

LG Display Co., Ltd.
Form 6-K
February 27, 2014
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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 February, 2014

LG Display Co., Ltd.

(Translation of Registrant's name into English)

128, Yeoui-daero, Youngdungpo-gu, Seoul, 150-721, The 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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1. Name of external auditor: Samjong Accounting Corporation (KPMG)
2. Date of receiving external audit report: February 26, 2014
3. Auditor's opinion

Audit Report on Separate Financial Statements	FY 2013 Unqualified	FY 2012 Unqualified
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4. Financial Highlights of Separate Financial Statements

Items	FY 2013	FY 2012
Total Assets	20,644,592,617,994	23,801,588,123,418
Total Liabilities	10,882,167,949,202	14,140,468,562,427
Total Shareholders' Equity	9,762,424,668,792	9,661,119,560,991
Capital Stock	1,789,078,500,000	1,789,078,500,000
Revenues	25,854,183,399,062	28,672,354,807,204
Operating Income	753,550,179,197	626,478,124,290
Ordinary Income	386,425,310,479	192,177,367,252
Net Income	99,671,926,545	28,548,662,750
Total Shareholders' Equity / Capital Stock	545.7%	540.0%

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LG DISPLAY CO., LTD.

Separate Financial Statements

For the Years Ended December 31, 2013 and 2012

(With Independent Auditors' Report Thereon)

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Independent Auditors Report

Based on a report originally issued in Korean

To the Board of Directors and Shareholders

LG Display Co., Ltd.:

We have audited the accompanying separate statements of financial position of LG Display Co., Ltd (the Company) as of December 31, 2013 and 2012 and the related separate statements of comprehensive income, changes in equity and cash flows for the years then ended. Management is responsible for the preparation and fair presentation of these separate financial statements in accordance with Korean International Financial Reporting Standards. Our responsibility is to express an opinion on these separate financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the Republic of Korea. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the separate financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the separate financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

In our opinion, the separate financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2013 and 2012 and its financial performance and its cash flows for the years then ended, in accordance with Korean International Financial Reporting Standards (K-IFRS).

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

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

As discussed in note 20 to the separate financial statements, the Company has been or is under investigations by antitrust authorities in several countries with respect to possible anti-competitive activities in the Liquid Crystal Display (LCD) industry and named as defendants in a number of individual lawsuits and class actions in the United States and Canada, respectively, in connection with alleged antitrust violations concerning the sale of LCD panels. The Company estimated and recognized losses related to these investigations and alleged violations. However, actual losses are subject to change in the future based on new developments in each matter, or changes in circumstances, which could be materially different from those estimated and recognized by the Company.

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KPMG Samjong Accounting Corp.

Seoul, Korea

February 19, 2014

This report is effective as of February 19, 2014, the audit report date. Certain subsequent events or circumstances, which may occur between the audit report date and the time of reading this report, could have a material impact on the accompanying separate financial statements and notes thereto. Accordingly, the readers of the audit report should understand that the above audit report has not been updated to reflect the impact of such subsequent events or circumstances, if any.

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LG DISPLAY CO., LTD.

Separate Statements of Financial Position

As of December 31, 2013 and 2012

<i>(In millions of won)</i>	Note	December 31, 2013	December 31, 2012
Assets			
Cash and cash equivalents	6, 13	253,059	1,400,566
Deposits in banks	6, 13	1,301,176	315,000
Trade accounts and notes receivable, net	7, 13, 19, 23	3,543,193	4,548,459
Other accounts receivable, net	7, 13	59,806	101,337
Other current financial assets	9, 13		2,976
Inventories	8	1,586,642	1,947,945
Prepaid income taxes		3,665	3,699
Other current assets	7	129,826	112,271
Total current assets		6,877,367	8,432,253
Investments	10	1,820,806	1,468,778
Other non-current financial assets	9, 13	40,905	80,318
Property, plant and equipment, net	11	10,294,740	12,004,435
Intangible assets, net	12	461,620	488,663
Deferred tax assets	29	936,000	1,186,704
Other non-current assets	7	213,155	140,437
Total non-current assets		13,767,226	15,369,335
Total assets		20,644,593	23,801,588
Liabilities			
Trade accounts and notes payable	13, 23	3,482,120	4,386,383
Current financial liabilities	13, 14	886,852	971,577
Other accounts payable	13	1,050,586	2,618,171
Accrued expenses		476,040	418,047
Provisions	18	199,737	249,755
Advances received	19	627,997	462,614
Other current liabilities	18	30,843	26,396
Total current liabilities		6,754,175	9,132,943
Non-current financial liabilities	13, 14	2,994,837	3,440,585
Non-current provisions	18	5,005	6,515
Employee benefits	17	318,696	180,302
Long-term advances received	19	427,397	1,049,678
Other non-current liabilities	18	382,058	330,445

Total non-current liabilities		4,127,993	5,007,525
Total liabilities		10,882,168	14,140,468
Equity			
Share capital	21	1,789,079	1,789,079
Share premium		2,251,113	2,251,113
Reserves	21	(305)	(893)
Retained earnings	22	5,722,538	5,621,821
Total equity		9,762,425	9,661,120
Total liabilities and equity		20,644,593	23,801,588

See accompanying notes to the separate financial statements.

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LG DISPLAY CO., LTD.

