

LG Display Co., Ltd.
Form 6-K
February 26, 2016
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 2016

LG Display Co., Ltd.

(Translation of Registrant's name into English)

LG Twin Towers, 128 Yeoui-dearo, Youngdungpo-gu, Seoul 07336, The Republic of Korea

(Address of principal executive offices)

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

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

Form 20-F Form 40-F

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

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

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

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

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

Yes No

Table of Contents**Submission of Audit Report**

1. Name of external auditor: Samjong Accounting Corporation (KPMG)
2. Date of receiving external audit report: February 25, 2016
3. Auditor's opinion

Audit Report on Consolidated Financial Statements	FY 2015 Unqualified	FY 2014 Unqualified
---	------------------------	------------------------

4. Financial Highlights of Consolidated Financial Statements

Items	FY 2015	FY 2014
Total Assets	22,577,160,382,698	22,967,023,114,809
Total Liabilities	9,872,205,188,475	11,183,613,517,482
Total Shareholders' Equity	12,704,955,194,226	11,783,409,597,325
Capital Stock	1,789,078,500,000	1,789,078,500,000
Revenues	28,383,883,974,604	26,455,529,417,365
Operating Income	1,625,566,151,157	1,357,254,860,433
Ordinary Income	1,433,981,627,738	1,241,957,392,702
Net Income	1,023,455,615,045	917,403,742,427
Total Shareholders' Equity / Capital Stock	710.1%	658.6%

Table of Contents

LG DISPLAY CO., LTD. AND SUBSIDIARIES

Consolidated Financial Statements

For the Years Ended December 31, 2015 and 2014

(With Independent Auditors' Report Thereon)

Table of Contents

Contents

	Page
<u>Independent Auditors Report</u>	1
<u>Consolidated Statements of Financial Position</u>	3
<u>Consolidated Statements of Comprehensive Income</u>	4
<u>Consolidated Statements of Changes in Equity</u>	5
<u>Consolidated Statements of Cash Flows</u>	6
<u>Notes to the Consolidated Financial Statements</u>	8

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 consolidated financial statements of LG Display Co., Ltd. and its subsidiaries (the Group) which comprise the consolidated statements of financial position of the Group as of December 31, 2015 and 2014, the related consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management s Responsibility for the Consolidated Financial Statements

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

Auditors Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2015 and 2014, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with K-IFRS.

Emphasis of Matter

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

Table of Contents

As discussed in note 20 to the consolidated financial statements, the Group has been or is named as defendants in a number of individual lawsuits and class actions in the United States and Canada, respectively, in connection with alleged antitrust violations concerning the sale of LCD panels. The Group estimated and recognized losses related to these alleged violations. However, actual losses are subject to change in the future based on new developments in each matter, or changes in circumstances, which could be materially different from those estimated and recognized by the Group.

Table of Contents

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

KPMG Samjong Accounting Corp.

Seoul, Korea

February 19, 2016

This report is effective as of February 19, 2016, 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 consolidated 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. AND SUBSIDIARIES

Consolidated Statements of Financial Position

As of December 31, 2015 and 2014

<i>(In millions of won)</i>	Note	December 31, 2015	December 31, 2014
Assets			
Cash and cash equivalents	6,13	₩ 751,662	889,839
Deposits in banks	6,13	1,772,337	1,526,482
Trade accounts and notes receivable, net	7,13,19,22	4,097,836	3,444,477
Other accounts receivable, net	7,13	105,815	119,478
Other current financial assets	9,13	4,904	3,250
Inventories	8	2,351,669	2,754,098
Prepaid income taxes		3,469	6,340
Other current assets	7	443,942	496,665
Total current assets		9,531,634	9,240,629
Deposits in banks	6,13	13	8,427
Investments in equity accounted investees	10	384,755	407,644
Other non-current financial assets	9,13	49,732	33,611
Property, plant and equipment, net	11,23	10,546,020	11,402,866
Intangible assets, net	12,23	838,730	576,670
Deferred tax assets	29	930,629	1,036,507
Other non-current assets	7	295,647	260,669
Total non-current assets		13,045,526	13,726,394
Total assets		₩ 22,577,160	22,967,023
Liabilities			
Trade accounts and notes payable	13,22	₩ 2,764,694	3,391,635
Current financial liabilities	13,14	1,416,112	967,909
Other accounts payable	13	1,499,722	1,508,158
Accrued expenses		633,113	740,492
Income tax payable		91,726	227,714
Provisions	18	109,897	193,884
Advances received		51,127	488,379
Other current liabilities	18	40,321	31,385
Total current liabilities		6,606,712	7,549,556
Non-current financial liabilities	13,14	2,808,204	3,279,477
Non-current provisions	18	11,817	8,014
Defined benefit liabilities, net	17	353,798	324,180
Deferred tax liabilities	29	34,663	245

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

Other non-current liabilities	18	57,010	22,141
Total non-current liabilities		3,265,492	3,634,057
Total liabilities		9,872,204	11,183,613
Equity			
Share capital	21	1,789,079	1,789,079
Share premium		2,251,113	2,251,113
Reserves	21	(5,766)	(63,843)
Retained earnings		8,158,526	7,455,063
Total equity attributable to owners of the Controlling Company		12,192,952	11,431,412
Non-controlling interests		512,004	351,998
Total equity		12,704,956	11,783,410
Total liabilities and equity		₩ 22,577,160	22,967,023

See accompanying notes to the consolidated financial statements.

Table of Contents

LG DISPLAY CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2015 and 2014

<i>(In millions of won, except earnings per share)</i>	Note	2015	2014
Revenue	22,23,24	₩ 28,383,884	26,455,529
Cost of sales	8,22	(24,069,572)	(22,667,134)
Gross profit		4,314,312	3,788,395
Selling expenses	16	(878,300)	(746,686)
Administrative expenses	16	(592,517)	(520,160)
Research and development expenses		(1,217,929)	(1,164,294)
Operating profit		1,625,566	1,357,255
Finance income	27	158,829	105,443
Finance costs	27	(316,229)	(215,536)
Other non-operating income	25	1,273,833	1,071,903
Other non-operating expenses	25	(1,326,782)	(1,095,071)
Equity in income of equity accounted investees, net		18,765	17,963
Profit before income tax		1,433,982	1,241,957
Income tax expense	28	(410,526)	(324,553)
Profit for the year		1,023,456	917,404
Other comprehensive income (loss)			
Items that will never be reclassified to profit or loss			
Remeasurements of net defined benefit liabilities	17,28	(110,864)	(147,633)
Related income tax	17,28	26,682	35,773
		(84,182)	(111,860)
Items that are or may be reclassified to profit or loss			
Net change in fair value of available-for-sale financial assets	27,28	13,297	982
Foreign currency translation differences for foreign operations	27,28	50,829	37,739
Share of loss from sale of treasury stocks by associates	28	(325)	(1,360)
Related income tax	28	214	(119)
		64,015	37,242
Other comprehensive loss for the year, net of income tax		(20,167)	(74,618)
Total comprehensive income for the year		₩ 1,003,289	842,786

