optoelectronics (Jiangsu) Co., Ltd., which manufactures LED Package, for 1,634 million and recognized 196 million for the difference between the disposal amount and the carrying amount as finance cost.

For the years ended December 31, 2014 and 2013, the aggregate amount of received dividends from subsidiaries, joint ventures and associates are 431,592 million and 14,276 million, respectively.

**Table of Contents****LG DISPLAY CO., LTD.**

## Notes to the Separate Financial Statements

For the years ended December 31, 2014 and 2013

**11. Property, Plant and Equipment**

Changes in property, plant and equipment for the year ended December 31, 2014 are as follows:

*(In millions of won)*

	Land	Buildings and structures	Machinery and equipment	Furniture and fixtures	Construction-in-progress (*1)	Others	Total
Acquisition cost as of January 1, 2014	438,375	4,702,736	30,425,132	675,033	2,115,532	195,947	38,552,755
Accumulated depreciation as of January 1, 2014		(1,338,458)	(26,162,867)	(603,000)		(153,690)	(28,258,015)
Book value as of January 1, 2014	438,375	3,364,278	4,262,265	72,033	2,115,532	42,257	10,294,740
Additions					1,329,074		1,329,074
Depreciation		(220,896)	(2,578,739)	(40,853)		(14,508)	(2,854,996)
Impairment loss			(8,097)				(8,097)
Disposals	(3,778)	(9,488)	(43,463)	(40)		(12)	(56,781)
Others (*2)	4	5,570	2,348,486	37,778	(2,405,593)	13,755	
Subsidy received		(192)	(3,447)				(3,639)
Book value as of December 31, 2014	434,601	3,139,272	3,977,005	68,918	1,039,013	41,492	8,700,301
Acquisition cost as of December 31, 2014	434,601	4,696,510	32,538,649	706,364	1,039,013	167,330	39,582,467
Accumulated depreciation as of December 31, 2014		(1,557,238)	(28,553,547)	(637,446)		(125,838)	(30,874,069)

Accumulated impairment loss as of December 31, 2014	(8,097)	(8,097)
--	---------	---------

- (\*1) As of December 31, 2014, construction-in-progress relates to construction of manufacturing facilities.  
(\*2) Others are mainly amounts transferred from construction-in-progress.

**Table of Contents****LG DISPLAY CO., LTD.**

## Notes to the Separate Financial Statements

For the years ended December 31, 2014 and 2013

**11. Property, Plant and Equipment, Continued**

Changes in property, plant and equipment for the year ended December 31, 2013 are as follows:

*(In millions of  
won)*

	<b>Land</b>	<b>Buildings and structures</b>	<b>Machinery and equipment</b>	<b>Furniture and fixtures</b>	<b>Construction- in-progress (*1)</b>	<b>Others</b>	<b>Total</b>
Acquisition cost as of January 1, 2013	440,992	4,666,537	30,223,060	642,747	896,032	172,540	37,041,908
Accumulated depreciation as of January 1, 2013		(1,112,321)	(23,250,273)	(549,029)		(125,850)	(25,037,473)
Book value as of January 1, 2013	440,992	3,554,216	6,972,787	93,718	896,032	46,690	12,004,435
Additions					1,688,328		1,688,328
Depreciation		(225,608)	(3,089,654)	(51,550)		(14,154)	(3,380,966)
Disposals	(3,579)	(8,521)	(3,151)	(62)			(15,313)
Others (*2)	962	45,935	382,283	29,927	(468,828)	9,721	
Subsidy received		(1,744)					(1,744)
Book value as of December 31, 2013	438,375	3,364,278	4,262,265	72,033	2,115,532	42,257	10,294,740
Acquisition cost as of December 31, 2013	438,375	4,702,736	30,425,132	675,033	2,115,532	195,947	38,552,755
Accumulated depreciation as of December 31, 2013		(1,338,458)	(26,162,867)	(603,000)		(153,690)	(28,258,015)



(\*1) As of December 31, 2013, construction-in-progress relates to construction of manufacturing facilities.

(\*2) Others are mainly amounts transferred from construction-in-progress.

The capitalized borrowing costs and capitalization rate for the years ended December 31, 2014 and 2013 are as follows:

*(In millions of won)*

	<b>2014</b>	<b>2013</b>
Capitalized borrowing costs	27,288	20,470
Capitalization rate	4.23%	4.56%

**Table of Contents****LG DISPLAY CO., LTD.**

## Notes to the Separate Financial Statements

For the years ended December 31, 2014 and 2013

**12. Intangible Assets**

Changes in intangible assets for the year ended December 31, 2014 are as follows:

(in millions of won)	Intellectual property rights	Software	Memberships	Development costs	Construction- in-progress (software)	Customer relationships	Technology	Goodwill	Others (*2)	Total
Acquisition cost as of January 1, 2014	561,400	476,033	50,110	617,355	9,365	24,011	11,074	14,593	13,076	1,777,000
Accumulated amortization as of January 1, 2014	(467,707)	(355,101)		(454,112)		(12,591)	(4,065)		(12,571)	(1,306,146)
Accumulated impairment loss as of January 1, 2014			(9,250)							(9,250)
Book value as of January 1, 2014	93,693	120,932	40,860	163,243	9,365	11,420	7,009	14,593	505	461,618
Acquisitions - internally developed				267,081						267,081
Acquisitions - external purchases	17,867				65,443					83,310
Amortization (*1)	(17,472)	(64,187)		(176,700)		(3,428)	(1,106)		(433)	(263,396)
Disposals	(115)									(115)
Impairment loss			(492)							(492)
Transfer from Construction-in-progress		69,633			(69,633)					
Book value as of December 31, 2014	93,973	126,378	40,368	253,624	5,175	7,992	5,903	14,593	72	548,000
Acquisition cost as of December 31, 2014	579,033	545,666	50,110	884,436	5,175	24,011	11,074	14,593	13,076	2,127,104
Accumulated amortization as of December 31, 2014	(485,060)	(419,288)		(630,812)		(16,019)	(5,171)		(13,004)	(1,569,364)

Accumulated  
impairment loss as of  
December 31, 2014

(9,742)

(9,742)

- (\*1) The Company has classified the amortization as manufacturing overhead costs, selling expenses, administrative expenses, and research and development expenses.
- (\*2) Others mainly consist of rights to use of electricity and gas supply facilities.

**Table of Contents****LG DISPLAY CO., LTD.**

Notes to the Separate Financial Statements

For the years ended December 31, 2014 and 2013

**12. Intangible Assets, Continued**

Changes in intangible assets for the year ended December 31, 2013 are as follows:

(in millions of won)	Intellectual property rights	Software	Memberships	Development- costs	Construction- in-progress (software)	Customer relationships	Technology	Goodwill	Others (*2)	Total
Acquisition cost as of January 1, 2013	542,895	423,125	50,233	495,120	2,204	24,011	11,074	14,593	13,076	1,576,330
Accumulated amortization as of January 1, 2013	(456,699)	(273,181)		(325,944)		(9,164)	(2,958)		(11,794)	(1,079,736)
Accumulated impairment loss as of January 1, 2013			(7,928)							(7,928)
Book value as of January 1, 2013	86,196	149,944	42,305	169,176	2,204	14,847	8,116	14,593	1,282	488,661
Acquisitions - internally developed				123,271						123,271
Acquisitions - external purchases	22,996		1,100		59,813					83,909
Amortization (*1)	(15,214)	(81,664)		(128,350)		(3,427)	(1,107)		(777)	(230,532)
Impairment loss	(285)		(1,215)	(854)						(2,354)
Disposals			(1,330)							(1,330)
Transfer from construction-in-progress		52,652			(52,652)					
Book value as of December 31, 2013	93,693	120,932	40,860	163,243	9,365	11,420	7,009	14,593	505	461,620
Acquisition cost as of December 31, 2013	561,400	476,033	50,110	617,355	9,365	24,011	11,074	14,593	13,076	1,777,007
Accumulated amortization as of	(467,707)	(355,101)		(454,112)		(12,591)	(4,065)		(12,571)	(1,306,156)

ember 31, 2013

umulated  
airment loss as of  
ember 31, 2013

(9,250)

(9,2

(\*1) The Company has classified the amortization as manufacturing overhead costs, selling expenses, administrative expenses, and research and development expenses.

