

LG Display Co., Ltd.
Form 6-K
November 14, 2013
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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 6-K

REPORT OF FOREIGN PRIVATE ISSUER

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

UNDER THE SECURITIES EXCHANGE ACT OF 1934

For the month of November 2013

LG Display Co., Ltd.

(Translation of Registrant's name into English)

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

(Address of principal executive offices)

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

Form 20-F Form 40-F

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

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

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

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

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

Yes No

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QUARTERLY REPORT

(From January 1, 2013 to September 30, 2013)

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

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

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

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

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

B. Domestic credit rating

Subject instruments	Month of rating	Credit rating	Rating agency (Rating range)
Commercial Paper	January 2006	A1	NICE Information Service Co., Ltd. (A1 ~ D)
	June 2006		
	December 2006		
	June 2007		
	December 2007		
	September 2008		
	December 2008		
	June 2006		
	January 2007		
	June 2007		
Corporate Debenture	December 2007	AA-	Korea Investors Service, Inc. (A1 ~ D)
	September 2008		
	June 2006		
	December 2006		
	June 2007		
	September 2008		
	July 2009		
	October 2009		
	February 2010		
	May 2010		
Corporate Debenture	December 2010	AA-	NICE Information Service Co., Ltd. (AAA ~ D)
	August 2011		
	June 2012		
	October 2012		
Corporate Debenture	March 2013		

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

C. Capitalization

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

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

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(2) Convertible bonds
Not applicable.

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

(Unit: share)

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

E. Dividends

Dividends for the three most recent fiscal years

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

(1) Profit (loss) for the period based on separate K-IFRS.

(2) Earnings per share is based on par value of 5,000 per share and is calculated by dividing net income by weighted average number of common stock.

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- (3) Cash dividend yield is the percentage that is derived by dividing cash dividend by the arithmetic average of the daily closing prices of our common stock during the one-week period ending two trading days prior to the closing of the register of shareholders for the purpose of determining the shareholders entitled to receive annual dividends.

2. Business**A. Business overview**

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

As of September 30, 2013, we operated TFT-LCD and OLED production facilities and a research center in Paju, Korea and TFT-LCD production facilities in Gumi, Korea. We have also established subsidiaries in the Americas, Europe and Asia.

As of September 30, 2013, our business consisted of the manufacture and sale of display and display related products utilizing TFT-LCD, OLED and other technologies under a single reporting business segment.

2013 Q1~Q3 consolidated operating results highlights

(Unit: In billions of Won)

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

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

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

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

(2) Cyclicity

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

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

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(3) Market conditions

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

Most TFT-LCD panel makers are located in Asia.

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

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

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

d. China: BOE, CSOT, etc.

(4) Market shares

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

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

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

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

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

(4) Includes panels for netbooks and tablets.

(5) Includes panels for public displays.

(5) Competitiveness

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

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

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

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

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As a leading technology innovator in the display industry, we continue to focus on delivering differentiated value to our customers by developing new technologies and products, including in the categories of three-dimensional (3D), touch screens and next generation displays. With respect to 3D technology, we have commenced mass production of high definition 3D panels with reduced degrees of crosstalk, or the degree of 3D image overlapping, of less than 1% (which is less than what the human eye can perceive). We have also acquired the technical skills and have established a supply chain management system that enables us to provide one-stop solutions to our customers with respect to touch module products. In addition, we have shown that we are technologically a step ahead of the competition by developing products such as 10.1-inch flexible LCDs, 2.6 mm thin televisions (the thinnest in the world at the time) and 19-inch flexible e-papers. With respect to OLED display technology, in January 2013, we were the first to supply a 55-inch OLED 3D television display panel to customers, which was also the largest at the time.

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

C. New businesses

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

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

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

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

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

30.6%.

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

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

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

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

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

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

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

(Unit: In billions of Won, except percentages)

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

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

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

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

(Unit: US\$ / m²)

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

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

C. Major raw materials

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

(Unit: In billions of Won, except percentages)

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

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

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

4. Production and Equipment**A. Production capacity and output**

- (1) Production capacity

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

(Unit: 1,000 Glass sheets)

Business area	Items	Location of facilities	2013 Q1~Q3 ⁽¹⁾	2012 ⁽²⁾	2011 ⁽²⁾
Display	TFT-LCD	Gumi, Paju	6,391	9,195	8,376

- (1) Calculated based on the maximum monthly input capacity (based on glass input substrate size for eighth generation glass sheets) during the period multiplied by the number of months in the period (i.e., 9 months).
- (2) Calculated based on the maximum monthly input capacity (based on glass input substrate size for eighth generation glass sheets) during the year multiplied by the number of months in a year (i.e., 12 months).

(2) Production output

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

(Unit: 1,000 Glass sheets)

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

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

B. Production performance and utilization ratio

(Unit: Hours, except percentages)

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

- (1) Based on the assumption that all 24 hours in a day have been fully utilized.
- (2) Number of days is calculated by averaging the number of working days for each facility.

C. Investment plan

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

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improvements to our existing facilities. Such amount is subject to change depending on business conditions and market environment.

5. Sales

A. Sales performance

(Unit: In billions of Won)

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

(1) Based on ship-to-party.

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B. Sales route and sales method

(1) Sales organization

As of September 30, 2013, each of our Television Business Unit and IT/Mobile Business Unit had individual sales and customer support functions.

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

(2) Sales route

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

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

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

(3) Sales methods and sales terms

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

(4) Sales strategy

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

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

(5) Purchase orders

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

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

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6. Market Risks and Risk Management

A. Market risks

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

The TFT-LCD industry is highly competitive. We have experienced pressure on the prices and margins of our major products due largely to additional industry capacity from panel makers in Korea, Taiwan, China and Japan. Our main competitors in the industry include Samsung Display, Hydis Technologies, AU Optronics, Innolux, CPT, HannStar, Japan Display, Sharp, Panasonic LCD, BOE and CSOT.

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

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

B. Risk management

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

7. Derivative Contracts

A. Currency risks

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

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

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

In respect of other monetary assets and liabilities denominated in foreign currencies, we ensure that our net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates, when necessary, to address short-term imbalances. In addition, we also adjust the factoring volumes of foreign currency denominated receivables and utilize usances as means of settling accounts

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

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B. Interest rate risks

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

8. Major contracts

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

Type of agreement	Name of party	Term	Content
Technology licensing agreement	Semiconductor Energy Laboratory	October 2005 ~	Patent licensing of LCD and OLED related technology
	Ferguson Patent Properties	October 2007 ~	Patent licensing of LCD driving technology
	Hewlett-Packard	January 2011 ~	Patent licensing of semi-conductor device technology
Technology licensing/supply agreement	Chunghwa Picture Tubes	November 2007 ~	Patent cross-licensing of LCD technology
	HannStar Display Corporation	November 2009 ~	Patent cross-licensing of LCD technology
	AU Optronics Corporation	August 2011~	Patent cross-licensing of LCD technology
	Innolux Corporation	July 2012 ~	Patent cross-licensing of LCD technology, etc.

9. Research & Development

A. Summary of R&D-related expenditures

(Unit: In millions of Won, except percentages)

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

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R&D-Related Expenditures / Revenue Ratio

(Total R&D-Related Expenditures ÷ Revenue for the period × 100)	6.3%	4.7%	5.4%
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(1) For accounting purposes, R&D-related expenditures are recognized in accordance with their respective sources of cost.