Profit attributable to:			
Owners of the Controlling Company		966,553	904,268
Non-controlling interests		56,903	13,136
Profit for the year		₩ 1,023,456	917,404
Total comprehensive income attributable to:			
Owners of the Controlling Company		940,448	820,239
Non-controlling interests		62,841	22,547
Total comprehensive income for the year		₩ 1,003,289	842,786
Earnings per share (In won)			
Basic earnings per share	30	₩ 2,701	2,527
Diluted earnings per share	30	₩ 2,701	2,527

See accompanying notes to the consolidated financial statements.

Table of Contents

LG DISPLAY CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2015 and 2014

	Attributable to owners of the Controlling Company							Total
	Share	Share	Share	Fair value	Translation	Retained	Non-controlling	
(In millions of won)	capital	premium	from sale of treasury stocks by associates, net of tax	reserve	reserve	earnings	interests	equity
Balances at January 1, 2014	₩ 1,789,079	2,251,113	(254)	572	(91,992)	6,662,655	186,247	10,797,420
Total comprehensive income for the year						904,268	13,136	917,404
Other comprehensive income (loss)								
Net change in fair value of available-for-sale financial assets, net of tax				796				796
Foreign currency translation differences for foreign operations, net of tax					28,395		9,411	37,806
Remeasurements of net defined benefit liabilities, net of tax						(111,860)		(111,860)
Share of loss from sale of treasury stocks by associates, net of tax			(1,360)					(1,360)
Total other comprehensive			(1,360)	796	28,395	(111,860)	9,411	(74,618)

income (loss)									
Total comprehensive income (loss) for the year	₩		(1,360)	796	28,395	792,408	22,547	842,786	
Transaction with owners, recognized directly in equity									
Decrease of share interest in non-controlling interests							(2,955)	(2,955)	
Capital contribution from non-controlling interests							146,159	146,159	
Balances at December 31, 2014	₩	1,789,079	2,251,113	(1,614)	1,368	(63,597)	7,455,063	351,998	11,783,410
Balances at January 1, 2015	₩	1,789,079	2,251,113	(1,614)	1,368	(63,597)	7,455,063	351,998	11,783,410
Total comprehensive income (loss) for the year									
Profit for the year							966,553	56,903	1,023,456
Other comprehensive income (loss)									
Net change in fair value of available-for-sale financial assets, net of tax				13,367					13,367
Foreign currency translation differences for foreign operations, net of tax					45,035			5,938	50,973
Remeasurements of net defined benefit liabilities, net of tax							(84,182)		(84,182)
			(325)						(325)

Share of loss
from sale of
treasury stocks by
associates, net of
tax

Total other comprehensive income (loss)								
	(325)	13,367	45,035	(84,182)	5,938	(20,167)		

Total comprehensive income (loss) for the year	₩							
		(325)	13,367	45,035	882,371	62,841	1,003,289	

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

Dividends to equity holders					(178,908)	(5,743)	(184,651)	
--------------------------------	--	--	--	--	-----------	---------	-----------	--

Capital contribution from non-controlling interests						102,908	102,908	
--	--	--	--	--	--	---------	---------	--

**Balances at
December 31,
2015**

₩ 1,789,079	2,251,113	(1,939)	14,735	(18,562)	8,158,526	512,004	12,704,956	
-------------	-----------	---------	--------	----------	-----------	---------	------------	--

See accompanying notes to the consolidated financial statements.

Table of Contents

LG DISPLAY CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2015 and 2014

<i>(In millions of won)</i>	Note	2015	2014
Cash flows from operating activities:			
Profit for the year		₩ 1,023,456	917,404
Adjustments for:			
Income tax expense	28	410,526	324,553
Depreciation	11,15	2,969,394	3,222,085
Amortization of intangible assets	12,15	406,462	270,226
Gain on foreign currency translation		(73,057)	(63,626)
Loss on foreign currency translation		80,084	89,453
Expenses related to defined benefit plans	17,26	199,033	196,756
Gain on disposal of property, plant and equipment		(18,179)	(8,989)
Loss on disposal of property, plant and equipment		4,037	2,173
Impairment loss on property, plant and equipment		3,027	8,097
Loss on disposal of intangible assets		29	672
Impairment loss on intangible assets		239	492
Reversal of impairment loss on intangible assets		(80)	
Finance income		(81,572)	(55,655)
Finance costs		222,699	148,129
Equity in income of equity method accounted investees, net	10	(18,765)	(17,963)
Other income		(12,454)	(14,508)
Other expenses		269,995	277,128
		4,361,418	4,379,023
Change in trade accounts and notes receivable		(1,060,718)	(921,433)
Change in other accounts receivable		38,411	(14,195)
Change in other current assets		87,130	(219,599)
Change in inventories		404,862	(823,497)
Change in other non-current assets		(78,859)	(93,987)
Change in trade accounts and notes payable		(670,565)	390,046
Change in other accounts payable		(459,730)	(229,679)
Change in accrued expenses		(66,071)	245,373
Change in other current liabilities		14,015	(18,242)
Change in other non-current liabilities		48,240	18,248
Change in provisions		(143,228)	(187,021)
Change in defined benefit liabilities, net		(279,672)	(339,482)
		(2,166,185)	(2,193,468)
Cash generated from operating activities		3,218,689	3,102,959

Income taxes paid	(414,007)	(110,720)
Interests received	58,860	39,452
Interests paid	(136,965)	(167,170)
Net cash provided by operating activities	₩ 2,726,577	2,864,521

See accompanying notes to the consolidated financial statements.