Separate Statements of Comprehensive Income

For the years ended December 31, 2013 and 2012

(In millions of won, except earnings per share)

	Note	2013	2012
Revenue	23, 24	25,854,183	28,672,355
Cost of sales	8, 23	(23,103,569)	(26,325,386)
Gross profit		2,750,614	2,346,969
Selling expenses	16	(515,211)	(551,659)
Administrative expenses	16	(394,656)	(395,159)
Research and development expenses		(1,087,197)	(773,673)
Operating profit		753,550	626,478
Finance income	27	67,136	194,290
Finance costs	27	(254,022)	(310,071)
Other non-operating income	25	850,870	955,752
Other non-operating expenses	25	(1,031,109)	(1,274,272)
Profit before income tax		386,425	192,177
Income tax expense	28	286,753	163,628
Profit for the year		99,672	28,549
Other comprehensive income (loss)			
Items that will never be reclassified to profit or loss			
Remeasurements of defined benefit liability	17, 28	1,379	(75,722)
Related income tax	17, 28	(334)	18,325
		1,045	(57,397)
Items that are or may be reclassified to profit or loss			
Net change in fair value of available-for-sale financial assets	27, 28	776	4,025
Related income tax	28	(188)	(974)
		588	3,051
Other comprehensive income (loss) for the year, net of income tax		1,633	(54,346)
Total comprehensive income (loss) for the year		101,305	(25,797)

Earnings per share

Basic earnings per share	30	279	80
Diluted earnings per share	30	279	80

See accompanying notes to the separate financial statements.

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LG DISPLAY CO., LTD.

Separate Statements of Changes in Equity

For the years ended December 31, 2013 and 2012

<i>(In millions of won)</i>	Share capital	Share premium	Reserves	Retained earnings	Total equity
Balances at January 1, 2012	1,789,079	2,251,113	(3,944)	5,650,669	9,686,917
Total comprehensive income (loss) for the year					
Profit for the year				28,549	28,549
Other comprehensive income (loss)					
Net change in fair value of available-for-sale financial assets, net of tax			3,051		3,051
Remeasurements of defined benefit liability, net of tax				(57,397)	(57,397)
Total other comprehensive income (loss)			3,051	(57,397)	(54,346)
Total comprehensive income (loss) for the year			3,051	(28,848)	(25,797)
Transaction with owners, recognized directly in equity					
Balances at December 31, 2012	1,789,079	2,251,113	(893)	5,621,821	9,661,120
Balances at January 1, 2013	1,789,079	2,251,113	(893)	5,621,821	9,661,120
Total comprehensive income for the year					
Profit for the year				99,672	99,672
Other comprehensive income					
Net change in fair value of available-for-sale financial assets, net of tax			588		588
Remeasurements of defined benefit liability, net of tax				1,045	1,045
Total other comprehensive income			588	1,045	1,633
Total comprehensive income for the year			588	100,717	101,305
Transaction with owners, recognized directly in equity					
Balances at December 31, 2013	1,789,079	2,251,113	(305)	5,722,538	9,762,425

See accompanying notes to the separate financial statements.

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LG DISPLAY CO., LTD.

Separate Statements of Cash Flows

For the years ended December 31, 2013 and 2012

<i>(In millions of won)</i>	Note	2013	2012
Cash flows from operating activities:			
Profit for the year		99,672	28,549
Adjustments for:			
Income tax expense	28	286,753	163,628
Depreciation	11, 15	3,380,966	3,946,844
Amortization of intangible assets	12, 15	230,539	265,939
Gain on foreign currency translation		(54,937)	(218,149)
Loss on foreign currency translation		35,954	58,608
Expenses related to defined benefit plan	17, 26	158,866	138,230
Reversal of stock compensation expense			(3)
Gain on disposal of property, plant and equipment		(8,258)	(5,886)
Loss on disposal of property, plant and equipment		621	1,391
Loss on disposal of intangible assets		452	
Impairment loss on intangible assets		1,626	3,393
Reversal of impairment loss on intangible assets		(296)	
Finance income		(54,014)	(178,267)
Finance costs		177,332	244,368
Other income		(2,947)	(10,766)
Other expenses		352,205	560,513
		4,504,862	4,969,843
Change in trade accounts and notes receivable		557,445	(1,615,787)
Change in other accounts receivable		49,113	(7,360)
Change in other current assets		4,505	6,642
Change in inventories		361,303	(35,235)
Change in other non-current assets		(118,745)	(49,442)
Change in trade accounts and notes payable		(877,147)	703,130
Change in other accounts payable		(168,872)	(101,262)
Change in accrued expenses		44,790	104,290
Change in other current liabilities		(13,259)	358,952
Change in long-term advances received			789,670
Change in other non-current liabilities		9,805	
Change in provisions		(315,266)	(390,973)
Change in defined benefit liabilities		(19,093)	(179,916)
		(485,421)	(417,291)

Cash generated from operating activities	4,119,113	4,581,101
Income taxes refunded (paid)	(36,537)	1,395
Interests received	28,333	28,095
Interests paid	(172,054)	(190,205)
Net cash provided by operating activities	3,938,855	4,420,386

See accompanying notes to the separate financial statements.

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LG DISPLAY CO., LTD.

Separate Statements of Cash Flows, Continued

For the years ended December 31, 2013 and 2012

<i>(In millions of won)</i>	2013	2012
Cash flows from investing activities:		
Dividends received	14,582	55,800
Proceeds from withdrawal of deposits in banks	1,657,079	913,500
Increase in deposits in banks	(2,643,933)	(413,500)
Acquisition of investments	(508,400)	(225,396)
Proceeds from disposal of investments	13,717	3,571
Acquisition of property, plant and equipment	(2,973,707)	(3,701,307)
Proceeds from disposal of property, plant and equipment	22,950	24,725
Acquisition of intangible assets	(181,708)	(281,213)
Proceeds from disposal of intangible assets	1,902	
Government grants received	1,744	3,962
Proceeds from settlement of derivatives		742
Acquisition of other non-current financial assets	(5,410)	(55,276)
Proceeds from disposal of other non-current financial assets	43,047	60,571
Net cash used in investing activities	(4,558,137)	(3,613,821)
Cash flows from financing activities:		
Proceeds from short-term borrowings	1,123,130	3,267,046
Repayments of short-term borrowings	(1,123,130)	(3,267,046)
Proceeds from issuance of debentures	587,603	298,783
Proceeds from long-term debt	372,785	494,000
Repayments of long-term debt	(301,229)	
Repayments of current portion of long-term debt and debentures	(1,187,384)	(803,672)
Net cash used in financing activities	(528,225)	(10,889)
Net increase (decrease) in cash and cash equivalents	(1,147,507)	795,676
Cash and cash equivalents at January 1	1,400,566	604,890
Cash and cash equivalents at December 31	253,059	1,400,566

See accompanying notes to the separate financial statements.