(\*2) Others mainly consist of rights to use of electricity and gas supply facilities.

**Table of Contents****LG DISPLAY CO., LTD.**

## Notes to the Separate Financial Statements

For the years ended December 31, 2014 and 2013

13. **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 at the reporting date is as follows:

*(In millions of won)*

	<b>December 31, 2014</b>	<b>December 31, 2013</b>
Cash and cash equivalents	100,558	253,059
Deposits in banks	1,534,036	1,301,189
Trade accounts and notes receivable, net	4,015,904	3,543,193
Other accounts receivable, net	396,651	59,806
Available-for-sale financial assets	3,237	2,838
Deposits	13,037	15,282
Other non-current financial assets	7,859	8,818
	<b>6,071,282</b>	<b>5,184,185</b>

In addition to the financial assets above, as of December 31, 2014 and 2013, the Company provides payment guarantees of 148,392 million and 7,387 million, respectively, for its subsidiaries.

The maximum exposure to credit risk for trade accounts and notes receivable at the reporting date by geographic region is as follows:

*(In millions of won)*

	<b>December 31, 2014</b>	<b>December 31, 2013</b>
Domestic	406,163	264,703
Euro-zone countries	283,257	286,445
Japan	127,354	116,994
United States	1,816,906	1,236,652
China	784,896	987,746
Taiwan	368,503	422,461

Others	228,825	228,192
	4,015,904	3,543,193

**Table of Contents****LG DISPLAY CO., LTD.**

## Notes to the Separate Financial Statements

For the years ended December 31, 2014 and 2013

13. Financial Instruments, Continued

## (ii) Impairment loss

The aging of trade accounts and notes receivable at the reporting date was as follows:

<i>(In millions of won)</i>	<b>December 31, 2014</b>		<b>December 31, 2013</b>	
	<b>Book value</b>	<b>Impairment loss</b>	<b>Book value</b>	<b>Impairment loss</b>
Not past due	4,006,346	(114)	3,551,096	(9,890)
Past due 1-15 days	3,061	(25)	1,650	(4)
Past due 16-30 days	1,252	(12)	112	(1)
Past due 31-60 days	1,830	(18)	53	(1)
Past due more than 60 days	13,540	(9,956)	180	(2)
	4,026,029	(10,125)	3,553,091	(9,898)

The movement in the allowance for impairment in respect of receivables for the years ended December 31, 2014 and 2013 is as follows:

<i>(In millions of won)</i>	<b>2014</b>	<b>2013</b>
Balance at the beginning of the year	9,898	243
Bad debt expense	227	9,655
Balance at the end of the year	10,125	9,898



**Table of Contents****LG DISPLAY CO., LTD.**

## Notes to the Separate Financial Statements

For the years ended December 31, 2014 and 2013

13. Financial Instruments, Continued

## (b) Liquidity Risk

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

<i>(In millions of won)</i>	Carrying amount	Total	Contractual cash flows				
			6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities							
Unsecured bank loans	853,719	869,477	265,408	98,661	391,435	113,355	618
Unsecured bond issues	2,594,683	2,799,414	249,662	454,352	1,060,631	1,034,769	
Trade accounts and notes payable	3,989,505	3,989,505	3,989,505				
Other accounts payable	1,043,422	1,043,535	1,030,570	12,965			
Other non-current liabilities	12,805	13,972			10,640	3,332	
Payment guarantee		154,237	1,161	1,181	2,348	149,547	
	8,494,134	8,870,140	5,536,306	567,159	1,465,054	1,301,003	618

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

**Table of Contents****LG DISPLAY CO., LTD.**

## Notes to the Separate Financial Statements

For the years ended December 31, 2014 and 2013

13. Financial Instruments, Continued

## (c) Currency Risk

## (i) Exposure to currency risk

The Company's exposure to foreign currency risk based on notional amounts at the reporting date is as follows:

*(In millions)*

	December 31, 2014					
	USD	JPY	CNY	PLN	EUR	BRL
Cash and cash equivalents	78	1,150	2			
Trade accounts and notes receivable	3,332	7,909			16	
Other accounts receivable	25	13				
Long-term other accounts receivable	6					
Other assets denominated in foreign currencies		51				
Trade accounts and notes payable	(2,463)	(21,474)				
Other accounts payable	(106)	(3,484)	(260)	(19)	(1)	(34)
Debt	(770)					
Net exposure	102	(15,835)	(258)	(19)	15	(34)

*(In millions)*

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



**Table of Contents****LG DISPLAY CO., LTD.**

## Notes to the Separate Financial Statements

For the years ended December 31, 2014 and 2013

13. Financial Instruments, Continued

Significant exchange rates applied during the reporting periods are as follows:

<i>(In won)</i>	Average rate		Reporting date spot rate	
	2014	2013	December 31, 2014	December 31, 2013
USD	1,052.70	1,094.79	1,099.20	1,055.30
JPY	9.96	11.23	9.20	10.05
CNY	170.83	178.06	176.81	174.09
PLN	334.20	346.39	312.49	351.11
EUR	1,398.37	1,453.39	1,336.52	1,456.26
BRL	448.16	509.26	413.62	446.75

## (ii) Sensitivity analysis

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

<i>(In millions of won)</i>	December 31, 2014		December 31, 2013	
	Equity	Profit or loss	Equity	Profit or loss
USD (5 percent weakening)	4,249	4,249	(10,039)	(10,039)
JPY (5 percent weakening)	(5,522)	(5,522)	(7,377)	(7,377)
CNY (5 percent weakening)	(1,729)	(1,729)		
PLN (5 percent weakening)	(225)	(225)	13	13
EUR (5 percent weakening)	760	760	2,042	2,042
BRL (5 percent weakening)	(533)	(533)		

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



**Table of Contents****LG DISPLAY CO., LTD.**

## Notes to the Separate Financial Statements

For the years ended December 31, 2014 and 2013

13. **Financial Instruments, Continued**

## (d) Interest Rate Risk

## (i) Profile

The interest rate profile of the Company's interest-bearing financial instruments at the reporting date is as follows:

*(In millions of won)*

	December 31, 2014	December 31, 2013
<b>Fixed rate instruments</b>		
Financial assets	1,637,818	1,557,073
Financial liabilities	(2,818,383)	(3,135,500)
	(1,180,565)	(1,578,427)
<b>Variable rate instruments</b>		
Financial liabilities	(630,019)	(746,189)

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

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

*(In millions of won)*

	Equity		Profit or loss	
	1% increase	1% decrease	1% increase	1% decrease
<b>December 31, 2014</b>				
Variable rate instruments	(4,776)	4,776	(4,776)	4,776
<b>December 31, 2013</b>				
Variable rate instruments	(5,656)	5,656	(5,656)	5,656



**Table of Contents****LG DISPLAY CO., LTD.**

## Notes to the Separate Financial Statements

For the years ended December 31, 2014 and 2013

13. 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 separate statement of financial position, are as follows:

<i>(In millions of won)</i>	<b>December 31, 2014</b>		<b>December 31, 2013</b>	
	<b>Carrying amounts</b>	<b>Fair values</b>	<b>Carrying amounts</b>	<b>Fair values</b>
<b>Assets carried at fair value</b>				
Available-for-sale financial assets	3,237	3,237	14,119	14,119
<b>Assets carried at amortized cost</b>				
Cash and cash equivalents	100,558	(*)	253,059	(*)
Deposits in banks	1,534,036	(*)	1,301,189	(*)
Trade accounts and notes receivable	4,015,904	(*)	3,543,193	(*)
Other accounts receivable	396,651	(*)	59,806	(*)
Deposits	13,037	(*)	15,282	(*)
Other non-current financial assets	7,859	(*)	8,818	(*)
<b>Liabilities carried at amortized cost</b>				
Secured bank loans			26,383	26,383
Unsecured bank loans	853,719	853,753	1,220,891	1,245,426
Unsecured bond issues	2,594,683	2,667,092	2,634,415	2,689,697
Trade accounts and notes payable	3,989,505	(*)	3,482,120	(*)
Other accounts payable	1,043,422	1,043,196	1,011,012	1,011,067
Other non-current liabilities	12,805	13,257	9,850	9,930

(\*) Excluded from disclosures as the carrying amount approximates fair value.  
The basis for determining fair values is disclosed in note 4.