Table of Contents

LG DISPLAY CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows, Continued

For the years ended December 31, 2015 and 2014

<i>(In millions of won)</i>	Note	2015	2014
Cash flows from investing activities:			
Dividends received		₩ 25,577	1,340
Proceeds from withdrawal of deposits in banks		2,306,672	1,651,176
Increase in deposits in banks		(2,544,114)	(1,884,533)
Acquisition of investments in equity accounted investees		(30,647)	(324)
Proceeds from disposal of investments in equity accounted investees		7,263	8,832
Acquisition of property, plant and equipment		(2,364,988)	(2,982,549)
Proceeds from disposal of property, plant and equipment		447,320	39,647
Acquisition of intangible assets		(294,638)	(353,298)
Proceeds from disposal of intangible assets		1,135	
Government grants received		5,017	49,424
Proceeds from collection of short-term loans			8
Proceeds from settlement of derivatives		(35)	
Increase in long-term loans		(16,516)	
Proceeds from disposal of other financial assets		2,263	82
Acquisition of other non-current financial assets		(6,145)	(5,129)
Proceeds from disposal of other non-current financial assets			15,500
Net cash inflow from disposal of subsidiaries, net of cash transferred			8,545
Acquisition of businesses, net of cash acquired		(270,093)	
Net cash used in investing activities		(2,731,929)	(3,451,279)
Cash flows from financing activities:			
Proceeds from short-term borrowings			219,839
Repayments of short-term borrowings		(223,626)	(14,747)
Proceeds from issuance of debentures		298,778	597,563
Proceeds from long-term debt		901,451	846,759
Repayments of long-term debt		(324,570)	(503,618)
Repayments of current portion of long-term debt and debentures		(744,788)	(887,296)
Decrease in non-controlling interests		(5,743)	
Increase in non-controlling interests		102,908	146,159
Dividends paid		(178,908)	
Net cash provided by (used in) financing activities		(174,498)	404,659
Net decrease in cash and cash equivalents		(179,850)	(182,099)
Cash and cash equivalents at January 1		889,839	1,021,870
Effect of exchange rate fluctuations on cash held		41,673	50,068

Cash and cash equivalents at December 31	₩	751,662	889,839
---	----------	----------------	----------------

See accompanying notes to the consolidated financial statements.

Table of Contents

LG DISPLAY CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2015 and 2014

1. **Reporting Entity**

(a) **Description of the Controlling Company**

LG Display Co., Ltd. (the Controlling Company) was incorporated in February 1985 under its original name of LG Soft, Ltd. as a wholly owned subsidiary of LG Electronics Inc. In 1998, LG Electronics Inc. and LG Semicon Co., Ltd. transferred their respective Thin Film Transistor Liquid Crystal Display (TFT-LCD) related business to the Controlling Company. The main business of the Controlling Company and its subsidiaries is to manufacture and sell TFT-LCD panels. The Controlling Company is a stock company (Jusikhoesa) domiciled in the Republic of Korea with its address at 128, Yeouidae-ro, Yeongdeungpo-gu, Seoul, the Republic of Korea. In July 1999, LG Electronics Inc. and Koninklijke Philips Electronics N.V. (Philips) entered into a joint venture agreement. Pursuant to the agreement, the Controlling Company changed its name to LG.Philips LCD Co., Ltd. However, in February 2008, the Controlling Company changed its name to LG Display Co., Ltd. considering the decrease of Philips' s share interest in the Controlling 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, 2015, LG Electronics Inc. owns 37.9% (135,625,000 shares) of the Controlling Company' s common stock.

As of December 31, 2015, the Controlling Company has TFT-LCD manufacturing plants, an OLED manufacturing plant and a Research & Development Center in Paju and TFT-LCD manufacturing plants in Gumi. The Controlling Company has overseas subsidiaries located in North America, Europe and Asia.

The Controlling Company' s common stock is listed on the Korea Exchange under the identifying code 034220. As of December 31, 2015, there are 357,815,700 shares of common stock outstanding. The Controlling Company' s common stock is also listed on the New York Stock Exchange in the form of American Depositary Shares (ADSs) under the symbol LPL. One ADS represents one-half of one share of common stock. As of December 31, 2015, there are 29,554,854 ADSs outstanding.

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

Notes to the Consolidated Financial Statements

For the years ended December 31, 2015 and 2014

1. Reporting Entity, Continued(b) Consolidated Subsidiaries as of December 31, 2015

(In millions)

Subsidiaries	Location	Percentage of ownership	Fiscal year end	Date of incorporation	Business	Capital stocks
LG Display America, Inc.	San Jose, U.S.A.	100%	December 31	September 24, 1999	Sell TFT-LCD products	USD 411
LG Display Japan Co., Ltd.	Tokyo, Japan	100%	December 31	October 12, 1999	Sell TFT-LCD Products	JPY 95
LG Display Germany GmbH	Ratingen, Germany	100%	December 31	November 5, 1999	Sell TFT-LCD products	EUR 1
LG Display Taiwan Co., Ltd.	Taipei, Taiwan	100%	December 31	April 12, 1999	Sell TFT-LCD products	NTD 116
LG Display Nanjing Co., Ltd.	Nanjing, China	100%	December 31	July 15, 2002	Manufacture and sell TFT-LCD products	CNY 2,937
LG Display Shanghai Co., Ltd.	Shanghai, China	100%	December 31	January 16, 2003	Sell TFT-LCD products	CNY 4
LG Display Poland Sp. z o.o.	Wroclaw, Poland	100%	December 31	September 6, 2005	Manufacture and sell TFT-LCD products	PLN 511
LG Display Guangzhou Co., Ltd.	Guangzhou, China	100%	December 31	June 30, 2006	Manufacture and sell TFT-LCD products	CNY 1,655
LG Display Shenzhen Co., Ltd.	Shenzhen, China	100%	December 31	August 28, 2007	Sell TFT-LCD products	CNY 4
LG Display Singapore Pte. Ltd.	Singapore	100%	December 31	January 12, 2009	Sell TFT-LCD products	SGD 1.4
L&T Display Technology (Fujian) Limited	Fujian, China	51%	December 31	January 5, 2010	Manufacture LCD module and monitor sets	CNY 116
LG Display Yantai Co., Ltd. (*1)	Yantai,	100%	December 31	April 19,		

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

	China			2010	Manufacture and sell TFT-LCD products	CNY 1,008
LG Display U.S.A., Inc. (*2)	McAllen, U.S.A.	100%	December 31	October 26, 2011	Manufacture TFT-LCD products	USD 0.2
Nanumnuri Co., Ltd.	Gumi, South Korea	100%	December 31	March 21, 2012	Janitorial services	KRW 800
LG Display (China) Co., Ltd. (*3)	Guangzhou, China	70%	December 31	December 10, 2012	Manufacture and sell TFT-LCD products	CNY 8,147
Unified Innovative Technology, LLC	Wilmington, U.S.A.	100%	December 31	March 12, 2014	Manage intellectual property	USD 9
LG Display Guangzhou Trading Co., Ltd. (*4)	Guangzhou, China	100%	December 31	April 28, 2015	Sell TFT-LCD Products	CNY 1.2
Global OLED Technology, LLC (*5)	Herndon, U.S.A.	100%	December 31	December 18, 2009	Manage OLED intellectual property	USD 138