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LG DISPLAY CO., LTD.

Notes to the Separate Financial Statements

For the years ended December 31, 2013 and 2012

1. **Organization and Description of Business**

LG Display Co., Ltd. (the Company) was incorporated in February 1985 under its original name of LG Soft, Ltd. as a wholly owned subsidiary of LG Electronics Inc. In 1998, LG Electronics Inc. and LG Semicon Co., Ltd. transferred their respective Thin Film Transistor-Liquid Crystal Display (TFT-LCD) related business to the Company. The main business of the Company is to manufacture and sell TFT-LCD panels. The Company is a stock company (Jusikhoesa) domiciled in the Republic of Korea with its address at 128, Yeouidae-ro, Yeongdeungpo-gu, Seoul, the Republic of Korea. In July 1999, LG Electronics Inc. and Koninklijke Philips Electronics N.V. (Philips) entered into a joint venture agreement. Pursuant to the agreement, the Company changed its name to LG.Philips LCD Co., Ltd. However, in February 2008, the Company changed its name to LG Display Co., Ltd. considering the decrease of Philips's share interest in the Company and the possibility of its business expansion to other display products including Organic Light-Emitting Diode (OLED) and Flexible Display products. As of December 31, 2013, LG Electronics Inc. owns 37.9% (135,625,000 shares) of the Company's common shares.

As of December 31, 2013, the Company has TFT-LCD manufacturing plants, an OLED manufacturing plant and an LCD Research & Development Center in Paju and TFT-LCD manufacturing plants in Gumi. The Company has overseas subsidiaries located in North America, Europe and Asia.

The Company's common stock is listed on the Korea Exchange under the identifying code 034220. As of December 31, 2013, there are 357,815,700 shares of common stock outstanding. The Company's common stock is also listed on the New York Stock Exchange in the form of American Depositary Shares (ADSs) under the symbol LPL. One ADS represents one-half of one share of common stock. As of December 31, 2013, there are 19,789,200 ADSs outstanding.

2. **Basis of Presenting Financial Statements**

(a) **Statement of Compliance**

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

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

The separate financial statements were authorized for issuance by the Board of Directors on January 23, 2014, which will be submitted for approval to the shareholders' meeting to be held on March 7, 2014.

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LG DISPLAY CO., LTD.

Notes to the Separate Financial Statements

For the years ended December 31, 2013 and 2012

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

(b) **Basis of Measurement**

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

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

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

(c) **Functional and Presentation Currency**

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

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

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

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

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

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

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

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

Net realizable value of inventories (note 8)

Measurement of defined benefit obligations (note 17)

Deferred tax assets and liabilities (note 29)

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LG DISPLAY CO., LTD.

Notes to the Separate Financial Statements

For the years ended December 31, 2013 and 2012

2. Basis of Presenting Financial Statements, Continued

(e) Changes in accounting policies

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

New and amended accounting standards adopted for the year ended December 31, 2013 are as follows:

K-IFRS No. 1113, *Fair Value Measurement*

K-IFRS No. 1019, *Employee Benefits*, and

Amendments to K-IFRS No. 1001, *Presentation of Items of Other Comprehensive Income (OCI)*

The nature and effects of the changes are explained below.

(i) Fair Value Measurement

K-IFRS No. 1113, *Fair Value Measurement*, establishes a single framework for measuring fair value and making relevant disclosures when such measurements are required or permitted by other K-IFRSs. It unifies the definition of fair value as the price that would be received or paid when market participants sell an asset or transfer a liability in an orderly transaction at the measurement date. As it replaces and expands the disclosure requirements about fair value measurements in other K-IFRSs, including K-IFRS No. 1107, the Company provides required disclosures in note 13.

(ii) Post-employment defined benefit plans

As a result of the amendments to K-IFRS No. 1019, the Company has changed its accounting policy with respect to the basis for determining the income or expense related to its post-employment defined benefit plans. Under the amendment of K-IFRS No. 1019, the Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments.

Consequently, the net interest on the net defined benefit liability (asset) now comprises: interest cost on the defined benefit obligation, interest income on plan assets, and interest on the effect on the asset ceiling. Previously, the

Company determined interest income on plan assets based on their long-term rate of expected return. There is no significant impact of applying this amendment on the separate financial statements.

(iii) Presentation of items of OCI

As a result of the amendments to K-IFRS No. 1001, the Company has modified the presentation of items of OCI in its statement of comprehensive income (loss) into items that will never be reclassified to profit or loss and items that are or may be reclassified to profit or loss. Accordingly, the comparative separate statement of comprehensive income for the year ended December 31, 2012 is restated.

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LG DISPLAY CO., LTD.

Notes to the Separate Financial Statements

For the years ended December 31, 2013 and 2012

3. **Summary of Significant Accounting Policies**

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

(a) **Interest in subsidiaries, associates and jointly controlled entities**

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

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

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

(c) **Inventories**

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

production overheads based on the actual capacity of production facilities. However, the normal capacity is used for the allocation of fixed production overheads if the actual level of production is lower than the normal capacity.

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LG DISPLAY CO., LTD.

Notes to the Separate Financial Statements

For the years ended December 31, 2013 and 2012

3. Summary of Significant Accounting Policies, Continued

(d) Financial Instruments

(i) Non-derivative financial assets

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

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

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

The Company has the following non-derivative financial assets: financial assets at fair value through profit or loss, loans and receivables and available-for-sales financial assets.

Financial assets at fair value through profit or loss

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

Cash and cash equivalents

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

Deposits in banks

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

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LG DISPLAY CO., LTD.

