

LG Display Co., Ltd.
Form 6-K
May 15, 2018
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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 6-K

REPORT OF FOREIGN PRIVATE ISSUER

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

THE SECURITIES EXCHANGE ACT OF 1934

For the month of May 2018

LG Display Co., Ltd.

(Translation of Registrant's name into English)

LG Twin Towers, 128 Yeoui-daero, Yeongdeungpo-gu, Seoul 07336, 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, 2018 to March 31, 2018)

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 , Q3 AND Q4 OF A FISCAL YEAR ARE REFERENCES TO THE THREE-MONTH PERIODS ENDED MARCH 31, JUNE 30, SEPTEMBER 30 AND DECEMBER 31, RESPECTIVELY, OF SUCH FISCAL YEAR.

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

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1. Company

A. Name and contact information

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

Our principal executive office is located at LG Twin Towers, 128 Yeoui-daero, Yeongdeungpo-gu, Seoul 07336, Republic of Korea, and our telephone number is +82-2-3777-1010. Our website address is <http://www.lgdisplay.com>.

B. Domestic credit rating

(1) Corporate bonds

Subject instrument	Month of rating	Credit rating ⁽¹⁾	Rating agency (Rating range)
	June 2016		
	September 2016	AA	NICE Information Service Co., Ltd. (AAA ~ D)
	May 2017		
	February 2018		
	April 2016		
Corporate bonds	May 2017	AA	Korea Investors Service, Inc. (AAA ~ D)
	October 2017		
	April 2016		
	September 2016		
	May 2017	AA	Korea Ratings Corporation (AAA ~ D)
	October 2017		
	February 2018		

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

Subject instrument	Credit rating	Definition
	AAA	Strongest capacity for timely repayment.
	AA+/AA/AA-	Very strong capacity for timely repayment. This capacity may, nevertheless, be slightly inferior than is the case for the highest rating category
	A+/A/A-	Strong capacity for timely repayment. This capacity may, nevertheless, be more vulnerable to adverse changes in circumstances or in economic

conditions than is the case for higher rating categories.

	BBB+/BBB/BBB-	Capacity for timely repayment is adequate, but adverse changes in circumstances and in economic conditions are more likely to impair this capacity.
Corporate bonds	BB+/BB/BB-	Capacity for timely repayment is currently adequate, but that there are some speculative characteristics that make the repayment uncertain over time.
	B+/B/B-	Lack of adequate capacity for repayment and speculative characteristics. Interest payment in time of unfavorable economic conditions is uncertain.
	CCC	Lack of capacity for even current repayment and high risk of default.
	CC	Greater uncertainties than higher ratings.
	C	High credit risk and lack of capacity for timely repayment.
	D	Insolvency.

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(2) Commercial paper

Subject instrument	Month of rating	Credit rating ⁽¹⁾	Rating agency (Rating range)
	June 2016	A1	Korea Ratings Corporation (A1 ~ D)
	June 2016	A1	NICE Information Service Co., Ltd. (A1 ~ D)
	September 2016	A1	NICE Information Service Co., Ltd. (A1 ~ D)
Commercial paper	September 2016	A1	Korea Ratings Corporation (A1 ~ D)
	May 2017	A1	Korea Investors Service, Inc. (A1 ~ D)
	May 2017	A1	Korea Ratings Corporation (A1 ~ D)
	October 2017	A1	Korea Investors Service, Inc. (A1 ~ D)
	December 2017	A1	Korea Ratings Corporation (A1 ~ D)

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

Subject instrument	Credit rating	Definition
	A1	Timely repayment capability is at the highest level with extremely low investment risk and is stable such that it will not be influenced by any reasonably foreseeable changes in external factors.
	A2	Strong capacity for timely repayment with very low investment risk. This capacity may, nevertheless, be slightly inferior than is the case for the highest rating category.
Commercial paper	A3	Capacity for timely repayment is adequate with low investment risk. This capacity may, nevertheless, be somewhat influenced by sudden changes in external factors.
	B	Capacity for timely repayment is acknowledged, but there are some speculative characteristics.
	C	Capacity for timely repayment is questionable.
	D	Insolvency.

+ or - modifier can be attached to ratings A2 through B to differentiate ratings within broader rating categories.

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C. Capitalization

(1) Change in capital stock (as of March 31, 2018)

There were no changes to our issued capital stock during the annual reporting period ended March 31, 2018.

(2) Convertible bonds

Not applicable.

D. Voting rights (as of March 31, 2018)

Description	(Unit: share)	
		Number of shares
A. Total number of shares issued ⁽¹⁾ :	Common shares ⁽¹⁾	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	

(1) Authorized: 500,000,000 shares

E. Dividends

Dividends for the three most recent fiscal years

Description (unit)	2018 Q1	2017	2016
Par value (Won)	5,000	5,000	5,000
Profit (loss) for the year (million Won) ⁽¹⁾	(59,454)	1,802,756	906,713
Earnings (loss) per share (Won) ⁽²⁾	(166)	5,038	2,534

Total cash dividend amount for the period (million Won)		178,908	178,908
Total stock dividend amount for the period (million Won)			
Cash dividend payout ratio (%) ⁽³⁾		9.92%	19.73%
Cash dividend yield (%) ⁽⁴⁾	Common shares	1.69%	1.58%
	Preferred shares		
Stock dividend yield (%)	Common shares		
	Preferred shares		
Cash dividend per share (Won)	Common shares	500	500
	Preferred shares		
Stock dividend per share (share)	Common shares		
	Preferred shares		

- (1) Based on profit for the year attributable to the owners of the controlling company.
- (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 shares.
- (3) Cash dividend payout ratio is the percentage that is derived by dividing total cash dividend by profit for the year attributable to the owners of the controlling company.
- (4) 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 shares 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.

Table of Contents**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 March 31, 2018, in order to support our business activities, we operated TFT-LCD and OLED production and research facilities in Paju and Gumi in Korea, and we have also established subsidiaries in the Americas, Europe and Asia.

As of March 31, 2018, 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.

2018 Q1 consolidated operating results highlights

2018 Q1	(Unit: In billions of Won)
	Display business
Sales Revenue	5,675
Gross Profit	542
Operating Profit (loss)	(98)

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

The entry barriers to manufacture 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 small- and medium-sized displays (including those used in smartphones) in the rapidly evolving IT environment has shown steady growth. The display market for televisions has also 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) Cyclicalities

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

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

(3) Market conditions

There is a concern over excessive competition and resulting adverse effects on supply and demand in the LCD industry amidst continued increases in new investments in manufacturing facilities and supply of panels. In particular, Chinese manufacturers have continued to make further investments, which have been driven by local governments, despite concerns of over-investment in the LCD industry.

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Most display panel manufacturers are located in Asia.

- a. Korea: LG Display, Samsung Display, etc.
- b. Taiwan: AU Optronics, Innolux, CPT, HannStar, etc.
- c. Japan: Japan Display, Sharp, Panasonic LCD, etc.
- d. China: BOE, CSOT, CEC Panda, HKC, etc.

(4) Market shares

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

	2018 Q1	2017	2016
Panels for Televisions ⁽¹⁾	26.8%	28.1%	28.2%
Panels for Monitors	37.2%	36.3%	36.6%
Panels for Notebook Computers	24.7%	21.3%	27.8%
Panels for Tablet Computers	36.5%	29.1%	24.1%
Total	29.8%	29.2%	29.4%

Source: Large-Area Display Market Tracker (IHS Technology)

(1) 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, timely investments, adaptable production capabilities, development of new and premium products through technological advances, competitive production costs, success in marketing to our end-brand customers, component and raw material supply costs, foreign exchange rates and general economic and industry conditions.

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

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

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

As a leading technology innovator in the display industry, we continue to focus on delivering differentiated value to our customers by developing various technologies and products, including display panels with OLED, IPS, in-TOUCH and other technologies. With respect to OLED panels, following our supply of the world's first 55-inch OLED 3D panels for televisions in January 2013, we have supplied ultra-high definition (Ultra HD or UHD) OLED panels as well as Wallpaper and Crystal Sound OLED panels for televisions, flexible plastic OLED panels for smartphones, round OLED panels for wearable devices among others and have shown that we are technologically a step ahead of the competition. With respect to TFT-LCD panels, we are leading the market with our differentiated products with IPS technology, such as our ultra-large and high definition UHD television panels and 21:9 screen aspect ratio ultra-wide IPS curved monitors, and have prepared our production facilities to produce products with in-TOUCH technology.

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

C. New businesses

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

3. Major Products and Raw Materials

A. Major products

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

(Unit: In billions of Won, except percentages)

Business area	Sales type	Items (Market)	Usage	Major trademark	Sales in 2018 Q1 (%)
Display	Product/ Service/ Other sales	Display panel (Overseas ⁽¹⁾)	Panels for notebook computers, monitors, televisions, smartphones, tablets, etc.	LG Display	5,241 (92.4%)
		Display panel (Korea ⁽¹⁾)	Panels for notebook computers, monitors, televisions, smartphones, tablets, etc.	LG Display	434 (7.6%)
Total					5,675 (100.0%)

Period: January 1, 2018 ~ March 31, 2018.

(1) Based on ship-to-party.

B. Average selling price trend of major products

While average selling prices of LCD panels exhibited varying trends according to demand by product category, the average selling price of LCD panels per square meter of net display area shipped in the first quarter of 2018 decreased by approximately 11% compared to the fourth quarter of 2017 due to a continued decline in average selling prices and a decrease in the proportion of small- and medium-sized panels for mobile products, which generally have higher selling prices per square meter of net display area, in our product mix. There is no assurance that the average selling prices of LCD panels will not fluctuate in the future due to changes in market conditions.

Description	(Unit: US\$ / m ²)			
	2018 Q1	2017 Q4	2017 Q3	2017 Q2
Display panel ⁽¹⁾⁽²⁾	522	589	600	574

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

C. Major raw materials

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

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(Unit: In billions of Won, except percentages)

Business area	Purchase type	Items	Usage	Cost ⁽¹⁾	Ratio (%)	Suppliers
Display	Raw materials	Backlights	Display panel			
			manufacturing	560	17.8%	HeeSung Electronics, etc.
			Polarizers	509	16.2%	LG Chem, etc.
			Glass	312	9.9%	NEG, Asahi Glass, etc.
			Printed circuit boards	376	12.0%	Korea SMT, etc.
		Others		1,385	44.1%	
Total				3,141	100.0%	

Period: January 1, 2018 ~ March 31, 2018.

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

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

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

Business area	Items	Location of facilities	(Unit: 1,000 glass sheets)		
			2018 Q1 ⁽¹⁾	2017 ⁽²⁾	2016 ⁽²⁾
Display	Display panel	Gumi, Paju, Guangzhou, Ochang	2,422	10,538	9,906

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

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

(2) Production output

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

Business area	Items	Location of facilities	(Unit: 1,000 glass sheets)		
			2018 Q1	2017	2016
Display	Display panel	Gumi, Paju, Guangzhou, Ochang	2,291	9,262	8,996

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

B. Production performance and utilization ratio

Production facilities	Available working hours in 2018 Q1	Actual working hours in 2018 Q1	(Unit: Hours, except percentages)
			Average utilization ratio
Gumi	1,968 ⁽¹⁾ (82 days) ⁽²⁾	1,968 ⁽¹⁾ (82 days) ⁽²⁾	100.0%
Paju	2,160 ⁽¹⁾ (90 days) ⁽²⁾	2,160 ⁽¹⁾ (90 days) ⁽²⁾	100.0%
Guangzhou	2,160 ⁽¹⁾ (90 days) ⁽²⁾	2,160 ⁽¹⁾ (90 days) ⁽²⁾	100.0%

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- (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 2017, our total capital expenditures on a cash out basis was ₩6.6 trillion. In 2018, we plan to continue capital expenditures to invest in new OLED and oxide technologies and respond to increases in demand for large-sized panels.

5. Sales

A. Sales performance

Business area	Sales types	Items (Market)	(Unit: In billions of Won)			
			2018 Q1	2017	2016	
Display	Products, etc.	Display panel	Overseas ⁽¹⁾	5,241	25,794	24,679
			Korea ⁽¹⁾	434	1,996	1,825
Total				5,675	27,790	26,504

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

B. Sales route and sales method

(1) Sales organization

As of March 31, 2018, each of our television, IT, mobile and OLED businesses 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 manufacturers and leading consumer electronics manufacturers globally, led the television market with our OLED and other market leading television panels, increased the proportion of sales of our differentiated television panels, such as our Ultra HD and large television panels, in our product mix and strengthened sales of high-resolution, IPS, narrow bezel and other high-end display panels in the monitor, notebook computer and tablet markets.

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

(5) Purchase orders

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

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

6. Market Risks and Risk Management

A. Market risks

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

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

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

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

B. Risk management

As the average selling prices of TFT-LCD and OLED panels can continue to decline over time irrespective of industry-wide cyclical fluctuations, we may find it hard to manage risks associated with certain factors that are outside our control. However, we counteract such declines in average selling prices by increasing the proportion of high value added panels in our product mix while also implementing various cost reduction measures. In addition, in order to manage our risk against foreign currency fluctuations, we continually monitor our currency position and risk, and when needed, we may from time to time enter into cross-currency interest rate swap contracts and foreign currency forward contracts.

Table of Contents**7. Derivative Contracts****A. Currency risks**

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

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, the U.S. dollar and the Chinese Yuan.

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.

As of March 31, 2018, we had no outstanding amounts to be settled under any foreign currency derivative instruments.

B. Interest rate risks

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

As of March 31, 2018, we have entered into an aggregate of ₩350 billion in interest rate swap agreements with Shinhan Bank and NongHyup Bank, for which we have not applied hedge accounting. We recognized a loss on valuation of derivative instruments in the amount of ₩242 million with respect to interest rate derivative instruments held as of March 31, 2018.

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
	Hewlett-Packard	January 2011 ~	Patent licensing of semi-conductor device technology
	Ignis Innovation, Inc.	July 2016 ~	Patent licensing of OLED related technology
Technology licensing/supply agreement	HannStar Display Corporation	December 2013 ~	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
	Universal Display Corporation	January 2015 ~ December 2022	Patent cross-licensing of OLED related technology

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A. Summary of R&D-related expenditures

(Unit: In millions of Won, except percentages)				
Items	2018 Q1	2017	2016	
Material Cost	119,419	646,622	677,423	
Labor Cost	186,872	668,429	479,650	
Depreciation Expense	95,172	298,383	136,826	
Others	87,637	298,256	129,348	
Total R&D-Related Expenditures	489,100	1,911,690	1,423,247	
Selling & Administrative Expenses	215,169	917,645	880,794	
Accounting Treatment ⁽¹⁾ Manufacturing Cost	183,827	786,494	220,165	
Development Cost (Intangible Assets)	90,104	207,551	322,288	
R&D-Related Expenditures / Revenue Ratio				
(Total R&D-Related Expenditures ÷ Revenue for the period × 100)	8.6%	6.9%	5.4%	

- (1) For accounting treatment purposes, selling & administrative expenses are presented as research and development expenses in our statements of comprehensive income, net of amortization of capitalized intangible asset development costs.

B. R&D achievements

Achievements in 2016

- (1) Developed the world's narrowest, at the time, bezel videowall product (55-inch/49-inch FHD, bezel to bezel 1.8mm)

Delivered 0.9mm even bezel, four-sided borderless product (bezel to bezel 1.8mm)

- (2) Developed the world's first ultra-stretch format display product (86-inch, 58:9 screen aspect ratio)

Developed new display panel size and screen aspect ratio (86-inch, 58:9 screen aspect ratio)

Applied next-generation stain (per pixel) offset technology

- (3) Developed the world's first ultra-large display product utilizing data single bank and GIP technology (86-inch Ultra HD)

Achieved cost-competitiveness by developing world's first ultra-large display product utilizing data single bank and GIP technology

- (4) Developed the world's first in-TOUCH monitor product (23-inch)

Improved touch functionality and strengthened cost-competitiveness by applying the world's first in-TOUCH technology to monitor display products

Simplified customer software configuration management by providing touch total solution

- (5) Developed ultra-slim OLED television display product applying high dynamic range (65-inch, 800 nit luminance, 2.52 mm module thickness)

Applied high dynamic range (HDR) technology to achieve 800 nit peak luminance and improved display quality

Achieved module thickness of 2.52mm (without back cover) and 5.92mm (with back cover)

- (6) Developed combined 5.3-inch QHD in-TOUCH + 3D cover glass product for LG Electronics

Developed world class smartphone product (G5) through collaboration with other LG Group companies

Strengthened competitiveness of design by achieving processability and productivity for 0.4t 3D cover glass

Improved power consumption of AoD Mode from Self Font Generation technology and operation optimization

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- (7) Developed the world's first large-scale outdoor high luminance 3000 nit product (75-inch Ultra HD)

Developed the world's first large-scale outdoor 75-inch Ultra HD, high luminance 3000 nit product

Achieved cost competitiveness and power consumption reduction through utilization of high transmittance M+ panel

- (8) Developed the world's first FHD/Ultra HD multi-input Interactive Whiteboard product (75-inch Ultra HD)

Strengthened product competitiveness through delivery of customer FHD/Ultra HD selective input functionality

- (9) Developed 4.9mm depth Art Slim2 Ultra HD television (55-inch/65-inch Ultra HD)

Strengthened design competitiveness through delivery of ultra-slim product with application of Glass Light Guide Plate

- (10) Developed the world's largest 21:9 screen aspect ratio curved monitor (37.5-inch UltraWide Quad HD (WQHD)+)

Continued pioneering of the market with the world's largest 21:9 screen aspect ratio IPS curved monitor lineup (37.5-inch, 2300R curvature radius, 44mm curvature depth)

Established flagship line through application of new high definition technology (WQHD+, 3840 x 1600 resolution)

Improved panel transmittance and backlight bleeding through our first-time application of a Super-IPS COT panel structure to monitor models

- (11) Developed the world's first in-TOUCH GIP/DRD notebook product (15.6-inch FHD)

Strengthened competitiveness through application of GIP/DRD technology to FHD-quality notebook in-TOUCH products

- (12) Developed a transparent 32-inch FHD product

Achieved high transmittance of transparent panel through application of RGBW(M+) panel technology

- (13) Developed the world's first Light Absorption Polarizer (LAP) product (65-inch/60-inch Ultra HD)

Developed differentiated wide color gamut solution

- (14) Developed the world's first UHD DRD product (50-inch UHD)

Utilized UHD RGBW(M+) pixel structure-based DRD technology to strengthen product competitiveness and optimize picture quality (high definition, high luminance, low energy consumption and HDR)

- (15) Developed a 5.7-inch QHD flexible display product

Developed a flexible display smartphone product through collaboration with other LG Group companies

Reduced the lower bezel size by 0.59mm and improved power consumption by applying VESA Display Stream Compression 1.1

- (16) Developed the world's first wallpaper OLED television product (65-inch Ultra HD)

Achieved an ultra-slim wallpaper-style design that completely sticks to walls (65-inch, 3.9 mm hindmost thickness, 7.4 kg)

Achieved long-distance signal and power transmission technology for the separation of the driver circuit
Achievements in 2017

- (1) Developed 5.7-inch QHD+ full vision display (LG Electronics)

Developed a full vision display smartphone product (G6) through strategic collaboration with other LG Group companies

Applied first 18:9 screen aspect ratio with 4-corner round display

- (2) Developed mobile LTPS 30Hz product (SH 5.1-inch FHD)

Secured 30Hz low-frequency drive technology based on LTPS TFT-LCD

Reduced logic power consumption through 30Hz low-frequency drive (reduced from 96mW to 69mW on 5.1-inch FHD)

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- (3) Developed and released the world's first Crystal Sound OLED, or CSO, television product

Released product with a new platform concept through development of OLED panel product with integrated speakers

Delivered OLED television product that achieves differentiated value not only in picture quality and design, but also sound quality

- (4) Developed notebook oxide product (13.9-inch, Ultra HD)

Achieved high definition/narrow bezel product through application of oxide BCE GIP technology

Delivered low power consumption product through application of low refresh rate, or LRR, technology

- (5) Developed medical monitor product for surgical endoscope (27.0-inch, Ultra HD)

Newly entered the medical devices market through development and production of medical monitor product for surgical endoscope

Achieved high definition (3,840 x 2,160), high luminance (800 nit) and high contrast ratio (1,300:1)

Implemented coverglass direct bonding applying our own manufacturing processes (M6 line)

- (6) Developed the world's first four-side borderless monitor with a resolution of 8K4K (31.5-inch 8K4K oxide)

Pioneered Ultra HD Premium MNT market through development of the world's first four-side borderless monitor with a resolution of 8K4K

Delivered Ultra HD based on oxide GIP (280 PPI with a resolution of 7680x4320)

Delivered wide color gamut (Adobe RGB 100%/DCI 98%), four-side borderless

- (7) Developed the world's largest automotive Center Information Display (CID) product (15.4-inch Widescreen Ultra Extended Graphics Array (WUXGA))

Developed the world's largest auto component display in the automotive industry

Guaranteed the first 1000hr reliability in the automotive industry

- (8) Developed the world's first 88-inch Ultra Stretch display product

Strengthened competitiveness through application of smart (digital) stepper

- (9) Developed products utilizing U-IPS (75-inch/65-inch/55-inch/49-inch, Ultra HD)

Utilized U-IPS technology to strengthen product competitiveness by improving panel transmittance rate and reflectivity

- (10) Developed the world's first 65-inch UHD OLED television product utilizing GIP

Strengthened product competitiveness through application of the world's first oxide based UHD GIP technology

Achievements in 2018

- (1) Developed the world's first glass-integrated LCD television product (Art Glass Series)

Achieved LCD modular appearance and simplicity in design by using glass material throughout product (including the panel, light guide plate and back cover)

Strengthened competitiveness of frameless design by decreasing bezel size from 7.8mm to 5.9mm

- (2) Developed our first 5.8-inch Ultra HD Mobile 4K product

Developed our first Ultra HD mobile product

Achieved high luminance, low power consumption and HD resolution by applying Ultra HD RGBW (M+) pixel structure

- (3) Developed the world's first 5.8-inch mobile FHD product applying M+

Our first product applying camera notch concept technology

10. Intellectual Property

As of March 31, 2018, our cumulative patent portfolio (including patents that have already expired) included a total of 35,195 patents, consisting of 16,394 in Korea and 18,801 in other countries.

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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.

In accordance with the Framework Act on Low Carbon, Green Growth, we implemented the greenhouse gas emission and energy consumption target system from 2012 to 2014. In 2015, we implemented the greenhouse gas trading system, under which we are responsible to meet our emission targets based on the emission credits allocated to us by the Ministry of Environment of the Korean government. As a result, we have been investing 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 connection with the greenhouse gas emission and energy reduction target system, we submitted a statement of our domestic emissions and energy usage for 2017 to the Korean government in March 2018 after it was certified by BSI Korea, 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:

Category	(Unit: thousand tonnes of CO ₂ equivalent; Tetra Joules)		
	2017	2016	2015
Greenhouse gases	6,303	5,851	7,348
Energy	63,451	60,423	60,146

Operations at our manufacturing plants are subject to regulation and periodic scheduled and unscheduled on-site inspections by the Ministry of Environment and local environmental protection authorities. We believe that we have adopted adequate anti-pollution measures and have minimized our impact on the environment by improving existing and developing new technologies for the effective maintenance of environmental protection standards consistent with local industry practice. In addition, we have continually monitored, and we believe that we are in compliance in all material respects with, the applicable environmental laws and regulations in Korea. Expenditures related to such compliance may be substantial. Such expenditures are generally included in capital expenditures. As required by Korean law, we employ licensed environmental specialists to manage our water and air pollution, toxic materials and waste. In December 2013, to ensure safe water quality and reduce costs, we entered into a contract with a specialist company to operate our waste water treatment facilities. In stages beginning in November 1997, we have obtained environmental management system ISO 14001 certifications for our domestic panel and module production facilities and our overseas module production plants in Nanjing, Yantai and Guangzhou, China, and with respect to our domestic panel and module production plants, we received ISO 50001 certification in December 2013 for our energy management system.

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In addition, in August 2014, GP1, our newest eighth-generation panel fabrication facility located in Guangzhou, China, was the first electronics plant in China to receive the Green Plant designation under China's Green China Policy, in addition to receiving ISO 14001, ISO 50001, OHSAS 18001, ISO 9001, PAS 2050 and ISO 14064-1 certifications. Furthermore, with respect to our production facilities in Gumi, we have been certified by the Ministry of Environment as a Green Company for P1 and our Gumi module production plant since 1997, P2 and P3 since 2006 and P4, P5 and P6 since 2008. In recognition of our efforts to reduce greenhouse gas emissions, we were awarded a commendation from the Minister of Environment in the efforts against climate change category in the 2013 Green Management Awards, which was jointly hosted by the Ministry of Environment and the Ministry of Trade, Industry & Energy. In addition, in recognition of our efforts to improve recycling and reduce waste, we received a citation in 2014 for being a leading recycling company from the Prime Minister of Korea and, in recognition of our continued water conservation activities (reuse system investments, etc.) and greenhouse gas emission reduction activities (process gas and energy reduction, etc.), we attained the highest level, Leadership A, and received the grand prize award at the CDP Water Korea Best Awards in 2016 from the Carbon Disclosure Project, which was presided over by the Carbon Disclosure Project Korea Committee. We also attained a Leadership A in the climate change information technology sector and received a carbon management honors award. Our continued efforts to reduce greenhouse gas emissions was recognized again in 2017 by becoming the only domestic information technology company to attain the Leadership A level and again receiving carbon management honors by ranking in the top five among all eligible companies. In May 2017, we were awarded a commendation from the Minister of Environment for having scored the highest grade among companies in the low- and medium-volume pollutant emitters category that had entered into voluntary agreements with the Metropolitan Air Quality Management Office, in recognition of having successfully met our voluntary targets for reduction of air pollutants as well as our overall efforts to enhance our relevant facilities and operational systems. In addition, in recognition of efficient control, management and operating systems implemented in our manufacturing facilities, we received the top-level certification, Level 1, in 2017 under the Factory Energy Management System evaluation presided by the Korea Energy Agency. Furthermore, in November 2017, we received the highest commendation, the Presidential Award, in the Korean Energy Efficiency Awards presided by the Ministry of Industry, Trade and Energy in recognition of our energy management practices and energy saving measures, and we also obtained a certificate of excellence in the Energy Management System Evaluation.