Table of Contents

LG DISPLAY CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2015 and 2014

1. **Reporting Entity, Continued**

(b) **Consolidated Subsidiaries as of December 31, 2015, Continued**

- (*1) In December 2015, the Controlling Company invested in ₩9,426 million in cash for the capital increase of LG Display Yantai Co., Ltd. (LGDYT). There was no change in the Controlling Company's ownership percentage in LGDYT as a result of this additional investment.
- (*2) As of December 31, 2015, LG Display U.S.A., Inc. is in the process of voluntary liquidation and the Controlling Company received ₩12,125 million in cash as capital distribution from LG Display U.S.A., Inc.. There was no change in the Controlling Company's ownership percentage in LG Display U.S.A., Inc..
- (*3) In January 2015, the Controlling Company invested ₩134,619 million in cash for the capital increase of LG Display (China) Co., Ltd. (LGDCA). In addition, in January and August 2015, LG Display Guangzhou Co., Ltd. (LGDGZ), a subsidiary of the Controlling Company, invested an aggregate of ₩118,936 million in cash for the capital increase of LGDCA. In 2015, the Controlling Company's ownership percentage in LGDCA decreased from 56% to 52% and LGDGZ's ownership percentage in LGDCA increased from 14% to 18%.
- (*4) In April 2015, the Controlling Company established LG Display Guangzhou Trading Co., Ltd. to sell TFT-LCD products. As of December 31, 2015, the Controlling Company has a 100% equity interest of this subsidiary and its capital stock amounts to ₩218 million.
- (*5) In May 2015, the Controlling Company acquired 67% ownership in Global OLED Technology LLC from LG Electronics Inc., LG Chem Ltd. and Idemitsu Kosan Co., Ltd. and paid ₩54,025 million, ₩2,990 million and ₩54,025 million, respectively, in cash. As a result, the Controlling Company's ownership percentage in Global OLED Technology increased from 33% to 100% in 2015 (Note 32).

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

Notes to the Consolidated Financial Statements

For the years ended December 31, 2015 and 2014

1. Reporting Entity, Continued(b) Consolidated Subsidiaries as of December 31, 2015, Continued

In August 2015, L&T Display Technology (Xiamen) Limited, a subsidiary of the Controlling Company, completed liquidation.

₩531,304 million and ₩430,534 million, respectively, are attributable to the Controlling Company over the distributed dividends from consolidated subsidiaries for the years ended December 31, 2015 and 2014.

(c) Summary of financial information of subsidiaries at the reporting date is as follows:

(In millions of won)

Subsidiaries	December 31, 2015			2015	
	Total assets	Total liabilities	Total shareholders equity	Sales	Net income (loss)
LG Display America, Inc.	₩ 1,530,639	1,479,935	50,704	11,508,652	3,046
LG Display Japan Co., Ltd.	174,686	154,090	20,596	1,590,675	1,682
LG Display Germany GmbH	511,703	503,726	7,977	2,123,368	2,459
LG Display Taiwan Co., Ltd.	670,674	660,241	10,433	1,995,216	2,483
LG Display Nanjing Co., Ltd.	695,623	64,864	630,759	403,552	41,017
LG Display Shanghai Co., Ltd.	926,503	911,682	14,821	1,518,461	6,791
LG Display Poland Sp. z o.o.	167,491	10,117	157,374	64,228	4,405
LG Display Guangzhou Co., Ltd.	1,908,061	1,134,064	773,997	2,453,655	237,369
LG Display Shenzhen Co., Ltd.	266,804	261,145	5,659	1,829,569	2,897
LG Display Singapore Pte. Ltd.	169,790	169,668	122	1,111,372	1,994
L&T Display Technology (Fujian) Limited	355,249	283,643	71,606	1,280,286	20,010
LG Display Yantai Co., Ltd.	1,441,411	1,091,911	349,500	2,273,020	88,604
LG Display U.S.A., Inc.	333	22	311	235	2,993
Nanumnuri Co., Ltd.	3,199	1,834	1,365	11,360	103
LG Display (China) Co., Ltd.	2,678,341	1,090,259	1,588,082	1,654,680	127,654
Unified Innovative Technology, LLC	8,447	1	8,446		(1,225)
LG Display Guangzhou Trading Co., Ltd.	93,246	92,854	392	187,630	170

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

Global OLED Technology, LLC	89,329	5,753	83,576	4,882	(5,017)
	₩ 11,691,529	7,915,809	3,775,720	30,010,841	537,435

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

Notes to the Consolidated Financial Statements

For the years ended December 31, 2015 and 2014

1. Reporting Entity, Continued*(In millions of won)*

	December 31, 2014			2014	
	Total assets	Total liabilities	Total shareholders equity (deficit)	Sales	Net income (loss)
Subsidiaries					
LG Display America, Inc.	₩ 1,867,934	1,823,178	44,756	9,019,130	3,142
LG Display Japan Co., Ltd.	171,716	153,741	17,975	1,608,510	1,675
LG Display Germany GmbH	448,851	443,062	5,789	2,955,383	1,770
LG Display Taiwan Co., Ltd.	399,524	389,753	9,771	2,195,670	2,374
LG Display Nanjing Co., Ltd.	709,192	82,789	626,403	396,246	32,917
LG Display Shanghai Co., Ltd.	553,749	514,407	39,342	2,372,405	5,873
LG Display Poland Sp. z o.o.	199,585	11,308	188,277	76,023	30,293
LG Display Guangzhou Co., Ltd.	1,959,569	1,092,161	867,408	2,277,400	164,663
LG Display Shenzhen Co., Ltd.	306,757	291,645	15,112	2,056,861	1,481
LG Display Singapore Pte. Ltd.	251,422	250,199	1,223	1,209,181	1,947
L&T Display Technology (Xiamen) Limited	6,531	24,617	(18,086)		(335)
L&T Display Technology (Fujian) Limited	314,948	251,941	63,007	1,187,511	17,446
LG Display Yantai Co., Ltd.	1,346,589	1,032,278	314,311	1,049,993	76,860
LG Display U.S.A., Inc.	23,191	10,117	13,074	131,622	(3,672)
Nanumnuri Co., Ltd.	2,567	1,305	1,262	9,538	406
LG Display (China) Co., Ltd.	2,208,485	1,123,609	1,084,876	689,102	16,511
Unified Innovative Technology, LLC	9,118	19	9,099		(762)
	₩ 10,779,728	7,496,129	3,283,599	27,234,575	352,589