## (ii) Financial Instruments measured at cost

Available-for-sale financial assets measured at cost as of December 31, 2014 and 2013 are as follows:



*(In millions of won)*

	<b>December 31, 2014</b>	<b>December 31, 2013</b>
Intellectual Discovery Co., Ltd.	2,673	2,673
Henghao Technology Co., Ltd.	3,372	
	6,045	2,673

**Table of Contents****LG DISPLAY CO., LTD.**

## Notes to the Separate Financial Statements

For the years ended December 31, 2014 and 2013

13. **Financial Instruments, Continued**

## (e) Fair Values, Continued

## (iii) Fair values of financial assets and liabilities

## i) Fair value hierarchy

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

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

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

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

## ii) Financial instruments measured at fair value

Fair value hierarchy classifications of the financial instruments that are measured at fair value as of December 31, 2014 and December 31, 2013 are as follows:

<i>(In millions of won)</i>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>December 31, 2014</b>				
Assets				
Available-for-sale financial assets	3,237			3,237
<i>(In millions of won)</i>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>December 31, 2013</b>				
Assets				
Available-for-sale financial assets	14,119			14,119



**Table of Contents****LG DISPLAY CO., LTD.**

## Notes to the Separate Financial Statements

For the years ended December 31, 2014 and 2013

13. Financial Instruments, Continued

## (e) Fair Values, Continued

iii) Financial instruments not measured at fair value but for which the fair value is disclosed  
Fair value hierarchy classifications, valuation technique and inputs for fair value measurements of the financial instruments not measured at fair value but for which the fair value is disclosed as of December 31, 2014 and December 31, 2013 are as follows:

<i>(In millions of won)</i> <b>Classification</b>	<b>December 31, 2014</b>			<b>Valuation technique</b>	<b>Input</b>
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>		
<b>Liabilities</b>					
Unsecured bank loans			853,753	Discounted cash flow	Discount rate
Unsecured bond issues			2,667,092	Discounted cash flow	Discount rate
Other accounts payable			1,043,196	Discounted cash flow	Discount rate
Other non-current liabilities			13,257	Discounted cash flow	Discount rate

<i>(In millions of won)</i> <b>Classification</b>	<b>December 31, 2013</b>			<b>Valuation technique</b>	<b>Input</b>
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>		
<b>Liabilities</b>					
Secured bank loan			26,383	Discounted cash flow	Discount rate
Unsecured bank loans			1,245,426	Discounted cash flow	Discount rate
Unsecured bond issues			2,689,697	Discounted cash flow	Discount rate
Other accounts payable			1,011,067	Discounted cash flow	Discount rate
Other non-current liabilities			9,930	Discounted cash flow	Discount rate

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

	<b>December 31, 2014</b>	<b>December 31, 2013</b>
Debentures, loans and others	2.23~2.60%	2.81~3.84%

**Table of Contents****LG DISPLAY CO., LTD.**

## Notes to the Separate Financial Statements

For the years ended December 31, 2014 and 2013

**14. Financial Liabilities**

(a) Financial liabilities at the reporting date are as follows:

<i>(In millions of won)</i>	<b>December 31, 2014</b>	<b>December 31, 2013</b>
<b>Current</b>		
Short-term borrowings	219,839	
Current portion of long-term debt	744,283	886,852
	964,122	886,852
<b>Non-current</b>		
Won denominated borrowings	4,452	503,968
Foreign currency denominated borrowings	494,640	495,991
Bonds	1,985,188	1,994,878
	2,484,280	2,994,837

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

<i>(In millions of won and USD)</i>	<b>Annual interest rate as of December 31, 2014 (%)</b>	<b>December 31, 2014</b>	<b>December 31, 2013</b>
<b>Lender</b>			
Korea Development Bank and others(*)	0.49~0.52	219,839	
Foreign currency equivalent		USD	200
			219,839

(\*) The Company accounts for proceeds from sale of accounts receivables, which arose from export sales to the Company's subsidiaries, to financial institutions as short term borrowings as the sale did not meet derecognition

criteria. The Company recognized 3,993 million as interest expense in relation to the above short-term borrowings in 2014.

**Table of Contents****LG DISPLAY CO., LTD.**

## Notes to the Separate Financial Statements

For the years ended December 31, 2014 and 2013

14. Financial Liabilities, Continued

(c) Won denominated long-term debt at the reporting date is as follows:

*(In millions of won)*

<b>Lender</b>	<b>Annual interest rate as of December 31, 2014 (%)</b>	<b>December 31, 2014</b>	<b>December 31, 2013</b>
Woori Bank and others	3-year Korean Treasury Bond rate less 1.25, 2.75	7,336	11,932
Korea Development Bank and others			496,632
Less current portion of long-term debt		(2,884)	(4,596)
		4,452	503,968

(d) Foreign currency denominated long-term debt at the reporting date is as follows:

*(In millions of won)*

<b>Lender</b>	<b>Annual interest rate as of December 31, 2014 (%) (*)</b>	<b>December 31, 2014</b>	<b>December 31, 2013</b>
Mizuho Bank, Ltd. and others	3ML+0.90~1.90	626,544	738,710
Foreign currency equivalent		USD 570	USD 700
Less current portion of long-term debt		(131,904)	(242,719)
		494,640	495,991



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

**Table of Contents****LG DISPLAY CO., LTD.**

Notes to the Separate Financial Statements

For the years ended December 31, 2014 and 2013

**14. Financial Liabilities, Continued**

(e) Details of bonds issued and outstanding at the reporting date are as follows:

*(In millions of won)*

	<b>Maturity</b>	<b>Annual interest rate as of December 31, 2014 (%)</b>	<b>December 31, 2014</b>	<b>December 31, 2013</b>
<b>Won denominated bonds(*)</b>				
Publicly issued bonds	June 2015~			
	October 2019	2.40~5.89	2,600,000	2,640,000
Less discount on bonds			(5,317)	(5,585)
Less current portion			(609,495)	(639,537)
			1,985,188	1,994,878

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

**Table of Contents****LG DISPLAY CO., LTD.**

## Notes to the Separate Financial Statements

For the years ended December 31, 2014 and 2013

15. The Nature of Expenses and Others

The classification of expenses by nature for the years ended December 31, 2014 and 2013 are as follows:

*(In millions of won)*

	<b>2014</b>	<b>2013</b>
Changes in inventories	(460,033)	361,303
Purchases of raw materials, merchandise and others	11,461,984	11,578,556
Depreciation and amortization	3,118,322	3,611,505
Outsourcing fees	4,299,529	3,852,996
Labor costs	2,486,219	2,191,521
Supplies and others	883,981	917,010
Utility	718,868	694,407
Fees and commissions	393,626	365,780
Shipping costs	140,736	222,770
Advertising	106,417	144,777
Warranty expenses	170,524	99,216
Travel	65,423	50,921
Taxes and dues	47,347	43,646
Others	1,097,546	1,243,107
(*)	24,530,489	25,377,515

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

**Table of Contents****LG DISPLAY CO., LTD.**

## Notes to the Separate Financial Statements

For the years ended December 31, 2014 and 2013

**16. Selling and Administrative Expenses**

Details of selling and administrative expenses for the years ended December 31, 2014 and 2013 are as follows:

*(In millions of won)*

	<b>2014</b>	<b>2013</b>
Salaries	171,615	151,023
Expenses related to defined benefit plans	26,864	21,454
Other employee benefits	35,620	29,988
Shipping costs	100,444	170,450
Fees and commissions	122,057	130,863
Depreciation	73,571	80,719
Taxes and dues	2,906	2,256
Advertising	106,417	144,777
Warranty expenses	170,524	99,216
Rent	9,387	9,346
Insurance	5,297	5,168
Travel	16,783	15,265
Training	11,004	10,516
Others	29,984	38,826
	<b>882,473</b>	<b>909,867</b>

**Table of Contents****LG DISPLAY CO., LTD.**

## Notes to the Separate Financial Statements

For the years ended December 31, 2014 and 2013

**17. Employee Benefits**

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

The defined benefit plans expose the Company to actuarial risks, such as the risk associated with expected periods of service, interest rate risk, market (investment) risk, and others with the defined benefit plan.