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B. R&D achievements

Achievements in 2011

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

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

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

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

Achievement of a maximum circuit logic power of 1.0W

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

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

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

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

Development of a notebook utilizing H-IPS technology

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

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

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

Application of AH-IPS and slim LCD technology

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

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

Minimization of flicker / crosstalk by applying FPR technology

Minimization of cost increase by applying one layer 3D film

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

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

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

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

Application of scanning technology under the Horizontal 2Edge structure

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

Minimization of flicker / crosstalk by applying FPR technology

Minimization of cost increase by applying one layer 3D film

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

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

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

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

Minimization of cost increase by applying one layer 3D film

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

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

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

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

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

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

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

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

Increase in battery life due to logic circuit power consumption reduction

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

The first in the world to apply 4.5 mm narrow bezel

Formation of camera hole by B/M mask patterning

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

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

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

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

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

Luminance increased by 10%

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

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

Application of 96 block local dimming and M240Hz technology

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

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

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

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

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

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

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

Optimization of light placement by application of New Concept LED Backlight

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

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

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

Minimization of flicker/crosstalk by application of FPR technology

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

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

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

For 4G LTE smartphones (introduced in September 2011)

Application of true HD720 resolution and AH-IPS technology

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

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

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

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

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

Realization of TN-equivalent panel size through reduced panel load

Achieved TN-equivalent logic energy consumption levels

Achievements in 2012

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

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

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

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

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

Increase in battery life due to reduced logic circuit energy consumption

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

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

Development of a slim model applying 0.3 mm glass etching

- 4) Introduction of a 15.6-inch FHD glasses-free 3D notebook product

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Narrow set design possible using 3.5 mm bezel

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

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

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

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

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

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

Achieved thickness of 2.85t

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

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

Touch Concept: GF2, Touch IC In-House

Reduced cost by applying TMIC

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

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

Reduced cost by applying Taper LGP

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

For use in Center Information Displays and Rear Seat Entertainment Displays mounted on K9 model Kia cars

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

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

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

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

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

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

Developed extra-large edge LED with rigid heat resistant structure

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

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

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

Applied heat resistant structure without heat sink

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

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

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

Developed SNB structure technology

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

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

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

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

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

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

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

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

Ultra-high resolution WQSXGA+ (239 PPI)

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

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

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

320 PPI high resolution AH-IPS display panel

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

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

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

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

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

Differentiated set bezel design

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

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

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

Utilizes WRGB OLED technology with a thickness of 4.45 mm

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

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

Direct bonding multi-sourcing in response to customer demand

- 28) Development of 23.8-inch desktop monitor product

Developed new display panel size for desktop monitor products

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

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

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

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Developed even black matrix structure on all four sides

Achievements in 2013

- 1) Developed 19.5-inch desktop monitor product

Developed new display panel size for desktop monitor products

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

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

Applied GF2 direct bonding process

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

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

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

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

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

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

Achieved optimal slim design by minimizing bezel width to 2.3 mm

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

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

Achieved high transmittance panel by applying 1 Gate 1 Data structure

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

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

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

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

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

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

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

Developed new D-IC and IC bonding materials and processes

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

Developed new line of display panels for desktop monitor products

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

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

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

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

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

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

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

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

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

Developed T-con with improved reliability and resolution

10. Intellectual Property

As of September 30, 2013, our cumulative patent portfolio (including patents that have already expired) included a total of 23,127 patents, consisting of 11,200 in Korea and 11,927 in other countries.

11. Environmental Matters

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

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We have also voluntarily agreed to reduce emission of greenhouse gases, such as trifluoride oxide and perfluoro compounds, or PFCs, including sulfur hexafluoride, or SF₆, gases, by installing abatement systems to meet voluntary emissions targets for the TFT-LCD industry for 2010. As part of our voluntary activities to reduce emission of greenhouse gases, we installed trifluoride oxide abatement systems at all of our production lines.

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

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

In connection with the greenhouse gas emission and energy reduction target system, we submitted a statement of our domestic emissions and energy usage for the year 2012 to the Korean government (i.e., the Ministry of Environment and the Ministry of Trade, Industry & Energy) in March 2013 after it was certified by the Korean Foundation for Quality, a government-designated certification agency.

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

(Unit: thousand tonnes of CO₂ equivalent; Tetra Joules)

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

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

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

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

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

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

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

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

(Unit: In millions of Won)

Description	As of September 30, 2013	As of December 31, 2012	As of December 31, 2011	As of December 31, 2010	As of December 31, 2009 ⁽¹⁾
Current assets	8,017,102	8,914,685	7,858,065	8,840,433	8,226,142
Quick assets	5,600,279	6,524,678	5,540,695	6,625,216	6,558,362
Inventories	2,416,823	2,390,007	2,317,370	2,215,217	1,667,780
Non-current assets	14,329,101	15,540,826	17,304,866	15,017,225	11,477,335
Investments in equity accounted investees	415,724	402,158	385,145	325,532	282,450
Property, plant and equipment, net	12,070,699	13,107,511	14,696,849	12,815,401	9,596,497
Intangible assets	458,685	497,602	535,114	539,901	352,393
Other non-current assets	1,383,993	1,533,555	1,687,758	1,336,391	1,245,995
Total assets	22,346,203	24,455,511	25,162,931	23,857,658	19,703,477
Current liabilities	7,095,356	9,206,158	9,911,434	8,881,829	6,495,071
Non-current liabilities	4,597,856	5,009,173	5,120,469	3,914,862	3,168,657
Total liabilities	11,693,212	14,215,331	15,031,903	12,796,691	9,663,728
Share capital	1,789,079	1,789,079	1,789,079	1,789,079	1,789,079
Share premium	2,251,113	2,251,113	2,251,113	2,251,113	2,251,113
Reserves	(58,034)	(69,370)	12,181	(35,298)	(51,005)
Retained earnings	6,590,167	6,238,989	6,063,359	7,031,163	6,050,562
Non-controlling interest	80,666	30,369	15,296	24,910	0
Total equity	10,652,991	10,240,180	10,131,028	11,060,967	10,039,749

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

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

- (1) Although our financial statements for the year ended December 31, 2009 were audited by our independent auditors in accordance with K-IFRS, our interim financial statements were not reviewed by our independent auditors.
- (2) Amendment to K-IFRS No. 1001 Presentation of Financial Statements adopted in the presentation of operating profit. After adoption of the amendment, operating profit or loss is presented as an amount of revenue less cost of sales, selling and administrative expenses and research and development expenses. Prior to the adoption of the amendment, other income and other expenses were included in the presentation of operating profit or loss.
- (3) Reclassified to conform to the presentation for the nine months ended September 30, 2013.