Notes to the Separate Financial Statements

For the years ended December 31, 2013 and 2012

3. Summary of Significant Accounting Policies, Continued

(d) Financial Instruments, Continued

(i) Non-derivative financial assets, Continued

Loans and receivables

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

Available-for-sale financial assets

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

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

(ii) Non-derivative financial liabilities

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

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

Non-derivative financial liabilities other than financial liabilities classified as fair value through profit or loss are classified as other financial liabilities and measured initially at fair value minus transaction costs that are directly attributable to the issuance of financial liabilities. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method. As of December 31, 2013, non-derivative financial liabilities comprise borrowings, bonds and others.

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

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LG DISPLAY CO., LTD.

Notes to the Separate Financial Statements

For the years ended December 31, 2013 and 2012

3. Summary of Significant Accounting Policies, Continued

(d) Financial Instruments, Continued

(iii) Share Capital

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

(iv) Derivative financial instruments, including hedge accounting

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

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

On initial designation of the hedge, the Company's management formally documents the relationship between the hedging instrument(s) and hedged item(s), including the risk management objectives and strategy in undertaking the hedge transaction, together with the methods that will be used to assess the effectiveness of the hedging relationship. The Company's management makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, whether the hedging instruments are expected to be highly effective in offsetting the changes in the fair value or cash flows of the respective hedged items during the period for which the hedge is designated, and whether the actual results of each hedge are within a range of 80-125 percent. For a cash flow hedge of a forecasted transaction, the transaction should be highly probable to occur and should present an exposure to variations in cash flows that could ultimately affect reported net income.

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LG DISPLAY CO., LTD.

Notes to the Separate Financial Statements

For the years ended December 31, 2013 and 2012

3. Summary of Significant Accounting Policies, Continued

(d) Financial Instruments, Continued

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

Cash flow hedges

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

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

Embedded derivative

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

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Notes to the Separate Financial Statements

For the years ended December 31, 2013 and 2012

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

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

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

(ii) Subsequent costs

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

(iii) Depreciation

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

Estimated useful lives of the assets are as follows:

	Useful lives (years)
Buildings and structures	20, 40
Machinery	4, 5
Furniture and fixtures	4
Equipment, tools and vehicles	4, 12

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

periods presented.

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LG DISPLAY CO., LTD.

Notes to the Separate Financial Statements

For the years ended December 31, 2013 and 2012

3. Summary of Significant Accounting Policies, Continued

(f) Borrowing Costs

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

(g) Government Grants

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

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

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

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

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

(iii) Other government grants

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

(h) Intangible Assets

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

(i) Goodwill

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

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LG DISPLAY CO., LTD.

Notes to the Separate Financial Statements

For the years ended December 31, 2013 and 2012

3. Summary of Significant Accounting Policies, Continued

(h) Intangible Assets, Continued

(ii) Research and development

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

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

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

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

its ability to use or sell the intangible asset,

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

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

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

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

(iii) Other intangible assets

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

(iv) Subsequent costs

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

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Notes to the Separate Financial Statements

For the years ended December 31, 2013 and 2012

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

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

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

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

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

(i) Impairment(i) Financial assets

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

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

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LG DISPLAY CO., LTD.

Notes to the Separate Financial Statements

For the years ended December 31, 2013 and 2012

3. Summary of Significant Accounting Policies, Continued

(i) Impairment, Continued

(i) Financial assets, Continued

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

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

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

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

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

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

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LG DISPLAY CO., LTD.

Notes to the Separate Financial Statements

For the years ended December 31, 2013 and 2012

3. Summary of Significant Accounting Policies, Continued

(i) Impairment, Continued

(ii) Non-financial assets

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

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

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

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

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LG DISPLAY CO., LTD.

Notes to the Separate Financial Statements

For the years ended December 31, 2013 and 2012

3. Summary of Significant Accounting Policies, Continued

(j) Provisions

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

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

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

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

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

(k) Employee Benefits

(i) Short-term employee benefits

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

(ii) Other long-term employee benefits

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

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LG DISPLAY CO., LTD.

Notes to the Separate Financial Statements

For the years ended December 31, 2013 and 2012

3. Summary of Significant Accounting Policies, Continued

(k) Employee Benefits, Continued

(iii) Defined contribution plan

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

(iv) Defined benefit plan

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

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

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

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

(l) Revenue

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

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LG DISPLAY CO., LTD.

Notes to the Separate Financial Statements

For the years ended December 31, 2013 and 2012

3. Summary of Significant Accounting Policies, Continued

(m) Operating Segments

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

(n) Finance Income and Finance Costs

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

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

(o) Income Tax

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

(i) Current tax

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

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LG DISPLAY CO., LTD.

Notes to the Separate Financial Statements

For the years ended December 31, 2013 and 2012

3. Summary of Significant Accounting Policies, Continued

(o) Income Tax, Continued

(ii) Deferred tax

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

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

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

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

(p) Earnings per Share

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

(q) New Standards and Amendments Not Yet Adopted
Amendment to K-IFRS No. 1032, *Financial Instruments: Presentation*

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

Management believes that the adoption of the amendment is expected to have no significant impact on the separate statement of financial position of the Company.

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LG DISPLAY CO., LTD.

Notes to the Separate Financial Statements

For the years ended December 31, 2013 and 2012

4. **Determination of Fair Value**

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

(a) **Current Assets and Liabilities**

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

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

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

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

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

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

The fair value of financial liabilities at FVTPL is determined by reference to their quoted closing price at the reporting date. Fair value, which is determined for disclosure purposes, except for the liabilities at FVTPL, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

5. **Risk Management**

(a) **Financial Risk Management**

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

threshold level.

(i) Credit risk

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

The Company's exposure to credit risk of trade and other receivables is influenced mainly by the individual characteristics of each customer. However, management considers 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.

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LG DISPLAY CO., LTD.