In the case of the European Union's Restriction of Hazardous Substances (RoHS) Directive 2011/65/EU, with the adoption of Directive (EU) 2015/863 in 2016, four additional substances (four phthalate substances) will be added to the six already restricted substances and the additional restrictions are scheduled to come into effect on July 22, 2019. In order to address the latent risk elements of the four phthalate substances scheduled to be restricted in 2019 and to establish a more stable management system, we implemented in 2016 a preemptive response process with respect to such four phthalate substances. In implementing this process, we collaborated with external agencies to ascertain regulatory trends and establish our response strategy, and we formulated and applied effective management measures through the collaborative efforts of our development, procurement and quality teams. Beryllium (Be) was not designated internationally as a mandatorily restricted substance but has continued to be the subject of discussion for restriction, and certain of our customers have designated it as a restricted substance not to be used in products. Accordingly, we have completed verification of the parts used in products for customers who have banned the use of Beryllium. We have also conducted verification of the parts used in products for all customers who are expected to implement a ban and we have established a Beryllium verification process for parts in development. Through such efforts, we have established a voluntary hazardous substance response process that can be expanded to products for all customers, not only those who have requested a response.

In October 2005, we became the first display panel company to receive accreditation as an International Accredited Testing Laboratory by the Korea Laboratory Accreditation Scheme, which is operated by the Korean Ministry of Trade, Industry & Energy. In September 2006, we received international accreditation from TUV SUD, EU's German accreditation agency, as a RoHS testing laboratory. Our efforts to keep pace with the increasingly stringent

accreditation standards and to receive and maintain such accreditations are part of our on-going efforts to systematically monitor environmentally controlled substances in our component parts inventory. Moreover, we participated in reforming IEC 62321, an international testing standard published by the International Electrotechnical Commission and used by RoHS, and the commission adopted our halogen-free combustion ion chromatography method in as IEC 62321-3-2, which was published in June 2013. In 2017, in a joint effort with the global product testing/accreditation agency SGS, we became the first display panel company to develop Eco Label, an environmentally friendly accreditation program for television display modules, and received the SGS Eco Label accreditation for our OLED, IPS Nano Color and Art Glass television models. For the IPS Nano Color for LCD, we received the Quality & Performance Mark from Intertek, a global product testing/accreditation agency, by applying a technology to eliminate cadmium (Cd) and indium phosphide (InP).

In December 2016, we were assessed a fine of ₩0.2 million, which we subsequently paid, for failure to meet certain reporting obligations under the Industrial Safety and Health Act. To prevent such violations from occurring again, we have strengthened our monitoring process and management and employee education training initiatives.

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In June 2017, we were assessed a fine of ₩1 million, which we subsequently paid, for failure to meet certain waste disposal subcontractor requirements under the Waste Management Act. To prevent such violations from occurring again, we are strengthening the periodic evaluation process for our waste management subcontractors.

In June 2017, we were audited by the Ministry of Employment and Labor in connection with the occurrence of a safety accident and found to be in violation of certain provisions of the Industrial Safety and Health Act relating to supervisory obligations. As a result, we were issued a corrective order and assessed a fine of ₩2.4 million. In addition, the trial court assessed a fine of ₩0.5 million on each of us and our chief production officer on the basis of certain other applicable provisions of the Industrial Safety and Health Act. Relevant authorities are currently conducting further investigations. In order to prevent such accidents from occurring again, we are strengthening our safety management standards and training for our employees.

In January 2018, we were audited by the Ministry of Employment and Labor in connection with the occurrence of another safety accident and found to be in violation of certain provisions of the Industrial Safety and Health Act relating to supervisory obligations. As a result, we were issued a corrective order and assessed a fine of ₩14.4 million. Relevant authorities are currently conducting further investigations. In order to prevent such accidents from occurring again, we are strengthening our safety management standards and training for our employees.

Also in January 2018, the government of Gyeong-gi Province issued a warning and assessed a fine of ₩1 million on us, which we subsequently paid, for the failure to comply with certain requirements relating to air pollutant emission and prevention facilities under the Air Quality Management Act. To prevent such violations from occurring again, we have shortened the air pollutant emission maintenance reporting period and strengthened the verification process for relevant data.

In March 2018, we were audited by the Ministry of Employment and Labor in connection with our health and safety training practices, and we were found to have omitted requisite health and safety training sessions for certain employees in our P9 facilities in 2016 and 2017. As a result, we were assessed a fine of ₩6.95 million, which we subsequently paid, and have strengthened our efforts to promote health and safety training programs in advance as well as our management and supervision activities to ensure such programs are conducted.

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

Description	(Unit: In millions of Won)		
	As of March 31, 2018	As of December 31, 2017	As of December 31, 2016
Current assets	9,898,586	10,473,703	10,484,186
Quick assets	7,548,201	8,123,619	8,196,401
Inventories	2,350,385	2,350,084	2,287,785
Non-current assets	20,096,685	18,685,984	14,400,150
Investments in equity accounted investees	119,698	122,507	172,683
Property, plant and equipment, net	17,525,116	16,201,960	12,031,449

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Intangible assets	912,202	912,821	894,937
Other non-current assets	1,539,669	1,448,696	1,301,081
Total assets	29,995,271	29,159,687	24,884,336
Current liabilities	9,548,591	8,978,682	7,058,219
Non-current liabilities	5,621,044	5,199,495	4,363,729
Total liabilities	15,169,635	14,178,177	11,421,948
Share capital	1,789,079	1,789,079	1,789,079
Share premium	2,251,113	2,251,113	2,251,113
Retained earnings	10,379,127	10,621,571	9,004,283
Other equity	(182,040)	(288,280)	(88,478)
Non-controlling interest	588,357	608,027	506,391
Total equity	14,825,636	14,981,510	13,462,388

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

Description	For the three months ended		For the year ended
	March 31, 2018	For the year ended December 31, 2017	December 31, 2016
Revenue	5,675,164	27,790,216	26,504,074
Operating profit (loss)	(98,323)	2,461,618	1,311,416
Operating profit (loss) from continuing operations	(48,982)	1,937,052	931,508
Profit (loss) for the period	(48,982)	1,937,052	931,508
Profit (loss) attributable to:			
Owners of the Company	(59,454)	1,802,756	906,713
Non-controlling interest	10,472	134,296	24,795
Basic earnings (loss) per share	(166)	5,038	2,534
Diluted earnings (loss) per share	(166)	5,038	2,534
Number of consolidated entities	20	20	19

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

(Unit: In millions of Won)

Description	As of March 31, 2018	As of December 31, 2017	As of December 31, 2016
Current assets	7,279,054	8,381,074	8,712,575
Quick assets	5,628,998	6,698,829	7,005,592
Inventories	1,650,056	1,682,245	1,706,983
Non-current assets	18,874,489	17,028,341	13,100,175
Investments	3,269,871	2,683,941	2,656,026
Property, plant and equipment, net	13,669,128	12,487,001	8,757,973
Intangible assets	738,473	731,373	673,966
Other non-current assets	1,197,017	1,126,026	1,012,210
Total assets	26,153,543	25,409,415	21,812,750
Current liabilities	7,825,127	7,394,605	6,176,344
Non-current liabilities	4,762,552	4,185,551	3,400,959
Total liabilities	12,587,679	11,580,156	9,577,303
Share capital	1,789,079	1,789,079	1,789,079
Share premium	2,251,113	2,251,113	2,251,113
Retained earnings	9,525,672	9,789,067	8,195,255
Other equity	0	0	0

Total equity	13,565,864	13,829,259	12,235,447
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(Unit: In millions of Won, except for per share data)

Description	For the three months ended		
	March 31, 2018	For the year ended December 31, 2017	For the year ended December 31, 2016
Revenue	5,154,261	24,419,295	25,856,426
Operating profit (loss)	(253,621)	709,138	770,856
Operating profit (loss) from continuing operations	(80,364)	967,078	968,209
Profit (loss) for the period	(80,364)	967,078	968,209
Basic earnings (loss) per share	(225)	2,703	2,706
Diluted earnings (loss) per share	(225)	2,703	2,706

C. Consolidated subsidiaries (as of March 31, 2018)

Company Interest	Primary Business	Location	Equity
LG Display America, Inc.	Sales	U.S.A.	100%
LG Display Japan Co., Ltd.	Sales	Japan	100%
LG Display Germany GmbH	Sales	Germany	100%
LG Display Taiwan Co., Ltd.	Sales	Taiwan	100%
LG Display Nanjing Co., Ltd.	Manufacturing	China	100%
LG Display Shanghai Co., Ltd.	Sales	China	100%
LG Display Poland Sp. zo.o.	Manufacturing	Poland	100%
LG Display Guangzhou Co., Ltd.	Manufacturing	China	100%
LG Display Shenzhen Co., Ltd.	Sales	China	100%
LG Display Singapore Pte. Ltd.	Sales	Singapore	100%
L&T Display Technology (Fujian) Limited	Manufacturing and sales	China	51%
LG Display Yantai Co., Ltd.	Manufacturing	China	100%
LG Display (China) Co., Ltd.	Manufacturing and sales	China	70%
Nanumnuri Co., Ltd.	Workplace services	Korea	100%
Unified Innovative Technology, LLC	Managing intellectual property	U.S.A.	100%
Global OLED Technology LLC	Managing intellectual property	U.S.A.	100%
LG Display Guangzhou Trading Co., Ltd.	Sales	China	100%
LG Display Vietnam Haiphong Co., Ltd.	Manufacturing	Vietnam	100%
Suzhou Lehui Display Co., Ltd.	Manufacturing and sales	China	100%
MMT (Money Market Trust)	Money market trust	Korea	100%

D. Status of equity investments (as of March 31, 2018)

(1) Consolidated subsidiaries

Company

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	Investment Amount (in millions)	Initial Equity Investment Date	Equity Interest
LG Display America, Inc.	US\$ 411	September 24, 1999	100%
LG Display Japan Co., Ltd.	¥ 95	October 12, 1999	100%
LG Display Germany GmbH	EUR 1	November 5, 1999	100%
LG Display Taiwan Co., Ltd.	NT\$ 116	May 19, 2000	100%
LG Display Nanjing Co., Ltd.	CNY 3,020	July 15, 2002	100%
LG Display Shanghai Co., Ltd.	CNY 4	January 16, 2003	100%
LG Display Poland Sp. zo.o.	PLN 511	September 6, 2005	100%
LG Display Guangzhou Co., Ltd.	CNY 1,655	August 7, 2006	100%
LG Display Shenzhen Co., Ltd.	CNY 4	August 28, 2007	100%
LG Display Singapore Pte. Ltd.	US\$ 1.1	January 12, 2009	100%
L&T Display Technology (Fujian) Limited	CNY 116	January 5, 2010	51%
LG Display Yantai Co., Ltd.	CNY 1,008	April 19, 2010	100%
Nanumnuri Co., Ltd.	₩ 800	March 19, 2012	100%
LG Display (China) Co., Ltd.	CNY 8,232	December 27, 2012	70%
Unified Innovative Technology, LLC	US\$ 9	March 21, 2014	100%

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Company	Investment Amount (in millions)	Initial Equity Investment Date	Equity Interest
LG Display Guangzhou Trading Co., Ltd.	CNY 1.2	May 27, 2015	100%
Global OLED Technology LLC	US\$ 138	May 7, 2015	100%
LG Display Vietnam Haiphong Co., Ltd. ⁽¹⁾	US\$ 300	May 13, 2016	100%
Suzhou Lehui Display Co., Ltd.	CNY 637	July 1, 2016	100%
MMT (Money Market Trust) ⁽²⁾	₩ 430,801	March 31, 2017	100%

Changes since December 31, 2017:

- (1) During the reporting period, we invested an additional ₩212,600 million in LG Display Vietnam Haiphong Co., Ltd.
- (2) As a result of our money market trust acquisition and disposal transactions conducted during the reporting period, the amount outstanding in our money market trust accounts as of March 31, 2018 is ₩430,801 million.

(2) Affiliated companies

Company	Carrying Amount (in millions)	Date of Incorporation	Equity Interest
Paju Electric Glass Co., Ltd.	₩ 44,179	January 2005	40%
Invenia Co., Ltd.	₩ 3,125	January 2001	13%
Wooree E&L Co., Ltd.	₩ 3,506	June 2008	14%
LB Gemini New Growth Fund No. 16 ⁽¹⁾	₩ 5,282	December 2009	31%
YAS Co., Ltd.	₩ 16,045	April 2002	15%
Avatec Co., Ltd.	₩ 23,252	August 2000	17%
Arctic Sentinel, Inc.		June 2008	10%
CYNORA GmbH	₩ 20,309	March 2003	14%
Material Science Co., Ltd. ⁽²⁾	₩ 4,000	January 2014	10%

Changes since December 31, 2017:

- (1) We participate as a limited member in LB Gemini New Growth Fund No. 16. Upon a general meeting, the members have decided to dissolve the fund, which is currently under liquidation.
- (2) In March 2018, we acquired 10,767 voting common shares of Material Science Co., Ltd. for ₩4,000 million. As of March 31, 2018, our percentage ownership interest in Material Science Co., Ltd. is 10%, and we are entitled to appoint one director of Material Science Co., Ltd.

13. Audit Information

A. Audit service

(Unit: In millions of Won, hours)

Description	2018 Q1	2017	2016
Auditor	KPMG Samjong	KPMG Samjong	KPMG Samjong
Activity	Audit by independent auditor	Audit by independent auditor	Audit by independent auditor
Compensation ⁽¹⁾	1,170 (450) ⁽²⁾	1,040 (450) ⁽²⁾	1,020 (440) ⁽²⁾
Time required	1,710	17,909	18,291

(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

None.

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A. Members of the board of directors

As of March 31, 2018, our board of directors consisted of two non-outside directors, one non-standing director and four outside directors.

Name	Position	(As of March 31, 2018) Primary responsibility
Sang Beom Han ⁽¹⁾	Representative Director (non-outside), Chief Executive Officer and Vice Chairman	Chairman of the board of directors
Sang Don Kim	Director (non-outside), Chief Financial Officer and Senior Vice President	Overall head of finances
Hyun-Hwoi Ha ⁽²⁾	Director (non-standing)	Related to the overall management
Joon Park ⁽³⁾	Outside Director	Related to the overall management
Sung-Sik Hwang ⁽⁴⁾	Outside Director	Related to the overall management
Kun Tai Han ⁽⁵⁾	Outside Director	Related to the overall management
Byoung Ho Lee ⁽⁶⁾	Outside Director	Related to the overall management

- (1) Sang Beom Han was reappointed for another term as a non-outside director at the annual general meeting of shareholders held on March 15, 2018.
- (2) Hyun Hwoi Ha is also a standing director of LG Corp., a non-standing director of LG Hausys, Ltd., a non-standing director of LG International Corp., a non-standing director of LG Uplus Corp., a non-standing director of LG Economic Research Institute and a non-standing director of LG CNS Co., Ltd.
- (3) Joon Park is also an outside director of Green Cross Holdings Corp .
- (4) Sung-Sik Hwang was reappointed for another term as an outside director at the annual general meeting of shareholders held on March 15, 2018. Mr. Hwang is also an outside director of Kyobo Life Insurance Co., Ltd.
- (5) Kun Tai Han is also the chief executive officer of Hans Consulting.
- (6) Byoung Ho Lee was appointed as an outside director at the annual general meeting of shareholders held on March 15, 2018.

B. Committees of the board of directors

We have the following committees that serve under our board of directors: Audit Committee, Outside Director Nomination Committee and Management Committee. The Management Committee consists of two non-outside

directors, Sang Beom Han and Sang Don Kim.

During the reporting period, one meeting of the Outside Director Nomination Committee was held and the composition of the Outside Director Nomination Committee was as follows:

Committee	Composition	(As of January 22, 2018) Member
Outside Director Nomination Committee ⁽¹⁾	1 non-standing director and 2 outside directors	Hyun-Hwoi Ha, Joon Park, Sung-Sik Hwang

(1) Each of Hyun-Hwoi Ha, Joon Park and Sung-Sik Hwang was appointed as a member of the outside director nomination committee of the board of directors by the board of directors on January 22, 2018.

As of the March 31, 2018, the composition of the Audit Committee is as follows.

Committee	Composition	(As of March 31, 2018) Member
Audit Committee	3 outside directors	Sung-Sik Hwang ⁽¹⁾ , Joon Park, Kun Tai Han

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- (1) Sung-Sik Hwang is the audit committee chairman. He was reappointed for another term as an Audit Committee member at the annual general meeting of shareholders held on March 15, 2018.

C. Independence of directors

Directors are appointed in accordance with the procedures of the Commercial Act and other relevant laws and regulations. Our board of directors is independent as four out of the seven directors that comprise the board are outside directors. Outside directors candidates are nominated for appointment at a shareholders meeting after undergoing rigorous review by the Outside Director Nomination Committee.

All of our current outside directors were nominated by the Outside Director Nomination Committee, and all of our current non-outside directors were nominated by the board of directors.

15. Information Regarding Shares

A. Total number of shares

- (1) Total number of shares authorized to be issued (as of March 31, 2018): 500,000,000 shares.
- (2) Total shares issued and outstanding (as of March 31, 2018): 357,815,700 shares.

B. Shareholder list

- (1) Largest shareholder and related parties as of March 31, 2018:

Name	Relationship	Number of shares of common stock	Equity interest
LG Electronics	Largest Shareholder	135,625,000	37.9%
Sang Beom Han	Related Party	31,355	0.0%
Sang Don Kim	Related Party	4,000	0.0%

- (2) Shareholders who are known to us to own 5% or more of our shares as of March 31, 2018:

Beneficial owner	Number of shares of common stock	Equity interest
LG Electronics	135,625,000	37.9%

National Pension Service	31,075,124	8.68%
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16. Directors and Employees

A. Directors

(1) Remuneration for directors in 2018 Q1:

Classification	No. of directors ⁽¹⁾	(Unit: person, in millions of Won)	
		Amount paid ⁽²⁾	Per capita average remuneration paid ⁽³⁾
Non-outside directors	3	2,017	672
Outside directors who are not audit committee members	1	26	26
Outside directors who are audit committee members	3	59	20
Total	7	2,102 ⁽⁴⁾	300

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- (1) Number of directors as at March 31, 2018.
- (2) Amount paid is calculated on the basis of amount of cash actually paid.
- (3) Per capita average remuneration paid is calculated by dividing total amount paid by the average number of directors for the three months ended March 31, 2018.
- (4) As Jin Jang resigned as an outside director on March 14, 2018 and Byoung Ho Lee was appointed as an outside director at the annual general meeting of shareholders held on March 15, 2018, the total amount paid includes remuneration paid to both Mr. Jang and Mr. Lee.

(2) Remuneration for individual directors and audit committee members
Not required for quarterly reports.

(3) Stock options
Not applicable.

B. Employees

As of March 31, 2018, we had 33,525 employees (excluding our directors). On average, our male employees have served 9.2 years and our female employees have served 7.8 years. The total amount of salary paid to our employees for the three months ended March 31, 2018 based on income tax statements submitted to the Korean tax authority in accordance with Article 20 of the Income Tax Act was ₩820,970 million for our male employees and ₩182,105 million for our female employees. The following table provides details of our employees as of March 31, 2018:

	(Unit: person, in millions of Won, year)			
	Number of employees ⁽¹⁾	Total salary in 2018 Q1 ⁽²⁾⁽³⁾⁽⁴⁾	Total salary per capita ⁽⁵⁾	Average years of service
Male	25,373	820,970	32.6	9.2
Female	8,152	182,105	22.2	7.8
Total	33,525	1,003,076	30.1	8.9

- (1) Includes part-time employees hired for temporary needs or to serve as temporary replacements for employees on parental leave.
- (2) Welfare benefits and retirement expenses have been excluded. Total welfare benefit provided to our employees for the three months ended March 31, 2018 was ₩106,892 million and the per capita welfare benefit provided was ₩3.2 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: 25,146 , female: 8,189) for the three months ended March 31, 2018.

In December 2017, we were audited by the Ministry of Employment and Labor regarding our human resource practices (including in relation to employment contracts, hours of work, outsourcing and employees in pregnancy), and we were found to be in violation of certain provisions of the Labor Standard Act relating to overtime, night and holiday work. As a result, we were issued a corrective order in January 2018 and paid additional overtime wages of ₩2,893 million to 16,106 administrative employees of our Paju facilities for their nighttime work between January 1, 2015 to December 31, 2017. In addition, we reviewed nighttime work records of our administrative employees outside of our Paju facilities during the same period and paid additional overtime wages of ₩2,166 million to eligible employees. In order to prevent such violation from occurring again, we are periodically monitoring the nighttime work records of our employees.

From December 2017 to January 2018, we were audited by the Ministry of Employment and Labor regarding our human resource practices relating to temporary and part-time employees, and we were found to have omitted certain required information (including the number of break hours and vacation days) in the employment contracts of 82 temporary employees. As a result, we were assessed a fine of ₩27 million, which we subsequently paid. In order to prevent such violation from occurring again, we have amended the relevant provisions of the applicable employment contracts.

Table of Contents**17. Other Matters****A. Material Events Subsequent to the Reporting Period****(1) Advance Received Pursuant to Long-term Supply Agreement**

In April 2018, we received an advance of US\$300 million (equivalent to ₩320,670 million) from a major customer pursuant to the terms of a long-term supply agreement. Such advance will be offset in time by payments for applicable products after a certain initial period of deferral.

(2) Credits Extended to Affiliated Parties

Subsequent to the reporting period, we provided guarantees relating to certain payment obligations of our subsidiary, LG Display Vietnam Haiphong Co., Ltd., in connection with its bank borrowings as further described below:

Lender	Date of Agreement	Term of Borrowing/Guarantee	Interest Rate	Principal Amount	Guaranteed Amount
Citibank Taiwan Limited	March 12, 2018	April 13, 2018 ~ April 13, 2023	3 month LIBOR + 1.20%	US\$ 100 million	US\$ 100 million
Sumitomo Mitsui Banking Corporation	April 5, 2018	April 26, 2018 ~ April 26, 2025	3 month LIBOR + 1.20%	US\$ 100 million	US\$ 100 million

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LG DISPLAY CO., LTD. AND SUBSIDIARIES

Condensed Consolidated Interim Financial Statements

(Unaudited)

March 31, 2018 and 2017

(With Independent Auditors' Review Report Thereon)

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Independent Auditors' Review Report

Based on a report originally issued in Korean

To the Board of Directors and Shareholders

LG Display Co., Ltd.:

Reviewed Financial Statements

We have reviewed the accompanying condensed consolidated interim financial statements of LG Display Co., Ltd. and subsidiaries (the Group) which comprise the condensed consolidated interim statement of financial position as of March 31, 2018, the condensed consolidated interim statements of comprehensive income, changes in equity and cash flows for the three-month periods ended March 31, 2018 and 2017, 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 Korean Standards on Auditing 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*.

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.

We audited the consolidated statement of financial position as of December 31, 2017 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 Korean Standards on Auditing, and our report thereon, dated February 22, 2018, expressed an unqualified opinion. The accompanying condensed consolidated statement of financial position of the Group as of December 31, 2017, presented for comparative purposes, is not different from that audited by us from which it was derived in all material respects.

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/s/ KPMG Samjong Accounting Corp.

Seoul, Korea

May 14, 2018

This report is effective as of May 14, 2018 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

Consolidated Statements of Financial Position

(Unaudited)

As of March 31, 2018 and December 31, 2017

<i>(In millions of won)</i>	Note	March 31, 2018	December 31, 2017
Assets			
Cash and cash equivalents	4, 25	₩ 2,626,689	2,602,560
Deposits in banks	4, 25	870,272	758,078
Trade accounts and notes receivable, net	5, 14, 25, 27	3,496,163	4,325,120
Other accounts receivable, net	5, 25	126,369	164,827
Other current financial assets	6, 25	17,392	27,252
Inventories	7	2,350,385	2,350,084
Prepaid income taxes		6,281	3,854
Other current assets	5	405,035	241,928
Total current assets		9,898,586	10,473,703
Deposits in banks	4, 25	11	11
Investments in equity accounted investees	8	119,698	122,507
Other non-current financial assets	6, 25	64,919	68,574
Property, plant and equipment, net	9, 17	17,525,116	16,201,960
Intangible assets, net	10, 17	912,202	912,821
Deferred tax assets	23	1,082,835	985,352
Other non-current assets	5	391,904	394,759
Total non-current assets		20,096,685	18,685,984
Total assets		₩ 29,995,271	29,159,687
Liabilities			
Trade accounts and notes payable	25, 27	₩ 2,802,837	2,875,090
Current financial liabilities	11, 25	2,148,016	1,452,926
Other accounts payable	25	3,273,185	3,169,937
Accrued expenses		551,725	812,615
Income tax payable		145,549	321,978
Provisions	13	74,220	76,016
Advances received	14, 28	249,765	194,129
Other current liabilities	13	303,294	75,991
Total current liabilities		9,548,591	8,978,682
Non-current financial liabilities	11, 25	4,583,674	4,150,192
Non-current provisions	13	22,635	28,312
Defined benefit liabilities, net	12	150,979	95,447

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Long-term advances received	14, 28	759,881	830,335
Deferred tax liabilities	23	23,657	24,646
Other non-current liabilities	13	80,218	70,563
Total non-current liabilities		5,621,044	5,199,495
Total liabilities		15,169,635	14,178,177
Equity			
Share capital	15	1,789,079	1,789,079
Share premium		2,251,113	2,251,113
Retained earnings		10,379,127	10,621,571
Reserves	15	(182,040)	(288,280)
Total equity attributable to owners of the Controlling Company		14,237,279	14,373,483
Non-controlling interests		588,357	608,027
Total equity		14,825,636	14,981,510
Total liabilities and equity		₩ 29,995,271	29,159,687

See accompanying notes to the consolidated interim financial statements.