(a) Recognized net defined benefit liabilities at the reporting date are as follows:

*(In millions of won)*

	<b>December 31, 2014</b>	<b>December 31, 2013</b>
Present value of partially funded defined benefit obligations	1,114,219	807,347
Fair value of plan assets	(790,509)	(488,651)
	<b>323,710</b>	<b>318,696</b>

(b) Changes in the present value of the defined benefit obligations for the years ended December 31, 2014 and 2013 are as follows:

*(In millions of won)*

	<b>2014</b>	<b>2013</b>
Opening defined benefit obligations	807,347	672,032
Current service cost	158,978	149,392
Past service cost	21,990	
Interest cost	34,596	26,019
Remeasurements (before tax)	144,100	(1,373)
Benefit payments	(54,376)	(40,730)
Transfers from related parties	1,584	2,007
Closing defined benefit obligations	<b>1,114,219</b>	<b>807,347</b>

Weighted average remaining maturity of defined benefit obligations as of December 31, 2014, and 2013 are 13.7 years and 13.4 years, respectively.

(c) Changes in fair value of plan assets for the years ended December 31, 2014 and 2013 are as follows:

*(In millions of won)*

	<b>2014</b>	<b>2013</b>
Opening fair value of plan assets	488,651	491,730
Expected return on plan assets	19,069	16,545
Remeasurements (before tax)	(3,722)	6
Contributions by employer directly to plan assets	330,000	15,000
Benefit payments	(43,489)	(34,630)
Closing fair value of plan assets	790,509	488,651

**Table of Contents****LG DISPLAY CO., LTD.**

## Notes to the Separate Financial Statements

For the years ended December 31, 2014 and 2013

17. **Employee Benefits, Continued**

(d) Plan assets at the reporting date are as follows:

*(In millions of won)*

	<b>December 31, 2014</b>	<b>December 31, 2013</b>
Guaranteed deposits in banks	790,509	488,651

As of December 31, 2014, the Company maintains the plan assets with Mirae Asset Securities Co., Ltd., Shinhan Bank, etc.

The Company's estimated contribution to the plan assets for the year ending December 31, 2015 is 107,291 million under the assumption that the Company continues to maintain the plan assets at 70% of the amount payable and all the employees of the Company would leave the Company on December 31, 2015.

(e) Expenses recognized in profit or loss for the years ended December 31, 2014 and 2013 are as follows:

*(In millions of won)*

	<b>2014</b>	<b>2013</b>
Current service cost	158,978	149,392
Past service cost	21,990	
Net interest cost	15,527	9,474
	196,495	158,866

Expenses are recognized in the following line items in the separate statements of comprehensive income.

*(In millions of won)*

	<b>2014</b>	<b>2013</b>
Cost of sales	157,323	126,712
Selling expenses	11,612	10,194
Administrative expenses	15,252	11,260
Research and development expenses	12,308	10,700





**Table of Contents****LG DISPLAY CO., LTD.**

## Notes to the Separate Financial Statements

For the years ended December 31, 2014 and 2013

17. Employee Benefits, Continued

- (f) Remeasurements of net defined benefit liabilities (assets) included in other comprehensive income for the years ended December 31, 2014 and 2013 are as follows:

*(In millions of won)*

	<b>2014</b>	<b>2013</b>
Included in other comprehensive income		
Balance at January 1	(85,261)	(86,306)
Remeasurements		
Actuarial profit or loss arising from:		
Experience adjustment	(24,399)	(33,447)
Demographic assumptions	7,016	(3,791)
Financial assumptions	(126,717)	38,611
Return on plan assets	(3,722)	6
	(147,822)	1,379
Income tax	35,773	(334)
Balance at December 31	(197,310)	(85,261)

- (g) Principal actuarial assumptions at the reporting date (expressed as weighted averages) are as follows:

	<b>December 31, 2014</b>	<b>December 31, 2013</b>
Expected rate of salary increase	5.1%	5.1%
Discount rate for defined benefit obligations	3.5%	4.4%

Assumptions regarding future mortality are based on published statistics and mortality tables. The current mortality underlying the values of the liabilities in the defined benefit plans are as follows:

		<b>December 31, 2014</b>	<b>December 31, 2013</b>
Twenties	Males	0.01%	0.01%

Edgar Filing: LG Display Co., Ltd. - Form 6-K

	Females	0.00%	0.00%
Thirties	Males	0.01%	0.01%
	Females	0.01%	0.01%
Forties	Males	0.03%	0.03%
	Females	0.01%	0.01%
Fifties	Males	0.06%	0.06%
	Females	0.03%	0.03%

- (h) Reasonably possible changes to respective relevant actuarial assumptions would have affected the defined benefit obligations by the amounts as of December 31, 2014 are as follows:

	<b>Defined benefit obligation</b>	
	<b>1%</b>	
	<b>increase</b>	<b>1% decrease</b>
Discount rate for defined benefit obligations	(132,479)	162,165
Expected rate of salary increase	157,968	(131,892)

**Table of Contents****LG DISPLAY CO., LTD.**

## Notes to the Separate Financial Statements

For the years ended December 31, 2014 and 2013

18. Provisions and Other Liabilities

(a) Changes in provisions for the year ended December 31, 2014 are as follows:

*(In millions of won)*

	<b>Litigations and claims (*1)</b>	<b>Warranties (*2)</b>	<b>Others</b>	<b>Total</b>
Balance of January 1, 2014	156,557	46,342	1,843	204,742
Additions	46,681	170,524		217,205
Usage and reclassification	(54,935)	(165,357)	(212)	(220,504)
Balance at December 31, 2014	148,303	51,509	1,631	201,443
Current	148,303	43,495	1,631	193,429
Non-current		8,014		8,014

(\*1) The Company expects that the provision for litigation and claims will be utilized in the next year.

(\*2) The provision for warranties covers defective products and is normally applicable for eighteen months from the date of purchase. The warranty liability is calculated by using historical and anticipated rates of warranty claims, and costs per claim to satisfy the Company's warranty obligation.

(b) Other liabilities at the reporting date are as follows:

*(In millions of won)*

	<b>December 31, 2014</b>	<b>December 31, 2013</b>
<b>Current liabilities</b>		
Withholdings	18,230	26,111
Unearned revenues	12,395	4,732
	30,625	30,843
<b>Non-current liabilities</b>		
Long-term accrued expenses		335,034

Edgar Filing: LG Display Co., Ltd. - Form 6-K

Long-term other accounts payable	12,805	39,530
Long-term unearned revenues	8,623	7,494
	21,428	382,058

**Table of Contents**

**LG DISPLAY CO., LTD.**

Notes to the Separate Financial Statements

For the years ended December 31, 2014 and 2013

**19. 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 2,058 million ( 2,262,681 million) in connection with the Company's export sales transactions with its subsidiaries. As of December 31, 2014, accounts and notes receivable amounting to USD 200 million ( 219,839 million) were sold but are not past due. In connection with all of the contracts in this paragraph, the Company has sold its accounts receivable with recourse.

The Company has a credit facility agreement with Shinhan Bank pursuant to which the Company could sell its accounts receivables up to an aggregate of 100,000 million in connection with its domestic sales transactions and, as of December 31, 2014, no accounts and notes receivable sold to Shinhan Bank were outstanding in connection with the agreement. In connection with the contract above, the Company has sold its accounts receivable without recourse.

**Letters of credit**

As of December 31, 2014, the Company has agreements with Korea Exchange Bank in relation to the opening of letters of credit up to USD 15 million ( 16,488 million), USD 15 million ( 16,488 million) with China Construction Bank, USD 80 million ( 87,936 million) with Bank of China, USD 60 million ( 65,952 million) with Sumitomo Mitsui Banking Corporation and USD 30 million ( 32,976 million) with Hana Bank.

**Payment guarantees**

The Company obtained payment guarantees from Korea Exchange Bank for borrowings amounting to USD 200 million ( 219,840 million) and USD 8.5 million ( 9,343 million) from Royal Bank of Scotland for 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 Yantai, Co., Ltd. amounting to USD 135 million ( 148,392 million) for principals and related interests.

**License agreements**

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

**Long-term supply agreement**

In connection with long-term supply agreements, as of December 31, 2014, the Company's balance of advances received from a customer amount to USD 405 million ( 445,183 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 140 million ( 153,888

million) from the Industrial Bank of Korea relating to advances received.