Notes to the Separate Financial Statements

For the years ended December 31, 2013 and 2012

5. Risk Management, Continued

(a) Financial Risk Management, Continued

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

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

(ii) Liquidity risk

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

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

(iii) Market risk

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

(iv) 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 and JPY.

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, USD and JPY.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Company ensures 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. In consideration of the currency fluctuation, the Company adopts policies to adjust factoring volumes of foreign currency denominated receivables or utilizing usance as a means to settle payables for the purchase of manufacturing facilities.

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For the years ended December 31, 2013 and 2012

5. Risk Management, Continued**(v) Interest rate risk**

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

(b) Capital Management

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

(In millions of won)

	December 31, 2013	December 31, 2012
Total liabilities	10,882,168	14,140,468
Total equity	9,762,425	9,661,120
Cash and deposits in banks (*1)	1,554,235	1,715,566
Borrowings (including bonds)	3,881,689	4,412,162
Total liabilities to equity ratio	111%	146%
Net borrowings to equity ratio (*2)	24%	28%

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

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

6. Cash and Cash Equivalents and Deposits in Banks

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

(In millions of won)

	December 31, 2013	December 31, 2012
Current assets		
Cash and cash equivalents		
Demand deposits	253,059	1,400,566
Deposits in banks		
Time deposits	1,231,176	300,000
Restricted cash (*)	70,000	15,000
	1,301,176	315,000

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

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7. Receivables and Other Current Assets

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

(In millions of won)

	December 31, 2013	December 31, 2012
Trade, net	175,997	281,069
Due from related parties	3,367,196	4,267,390
	3,543,193	4,548,459

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

(In millions of won)

	December 31, 2013	December 31, 2012
Current assets		
Non-trade accounts receivable, net	49,626	92,662
Accrued income	10,180	8,675
	59,806	101,337

Due from related parties included in other accounts receivable, as of December 31, 2013 and 2012 are 1,154 million and 2,416 million, respectively.

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

(In millions of won)

	December 31, 2013	December 31, 2012
Current assets		
Advance payments	8,503	6,442
Prepaid expenses	44,179	38,281

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Value added tax refundable	77,144	67,548
	129,826	112,271
Non-current assets		
Long-term prepaid expenses	209,655	140,437
Long-term advance payments	3,500	
	213,155	140,437

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For the years ended December 31, 2013 and 2012

8. Inventories

Inventories at the reporting date are as follows:

<i>(In millions of won)</i>	December 31, 2013	December 31, 2012
Finished goods	487,990	690,468
Work-in-process	570,008	620,175
Raw materials	240,439	354,240
Supplies	288,205	283,062
	1,586,642	1,947,945

For the years ended December 31, 2013 and 2012, the amount of inventories recognized as cost of sales and inventory write-downs included in cost of sales is as follows:

<i>(In millions of won)</i>	2013	2012
Inventories recognized as cost of sales	23,103,569	26,325,386
Including: inventory write-downs	189,312	118,903

There were no significant reversals of inventory write-downs recognized during 2013 and 2012.

9. Other Financial Assets

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

<i>(In millions of won)</i>	December 31, 2013	December 31, 2012
Current assets		
Deposits		2,976
Non-current assets		
Guarantee deposits with banks	13	13
Available-for-sale financial assets	16,792	16,016
Deposits	15,282	53,043

Long-term other accounts receivable	8,818	11,246
	40,905	80,318

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

<i>(In millions of won)</i>	December 31, 2013	December 31, 2012
Non-current assets		
Debt securities		
Government bonds	2,838	2,838
Equity securities		
Intellectual Discovery, Ltd.	2,673	2,673
Silicon works Co., Ltd.	11,281	10,505
	13,954	13,178
	16,792	16,016

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For the years ended December 31, 2013 and 2012

10. **Investments**

(a) Investments in subsidiaries consist of the following:

(In millions of won)

Overseas Subsidiaries	Location	Business	December 31, 2013		December 31, 2012	
			Percentage of ownership	Book value	Percentage of ownership	Book Value
LG Display America, Inc. (*1)	San Jose, U.S.A.	Sell TFT-LCD products	100%		100%	
LG Display Germany GmbH	Ratingen, Germany	Sell TFT-LCD products	100%	19,373	100%	19,373
LG Display Japan Co., Ltd.	Tokyo, Japan	Sell TFT-LCD products	100%	15,686	100%	15,686
LG Display Taiwan Co., Ltd.	Taipei, Taiwan	Sell TFT-LCD products	100%	35,230	100%	35,230
LG Display Nanjing Co., Ltd.	Nanjing, China	Manufacture and sell TFT-LCD products	100%	561,635	100%	561,635
LG Display Shanghai Co., Ltd.	Shanghai, China	Sell TFT-LCD products	100%	9,093	100%	9,093
LG Display Poland Sp. z o.o.	Wroclaw, Poland	Manufacture and sell TFT-LCD products	80%	157,864	80%	157,864
LG Display Guangzhou Co., Ltd. (*2)	Guangzhou, China	Manufacture and sell TFT-LCD products	100%	174,157	90%	157,268
LG Display Shenzhen Co., Ltd.	Shenzhen, China	Sell TFT-LCD products	100%	3,467	100%	3,467
LG Display Singapore Pte. Ltd.	Singapore	Sell TFT-LCD products	100%	1,250	100%	1,250
L&T Display Technology (Xiamen) Limited	Xiamen, China	Manufacture LCD module and TV sets	51%		51%	
L&T Display Technology (Fujian) Limited	Fujian, China	Manufacture LCD module and LCD monitor sets	51%	10,123	51%	10,123

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LG Display Yantai Co., Ltd.	Yantai, China	Manufacture and sell TFT-LCD products	100%	88,488	100%	88,488
L&I Electronic Technology (Dongguan) Limited (*3)	Dongguan, China	Manufacture and sell e-Book devices			51%	
Image & Materials, Inc. (*4)	Daejeon, South Korea	Manufacture EPD materials			100%	10,124
LUCOM Display Technology (Kunshan) Limited	Kunshan, China	Manufacture notebook borderless hinge- up	51%	8,594	51%	8,594
LG Display U.S.A., Inc.	McAllen, U.S.A.	Manufacture and sell TFT-LCD products	100%	12,353	100%	12,353
LG Display Reynosa S.A.de C.V. (*5)	Reynosa, Mexico	Manufacture TFT- LCD products	1%	92	1%	92