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LG DISPLAY CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

(Unaudited)

For the three-month periods ended March 31, 2018 and 2017

<i>(In millions of won, except earnings per share)</i>	Note	2018	2017
Revenue	16, 17, 27	₩ 5,675,164	7,062,162
Cost of sales	7, 18, 27	(5,133,080)	(5,342,882)
Gross profit		542,084	1,719,280
Selling expenses	19	(172,958)	(243,203)
Administrative expenses	19	(182,330)	(164,950)
Research and development expenses		(285,119)	(284,250)
Operating profit (loss)		(98,323)	1,026,877
Finance income	22	120,997	115,134
Finance costs	22	(130,361)	(88,037)
Other non-operating income	21	227,642	384,389
Other non-operating expenses	21	(212,837)	(580,493)
Equity in income (loss) of equity accounted investees, net		(2,893)	250
Profit (loss) before income tax		(95,775)	858,120
Income tax expense(benefit)	23	(46,793)	178,623
Profit (loss) for the period		(48,982)	679,497
Other comprehensive income (loss)			
Items that will never be reclassified to profit or loss			
Remeasurements of net defined benefit liabilities	12	(6,419)	(4,725)
Other comprehensive income (loss) from associates		41	(243)
Related income tax	12	2,296	1,143
		(4,082)	(3,825)
Items that are or may be reclassified to profit or loss			
Foreign currency translation differences for foreign operations		127,890	(249,677)
Other comprehensive income (loss) from associates		1,315	(552)
Related income tax			
		129,205	(250,229)
Other comprehensive income (loss) for the period, net of income tax		125,123	(254,054)

Total comprehensive income for the period		₩	76,141	425,443
Profit (loss) attributable to:				
Owners of the Controlling Company			(59,454)	633,490
Non-controlling interests			10,472	46,007
Profit (loss) for the period		₩	(48,982)	679,497
Total comprehensive income attributable to:				
Owners of the Controlling Company			42,704	412,932
Non-controlling interests			33,437	12,511
Total comprehensive income for the period		₩	76,141	425,443
Earnings (loss) per share (In won)				
Basic earnings (loss) per share	24	₩	(166)	1,770
Diluted earnings (loss) per share	24	₩	(166)	1,770

See accompanying notes to the consolidated interim financial statements.

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LG DISPLAY CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

(Unaudited)

For the three-month periods ended March 31, 2018 and 2017

<i>(In millions of won)</i>	Attributable to owners of the Controlling Company				Sub-total	Non-controlling interests	Total equity
	Share capital	Share premium	Retained earnings	Reserves			
Balances at January 1, 2017	₩ 1,789,079	2,251,113	9,004,283	(88,478)	12,955,997	506,391	13,462,388
Total comprehensive income (loss) for the period							
Profit for the period			633,490		633,490	46,007	679,497
Other comprehensive income (loss)							
Remeasurements of net defined benefit liabilities, net of tax			(3,582)		(3,582)		(3,582)
Foreign currency translation differences for foreign operations, net of tax				(216,181)	(216,181)	(33,496)	(249,677)
Other comprehensive loss from associates			(243)	(552)	(795)		(795)
Total other comprehensive loss			(3,825)	(216,733)	(220,558)	(33,496)	(254,054)
Total comprehensive income (loss) for the period	₩		629,665	(216,733)	412,932	12,511	425,443

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

Dividends to equity holders			(178,908)		(178,908)		(178,908)
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Balances at

March 31, 2017	₩ 1,789,079	2,251,113	9,455,040	(305,211)	13,190,021	518,902	13,708,923
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Balances at

January 1, 2018	₩ 1,789,079	2,251,113	10,621,571	(288,280)	14,373,483	608,027	14,981,510
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**Total
comprehensive
income (loss) for
the period**

Profit (loss) for the period			(59,454)		(59,454)	10,472	(48,982)
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**Other
comprehensive
income (loss)**

Remeasurements of net defined benefit liabilities, net of tax			(4,123)		(4,123)		(4,123)
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Foreign currency translation differences for foreign operations, net of tax				104,925	104,925	22,965	127,890
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Other comprehensive income from associates			41	1,315	1,356		1,356
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Total other comprehensive income (loss)			(4,082)	106,240	102,158	22,965	125,123
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Total comprehensive income (loss) for the period	₩		(63,536)	106,240	42,704	33,437	76,141
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**Transaction with
owners,
recognized
directly in equity**

Dividends to equity holders	(178,908)	(178,908)	(178,908)
Subsidiaries dividends distributed to non-controlling interests		(53,107)	(53,107)

Balances at							
March 31, 2018	₩ 1,789,079	2,251,113	10,379,127	(182,040)	14,237,279	588,357	14,825,636

See accompanying notes to the consolidated interim financial statements.

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LG DISPLAY CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

(Unaudited)

For the three-month periods ended March 31, 2018 and 2017

<i>(In millions of won)</i>	Note	2018	2017
Cash flows from operating activities:			
Profit (loss) for the period		₩ (48,982)	679,497
Adjustments for:			
Income tax expense (benefit)	23	(46,793)	178,623
Depreciation	18	807,736	610,553
Amortization of intangible assets	18	102,339	105,311
Gain on foreign currency translation		(62,852)	(79,725)
Loss on foreign currency translation		53,141	161,901
Expenses related to defined benefit plans	12	51,801	49,349
Gain on disposal of property, plant and equipment		(4,006)	(11,560)
Loss on disposal of property, plant and equipment		8,405	2,231
Gain on disposal of intangible assets		(239)	
Impairment loss on intangible assets		37	1,689
Reversal of impairment loss on intangible assets		(130)	
Warranty expense		35,647	75,850
Finance income		(35,238)	(97,974)
Finance costs		23,395	49,057
Equity in loss (income) of equity method accounted investees, net	8	2,893	(250)
Other income		(489)	(261)
Other expenses		634	98
		936,281	1,044,892
Changes in			
Trade accounts and notes receivable		783,501	383,054
Other accounts receivable		18,759	6,370
Inventories		(114,588)	4,350
Other current assets		(131,364)	(123,822)
Other non-current assets		(15,822)	(20,980)
Trade accounts and notes payable		(46,042)	(380,460)
Other accounts payable		(174,431)	(44,954)
Accrued expenses		(262,999)	(184,853)
Provisions		(52,910)	(52,670)
Other current liabilities		(15,138)	(37)
Defined benefit liabilities, net		(2,734)	(1,740)
Other non-current liabilities		7,622	1,207
		(6,146)	(414,535)

Cash generated from operating activities	881,153	1,309,854
Income taxes paid	(55,851)	(46,986)
Interests received	17,487	10,377
Interests paid	(40,574)	(31,204)
Net cash provided by operating activities	₩ 802,215	1,242,041

See accompanying notes to the consolidated interim financial statements.

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LG DISPLAY CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows, Continued

(Unaudited)

For the three-month periods ended March 31, 2018 and 2017

<i>(In millions of won)</i>	Note	2018	2017
Cash flows from investing activities:			
Dividends received		₩ 4,712	8,109
Proceeds from withdrawal of deposits in banks		518,363	487,131
Increase in deposits in banks		(630,913)	(281,635)
Acquisition of available-for-sale financial assets		(39)	
Acquisition of investments in equity accounted investees		(4,000)	
Proceeds from disposal of investments in equity accounted investees			5,157
Acquisition of property, plant and equipment		(1,815,515)	(1,609,628)
Proceeds from disposal of property, plant and equipment		102,496	70,003
Acquisition of intangible assets		(130,638)	(113,878)
Proceeds from disposal of intangible assets		960	
Receipt from settlement of derivatives		(2)	(101)
Proceeds from collection of short-term loans		7,351	
Increase in long-term loans		(12,300)	
Decrease in deposits		294	2,991
Increase in deposits		(517)	(933)
Proceeds from disposal of emission rights		4,160	
Net cash used in investing activities		(1,955,588)	(1,432,784)
Cash flows from financing activities:			
	26		
Proceeds from issuance of bonds		388,447	
Proceeds from long-term borrowings		907,850	119,741
Repayments of current portion of long-term borrowings and bonds		(180,168)	(63,216)
Net cash provided by financing activities		1,116,129	56,525
Net decrease in cash and cash equivalents		(37,244)	(134,218)
Cash and cash equivalents at January 1		2,602,560	1,558,696
Effect of exchange rate fluctuations on cash held		61,373	(79,755)
Cash and cash equivalents at March 31		₩ 2,626,689	1,344,723

See accompanying notes to the 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 and the Controlling Company is a public corporation listed in Korea Exchange since 2004. The main business of the Controlling Company and its subsidiaries (the Group) is to manufacture and sell displays and its related products. As of March 31, 2018, the Group is operating Thin Film Transistor Liquid Crystal Display (TFT-LCD) and Organic Light Emitting Diode (OLED) panel manufacturing plants in Gumi, Paju and China and TFT-LCD and OLED module manufacturing plants in Gumi, Paju, China, Poland and Vietnam. The Controlling Company is domiciled in the Republic of Korea with its address at 128 Yeouidae-ro, Yeongdeungpo-gu, Seoul, the Republic of Korea. As of March 31, 2018, LG Electronics Inc., a major shareholder of the Controlling Company, owns 37.9% (135,625,000 shares) of the Controlling Company's common stock.

The Controlling Company's common stock is listed on the Korea Exchange under the identifying code 034220. As of March 31, 2018, there are 357,815,700 shares of common stock outstanding. The Controlling Company's common stock is also listed on the New York Stock Exchange in the form of American Depository Shares (ADSs) under the symbol LPL. One ADS represents one-half of one share of common stock. As of March 31, 2018, there are 23,730,762 ADSs outstanding.

Table of Contents1. Reporting Entity, Continued(b) Consolidated Subsidiaries as of March 31, 2018*(In millions)*

Subsidiaries	Location	Percentage of ownership	Fiscal year end	Date of incorporation	Business	Capital stocks
LG Display America, Inc.	San Jose, U.S.A.	100%	December 31	September 24, 1999	Sell Display products	USD 411
LG Display Japan Co., Ltd.	Tokyo, Japan	100%	December 31	October 12, 1999	Sell Display products	JPY 95
LG Display Germany GmbH	Eschborn, Germany	100%	December 31	November 5, 1999	Sell Display products	EUR 1
LG Display Taiwan Co., Ltd.	Taipei, Taiwan	100%	December 31	April 12, 1999	Sell Display products	NTD 116
LG Display Nanjing Co., Ltd.	Nanjing, China	100%	December 31	July 15, 2002	Manufacture Display products	CNY 3,020
LG Display Shanghai Co., Ltd.	Shanghai, China	100%	December 31	January 16, 2003	Sell Display products	CNY 4
LG Display Poland Sp. z o.o.	Wroclaw, Poland	100%	December 31	September 6, 2005	Manufacture Display products	PLN 511
LG Display Guangzhou Co., Ltd.	Guangzhou, China	100%	December 31	June 30, 2006	Manufacture Display products	CNY 1,655
LG Display Shenzhen Co., Ltd.	Shenzhen, China	100%	December 31	August 28, 2007	Sell Display products	CNY 4
LG Display Singapore Pte. Ltd.	Singapore	100%	December 31	January 12, 2009	Sell Display products	USD 1.1
L&T Display Technology (Fujian) Limited	Fujian, China	51%	December 31	January 5, 2010	Manufacture and sell LCD module and LCD monitor sets	CNY 116
LG Display Yantai Co., Ltd.	Yantai, China	100%	December 31	April 19, 2010	Manufacture Display products	CNY 1,008
Nanumnuri Co., Ltd.	Gumi, South Korea	100%	December 31	March 21, 2012	Janitorial services	KRW 800

LG Display (China) Co., Ltd.	Guangzhou, China	70%	December 31	December 10, 2012	Manufacture and sell Display products	CNY	8,232
Unified Innovative Technology, LLC	Wilmington, U.S.A.	100%	December 31	March 12, 2014	Manage intellectual property	USD	9
LG Display Guangzhou Trading Co., Ltd.	Guangzhou, China	100%	December 31	April 28, 2015	Sell Display products	CNY	1.2
Global OLED Technology, LLC	Herndon, U.S.A.	100%	December 31	December 18, 2009	Manage OLED intellectual property	USD	138
LG Display Vietnam Haiphong Co., Ltd. (*1)	Haiphong, Vietnam	100%	December 31	May 5, 2016	Manufacture Display products	USD	300
Suzhou Lehui Display Co., Ltd.	Suzhou, China	100%	December 31	July 1, 2016	Manufacture and sell LCD module and LCD monitor sets	CNY	637
Money Market Trust(*2)	Seoul, South Korea	100%	December 31		Money market trust	KRW	430,801

(*1) For the three-month period ended March 31, 2018, the Controlling Company contributed ₩212,600 million in cash for the capital increase of LG Display Vietnam Haiphong Co., Ltd. (LGDVN). There was no change in the Controlling Company's ownership percentage in LGDVN as a result of this additional investment.

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1. **Reporting Entity, Continued**

(*2) For the three-month period ended March 31, 2018, the Controlling Company acquired and disposed Money Market Trust (MMT) and the MMT amount as of March 31, 2018 ~~is~~ W430,801 million. W90,281 million is attributable to the Controlling Company over the distributed dividends from consolidated subsidiaries for the three-month period ended March 31, 2018.

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, 2017.

This is the first set of the Group's financial statements where K-IFRS No. 1109, K-IFRS No. 1115, and K-IFRS No. 2122 have been applied. Changes to significant accounting policies are described in Note 3.

(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:

financial assets at fair value through profit or loss (FVTPL) and financial asset at fair value through other comprehensive income (FVOCI), and

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

(c) **Functional and Presentation Currency**

The condensed consolidated interim financial statements are presented in Korean won, which is the Controlling Company's functional currency.

(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.

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2. Basis of Presenting Financial Statements, Continued
(d) Use of Estimates and Judgments, Continued

In result of the Group utilizing the past accumulated usage information to reassess the economic useful life of the Mask and Mold which has been classified as inventory, the Group expected the useful lives of Mask and Mold to exceed one year; therefore, the Group changed useful lives of Mask and Mold to two years and treated it as a change in accounting estimate. The Group also changed the classification of Mask and Mold to property, plant and equipment. As a result, ₩111,456 million of Inventory (supplies) at December 31, 2017 is classified as property, plant and equipment (tools) during the three-month period ended March 31, 2018..

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 the last annual financial statements, except for new significant judgments and key sources of estimation uncertainty related to the application of K-IFRS No. 1109, K-IFRS No. 1115 in Note 3 and the change in useful life of Mask and Mold.

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, 2017, except for the application of K-IFRS No. 1034, *Interim Financial Reporting* and the changes in accounting standards explained below. The changes in accounting policies are also expected to be reflected in the Group's consolidated financial statements as at and for the year ending December 31, 2018.

(a) Changes in Accounting Policies

The Group has initially adopted K-IFRS No. 1115, *Revenue from Contracts with Customers*, K-IFRS No. 1109, *Financial Instruments*, and K-IFRS No. 2122, *Foreign Currency Transactions and Advance Consideration* from January 1, 2018.

(i) K-IFRS No. 1109, *Financial Instruments*

K-IFRS No. 1109 set out requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standards replaces K-IFRS No. 1039 *Financial Instruments: Recognition and Measurement*. The Group adopted K-IFRS No. 1109, *Financial Instruments*, from January 1, 2018, and the Group has taken an exemption not to restate the financial statements for prior years with respects to transition requirements.

The details of new significant accounting policies and the nature and effect of the changes to previous accounting policies are set out below. There is no impact on the opening balance of retained earnings at January 1, 2018.

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3. Summary of Significant Accounting Policies, Continued

(a) Changes in Accounting Policies, Continued

i) Classification and measurement of financial assets and financial liabilities

K-IFRS No. 1109 largely retains the existing requirements in K-IFRS No. 1039 for the classification and measurement of financial liabilities. However, it eliminates the previous K-IFRS No. 1039 categories for financial assets of held to maturity, loans and receivables and available for sale.

The adoption K-IFRS No. 1109 has not had a significant effect on the Group's accounting policies related to financial liabilities and derivative financial instruments. The impact of K-IFRS No. 1109 on the classification and measurement of financial assets is set out below.

Under K-IFRS No. 1109, on initial recognition, a financial asset is classified as measured at: amortized cost; FVOCI-debt investment; FVOCI-equity investment; or FVTPL. The classification of financial assets under K-IFRS 1109 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

It is held within a business model whose objective is to hold assets to collect contractual cash flow;
and

its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if

doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

Table of Contents3. Summary of Significant Accounting Policies, Continued(a) Changes in Accounting Policies, Continued

The following accounting policies apply to the subsequent measurement of financial assets.

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

The following table below explain the original measurement categories under K-IFRS No. 1039 and the changes in measurement categories under K-IFRS No. 1109 for each class of the Group's financial assets as at January 1, 2018 are as below.

(In millions of won)

	Original classification under K-IFRS No. 1039	New classification under K-IFRS No. 1109	Original carrying amount under K-IFRS No. 1039	New carrying amount under K-IFRS No. 1109	Difference
Financial Assets					
Cash and cash equivalents	Loans and receivables	Amortized cost	₩2,602,560	2,602,560	
Deposits	Loans and receivables	Amortized cost	758,089	758,089	
Trade receivables	Loans and receivables	Amortized cost	4,325,120	4,325,120	
Other receivables	Loans and receivables	Amortized cost	164,827	164,827	
Debt instrument	Available-for-sale	FVOCI-debt instrument	162	162	
Equity instrument	Available-for-sale	Mandatorily at	4,980	4,980	

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		FVTPL		
Convertible bonds	Designated as at FVTPL	Mandatorily at FVTPL	1,552	1,552
Derivatives	Designated as at FVTPL	Mandatorily at FVTPL	842	842
Others	Loans and receivables	Amortized cost	88,290	88,290
Total financial assets			₩ 7,946,422	7,946,422

As of January 1, 2018, there were no financial liabilities measured at FVTPL.

Table of Contents3. Summary of Significant Accounting Policies, Continued(a) Changes in Accounting Policies, Continued

ii) Impairment of financial assets

K-IFRS No. 1109 replaces the incurred loss model in K-IFRS No. 1039 with an expected credit loss (ECL) model. The new impairment model applies to financial assets measured at amortized cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Under K-IFRS No. 1109, credit losses are recognized earlier than under K-IFRS No. 1039.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

At each reporting date, the Group assesses whether financial assets carried at amortized cost and debt instrument at FVOCI are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt instrument at FVOCI, the loss allowance is recognized in OCI, instead of reducing the carrying amount of the asset.

As a result of applying the loss allowances model under K-IFRS No. 1109, as of January 1, 2018, there are no additional loss allowances as compared with the loss allowances under K-IFRS No. 1039.

iii) Hedge Accounting

When initially applying K-IFRS No. 1109, the Group elected as its accounting policy to continue to apply hedge accounting requirements under K-IFRS No. 1039 instead of the requirements in K-IFRS No. 1109. As of January 1, 2018, there is no impact on the consolidated financial statement of the Group resulting from the application of the requirements in K-IFRS No. 1109.

(ii) K-IFRS No. 1115, Revenue from Contracts with Customers

K-IFRS No. 1115, *Revenue from contracts with customers*, establishes a comprehensive framework for determining whether, how much and when revenue is recognized. K-IFRS No. 1115 replaces existing revenue recognition guidance, including K-IFRS No. 1018 *Revenue*, K-IFRS No. 1011, *Construction Contracts*, K-IFRS No. 2031, *Revenue: Barter Transactions Involving Advertising Services*, K-IFRS No. 2113, *Customer Loyalty Programmes*, K-IFRS No. 2115, *Agreements for the Construction of Real Estate* and K-IFRS No. 2118, *Transfers of Assets from Customers*.

The Group has initially applied K-IFRS No. 1115, *Revenue from contracts with customers*, from January 1, 2018. Regarding transition to K-IFRS No.1115, the Group has decided to apply the cumulative effect method, i.e. recognizing the cumulative effect of applying K-IFRS No. 1115 at the date of initial application, which is January 1,

2018, without restatement of the comparative periods presented. The impact on its consolidated financial statements resulting from the application of the new standard is as follows.

Table of Contents3. Summary of Significant Accounting Policies, Continued(a) Changes in Accounting Policies, ContinuedVariable Consideration

The consideration received from customers may be variable as the Group allows its customers to return their products according to the contracts. For the year-ended December 31, 2017, the Group recognizes a provision measured at the gross profit for products sold which are expected to be returned. Under K-IFRS No. 1115, the Group shall estimate an amount of variable consideration by using the expected value or the most likely amount, depending on which method the entity expects to better predict the amount of consideration to which it will be entitled and include in the transaction price some or all of an amount of variable consideration estimated only to the extent that is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when return period expires. The Group shall recognize refund liability measured at the amount of consideration received (or receivable) to which the Group does not expect to be entitled and a new asset for the right to recover returned goods. As a result of this change, the refund liability and a new asset for the right to recover returned goods increased by ₩9,789 million, respectively, as of January 1, 2018. There is no impact on the opening balance of retained earnings at January 1, 2018. (Note 5(d), 13(a))

The effect of the application of K-IFRS No. 1115 on the Group's consolidated interim statement of financial position as of March 31, 2018 is as follows. There is no impact on the consolidated interim statement of comprehensive income and the cash flows for the three-month period ended March 31, 2018.

(in millions won)

Categories	Adoption of K-IFRS No. 1115	Adjustments	Adoption of K-IFRS No. 1018
Current Assets Other current assets	₩ 405,035	(6,923)	398,112
Current Liabilities Provisions	₩ 74,220	(6,923)	67,297

(iii) K-IFRS No. 2122, Foreign Currency Transactions and Advance Consideration

According to the new interpretation, K-IFRS No. 2122, *Foreign Currency Transactions and Advance Consideration*, the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) is the date on which an entity initially recognizes the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration. If there are multiple payments or receipts in advance, the entity shall determine a date of the transaction for each payment or receipt of advance consideration. There is no significant impact on the consolidated financial statements of the Group.

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3. Summary of Significant Accounting Policies, Continued

(b) New Standards and Amendments Not Yet Adopted

The following new standard is effective for annual periods beginning after January 1, 2018 and earlier application is permitted; however, the Group has not early adopted the following new standard in preparing these condensed consolidated interim financial statements.

(i) K-IFRS No. 1116, *Leases*

The Group plans to adopt K-IFRS No. 1116, *Leases*, in its consolidated financial statements for annual period beginning on January 1, 2019, assess the financial impact of the adoption of K-IFRS No. 1116 and disclose the results in its consolidated financial statements for the year ending December 31, 2018. As of March 31, 2018, other than the potential impacts described in the consolidated financial statements as of and for the year ended December 31, 2017, there are no significant changes in relation to preparation for the adoption of this new standard.

Table of Contents4. Cash and Cash Equivalents and Deposits in Banks

Cash and cash equivalents and deposits in banks as of March 31, 2018 and December 31, 2017 are as follows:

(In millions of won)

	March 31, 2018	December 31, 2017
Current assets		
Cash and cash equivalents		
Demand deposits	₩ 2,626,689	2,602,560
Deposits in banks		
Time deposits	₩ 797,217	685,238
Restricted cash (*)	73,055	72,840
	₩ 870,272	758,078
Non-current assets		
Deposits in banks		
Restricted cash (*)	₩ 11	11
	₩ 3,496,972	3,360,649

(*) Restricted cash includes mutual growth fund to aid LG Group's second and third-tier suppliers, pledge to enforce investment plans according to the receipt of subsidies from Gumi city and Gyeongsangbuk-do and others.

Table of Contents5. Receivables and Other Assets

(a) Trade accounts and notes receivable as of March 31, 2018 and December 31, 2017 are as follows:

(In millions of won)

	March 31, 2018	December 31, 2017
Trade, net	₩ 2,631,374	3,275,902
Due from related parties	864,789	1,049,218
	₩ 3,496,163	4,325,120

(b) Other accounts receivable as of March 31, 2018 and December 31, 2017 are as follows:

(In millions of won)

	March 31, 2018	December 31, 2017
Current assets		
Non-trade receivable, net	₩ 112,335	150,554
Accrued income	14,034	14,273
	₩ 126,369	164,827

Due from related parties included in other accounts receivable, as of March 31, 2018 and December 31, 2017 are ₩9,945 million and ₩10,821 million, respectively.

Table of Contents5. Receivables and Other Assets, Continued

- (c) The aging of trade accounts and note receivable, other accounts receivable and long-term non-trade receivable as of March 31, 2018 and December 31, 2017 are as follows:

(In millions of won)

	Book value		March 31, 2018			
	Trade accounts and notes receivable	Other accounts receivable(*)	Trade accounts			Long-term non-trade receivable
			Long-term non-trade receivable	and notes receivable	Other accounts receivable(*)	
Not past due	₩ 3,487,064	119,671	185	(1,401)	(539)	(2)
Past due 1-15 days	9,529	478		(30)	(3)	
Past due 16-30 days	995	707			(4)	
Past due 31-60 days	6	125			(1)	
Past due more than 60 days		6,412			(477)	
	₩ 3,497,594	127,393	185	(1,431)	(1,024)	(2)

(*) Other accounts receivable includes non-trade receivable and accrued income.

Table of Contents5. Receivables and Other Assets, Continued*(In millions of won)*

	December 31, 2017					
	Book value			Impairment loss		
	Trade accounts and notes receivable	Other accounts receivable(*)	Long-term non-trade receivable	Trade accounts and notes receivable	Other accounts receivable(*)	Long-term non-trade receivable
Not past due	₩4,323,465	164,755	8,738	(1,631)	(905)	
Past due 1-15 days	2,652	488		(1)	(3)	
Past due 16-30 days	631	65			(1)	
Past due 31-60 days		208			(2)	
Past due more than 60 days	4	622			(400)	
	₩4,326,752	166,138	8,738	(1,632)	(1,311)	

The movement in the allowance for impairment in respect of trade accounts and notes receivable, other accounts receivable and long-term non-trade receivable for the three-month period ended March 31, 2018 and the year ended December 31, 2017 are as follows:

(In millions of won)

	2018			2017		
	Trade accounts and notes receivable	Other accounts receivable	Long-term non-trade receivable	Trade accounts and notes receivable	Other accounts receivable	Long-term non-trade receivable
Balance at the beginning of the period	₩1,632	1,311		1,488	1,093	23
(Reversal of) bad debt expense	(201)	(287)	2	144	218	(23)
Balance at the reporting date	₩1,431	1,024	2	1,632	1,311	

Table of Contents5. Receivables and Other Assets, Continued

(d) Other assets as of March 31, 2018 and December 31, 2017 are as follows:

<i>(In millions of won)</i>	March 31, 2018	December 31, 2017
Current assets		
Advance payments	₩ 12,372	7,973
Prepaid expenses	239,234	83,626
Value added tax refundable	146,506	148,351
Emission rights		1,978
Right to recover returned goods(*)	6,923	
	₩ 405,035	241,928
Non-current assets		
Long-term prepaid expenses	₩ 391,904	394,759
	₩ 391,904	394,759

(*) As a result from the initial application of K-IFRS No. 1115, the Group recognized an asset for right to recover returned goods returned by the customer.