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

(Unit: In millions of Won)

Description	As of September	As of December 31, 2012	As of December 31, 2011	As of December 31, 2010	As of December 31, 2009 ⁽¹⁾
	30, 2013				
Current assets	7,422,308	8,432,253	7,326,764	8,499,873	7,973,355
Quick assets	5,441,100	6,484,308	5,414,054	6,739,908	6,687,050
Inventories	1,981,208	1,947,945	1,912,710	1,759,965	1,286,305
Non-current assets	14,056,608	15,369,335	16,947,200	14,658,125	11,283,512
Investments	1,654,674	1,468,778	1,386,313	1,279,831	1,075,229
Property, plant and equipment, net	10,681,963	12,004,435	13,522,553	11,688,061	8,730,263
Intangible assets	453,491	488,663	479,510	483,260	340,885
Other non-current assets	1,266,480	1,407,459	1,558,824	1,206,973	1,137,135
Total assets	21,478,916	23,801,588	24,273,964	23,157,998	19,256,867
Current liabilities	7,097,286	9,132,943	9,485,333	8,453,869	6,120,663
Non-current liabilities	4,596,411	5,007,525	5,101,714	3,833,454	3,102,006
Total liabilities	11,693,697	14,140,468	14,587,047	12,287,323	9,222,669
Share capital	1,789,079	1,789,079	1,789,079	1,789,079	1,789,079
Share premium	2,251,113	2,251,113	2,251,113	2,251,113	2,251,113
Reserves	(465)	(893)	(3,944)	(7,795)	(17,366)
Retained earnings	5,745,492	5,621,821	5,650,669	6,838,278	6,011,372
Total equity	9,785,219	9,661,120	9,686,917	10,870,675	10,034,198

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

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

- (1) Although our financial statements for the year ended December 31, 2009 were audited by our independent auditors in accordance with K-IFRS, our interim financial statements were not reviewed by our independent auditors.
- (2) Amendment to K-IFRS No. 1001 Presentation of Financial Statements adopted in the presentation of operating profit. After adoption of the amendment, operating profit or loss is presented as an amount of revenue less cost of sales, selling and administrative expenses and research and development expenses. Prior to the adoption of the amendment, other income and other expenses were included in the presentation of operating profit or loss.
- (3) Reclassified to conform to the presentation for the nine months ended September 30, 2013.

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

Company	Primary Business	Location	Equity Interest
LG Display America, Inc.	Sales	U.S.A.	100%
LG Display Germany GmbH	Sales	Germany	100%
LG Display Japan Co., Ltd.	Sales	Japan	100%
LG Display Taiwan Co., Ltd.	Sales	Taiwan	100%
LG Display Nanjing Co., Ltd.	Manufacturing and sales	China	100%
LG Display Shanghai Co., Ltd.	Sales	China	100%
LG Display Poland Sp. zo.o.	Manufacturing and sales	Poland	80%
LG Display Guangzhou Co., Ltd.	Manufacturing and sales	China	90%
LG Display Shenzhen Co., Ltd.	Sales	China	100%
LG Display Singapore Pte. Ltd.	Sales	Singapore	100%
L&T Display Technology (Xiamen) Co., Ltd.	Manufacturing and sales	China	51%
L&T Display Technology (Fujian) Co., Ltd.	Manufacturing and sales	China	51%
LG Display Yantai Co., Ltd.	Manufacturing and sales	China	100%
LG Display (China) Co., Ltd.	Manufacturing and sales	China	70%
L&I Electronic Technology (Dongguan) Limited	Manufacturing and sales	China	100%
LUCOM Display Technology (Kunshan) Limited	Manufacturing and sales	China	51%
LG Display U.S.A. Inc.	Manufacturing and sales	U.S.A.	100%
LG Display Reynosa S.A. de C.V.	Manufacturing	Mexico	100%
Nanumnuri Co., Ltd.	Workplace services	Korea	100%

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

Company	Investment Amount	Initial Equity Investment Date	Equity Interest
LG Display America, Inc.	US\$300,000,000	September 24, 1999	100%
LG Display Germany GmbH	EUR960,000	November 5, 1999	100%
LG Display Japan Co., Ltd.	¥95,000,000	October 12, 1999	100%
LG Display Taiwan Co., Ltd.	NT\$115,500,000	May 19, 2000	100%
LG Display Nanjing Co., Ltd.	CNY2,834,206,315	July 15, 2002	100%
LG Display Shanghai Co., Ltd.	CNY4,138,650	January 16, 2003	100%
LG Display Poland Sp. zo.o.	PLN410,327,700	September 6, 2005	80%
LG Display Guangzhou Co., Ltd.	CNY895,904,754	August 7, 2006	90%
LG Display Shenzhen Co., Ltd.	CNY3,775,250	August 28, 2007	100%
LG Display Singapore Pte. Ltd.	SGD1,400,000	January 12, 2009	100%
L&T Display Technology (Xiamen) Co., Ltd.	CNY41,785,824	January 5, 2010	51%
L&T Display Technology (Fujian) Co., Ltd.	CNY59,197,026	January 5, 2010	51%
LG Display Yantai Co., Ltd.	CNY525,016,000	April 19, 2010	100%
L&I Electronic Technology (Dongguan) Limited	CNY54,387,360	October 25, 2010	100%
LUCOM Display Technology (Kunshan) Limited	CNY50,353,677	December 27, 2010	51%
LG Display U.S.A. Inc.	US\$10,920,000	December 8, 2011	100%
LG Display Reynosa S.A. de C.V.	MXN111,998,058	December 30, 2011	100%
Nanumnuri Co., Ltd.	800,000,000	March 19, 2012	100%
LG Display (China) Co., Ltd. ⁽¹⁾	CNY1,251,165,149	December 27, 2012	70%

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Company	Investment Amount	Initial Equity Investment Date	Equity Interest
Suzhou Raken Technology Co., Ltd. ⁽²⁾	CNY636,973,649	October 7, 2008	51%
Paju Electric Glass Co., Ltd.	33,648,000,000	March 25, 2005	40%
TLI Co., Ltd.	14,073,806,250	May 16, 2008	10%
AVACO Co., Ltd.	6,172,728,120	June 9, 2008	16%
Guangzhou New Vision Technology Research and Development Limited	CNY25,000,000	July 11, 2008	50%
NEW OPTICS, Ltd.	12,199,600,000	July 30, 2008	42%
LIG ADP Co., Ltd.	6,330,000,000	February 24, 2009	13%
Wooree E&L Co., Ltd. (formerly Wooree LED Co., Ltd.)	11,900,000,000	May 22, 2009	21%
Global OLED Technology LLC	US\$45,170,000	December 23, 2009	33%
LB Gemini New Growth Fund No. 16 ⁽³⁾	17,177,282,659	December 7, 2009	31%
Can Yang Investment Ltd.	US\$15,300,000	January 27, 2010	9%
YAS Co., Ltd.	10,000,000,000	September 16, 2010	19%
Eralite Optoelectronics (Jiangsu) Co., Ltd.	US\$4,000,000	September 28, 2010	20%
Narae Nanotech Corporation	30,000,000,000	April 22, 2011	23%
Avatec Co., Ltd.	10,600,000,000	December 6, 2011	16%
Glonix Co., Ltd.	2,000,000,000	April 10, 2012	20%

- (1) In September and October 2013, we invested CNY372 million and CNY858 million, respectively, in LG Display (China) Co., Ltd. The investment did not affect our percentage interest.
- (2) In September 2013, we invested CNY68 million in Suzhou Raken Technology Co., Ltd. The investment did not affect our percentage interest.
- (3) In September 2013, we invested 1.5 billion in LB Gemini New Growth Fund No. 16. The investment did not affect our percentage interest.