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For the years ended December 31, 2013 and 2012

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

Overseas Subsidiaries	Location	Business	December 31, 2013	December 31, 2012		
			Percentage of ownership	Book value	Percentage of ownership	Book value
Nanumnuri Co., Ltd.	Gumi, South Korea	Janitorial services	100%	800	100%	800
LG Display China Co., Ltd. (*6)	Guangzhou, China	Manufacture and sell TFT-LCD products	64%	367,728	70%	30,399
				1,465,933	1,121,839	

(*1) LG Display America, Inc. (LGDUS) was sentenced to pay a fine of USD 400 million by the U.S. Government in 2008, which LGDUS recorded as a loss. The Company recorded the cumulative loss of LGDUS, mostly related to the fine, in excess of the Company's investment in LGDUS as other accounts payable. Meanwhile, there is no balance in other accounts payable as of December 31, 2013. In June and December 2013, the Company invested 128,708 million in cash in aggregate for the capital increase of LGDUS. There were no changes in the Company's ownership percentage in LGDUS as a result of these additional investments.

(*2) In October 2013, Skyworth TV Holdings Limited exercised its put option to sell 10% ownership of LG Display Guangzhou Co., Ltd. (LGDGZ) in whole at 16,889 million and LGDGZ became a wholly owned subsidiary of the Company.

(*3) In April and June 2013, the Company invested an aggregate of 6,730 million in cash to participate in the disproportionate capital increase of L&I Electronic Technology (Dongguan) Limited and acquired the remaining interests from non-controlling shareholder and in November 2013, as L&I Electronic Technology (Dongguan) Limited completed liquidation, the Company collected 200 million in cash from the investment in L&I Electronic Technology (Dongguan) Limited and recognized 131 million for the difference between the collected amount and carrying amount as finance cost.

(*4) In July 2013, the Company collected 8,494 million from the investment in Image & Materials, which completed liquidation, and recognized 1 million for the difference between the collected amount and the carrying amount as finance cost.

(*5) LG Display U.S.A. Inc. is wholly owned by the Company and LG Display U.S.A. Inc. owns 99% of LG Display Reynosa S.A. de C.V. (LGDRS)

(*6)

In March, September, and October 2013, the Company contributed 337,329 million in cash for the capital increase of LG Display (China) Co., Ltd. (LGDCA) and as of December 31, 2013, the Company's ownership percentage in LGDCA is 64%. Meanwhile, LGDGZ, a subsidiary of the Company, owns 6% of LGDCA. The Company recognized an impairment loss of 8,027 million as finance costs for the difference between the carrying amount and the recoverable amount of investments in subsidiaries in which there are no realistic prospects of recovery of the assets in 2013.

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For the years ended December 31, 2013 and 2012

10. Investments, Continued

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

(In millions of won)

Joint Ventures	Location	Business	December 31, 2013		December 31, 2012	
			Percentage of ownership	Book value	Percentage of ownership	Book value
Suzhou Raken Technology Co., Ltd. (*1)	Suzhou, China	Manufacture and sell LCD modules and LCD TV sets	51%	120,184	51%	108,266
Guangzhou New Vision Technology Research and Development Ltd. (*2)	Guangzhou, China	R&D on design of LCD modules and LCD TV sets			50%	4,569
Global OLED Technology LLC	Herndon, U.S.A.	Managing and licensing OLED patents	33%	53,282	33%	53,282
				173,466		166,117

(*1) Despite of its 51% ownership, management concluded that the Company does not have control of Suzhou Raken Technology Co., Ltd. (Raken) because the Company and AmTRAN Technology Co., Ltd., which has a 49% equity interest of the investee, jointly control the board of directors of the investee through equal voting powers. In September 2013, the Company invested 11,918 million in cash for the capital increase of Raken. There were no changes in the Company's ownership percentage in Raken as a result of this additional investment.

(*2) The Company received 3,540 million in cash for the remaining assets of Guangzhou New Vision Technology Research and Development Ltd. which was liquidated in November 2013 and recognized 1,029 million for the difference between the amount received and carrying amount as finance cost. As of December 31, 2013, Guangzhou New Vision Technology Research and Development Ltd. concluded the procedures of liquidation and at January 2, 2014, the registration of liquidation was completed.

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For the years ended December 31, 2013 and 2012

10. Investments, Continued

(c) Investments in associates consist of the following:

(In millions of won)

Associates	Location	Business	December 31, 2013		December 31, 2012	
			Percentage of ownership	Book Value	Percentage of ownership	Book value
Paju Electric Glass Co., Ltd.	Paju, South Korea	Manufacture electric glass for FPDs	40%	45,089	40%	45,089
TLI Inc. (*1)	Seongnam, South Korea	Manufacture and sell semiconductor parts	10%	6,961	12%	6,961
AVACO Co., Ltd.	Daegu, South Korea	Manufacture and sell equipment for FPDs	16%	6,021	16%	6,021
New Optics Ltd. (*2)	Yangju, South Korea	Manufacture back light parts for TFT-LCDs	46%	14,221	42%	14,221
LIG ADP Co., Ltd.	Seongnam, South Korea	Develop and manufacture the equipment for FPDs	13%	6,330	13%	6,330
WooRee E&L Co., Ltd (*3)	Ansan, South Korea	Manufacture LED back light unit packages	21%	11,900	30%	11,900
Dynamic Solar Design Co., Ltd. (*4)	Suwon, South Korea	Develop, manufacture and sell equipment for manufacturing solar battery and FPDs			40%	69
LB Gemini New Growth Fund No.16 (*5)	Seoul, South Korea	Invest in small and middle sized companies and benefit from M&A opportunities	31%	20,939	31%	15,489
Can Yang Investments Limited	Hong Kong	Develop, manufacture and sell LED parts	9%	17,516	9%	17,516