Table of Contents6. Other Financial Assets

(a) Other financial assets as of March 31, 2018 and December 31, 2017 are as follows:

(i) As of March 31, 2018

<i>(In millions of won)</i>	March 31, 2018	
Current assets		
Financial Asset at Fair Value through Other Comprehensive Income		
Debt instrument		
Government bonds	₩	6
Financial Asset Carried at Amortized Cost		
Deposits	₩	2,292
Short-term loans		15,094
Total	₩	17,392
Non-current assets		
Financial Asset at Fair Value through Profit or Loss		
Equity instrument		
Intellectual Discovery, Ltd.	₩	729
Kyulux, Inc		1,968
ARCH Venture Fund Vill, L.P.		2,311
Sub-Total		5,008
Convertible bonds		1,552
Derivatives(*)		600
Financial Asset at Fair Value through Other Comprehensive Income		
Debt instrument		
Government bonds	₩	157
Financial Asset Carried at Amortized Cost		
Deposits	₩	20,123
Long-term loans		37,296
Long-term non-trade receivable		183
Total	₩	64,919

(*) Represents interest rate swap contracts related to borrowings with variable interest rate.

Table of Contents6. Other Financial Assets, Continued

(ii) As of December 31, 2017

<i>(In millions of won)</i>	December 31, 2017	
Current assets		
Available-for-sale financial assets		
Debt instrument		
Government bonds	₩	6
Deposits		10,480
Short-term loans		16,766
Total	₩	27,252
Non-current assets		
Financial Asset at Fair Value through Profit or Loss	₩	1,552
Available-for-sale financial assets		
Debt instrument		
Government bonds	₩	156
Equity instrument		
Intellectual Discovery, Ltd.	₩	729
Kyulux, Inc		1,968
ARCH Venture Fund Vill, LP.		2,283
Sub-Total	₩	4,980
Deposits	₩	19,898
Long-term loans		32,408
Long-term non-trade receivable		8,738
Derivatives(*)		842
Total	₩	68,574

(*) Represents interest rate swap contracts related to borrowings with variable interest rate. Other financial assets of related parties as of March 31, 2018 and December 31, 2017 are ₩2,500 million and ₩2,750 million, respectively.

Table of Contents7. Inventories

Inventories as of March 31, 2018 and December 31, 2017 are as follows:

<i>(In millions of won)</i>	March 31, 2018	December 31, 2017
Finished goods	₩ 1,041,615	965,643
Work-in-process	760,491	748,592
Raw materials	367,924	344,997
Supplies	180,355	290,852
	₩ 2,350,385	2,350,084

For the three-month periods ended March 31, 2018 and 2017, the amount of inventories recognized as cost of sales, inventory write-downs and reversal and usage of inventory write-downs included in cost of sales are as follows:

<i>(In millions of won)</i>	2018	2017
Inventories recognized as cost of sales	₩ 5,133,080	5,342,882
Including: inventory write-downs	210,188	215,228
Including: reversal and usage of inventory write-downs	(206,127)	(204,123)

Table of Contents8. Investments in Equity Accounted Investees

Associates as of March 31, 2018 and December 31, 2017 are as follows:

(In millions of won)

Associates	Location	Fiscal year end	Date of incorporation	Business of ownership	March 31, 2018		December 31, 2017	
					Percentage of ownership	Carrying amount	Percentage of ownership	Carrying amount
Paju Electric Glass Co., Ltd.	Paju, South Korea	December 31	January 2005	Manufacture electric glass for FPDs	40%	₩ 44,179	40%	₩ 46,511
INVENIA Co., Ltd.	Seongnam, South Korea	December 31	January 2001	Develop and manufacture equipment for FPDs	13%	3,125	13%	2,887
WooRee E&L Co., Ltd.	Ansan, South Korea	December 31	June 2008	Manufacture LED back light unit packages	14%	3,506	14%	7,270
LB Gemini New Growth Fund No. 16 (*1)	Seoul, South Korea	December 31	December 2009	Invest in small and middle sized companies and benefit from M&A opportunities	31%	5,282	31%	5,910
YAS Co., Ltd.	Paju, South Korea	December 31	April 2002	Develop and manufacture deposition equipment for OLEDs	15%	16,045	15%	15,888
AVATEC Co., Ltd.	Daegu, South Korea	December 31	August 2000	Process and sell electric glass for FPDs	17%	23,252	17%	23,732
Arctic Sentinel, Inc.	Los Angeles, U.S.A.	March 31	June 2008	Develop and manufacture tablet for kids	10%		10%	

Table of Contents8. Investments in Equity Accounted Investees, Continued*(In millions of won)*

Associates	Location	Fiscal year end	Date of incorporation	Business ownership	2018		2017	
					Percentage of Carrying amount	Percentage of Carrying amount	Percentage of Carrying amount	Percentage of Carrying amount
CYNORA GmbH	Bruchsal, Germany	December 31	March 2003	Develop organic emitting materials for displays and lighting devices	14%	₩ 20,309	14%	₩ 20,309
Material Science (*2)	Seoul, South Korea	December 31	January 2014	Develop, manufacture, and sales of OLED materials	10%	4,000		
						₩ 119,698		₩ 122,507

Although the Controlling Company's share interests in INVENIA Co., Ltd., WooRee E&L Co., Ltd., YAS Co., Ltd., AVATEC Co., Ltd., Arctic Sentinel, Inc., Cynora GmbH, and Material Science are below 20%, the Controlling Company is able to exercise significant influence through its right to appoint a director to the board of directors of each investee. Accordingly, the investments in these investees have been accounted for using the equity method.

Table of Contents**8. Investments in Equity Accounted Investees, Continued**

(*1) The Controlling Company is a member of a limited partnership in the LB Gemini New Growth Fund No.16 (the Fund). On the other hand, a resolution to dissolve the fund was approved at the general meeting and the fund is in process of liquidation as of March 31, 2018.

(*2) In March 2018, the Controlling Company invested ₩4,000 million and acquired 10,767 shares of common stock with voting rights in Material Science. As of March 31, 2018, the Controlling Company's ownership percentage in Material Science is 10% and the Controlling Company has the right to appoint a director to the board of directors of the investee.

Dividends received from equity method investees for the three-month periods ended March 31, 2018 and 2017 amounted to ₩5,272 million and ₩8,639 million, respectively.

9. Property, Plant and Equipment

For the three-month periods ended March 31, 2018 and 2017, the Group purchased property, plant and equipment of ₩1,974,223 million and ₩1,767,834 million, respectively. The capitalized borrowing costs and the annualized capitalization rate were ₩19,912 million and 2.23%, and ₩6,260 million and 1.84% for the three-month periods ended March 31, 2018 and 2017, respectively. Also, for the three-month periods ended March 31, 2018 and 2017, the Group disposed of property, plant and equipment with carrying amounts of ₩61,868 million and ₩22,596 million, respectively, and recognized ₩4,006 million and ₩8,405 million, respectively, as gain and loss, on disposal of property, plant and equipment for the three-month period ended March 31, 2018 (gain and loss for the three-month period ended March 31, 2017: ₩11,560 million and ₩2,231 million, respectively).

10. Intangible Assets

(a) The Group capitalizes expenditures related to development activities, such as expenditures incurred on designing, manufacturing and testing of products after those related activities meet the capitalization criteria of development costs including technical feasibility, future economic benefits and others. The balances of capitalized development costs as of March 31, 2018 and December 31, 2017 are ₩316,914 million and ₩296,760 million, respectively.

(b) Development of new projects are divided into research activities and development activities. Expenditures on research activities are recognized in profit or loss and development expenditures are capitalized, respectively.

Table of Contents11. Financial Liabilities

(a) Financial liabilities as of March 31, 2018 and December 31, 2017 are as follows:

<i>(In millions of won)</i>	March 31, 2018	December 31, 2017
Current		
Current portion of long-term borrowings and bonds	₩ 2,148,016	1,452,926
Non-current		
Won denominated borrowings	₩ 1,701,096	1,251,258
Foreign currency denominated borrowings	987,714	1,392,931
Bonds	1,894,864	1,506,003
	₩ 4,583,674	4,150,192

(b) Won denominated long-term borrowings as of March 31, 2018 and December 31, 2017 are as follows:

(In millions of won)

Lender	Annual interest rate as of March 31, 2018 (%)	March 31, 2018	December 31, 2017
Woori Bank	3-year Korean Treasury Bond rate - 1.25, 2.75	₩ 1,753	1,922
Shinhan Bank	CD rate (91days) + 0.30	200,000	200,000
Korea Development Bank and others	CD rate (91days) + 0.64~0.74 2.28~3.25	2,050,000	1,250,000
Less current portion of long-term borrowings		(550,657)	(200,664)
		₩ 1,701,096	1,251,258

Table of Contents11. Financial Liabilities, Continued

- (c) Foreign currency denominated long-term borrowings as of March 31, 2018 and December 31, 2017 are as follows:

(In millions of won, USD and CNY)

Lender	Annual interest rate as of		March 31, 2018	December 31, 2017
	March 31, 2018 (%)(*)			
The Export Import Bank of Korea and others	3ML+0.55~1.04	₩	751,882	755,337
China Construction Bank and others	USD: 3ML+0.80~2.00 CNY: 4.28		1,508,289	1,385,097
Foreign currency equivalent		USD	1,600	USD 1,500
		CNY	3,263	CNY 3,263
Less current portion of long-term borrowings			(1,272,457)	(747,503)
		₩	987,714	1,392,931

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

- (d) Details of bonds issued and outstanding as of March 31, 2018 and December 31, 2017 are as follows:

(In millions of won)

Maturity	Annual interest rate as of		March 31, 2018	December 31, 2017
	March 31, 2018 (%)			
Won denominated bonds(*)				
Publicly issued bonds	May 2018 ~			
	February 2023	1.73~3.73	₩ 2,225,000	2,015,000
Less discount on bonds			(5,234)	(4,238)
Less current portion			(324,902)	(504,759)
			₩ 1,894,864	1,506,003

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

Table of Contents**12. Employee Benefits**

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

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

- (a) Net defined benefit liabilities recognized as of March 31, 2018 and December 31, 2017 are as follows:

<i>(In millions of won)</i>	March 31, 2018	December 31, 2017
Present value of partially funded defined benefit obligations	₩ 1,595,490	1,562,424
Fair value of plan assets	(1,444,511)	(1,466,977)
	₩ 150,979	95,447

- (b) Expenses recognized in profit or loss for the three-month periods ended March 31, 2018 and 2017 are as follows:

<i>(In millions of won)</i>	2018	2017
Current service cost	₩ 51,559	48,751
Net interest cost	242	598
	₩ 51,801	49,349

- (c) Plan assets as of March 31, 2018 and December 31, 2017 are as follows:

<i>(In millions of won)</i>	March 31, 2018	December 31, 2017
Guaranteed deposits in banks	₩ 1,444,511	1,466,977

As of March 31, 2018, the Controlling Company maintains the plan assets primarily with Mirae Asset Daewoo Co., Ltd., Shinhan Bank and others.

- (d) Remeasurements of the net defined benefit liabilities (assets) included in other comprehensive income (loss) for the three-month periods ended March 31, 2018 and 2017 are as follows:

<i>(In millions of won)</i>	2018	2017
Remeasurements of the net defined benefit liabilities	₩(6,419)	(4,725)
Tax effect	2,296	1,143
Remeasurements of the net defined benefit liabilities, net of income tax	₩(4,123)	(3,582)

Table of Contents13. Provisions and Other Liabilities

(a) Changes in provisions for the three-month period ended March 31, 2018 are as follows:

(In millions of won)

	Litigations and claims	Warranties (*)	Others	Total
Balance at January 1, 2018	₩ 43	102,450	1,835	104,328
Adjustment from adoption of K-IFRS 1115			9,789	9,789
Additions (reversals)		35,647	(3,834)	31,813
Usage		(49,075)		(49,075)
Balance at March 31, 2018	₩ 43	89,022	7,790	96,855
Current	₩ 43	66,387	7,790	74,220
Non-current	₩	22,635		22,635

(*) The provision for warranties covers defective products and is normally applicable for 18 months from the date of purchase. The warranty liability is calculated by using historical and anticipated rates of warranty claims, and costs per claim to satisfy the Group's warranty obligation.

(b) Other liabilities as of March 31, 2018 and December 31, 2017 are as follows:

(In millions of won)

	March 31, 2018	December 31, 2017
Current liabilities		
Withholdings	₩ 57,920	63,766
Unearned revenues	10,536	12,225
Security deposits	3,230	
Dividends payable	231,608	
	₩ 303,294	75,991
Non-current liabilities		
Long-term accrued expenses	₩ 77,671	70,561
Security deposits	2,545	
Long-term other accounts payable	2	2
	₩ 80,218	70,563

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14. Contingencies and Commitments

(a) Legal Proceedings

Anti-trust Litigations

Argos Limited and affiliated companies (Argos) filed a Notice of Claim against the Controlling Company and LG Display Taiwan Co., Ltd. in the High Court of Justice in London alleging infringement of Treaty on the Functioning of the European Union and Agreement on the European Economic Area. Prior to Argos' filing of Particulars of Claim and service, the Controlling Company and LG Display Taiwan Co., Ltd. reached a settlement in principle with Argos in December 2017. The parties expect to execute a settlement agreement in 2018.

Others

The Group is defending against various claims in addition to pending proceedings described above. The Group does not have a present obligation for these matters and has not recognized any provision at March 31, 2018.

(b) 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 1,743 million (~~₩~~1,859,421 million) in connection with the Controlling Company's export sales transactions with its subsidiaries. As of March 31, 2018, 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 Contents14. Contingencies and Commitments, Continued

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

(In millions of USD and KRW)

Classification	Financial institutions	Maximum		Not yet due	
		Contractual amount	KRW equivalent	Contractual amount	KRW equivalent
Controlling Company	Shinhan Bank	KRW	90,000		90,000
	Sumitomo Mitsui Banking Corporation	USD	20		21,330
	Bank of Tokyo-Mitsubishi UFJ	USD	70		74,655
	BNP Paribas	USD	150		159,975
		USD	240		
		KRW	90,000		345,960
Subsidiaries					
LG Display Singapore Pte. Ltd.	Standard Chartered Bank	USD	300		319,950
LG Display Taiwan Co., Ltd.	BNP Paribas	USD	82		87,453
	Hongkong & Shanghai Banking Corp.	USD	60		63,990
	Taishin International Bank	USD	280		298,620
LG Display Germany GmbH	Citibank	USD	160		170,640
	BNP Paribas	USD	75		79,988
LG Display America, Inc.	Hongkong & Shanghai Banking Corp.	USD	400	426,600	USD 150 159,975
	Standard Chartered Bank	USD	400	426,600	
	Sumitomo Mitsui Banking Corporation	USD	250	266,625	
LG Display Japan Co., Ltd.	Sumitomo Mitsui Banking Corporation	USD	90		95,985
LG Display Guangzhou Trading Co., Ltd.	Industrial and Commercial Bank of China	USD	64		68,256

USD	2,161	2,304,707	USD 150	159,975
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USD	2,401		USD 150	
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KRW 90,000		2,650,667		159,975
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In connection with all of the contracts in the above table, the Controlling Company has sold its accounts receivable without recourse.

Table of Contents**14. Contingencies and Commitments, Continued****Letters of credit**

As of March 31, 2018, the Controlling Company has agreements in relation to the opening of letters of credit up to USD 30 million (₩31,995 million) with KEB Hana Bank, USD 80 million (₩85,320 million) with Bank of China and USD 50 million (₩53,325 million) with Sumitomo Mitsui Banking Corporation.

Payment guarantees

The Controlling Company obtained payment guarantees amounting to USD 900 million (₩959,850 million) from KEB Hana Bank and others for advance received related to the long-term supply agreements and USD 8.5 million (₩9,065 million) from Shinhan Bank for value added tax payments in Poland.

LG Display (China) Co., Ltd. and other subsidiaries are provided with payment guarantees from the China Construction Bank Corporation and other various banks amounting to CNY 1,065 million (₩180,709 million), JPY 900 million (₩9,013 million), EUR 2.5 million (₩3,280 million), VND 41,902 million (₩1,961 million), USD 0.5 million (₩533 million), PLN 0.2 million (₩62 million) and, respectively, for their local tax payments and utility payments.

Credit facility

LG Display Vietnam Co., Ltd. and other subsidiary have entered into long-term credit facility agreements of up to USD 650 million (₩693,225 million) with Sumitomo Mitsui Banking Corporation and other various banks and borrowings as of March 31, 2018 amounting to USD 595 million (₩634,568 million).

License agreements

As of March 31, 2018, in relation to its LCD business, the Group has technical license agreements with Hitachi Display, Ltd. and others and has a trademark license agreement with LG Corp.

Long-term supply agreement

As of March 31, 2018, in connection with long-term supply agreements with customers, the Controlling Company recognized USD 900 million (₩959,850 million) in advances received. 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 payment guarantees amounting to USD 900 million (₩959,850 million) from KEB Hana Bank and other various banks relating to advances received.

Pledged Assets

Regarding the secured bank borrowing amounting to USD 300 million (₩320,089 million) and CNY 1,964 million (₩333,218 million) from China Construction Bank, as of March 31, 2018, the Group provided its property, plant and equipment and others with carrying amount of ₩297,720 million as pledged assets.

Table of Contents15. Capital and Reserves

(a) Share capital

The Controlling Company is authorized to issue 500,000,000 shares of capital stock (par value ₩5,000), and as of March 31, 2018 and December 31, 2017, the number of issued common shares is 357,815,700. There have been no changes in the capital stock from January 1, 2017 to March 31, 2018.

(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.

Other comprehensive income (loss) from associates

The other comprehensive income (loss) from associates comprises the amount related to change in equity of investments in equity accounted investees.

Reserves as of March 31, 2018 and December 31, 2017 are as follows:

(In millions of won)

	March 31, 2018	December 31, 2017
Foreign currency translation differences for foreign operations	₩ (154,824)	(259,749)
Other comprehensive income (loss) from associates (excluding remeasurements)	(27,216)	(28,531)
	₩ (182,040)	(288,280)

Table of Contents**16. Revenue**

Details of revenue for the three-month periods ended March 31, 2018 and 2017 are as follows:

(In millions of won)

	2018	2017
Sales of goods	₩ 5,664,450	7,050,908
Royalties	5,408	6,544
Others	5,306	4,710
	₩ 5,675,164	7,062,162

17. Geographic and Other Information

The following is a summary of sales by region based on the location of the customers for the three-month periods ended March 31, 2018 and 2017.

(a) Revenue by geography

(In millions of won)

Region	Revenue	
	2018	2017
Domestic	₩ 434,113	543,211
Foreign		
China	3,596,291	4,649,492
Asia (excluding China)	402,274	577,719
United States	613,913	647,877
Europe (excluding Poland) 685,232	346,052	282,313
Poland	282,521	361,550
Sub-total	₩ 5,241,051	6,518,951
Total	₩ 5,675,164	7,062,162

Sales to Company A and Company B amount to ₩1,746,536 million and ₩1,376,329 million, respectively, for the three-month period ended March 31, 2018 (the three-month period ended March 31, 2017: ₩2,192,166 million and ₩1,750,828 million). The Group's top ten end-brand customers together accounted for 78% of sales for the three-month period ended March 31, 2018 (the three-month period ended March 31, 2017: 81%).

Table of Contents17. Geographic and Other Information, Continued

(b) Non-current assets by geography

(In millions of won)

Region	March 31, 2018		December 31, 2017	
	Property, plant and equipment	Intangible assets	Property, plant and equipment	Intangible assets
Domestic	₩ 13,669,229	738,473	12,487,111	731,373
Foreign				
China	2,884,856	15,138	2,929,739	17,244
Others	971,031	158,591	785,110	164,204
Sub-total	3,855,887	173,729	3,714,849	181,448
Total	₩ 17,525,116	912,202	16,201,960	912,821

(c) Revenue by product and services

(In millions of won)

Product	Revenue	
	2018	2017
Televisions	₩ 2,413,750	2,999,624
Desktop monitors	936,031	1,073,092
Tablet products	476,129	584,843
Notebook computers	589,699	575,622
Mobile and others	1,259,555	1,828,981
	₩ 5,675,164	7,062,162

18. The Nature of Expenses and Others

The classification of expenses by nature for the three-month periods ended March 31, 2018 and 2017 are as follows:

(In millions of won)

	2018	2017
Changes in inventories	₩ (301)	4,616
Purchases of raw materials, merchandise and others	2,748,830	3,333,784
Depreciation and amortization	910,075	715,864

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Outsourcing fees	269,017	182,800
Labor costs	857,684	770,690
Supplies and others	244,164	251,715
Utility	221,269	200,501
Fees and commissions	191,706	161,733
Shipping costs	54,425	56,327
Advertising	14,944	44,489
Warranty expenses	35,647	75,850
Travel	26,130	18,939
Taxes and dues	28,687	21,100
Others	181,613	203,507
	₩5,783,890	6,041,915

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

Table of Contents**19. Selling and Administrative Expenses**

Details of selling and administrative expenses for the three-month periods ended March 31, 2018 and 2017 are as follows:

(In millions of won)

	2018	2017
Salaries	₩ 91,063	81,250
Expenses related to defined benefit plans	7,484	6,884
Other employee benefits	23,072	22,707
Shipping costs	45,871	48,589
Fees and commissions	48,697	46,984
Depreciation	39,795	34,769
Taxes and dues	13,107	8,961
Advertising	14,944	44,489
Warranty expenses	35,647	75,850
Rent	6,649	8,023
Insurance	2,883	2,895
Travel	6,178	6,485
Training	2,567	3,546
Others	17,331	16,721
	₩ 355,288	408,153

20. Personnel Expenses

Details of personnel expenses for the three-month periods ended March 31, 2018 and 2017 are as follows:

(In millions of won)

	2018	2017
Salaries and wages	₩ 713,434	630,335
Other employee benefits	138,184	119,744
Contributions to National Pension plan	18,807	17,917
Expenses related to defined benefit plan	51,801	49,349
	₩ 922,226	817,345

Table of Contents21. Other Non-operating Income and Other Non-operating Expenses

- (a) Details of other non-operating income for the three-month periods ended March 31, 2018 and 2017 are as follows:

(In millions of won)

	2018	2017
Foreign currency gain	₩ 220,470	366,959
Gain on disposal of property, plant and equipment	4,006	11,560
Gain on disposal of intangible assets	239	
Reversal of impairment loss on intangible assets	130	
Rental income	333	1,413
Others	2,464	4,457
	₩ 227,642	384,389

- (b) Details of other non-operating expenses for the three-month periods ended March 31, 2018 and 2017 are as follows:

(In millions of won)

	2018	2017
Foreign currency loss	₩ 202,434	573,863
Loss on disposal of property, plant and equipment	8,405	2,231
Impairment loss on intangible assets	37	1,689
Donations	1,866	2,374
Other bad debt expenses	45	
Expenses related to legal proceedings or claims and others	50	336
	₩ 212,837	580,493

Table of Contents22. Finance Income and Finance Costs

- (a) Finance income and costs recognized in profit and loss for the three-month periods ended March 31, 2018 and 2017 are as follows:

(In millions of won)

	2018	2017
Finance income		
Interest income	₩ 19,469	12,108
Foreign currency gain	101,492	102,228
Gain on transaction of derivatives	36	
Gain on valuation of derivatives		798
	₩ 120,997	115,134
Finance costs		
Interest expense	₩ 22,759	25,757
Foreign currency loss	106,304	38,721
Loss on disposal of investments in equity accounted investees		23,200
Loss on sale of trade accounts and notes receivable	345	30
Loss on transaction of derivatives	38	101
Loss on valuation of derivatives	242	
Others	673	228
	₩ 130,361	88,037

- (b) Finance income and costs recognized in other comprehensive income or loss for the three-month periods ended March 31, 2018 and 2017 are as follows:

(In millions of won)

	2018	2017
Foreign currency translation differences for foreign operations	₩ 127,890	(249,677)
Finance income (costs) recognized in other comprehensive income or loss after tax	₩ 127,890	(249,677)

Table of Contents23. Income Taxes

(a) Details of income tax expense for the three-month periods ended March 31, 2018 and 2017 are as follows:

(In millions of won)

	2018	2017
Current tax expense	₩ 49,384	123,970
Deferred tax expense (benefit)	(96,177)	54,653
Income tax expense (benefit)	₩ (46,793)	178,623

(b) Deferred Tax Assets and Liabilities

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

Deferred tax assets and liabilities as of March 31, 2018 and December 31, 2017 are attributable to the following:

(In millions of won)

	Assets		Liabilities		Total	
	March, 31, 2018	December, 31, 2017	March, 31, 2018	December, 31, 2017	March, 31, 2018	December, 31, 2017
Other accounts receivable, net	₩		(827)	(1,441)	(827)	(1,441)
Inventories, net	36,822	34,550			36,822	34,550
Defined benefit liabilities, net	18,232	2,375			18,232	2,375
Investments in subsidiaries and associates	21,389	29,061			21,389	29,061
Accrued expenses	110,888	183,903			110,888	183,903
Property, plant and equipment	410,560	409,928			410,560	409,928
Intangible assets	3,251	3,457	(23,656)	(24,646)	(20,405)	(21,189)
Provisions	23,371	27,018			23,371	27,018
Gain or loss on foreign currency translation, net	13	13			13	13
Others	25,581	27,562			25,581	27,562
Tax losses	110,880				110,880	
Tax credit carryforwards	322,674	268,926			322,674	268,926
Deferred tax assets (liabilities)	₩ 1,083,661	986,793	(24,483)	(26,087)	1,059,178	960,706

Table of Contents23. Income Taxes, Continued

(b) Deferred Tax Assets and Liabilities, Continued

Statutory tax rate applicable to the Controlling Company was 24.2% for the year ended December 31, 2017. During the year ended December 31, 2017, certain amendments to corporate income tax rules in Korea were enacted and effective on January 1, 2018 that resulted in application of 27.5% for taxable income in excess of ₩300,000 million. Deferred taxes as of December 31, 2017 and March 31, 2018 have been measured using the applicable tax rates from the amendment.