13. Audit Information

A. Audit service

(Unit: In millions of Won, hours)

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

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

B. Non-audit service

(Unit: In millions of Won)

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

14. Board of Directors

A. Members of the board of directors

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

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(As of September 30, 2013)

Name	Date of birth	Position	Experience (including current position)	First elected
Sang Beom Han	June 18, 1955	Representative	Head of LG Display TV Business Division	March 9, 2012
James (Hoyoung) Jeong	November 2, 1961	Director (non-outside), Chief Executive Officer and President	Chief Financial Officer of LG Electronics	February 29, 2008
Yu Sig Kang	November 3, 1948	Director (non-standing)	Representative Director of LG Corp.	March 11, 2011
Tae Sik Ahn	March 21, 1956	Outside Director	Professor, School of Business Administration, Seoul National University	March 12, 2010
Jin Jang	November 28, 1954	Outside Director	Chair Professor, Department of Information Display, Kyung Hee University	March 11, 2011
Dong Il Kwon	February 5, 1957	Outside Director	Professor, Department of Materials Science and Engineering, Seoul National University	March 9, 2012
Joon Park	October 30, 1954	Outside Director	Professor, School of Law, Seoul National University	March 8, 2013

B. Committees of the board of directors

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

(as of September 30, 2013)

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

C. Independence of directors

Outside director: Independent

Non-outside director: Not independent

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

15. Information Regarding Shares

A. Total number of shares

(1) Total number of shares authorized to be issued (as of September 30, 2013): 500,000,000 shares.

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

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B. Shareholder list

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

Name	Relationship	Number of Shares of Common Stock	Equity Interest
LG Electronics	Largest Shareholder	135,625,000	37.9%
Sang Beom Han	Related Party	4,204	0.0%

(2) Shareholders who are known to us to own 5% or more of our shares as of September 30, 2013:

Beneficial Owner	Number of Shares of Common Stock	Equity Interest
LG Electronics	135,625,000	37.9%
National Pension Service	25,237,480	7.1%

16. Directors and Employees

A. Directors

(1) Remuneration for directors in 2013 Q1~Q3

(Unit: person, in millions of Won)

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

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

(2) Amount paid is calculated on the basis of amount of cash actually paid.

(3) Among the non-outside directors, Yu Sig Kang does not receive any remuneration.

(4) Per capita average remuneration paid is calculated by dividing total amount paid by the average number of directors for the nine months ended September 30, 2013.

(2) Stock options
Not applicable.

Table of Contents**B. Employees**

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

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

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

(1) Includes part-time employees.

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

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

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

(5) Calculated using the average number of employees (male: 24,241, female: 10,315) for the nine months ended September 30, 2013.

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LG DISPLAY CO., LTD. AND SUBSIDIARIES

Condensed Consolidated Interim Financial Statements

(Unaudited)

September 30, 2013 and 2012

(With Independent Auditors' Review Report Thereon)

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Independent Auditors' Review Report

Based on a report originally issued in Korean

To the Board of Directors and Shareholders

LG Display Co., Ltd.:

Reviewed Financial Statements

We have reviewed the accompanying condensed consolidated interim financial statements of LG Display Co., Ltd. and subsidiaries (the Group) which comprise the condensed consolidated interim statement of financial position as of September 30, 2013 and the condensed consolidated interim statements of comprehensive income (loss) for each of the three-month and nine-month periods ended September 30, 2013 and 2012, and statements of changes in equity and cash flows for the nine-month periods ended September 30, 2013 and 2012, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Condensed Consolidated Interim Financial Statements

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

Auditors' Responsibility

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

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

Conclusion

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

Emphasis of Matter

As discussed in note 17 to the condensed consolidated interim financial statements, the Group has been or is under investigations by antitrust authorities in several countries with respect to possible anti-competitive activities in the Liquid Crystal Display (LCD) industry and named as defendants in a number of individual lawsuits and class actions in the United States and Canada, respectively, in connection with alleged antitrust violations concerning the sale of LCD panels. The Group estimated and recognized losses related to these investigations and alleged violations. However, actual losses are subject to change in the future based on new developments in each matter, or changes in circumstances, which could be materially different from those estimated and recognized by the Group.

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

Other Matters

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

We audited the consolidated statement of financial position as of December 31, 2012 and the related consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, which are not accompanying this review report, in accordance with auditing standards generally accepted in the Republic of Korea, and our report thereon, dated February 15, 2013, expressed an unqualified opinion. The accompanying condensed consolidated statement of financial position of the Group as of December 31, 2012, presented for comparative purposes, is not different from that audited by us from which it was derived in all material respects.

/s/ KPMG Samjong Accounting Corp.

Seoul, Korea

October 31, 2013

This report is effective as of October 31, 2013, the review report date. Certain subsequent events or circumstances, which may occur between the review report date and the time of reading this report, could have a material impact on the accompanying condensed consolidated interim financial statements and notes thereto. Accordingly, the readers of the review report should understand that the above review report has not been updated to reflect the impact of such subsequent events or circumstances, if any.

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LG DISPLAY CO., LTD. AND SUBSIDIARIES

Condensed Consolidated Interim Statements of Financial Position

(Unaudited)

As of September 30, 2013 and December 31, 2012

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

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

See accompanying notes to the condensed consolidated interim financial statements.

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LG DISPLAY CO., LTD. AND SUBSIDIARIES

Condensed Consolidated Interim Statements of Comprehensive Income (Loss)

(Unaudited)

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

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

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

See accompanying notes to the condensed consolidated interim financial statements.

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LG DISPLAY CO., LTD. AND SUBSIDIARIES

Condensed Consolidated Interim Statements of Changes in Equity

(Unaudited)

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

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

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

Capital contribution from non-controlling interests and others						(3,116)	55,185	52,069
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Balances at September 30, 2013	1,789,079	2,251,113	435	100	(58,569)	6,590,167	80,666	10,652,991
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See accompanying notes to the condensed consolidated interim financial statements.

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LG DISPLAY CO., LTD. AND SUBSIDIARIES

Condensed Consolidated Interim Statements of Cash Flows

(Unaudited)

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

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

See accompanying notes to the condensed consolidated interim financial statements.

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LG DISPLAY CO., LTD. AND SUBSIDIARIES

Condensed Consolidated Interim Statements of Cash Flows, Continued

(Unaudited)

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

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

See accompanying notes to the condensed consolidated interim financial statements.

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1. Reporting Entity

(a) Description of the Controlling Company

LG Display Co., Ltd. (the Controlling Company) was incorporated in February 1985 under its original name of LG Soft, Ltd. as a wholly owned subsidiary of LG Electronics Inc. In 1998, LG Electronics Inc. and LG Semicon Co., Ltd. transferred their respective Thin Film Transistor-Liquid Crystal Display (TFT-LCD) related business to the Controlling Company. The main business of the Controlling Company and its subsidiaries is to manufacture and sell TFT-LCD panels. The Controlling Company is a stock company (Jusikhoesa) domiciled in the Republic of Korea with its address at 128 Yeouidae-ro, Yeongdeungpo-gu, Seoul, the Republic of Korea. In July 1999, LG Electronics Inc. and Koninklijke Philips Electronics N.V. (Philips) entered into a joint venture agreement. Pursuant to the agreement, the Controlling Company changed its name to LG.Philips LCD Co., Ltd. However, the Controlling Company changed its name to LG Display Co., Ltd. as a result of the decrease in Philips' s share interest in the Controlling Company and the possibility of its business expansion to Organic Light Emitting Diode (OLED) and Flexible Display products. As of September 30, 2013, LG Electronics Inc. owns 37.9% (135,625,000 shares) of the Controlling Company' s common shares.