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

Notes to the Consolidated Financial Statements

For the years ended December 31, 2015 and 2014

1. Reporting Entity, Continued

(d) Associates and Joint ventures (Equity Method Investees) as of December 31, 2015

(In millions of won)

Associates and joint ventures	Location	Percentage of ownership		Fiscal year end	Date of incorporation	Business	Carrying amount
		2015	2014				
Suzhou Raken Technology Co., Ltd. (*1)	Suzhou, China	51%	51%	December 31	October 2008	Manufacture and sell LCD modules and LCD TV sets	₩ 145,731
Paju Electric Glass Co., Ltd.	Paju, South Korea	40%	40%	December 31	January 2005	Manufacture electric glass for FPDs	58,852
TLI Inc. (*2)	Seongnam, South Korea	10%	10%	December 31	October 1998	Manufacture and sell semiconductor parts	5,351
AVACO Co., Ltd. (*2)	Daegu, South Korea	16%	16%	December 31	January 2001	Manufacture and sell equipment for FPDs	12,758
New Optics Ltd.	Yangju, South Korea	46%	46%	December 31	August 2005	Manufacture back light parts for TFT-LCDs	48,491
LIG INVENIA Co, Ltd. (LIG ADP Co., Ltd.) (*2)	Seongnam, South Korea	13%	13%	December 31	January 2001	Develop and manufacture equipment for FPDs	1,827
WooRee E&L Co., Ltd.	Ansan, South Korea	21%	21%	December 31	June 2008	Manufacture LED back light unit packages	25,021
LB Gemini New Growth Fund No. 16 (*3)	Seoul, South Korea	31%	31%	December 31	December 2009	Invest in small and middle sized	24,268

Can Yang Investments Limited (*2)(*4)	Hong Kong	9%	9%	December 31	January 2010	companies and benefit from M&A opportunities Develop, manufacture and sell LED parts	7,384
YAS Co., Ltd. (*2)(*5)	Paju, South Korea	19%	19%	December 31	April 2002	Develop and manufacture deposition equipment for OLEDs	10,607
Narenanotech Corporation	Yongin, South Korea	23%	23%	December 31	December 1995	Manufacture and sell FPD manufacturing equipment	₩ 24,661
AVATEC Co., Ltd. (*2)	Daegu, South Korea	16%	16%	December 31	August 2000	Process and sell glass for FPDs	19,804
Fuhu, Inc. (*2)(*6)	Los Angenes USA	10%		March 31	June 2008	Develop and manufacture tablet for kids	
							₩ 384,755

Table of Contents

LG DISPLAY CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2015 and 2014

1. **Reporting Entity, Continued**

- (*1) Despite its 51% ownership, management concluded that the Controlling Company does not have control of Suzhou Raken Technology Co., Ltd. because the Controlling 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. Accordingly, investment in Suzhou Raken Technology Co., Ltd. was accounted as an equity method investment.
- (*2) Although the Controlling Company's share interests in TLI Inc., AVACO Co., Ltd., LIG INVENIA Co., Ltd., Can Yang Investments Limited, YAS Co., Ltd., AVATEC Co., Ltd., and Fuhu, Inc. are below 20%, the Controlling Company is able to exercise significant influence through its right to appoint a director to the board of directors of each investee and the transactions between the Controlling Company and the investees are significant. Accordingly, the investments in these investees have been accounted for using the equity method.
- (*3) The Controlling Company is a member of limited partnership in the LB Gemini New Growth Fund No.16 (the Fund). In April, July and August 2015, the Controlling Company received ~~₩2,490 million~~, ~~₩2,100 million~~ and ~~₩2,175 million~~, respectively, from the Fund as capital distribution and made an additional cash investment of ~~₩360 million~~ in the Fund in March 2015. There was no change in the Controlling Company's ownership percentage in the Fund and the Controlling Company is committed to making future investments of up to an aggregate of ₩30,000 million.
- (*4) In 2015, the Controlling Company did not participate in capital contribution for Can Yang Investments Limited. Accordingly, the Controlling Company's ownership percentage in Can Yang Investments Limited decreased from 9.4% as of December 31, 2014 to 8.9% as of December 31, 2015.
- (*5) In 2015, the number of outstanding common shares of YAS Co., Ltd. was increased due to the execution of its stock option and the Controlling Company's ownership percentage in YAS Co., Ltd. decreased from 19.2% as of December 31, 2014 to 18.5% as of December 31, 2015.
- (*6) In July 2015, the Controlling Company invested ₩30,287 million and acquired 500,000 shares of common stock and 1,011,280 shares of preferred stock with voting rights in Fuhu, Inc.. In 2015, the Controlling Company recognized an impairment loss of ₩26,791 million as finance cost for the difference between the carrying amount and the recoverable amount of investments in Fuhu, Inc.. As of December 31, 2015, the Controlling Company's ownership percentage in Fuhu, Inc. is 10% and the Controlling Company has the right to appoint a director to the board of directors of the investee.

Table of Contents

LG DISPLAY CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2015 and 2014

1. **Reporting Entity, Continued**

In December 2015, the Controlling Company disposed of the entire investments in Glonix Co., Ltd., had acquired for manufacturing and selling LCD, for ₩498 million and recognized ₩487 million for the difference between the disposal amount and the carrying amount as finance income.

2. **Basis of Presenting Financial Statements**

(a) **Statement of Compliance**

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

The consolidated financial statements were authorized for issuance by the Board of Directors on January 26, 2016, which will be submitted for approval to the shareholders meeting to be held on March 11, 2016.

(b) **Basis of Measurement**

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

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

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

(c) **Functional and Presentation Currency**

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

(d) Use of Estimates and Judgments

The preparation of the consolidated 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 consolidated 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))

Table of Contents

LG DISPLAY CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2015 and 2014

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

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

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)

3. **Summary of Significant Accounting Policies**

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

(a) **Consolidation**

(i) **Business Combinations**

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognized in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities in accordance with K-IFRS No. 1032 and K-IFRS No. 1039. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in profit or loss.

(ii) **Subsidiaries**

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

(iii) Non-controlling interests

Non-controlling interests (NCI) are measured at their proportionate share of the acquiree s identifiable net assets at the acquisition date.