---

**Table of Contents**

**LG DISPLAY CO., LTD.**

Notes to the Separate Financial Statements

For the years ended December 31, 2014 and 2013

20. Legal Proceedings

Delaware Display Group LLC and Innovative Display Technologies LLC

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

Surpass Tech Innovation LLC

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

Anti-trust litigations

Certain 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 currently defending against Direct Action Plaintiffs including Motorola Mobility, Inc., Electrograph Technologies Corp. and its affiliates, TracFone Wireless Inc., Costco Wholesale Corp., Office Depot, Inc., Interbond Corp. of America (BrandsMart), P.C. Richard & Son Long Island Corp., MARTA Cooperative of America, Inc., ABC Appliance (ABC Warehouse), Schultze Agency Services, LLC (Tweeter), AASI Creditor Liquidating Trust for All American Semiconductor Inc., Tech Data Corp. and its affiliates, CompuCom Systems, Inc., NECO Alliance LLC and the attorney general of Illinois. The timing and amounts of outflows are uncertain and the outcomes depend upon the various court proceedings.

In Canada, class action complaints alleging violations of Canada competition laws were filed in 2007 against the Company and other TFT-LCD manufacturers in Ontario, British Columbia and Quebec. The Ontario Superior Court of Justice certified the class action complaints filed by the direct and indirect purchasers in May 2011. The Company is pursuing an appeal of the class certification decision. The actions in Quebec and British Columbia are in abeyance. The timing and amount of outflows are uncertain and the outcome depends upon the court proceedings.

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





**Table of Contents****LG DISPLAY CO., LTD.**

## Notes to the Separate Financial Statements

For the years ended December 31, 2014 and 2013

**21. 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 December 31, 2014 and December 31, 2013, the number of issued common shares is 357,815,700. There have been no changes in the capital stock from January 1, 2013 to December 31, 2014.

**(b) Reserves**

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.

**22. Retained Earnings****(a) Retained earnings at the reporting date are as follows:***(In millions of won)*

	<b>December 31, 2014</b>	<b>December 31, 2013</b>
Legal reserve	140,594	140,594
Other reserve	68,251	68,251
Defined benefit plan actuarial loss	(197,310)	(85,261)
Retained earnings	6,572,072	5,598,954
	<b>6,583,607</b>	<b>5,722,538</b>

**(b) For the years ended December 31, 2014 and 2013, details of the Company's appropriations of retained earnings are as follows:***(In millions of won, except for cash dividend per common stock)*

	<b>2014</b>	<b>2013</b>
<b>Retained earnings before appropriations</b>		

Edgar Filing: LG Display Co., Ltd. - Form 6-K

Unappropriated retained earnings carried over from prior year	5,598,954	5,499,282
Net income	973,118	99,672
	6,572,072	5,598,954
<b>Appropriation of retained earnings (*)</b>		
Earned surplus reserve	17,891	
Cash dividend		
(Dividend per common stock (%): 2014: 500 (10%))	178,908	
	196,799	
<b>Unappropriated retained earnings carried forward to the following year</b>	6,375,273	5,598,954

(\*) For the years ended December 31, 2014 and 2013, the date of appropriation is March 13, 2015 and March 7, 2014, respectively.

**Table of Contents****LG DISPLAY CO., LTD.**

## Notes to the Separate Financial Statements

For the years ended December 31, 2014 and 2013

23. Related Parties

## (a) Related parties

Related parties for the year ended December 31, 2014 are as follows:

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

(\*) Details of subsidiaries, associates and joint ventures are described in note 10.

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

<b>Classification</b>	<b>December 31, 2014</b>	<b>December 31, 2013</b>
Subsidiaries of associates	ADP System Co., Ltd.	ADP System Co., Ltd.
Entity that has significant influence over the Company	LG Electronics Inc.	LG Electronics Inc.
Subsidiaries of the entity that has significant influence over the Company	Hi Business Logistics Co., Ltd.	Hi Business Logistics Co., Ltd.
	Hiplaza Co., Ltd.	Hiplaza Co., Ltd.
	Hi Entech Co., Ltd.	Hi Entech Co., Ltd.
	LG Hitachi Water Solutions Co., Ltd.	LG Hitachi Water Solutions Co., Ltd.
	LG Innotek Co., Ltd.	LG Innotek Co., Ltd.
	Hanuri Co., Ltd.	Hanuri Co., Ltd.

Hi M Solutek	
Qingdao LG Inspur Digital Communication Co., Ltd.	Qingdao LG Inspur Digital Communication Co., Ltd.
Hi Logistics Europe B.V	Hi Logistics Europe B.V.
LG Innotek Poland Sp. z o.o.	LG Innotek Poland Sp. z o.o. LG Innotek (Guangzhou) Co., Ltd
LG Electronics Vietnam Co., Ltd.	LG Electronics Vietnam Co., Ltd.
LG Electronics Vietnam Haiphong Co., Ltd.	
LG Electronics Thailand Co., Ltd.	LG Electronics Thailand Co., Ltd.
LG Electronics RUS, LLC	LG Electronics RUS, LLC
LG Electronics Nanjing Display Co., Ltd.	LG Electronics Nanjing Display Co., Ltd.

**Table of Contents****LG DISPLAY CO., LTD.**

Notes to the Separate Financial Statements

For the years ended December 31, 2014 and 2013

23. Related Parties, Continued

Classification	December 31, 2014	December 31, 2013
	LG Electronics India Pvt. Ltd.	LG Electronics India Pvt. Ltd.
	LG Electronics do Brasil Ltda.	LG Electronics do Brasil Ltda.
	LG Electronics (Kunshan) Computer Co., Ltd.	LG Electronics (Kunshan) Computer Co., Ltd.
		LG Electronics (Hangzhou) Co., Ltd.
	LG Electronics Alabama Inc.	
	LG Electronics Reynosa S.A. DE C.V.	
	LG Electronics Singapore PTE LTD.	
	LG Electronics Japan, Inc.	
	LG Electronics Philippines Inc.	
	P.T. LG Electronics Indonesia	

## (b) Key management personnel compensation

Compensation costs of key management for the years ended December 31, 2014 and 2013 are as follows:

<i>(In millions of won)</i>	<b>2014</b>	<b>2013</b>
Short-term benefits	2,607	2,591
Expenses related to the defined benefit plan	355	1,139
	<b>2,962</b>	<b>3,730</b>

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

**Table of Contents****LG DISPLAY CO., LTD.**

## Notes to the Separate Financial Statements

For the years ended December 31, 2014 and 2013

23. Related Parties, Continued

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

*(In millions of won)*

	<b>2014</b>					
	<b>Sales and others</b>	<b>Dividend Income</b>	<b>Purchase of raw material and others</b>	<b>Acquisition of property, plant and equipment</b>	<b>Outsourcing fees</b>	<b>Other costs</b>
<b>Subsidiaries</b>						
LG Display America, Inc.	9,152,108		3			7
LG Display Japan Co., Ltd.	1,599,585					88
LG Display Germany GmbH	2,971,423	22,766				7,138
LG Display Taiwan Co., Ltd.	2,178,463	35,956				638
LG Display Nanjing Co., Ltd.	2,170	19,363	15	391	392,527	
LG Display Shanghai Co., Ltd.	2,357,326					116
LG Display Poland Sp. z o.o.	496	37,124	60		73,652	
LG Display Guangzhou Co., Ltd.	31,984	301,935	14,661		2,069,655	5,583
LG Display Shenzhen Co., Ltd.	2,002,633					321
LG Display Yantai Co., Ltd.	30,401		9,872		904,422	2,021
LG Display China Co., Ltd.	31,522		172,866			23
LUCOM Display Technology (Kunshan) Limited	505				9,464	
LG Display U.S.A., Inc.	78,128					
LG Display Singapore PTE LTD.	1,200,847	13,390				234
L&T Display Technology (Fujian) Limited	469,180		19			355
Nanumnuri Co., Ltd.	44				331	7,916
	22,106,815	430,534	197,496	391	3,450,051	24,440