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

The Controlling Company' s common stock is listed on the Korea Exchange under the identifying code 034220. As of September 30, 2013, there are 357,815,700 shares of common stock outstanding. The Controlling Company' s common stock is also listed on the New York Stock Exchange in the form of American Depositary Shares (ADSs) under the symbol LPL . One ADS represents one-half of one share of common stock. As of September 30, 2013, there are 18,195,154 ADSs outstanding.

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

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

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

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

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1. Reporting Entity, Continued

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

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

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

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2. **Basis of Presenting Financial Statements**

(a) **Statement of Compliance**

The condensed consolidated interim financial statements have been prepared in accordance with Korean International Financial Reporting Standards (K-IFRSs) No.1034, *Interim Financial Reporting*. They do not include all of the information required for full annual consolidated financial statements and should be read in conjunction with the consolidated financial statements of the Group as of and for the year ended December 31, 2012.

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

(b) **Basis of Measurement**

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

derivative financial instruments measured at fair value;

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

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

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

(c) **Functional and Presentation Currency**

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

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

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

In preparing these condensed consolidated interim financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied in its consolidated financial statements as of and for the year ended December 31, 2012.

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

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

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

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

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3. Summary of Significant Accounting Policies

The significant accounting policies followed by the Group in the preparation of its condensed consolidated interim financial statements are the same as those followed by the Group in its preparation of the consolidated financial statements as of and for the year ended December 31, 2012, except for the application of K-IFRS No. 1034, *Interim Financial Reporting*, and the amended or new accounting standards explained below:

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

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

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

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

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

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

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3. Summary of Significant Accounting Policies, Continued

(a) Changes to the Significant Accounting Policies, Continued

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

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

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

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

(b) New Standards and Interpretations Not Yet Adopted

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

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

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

4. Financial Risk Management

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

Table of Contents5. **Inventories**

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

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

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

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

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

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

(In millions of won)

Associates and jointly

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

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

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6. Investments in Equity Accounted Investees, Continued

- (*1) In September 2013, the Controlling Company invested 11,917 million in cash for the capital increase of Suzhou Raken Technology Ltd (Raken). There were no changes in the Controlling Company's ownership percentage in Raken as a result of this additional investment.
- (*2) Although the Controlling Company's share interests in TLI Inc., Avaco Co., Ltd., LIG ADP Co., Ltd., Can Yang Investments Limited, YAS Co., Ltd., and Avatec Co., Ltd. are below 20%, the Controlling Company is able to exercise significant influence through its right to assign a director to the board of directors of each investee and, accordingly, the investments in these investees have been accounted for using the equity method.
- (*3) In 2013, the Controlling Company's ownership in TLI Inc. was reduced from 12% to 10% due to the shares issued in relation to the exercise of warrants.
- (*4) In 2013, the Controlling Company's ownership in WooRee E&L Co., Ltd. was reduced from 30% to 21% because the Controlling Company did not participate in WooRee E&L Co., Ltd.'s capital increase.
- (*5) The Controlling Company is a member of limited partnership in the LB Gemini New Growth Fund No.16 (the Fund). In March and May 2013, the Controlling Company received 1,116 million and 260 million, respectively, from the Fund as a capital distribution and made additional cash investment of 1,533 million in the Fund in June and September 2013, respectively. There were no changes in the Controlling Company's ownership percentage in the Fund and the Controlling Company is committed to making future investments of up to an aggregate of 30,000 million.
- (*6) In 2013, the Controlling Company's ownership in Avatec Co., Ltd. was reduced from 17% to 16% due to the shares issued in relation to the exercise of stock options.
- (*7) The Controlling Company's share of net assets of Glonix Co., Ltd. (Glonix) was reduced below zero and, accordingly, the Controlling Company discontinued the recognition of its share of losses of the Glonix. The Controlling Company's unrecognized share of losses of the Glonix amounts to 86 million.

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

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

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7. Property, Plant and Equipment

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

8. Intangible Assets

The Group capitalizes expenditures related to development activities, such as expenditures incurred on designing, manufacturing and testing of products that are ultimately selected for production. The balances of capitalized development costs as of September 30, 2013 and December 31, 2012 are 162,741 million and 169,176 million, respectively.

Table of Contents9. Financial Instruments

(a) Credit risk

(i) Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk as of September 30, 2013 and December 31, 2012 is as follows:

(In millions of won)

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

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

(In millions of won)

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

Table of Contents9. Financial Instruments, Continued

(ii) Impairment loss

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

(In millions of won)

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

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

(In millions of won)

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

Table of Contents9. Financial Instruments, Continued

(b) Liquidity risk

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

(In millions of won)

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

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

Table of Contents9. Financial Instruments, Continued

(c) Currency risk

(i) Exposure to currency risk

The Group's exposure to foreign currency risk based on notional amounts as of September 30, 2013 and December 31, 2012 is as follows:

(In millions)

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

(In millions)

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

Table of Contents9. Financial Instruments, Continued

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

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

(ii) Sensitivity analysis

A weaker won, as indicated below, against the following currencies which comprise the Group's financial assets or liabilities denominated in foreign currency as of September 30, 2013 and December 31, 2012, would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considers to be reasonably possible as of the end of reporting period. The analysis assumes that all other variables, in particular interest rates, would remain constant. The changes in equity and profit or loss would be as follows:

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

A stronger won against the above currencies as of September 30, 2013 and December 31, 2012 would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Table of Contents9. Financial Instruments, Continued

(d) Interest rate risk

(i) Profile

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

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

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

As of September 30, 2013 and December 31, 2012, a change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below for each 12-month period following the reporting dates. This analysis assumes that all other variables, in particular foreign currency rates, would remain constant.

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

Table of Contents9. Financial Instruments, Continued

(e) Fair values

(i) Fair values versus carrying amounts

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

(In millions of won)

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

The basis for determining fair values above by the Group are consistent with those disclosed in the financial statements as of and for the year ended December 31, 2012.