Changes in the Group s interest in subsidiaries that do not result in a loss of control are accounted for as equity transactions.

Table of Contents

LG DISPLAY CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2015 and 2014

3. Summary of Significant Accounting Policies, Continued

(a) Consolidation, Continued

(iv) Loss of Control

If the Controlling Company loses control of subsidiaries, the Controlling Company derecognizes the assets and liabilities of the former subsidiaries from the consolidated statement of financial position and recognizes the gain or loss associated with the loss of control attributable to the former controlling interest. Meanwhile, the Controlling Company recognizes any investment retained in the former subsidiaries at its fair value when control is lost.

(v) Associates and joint ventures (equity method investees)

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Investments in associates and joint ventures are initially recognized at cost and subsequently accounted for using the equity method of accounting. The carrying amount of investments in associates and joint ventures is increased or decreased to recognize the Group's share of the profits or losses and changes in the Group's proportionate interest of the investee after the date of acquisition. Distributions received from an investee reduce the carrying amount of the investment.

If an associate or joint ventures uses accounting policies different from those of the Controlling Company for like transactions and events in similar circumstances, appropriate adjustments are made to the consolidated financial statements. As of and during the periods presented in the consolidated financial statements, no adjustments were made in applying the equity method.

When the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest, including any long-term investments, is reduced to nil, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

(vi) Transactions eliminated on consolidation

Intra-group balances and transactions, including income and expenses and any unrealized income and expenses and balance of trade accounts and notes receivable and payable arising from intra-group transactions, are eliminated. Unrealized gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains,

but only to the extent that there is no evidence of impairment.

Table of Contents

LG DISPLAY CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2015 and 2014

3. Summary of Significant Accounting Policies, Continued

(b) Foreign Currency Transactions and Translation

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

If the presentation currency of the Group is different from a foreign operation's functional currency, the financial position and financial performance of the foreign operation are translated into the presentation currency using the following methods. The assets and liabilities of foreign operations, whose functional currency is not the currency of a hyperinflationary economy, including goodwill and fair value adjustments arising on acquisition, are translated to the Group's functional currency at exchange rates at the reporting date. The income and expenses of foreign operations are translated to the Group's functional currency at exchange rates at the dates of the transactions. Foreign currency differences are recognized in other comprehensive income. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of that foreign operation is treated as assets and liabilities of the foreign operation. Thus, they are expressed in the functional currency of the foreign operation and translated at the at each reporting date's exchange rate.

Table of Contents

LG DISPLAY CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2015 and 2014

3. Summary of Significant Accounting Policies, Continued

(c) Inventories

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

(d) Financial Instruments

(i) Non-derivative financial assets

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

The Group 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 Group is recognized as a separate asset or liability. If a transfer does not result in derecognition because the Group has retained substantially all the risks and rewards of ownership of the transferred asset, the Group continues to recognize the transferred asset and recognizes a financial liability for the consideration received. In subsequent periods, the Group 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 consolidated statement of financial position when, and only when, the Group 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 Group has the following non-derivative financial assets: financial assets at FVTPL, loans and receivables and available-for-sale financial assets.

Financial assets at fair value through profit or loss

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

Table of Contents

LG DISPLAY CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2015 and 2014

3. Summary of Significant Accounting Policies, Continued

(d) Financial Instruments, Continued

(i) Non-derivative financial assets, Continued

Cash and cash equivalents

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

Deposits in banks

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

Loans and receivables

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

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or that are not classified as financial assets at FVTPL, held-to-maturity financial assets or loans and receivables. The Group'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.

Table of Contents

LG DISPLAY CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2015 and 2014

3. Summary of Significant Accounting Policies, Continued

(d) Financial Instruments, Continued

(ii) Non-derivative financial liabilities

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

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

Non-derivative financial liabilities other than financial liabilities classified as FVTPL are classified as other financial liabilities and measured initially at fair value minus transaction costs that are directly attributable to the issuance of financial liabilities. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method. As of December 31, 2015, non-derivative financial liabilities comprise borrowings, bonds and others.

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

(iii) Share Capital

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

Table of Contents

LG DISPLAY CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2015 and 2014

3. Summary of Significant Accounting Policies, Continued

(d) Financial Instruments, Continued

(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 Group 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, 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. 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.

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 consolidated 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.

Table of Contents

LG DISPLAY CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2015 and 2014

3. Summary of Significant Accounting Policies, Continued

(d) Financial Instruments, Continued

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

Embedded derivative

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

(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 Group 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 Group. 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 and any changes are accounted for as changes in accounting estimates. There were no such changes for all periods presented.

Table of Contents

LG DISPLAY CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2015 and 2014

3. Summary of Significant Accounting Policies, Continued

(f) Borrowing Costs

The Group 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 Group borrows funds specifically for the purpose of obtaining a qualifying asset, the Group 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 Group immediately recognizes other borrowing costs as an expense.

(g) Government Grants

In case there is reasonable assurance that the Group 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 Group's expenses incurred

A government grant that compensates the Group 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 Group 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 Group'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. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2015 and 2014

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 Group 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 Group can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset,

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

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

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

(iii) Other intangible assets

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

(iv) Subsequent costs

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

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

Notes to the Consolidated Financial Statements

For the years ended December 31, 2015 and 2014

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, 10
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 consolidated statement of comprehensive income.

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

(i) Impairment(i) Financial assets

A financial asset not carried at FVTPL is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred

after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency in interest or principal payments by an issuer or a debtor, for economic reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the Group 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. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2015 and 2014

3. Summary of Significant Accounting Policies, Continued

(i) Impairment, Continued

(i) Financial assets, Continued

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

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

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

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

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

Table of Contents

LG DISPLAY CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2015 and 2014

3. Summary of Significant Accounting Policies, Continued

(i) Impairment, Continued

(ii) Non-financial assets

The carrying amounts of the Group'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 Group could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

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

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

Table of Contents

LG DISPLAY CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2015 and 2014

3. Summary of Significant Accounting Policies, Continued

(j) Provisions

A provision is recognized if, as a result of a past event, the Group 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 Group 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 Group's warranty liability include historical and anticipated rates of warranty claims on those repairs and cost per claim to satisfy the Group'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 Group 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 Group's net obligation in respect of long-term employee benefits other than pension plans is the amount of future benefit that employees have earned in return for their service in the current and prior periods.

Table of Contents

LG DISPLAY CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2015 and 2014

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 Group'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 Group's obligations and that are denominated in the same currency in which the benefits are expected to be paid. The Group recognizes all actuarial gains and losses arising from defined benefit plans in retained earnings immediately.