**Table of Contents****LG DISPLAY CO., LTD.**

Notes to the Separate Financial Statements

For the years ended December 31, 2014 and 2013

23. Related Parties, Continued*(In millions of won)*

	2014					
				Purchase and others		
	Sales and Others	Dividend Income	Purchase of raw material and others	Acquisition of property, plant and equipment	Outsourcing fees	Other costs
<b>Joint Venture</b>						
Suzhou Raken Technology Co., Ltd.	190,780				101,830	
Global OLED Technology LLC						2,045
	190,780				101,830	2,045
<b>Associates and their subsidiaries</b>						
New Optics Ltd.	579		56,412		11,057	2,015
LIG ADP Co., Ltd.			413	16,647		722
TLI Inc.			76,047			2,753
AVACO Co., Ltd.	41		1,520	46,671		3,673
AVATEC Co., Ltd.		265	143		92,353	360
Paju Electric Glass Co., Ltd.			600,655			3,097
Narenanotech Corporation		180	519	8,873		1,403
Glonix Co., Ltd.			21,344			315
ADP System Co., Ltd.			1,810	1,263		497
LB Gemini New Growth Fund No. 16		613				
YAS Co., Ltd.			734	21,614		460
	620	1,058	759,597	95,068	103,410	15,295
<b>Entity that has significant influence over the Company</b>						
LG Electronics Inc.	1,657,634		60,002	168,395		70,189





**Table of Contents****LG DISPLAY CO., LTD.**

Notes to the Separate Financial Statements

For the years ended December 31, 2014 and 2013

23. Related Parties, Continued*(In millions of won)*

	2014					
	Purchase and others					
	Sales and others	Dividend Income	Purchase of raw material and others	Acquisition of property, plant and equipment	Outsourcing fees	Other costs
<b>Subsidiaries of the entity that has significant influence over the Company</b>						
LG Electronics India Pvt. Ltd.	117,075					
LG Electronics Vietnam Co., Ltd.	36,204					2
LG Electronics Vietnam Haiphong Co., Ltd.	19,476					
LG Electronics Thailand Co., Ltd.	68,212					
LG Electronics RUS, LLC	25,945					
LG Electronics do Brasil Ltda.	8,083					502
LG Electronics (Kunshan) Computer Co., Ltd.	15,968					
Hi Business Logistics Co., Ltd.	41					29,788
LG Innotek Co., Ltd.	3,514		509,352			2,791
LG Hitachi Water Solutions Co., Ltd.				29,827		
Qingdao LG Inspur Digital Communication Co., Ltd.	173,821					
Hi Entech Co., Ltd.						25,676
Others	10		810			5,322
	468,349		510,162	29,827		64,081
	24,424,198	431,592	1,527,257	293,681	3,655,291	176,050



**Table of Contents****LG DISPLAY CO., LTD.**

Notes to the Separate Financial Statements

For the years ended December 31, 2014 and 2013

**23. Related Parties, Continued***(In millions of won)*

	<b>2013</b>					
	<b>Sales and others</b>	<b>Dividend Income</b>	<b>and others</b>	<b>Purchase Acquisition of of raw material property, plant and equipment</b>	<b>Purchase and others Outsourcing fees</b>	<b>Other costs</b>
<b>Subsidiaries</b>						
LG Display America, Inc.	7,781,246		51			9
LG Display Japan Co., Ltd.	2,018,780					18
LG Display Germany GmbH	3,547,947		106			1,611
LG Display Taiwan Co., Ltd.	2,062,541		17			350
LG Display Nanjing Co., Ltd.	3,543		52		449,075	
LG Display Shanghai Co., Ltd.	2,752,610		2			257
LG Display Poland Sp. z o.o.	1,177		96		82,375	128
LG Display Guangzhou Co., Ltd.			17,373		2,230,559	4,184
LG Display Shenzhen Co., Ltd.	2,230,943					36
LG Display Yantai Co., Ltd.	27,076		4,673		461,919	836
LUCOM Display Technology (Kunshan) Limited	26,932				8,199	
LG Display U.S.A., Inc.	97,940					
LG Display Singapore PTE LTD.	1,382,368		44			
L&T Display Technology (Fujian) Limited	446,754		10			
Image&Materials, Inc.					189	
Nanumnuri Co., Ltd.						4,865
	22,379,857		22,424	189	3,232,127	12,294
<b>Joint Venture</b>						
Suzhou Raken Technology Co., Ltd.	480,897	12,804			166,571	2

**Table of Contents****LG DISPLAY CO., LTD.**

Notes to the Separate Financial Statements

For the years ended December 31, 2014 and 2013

**23. Related Parties, Continued***(In millions of won)*

	<b>2013</b>					
	<b>Sales and others</b>	<b>Dividend Income</b>	<b>Purchase of raw materials and others</b>	<b>Purchase and others Acquisition of property, plant and equipment</b>	<b>Outsourcing fees</b>	<b>Other costs</b>
<b>Associates and their subsidiaries</b>						
New Optics Ltd.			76,929		2,470	6,315
LIG ADP Co., Ltd.			666	8,743		3,102
TLI Inc.			58,881			1,473
AVACO Co., Ltd.			665	44,040		4,712
AVATEC Co., Ltd.		292	23		61,738	3,897
Paju Electric Glass Co., Ltd.			734,714			4,713
LB Gemini New Growth Fund No. 16		880				
Narenanotech Corporation		300	328	2,061		412
Glonix Co., Ltd			5,209			115
ADP System Co., Ltd.			924	1,524		692
YAS Co., Ltd.			1,941	82,483		855
		1,472	880,280	138,851	64,208	26,286
<b>Entity that has significant influence over the Company</b>						
LG Electronics Inc.	1,350,965		39,237	208,531		38,204
<b>Subsidiaries of the entity that has significant influence over the Company</b>						
LG Electronics India Pvt. Ltd.	108,084					

**Table of Contents****LG DISPLAY CO., LTD.**

Notes to the Separate Financial Statements

For the years ended December 31, 2014 and 2013

**23. Related Parties, Continued***(In millions of won)*

	<b>2013</b>					
	<b>Purchase and others</b>					
	<b>Sales and others</b>	<b>Dividend Income</b>	<b>Purchase of raw material and others</b>	<b>Acquisition of property, plant and equipment</b>	<b>Outsourcing fees</b>	<b>Other costs</b>
LG Electronics Vietnam Co., Ltd.	42,366					
LG Electronics Thailand Co., Ltd.	69,674					
LG Electronics Nanjing Display Co., Ltd.	6,010					
LG Electronics RUS, LLC	9,622					
LG Electronics do Brasil Ltda.	9,909					
Hi Business Logistics Co., Ltd.	41					30,611
Hi Logistics Europe B.V.						3,182
LG Innotek Co., Ltd.	6,139		448,794			5,109
LG Innotek Poland Sp. z o.o.			6,442			161
LG Innotek (Guangzhou) Co., Ltd.			5,937			
LG Hitachi Water Solutions Co., Ltd.				29,344		
Qingdao LG Inspur Digital Communication Co., Ltd.	23,714					
Others	132		2,229			1,118
	275,691		463,402	29,344		40,181
	24,487,410	14,276	1,405,343	376,915	3,462,906	116,967

**Table of Contents****LG DISPLAY CO., LTD.**

## Notes to the Separate Financial Statements

For the years ended December 31, 2014 and 2013

23. Related Parties, Continued

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

*(In millions of won)*

	Trade accounts and notes receivable and others		Trade accounts and notes payable and others	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
<b>Subsidiaries</b>				
LG Display America, Inc.	1,810,674	1,211,404		1
LG Display Japan Co., Ltd.	128,248	117,041		4
LG Display Germany GmbH	306,277	285,711	6,312	861
LG Display Taiwan Co., Ltd.	368,188	421,799	52	18,960
LG Display Nanjing Co., Ltd.	19,732	439	86,499	57,614
LG Display Shanghai Co., Ltd.	311,532	401,209	20	14
LG Display Poland Sp. z o.o.	131	197	10,746	12,426
LG Display Guangzhou Co., Ltd.	307,469	620	772,702	754,373
LG Display Shenzhen Co., Ltd.	260,602	340,174		5
LG Display Yantai Co., Ltd.	2,214	614	447,994	120,468
LG Display China Co., Ltd.			12,147	
LUCOM Display Technology (Kunshan) Limited		41		4,889
LG Display U.S.A., Inc.	4,397	15,154	2,923	
LG Display Singapore PTE LTD.	106,506	117,513		
L&T Display Technology (Xiamen) Limited		20,066		
L&T Display Technology (Fujian) Limited	81,898	79,701	199,470	198,968
Nanumnuri Co., Ltd.			1,077	806
	3,707,868	3,011,683	1,539,942	1,169,389