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9. Financial Instruments, Continued

(ii) Interest rates used for determining fair value

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

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

(iii) Fair value hierarchy

The table below analyzes financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

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

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

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

The financial instruments carried at fair value as of September 30, 2013 and December 31, 2012 are as follows:

(In millions of won)

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

(In millions of won)

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

Table of Contents9. Financial Instruments, Continued

(f) Capital management

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

(In millions of won)

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

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

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

Table of Contents10. Financial Liabilities

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

(In millions of won)

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

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

(In millions of won, USD and CNY)

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

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

(In millions of won)

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

Table of Contents10. Financial Liabilities, Continued

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

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

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

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

Table of Contents10. Financial Liabilities, Continued

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

(In millions of won and USD)

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

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

Table of Contents11. The Nature of Expenses

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

(In millions of won)

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

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

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

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

Table of Contents12. Selling and Administrative Expenses

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

(In millions of won)

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

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

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

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

(In millions of won)

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

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

(In millions of won)

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

Table of Contents14. Employee Benefits

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

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

(In millions of won)

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

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

(In millions of won)

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

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

(In millions of won)

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

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

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

(In millions of won)

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

15. Finance income and costs

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

(In millions of won)

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

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

(In millions of won)

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

16. Commitments

Factoring and securitization of accounts receivable

The Controlling Company has agreements with Korea Development Bank and several other banks for accounts receivable sales negotiating facilities of up to an aggregate of USD 1,713 million (1,843,019 million) and JPY 5,000 million (54,934 million) in connection with the Controlling Company's export sales transactions with its subsidiaries. As of September 30, 2013, no short-term borrowings were outstanding in connection with these agreements. In connection with all of the contracts in this paragraph, the Controlling Company has sold its accounts receivable with recourse.

Table of Contents16. Commitments, Continued

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

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16. Commitments, Continued

Letters of credit

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

Payment guarantees

The Controlling Company obtained payment guarantees amounting to USD 8.5 million (9,143 million) and EUR 215 million (312,032 million) from Royal Bank of Scotland and other various banks for a number of occasions including value added tax payments in Poland.

LG Display Japan Co., Ltd. and other subsidiaries are provided with payment guarantees from the Bank of

Tokyo-Mitsubishi UFJ and other various banks amounting to USD 7 million (7,529 million), JPY 700 million (7,691 million), CNY 1,400 million (246,050 million), TWD 10 million (364 million) and PLN 0.2 million (69 million) respectively, for their local tax payments.

Credit facility

LG Display Japan Co., Ltd. and other subsidiaries have entered into short-term credit facility agreements of up to USD 60 million (64,536 million) and JPY 8,000 million (87,894 million) in total, with Mizuho Corporate Bank and other various banks.

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16. Commitments, Continued

License agreements

As of September 30, 2013, in relation to its TFT-LCD business, the Controlling Company has technical license agreements with Hitachi Display, Ltd. and others and has a trademark license agreement with LG Corp.

Long-term supply agreement

In connection with long-term supply agreements, as of September 30, 2013, the Controlling Company's balance of advances received from a customer amount to USD 1,080 million (1,161,648 million) in aggregate. The advances received will be offset against outstanding accounts receivable balances after a given period of time, as well as those arising from the supply of products thereafter. The Controlling Company received a payment guarantee amounting to USD 220 million (236,632 million) from the Industrial Bank of Korea relating to advances received.

Pledged Assets

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

17. Contingencies

Anvik Corporation's lawsuit for infringement of patent

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

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

In 2012, the United States International Trade Commission (USITC) granted a motion by Industrial Technology Research Institute of Taiwan (ITRI) to add the Controlling Company and LG Display America as additional respondents in an investigation under Section 337 of the United States Tariff Act (In the Matter of Certain Devices for Improving Uniformity Used in a Backlight Module and Components Thereof and Products Containing the Same, Investigation No. 337-TA-805). ITRI is seeking an exclusion order which prohibits the importation of televisions and monitors incorporating the Controlling Company's products into the United States for alleged patent infringement. On October 22, 2012, USITC issued a Notice of Initial Determination finding that the Controlling Company and LG Display America, Inc. did not infringe the asserted patent of ITRI. On May 17, 2013, USITC issued a final determination finding that the patent was invalid and the Controlling Company and LG Display America had not infringed ITRI's patents. Meanwhile, ITRI appealed to the United States Court of Appeals for the Federal Circuit.

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

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

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

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

Anti-trust investigations and litigations

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

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

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

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

Table of Contents17. Contingencies, Continued

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

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

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

Apart from the direct and indirect purchaser class actions, individual plaintiffs filed complaints in various state or federal courts in the United States alleging violation of the respective antitrust laws and related laws by various LCD panel manufacturers. To date the Controlling Company is defending against twenty Direct Action Plaintiffs including Motorola Mobility, Inc., Electrograph Technologies Corp. and its affiliates, TracFone Wireless Inc., Costco Wholesale Corp., Office Depot, Inc., Interbond Corp. of America (BrandsMart), P.C. Richard & Son Long Island Corp., MARTA Cooperative of America, Inc., ABC Appliance (ABC Warehouse), Schultze Agency Services, LLC (Tweeter), AASI Creditor Liquidating Trust for All American Semiconductor Inc., Tech Data Corp. and its affiliate, CompuCom Systems, Inc., NECO Alliance LLC, Proview Technology, Inc. and its affiliates, and the attorneys general of Illinois, Washington, Oregon, South Carolina, and Mississippi.

In Canada, the Ontario Superior Court of Justice certified the class action complaints filed by the direct and indirect purchasers in May 2011. The Controlling Company is pursuing an appeal of the decision as well as defending the on-going class actions in Quebec and British Columbia.

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17. Contingencies, Continued

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

18. Capital and Reserves

(a) Share capital

The Controlling Company is authorized to issue 500,000,000 shares of capital stock (par value 5,000), and as of September 30, 2013 and December 31, 2012, the number of issued common shares is 357,815,700. There have been no changes in the capital stock from January 1, 2012 to September 30, 2013.

(b) Reserves

Reserves consist mainly of the following:

Translation reserve

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

Fair value reserve

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

Table of Contents19. Related Parties

(a) Key management personnel compensation

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

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

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

(b) Significant transactions with related companies

Significant transactions such as sales of goods and purchases of raw material and outsourcing service and others, which occurred in the normal course of business with related parties for the three-month and nine-month periods ended September 30, 2013 and 2012 are as follows:

(i) Sales and others

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

(ii) Purchases and others

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

802,614	893,618	2,283,787	2,469,907
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Table of Contents19. Related Parties, Continued

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

(In millions of won)

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

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

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

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

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

(a) Revenue by geography

(In millions of won)

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

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

(b) Non-current assets by geography

(In millions of won)

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

Table of Contents20. Geographic and Other Information, Continued

(c) Revenue by product

(In millions of won)

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

21. Income Taxes

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

(In millions of won)

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

Table of Contents21. Income Taxes, Continued

(b) Deferred Tax Assets and Liabilities

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

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

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

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

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

Table of Contents22. Earnings (Loss) Per Share

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

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

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

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

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LG DISPLAY CO., LTD.

Condensed Separate Interim Financial Statements

(Unaudited)

September 30, 2013 and 2012

(With Independent Auditors' Review Report Thereon)

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Independent Auditors' Review Report

Based on a report originally issued in Korean

To the Board of Directors and Shareholders

LG Display Co., Ltd.:

Reviewed Financial Statements

We have reviewed the accompanying condensed separate interim financial statements of LG Display Co., Ltd. (the Company) which comprise the condensed separate interim statement of financial position as of September 30, 2013, the condensed separate interim statements of comprehensive income (loss) for each of the three-month and nine-month periods ended September 30, 2013 and 2012, and statements of changes in equity and cash flows for the nine-month periods ended September 30, 2013 and 2012, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Condensed Separate Interim Financial Statements

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

Auditors' Responsibility

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

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

Conclusion

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

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Emphasis of Matter

As discussed in note 17 to the condensed separate interim financial statements, the Company has been or is under investigations by antitrust authorities in several countries with respect to possible anti-competitive activities in the Liquid Crystal Display (LCD) industry and named as defendants in a number of individual lawsuits and class actions in the United States and Canada, respectively, in connection with alleged antitrust violations concerning the sale of LCD panels. The Company estimated and recognized losses related to these investigations and alleged violations. However, actual losses are subject to change in the future based on new developments in each matter, or changes in circumstances, which could be materially different from those estimated and recognized by the Company.