24. Earnings (loss) Per Share

(a) Basic earnings (loss) per share for the three-month periods ended March 31, 2018 and 2017 are as follows:

<i>(In won and No. of shares)</i>	2018	2017
Profit (loss) attributable to owners of the Controlling Company	₩ (59,453,887,501)	633,489,694,225
Weighted-average number of common stocks outstanding	357,815,700	357,815,700
Earnings (loss) per share	₩ (166)	1,770

For the three-month periods ended March 31, 2018 and 2017, there were no events or transactions that resulted in changes in the number of common stocks used for calculating earnings (loss) per share.

(b) Diluted earnings (loss) per share for the three-month periods ended March 31, 2018 and 2017 are not calculated since there was no potential common stock.

25. Financial Risk Management

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

(a) Market risk

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

(i) Currency risk

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

Table of Contents25. Financial Risk Management, Continued

(i) Currency risk, Continued

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

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

i) Exposure to currency risk

The Group's exposure to foreign currency risk based on notional amounts as of March 31, 2018 and December 31, 2017 is as follows:

<i>(In millions)</i>	March 31, 2018						
	USD	JPY	CNY	TWD	EUR	PLN	VND
Cash and cash equivalents	347	697	7,892	85	2	170	2,054,324
Deposits in banks			2,900				
Trade accounts and notes receivable	2,726	8	1,138			10	
Non-trade receivable	101	791	3,412	3	2		3,291
Other assets denominated in foreign currencies	64	1,147	1,314	588		46	2,673
Trade accounts and notes payable	(1,076)	(13,168)	(2,626)				(93,646)
Other accounts payable	(605)	(15,269)	(1,831)	(5)	(8)	(3)	(1,336,576)
Debt	(1,600)		(3,263)				
Net exposure	(43)	(25,794)	8,936	671	(4)	223	630,066

Table of Contents25. Financial Risk Management, Continued*(In millions)*

	December 31, 2017						
	USD	JPY	CNY	TWD	EUR	PLN	VND
Cash and cash equivalents	1,228	152	6,940	16	3	165	342,063
Deposits in banks			750				
Trade accounts and notes receivable	3,316	11	1,453				
Non-trade receivable	62	1,340	136	2	9		13,405
Other assets denominated in foreign currencies	1	206	596	7			1,882
Trade accounts and notes payable	(1,345)	(14,898)	(2,843)				(102,398)
Other accounts payable	(285)	(14,653)	(2,403)	(11)	(8)	(4)	(2,138,370)
Debt	(1,500)		(3,263)				
Net exposure	1,477	(27,842)	1,366	14	4	161	(1,883,418)

Average exchange rates applied for the three-month periods ended March 31, 2018 and 2017 and the exchange rates at March 31, 2018 and December 31, 2017 are as follows:

(In won)

	Average rate		Reporting date spot rate	
	2018	2017	March 31, 2018	December 31, 2017
USD	₩ 1,072.66	1,154.65	1,066.50	1,071.40
JPY	9.90	10.15	10.01	9.49
CNY	168.62	168.15	169.68	163.65
TWD	36.59	37.11	36.63	35.92
EUR	1,317.33	1,230.16	1,311.95	1,279.25
PLN	315.20	284.48	311.79	306.07
VND	0.0472	0.0508	0.0468	0.0472

Table of Contents25. Financial Risk Management, Continuedii) Sensitivity analysis

A weaker won, as indicated below, against the following currencies which comprise the Group's assets or liabilities denominated in a foreign currency as of March 31, 2018 and 2017, 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 the reporting period. The analysis assumes that all other variables, in particular interest rates, would remain constant. The changes in equity and profit or loss would have been as follows:

<i>(In millions of won)</i>	March 31, 2018		December 31, 2017	
	Equity	Profit or loss	Equity	Profit or loss
USD (5 percent weakening)	₩ (15,765)	35,538	50,040	91,238
JPY (5 percent weakening)	(9,678)	(8,535)	(10,294)	(9,141)
CNY (5 percent weakening)	64,386	30,140	13,212	(6,396)
TWD (5 percent weakening)	1,229		23	1
EUR (5 percent weakening)	(272)	(47)	16	594
PLN (5 percent weakening)	3,500	(74)	2,515	(120)
VND (5 percent weakening)	1,474		(4,445)	

A stronger won against the above currencies as of March 31, 2018 and December 31, 2017 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.

(ii) Interest rate risk

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

i) Profile

The interest rate profile of the Group's interest-bearing financial instruments as of March 31, 2018 and December 31, 2017 is as follows:

<i>(In millions of won)</i>	March 31, 2018	December 31, 2017
Fixed rate instruments		
Financial assets	₩ 3,497,125	3,360,800
Financial liabilities	(3,971,512)	(2,962,671)

	₩	(474,387)	398,129
Variable rate instruments			
Financial liabilities	₩	(2,760,178)	(2,640,447)

Table of Contents25. Financial Risk Management, Continuedii) Equity and profit or loss sensitivity analysis for variable rate instruments

As of March 31, 2018 and December 31, 2017, a change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below for each 12-month period following the reporting dates. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

(In millions of won)

	Equity		Profit or loss	
	1%p increase	1%p decrease	1%p increase	1%p decrease
March 31, 2018				
Variable rate instruments(*)	₩ (17,474)	17,474	(17,474)	17,474
December 31, 2017				
Variable rate instruments(*)	₩ (17,362)	17,362	(17,362)	17,362

(*) Financial instruments subject to interest rate swap not qualified for hedging are excluded.

(b) Credit risk

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

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

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

In relation to the impairment of financial assets, the Group recognizes expected credit loss and its changes at each reporting date subsequent to initial recognition of financial asset according to an expected credit loss impairment model.

The Group does not establish allowances for receivables under insurance or receivables from customers with a high credit rating. Trade accounts and notes receivables are insured in order to manage credit risk and uninsured trade accounts and notes receivables are managed in accordance with the Group's management policy.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk as of March 31, 2018 and December 31, 2017 are as follows:

Table of Contents25. Financial Risk Management, Continued

(b) Credit risk, Continued

i) As of March 31, 2018

(In millions of won)

	March 31, 2018	
	Carrying amounts	
Financial Assets Carried at Amortized Cost		
Cash and cash equivalents	₩	2,626,689
Deposits in banks		870,283
Trade accounts and notes receivable		3,496,163
Non-trade receivable		112,335
Accrued income		14,034
Deposits		22,415
Short-term loans		15,094
Long-term loans		37,297
Long-term non-trade receivable		183
Sub-Total	₩	7,194,493
Financial Assets at Fair Value through Profit or Loss		
Convertible bonds	₩	1,552
Derivatives		600
Sub-Total	₩	2,152
Financial Assets at Fair Value through Other Comprehensive Income		
Debt instrument	₩	163
Total	₩	7,196,808

Table of Contents25. Financial Risk Management, Continued

i) As of December 31, 2017

(In millions of won)

	December 31, 2017
	Carrying amounts
Cash and cash equivalents	₩ 2,602,560
Deposits in banks	758,089
Trade accounts and notes receivable	4,325,120
Non-trade receivable	150,554
Accrued income	14,273
Available-for-sale financial assets	162
Financial assets at fair value through profit or loss	1,552
Deposits	30,378
Short-term loans	16,766
Long-term loans	32,408
Long-term non-trade receivable	8,738
Derivatives	842
Total	₩ 7,941,442

Table of Contents25. Financial Risk Management, Continued

(c) Liquidity risk

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

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

The following are the contractual maturities of financial liabilities, including estimated interest payments, as of March 31, 2018.

(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 borrowings	₩ 653,307	665,734	295,300	370,434			
Unsecured bank borrowings	3,858,617	4,125,262	375,091	897,570	546,001	2,174,856	131,744
Unsecured bond issues	2,219,766	2,365,526	236,301	139,176	599,441	1,390,608	
Trade accounts and notes payable	2,802,837	2,802,837	2,802,837				
Other accounts payable	3,273,185	3,273,185	3,273,185				
Long-term other accounts payable	2	2			2		
Security deposits	5,775	5,775	3,145	85	2,545		
	₩ 12,813,489	13,238,321	6,985,859	1,407,265	1,147,989	3,565,464	131,744

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

Table of Contents25. Financial Risk Management, Continued

(d) Capital management

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

(In millions of won)

	March 31, 2018	December 31, 2017
Total liabilities	₩ 15,169,635	14,178,177
Total equity	14,825,636	14,981,510
Cash and deposits in banks (*1)	3,496,961	3,360,638
Borrowings (including bonds)	6,731,690	5,603,118
Total liabilities to equity ratio	102%	95%
Net borrowings to equity ratio (*2)	22%	15%

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

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

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25. Financial Risk Management, Continued

(e) Determination of fair value

(i) Measurement of fair value

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

i) Current Assets and Liabilities

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

ii) Trade Receivables and Other Receivables

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

iii) Investments in Equity and Debt Instruments

Marketable financial assets at fair value through profit or loss and at fair value through other comprehensive income is determined by reference to their quoted closing bid price at the reporting date. The fair value of non-marketable instruments is determined using valuation methods.

iv) Non-derivative Financial Liabilities

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

Table of Contents25. Financial Risk Management, Continued

(ii) 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:

i) As of March 31, 2018

(In millions of won)

	March 31, 2018	
	Carrying amounts	Fair Values
Financial Assets carried at amortized cost		
Cash and cash equivalents	₩ 2,626,689	(*)
Deposits in banks	870,283	(*)
Trade accounts and notes receivable	3,496,163	(*)
Non-trade receivable	112,335	(*)
Accrued income	14,034	(*)
Deposits	22,414	(*)
Short-term loans	15,094	(*)
Long-term loans	37,297	(*)
Long-term non-trade receivable	183	(*)
Financial Assets at Fair Value through Profit or Loss		
Equity instrument	₩ 5,008	5,008
Convertible bonds	1,552	1,552
Derivatives	600	600
Financial Assets at Fair Value through Other Comprehensive Income		
Debt instrument	₩ 163	163
Liabilities carried at amortized cost		
Secured bank borrowings	₩ 653,307	653,307
Unsecured bank borrowings	3,858,617	3,869,834
Unsecured bond issues	2,219,766	2,225,927
Trade accounts and notes payable	2,802,837	(*)
Other accounts payable	3,273,185	3,273,318
Long-term other accounts payable	2	(*)
Security deposits	5,775	(*)

Table of Contents25. Financial Risk Management, Continued

i) As of December 31, 2017

(In millions of won)

	December 31, 2017	
	Carrying amounts	Fair Values
Assets carried at fair value		
Available-for-sale financial assets	₩ 162	162
Financial asset at fair value through profit or loss	1,552	1,552
Derivatives	842	842
Assets carried at amortized cost		
Cash and cash equivalents	₩ 2,602,560	(*)
Deposits in banks	758,089	(*)
Trade accounts and notes receivable	4,325,120	(*)
Non-trade receivable	150,554	(*)
Accrued income	14,273	(*)
Deposits	30,378	(*)
Short-term loans	16,766	(*)
Long-term loans	32,408	(*)
Long-term non-trade receivable	8,738	(*)
Liabilities carried at amortized cost		
Secured bank borrowings	₩ 642,172	642,172
Unsecured bank borrowings	2,950,184	2,955,399
Unsecured bond issues	2,010,762	2,016,086
Trade accounts and notes payable	2,875,090	(*)
Other accounts payable	3,169,937	3,170,147
Long-term other accounts payable	2	(*)

(*) Excluded from disclosures as the carrying amount approximates fair value.

Table of Contents25. Financial Risk Management, Continued

(iii) Fair values of financial assets and liabilities

i) Fair value hierarchy

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

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

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

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

ii) Financial instruments measured at fair value

Fair value hierarchy classifications of the financial instruments that are measured at fair value as of March 31, 2018 and December 31, 2017 are as follows:

<i>(In millions of won)</i>	Level 1	Level 2	Level 3	Total
March 31, 2018				
Financial Asset at Fair Value through Profit or Loss				
Equity instrument	₩		5,008	5,008
Convertible bonds			1,552	1,552
Derivatives			600	600
Financial Asset at Fair Value through Other Comprehensive Income				
Debt instrument	₩ 163			163

<i>(In millions of won)</i>	Level 1	Level 2	Level 3	Total
December 31, 2017				
Available-for-sale financial assets	₩ 162			162
Financial assets at fair value through profit or loss			1,552	1,552
Derivatives			842	842

Table of Contents25. Financial Risk Management, Continued

iii) Financial instruments not measured at fair value but for which the fair value is disclosed
Fair value hierarchy classifications, valuation technique and inputs for fair value measurements of the financial instruments not measured at fair value but for which the fair value is disclosed as of March 31, 2018 and December 31, 2017 are as follows:

<i>(In millions of won)</i> Classification	March 31, 2018			Valuation technique	Input
	Level 1	Level 2	Level 3		
Liabilities					
Secured bank borrowings				Discounted cash flow	Discount rate
	₩		653,307		
Unsecured bank borrowings				Discounted cash flow	Discount rate
			3,869,834		
Unsecured bond issues				Discounted cash flow	Discount rate
			2,225,927		
Other accounts payable				Discounted cash flow	Discount rate
			3,273,318		
Long-term other accounts payable				Discounted cash flow	Discount rate
			2		

<i>(In millions of won)</i> Classification	December 31, 2017			Valuation technique	Input
	Level 1	Level 2	Level 3		
Liabilities					
Secured bank borrowings				Discounted cash flow	Discount rate
	₩		642,172		
Unsecured bank borrowings				Discounted cash flow	Discount rate
			2,955,399		
Unsecured bond issues				Discounted cash flow	Discount rate
			2,016,086		
Other accounts payable				Discounted cash flow	Discount rate
			3,170,147		
Long-term other accounts payable				Discounted cash flow	Discount rate
			2		

iv) The interest rates applied for determination of the above fair value as of March 31, 2018 and December 31, 2017 are as follows:

	March 31, 2018	December 31, 2017
Debentures, loans and others	1.52~2.95%	1.57~2.92%

Table of Contents26. Changes in liabilities arising from financing activities

Changes in liabilities arising from financing activities for the three-month period ended March 31, 2018 are as follows:

(In millions of won)

	January 1, 2018	Cash flows from financing activities	Dividends declared	Non-cash transactions		March 31, 2018
				Reclassification	Gain or loss on foreign currency translation Others	
Current portion of long-term borrowings and bonds	₩ 1,452,926	(180,168)		867,790	7,327 141	2,148,016
Long-term borrowings	2,644,189	907,850		(867,790)	4,561	2,688,810
Bonds	1,506,003	388,447			414	1,894,864
Dividends payable			232,014		(406)	231,608
	₩ 5,603,118	1,116,129	232,014		11,482 555	6,963,298

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27. Related Parties and Others

(a) Related parties

Related parties as of March 31, 2018 are as follows:

Classification	Description
Associates(*)	Paju Electric Glass Co., Ltd. and others
Subsidiaries of Associates	AVATEC Electronics Yantai Co., Ltd. and others
Entity that has significant influence over the Controlling Company	LG Electronics Inc.
Subsidiaries of the entity that has significant influence over the Controlling Company	Subsidiaries of LG Electronics Inc.

(*) Details of associates are described in note 8.

Table of Contents27. Related Parties and Others, Continued

- (b) Significant transactions such as sales of goods and purchases of raw material and outsourcing service and others, which occurred in the normal course of business with related parties for the three-month periods ended March 31, 2018 and 2017 are as follows:

(In millions of won)

	2018					
	Sales and others	Dividend income	Purchase of raw material and others	Acquisition of property, plant and equipment	Purchase and others Outsourcing fees	Other costs
Associates and their subsidiaries						
INVENIA Co., Ltd.		30	270	7,902		72
AVATEC Co., Ltd.		530			17,773	119
Paju Electric Glass Co., Ltd.		4,172	92,497			920
WooRee E&L Co., Ltd.						47
YAS Co., Ltd.			760	12,417		794
LB Gemini New Growth Fund No. 16		540				
	₩	5,272	93,527	20,319	17,773	1,952
Entity that has significant influence over the Controlling Company						
LG Electronics Inc.	₩	363,699	11,113	221,371		19,114
Subsidiaries of the entity that has significant influence over the Controlling Company						
LG Electronics India Pvt. Ltd.	₩	8,355				13
LG Electronics Vietnam Haiphong Co., Ltd.		32,988		1,214		2
LG Electronics Nanjing New Technology Co., Ltd.		71,483		18		125

Table of Contents27. Related Parties and Others, Continued*(In millions of won)*

	2018					
	Purchase and others					
	Purchase of raw material and property, plant and equipment					
	Sales and others	Dividend income	and others	and equipment	Outsourcing fees	Other costs
LG Electronics RUS, LLC	₩ 15,328					320
LG Electronics do Brasil Ltda.	86,005					104
LG Innotek Co., Ltd.	6,950		39,616			11,082
Qingdao LG Inspur Digital Communication Co., Ltd.	7,656					
Inspur LG Digital Mobile Communications Co., Ltd.	33,987					
LG Electronics Mexicali S.A. DE C.V.	55,028					54
LG Electronics Mlawa Sp. z o.o.	172,622					72
LG Hitachi Water Solutions Co., Ltd.				119,537		491
LG Electronics Reynosa S.A. DE C.V.	246,928					898
HiEntech Co., Ltd.				5,230		7,935
HiEntech (Tianjin) Co., Ltd.				7,541		10,243
Others	8,537		6			2,867
	₩ 745,867		39,622	133,540		34,206
	₩ 1,109,566	5,272	144,262	375,230	17,773	55,272

Table of Contents27. Related Parties and Others, Continued*(In millions of won)*

	2017						
	Sales and others		Dividend income	Purchase of raw material and others	Purchase and acquisition of property, plant and equipment	Outsourcing fees	Other costs
Associates and their subsidiaries							
New Optics Ltd.(*)	₩	1				4	6
INVENIA Co., Ltd.				454	20,090		113
AVACO Co., Ltd.(*)							66
AVATEC Co., Ltd.			530			19,816	251
Paju Electric Glass Co., Ltd.			8,109	98,763			1,097
Shinbo Electric Co., Ltd.(*)		15,812					21
Narenanotech Corporation(*)				226	16,875		225
WooRee E&L Co., Ltd.							76
YAS Co., Ltd.				830	19,208		392
	₩	15,813	8,639	100,273	56,173	19,820	2,247
Entity that has significant influence over the Controlling Company							
LG Electronics Inc.	₩	476,921		7,485	231,879		35,053
Subsidiaries of the entity that has significant influence over the Controlling Company							
LG Innotek Co., Ltd.	₩	4,274		45,295			3,480
LG Hitachi Water Solutions Co., Ltd.					27,619		3,495

Table of Contents27. Related Parties and Others, Continued*(In millions of won)*

	2017					
	Sales and others	Dividend income	Purchase of raw material and others	Acquisition of property, plant and equipment	Outsourcing fees	Other costs
HiEntech Co., Ltd.	₩					12,511
HiEntech (Tianjin) Co., Ltd.				4,682		6,600
Qingdao LG Inspur Digital Communication Co., Ltd.	15,963					
Inspur LG Digital Mobile Communications Co., Ltd.	71,964					
LG Electronics India Pvt. Ltd.	22,276					29
LG Electronics Vietnam Haiphong Co., Ltd.	52,956			343		4,563
LG Electronics Nanjing New Technology Co., Ltd.	76,894					107
LG Electronics RUS, LLC	28,975					286
LG Electronics do Brasil Ltda.	62,616					91
LG Electronics Mexicali S.A. DE C.V.	77,450					51
LG Electronics Mlawa Sp. z o.o.	290,737					302
LG Electronics Taiwan Taipei Co., Ltd.	3,598					23
LG Electronics Reynosa S.A. DE C.V.	304,510					325
LG Electronics Almaty Kazakhstan	4,043					
LG Electronics S.A. (Pty) Ltd.	5,182					3
Others	898			509		1,666
	₩ 1,022,336		45,295	33,153		33,532
	₩ 1,515,070	8,639	153,053	321,205	19,820	70,832

(*) Represents transactions occurred prior to disposal of the entire investments.

Table of Contents27. Related Parties and Others, Continued

- (c) Trade accounts and notes receivable and payable as of March 31, 2018 and December 31, 2017 are as follows:

(In millions of won)

	Trade accounts and notes receivable and others		Trade accounts and notes payable and others	
	March 31, 2018	December 31, 2017	March 31, 2018	December 31, 2017
Associates				
INVENIA Co., Ltd.	₩ 2,280	2,375	8,972	18,662
AVATEC Co., Ltd.	530		4,682	2,949
Paju Electric Glass Co., Ltd.			64,375	60,141
WooRee E&L Co., Ltd.			52	61
YAS Co., Ltd.	250	375	16,700	6,474
	₩ 3,060	2,750	94,781	88,287
Entity that has significant influence over the Controlling Company				
LG Electronics Inc.	₩ 401,787	550,335	271,079	257,071
Subsidiaries of the entity that has significant influence over the Controlling Company				
LG Electronics India Pvt. Ltd.	₩ 5,751	3,030	5	
LG Electronics Vietnam Haiphong Co., Ltd.	25,033	36,017	1,597	3,917
LG Electronics Nanjing New Technology Co., Ltd.	48,471	46,373	332	699
LG Electronics RUS, LLC	13,496	25,102		80
LG Electronics do Brasil Ltda.	48,873	19,091	28	10
LG Innotek Co., Ltd.	4,266	407	61,441	62,675
Qingdao LG Inspur Digital Communication Co., Ltd.	5,140	13,061		
Inspur LG Digital Mobile Communications Co., Ltd.	36,808	55,278		

Table of Contents27. Related Parties and Others, Continued*(In millions of won)*

	Trade accounts and notes receivable and others		Trade accounts and notes payable and others	
	March 31, 2018		December 31, 2017	
	March 31, 2018	December 31, 2017	March 31, 2018	December 31, 2017
LG Electronics Mexicali S.A. DE C.V.	₩ 29,350	29,440		
LG Electronics Mlawa Sp. z o.o.	112,980	136,874		25
LG Hitachi Water Solutions Co., Ltd.			213,164	154,864
LG Electronics Reynosa S.A. DE C.V.	136,737	137,413	154	82
HiEntech Co., Ltd.			9,463	6,679
HiEntech (Tianjin) Co., Ltd.			14,033	5,600
Others	5,482	7,618	2,968	1,715
	₩ 472,387	509,704	303,185	236,346
	₩ 877,234	1,062,789	669,045	581,704

Table of Contents27. Related Parties and Others, Continued

- (d) Details of significant cash transactions such as loans and collection of loans, which occurred in the normal course of business with related parties for the three-month periods ended March 31, 2018 and 2017 are as follows:

(In millions of won)

Associates	Loans	2018 Collection of loans	Loans	2017 Collection of loans
INVENIA Co., Ltd.	₩	125		83
YAS Co., Ltd.		125		83
	₩	250		166

Table of Contents27. Related Parties and Others, Continued

(e) Conglomerate Transactions

Transactions, trade accounts and notes receivable and payable, and others between the Group and certain companies and their subsidiaries, which are included in LG Group, one of conglomerates according to the Monopoly Regulation and Fair Trade Act for the three-month periods ended March 31, 2018 and 2017 and as of March 31, 2018 and December 31, 2017 are as follows. These entities are not affiliates according to K-IFRS No. 1024, *Related Party Disclosures*.

(In millions of won)

	For the three-month period ended March 31, 2018		March 31, 2018	
	Sales and others	Purchase and others	Trade accounts and notes receivable and others	Trade accounts and notes payable and others
LG Chem Ltd. and its subsidiaries	₩ 1,564	296,701	6,148	222,759
LG Household & Health Care and its subsidiaries		12		2
LG Hausys Ltd.	1,110	1		
Serveone Co., Ltd. and its subsidiaries	104	475,968	21,677	645,714
Silicon Works Co., Ltd.		143,295		148,397
LG CNS Co., Ltd. and its subsidiaries		37,813	6	41,211
LG Holdings Japan Co., Ltd.		456	2,013	
LG International Corp. and its subsidiaries	200,628	413,836	131,491	261,563
LG Management Development Institute		2,813	3,480	607
G2R Inc. and its subsidiaries		4,041		5,301
LG Corp.		12,791	6,794	6,951
LG Uplus Corp.		224		33
	₩ 203,406	1,387,951	171,609	1,332,538

Table of Contents27. Related Parties and Others, Continued*(In millions of won)*

	For the three-month period ended March 31, 2017		December 31, 2017	
	Sales and others	Purchase and others	Trade accounts and notes receivable and others	Trade accounts and notes payable and others
LG Chem Ltd. and its subsidiaries	₩ 5	330,222	8,684	246,491
LG Household & Health Care and its subsidiaries		62		3
LG Hausys Ltd.	418	44		374
Serveone Co., Ltd. and its subsidiaries	115	371,400	21,568	645,847
Silicon Works Co., Ltd.		147,017		120,031
SK Siltron Co., Ltd. (formerly, Siltron Co., Ltd.) (*)	10			
LG CNS Co., Ltd. and its subsidiaries	37	30,630	4	115,899
LG Holdings Japan Co., Ltd.		468	1,908	
LG International Corp. and its subsidiaries	176,066	396,022	112,200	230,179
LG Management Development Institute		2,010	3,480	699
G2R Inc. and its subsidiaries		829		14,785
LG Corp.		15,699	4,700	1,523
Lusem Co., Ltd. (*)	6	499	1	53
LG Uplus Corp.	51	186		1,506
	₩ 176,708	1,295,088	152,545	1,377,390

(*) Represents transactions occurred prior to disposal of the entire investments.