YAS Co., Ltd.		Develop and manufacture deposition equipment for OLEDs	19%	10,000	19%	10,000
	Paju, South Korea					
Eralite Optoelectronics (Jiangsu) Co., Ltd. (*6)	Suzhou, China	Manufacture LED Packages	20%	1,830	20%	4,626
Narenanotech Corporation	Yongin, South Korea	Manufacture and sell FPD manufacturing equipment	23%	30,000	23%	30,000
AVATEC Co., Ltd. (*7)	Daegu, South Korea	Process and sell glass for FPDs	16%	10,600	17%	10,600
Glonix Co., Ltd. (*8)	Gimhae, South Korea	Manufacture and sell LCD	20%		20%	2,000
				181,407		180,822

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10. Investments, Continued

- (*1) In 2013, the Company's ownership in TLI Inc. was reduced from 12% to 10% due to the shares issued in relation to the exercise of warrants. The Company has its right to appoint a director to the board of directors of the investee.
- (*2) In 2013, as the Company did not participate in New Optics Ltd.'s reduction in capital stock through a distribution of cash, the Company's ownership in New Optics Ltd. increased from 42% to 46%.
- (*3) In 2013, as the Company did not participate in the capital increase of WooRee E&L Co., Ltd. when WooRee E&L Co., Ltd. initially lists its shares in the Korea Securities Dealers Automated Quotations (KOSDAQ), the Company's ownership in WooRee E&L Co., Ltd. was reduced from 30% to 21%.
- (*4) In 2013, the Company collected 107 million from the investment in Dynamic Solar Design Co., Ltd., which completed liquidation, and recognized 38 million of difference between the carrying amount and the recovered amount as finance cost.
- (*5) The Company is a member of limited partnership in the LB Gemini New Growth Fund No.16 (the Fund). In March and May 2013, the Company received 1,116 million and 260 million, respectively, from the Fund as capital distribution and made additional cash investment of 6,826 million in the Fund in June, September and December 2013, in aggregate. There were no changes in the Company's ownership percentage in the Fund and the Company is committed to making future investments of up to an aggregate of 30,000 million.
- (*6) In 2013, the Company recognized an impairment loss of 2,796 million for the difference between the carrying amount and the recoverable amount the investment in Eralite Optoelectronics (Jiangsu) Co., Ltd., which manufactures LED Package.
- (*7) In 2013, the Company's ownership in AVATEC Co., Ltd. was reduced from 17% to 16% due to the shares issued in relation to the exercise of stock options. The Company has its right to appoint a director to the board of directors of the investee.
- (*8) In 2013, the Company recognized an impairment loss of 2,000 million for the difference between the carrying amount and the recoverable amount of the investment in Glonix Co., Ltd., which manufactures and sells LCD. The Company has its right to appoint a director to the board of directors of the investee.
- For the years ended December 31, 2013 and 2012, the aggregate amount of received dividends from subsidiaries, joint ventures and associates are 14,276 million and 55,318 million, respectively.

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For the years ended December 31, 2013 and 2012

11. Property, Plant and Equipment

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

(In millions of won)

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

(*1)

As of December 31, 2013, construction-in-progress relates to construction of manufacturing facilities including their machinery.

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

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For the years ended December 31, 2013 and 2012

11. Property, Plant and Equipment, Continued

Changes in property, plant and equipment for the year ended December 31, 2012 are as follows:

(In millions of won)

	Land	Buildings and structures	Machinery and equipment	Furniture and fixtures	Construction-in-progress (*1)	Others	Total
Acquisition cost as of January 1, 2012	443,612	3,381,625	26,729,966	615,078	3,390,305	162,961	34,723,547
Accumulated depreciation as of January 1, 2012		(917,938)	(19,668,774)	(499,253)		(115,029)	(21,200,994)
Book value as of January 1, 2012	443,612	2,463,687	7,061,192	115,825	3,390,305	47,932	13,522,553
Additions					2,458,909		2,458,909
Depreciation		(195,861)	(3,683,435)	(54,499)		(13,049)	(3,946,844)
Disposals	(2,787)	(7,010)	(7,653)	(19)		(2,761)	(20,230)
Others (*2)	167	1,295,192	3,604,853	32,411	(4,953,182)	14,568	(5,991)
Subsidy received		(1,792)	(2,170)				(3,962)
Book value as of December 31, 2012	440,992	3,554,216	6,972,787	93,718	896,032	46,690	12,004,435
Acquisition cost as of December 31, 2012	440,992	4,666,537	30,223,060	642,747	896,032	172,540	37,041,908
Accumulated depreciation as of December 31, 2012		(1,112,321)	(23,250,273)	(549,029)		(125,850)	(25,037,473)

(*1) As of December 31, 2012, construction-in-progress relates to construction of plants including their machinery.

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

The capitalized borrowing costs and capitalization rate for the years ended December 31, 2013 and 2012 are as follows:

(In millions of won)

	2013	2012
Capitalized borrowing costs	20,470	24,612
Capitalization rate	4.56%	3.29%