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

Other Matters

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

We audited the separate statement of financial position as of December 31, 2012, and the related separate statements of comprehensive income, changes in equity and cash flows for the year then ended, which are not accompanying this review report, in accordance with auditing standards generally accepted in the Republic of Korea, and our report thereon, dated February 15, 2013, expressed an unqualified opinion. The accompanying condensed separate statement of financial position of the Company as of December 31, 2012, presented for comparative purposes, is not different from that audited by us from which it was derived in all material respects.

/s/ KPMG Samjong Accounting Corp.

Seoul, Korea

October 31, 2013

This report is effective as of October 31, 2013, the review report date. Certain subsequent events or circumstances, which may occur between the review report date and the time of reading this report, could have a material impact on the accompanying condensed separate interim financial statements and notes thereto. Accordingly, the readers of the review report should understand that the above review report has not been updated to reflect the impact of such subsequent events or circumstances, if any.

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LG DISPLAY CO., LTD.

Condensed Separate Interim Statements of Financial Position

(Unaudited)

As of September 30, 2013 and December 31, 2012

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

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

See accompanying notes to the condensed separate interim financial statements.

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LG DISPLAY CO., LTD.

Condensed Separate Interim Statements of Comprehensive Income (Loss)

(Unaudited)

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

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

See accompanying notes to the condensed separate interim financial statements.

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LG DISPLAY CO., LTD.

Condensed Separate Interim Statements of Changes in Equity

(Unaudited)

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

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

See accompanying notes to the condensed separate interim financial statements.

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LG DISPLAY CO., LTD.

Condensed Separate Interim Statements of Cash Flows

(Unaudited)

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

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

See accompanying notes to the condensed separate interim financial statements.

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LG DISPLAY CO., LTD.

Condensed Separate Interim Statements of Cash Flows, Continued

(Unaudited)

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

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

See accompanying notes to the condensed separate interim financial statements.

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1. **Organization and Description of Business**

LG Display Co., Ltd. (the Company) was incorporated in February 1985 under its original name of LG Soft, Ltd. as a wholly owned subsidiary of LG Electronics Inc. In 1998, LG Electronics Inc. and LG Semicon Co., Ltd. transferred their respective Thin Film Transistor-Liquid Crystal Display (TFT-LCD) related business to the Company. The main business of the Company is to manufacture and sell TFT-LCD panels. The Company is a stock company (Jusikhoesa) domiciled in the Republic of Korea with its address at 128 Yeouidae-ro, Yeongdeungpo-gu, Seoul, the Republic of Korea. In July 1999, LG Electronics Inc. and Koninklijke Philips Electronics N.V. (Philips) entered into a joint venture agreement. Pursuant to the agreement, the Company changed its name to LG.Philips LCD Co., Ltd. However, the Company changed its name to LG Display Co., Ltd. as a result of the decrease in Philips's share interest in the Company and the possibility of its business expansion to Organic Light Emitting Diode (OLED) and Flexible Display products. As of September 30, 2013, LG Electronics Inc. owns 37.9% (135,625,000 shares) of the Company's common shares.

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

The Company's common stock is listed on the Korea Exchange under the identifying code 034220. As of September 30, 2013, there are 357,815,700 shares of common stock outstanding. The Company's common stock is also listed on the New York Stock Exchange in the form of American Depository Shares (ADSs) under the symbol LPL. One ADS represents one-half of one share of common stock. As of September 30, 2013, there are 18,195,154 ADSs outstanding.

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2. **Basis of Presenting Financial Statements**

(a) **Statement of Compliance**

The condensed separate interim financial statements have been prepared in accordance with Korean International Financial Reporting Standards (K-IFRSs) No.1034, *Interim Financial Reporting*. They do not include all of the information required for full annual financial statements and should be read in conjunction with the financial statements of the Company as of and for the year ended December 31, 2012.

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

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

(b) **Basis of Measurement**

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

derivative financial instruments measured at fair value;

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

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

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

(c) **Functional and Presentation Currency**

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

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

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

In preparing these condensed separate interim financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those applied in its financial statements as of and for the year ended December 31, 2012.

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

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

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

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

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3. Summary of Significant Accounting Policies

The significant accounting policies followed by the Company in the preparation of its condensed separate interim financial statements are the same as those followed by the Company in its preparation of the financial statements as of and for the year ended December 31, 2012, except for the application of K-IFRS No. 1034, *Interim Financial Reporting*, and the amended accounting standards explained below:

(a) Changes to the Significant Accounting Policies

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

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

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

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

(b) New Standards and Interpretations Not Yet Adopted

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

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

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

4. Financial Risk Management

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

Table of Contents5. Inventories

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

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

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

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

6. Investments(a) Investments in subsidiaries

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

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

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

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

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

(b) Investments in associates

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

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6. Investments, Continued

The Company is a member of limited partnership in the LB Gemini New Growth Fund No.16 (the Fund). In March and May 2013, the Company received 1,116 million and 260 million, respectively, from the Fund as capital distribution and made additional cash investment of 1,533 million in the Fund in June and September 2013, respectively. There were no changes in the Company's ownership percentage in the Fund and the Company is committed to making future investments of up to an aggregate of 30,000 million.

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

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

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

(c) Dividends

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

7. Property, Plant and Equipment

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

8. Intangible Assets

The Company capitalizes expenditures related to development activities, such as expenditures incurred on designing, manufacturing and testing of products that are ultimately selected for production. The balances of capitalized development costs as of September 30, 2013 and December 31, 2012, are 162,741 million and 169,176 million, respectively.

Table of Contents9. Financial Instruments

(a) Credit risk

(i) Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk as of September 30, 2013 and December 31, 2012 is as follows:

(In millions of won)

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

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

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

(In millions of won)

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

Table of Contents9. Financial Instruments, Continued

(ii) Impairment loss

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

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

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

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

Table of Contents9. Financial Instruments, Continued

(b) Liquidity risk

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

(In millions of won)

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

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

Table of Contents9. Financial Instruments, Continued

(c) Currency risk

(i) Exposure to currency risk

The Company's exposure to foreign currency risk based on notional amounts as of September 30, 2013 and December 31, 2012 is as follows:

(In millions)

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

(In millions)

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

Table of Contents9. Financial Instruments, Continued

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

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

(ii) Sensitivity analysis

A weaker won, as indicated below, against the following currencies which comprise the Company's financial assets or liabilities denominated in foreign currency as of September 30, 2013 and December 31, 2012, would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Company considers to be reasonably possible as of the end of reporting period. The analysis assumes that all other variables, in particular interest rates, would remain constant. The changes in equity and profit or loss would be as follows:

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

A stronger won against the above currencies as of September 30, 2013 and December 31, 2012 would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Table of Contents9. Financial Instruments, Continued

(d) Interest rate risk

(i) Profile

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

(In millions of won)

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

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

As of September 30, 2013 and December 31, 2012, a change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below for each 12-month period following the reporting dates. This analysis assumes that all other variables, in particular foreign currency rates, would remain constant.