Table of Contents27. Related Parties and Others, Continued

(f) Key management personnel compensation

Compensation costs of key management for the three-month periods ended March 31, 2018 and 2017 are as follows:

<i>(In millions of won)</i>	2018	2017
Short-term benefits	₩ 888	1,317
Expenses related to the defined benefit plan	273	93
	₩ 1,161	1,410

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

28. Subsequent Event

- (a) In April 2018, the Controlling Company received advances from a customer amounting to USD 300 million (₩320,670 million) in aggregate in connection with long-term supply agreements. The advances received will be offset against outstanding accounts receivable balances after a given period of time, as well as those arising from the sale of products thereafter. The Controlling Company received a payment guarantee from the Export-Import Bank of Korea amounting to USD 300 million (₩320,670 million) relating to advances received.
- (b) In April 2018, the Group obtained additional borrowings amounting to USD 200 million (₩214,740 million).

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LG DISPLAY CO., LTD.

Condensed Separate Interim Financial Statements

(Unaudited)

March 31, 2018 and 2017

(With Independent Auditors' Review Report Thereon)

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Independent Auditors' Review Report

Based on a report originally issued in Korean

To the Board of Directors and Shareholders

LG Display Co., Ltd.:

Reviewed Financial Statements

We have reviewed the accompanying condensed separate interim financial statements of LG Display Co., Ltd. (the Company) which comprise the condensed separate interim statement of financial position as of March 31, 2018, the condensed separate interim statements of comprehensive income, changes in equity and cash flows for the three-month periods ended March 31, 2018 and 2017, 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 Korean Standards on Auditing 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*.

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.

We audited the separate statement of financial position as of December 31, 2017, 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 Korean Standards on Auditing, and our report thereon, dated February 22, 2018, expressed an unqualified opinion. The accompanying condensed separate statement of financial position of the Company as of December 31, 2017, presented for comparative purposes, is not different from that audited by us from which it was derived in all material respects.

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/s/ KPMG Samjong Accounting Corp.

Seoul, Korea

May 14, 2018

This report is effective as of May 14, 2018, the review report date. Certain subsequent events or circumstances, which may occur between the review report date and the time of reading this report, could have a material impact on the accompanying condensed separate interim financial statements and notes thereto. Accordingly, the readers of the review report should understand that the above review report has not been updated to reflect the impact of such subsequent events or circumstances, if any.

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LG DISPLAY CO., LTD.

Condensed Separate Interim Statements of Financial Position

(Unaudited)

As of March 31, 2018 and December 31, 2017

<i>(In millions of won)</i>	Note	March 31, 2018	December 31, 2017
Assets			
Cash and cash equivalents	4, 24	₩ 434,823	566,408
Deposits in banks	4, 24	377,200	580,770
Trade accounts and notes receivable, net	5, 14, 24, 26	3,769,860	4,673,570
Other accounts receivable, net	5, 24	708,905	687,109
Other current financial assets	6, 24	11,707	13,499
Inventories	7	1,650,056	1,682,245
Other current assets	5	326,503	177,473
Total current assets		7,279,054	8,381,074
Deposits in banks	4, 24	11	11
Investments	8	3,269,871	2,683,941
Other non-current financial assets	6, 24	63,316	64,772
Property, plant and equipment, net	9	13,669,128	12,487,001
Intangible assets, net	10	738,473	731,373
Deferred tax assets	22	800,123	727,248
Other non-current assets	5	333,567	333,995
Total non-current assets		18,874,489	17,028,341
Total assets		₩ 26,153,543	25,409,415
Liabilities			
Trade accounts and notes payable	24, 26	₩ 2,507,732	2,391,493
Current financial liabilities	11, 24	1,480,285	1,060,735
Other accounts payable	24	2,816,545	2,701,823
Accrued expenses		472,280	755,062
Income tax payable		51,053	235,593
Provisions	13	71,701	73,685
Advances received	14, 27	209,102	142,700
Other current liabilities	13	216,429	33,514
Total current liabilities		7,825,127	7,394,605
Non-current financial liabilities	11, 24	3,752,343	3,165,413
Non-current provisions	13	22,635	28,312
Defined benefit liabilities, net	12	149,957	94,535

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Long-term advances received	14, 27	759,881	830,335
Other non-current liabilities	13	77,736	66,956
Total non-current liabilities		4,762,552	4,185,551
Total liabilities		12,587,679	11,580,156
Equity			
Share capital	15	1,789,079	1,789,079
Share premium		2,251,113	2,251,113
Retained earnings		9,525,672	9,789,067
Total equity		13,565,864	13,829,259
Total liabilities and equity		₩ 26,153,543	25,409,415

See accompanying notes to the 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 periods ended March 31, 2018 and 2017

<i>(In millions of won, except earnings per share)</i>	Note	2018	2017
Revenue	16, 26	₩ 5,154,261	6,542,947
Cost of sales	7, 17, 26	(4,902,524)	(5,218,933)
Gross profit		251,737	1,324,014
Selling expenses	18	(99,213)	(166,905)
Administrative expenses	18	(124,655)	(117,802)
Research and development expenses		(281,490)	(280,296)
Operating profit (loss)		(253,621)	759,011
Finance income	21	105,695	107,768
Finance costs	21	(16,910)	(32,843)
Other non-operating income	20	117,004	304,161
Other non-operating expenses	20	(112,415)	(489,551)
Profit (loss) before income tax		(160,247)	648,546
Income tax expense (benefit)	22	(79,883)	134,434
Profit (loss) for the period		(80,364)	514,112
Other comprehensive loss			
Items that will never be reclassified to profit or loss			
Remeasurements of net defined benefit liabilities	12	(6,419)	(4,725)
Related income tax	12	2,296	1,143
		(4,123)	(3,582)
Other comprehensive loss for the period, net of income tax		(4,123)	(3,582)
Total comprehensive income (loss) for the period		₩ (84,487)	510,530
Earnings (loss) per share (In Won)			
Basic earnings (loss) per share	23	₩ (225)	1,437
Diluted earnings (loss) per share	23	₩ (225)	1,437

See accompanying notes to the separate interim financial statements.

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LG DISPLAY CO., LTD.

Condensed Separate Interim Statements of Changes in Equity

(Unaudited)

For the three-month periods ended March 31, 2018 and 2017

<i>(In millions of won)</i>	Share capital	Share premium	Retained earnings	Reserves	Total equity
Balances at January 1, 2017	₩ 1,789,079	2,251,113	8,195,255		12,235,447
Total comprehensive income for the period					
Profit for the period			514,112		514,112
Other comprehensive income (loss)					
Remeasurements of net defined benefit liabilities, net of tax			(3,582)		(3,582)
Total other comprehensive loss			(3,582)		(3,582)
Total comprehensive income for the period	₩		510,530		510,530
Transaction with owners, recognized directly in equity					
Dividends to equity holders			(178,908)		(178,908)
Balances at March 31, 2017	₩ 1,789,079	2,251,113	8,526,877		12,567,069
Balances at January 1, 2018	₩ 1,789,079	2,251,113	9,789,067		13,829,259
Total comprehensive loss for the period					
Loss for the period			(80,364)		(80,364)
Other comprehensive income (loss)					
Remeasurements of net defined benefit liabilities, net of tax			(4,123)		(4,123)
Total other comprehensive loss			(4,123)		(4,123)
Total comprehensive loss for the period	₩		(84,487)		(84,487)
Transaction with owners, recognized directly in equity					
Dividends to equity holders			(178,908)		(178,908)
Balances at March 31, 2018	₩ 1,789,079	2,251,113	9,525,672		13,565,864

See accompanying notes to the separate interim financial statements.

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LG DISPLAY CO., LTD.

Condensed Separate Interim Statements of Cash Flows

(Unaudited)

For the three-month periods ended March 31, 2018 and 2017 .

<i>(In millions of won)</i>	Note	2018	2017
Cash flows from operating activities:			
Profit (loss) for the period		₩ (80,364)	514,112
Adjustments for:			
Income tax expense (benefit)	22	(79,883)	134,434
Depreciation	17	479,483	392,838
Amortization of intangible assets	17	93,967	97,781
Gain on foreign currency translation		(39,949)	(55,662)
Loss on foreign currency translation		38,035	139,210
Expenses related to defined benefit plans	12	51,351	49,213
Gain on disposal of property, plant and equipment		(13,715)	(30,314)
Loss on disposal of property, plant and equipment		3,826	1,957
Gain on disposal of intangible assets		(239)	
Impairment loss on intangible assets		37	1,689
Reversal of impairment loss on intangible assets		(130)	
Warranty expenses		29,340	68,177
Finance income		(104,342)	(103,596)
Finance costs		11,621	16,023
Other income		(364)	(154)
Other expenses		592	46
		469,630	711,642
Changes in			
Trade accounts and notes receivable		872,945	250,322
Other accounts receivable		60,025	(15,510)
Inventories		(58,766)	100,076
Other current assets		(125,476)	(140,908)
Other non-current assets		(18,249)	(25,413)
Trade accounts and notes payable		131,583	(590,469)
Other accounts payable		(153,854)	(2,488)
Accrued expenses		(284,578)	(160,928)
Provisions		(46,791)	(45,195)
Other current liabilities		6,959	5,841
Defined benefit liabilities, net		(2,348)	(1,734)
Other non-current liabilities		8,747	1,366
		390,197	(625,040)
Cash generated from operating activities		779,463	600,714

Income taxes paid	(2,955)	(15,394)
Interests received	7,151	5,660
Interests paid	(27,837)	(21,636)
Net cash provided by operating activities	₩ 755,822	569,344

See accompanying notes to the separate interim financial statements.

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LG DISPLAY CO., LTD.

Condensed Separate Interim Statements of Cash Flows, Continued

(Unaudited)

For the three-month periods ended March 31, 2018 and 2017

<i>(In millions of won)</i>	Note	2018	2017
Cash flows from investing activities:			
Dividends received		₩ 23,576	315,939
Increase in deposits in banks		(200,500)	(200,500)
Proceeds from withdrawal of deposits in banks		403,715	400,501
Acquisition of investments		(585,930)	(46,500)
Proceeds from disposal of investments			5,157
Acquisition of property, plant and equipment		(1,509,104)	(1,036,604)
Proceeds from disposal of property, plant and equipment		102,923	87,220
Acquisition of intangible assets		(129,298)	(111,593)
Proceeds from disposal of intangible assets		960	
Receipt from settlement of derivatives		(2)	(101)
Proceeds from collection of short-term loans		5,714	
Increase in long-term loans		(12,300)	
Increase in deposits		(118)	(933)
Decrease in deposits			566
Proceeds from disposal of emission rights		4,160	
Net cash used in investing activities		(1,896,204)	(586,848)
Cash flows from financing activities:	25		
Proceeds from issuance of bonds		388,447	
Proceeds from long-term borrowings		800,000	
Repayments of current portion of long-term borrowings and bonds		(180,169)	(63,216)
Payment guarantee fee received		519	
Net cash provided by (used in) financing activities		1,008,797	(63,216)
Net decrease in cash and cash equivalents		(131,585)	(80,720)
Cash and cash equivalents at January 1		566,408	259,467
Cash and cash equivalents at March 31		₩ 434,823	178,747

See accompanying notes to the separate interim financial statements.

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

LG Display Co., Ltd. (the Company) was incorporated in February 1985 and the Company is a public corporation listed in Korea Exchange since 2004. The main business of the Company is to manufacture and sell displays and its related products. As of March 31, 2018, the Company is operating Thin Film Transistor Liquid Crystal Display (TFT-LCD) and Organic Light Emitting Diode (OLED) panel manufacturing plants in Gumi, Paju and China and TFT-LCD and OLED module manufacturing plants in Gumi, Paju, China, Poland and Vietnam. The Company is domiciled in the Republic of Korea with its address at 128 Yeouidae-ro, Yeongdeungpo-gu, Seoul, the Republic of Korea. As of March 31, 2018, LG Electronics Inc., a major shareholder of the Company, owns 37.9% (135,625,000 shares) of the Company's common stock.

The Company's common stock is listed on the Korea Exchange under the identifying code 034220. As of March 31, 2018, there are 357,815,700 shares of common stock outstanding. The Company's common stock is also listed on the New York Stock Exchange in the form of American Depository Shares (ADSs) under the symbol LPL. One ADS represents one-half of one share of common stock. As of March 31, 2018, there are 23,730,762 ADSs outstanding.

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

The condensed separate interim financial statements have been prepared in accordance with Korean International Financial Reporting Standards (K-IFRSs) No.1034, *Interim Financial Reporting*. They do not include all of the information required for full annual financial statements and should be read in conjunction with the separate financial statements of the Company as of and for the year ended December 31, 2017.

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, 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.

This is the first set of the Company's financial statements where K-IFRS No. 1109, K-IFRS No. 1115, and K-IFRS No. 2122 have been applied. Changes to significant accounting policies are described in Note 3.

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

(b) **Basis of Measurement**

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

financial assets at fair value through profit or loss (FVTPL) and financial asset at fair value through other comprehensive income (FVOCI) and

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

(c) **Functional and Presentation Currency**

The condensed separate interim financial statements are presented in Korean won, which is the Company's functional currency.

(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 result of the Company utilizing the past accumulated usage information to reassess the economic useful life of the Mask and Mold which has been classified as inventory, the Company expected the useful lives of Mask and Mold to exceed one year; therefore, the Company changed useful lives of Mask and Mold to two years and treated it as a change in accounting estimate. The Company also changed the classification of Mask and Mold to property, plant and equipment. As a result, ₩90,955 million of inventory (supplies) at December 31, 2017 is classified as property, plant and equipment (tools) during the three-month period ended March 31, 2018.

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 the last annual financial statements, except for new significant judgments and key sources of estimation uncertainty related to the application of K-IFRS No. 1109, K-IFRS No. 1115 in Note 3 and the change in useful life of Mask and Mold.

Table of Contents**3. Summary of Significant Accounting Policies**

The significant accounting policies followed by the Company in the preparation of its condensed separate interim financial statements are the same as those followed by the Company in its preparation of the separate financial statements as of and for the year ended December 31, 2017, except for the application of K-IFRS No. 1034, *Interim Financial Reporting* and the changes in accounting standards explained below. The changes in accounting policies are also expected to be reflected in the Company's separate financial statements as at and for the year ending December 31, 2018.

(a) Changes in Accounting Policies

The Company has initially adopted K-IFRS No. 1115, *Revenue from Contracts with Customers*, K-IFRS No. 1109, *Financial Instruments*, and K-IFRS No. 2122, *Foreign Currency Transactions and Advance Consideration*, from January 1, 2018.

(i) K-IFRS No. 1109, *Financial Instruments*

K-IFRS No. 1109 set out requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standards replaces K-IFRS No. 1039 *Financial Instruments: Recognition and Measurement*. The Company adopted K-IFRS No. 1109, *Financial Instruments*, from January 1, 2018, and the Company has taken an exemption not to restate the financial statements for prior years with respects to transition requirements.

The details of new significant accounting policies and the nature and effect of the changes to previous accounting policies are set out below. There is no impact on the opening balance of retained earnings at January 1, 2018.

i) Classification and measurement of financial assets and financial liabilities

K-IFRS No. 1109 largely retains the existing requirements in K-IFRS No. 1039 for the classification and measurement of financial liabilities. However, it eliminates the previous K-IFRS No. 1039 categories for financial assets of held to maturity, loans and receivables and available for sale.

The adoption K-IFRS No. 1109 has not had a significant effect on the Company's accounting policies related to financial liabilities and derivative financial instruments. The impact of K-IFRS No. 1109 on the classification and measurement of financial assets is set out below.

Under K-IFRS No. 1109, on initial recognition, a financial asset is classified as measured at: amortized cost; FVOCI-debt investment; FVOCI-equity investment; or FVTPL. The classification of financial assets under K-IFRS 1109 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

It is held within a business model whose objective is to hold assets to collect contractual cash flow; and

its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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3. Summary of Significant Accounting Policies, Continued

(a) Changes in Accounting Policies, Continued

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

The following accounting policies apply to the subsequent measurement of financial assets.

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Table of Contents3. Summary of Significant Accounting Policies, Continued(a) Changes in Accounting Policies, Continued

The following table below explain the original measurement categories under K-IFRS No. 1039 and the changes in measurement categories under K-IFRS No. 1109 for each class of the Company's financial assets as at January 1, 2018 are as below.

(In millions of won)

	Original classification under K-IFRS No. 1039	New classification under K-IFRS No. 1109	Original carrying amount under K-IFRS No. 1039	New carrying amount under K-IFRS No. 1109	Difference
Financial Assets					
Cash and cash equivalents	Loans and receivables	Amortized cost	₩ 566,408	566,408	
Deposits	Loans and receivables	Amortized cost	580,781	580,781	
Trade receivables	Loans and receivables	Amortized cost	4,673,570	4,673,570	
Other receivables	Loans and receivables	Amortized cost	687,109	687,109	
Debt instrument	Available-for-sale	FVOCI-debt instrument	162	162	
Equity instrument	Available-for-sale	Mandatorily at FVTPL	2,697	2,697	
Convertible bonds	Designated as at FVTPL	Mandatorily at FVTPL	1,552	1,552	
Derivatives	Designated as at FVTPL	Mandatorily at FVTPL	842	842	
Others	Loans and receivables	Amortized cost	73,018	73,018	
Total financial assets			₩ 6,586,139	6,586,139	

As of January 1, 2018, there was no financial liabilities measured at FVTPL.

ii) Impairment of financial assets

K-IFRS No. 1109 replaces the incurred loss model in K-IFRS No. 1039 with an expected credit loss (ECL) model. The new impairment model applies to financial assets measured at amortized cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Under K-IFRS No. 1109, credit losses are recognized earlier than under K-IFRS No. 1039.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Table of Contents**3. Summary of Significant Accounting Policies, Continued****(a) Changes in Accounting Policies, Continued**

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is recognized in OCI, instead of reducing the carrying amount of the asset.

As a result of applying the loss allowances model under K-IFRS No. 1109, as of January 1, 2018, there are no additional loss allowances as compared with the loss allowances under K-IFRS No. 1039.

iii) Hedge Accounting

When initially applying K-IFRS No. 1109, the Company elected as its accounting policy to continue to apply hedge accounting requirements under K-IFRS No. 1039 instead of the requirements in K-IFRS No. 1109. As of January 1, 2018, there is no impact on the separate financial statement of the Company resulting from the application of the requirements in K-IFRS No. 1109.

(ii) K-IFRS No. 1115, Revenue from Contracts with Customers

K-IFRS No. 1115, *Revenue from contracts with customers*, establishes a comprehensive framework for determining whether, how much and when revenue is recognized. K-IFRS No. 1115 replaces existing revenue recognition guidance, including K-IFRS No. 1018 *Revenue*, K-IFRS No. 1011, *Construction Contracts*, K-IFRS No. 2031, *Revenue: Barter Transactions Involving Advertising Services*, K-IFRS No. 2113, *Customer Loyalty Programmes*, K-IFRS No. 2115, *Agreements for the Construction of Real Estate* and K-IFRS No. 2118, *Transfers of Assets from Customers*.

The Company has initially applied K-IFRS No. 1115, *Revenue from contracts with customers*, from January 1, 2018. Regarding transition to K-IFRS No. 1115, the Company has decided to apply the cumulative effect method, i.e. recognizing the cumulative effect of applying K-IFRS No. 1115 at the date of initial application, which is January 1, 2018, without restatement of the comparative periods presented. The impact on its separate financial statements resulting from the application of the new standard is as follows.

Variable Consideration

The consideration received from customers may be variable as the Company allows its customers to return their products according to the contracts. For the year-ended December 31, 2017, the Company recognizes a provision measured at the gross profit for products sold which are expected to be returned. Under K-IFRS No. 1115, the Company shall estimate an amount of variable consideration by using the expected value or the most likely amount, depending on which method the entity expects to better predict the amount of consideration to which it will be entitled and include in the transaction price some or all of an amount of variable consideration estimated only to the extent that is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when return period expires. The Company shall recognize refund liability measured at the amount of consideration received (or receivable) to which the Company does not expect to be entitled and a new asset for the right to recover returned goods. As a result of this change, the refund liability and a new asset for the right to recover returned goods increased by ₩9,789 million, respectively, as of January 1, 2018. There is no impact on the opening balance of retained

earnings at January 1, 2018. (Note 5(d), 13(a))

Table of Contents3. Summary of Significant Accounting Policies, Continued(a) Changes in Accounting Policies, Continued

The effect of the application of K-IFRS No. 1115 on the Company's separate interim statement of financial position as of March 31, 2018 is as follows. There is no impact on the separate interim statement of comprehensive income and the cash flows for the three-month period ended March 31, 2018.

(in millions won)

Categories	Adoption of K-IFRS No. 1115	Adjustments	Adoption of K-IFRS No. 1018
Current Assets			
Other current assets	₩ 326,503	(6,923)	319,580
Current Liabilities			
Provisions	₩ 71,701	(6,923)	64,778

(iii) K-IFRS No. 2122, Foreign Currency Transactions and Advance Consideration

According to the new interpretation, K-IFRS No. 2122, *Foreign Currency Transactions and Advance Consideration*, the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) is the date on which an entity initially recognizes the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration. If there are multiple payments or receipts in advance, the entity shall determine a date of the transaction for each payment or receipt of advance consideration. There is no significant impact on the separate financial statements of the Company.

(b) New Standards and Amendments Not Yet Adopted

The following new standard is effective for annual periods beginning after January 1, 2018 and earlier application is permitted; however, the Company has not early adopted the following new standard in preparing these condensed separate interim financial statements.

(i) K-IFRS No. 1116, Leases

The Company plans to adopt K-IFRS No. 1116, *Leases*, in its separate financial statements for annual period beginning on January 1, 2019, assess the financial impact of the adoption of K-IFRS No. 1116 and disclose the results in its separate financial statements for the year ending December 31, 2018. As of March 31, 2018, other than the potential impacts described in the separate financial statements as of and for the year ended December 31, 2017, there are no significant changes in relation to preparation for the adoption of this new standard.

Table of Contents4. Cash and Cash Equivalents and Deposits in Banks

Cash and cash equivalents and deposits in banks as of March 31, 2018 and December 31, 2017 are as follows:

(In millions of won)

	March 31, 2018	December 31, 2017
Current assets		
Cash and cash equivalents		
Demand deposits	₩ 434,823	566,408
Deposits in banks		
Time deposits	₩ 304,145	507,930
Restricted cash (*)	73,055	72,840
	₩ 377,200	580,770
Non-current assets		
Deposits in banks		
Restricted cash (*)	₩ 11	11
	₩ 812,034	1,147,189

(*) Restricted cash includes mutual growth fund to aid LG Group's second and third-tier suppliers, pledge to enforce investment plans according to the receipt of subsidies from Gumi city and Gyeongsangbuk-do and others.

Table of Contents5. Receivables and Other Assets

(a) Trade accounts and notes receivable as of March 31, 2018 and December 31, 2017 are as follows:

(In millions of won)

	March 31, 2018	December 31, 2017
Trade, net	₩ 332,442	355,332
Due from related parties	3,437,418	4,318,238
	₩ 3,769,860	4,673,570

(b) Other accounts receivable as of March 31, 2018 and December 31, 2017 are as follows:

(In millions of won)

	March 31, 2018	December 31, 2017
Current assets		
Non-trade receivable, net	₩ 704,604	678,454
Accrued income	4,301	8,655
	₩ 708,905	687,109

Due from related parties included in other accounts receivable, as of March 31, 2018 and December 31, 2017 are ₩630,881 million and ₩567,996 million, respectively.

Table of Contents5. Receivables and Other Assets, Continued

- (c) The aging of trade accounts and note receivable, other accounts receivable and long-term non-trade receivable as of March 31, 2018 and December 31, 2017 are as follows:

(In millions of won)

	Book value		March 31, 2018			
	Trade accounts and notes receivable	Other accounts receivable(*)	Trade accounts		Impairment loss	
			Long-term non-trade receivable	and notes receivable	Other accounts receivable(*)	Long-term non-trade receivable
Not past due	₩ 3,766,617	702,577	7,258	(601)	(395)	(2)
Past due 1-15 days	3,872	404		(28)	(2)	
Past due 16-30 days		296			(2)	
Past due 31-60 days		92				
Past due more than 60 days		6,412			(477)	
	₩ 3,770,489	709,781	7,258	(629)	(876)	(2)

(*) Other accounts receivable includes non-trade receivable and accrued income.

Table of Contents5. Receivables and Other Assets, Continued*(In millions of won)*

	December 31, 2017					
	Book value		Impairment loss			
	Trade accounts and notes receivable	Other accounts receivable(*)	Long-term non-trade receivable	Trade accounts and notes receivable	Other accounts receivable(*)	Long-term non-trade receivable
Not past due	₩4,673,660	686,837	15,115	(570)	(686)	
Past due 1-15 days	341	482				(3)
Past due 16-30 days	135	53				(1)
Past due 31-60 days		207				(2)
Past due more than 60 days	4	622				(400)
	₩4,674,140	688,201	15,115	(570)	(1,092)	

The movement in the allowance for impairment in respect of trade accounts and notes receivable, other accounts receivable and long-term non-trade receivable for the three-month periods ended March 31, 2018 and the year ended December 31, 2017 are as follows:

(In millions of won)

	2018		2017			
	Trade accounts and notes receivable	Other accounts receivable	Long-term non-trade receivable	Trade accounts and notes receivable	Other accounts receivable	Long-term non-trade receivable
Balance at the beginning of the period	₩570	1,092		520	804	23
(Reversal of) bad debt expense	59	(216)	2	50	288	(23)
Balance at the reporting date	₩629	876	2	570	1,092	

Table of Contents5. Receivables and Other Assets, Continued

(d) Other assets as of March 31, 2018 and December 31, 2017 are as follows:

(In millions of won)

	March 31, 2018	December 31, 2017
Current assets		
Advance payments	₩ 5,211	3,597
Prepaid expenses	225,130	76,129
Value added tax refundable	89,239	95,769
Emission rights		1,978
Right to recover returned goods(*)	6,923	
	₩ 326,503	177,473
Non-current assets		
Long-term prepaid expenses	₩ 333,567	333,995
	₩ 333,567	333,995

(*) As a result from the initial application of K-IFRS No. 1115, the Company recognized an asset for right to recover returned goods returned by the customer.