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12. Intangible Assets

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

(in millions of won)	Intellectual property rights	Software	Memberships	Construction- Development costs	in-progress (software)	Customer relationships	Technology	Goodwill	Others (*2)	Total
Acquisition cost as of January 1, 2013	542,895	423,125	50,233	495,120	2,204	24,011	11,074	14,593	13,076	1,576,330
Accumulated amortization as of January 1, 2013	(456,699)	(273,181)		(325,944)		(9,164)	(2,958)		(11,794)	(1,079,736)
Impairment loss as of January 1, 2013			(7,928)							(7,928)
Book value as of January 1, 2013	86,196	149,944	42,305	169,176	2,204	14,847	8,116	14,593	1,282	488,601
Acquisitions-internally developed				123,271						123,271
Other additions	22,996		1,100		59,813					83,909
Amortization (*1)	(15,214)	(81,664)		(128,350)		(3,427)	(1,107)		(777)	(230,552)
Disposals	(285)		(1,215)	(854)						(2,354)
Impairment loss			(1,330)							(1,330)
Transfer from Construction-in-progress		52,652			(52,652)					
Book value as of December 31, 2013	93,693	120,932	40,860	163,243	9,365	11,420	7,009	14,593	505	461,610
Acquisition cost as of December 31, 2013	561,400	476,033	50,110	617,355	9,365	24,011	11,074	14,593	13,076	1,777,007
Accumulated amortization as of December 31, 2013	(467,707)	(355,101)		(454,112)		(12,591)	(4,065)		(12,571)	(1,306,136)
			(9,250)							(9,250)

accumulated
impairment loss as of
December 31, 2013

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

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For the years ended December 31, 2013 and 2012

12. Intangible Assets, Continued

Changes in intangible assets for the year ended December 31, 2012 are as follows:

(millions of won)

	Intellectual property rights	Software	Memberships	Development costs	Construction- in-progress (software)	Customer relationships	Technology	Goodwill	Others (*2)	Total
Acquisition cost as of January 1, 2012	523,849	357,121	50,077	361,223	10,819	24,011	11,074	14,593	13,076	1,365,800
Accumulated amortization as of January 1, 2012	(443,343)	(171,804)		(248,221)		(5,724)	(1,852)		(10,854)	(881,700)
Accumulated impairment loss as of January 1, 2012			(4,535)							(4,535)
Book value as of January 1, 2012	80,506	185,317	45,542	113,002	10,819	18,287	9,222	14,593	2,222	479,500
Conditions-internally developed				198,225						198,225
Other additions	19,046		156		61,058					80,260
Amortization (*1)	(13,356)	(105,046)		(142,051)		(3,440)	(1,106)		(940)	(265,999)
Impairment loss			(3,393)							(3,393)
Transfer from construction-in-progress		69,673			(69,673)					
Book value as of December 31, 2012	86,196	149,944	42,305	169,176	2,204	14,847	8,116	14,593	1,282	488,663
Acquisition cost as of December 31, 2012	542,895	423,125	50,233	495,120	2,204	24,011	11,074	14,593	13,076	1,576,355
Accumulated amortization as of December 31, 2012	(456,699)	(273,181)		(325,944)		(9,164)	(2,958)		(11,794)	(1,079,736)
			(7,928)							(7,928)

umulated
airment loss as of
ember 31, 2012

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

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For the years ended December 31, 2013 and 2012

13. **Financial Instruments**

(a) Credit Risk

(i) Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows:

(In millions of won)

	December 31, 2013	December 31, 2012
Cash and cash equivalents	253,059	1,400,566
Trade accounts and notes receivable, net	3,543,193	4,548,459
Other accounts receivable, net	59,806	101,337
Available-for-sale financial assets	2,838	2,838
Other non-current financial assets	8,831	11,259
Deposits	15,282	56,019
Deposits in banks	1,301,176	315,000
	5,184,185	6,435,478

In addition to the financial assets above, as of December 31, 2013 and 2012, the Company provides payment guarantees of 7,387 million and 15,124 million, respectively, for its subsidiaries.

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

(In millions of won)

	December 31, 2013	December 31, 2012
Domestic	264,703	205,454
Euro-zone countries	286,445	529,138
Japan	116,994	167,242
United States	1,236,652	1,790,401
China	987,746	1,307,759
Taiwan	422,461	257,793

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Others	228,192	290,672
	3,543,193	4,548,459

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Notes to the Separate Financial Statements

For the years ended December 31, 2013 and 2012

13. Financial Instruments, Continued

(ii) Impairment loss

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

<i>(In millions of won)</i>	December 31, 2013		December 31, 2012	
	Book value	Impairment loss	Book value	Impairment loss
Not past due	3,551,096	(9,890)	4,528,302	(235)
Past due 1-15 days	1,650	(4)	5,927	(2)
Past due 16-30 days	112	(1)	9,531	(1)
Past due 31-60 days	53	(1)	2,154	(3)
Past due more than 60 days	180	(2)	2,788	(2)
	3,553,091	(9,898)	4,548,702	(243)

The movement in the allowance for impairment in respect of receivables for the years ended December 31, 2013 and 2012 was as follows:

<i>(In millions of won)</i>	2013	2012
Balance at the beginning of the year	243	54
Bad debt expense	9,655	189
Balance at the end of the year	9,898	243

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Notes to the Separate Financial Statements

For the years ended December 31, 2013 and 2012

13. Financial Instruments, Continued

(b) Liquidity Risk

The following are the contractual maturities of financial liabilities, including estimated interest payments, as of December 31, 2013.

(In millions of won)

	Carrying amount	Total	Contractual cash flows				
			6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities							
Secured bank loan	26,383	26,666	26,666				
Unsecured bank loans	1,220,891	1,307,312	41,922	215,193	307,146	741,754	1,297
Unsecured bond issues	2,634,415	2,879,462	356,430	389,800	686,574	1,446,658	
Trade accounts and notes payables	3,482,120	3,482,120	3,482,120				
Other accounts payable	1,011,012	1,011,012	1,008,352	2,660			
Other non-current liabilities	9,850	10,556			5,320	5,236	
Payment guarantee		7,387	7,387				
	8,384,671	8,724,515	4,922,877	607,653	999,040	2,193,648	1,297

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

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Notes to the Separate Financial Statements

For the years ended December 31, 2013 and 2012

13. **Financial Instruments, Continued**

(c) Currency Risk

(i) Exposure to currency risk

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

<i>(In millions)</i>	December 31, 2013			
	USD	JPY	PLN	EUR
Cash and cash equivalents	199	1,927	1	4
Deposits in banks				20