**Table of Contents****LG DISPLAY CO., LTD.**

Notes to the Separate Financial Statements

For the years ended December 31, 2014 and 2013

**23. Related Parties, Continued***(In millions of won)*

	Trade accounts and notes receivable and others December 31, 2014		Trade accounts and notes payable and others December 31, 2013	
<b>Joint Venture</b>				
Suzhou Raken Technology Co., Ltd.	27,750	66,855		104,119
Global OLED Technology LLC			505	
	27,750	66,855	505	104,119
<b>Associates and their subsidiaries</b>				
New Optics Ltd.	440		14,785	8,998
LIG ADP Co., Ltd.			2,471	1,649
TLI Inc.			14,086	10,418
AVACO Co., Ltd.			12,700	15,291
AVATEC Co., Ltd.			10,645	10,041
Paju Electric Glass Co., Ltd.			82,792	108,379
Narenanotech Corporation			1,532	1,766
Glonix Co., Ltd.			1,752	1,987
ADP System Co., Ltd.			1,822	1,410
YAS Co., Ltd.			7,300	17,156
	440		149,885	177,095
<b>Entity that has significant influence over the Company</b>				
LG Electronics Inc.	379,977	239,504	110,281	74,085

**Table of Contents****LG DISPLAY CO., LTD.**

Notes to the Separate Financial Statements

For the years ended December 31, 2014 and 2013

23. Related Parties, Continued*(In millions of won)*

	Trade accounts and notes receivable and others		Trade accounts and notes payable and others	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
<b>Subsidiaries of the entity that has significant influence over the Company</b>				
LG Electronics India Pvt. Ltd.	13,825	7,414		
LG Electronics Vietnam Co., Ltd.		8,827		
LG Electronics Vietnam Haiphong Co., Ltd.	13,491			
LG Electronics Thailand Co., Ltd.	17,792	10,141		
LG Innotek Co., Ltd.	4	3	84,931	84,727
LG Hitachi Water Solutions Co., Ltd.			7,079	
Qingdao LG Inspur Digital Communication Co., Ltd.	65,641	22,948		
Hi Entech Co., Ltd.			5,954	
Others	7,082	975	5,008	7,068
	117,835	50,308	102,972	91,795
	4,233,870	3,368,350	1,903,585	1,616,483



**Table of Contents****LG DISPLAY CO., LTD.**

## Notes to the Separate Financial Statements

For the years ended December 31, 2014 and 2013

**24. Revenue**

Details of revenue for the years ended December 31, 2014 and 2013 are as follows:

*(In millions of won)*

	<b>2014</b>	<b>2013</b>
Sales of goods	25,331,787	25,791,484
Royalties	14,582	19,405
Others	37,301	43,294
	25,383,670	25,854,183

**25. Other Non-operating Income and Other Non-operating Expenses**

(a) Details of other non-operating income for the years ended December 31, 2014 and 2013 are as follows:

*(In millions of won)*

	<b>2014</b>	<b>2013</b>
Rental income	3,550	4,072
Foreign currency gain	787,972	829,122
Gain on disposal of property, plant and equipment	18,248	8,258
Reversal of impairment on intangible assets		296
Commission earned	3,001	3,596
Others (*)	49,396	5,526
	862,167	850,870

(\*) A gain amounting to 34,804 million as a result of the Company's success in its appeal against the fining decision of the Korea Fair Trade Commission is included.

(b) Details of other non-operating expenses for the years ended December 31, 2014 and 2013 are as follows:

*(In millions of won)*

	<b>2014</b>	<b>2013</b>
Other bad debt expense	283	29
Foreign currency loss	767,369	754,227
Loss on disposal of property, plant and equipment	2,204	621
Loss on disposal of intangible assets	115	452
Impairment loss on property, plant and equipment	8,097	
Impairment loss on intangible assets	492	1,626
Donations	11,597	16,267
Expenses related to legal proceedings or claims and others	108,821	257,887
	898,978	1,031,109

**Table of Contents****LG DISPLAY CO., LTD.**

## Notes to the Separate Financial Statements

For the years ended December 31, 2014 and 2013

**26. Personnel Expenses**

Details of personnel expenses for the years ended December 31, 2014 and 2013 are as follows:

*(In millions of won)*

	<b>2014</b>	<b>2013</b>
Salaries and wages	2,040,568	1,795,049
Other employee benefits	280,717	272,981
Contributions to National Pension plan	64,077	61,788
Expenses related to defined benefit plan	196,495	158,866
	<b>2,581,857</b>	<b>2,288,684</b>

**27. Finance Income and Finance Costs**

- (a) Finance income and costs recognized in profit or loss for the years ended December 31, 2014 and 2013 are as follows:

*(In millions of won)*

	<b>2014</b>	<b>2013</b>
<b>Finance income</b>		
Interest income	43,001	29,754
Dividend income	431,874	14,582
Foreign currency gain	3,671	22,762
Gain on disposal of investments		38
Gain on disposal of available-for-sale financial assets	775	
	<b>479,321</b>	<b>67,136</b>
<b>Finance costs</b>		
Interest expense	107,260	161,930
Foreign currency loss	53,277	75,797
Loss on early redemption of debt	6,986	2,179
Loss on impairment of investments	32,599	12,823

Edgar Filing: LG Display Co., Ltd. - Form 6-K

Loss on disposal of investments	5,434	1,161
Loss on sale of trade accounts and notes receivable	52	132
	205,608	254,022

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

*(In millions of won)*

	<b>2014</b>	<b>2013</b>
Net change in fair value of available-for-sale financial assets	767	776
Tax effect	(186)	(188)
Finance income recognized in other comprehensive income after tax	581	588

**Table of Contents****LG DISPLAY CO., LTD.**

## Notes to the Separate Financial Statements

For the years ended December 31, 2014 and 2013

28. **Income Taxes**

(a) Details of income tax expense for the years ended December 31, 2014 and 2013 are as follows:

*(In millions of won)*

	<b>2014</b>	<b>2013</b>
Current tax expense		
Current year	160,952	4,762
Adjustment for prior years		31,809
	160,952	36,571
Deferred tax expense (benefit)		
Origination and reversal of temporary differences	(4,627)	34,813
Change in unrecognized deferred tax assets	92,249	215,369
	87,622	250,182
<b>Income tax expense</b>	<b>248,574</b>	<b>286,753</b>

(b) Income taxes recognized directly in other comprehensive income for the years ended December 31, 2014 and 2013 are as follows:

*(In millions of won)*

	<b>Before tax</b>	<b>2014 Tax (expense) benefit</b>	<b>Net of tax</b>
Net change in fair value of available-for-sale financial assets	767	(186)	581
Remeasurements of net defined benefit liabilities (assets)	(147,822)	35,773	(112,049)
	(147,055)	35,587	(111,468)

*(In millions of won)*

	<b>Before tax</b>	<b>2013</b>	<b>Net of tax</b>
--	-------------------	-------------	-------------------

		<b>Tax (expense) benefit</b>	
Net change in fair value of available-for-sale financial assets	776	(188)	588
Remeasurements of net defined benefit liabilities (assets)	1,379	(334)	1,045
	2,155	(522)	1,633

**Table of Contents****LG DISPLAY CO., LTD.**

## Notes to the Separate Financial Statements

For the years ended December 31, 2014 and 2013

28. Income Taxes, Continued

(c) Reconciliation of the actual effective tax rate for the years ended December 31, 2014 and 2013 is as follows:

<i>(In millions of won)</i>	<b>2014</b>		<b>2013</b>	
Profit for the year		973,118		99,672
Income tax expense		248,574		286,753
Profit before income tax		1,221,692		386,425
Income tax expense using the Company's statutory tax rate	24.20%	295,649	24.20%	93,515
Non-deductible expenses (benefits)	(2.38%)	(29,059)	1.94%	7,495
Tax credits	(9.47%)	(115,659)	(12.95%)	(50,032)
Change in unrecognized deferred tax assets	7.56%	92,249	55.73%	215,369
Adjustment for prior years			4.37%	16,877
Others	0.44%	5,394	0.91%	3,529
Actual income tax expense		248,574		286,753
Actual effective tax rate		20.35%		74.21%

29. Deferred Tax Assets and Liabilities

(a) Unrecognized deferred tax liabilities

As of December 31, 2014, in relation to the temporary differences on investments in subsidiaries amounting to 210,319 million, the Company did not recognize deferred tax liabilities since the Company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary differences will not reverse in the foreseeable future.