Table of Contents6. Other Financial Assets

(a) Other financial assets as of March 31, 2018 and December 31, 2017 are as follows:

(i) As of March 31, 2018

<i>(In millions of won)</i>	March 31, 2018
Current assets	
Financial Asset at Fair Value through Other Comprehensive Income	
Debt instrument	
Government bonds	₩ 6
Financial Asset Carried at Amortized Cost	
Short-term loans	₩ 11,701
Total	₩ 11,707
Non-current assets	
Financial Asset at Fair Value through Profit or Loss	
Equity instrument	
Intellectual Discovery, Ltd.	₩ 729
Kyulux, Inc	1,968
Sub-Total	2,697
Convertible bonds	1,552
Derivatives(*)	600
Financial Asset at Fair Value through Other Comprehensive Income	
Debt instrument	
Government bonds	₩ 157
Financial Asset Carried at Amortized Cost	
Deposits	₩ 13,757
Long-term loans	37,297
Long-term non-trade receivable	7,256
Total	₩ 63,316

(*) Represents interest rate swap contracts related to borrowings with variable interest rate.

Table of Contents6. Other Financial Assets, Continued

(ii) As of December 31, 2017

<i>(In millions of won)</i>	December 31, 2017	
Current assets		
Available-for-sale financial assets		
Debt instrument		
Government bonds	₩	6
Short-term loans		13,493
Total	₩	13,499
Non-current assets		
Financial Asset at Fair Value through Profit or Loss	₩	1,552
Available-for-sale financial assets		
Debt instrument		
Government bonds	₩	156
Equity instrument		
Intellectual Discovery, Ltd.	₩	729
Kyulux, Inc		1,968
Sub-Total	₩	2,697
Deposits	₩	13,638
Long-term loans		30,772
Long-term non-trade receivable		15,115
Derivatives(*)		842
Total	₩	64,772

(*) Represents interest rate swap contracts related to borrowings with variable interest rate. Other financial assets of related parties as of March 31, 2018 and December 31, 2017 are ₩2,500 million and ₩2,750 million, respectively.

Table of Contents7. Inventories

Inventories as of March 31, 2018 and December 31, 2017 are as follows:

<i>(In millions of won)</i>	March 31, 2018	December 31, 2017
Finished goods	₩ 525,081	491,330
Work-in-process	685,694	675,324
Raw materials	306,989	286,934
Supplies	132,292	228,657
	₩ 1,650,056	1,682,245

For the three-month periods ended March 31, 2018 and 2017, the amount of inventories recognized as cost of sales, inventory write-downs and reversal and usage of inventory write-downs included in cost of sales are as follows:

<i>(In millions of won)</i>	2018	2017
Inventories recognized as cost of sales	₩ 4,902,524	5,218,933
Including: inventory write-downs	190,761	194,154
Including: reversal and usage of inventory write-downs	(184,139)	(185,454)

Table of Contents8. Investments

(a) Investments in subsidiaries consist of the following:

(In millions of won)

Overseas Subsidiaries	Location	Business	March 31, 2018		December 31, 2017	
			Percentage of ownership	Book value	Percentage of ownership	Book Value
LG Display America, Inc.	San Jose, U.S.A.	Sell Display products	100%	₩ 36,815	100%	₩ 36,815
LG Display Germany GmbH	Eschborn, Germany	Sell Display products	100%	19,373	100%	19,373
LG Display Japan Co., Ltd.	Tokyo, Japan	Sell Display products	100%	15,686	100%	15,686
LG Display Taiwan Co., Ltd.	Taipei, Taiwan	Sell Display products	100%	35,230	100%	35,230
LG Display Nanjing Co., Ltd.	Nanjing, China	Manufacture Display products	100%	593,726	100%	593,726
LG Display Shanghai Co., Ltd.	Shanghai, China	Sell Display products	100%	9,093	100%	9,093
LG Display Poland Sp. z o.o.	Wroclaw, Poland	Manufacture Display products	100%	194,992	100%	194,992
LG Display Guangzhou Co., Ltd.	Guangzhou, China	Manufacture Display products	100%	293,557	100%	293,557
LG Display Shenzhen Co., Ltd.	Shenzhen, China	Sell Display products	100%	3,467	100%	3,467
LG Display Singapore Pte. Ltd.	Singapore	Sell Display products	100%	1,250	100%	1,250
L&T Display Technology (Fujian) Limited	Fujian, China	Manufacture and sell LCD module and LCD monitor sets	51%	10,123	51%	10,123
LG Display Yantai Co., Ltd.	Yantai, China	Manufacture Display products	100%	169,195	100%	169,195
Nanumnuri Co., Ltd.	Gumi, South Korea	Janitorial services	100%	800	100%	800
LG Display (China) Co., Ltd.	Guangzhou, China	Manufacture and Sell Display products	51%	723,086	51%	723,086
Unified Innovative Technology, LLC	Wilmington, U.S.A.	Manage intellectual property	100%	9,489	100%	9,489
LG Display Guangzhou Trading Co., Ltd.	Guangzhou, China	Sell Display products	100%	218	100%	218
Global OLED Technology LLC	Herndon,	Manage OLED intellectual	100%	164,322	100%	164,322

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	U.S.A	property				
LG Display Vietnam Haiphong Co., Ltd.(*1)	Haiphong, Vietnam	Manufacture Display Products	100%	329,978	100%	117,378
Suzhou Lehui Display Co., Ltd.	Suzhou, China	Manufacture and sell LCD module and LCD monitor sets	100%	121,640	100%	121,640
Money Market Trust(*2)	Seoul, South Korea	Money market trust	100%	430,801	100%	61,471
				₩ 3,162,841		₩ 2,580,911

Table of Contents8. Investments, Continued

(*1) For the three-month period ended March 31, 2018, the Company contributed ₩212,600 million in cash for the capital increase of LG Display Vietnam Haiphong Co., Ltd. (LGDVN). There was no change in the Company's ownership percentage in LGDVN as a result of this additional investment.

(*2) For the three-month period ended March 31, 2018, the Company acquired and disposed Money Market Trust (MMT) and the MMT amount as of March 31, 2018 is ₩430,801 million.

(b) Investments in associates consist of the following:

(In millions of won)

Associates	Location	Business	March 31, 2018		December 31, 2017	
			Percentage of ownership	Book Value	Percentage of ownership	Book Value
Paju Electric Glass Co., Ltd.	Paju, South Korea	Manufacture electric glass for FPDs	40%	₩ 45,089	40%	₩ 45,089
INVENIA Co., Ltd.	Seongnam, South Korea	Develop and manufacture the equipment for FPDs	13%	6,330	13%	6,330
WooRee E&L Co., Ltd.	Ansan, South Korea	Manufacture LED back light unit packages	14%	10,268	14%	10,268
LB Gemini New Growth Fund No.16 (*1)	Seoul, South Korea	Invest in small and middle sized companies and benefit from M&A opportunities	31%	434	31%	434
YAS Co., Ltd.	Paju, South Korea	Develop and manufacture deposition equipment for OLEDs	15%	10,000	15%	10,000
AVATEC Co., Ltd.	Daegu, South Korea	Process and sell electric glass for FPDs	17%	10,600	17%	10,600
Arctic Sentinel, Inc.	Los Angeles, U.S.A.	Develop and manufacture tablet for kids	10%		10%	
CYNORA GmbH	Bruchsal, Germany	Develop organic emitting materials for displays and lighting devices	14%	20,309	14%	20,309
Material science(*2)	Seoul, South Korea	Develop, manufacture and sales OLED material	10%	4,000		

₩ 107,030

₩ 103,030

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8. Investments, Continued

(*1) The Company is a member of a limited partnership in the LB Gemini New Growth Fund No.16 (the Fund). On the other hand, a resolution to dissolve the fund was approved at the general meeting and the fund is in process of liquidation as of March 31, 2018.

(*2) In March 2018, the Company invested ₩4,000 million and acquired 10,767 shares of common stock with voting rights in Material science. As of March 31, 2018, the Company's ownership percentage in Material science is 10% and the Company has the right to appoint a director to the board of directors of the investee.

For the three-month periods ended March 31, 2018 and 2017, the aggregate amount of received dividends from subsidiaries and associates are ₩95,553 million and ₩8,639 million, respectively.

9. Property, Plant and Equipment

For the three-month periods ended March 31, 2018 and 2017, the Company purchased property, plant and equipment of ₩1,656,048 million and ₩1,113,774 million, respectively. The capitalized borrowing costs and the annualized capitalization rate were ₩18,633 million and 2.23%, and ₩6,260 million and 1.84% for the three-month periods ended March 31, 2018 and 2017, respectively. Also, for the three-month periods ended March 31, 2018 and 2017, the Company disposed of property, plant and equipment with carrying amounts of ₩85,393 million and ₩20,785 million, respectively, and recognized ₩13,715 million and ₩3,826 million, respectively, as gain and loss on disposal of property, plant and equipment for the three-month period ended March 31, 2018 (gain and loss for the three-month period ended March 31, 2017: ₩30,314 million and ₩1,957 million, respectively).

10. Intangible Assets

- (a) The Company capitalizes expenditures related to development activities, such as expenditures incurred on designing, manufacturing and testing of products after those related activities meet the capitalization criteria of development costs including technical feasibility, future economic benefits and others. The balances of capitalized development costs as of March 31, 2018 and December 31, 2017, are ₩316,914 million and ₩296,760 million, respectively.
- (b) Development of new projects are divided into research activities and development activities. Expenditures on research activities are recognized in profit or loss and development expenditures are capitalized, respectively.

Table of Contents11. Financial Liabilities

(a) Financial liabilities as of March 31, 2018 and December 31, 2017 are as follows:

<i>(In millions of won)</i>	March 31, 2018	December 31, 2017
Current		
Current portion of long-term borrowings and bonds	₩ 1,478,132	1,058,985
Current portion of Payment guarantee liabilities	2,153	1,750
	₩ 1,480,285	1,060,735
Non-current		
Won denominated borrowings	₩ 1,701,096	1,251,258
Foreign currency denominated borrowings	149,310	401,775
Bonds	1,894,864	1,506,003
Payment guarantee liabilities	7,073	6,377
	₩ 3,752,343	3,165,413

(b) Won denominated long-term borrowings as of March 31, 2018 and December 31, 2017 are as follows:

(In millions of won)

Lender	Annual interest rate as of	March 31,	December 31,
	March 31, 2018 (%)	2018	2017
Woori Bank	3-year Korean Treasury Bond		
	rate - 1.25, 2.75	₩ 1,753	1,922
Shinhan Bank	CD rate (91days) + 0.30	200,000	200,000
Korea Development Bank and others	CD rate (91days) + 0.64~0.74,		
	2.28~3.25	2,050,000	1,250,000
Less current portion of long-term borrowings		(550,657)	(200,664)
		₩ 1,701,096	1,251,258

- (c) Foreign currency denominated long-term borrowings as of March 31, 2018 and December 31, 2017 are as follows:

(In millions of won and USD)

Lender	Annual interest rate as of			
	March 31, 2018 (%)(*)	March 31, 2018	December 31, 2017	
The Export-Import Bank of Korea and Others	3ML+0.55 ~1.04	₩ 751,883	755,337	
Foreign currency equivalent		USD 705	USD	705
Less current portion of long-term borrowings		(602,573)	(353,562)	
		₩ 149,310	401,775	

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

Table of Contents11. Financial Liabilities, Continued

(d) Details of bonds issued and outstanding as of March 31, 2018 and December 31, 2017 are as follows:

(In millions of won)

	Maturity	Annual interest rate as of March 31, 2018 (%)	March 31, 2018	December 31, 2017
Won denominated bonds(*)				
Publicly issued bonds	May 2018 ~ February 2023	1.73~3.73	₩ 2,225,000	2,015,000
Less discount on bonds			(5,234)	(4,238)
Less current portion			(324,902)	(504,759)
			₩ 1,894,864	1,506,003

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

Table of Contents**12. Employee Benefits**

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

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

- (a) Net defined benefit liabilities recognized as of March 31, 2018 and December 31, 2017 are as follows:

<i>(In millions of won)</i>	March 31, 2018	December 31, 2017
Present value of partially funded defined benefit obligations	₩ 1,593,210	1,560,525
Fair value of plan assets	(1,443,253)	(1,465,990)
	₩ 149,957	94,535

- (b) Expenses recognized in profit or loss for the three-month periods ended March 31, 2018 and 2017 are as follows:

<i>(In millions of won)</i>	2018	2017
Current service cost	₩ 51,109	48,615
Net interest cost	242	598
	₩ 51,351	49,213

- (c) Plan assets as of March 31, 2018 and December 31, 2017 are as follows:

<i>(In millions of won)</i>	March 31, 2018	December 31, 2017
Guaranteed deposits in banks	₩ 1,443,253	1,465,990

As of March 31, 2018, the Company maintains the plan assets primarily with Mirae Asset Daewoo Co., Ltd., Shinhan Bank and others.

- (d) Remeasurements of the net defined benefit liabilities (assets) included in other comprehensive income (loss) for the three-month periods ended March 31, 2018 and 2017 are as follows:

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<i>(In millions of won)</i>	2018	2017
Remeasurements of the net defined benefit liabilities	₩ (6,419)	(4,725)
Tax effect	2,296	1,143
Remeasurements of the net defined benefit liabilities, net of income tax	₩ (4,123)	(3,582)

Table of Contents13. Provisions and Other Liabilities

(a) Changes in provisions for the three-month period ended March 31, 2018 are as follows:

(In millions of won)

		Litigations and claims	Warranties (*)	Others	Total
Balance at January 1, 2018	₩	43	100,119	1,835	101,997
Adjustment from adoption of K-IFRS 1115				9,789	9,789
Additions (reversals)			29,340	(3,834)	25,506
Usage			(42,956)		(42,956)
Balance at March 31, 2018	₩	43	86,503	7,790	94,336
Current	₩	43	63,868	7,790	71,701
Non-current	₩		22,635		22,635

(*) The provision for warranties covers defective products and is normally applicable for 18 months from the date of purchase. The warranty liability is calculated by using historical and anticipated rates of warranty claims, and costs per claim to satisfy the Company's warranty obligation.

(b) Other liabilities as of March 31, 2018 and December 31, 2017 are as follows:

(In millions of won)

		March 31, 2018	December 31, 2017
Current liabilities			
Withholdings	₩	26,375	23,948
Unearned revenues		7,916	9,566
Security deposits		3,230	
Dividends payable		178,908	
	₩	216,429	33,514
Non-current liabilities			
Long-term accrued expenses	₩	75,191	66,956
Security deposits		2,545	
	₩	77,736	66,956

Table of Contents**14. Contingencies and Commitments****(a) Legal Proceedings****Anti-trust litigations**

Argos Limited and affiliated companies (Argos) filed a Notice of Claim against the Company and LG Display Taiwan Co., Ltd. in the High Court of Justice in London alleging infringement of Treaty on the Functioning of the European Union and Agreement on the European Economic Area. Prior to Argos' filing of Particulars of Claim and service, the Company and LG Display Taiwan Co., Ltd. reached a settlement in principle with Argos in December 2017. The parties expect to execute a settlement agreement in 2018.

Others

The Company is defending against various claims in addition to pending proceedings described above. The Company does not have a present obligation for these matters and has not recognized any provision at March 31, 2018.

(b) 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 1,743 million (~~₩~~1,859,421 million) in connection with the Company's export sales transactions with its subsidiaries. As of March 31, 2018, 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 and several other banks pursuant to which the Company could sell its accounts receivables up to an aggregate of ~~₩~~345,960 million in connection with its domestic and export sales transactions and, as of March 31, 2018, no accounts and notes receivable sold to Shinhan Bank were outstanding in connection with the agreement. In connection with the contract above, the Company has sold its accounts receivable without recourse.

Letters of credit

As of March 31, 2018, the Company has agreements in relation to the opening of letters of credit up to USD 30 million (~~₩~~31,995 million) with KEB Hana Bank, USD 80 million (~~₩~~85,320 million) with Bank of China and USD 50 million (~~₩~~53,325 million) with Sumitomo Mitsui Banking Corporation.

Payment guarantees

The Company provides a payment guarantee in connection with the term loan credit facilities of LG Display Vietnam Haiphong, Co., Ltd. amounting to USD 595 million (~~₩~~634,568 million) for principals.

In addition, the Company obtained payment guarantees amounting to USD 900 million (~~₩~~959,850 million) from KEB Hana Bank and others for advances received related to the long-term supply agreements and USD 8.5 million (~~₩~~9,065 million) from Shinhan bank for value added tax payments in Poland.

Table of Contents**14. Contingencies and Commitments, Continued****License agreements**

As of March 31, 2018, in relation to its 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

As of March 31, 2018, in connection with long-term supply agreements with customers, the Company recognized USD 900 million (₩959,850 million) in advances received. 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 payment guarantees amounting to USD 900 million (₩959,850 million) from KEB Hana Bank and other various banks relating to advances received.

15. Share capital

The Company is authorized to issue 500,000,000 shares of capital stock (par value ₩ 5,000), and as of March 31, 2018 and December 31, 2017, the number of issued common shares is 357,815,700. There have been no changes in the capital stock from January 1, 2017 to March 31, 2018.

16. Revenue

Details of revenue for the three-month periods ended March 31, 2018 and 2017 are as follows:

<i>(In millions of won)</i>	2018	2017
Sales of goods	₩ 5,144,426	6,528,896
Royalties	3,726	4,600
Others	6,109	9,451
	₩ 5,154,261	6,542,947

Table of Contents**17. The Nature of Expenses and Others**

The classification of expenses by nature for the three-month periods ended March 31, 2018 and 2017 are as follows:

(In millions of won)

	2018	2017
Changes in inventories	₩ 32,189	100,076
Purchases of raw materials, merchandise and others	1,986,586	2,362,566
Depreciation and amortization	573,450	490,619
Outsourcing fees	1,338,767	1,363,182
Labor costs	696,245	633,135
Supplies and others	191,168	208,206
Utility	179,812	169,395
Fees and commissions	140,527	117,361
Shipping costs	27,308	27,174
Advertising	14,929	44,489
Warranty expenses	29,340	68,177
Travel	24,024	16,487
Taxes and dues	15,772	12,396
Others	163,529	176,967
	₩ 5,413,646	5,790,230

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

Table of Contents18. Selling and Administrative Expenses

Details of selling and administrative expenses for the three-month periods ended March 31, 2018 and 2017 are as follows:

(In millions of won)

	2018	2017
Salaries	₩ 62,795	53,096
Expenses related to defined benefit plans	7,034	6,555
Other employee benefits	12,081	14,648
Shipping costs	20,554	21,626
Fees and commissions	27,365	30,973
Depreciation	26,424	22,725
Taxes and dues	793	314
Advertising	14,929	44,489
Warranty expenses	29,340	68,177
Rent	2,638	2,507
Insurance	1,535	1,361
Travel	4,550	4,559
Training	2,201	3,167
Others	11,629	10,510
	₩ 223,868	284,707

19. Personnel Expenses

Details of personnel expenses for the three-month periods ended March 31, 2018 and 2017 are as follows:

(In millions of won)

	2018	2017
Salaries and wages	₩ 598,556	535,368
Other employee benefits	92,072	77,293
Contributions to National Pension plan	18,807	17,917
Expenses related to defined benefit plan	51,351	49,213
	₩ 760,786	679,791

Table of Contents20. Other Non-operating Income and Other Non-operating Expenses

- (a) Details of other non-operating income for the three-month periods ended March 31, 2018 and 2017 are as follows:

(In millions of won)

	2018	2017
Foreign currency gain	₩ 100,719	269,086
Gain on disposal of property, plant and equipment	13,715	30,314
Gain on disposal of intangible assets	239	
Reversal of impairment loss on intangible assets	130	
Rental income	448	869
Others	1,753	3,892
	₩ 117,004	304,161

- (b) Details of other non-operating expenses for the three-month periods ended March 31, 2018 and 2017 are as follows:

(In millions of won)

	2018	2017
Foreign currency loss	₩ 106,651	483,257
Loss on disposal of property, plant and equipment	3,826	1,957
Impairment loss on intangible assets	37	1,689
Donations	1,850	2,364
Other bad debt expense	4	46
Expenses related to legal proceedings or claims and others	47	238
	₩ 112,415	489,551

Table of Contents21. Finance Income and Finance Costs

- (a) Finance income and costs recognized in profit and loss for the three-month periods ended March 31, 2018 and 2017 are as follows:

(In millions of won)

	2018	2017
Finance income		
Interest income	₩ 4,783	6,038
Dividend income	95,553	8,639
Foreign currency gain	4,807	87,210
Gain on disposal of investments		5,083
Gain on transaction of derivatives	36	
Gain on valuation of derivatives		798
Others	516	
	₩ 105,695	107,768
Finance costs		
Interest expense	₩ 10,987	15,922
Foreign currency loss	4,966	16,470
Loss on transaction of derivatives	38	101
Loss on valuation of derivatives	242	
Others	677	350
	₩ 16,910	32,843

Table of Contents22. Income Taxes

(a) Details of income tax expense for the three-month periods ended March 31, 2018 and 2017 are as follows:

(In millions of won)

	2018	2017
Current tax expense	₩ (9,304)	96,105
Deferred tax expense (benefit)	(70,579)	38,329
Income tax expense (benefit)	₩ (79,883)	134,434

(b) Deferred Tax Assets and Liabilities

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

Deferred tax assets and liabilities as of March 31, 2018 and December 31, 2017 are attributable to the following:

(In millions of won)

	Assets		Liabilities		Total	
	March 31, 2018	December 31, 2017	March 31, 2018	December 31, 2017	March 31, 2018	December 31, 2017
Other accounts receivable, net	₩		(816)	(1,378)	(816)	(1,378)
Inventories, net	33,282	30,688			33,282	30,688
Defined benefit liabilities, net	18,232	2,375			18,232	2,375
Accrued expenses	106,786	179,112			106,786	179,112
Property, plant and equipment	179,672	206,900			179,672	206,900
Intangible assets	856	1,249			856	1,249
Provisions	23,371	27,018			23,371	27,018
Gain or loss on foreign currency translation, net	13	13			13	13
Others	11,714	12,345			11,714	12,345
Tax losses	104,339				104,339	
Tax credit carryforwards	322,674	268,926			322,674	268,926
Deferred tax assets (liabilities)	₩ 800,939	728,626	(816)	(1,378)	800,123	727,248

Statutory tax rate applicable to the Company was 24.2% for the year ended December 31, 2017. During the year-ended December 31, 2017, certain amendments to income tax rules in Korea were enacted and effective on January 1, 2018 that resulted in application of 27.5% for taxable income in excess of ₩300,000 million. Deferred taxes as of December 31, 2017 and March 31, 2018 have been measured using the applicable tax rates from the amendment.

Table of Contents23. Earnings (Loss) Per Share

(a) Basic earnings (loss) per share for the three-month periods ended March 31, 2018 and 2017 are as follows:

<i>(In won and No. of shares)</i>	2018	2017
Profit (Loss) for the period	₩ (80,364,446,331)	514,111,732,552
Weighted-average number of common stocks outstanding	357,815,700	357,815,700
Earnings (Loss) per share	₩ (225)	1,437

For the three-month periods ended March 31, 2018 and 2017, there were no events or transactions that resulted in changes in the number of common stocks used for calculating earnings (loss) per share.

(b) Diluted earnings (loss) per share for the three-month periods ended March 31, 2018 and 2017 are not calculated since there was no potential common stock.

Table of Contents**24. Financial Risk Management**

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

(a) Market risk

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

(i) Currency risk

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

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

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

i) Exposure to currency risk

The Company's exposure to foreign currency risk based on notional amounts as of March 31, 2018 and December 31, 2017 is as follows:

(In millions)

	March 31, 2018				
	USD	JPY	CNY	PLN	EUR
Cash and cash equivalents	118	658		2	
Trade accounts and notes receivable	3,138	3,050			
Non-trade receivable	80	788	3,358		1
Trade accounts and notes payable	(1,196)	(12,162)			
Other accounts payable	(97)	(14,768)	(733)	(10)	(1)
Debt	(705)				
Net exposure	1,338	(22,434)	2,625	(8)	

Table of Contents24. Financial Risk Management, Continued*(In millions)*

	December 31, 2017				
	USD	JPY	CNY	PLN	EUR
Cash and cash equivalents	482	77		2	
Trade accounts and notes receivable	3,840	1,960			
Non-trade receivable	73	1,674	1,085		9
Trade accounts and notes payable	(1,337)	(13,659)			
Other accounts payable	(170)	(12,582)	(1,059)	(10)	(2)
Debt	(705)				
Net exposure	2,183	(22,530)	26	(8)	7

Average exchange rates applied for the three-month periods ended March 31, 2018 and 2017 and the exchange rates at March 31, 2018 and December 31, 2017 are as follows:

(In won)

	Average rate		Reporting date spot rate	
	2018	2017	March 31, 2018	December 31, 2017
USD	₩ 1,072.66	1,154.65	1,066.50	1,071.40
JPY	9.90	10.15	10.01	9.49
CNY	168.62	168.15	169.68	163.65
PLN	315.20	284.48	311.79	306.07
EUR	1,317.33	1,230.16	1,311.95	1,279.25

Table of Contents24. Financial Risk Management, Continued

ii) Sensitivity analysis

A weaker won, as indicated below, against the following currencies which comprise the Company's assets or liabilities denominated in foreign currency as of March 31, 2018 and December 31, 2017, would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Company considers to be reasonably possible as of the end of reporting period. The analysis assumes that all other variables, in particular interest rates, would remain constant. The changes in equity and profit or loss would have been as follows:

(In millions of won)

	March 31, 2018		December 31, 2017	
	Equity	Profit or loss	Equity	Profit or loss
USD (5 percent weakening)	₩ 51,728	51,728	88,643	88,643
JPY (5 percent weakening)	(8,144)	(8,144)	(8,104)	(8,104)
CNY (5 percent weakening)	16,146	16,146	161	161
PLN (5 percent weakening)	(90)	(90)	(93)	(93)
EUR (5 percent weakening)			339	339

A stronger won against the above currencies as of March 31, 2018 and December 31, 2017 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 Contents24. Financial Risk Management, Continued

(ii) Interest rate risk

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

i) Profile

The interest rate profile of the Company's interest-bearing financial instruments as of March 31, 2018 and December 31, 2017 is as follows:

<i>(In millions of won)</i>	March 31, 2018	December 31, 2017
Fixed rate instruments		
Financial assets	₩ 812,186	1,147,340
Financial liabilities	(3,971,512)	(2,962,671)
	₩ (3,159,326)	(1,815,331)
Variable rate instruments		
Financial liabilities	₩ (1,251,890)	(1,255,350)

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

As of March 31, 2018 and December 31, 2017, a change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below for each 12-month period following the reporting dates. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

(In millions of won)

	Equity		Profit or loss	
	1%p increase	1%p decrease	1%p increase	1%p decrease
March 31, 2018				
Variable rate instruments(*)	₩ (6,539)	6,539	(6,539)	6,539
December 31, 2017				
Variable rate instruments(*)	₩ (6,863)	6,863	(6,863)	6,863

(*) Financial instruments subject to interest rate swap not qualified for hedging are excluded.