The Group 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 Group 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 consolidated statements of comprehensive income.

Table of Contents

LG DISPLAY CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2015 and 2014

3. Summary of Significant Accounting Policies, Continued

(m) Operating Segments

An operating segment is a component of the Group that: 1) engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with other components of the group, 2) whose operating results are reviewed regularly by the Group's chief operating decision maker (CODM) in order to allocate resources and assess its performance, and 3) for which discrete financial information is available. Management has determined that the CODM of the Group is the Board of Directors. The CODM does not receive and therefore does not review discrete financial information for any component of the Group. Consequently, no operating segment information is included in these consolidated financial statements. Entity wide disclosures of geographic and product revenue information are provided in note 23 to these consolidated financial statements.

(n) Finance Income and Finance Costs

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

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

(o) Income Tax

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

(i) Current tax

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

and non-taxable or non-deductible items from the accounting profit.

Table of Contents

LG DISPLAY CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2015 and 2014

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

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

The Group offsets deferred tax assets and deferred tax liabilities if, and only if the Group 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 on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously.

(p) Earnings Per Share

The Group 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 Controlling 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

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

K-IFRS No. 1109 provides revised guidance on the classification and measurement of financial instruments and replaces incurred loss model with expected credit losses model for calculating impairment on financial assets. K-IFRS No. 1109 also includes new general hedge accounting requirements including hedged items, hedging instruments and risk being hedged in order to expand applicable risk management strategies being utilized. K-IFRS No. 1109 is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. K-IFRS No. 1109 has not been early adopted in preparing the consolidated financial statements.

Table of Contents

LG DISPLAY CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2015 and 2014

3. Summary of Significant Accounting Policies, Continued

(q) New Standards and Amendments Not Yet Adopted, Continued

(ii) K-IFRS No. 1115, Revenue from contracts with customers

K-IFRS No. 1115 establishes a single new revenue recognition standard for contracts with customers and introduces a five-step model for determining whether, how much and when revenue is recognized. K-IFRS No. 1115 replaces risk-and-reward based model with control-based model. K-IFRS No. 1115 is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. K-IFRS No. 1115 has not been early adopted in preparing the consolidated financial statements.

Management is currently assessing the potential impact on its consolidated financial statements resulting from the application of new standards.

4. Determination of Fair Value

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

(a) Current Assets and Liabilities

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

(b) Trade Receivables and Other Receivables

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

(c) Investments in Equity and Debt Securities

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

(d) Non-derivative Financial Liabilities

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

Table of Contents

LG DISPLAY CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2015 and 2014

5. **Risk Management**

(a) **Financial Risk Management**

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

(i) Credit risk

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

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

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

The Group does not establish allowances for receivables under insurance or receivables from customers with a high credit rating. For the rest of the receivables, the Group 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 Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group has historically been able to satisfy its cash requirements from cash flows from operations and debt and equity financing. To the extent that the Group does not generate sufficient cash flows from operations to meet its capital requirements, the Group may rely on other financing activities, such as external long-term borrowings and offerings of debt securities, equity-linked and other debt securities. In addition, the Group 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 Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

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

Notes to the Consolidated Financial Statements

For the years ended December 31, 2015 and 2014

5. Risk Management, Continued**(a) Financial Risk Management, Continued****iv) Currency risk**

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

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

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

v) Interest rate risk

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

(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, 2015	December 31, 2014
Total liabilities	₩ 9,872,204	11,183,613
Total equity	12,704,956	11,783,410

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

Cash and deposits in banks (*1)	2,523,999	2,416,321
Borrowings (including bonds)	4,224,231	4,247,386
Total liabilities to equity ratio	78%	95%
Net borrowings to equity ratio (*2)	13%	16%

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

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

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

Notes to the Consolidated Financial Statements

For the years ended December 31, 2015 and 2014

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, 2015	December 31, 2014
Current assets		
Cash and cash equivalents		
Demand deposits	₩ 751,662	889,839
Deposits in banks		
Time deposits	₩ 1,701,837	1,453,677
Restricted cash (*)	70,500	72,805
	₩ 1,772,337	1,526,482
Non-current assets		
Deposits in banks		
Restricted cash (*)	13	8,427
	₩ 2,524,012	2,424,748

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

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

Notes to the Consolidated Financial Statements

For the years ended December 31, 2015 and 2014

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, 2015	December 31, 2014
Trade, net	₩ 3,008,123	2,572,880
Due from related parties	1,089,713	871,597
	₩ 4,097,836	3,444,477

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

(In millions of won)

	December 31, 2015	December 31, 2014
Current assets		
Non-trade accounts receivable, net	₩ 89,792	101,027
Accrued income	16,023	18,451
	₩ 105,815	119,478

Due from related parties included in other accounts receivable, as of December 31, 2015 and 2014 are ₩2,526 million and ₩13,694 million, respectively.

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

(In millions of won)

	December 31, 2015	December 31, 2014
Current assets		
Advance payments	₩ 11,465	11,960
Prepaid expenses	59,962	48,858
Value added tax refundable	372,515	435,847
	₩ 443,942	496,665

Non-current assets

Long-term prepaid expenses	₩	293,847	257,769
Others		1,800	2,900
	₩	295,647	260,669

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

Notes to the Consolidated Financial Statements

For the years ended December 31, 2015 and 2014

8. Inventories

Inventories at the reporting date are as follows:

<i>(In millions of won)</i>	December 31, 2015	December 31, 2014
Finished goods	₩ 910,844	1,200,592
Work-in-process	720,221	745,614
Raw materials	389,442	426,380
Supplies	331,162	381,512
	₩ 2,351,669	2,754,098

For the years ended December 31, 2015 and 2014, the amount of inventories recognized as cost of sales, inventory write-downs and reversal and usage of inventory write-downs included in cost of sales is as follows:

<i>(In millions of won)</i>	2015	2014
Inventories recognized as cost of sales	₩ 24,069,572	22,667,134
Including: inventory write-downs	363,755	332,699
Including: reversal and usage of inventory write-downs	(332,699)	(211,363)

There were no significant reversals of inventory write-downs recognized during 2015 and 2014.