(In millions of won)

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

Table of Contents9. Financial Instruments, Continued

(e) Fair values

(i) Fair values versus carrying amounts

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

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

The basis for determining fair values above by the Company are consistent with those disclosed in the financial statements as of and for the year ended December 31, 2012.

Table of Contents9. Financial Instruments, Continued

(ii) Interest rates used for determining fair value

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

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

(iii) Fair value hierarchy

The table below analyzes financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

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

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

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

The financial instruments carried at fair value as of September 30, 2013 and December 31, 2012 are as follows:

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

Table of Contents9. Financial Instruments, Continued

(f) Capital management

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

(In millions of won)

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

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

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

Table of Contents10. Financial Liabilities

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

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

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

(In millions of won)

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

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

(In millions of won and USD)

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

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

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

Table of Contents10. Financial Liabilities, Continued

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

(In millions of won and USD)

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

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

Table of Contents11. The Nature of Expenses

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

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

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

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

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

Table of Contents12. Selling and Administrative Expenses

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

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

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

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

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

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

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

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

Table of Contents14. **Employee Benefits**

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

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

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

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

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

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

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

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

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

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

Table of Contents15. Finance Income and Costs

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

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

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

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

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

The Company has agreements with Korea Development Bank and several other banks for accounts receivable sales negotiating facilities of up to an aggregate of USD 1,713 million (1,843,019 million) and JPY 5,000 million (54,934 million) in connection with the Company's export sales transactions with its subsidiaries. As of September 30, 2013, no short-term borrowings were outstanding in connection with these agreements. In connection with all of the contracts in this paragraph, the Company has sold its accounts receivable with recourse.

The Company has a credit facility agreement with Shinhan Bank pursuant to which the Company could sell its accounts and notes receivable up to an aggregate of 100,000 million in connection with its domestic sales transactions and, as of September 30, 2013, no accounts and notes receivable were sold but not past due under the agreement with Shinhan bank. In addition, the Company entered into agreements with Standard Chartered Bank for accounts receivable sales negotiating facilities of up to USD 50 million (53,780 million) and USD 23 million (24,739 million) in April 2011 and November 2012, respectively. As of September 30, 2013, no accounts and notes receivables sold to Standard Chartered Bank were outstanding in connection with these agreements. In connection with all of the contracts in this paragraph, the Company has sold its accounts receivable without recourse.

Letters of credit

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

Payment guarantees

The Company obtained payment guarantees amounting to USD 8.5 million (9,143 million) and EUR 215 million (312,032 million) from Royal Bank of Scotland and other various banks for a number of occasions including value added tax payments in Poland. In addition, the Company provides a payment guarantee in connection with the term loan credit facilities of LG Display America, Inc. with an aggregate amount of USD 7 million (7,529 million) for principals and related interests.

License agreements

As of September 30, 2013, in relation to its TFT-LCD business, the Company has technical license agreements with Hitachi Display, Ltd. and others and has a trademark license agreement with LG Corp.

Long-term supply agreement

In connection with long-term supply agreements, as of September 30, 2013, the Company's balance of advances received from a customer amount to USD 1,080 million (1,161,648 million) in aggregate. The advances received will be offset against outstanding accounts receivable balances after a given period of time, as well as those arising from the supply of products thereafter. The Company received a payment guarantee amounting to USD 220 million (236,632 million) from the Industrial Bank of Korea relating to advances received.

Table of Contents16. Commitments, ContinuedPledged Assets

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

17. ContingenciesAnvik Corporation's lawsuit for infringement of patent

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

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

In 2012, the United States International Trade Commission (USITC) granted a motion by Industrial Technology Research Institute of Taiwan (ITRI) to add the Company and LG Display America as additional respondents in an investigation under Section 337 of the United States Tariff Act (In the Matter of Certain Devices for Improving Uniformity Used in a Backlight Module and Components Thereof and Products Containing the Same, Investigation No. 337-TA-805). ITRI is seeking an exclusion order which prohibits the importation of televisions and monitors incorporating the Company's products into the United States for alleged patent infringement. On October 22, 2012, USITC issued a Notice of Initial Determination finding that the Company and LG Display America, Inc. did not infringe the asserted patent of ITRI. On May 17, 2013, USITC issued a final determination finding that the patent was invalid and the Company and LG Display America had not infringed ITRI's patents. Meanwhile, ITRI appealed to the United States Court of Appeals for the Federal Circuit.

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

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

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17. Contingencies, Continued

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

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

Anti-trust investigations and litigations

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

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

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

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

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

Table of Contents17. Contingencies, Continued

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

Apart from the direct and indirect purchaser class actions, individual plaintiffs filed complaints in various state or federal courts in the United States alleging violation of the respective antitrust laws and related laws by various LCD panel manufacturers. To date the Company is defending against twenty Direct Action Plaintiffs including Motorola Mobility, Inc., Electrograph Technologies Corp. and its affiliates, TracFone Wireless Inc., Costco Wholesale Corp., Office Depot, Inc., Interbond Corp. of America (BrandsMart), P.C. Richard & Son Long Island Corp., MARTA Cooperative of America, Inc., ABC Appliance (ABC Warehouse), Schultze Agency Services, LLC (Tweeter), AASI Creditor Liquidating Trust for All American Semiconductor Inc., Tech Data Corp. and its affiliate, CompuCom Systems, Inc., NECO Alliance LLC, Proview Technology, Inc. and its affiliates, and the attorneys general of Illinois, Washington, Oregon, South Carolina, and Mississippi.

In Canada, the Ontario Superior Court of Justice certified the class action complaints filed by the direct and indirect purchasers in May 2011. The Company is pursuing an appeal of the decision as well as defending the on-going class actions in Quebec and British Columbia.

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

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18. Capital and Reserves

(a) Share capital

The Company is authorized to issue 500,000,000 shares of capital stock (par value 5,000), and as of September 30, 2013 and December 31, 2012, the number of issued common shares is 357,815,700. There have been no changes in the capital stock from January 1, 2012 to September 30, 2013.

(b) Reserve

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

Table of Contents19. Related Parties

(a) Key management personnel compensation

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

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

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

(b) Significant transactions with related companies

Significant transactions such as sales of goods and purchases of raw material and outsourcing service and others, which occurred in the normal course of business with related parties for the three-month and nine-month periods ended September 30, 2013 and 2012 are as follows:

(iii) Sales and others

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

(iv) Purchases and others

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

1,487,106	1,647,319	4,259,529	4,424,824
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Table of Contents19. Related Parties, Continued

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

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

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

20. Income Taxes

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

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

Table of Contents20. Income Taxes, Continued

(b) Deferred Tax Assets and Liabilities

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

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

(In millions of won)

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

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

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

Table of Contents21. Earnings (Loss) Per Share

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

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

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

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

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SIGNATURES

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

LG Display Co., Ltd.
(Registrant)

Date: November 14, 2013

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

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