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24. Financial Risk Management, Continued

(b) Credit risk

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

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

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

In relation to the impairment of financial assets, the Company recognizes expected credit loss and its changes at each reporting date subsequent to initial recognition of financial asset according to an expected credit loss impairment model.

The Company does not establish allowances for receivables under insurance or receivables from customers with a high credit rating. Trade accounts and notes receivables are insured in order to manage credit risk and uninsured trade accounts and notes receivables are managed in accordance with the Company's management policy.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk as of March 31, 2018 and December 31, 2017 are as follows:

Table of Contents24. Financial Risk Management, Continued

i) As of March 31, 2018

<i>(In millions of won)</i>	March 31, 2018	
	Carrying amounts	
Financial Assets Carried at Amortized Cost		
Cash and cash equivalents	₩	434,823
Deposits in banks		377,211
Trade accounts and notes receivable		3,769,860
Non-trade receivable		704,604
Accrued income		4,301
Deposits		13,757
Short-term loans		11,701
Long-term loans		37,297
Long-term non-trade receivable		7,256
Sub-Total		5,360,810
Financial Assets at Fair Value through Profit or Loss		
Convertible bonds		1,552
Derivatives		600
Sub-Total		2,152
Financial Assets at Fair Value through Other Comprehensive Income		
Debt instrument		163
Total		5,363,125

(*) Excluded from disclosures as the carrying amount approximates fair value.

ii) As of December 31, 2017

<i>(In millions of won)</i>	December 31, 2017	
	Carrying amounts	
Cash and cash equivalents	₩	566,408
Deposits in banks		580,781
Trade accounts and notes receivable		4,673,570
Non-trade receivable		678,454
Accrued income		8,655
Available-for-sale financial assets		162

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Financial assets at fair value through profit or loss	1,552
Deposits	13,638
Short-term loans	13,493
Long-term loans	30,772
Long-term non-trade receivable	15,115
Derivatives	842
Total	6,583,442

In addition to the financial assets above, as of March 31, 2018, the Company provides a payment guarantee of USD 595 million (~~₩~~634,568 million), for its subsidiary.

Table of Contents24. Financial Risk Management, Continued

(c) Liquidity risk

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

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

The following are the contractual maturities of financial liabilities, including estimated interest payments, as of March 31, 2018.

(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							
Unsecured bank borrowings	₩ 3,003,636	3,187,977	361,140	867,529	271,090	1,659,716	28,502
Unsecured bond issues	2,219,766	2,365,526	236,301	139,176	599,441	1,390,608	
Trade accounts and notes payable	2,507,732	2,507,732	2,507,732				
Other accounts payable	2,816,545	2,816,545	2,816,545				
Payment guarantee(*)	9,226	702,639	8,991	25,281	49,985	515,140	103,242
Security deposits	5,775	5,775	3,145	85	2,545		
	₩ 10,562,680	11,586,194	5,933,854	1,032,071	923,061	3,565,464	131,744

(*) Contractual cash flows of payment guarantee is identical to timing of principal payment and represent the maximum amount that the Company could be required to pay the guarantee amount.

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

Table of Contents24. **Financial Risk Management, Continued**

(d) Capital management

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

(In millions of won)

	March 31, 2018	December 31, 2017
Total liabilities	₩ 12,587,679	11,580,156
Total equity	13,565,864	13,829,259
Cash and deposits in banks (*1)	812,023	1,147,178
Borrowings (including bonds)	5,223,402	4,218,021
Total liabilities to equity ratio	93%	84%
Net borrowings to equity ratio (*2)	33%	22%

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

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

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24. Financial Risk Management, Continued

(e) Determination of fair value

(i) Measurement of fair value

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

i) Current Assets and Liabilities

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

ii) Trade Receivables and Other Receivables

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

iii) Investments in Equity and Debt Instruments

Marketable financial assets at fair value through profit or loss and at fair value through other comprehensive income are determined by reference to their quoted closing bid price at the reporting date. The fair value of non-marketable instruments is determined using valuation methods.

iv) Non-derivative Financial Liabilities

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

Table of Contents24. Financial Risk Management, Continued

(ii) 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 as of March 31, 2018 and December 31, 2017 are as follows:

i) As of March 31, 2018

(In millions of won)

	March 31, 2018	
	Carrying amounts	Fair Values
Financial Assets Carried at Amortized Cost		
Cash and cash equivalents	₩ 434,823	(*)
Deposits in banks	377,211	(*)
Trade accounts and notes receivable	3,769,860	(*)
Non-trade receivable	704,604	(*)
Accrued income	4,301	(*)
Deposits	13,757	(*)
Short-term loans	11,701	(*)
Long-term loans	37,297	(*)
Long-term non-trade receivable	7,256	(*)
Financial Assets at Fair Value through Profit or Loss		
Equity instrument	₩ 2,697	2,697
Convertible bonds	1,552	1,552
Derivatives	600	600
Financial Assets at Fair Value through Other Comprehensive Income		
Debt instrument	₩ 163	163
Liabilities carried at amortized cost		
Unsecured bank borrowings	3,003,636	3,014,852
Unsecured bond issues	2,219,766	2,225,927
Trade accounts and notes payable	2,507,732	(*)
Other accounts payable	2,816,545	2,816,678
Long-term other accounts payable	9,226	(*)
Security deposits	5,775	(*)

(*) Excluded from disclosures as the carrying amount approximates fair value.

Table of Contents24. Financial Risk Management, Continued

ii) As of December 31, 2017

(In millions of won)

	December 31, 2017	
	Carrying amounts	Fair Values
Assets carried at fair value		
Available-for-sale financial assets	₩ 162	162
Financial asset at fair value through profit or loss	1,552	1,552
Derivatives	842	842
Assets carried at amortized cost		
Cash and cash equivalents	₩ 566,408	(*)
Deposits in banks	580,781	(*)
Trade accounts and notes receivable	4,673,570	(*)
Non-trade receivable	678,454	(*)
Accrued income	8,655	(*)
Deposits	13,638	(*)
Short-term loans	13,493	(*)
Long-term loans	30,772	(*)
Long-term non-trade receivable	15,115	(*)
Liabilities carried at amortized cost		
Unsecured bank borrowings	₩ 2,207,259	2,212,474
Unsecured bond issues	2,010,762	2,016,086
Trade accounts and notes payable	2,391,493	(*)
Other accounts payable	2,701,823	2,702,033
Long-term other accounts payable	8,127	(*)

(*) Excluded from disclosures as the carrying amount approximates fair value.

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24. Financial Risk Management, Continued

(iii) Fair values of financial assets and liabilities

i) Fair value hierarchy

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

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

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

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

Table of Contents24. Financial Risk Management, Continued

ii) Financial instruments measured at fair value

Fair value hierarchy classifications of the financial instruments that are measured at fair value as of March 31, 2018 and December 31, 2017 are as follows:

<i>(In millions of won)</i>	Level 1	Level 2	Level 3	Total
March 31, 2018				
Financial Asset at Fair Value through Profit or Loss				
Equity instrument	₩		2,697	2,697
Convertible bonds			1,552	1,552
Derivatives			600	600
Financial Asset at Fair Value through Other Comprehensive Income				
Debt instrument	163			163
<i>(In millions of won)</i>	Level 1	Level 2	Level 3	Total
December 31, 2017				
Available-for-sale financial assets	₩ 162			162
Financial assets at fair value through profit or loss			1,552	1,552
Derivatives			842	842

Table of Contents24. Financial Risk Management, Continued

iii) Financial instruments not measured at fair value but for which the fair value is disclosed
Fair value hierarchy classifications, valuation technique and inputs for fair value measurements of the financial instruments not measured at fair value but for which the fair value is disclosed as of March 31, 2018 and December 31, 2017 are as follows:

(In millions of won)

Classification	March 31, 2018			Valuation technique	Input
	Level 1	Level 2	Level 3		
Liabilities					
Unsecured bank borrowings	₩		3,014,852	Discounted cash flow	Discount rate
Unsecured bond issues			2,225,927	Discounted cash flow	Discount rate
Other accounts payable			2,816,678	Discounted cash flow	Discount rate

(In millions of won)

Classification	December 31, 2017			Valuation technique	Input
	Level 1	Level 2	Level 3		
Liabilities					
Unsecured bank borrowings	₩		2,212,474	Discounted cash flow	Discount rate
Unsecured bond issues			2,016,086	Discounted cash flow	Discount rate
Other accounts payable			2,702,033	Discounted cash flow	Discount rate

iv) The interest rates applied for determination of the above fair value as of March 31, 2018 and December 31, 2017 are as follows:

	March 31, 2018	December 31, 2017
Debentures, loans and others	1.52~2.95%	1.57~2.92%

Table of Contents**25. Changes in liabilities arising from financing activities**

Changes in liabilities arising from financing activities for the three-month period ended March 31, 2018 are as follows:

(In millions of won)

	January 1, 2018		Non-cash transactions				March 31, 2018
	Cash flows from financing activities	Dividends declared	Reclassification	Exchange rate effect	Effective interest adjustment	Others	
Current portion of long-term borrowings and bonds	₩ 1,058,985	(180,169)	601,942	(2,769)	143		1,478,132
Payment Guarantee	8,127	519				580	9,226
Long-term borrowings	1,653,033	800,000	(601,942)	(685)			1,850,406
Bonds	1,506,003	388,447			414		1,894,864
Dividends payable			178,908				178,908
	₩ 4,226,148	1,008,797	178,908	(3,454)	557	580	5,411,536

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26. **Related Parties and Others**

(a) Related parties

Related parties as of March 31, 2018 are as follows:

Classification	Description
Subsidiaries(*)	LG Display America, Inc. and others
Associates(*)	Paju Electric Glass Co., Ltd. and others
Subsidiaries of Associates	AVATEC Electronics Yantai Co., Ltd. and others
Entity that has significant influence over the Company	LG Electronics Inc.
Subsidiaries of the entity that has significant influence over the Company	Subsidiaries of LG Electronics Inc.

(*) Details of subsidiaries and associates are described in note 8.

Table of Contents26. Related Parties and Others, Continued

- (b) Significant transactions such as sales of goods and purchases of raw material and outsourcing service and others, which occurred in the normal course of business with related parties for the three-month periods ended March 31, 2018 and 2017 are as follows:

(In millions of won)

	2018					
	Purchase and others					
	Acquisition of					
	Purchase of raw property,					
	material and plant					
	and equipment					
	Sales	Dividend			Outsourcing	
	and others	income			fees	Other costs
Subsidiaries						
LG Display America, Inc.	₩2,148,447					
LG Display Japan Co., Ltd.	436,684					2,151
LG Display Germany GmbH	425,156					329
LG Display Taiwan Co., Ltd.	341,212					171
LG Display Nanjing Co., Ltd.	4,865		268		262,288	1,385
LG Display Shanghai Co., Ltd.	223,520					10
LG Display Poland Sp. z o.o.	141				9,589	2
LG Display Guangzhou Co., Ltd.	5,449		2,579		441,631	3,468
LG Display Shenzhen Co., Ltd.	388,276					
LG Display Yantai Co., Ltd.	7,659		5,480		395,945	5,543
LG Display (China) Co., Ltd.		90,281	359,221			424
LG Display Singapore Pte. Ltd.	194,264					13
L&T Display Technology (Fujian) Limited	82,017				8	5
Nanumnuri Co., Ltd.	45					6,123
Global OLED Technology LLC						1,494
LG Display Guangzhou Trading Co., Ltd.	89,520					
LG Display Vietnam Haiphong Co., Ltd.	35,740		4,165		111,669	69
Suzhou Lehui Display Co., Ltd.	35,723					
	₩4,418,718	90,281	371,713		1,221,130	21,187

Table of Contents26. Related Parties and Others, Continued*(In millions of won)*

	2018					
	Purchase of raw material and others		Acquisition of property, plant and equipment		Purchase and others	
	Sales and others	Dividend income	material and others	plant and equipment	Outsourcing fees	Other costs
Associates and their subsidiaries						
WooRee E&L Co., Ltd.						47
INVENIA Co., Ltd.		30	270	7,749		72
AVATEC Co., Ltd.		530			17,773	119
Paju Electric Glass Co., Ltd.		4,172	92,497			920
LB Gemini New Growth Fund No.16		540				
YAS Co., Ltd.			760	12,417		794
	₩	5,272	93,527	20,166	17,773	1,952
Entity that has significant influence over the Company						
LG Electronics Inc.	₩	361,044	10,186	152,490		17,466
Subsidiaries of the entity that has significant influence over the Company						
LG Electronics India Pvt. Ltd.	₩	8,355				13
LG Electronics Vietnam Haiphong Co., Ltd.		32,988				2
LG Electronics Reynosa S.A. DE C.V.		4,843				898
LG Electronics Almaty Kazakhstan		2,425				8
LG Electronics S.A. (Pty) Ltd		2,397				2
LG Electronics Mexicali S.A. DE C.V.		1,281				54
LG Electronics RUS, LLC		603				320

Table of Contents26. Related Parties and Others, Continued*(In millions of won)*

	2018					
			Purchase of raw material and others		Purchase and others acquisition of property, plant and equipment	
	Sales and others	Dividend income			Outsourcing fees	Other costs
Subsidiaries of the entity that has significant influence over the Company						
LG Innotek Co., Ltd.	₩ 6,950		34,626			11,082
LG Hitachi Water Solutions Co., Ltd.				117,814		491
Inspur LG Digital Mobile Communications Co., Ltd.	12,177					
Qingdao LG Inspur Digital Communication Co., Ltd.	7,656					
HiEntech Co., Ltd.						7,935
Others	730					1,913
	₩ 80,405		34,626	117,814		22,718
	₩ 4,860,167	95,553	510,052	290,470	1,238,903	63,323

Table of Contents26. Related Parties and Others, Continued*(In millions of won)*

	2017				
	Purchase and others				
	Acquisition of				
	Purchase of property,				
	material plant and				
	equipment				
	Sales	Dividend	and	and	Outsourcing
	and others	income	others	plant	fees
				and	Other costs
				equipment	
Subsidiaries					
LG Display America, Inc.	₩ 2,771,857				
LG Display Japan Co., Ltd.	564,061				12
LG Display Germany GmbH	518,689				8,913
LG Display Taiwan Co., Ltd.	410,048				351
LG Display Nanjing Co., Ltd.	3,509				116,663
LG Display Shanghai Co., Ltd.	335,235				25
LG Display Poland Sp. z o.o.	1,746				8,408
LG Display Guangzhou Co., Ltd.	18,436		1,831		599,453
LG Display Shenzhen Co., Ltd.	427,984				1
LG Display Yantai Co., Ltd.	6,292		4,594		528,656
LG Display (China) Co., Ltd.	11,823				216,106
LG Display Singapore Pte. Ltd.	293,412				3
L&T Display Technology (Fujian) Limited	103,199				12
Nanumnuri Co., Ltd.	24				295
Global OLED Technology LLC					4,620
LG Display Guangzhou Trading Co., Ltd.	140,155				1,477
LG Display Vietnam Haiphong Co., Ltd.	112				
Suzhou Lehui Display Co., Ltd.	51,214				
	₩ 5,657,796		6,425		1,469,298
					27,630

Table of Contents26. Related Parties and Others, Continued*(In millions of won)*

	2017					
	Purchase of raw material and others		Acquisition of property, plant and equipment		Purchase and others	
	Sales and others	Dividend income	material and others	property, plant and equipment	Outsourcing fees	Other costs
Associates and their subsidiaries						
New Optics Ltd.(*)	₩	1			4	6
WooRee E&L Co., Ltd.						76
INVENIA Co., Ltd.			454	2,758		111
AVATEC Co., Ltd.		530			19,816	251
Paju Electric Glass Co., Ltd.		8,109	98,763			1,097
Narenanotech Corporation(*)			226	10,453		169
YAS Co., Ltd.			829	19,208		392
	₩	1	8,639	100,272	19,820	2,102
Entity that has significant influence over the Company						
LG Electronics Inc.	₩	472,705	7,046	186,346		35,053
Subsidiaries of the entity that has significant influence over the Company						
LG Electronics India Pvt. Ltd.	₩	22,276				29
LG Electronics Vietnam Haiphong Co., Ltd.		52,956				37
LG Electronics Reynosa S.A. DE C.V.		36,801				325
LG Electronics Almaty Kazakhstan		4,043				
LG Electronics S.A. (Pty) Ltd		5,182				3
LG Electronics Mexicali S.A.DE C.V.		14,190				51
LG Electronics RUS, LLC		1,283				286

Table of Contents26. Related Parties and Others, Continued*(In millions of won)*

	2017					
	Sales and others	Dividend income	Purchase of raw material and others	Acquisition of property, plant and equipment	Purchase and others Outsourcing fees	Other costs
Subsidiaries of the entity that has significant influence over the Company						
LG Innotek Co., Ltd.	₩ 4,274		41,118			3,143
LG Hitachi Water Solutions Co., Ltd.				26,898		
Inspur LG Digital Mobile Communications Co., Ltd.	39,544					
Qingdao LG Inspur Digital Communication Co., Ltd.	15,634					
HiEntech Co., Ltd.						6,982
Others	1,589		3			1,713
	₩ 197,772		41,121	26,898		12,569
	₩ 6,328,274	8,639	154,864	245,663	1,489,118	77,354

(*) Represents transactions occurred prior to disposal of the entire investments.

Table of Contents26. Related Parties and Others, Continued

- (c) Trade accounts and notes receivable and payable as of March 31, 2018 and December 31, 2017 are as follows:

(In millions of won)

	Trade accounts and notes receivable and others		Trade accounts and notes payable and others	
	March 31, 2018	December 31, 2017	March 31, 2018	December 31, 2017
Subsidiaries				
LG Display America, Inc.	₩ 1,264,899	1,795,757		
LG Display Japan Co., Ltd.	232,634	230,804	4	2
LG Display Germany GmbH	358,991	497,677	3	
LG Display Taiwan Co., Ltd.	493,476	436,943	98	106
LG Display Nanjing Co., Ltd.	4,792	176	164,908	85,646
LG Display Shanghai Co., Ltd.	149,239	176,816	1	74
LG Display Poland Sp. z o.o.	136	73	6,375	5,480
LG Display Guangzhou Co., Ltd.	358,089	345,212	63,987	189,996
LG Display Guangzhou Trading Co., Ltd.	111,195	88,876		
LG Display Shenzhen Co., Ltd.	97,444	217,542		
LG Display Yantai Co., Ltd.	127,269	123,059	216,296	30,397
LG Display (China) Co., Ltd.	85,149	55,309	133,109	150,933
LG Display Singapore Pte. Ltd.	200,285	187,420	5	1
L&T Display Technology (Fujian) Limited	53,716	57,545	164,976	177,487
Nanumnuri Co., Ltd.			2,397	2,453
LG Display Vietnam Haiphong Co., Ltd.	44,482	9,119	138,042	58,666
Suzhou Lehui Display Co., Ltd.	22,608	21,110	27,783	36,919
	₩ 3,604,404	4,243,438	917,984	738,160

Table of Contents26. Related Parties and Others, Continued*(In millions of won)*

	Trade accounts and notes receivable and others		Trade accounts and notes payable and others	
	March 31, 2018	December 31, 2017	March 31, 2018	December 31, 2017
Associates and their subsidiaries				
WooRee E&L Co., Ltd.			52	61
INVENIA Co., Ltd.	2,280	2,375	8,817	18,523
AVATEC Co., Ltd.	530		4,682	2,949
Paju Electric Glass Co., Ltd.			64,375	60,141
YAS Co., Ltd.	250	375	16,700	6,474
	₩ 3,060	2,750	94,626	88,148
Entity that has significant influence over the Company				
LG Electronics Inc.	₩ 400,849	550,101	202,405	206,616

Table of Contents26. Related Parties and Others, Continued*(In millions of won)*

	Trade accounts and notes receivable and others		Trade accounts and notes payable and others	
	March 31, 2018	December 31, 2017	March 31, 2018	December 31, 2017
Subsidiaries of the entity that has significant influence over the Company				
LG Innotek Co., Ltd.	₩ 4,266	407	55,586	58,741
LG Hitachi Water Solutions Co., Ltd.			210,998	154,079
HiEntech Co., Ltd.			5,672	4,854
Inspur LG Digital Mobile Communications Co., Ltd.	12,111	20,953		
LG Electronics Reynosa S.A. DE C.V.	3,948	11,494	154	82
LG Electronics India Pvt. Ltd.	5,751	3,030	5	
LG Electronics Vietnam Haiphong Co., Ltd.	25,033	36,017	1	1
LG Electronics S.A. (Pty) Ltd	2,326	2,400	2	4
Qingdao LG Inspur Digital Communication Co., Ltd.	5,140	9		80
Others	3,911	18,385	1,139	1,309
	₩ 62,486	92,695	273,557	219,150
	₩ 4,070,799	4,888,984	1,488,572	1,252,074

Table of Contents26. Related Parties and Others, Continued

- (d) Details of significant cash transactions such as loans and collection of loans, which occurred in the normal course of business with related parties for three-month periods ended March 31, 2018 and 2017 are as follows:

(In millions of won)

Associates	2018		2017	
	Loans	Collection of loans	Loans	Collection of loans
INVENIA Co., Ltd.	₩	125		83
YAS Co., Ltd.		125		83
	₩	250		166

Table of Contents26. Related Parties and Others, Continued

(e) Conglomerate Transactions

Transactions, trade accounts and notes receivable and payable, and others between the Company and certain companies and their subsidiaries, which are included in LG Group, one of conglomerates according to the Monopoly Regulation and Fair Trade Act for the three-month periods ended March 31, 2018 and 2017 and as of March 31, 2018 and December 31, 2017 are as follows. These entities are not affiliates according to K-IFRS No. 1024, *Related Party Disclosures*.

(In millions of won)	For the three-month period ended March 31, 2018		March 31, 2018	
	Sales and others	Purchase and others	Trade accounts and notes receivable and others	Trade accounts and notes payable and others
LG International Corp. and its subsidiaries	₩ 184,257	264,777	131,321	191,030
LG Uplus Corp.		223		33
LG Chem Ltd. and its subsidiaries	1,564	193,552	6,067	114,821
Serveone Co., Ltd. and its subsidiaries	97	336,299	21,543	497,437
Silicon Works Co., Ltd.		143,295		148,397
LG Corp.		12,791	6,794	6,951
LG Management Development Institute		2,813	3,480	607
LG CNS Co., Ltd. and its subsidiaries		30,771		34,145
LG Hausys Ltd.	1,110	1		
G2R Inc. and its subsidiaries		4,041		5,301
	₩ 187,028	988,563	169,205	998,722

Table of Contents26. Related Parties and Others, Continued

<i>(In millions of won)</i>	For the three-month period ended		December 31, 2017	
	March 31, 2017		Trade accounts and notes receivable and others	Trade accounts and notes payable and others
	Sales and others	Purchase and others		
LG International Corp. and its subsidiaries	₩ 130,914	277,908	110,786	186,799
LG Household & Health Care, Ltd. and its subsidiaries	1	1		
LG Uplus Corp.	51	185		1,505
LG Chem Ltd. and its subsidiaries	5	205,512	8,659	127,416
SK Siltron Co., Ltd. (formerly, Siltron Co., Ltd.)(*)	10			
Lusem Co., Ltd.(*)	5	499	1	53
Serveone Co., Ltd. and its subsidiaries	115	281,368	21,565	491,719
Silicon Works Co., Ltd.		147,017		120,031
LG Corp.		15,699	4,700	1,523
LG Management Development Institute		2,009	3,480	699
LG CNS Co., Ltd. and its subsidiaries	37	22,183		90,374
LG Hausys Ltd.	418	44		374
G2R Inc. and its subsidiaries		829		14,275
	₩ 131,556	953,254	149,191	1,034,768

(*) Represents transactions occurred prior to disposal of the entire investments.

Table of Contents26. Related Parties and Others, Continued

(f) Key management personnel compensation

Compensation costs of key management for the three-month periods ended March 31, 2018 and 2017 are as follows:

<i>(In millions of won)</i>	2018	2017
Short-term benefits	₩ 888	1,317
Expenses related to the defined benefit plan	273	93
	₩ 1,161	1,410

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

27. Subsequent Event

- (a) In April 2018, the Company received advances from a customer amounting to USD 300 million (₩320,670 million) in aggregate in connection with long-term supply agreements. The advances received will be offset against outstanding accounts receivable balances after a given period of time, as well as those arising from the sale of products thereafter. The Company received a payment guarantee from the Export-Import Bank of Korea amounting to USD 300 million (₩320,670 million) relating to advances received.
- (b) In April 2018, LG Display Vietnam Haiphong, Co., Ltd. take out the term loan credit facilities, and the Company provides a payment guarantee in connection with that term loan amounting to USD 200 million (₩214,740 million) for principals.

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SIGNATURES

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

LG Display Co., Ltd.

(Registrant)

Date: May 15, 2018

By: /s/ Heeyeon Kim

(Signature)

Name: Heeyeon Kim

Title: Head of IR / Vice President