**Table of Contents****LG DISPLAY CO., LTD.**

## Notes to the Separate Financial Statements

For the years ended December 31, 2014 and 2013

**29. Deferred Tax Assets and Liabilities, Continued**

(b) Unused tax credit carryforwards for which no deferred tax asset is recognized

Realization of deferred tax assets related to tax credit carryforwards is dependent on whether sufficient taxable income will be generated prior to their expiration. As of December 31, 2014, the Company recognized deferred tax assets of 397,105 million, in relation to tax credit carryforwards, to the extent that management believes the realization is probable. The amount of unused tax credit carryforwards for which no deferred tax asset is recognized and their expiration dates are as follows:

*(In millions of won)*

	<b>December 31,</b>				
	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
Tax credit carryforwards	156,178	120,893	20,455	21,715	6,005

(c) Deferred tax assets and liabilities are attributable to the following:

*(In millions of won)*

	<b>Assets</b>		<b>Liabilities</b>		<b>Total</b>	
	<b>December, 31, 2014</b>	<b>December, 31, 2013</b>	<b>December, 31, 2014</b>	<b>December, 31, 2013</b>	<b>December, 31, 2014</b>	<b>December, 31, 2013</b>
Other accounts receivable, net			(3,440)	(2,476)	(3,440)	(2,476)
Inventories, net	44,543	17,500			44,543	17,500
Available-for-sale financial assets		98	(88)		(88)	98
Defined benefit liabilities, net	112,213	72,709			112,213	72,709
Accrued expenses	173,635	81,193			173,635	81,193
Property, plant and equipment	129,370	102,651			129,370	102,651
Intangible assets	1,423			(1,207)	1,423	(1,207)
Provisions	12,710	11,460			12,710	11,460
Gain or loss on foreign currency translation, net	169	282	(1)	(957)	168	(675)
Others	16,326	5,908			16,326	5,908
Tax losses carryforwards		110,550				110,550
Tax credit carryforwards	397,105	538,289			397,105	538,289
Deferred tax assets (liabilities)	887,494	940,640	(3,529)	(4,640)	883,965	936,000





**Table of Contents****LG DISPLAY CO., LTD.**

## Notes to the Separate Financial Statements

For the years ended December 31, 2014 and 2013

**29. Deferred Tax Assets and Liabilities, Continued**

(d) Changes in deferred tax assets and liabilities for the years ended December 31, 2014 and 2013 are as follows:

<i>(In millions of won)</i>	<b>January 1, 2013</b>	<b>Profit or loss</b>	<b>Other Comprehensive income</b>	<b>December 31, 2013</b>	<b>Profit or loss</b>	<b>Other Comprehensive income</b>	<b>December 31, 2014</b>
Other accounts receivable, net	(2,063)	(413)		(2,476)	(964)		(3,440)
Inventories, net	8,903	8,597		17,500	27,043		44,543
Available-for-sale financial assets	285	1	(188)	98		(186)	(88)
Defined benefit Liabilities, net	38,573	34,470	(334)	72,709	3,731	35,773	112,213
Accrued expenses	79,321	1,872		81,193	92,442		173,635
Property, plant and equipment	81,832	20,819		102,651	26,719		129,370
Intangible assets	2,488	(3,695)		(1,207)	2,630		1,423
Provisions	12,979	(1,519)		11,460	1,250		12,710
Gain or loss on foreign currency translation, net	4,382	(5,057)		(675)	843		168
Others	27,336	(21,428)		5,908	10,418		16,326
Tax losses carryforwards	233,139	(122,589)		110,550	(110,550)		
Tax credit carryforwards	699,529	(161,240)		538,289	(141,184)		397,105
Deferred tax assets (liabilities)	1,186,704	(250,182)	(522)	936,000	(87,622)	35,587	883,965

Statutory tax rate applicable to the Company to calculate tax base and deferred tax expense is 24.2% for the year ended December 31, 2014.

**Table of Contents****LG DISPLAY CO., LTD.**

## Notes to the Separate Financial Statements

For the years ended December 31, 2014 and 2013

30. Earnings per Share

(a) Basic earnings per share for the years ended December 31, 2014 and 2013 are as follows:

<i>(In won and No. of shares)</i>	<b>2014</b>	<b>2013</b>
<b>Profit for the period</b>	973,118,312,897	99,671,926,545
Weighted-average number of common stocks outstanding	357,815,700	357,815,700
<b>Earnings per share</b>	<b>2,720</b>	<b>279</b>

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

(b) Diluted earnings per share are not calculated since there was no potential common stock for the years ended December 31, 2014 and 2013.

31. Supplemental Cash Flow Information

Supplemental cash flow information for the years ended December 31, 2014 and 2013 is as follows:

<i>(In millions of won)</i>	<b>2014</b>	<b>2013</b>
<b>Non-cash investing and financing activities:</b>		
Changes in other accounts payable arising from the purchase of property, plant and equipment	(63,276)	(1,305,849)

---

**Table of Contents**

**Independent Accountants' Review Report on Internal Accounting Control System**

**English translation of a Report Originally Issued in Korean**

To the President of

LG Display Co., Ltd.:

We have reviewed the accompanying Report on the Operation of Internal Accounting Control System ( IACS ) of LG Display Co., Ltd. (the Company ) as of December 31, 2014. The Company's management is responsible for designing and maintaining effective IACS and for its assessment of the effectiveness of IACS. Our responsibility is to review management's assessment and issue a report based on our review. In the accompanying report of management's assessment of IACS, the Company's management stated: Based on the assessment on the operations of the IACS, the Company's IACS has been effectively designed and is operating as of December 31, 2014, in all material respects, in accordance with the IACS Framework issued by the Internal Accounting Control System Operation Committee.

We conducted our review in accordance with IACS Review Standards, issued by the Korean Institute of Certified Public Accountants. Those Standards require that we plan and perform the review to obtain assurance of a level less than that of an audit as to whether Report on the Operations of Internal Accounting Control System is free of material misstatement. Our review consists principally of obtaining an understanding of the Company's IACS, inquiries of company personnel about the details of the report, and tracing to related documents we considered necessary in the circumstances. We have not performed an audit and, accordingly, we do not express an audit opinion.

A company's IACS is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of separate financial statements for external purposes in accordance with generally accepted accounting principles. Because of its inherent limitations, however, IACS may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Based on our review, nothing has come to our attention that Report on the Operations of Internal Accounting Control System as of December 31, 2014 is not prepared in all material respects, in accordance with IACS Framework issued by the Internal Accounting Control System Operation Committee.

This report applies to the Company's IACS in existence as of December 31, 2014. We did not review the Company's IACS subsequent to December 31, 2014. This report has been prepared for Korean regulatory purposes, pursuant to the External Audit Law, and may not be appropriate for other purposes or for other users.

KPMG Samjong Accounting Corp.

Seoul, Korea

February 17, 2015

**Table of Contents**

Notice to Readers

This report is annexed in relation to the audit of the separate financial statements as of December 31, 2014 and the review of internal accounting control system pursuant to Article 2-3 of the Act on External Audit for Stock Companies of the Republic of Korea.

**Table of Contents**

**Report on the Operation of Internal Accounting Control System**

**English translation of a Report Originally Issued in Korean**

To the Board of Directors and Audit Committee of LG Display Co., Ltd.

We, as the Internal Accounting Control System ( IACS ) Officer and Chief Executive Officer ( CEO ) of LG Display ( the Company ), assessed the effectiveness of the design and operation of the Company s ICFR as of December 31, 2014.

The Company s management, including myself, is responsible for designing and operating an IACS. We assessed the design and operational effectiveness of the IACS in the prevention and detection of an error or fraud which may cause a misstatement in the preparation and disclosure of reliable separate financial statements. We followed the IACS Framework to evaluate the effectiveness of the IACS design and operation.

Based on the assessment results, we believe that the Company s IACS, as of December 31, 2014, is effectively designed and operating, in all material respects, in conformity with the IACS Framework issued by the Internal Accounting Control System Operation Committee.

January 19, 2015

Sangdon Kim

Internal Control over Financial Reporting Officer

Sang Beom Han

Chief Executive Officer

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: February 25, 2015

By: /s/ Heeyeon Kim

(Signature)

Name: Heeyeon Kim

Title: Head of IR / Vice President