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

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 6-K

REPORT OF FOREIGN PRIVATE ISSUER

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

UNDER THE SECURITIES EXCHANGE ACT OF 1934

For the month of February, 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)

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

Form 20-F x Form 40-F ¨

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

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

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

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

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

Yes ¨ No x

Table of Contents

Submission of Audit Report

1. Name of external auditor: Samjong Accounting Corporation (KPMG)

2. Date of receiving external audit report: February 26, 2014

3. Auditor s opinion

	FY 2013	FY 2012
Audit Report on Separate Financial Statements	Unqualified	Unqualified

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%

Table of Contents

LG DISPLAY CO., LTD.

Separate Financial Statements

For the Years Ended December 31, 2013 and 2012

(With Independent Auditors Report Thereon)

Table of Contents

Contents

Table of Contents

Independent Auditors Report

Based on a report originally issued in Korean

To the Board of Directors and Shareholders

LG Display Co., Ltd.:

We have audited the accompanying separate 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.

Table of Contents

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.

Table of Contents

LG DISPLAY CO., LTD.

Separate Statements of Financial Position

As of December 31, 2013 and 2012

(In millions of won)	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.

Table of Contents

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.

Table of Contents

LG DISPLAY CO., LTD.

Separate Statements of Changes in Equity

For the years ended December 31, 2013 and 2012

(In millions of won)	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.

Table of Contents

LG DISPLAY CO., LTD.

Separate Statements of Cash Flows

For the years ended December 31, 2013 and 2012

(In millions of won)	**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.

6

Table of Contents

LG DISPLAY CO., LTD.

Separate Statements of Cash Flows, Continued

For the years ended December 31, 2013 and 2012

(In millions of won)	**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.

7

Table of Contents

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 Depository 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 January23, 2014, which will be submitted for approval to the shareholders meeting to be held on March 7, 2014.

8

Table of Contents

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)

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.

Table of Contents

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.

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.

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.

Table of Contents

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.

Table of Contents

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.

Table of Contents

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

(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.

Table of Contents

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.

Table of Contents

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.

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

(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.

Table of Contents

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 characteristic