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

Notes to the Consolidated Financial Statements

For the years ended December 31, 2015 and 2014

9. Other Financial Assets

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

<i>(In millions of won)</i>	December 31, 2015	December 31, 2014
Current assets		
Available-for-sale financial assets	₩ 558	2,569
Deposits	1,295	681
Short-term loans	3,051	
	₩ 4,904	3,250
Non-current assets		
Available-for-sale financial assets	₩ 10,840	6,831
Deposits	20,939	18,291
Long-term other accounts receivable	5,148	7,859
Long-term loans	12,805	
	₩ 49,732	33,611

Other financial assets of related parties as of December 31, 2015 are ₩2,683 million.

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

<i>(In millions of won)</i>	December 31, 2015	December 31, 2014
Current assets		
Debt securities		
Government bonds	₩ 558	2,569
Non-current assets		
Debt securities		
Government bonds	₩ 151	668
Equity securities		
Intellectual Discovery, Ltd.	₩ 2,673	2,673
Kyulux, Inc.	3,266	
Henghao Technology Co., Ltd.	3,372	3,372

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

ARCH Venture Fund Vill, L.P.	1,378	118
	10,689	6,163
	₩ 11,398	9,400

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

Notes to the Consolidated Financial Statements

For the years ended December 31, 2015 and 2014

10. Investments in Equity Accounted Investees

(a) Investments in equity accounted investees consist of the following:

(in millions of won)

Company	Carrying value	
	December 31, 2015	December 31, 2014
Suzhou Raken Technology Co., Ltd.	₩ 145,731	138,912
Global OLED Technology LLC		28,733
Paju Electric Glass Co., Ltd.	58,852	77,162
TLI Inc. (*)	5,351	5,400
AVACO Co., Ltd. (*)	12,758	11,680
New Optics Ltd.	48,491	41,199
LIG INVENIA Co., Ltd. (LIG ADP Co., Ltd.) (*)	1,827	2,094
WooRee E&L Co. Ltd (*)	25,021	23,111
LB Gemini New Growth Fund No.16	24,268	14,396
Can Yang Investments Limited	7,384	9,467
YAS Co., Ltd.	10,607	11,019
Narenanotech Corporation	24,661	25,503
AVATEC Co., Ltd.(*)	19,804	18,773
Glonix Co., Ltd.		195
	₩ 384,755	407,644

(*) Based on quoted market prices at December 31, 2015, the fair values of the investments in TLI Inc., AVACO Co., Ltd., LIG INVENIA Co., Ltd., WooRee E&L Co.Ltd., and AVATEC Co., Ltd., which are listed companies on the Korea Securities Dealers Automated Quotations, are ₩7,425 million, ₩12,598 million, ₩11,520 million, ₩9,928 million and ₩17,702 million, respectively.

Dividends received from equity accounted investees for the years ended December 31, 2015 and 2014 amounted to ₩25,577 million and ₩1,058 million, respectively.

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

Notes to the Consolidated Financial Statements

For the years ended December 31, 2015 and 2014

10. Investments in Equity Accounted Investees, Continued

(b) Summary of financial information as of and for the years ended December 31, 2015 and 2014 of significant joint venture are as follows.

(i) Summary of financial information

- Suzhou Raken Technology Co., Ltd.

<i>(In millions of won)</i>	December 31, 2015	December 31, 2014
Total assets	₩ 540,241	473,486
Current assets	442,130	373,640
Non-current assets	98,111	99,846
Total liabilities	250,318	199,313
Current liabilities	250,318	199,313

<i>(In millions of won)</i>	2015	2014
Revenue	₩ 993,298	1,177,261
Profit for the year	10,682	5,452
Other comprehensive income	2,533	4,321
Total comprehensive income	13,215	9,773

(ii) Additional financial information

- Suzhou Raken Technology Co., Ltd.

<i>(In millions of won)</i>	December 31, 2015	December 31, 2014
Cash and cash equivalents	₩ 44,376	18,648

<i>(In millions of won)</i>	2015	2014
Depreciation	₩ 7,858	9,611
Amortization	527	531
Interest income	1,010	4,043
Interest expense	17	17
Income tax expense	3,608	2,704

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

Notes to the Consolidated Financial Statements

For the years ended December 31, 2015 and 2014

10. Investments in Equity Accounted Investees, Continued

(c) Reconciliation from financial information of significant joint ventures to their carrying value in the consolidated financial statements as of December 31, 2015 and 2014 are as follows:

(i) As of December 31, 2015

(In millions of won)

Company	Net asset	Ownership interest	Net asset (applying ownership interest)	Intra-group transaction	Book value
Suzhou Raken Technology Co., Ltd.	₩ 289,923	51%	147,861	(2,130)	145,731

(ii) As of December 31, 2014

(In millions of won)

Company	Net asset	Ownership interest	Net asset (applying ownership interest)	Intra-group transaction	Book value
Suzhou Raken Technology Co., Ltd.	₩ 274,173	51%	139,828	(916)	138,912

(d) Book value of individually non-significant joint ventures and associates in aggregate is as follows:

(i) As of December 31, 2015

(In millions of won)

	Book value	Net profit (loss) of joint ventures and associates (applying ownership interest)		
		Profit (loss) for the year	Other comprehensive income	Total comprehensive income
Individually non-significant joint venture	₩	(991)	3,948	2,957
Individually non-significant associates	239,024	14,229	13,329	27,558

(ii) As of December 31, 2014

(In millions of won)

		Net profit (loss) of joint ventures and associates (applying ownership interest)		
	Book value	Profit (loss) for the year	Other comprehensive income (loss)	Total comprehensive income (loss)
Individually non-significant joint venture	₩ 28,733	(3,461)	1,032	(2,429)
Individually non-significant associates	239,999	19,224	(10,369)	8,855

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

Notes to the Consolidated Financial Statements

For the years ended December 31, 2015 and 2014

10. Investments in Equity Accounted Investees, Continued

- (e) Changes in investments in equity accounted investees for the years ended December 31, 2015 and 2014 are as follows:

(In millions of won)

Company	January 1	2015				December 31		
		Acquisition/Disposal	Dividends received	Equity income (loss) on investments	Other comprehensive income (loss) Other gain (loss)			
Joint venture	Suzhou Raken Technology Co., Ltd.	₩ 138,912		5,527	1,292	145,731		
Associates	Individually non-significant joint venture	28,733	(31,690)	(991)	3,948			
	Individually non-significant associates	239,999	23,835	(25,577)	14,229	13,329	(26,791)	239,024
		₩ 407,644	(7,855)	(25,577)	18,765	18,569	(26,791)	384,755

(In millions of won)

Company	January 1	2014				December 31
		Acquisition/Disposal	Dividends received	Equity income (loss) on investments	Other comprehensive income (loss) Other gain (loss)	
Joint venture	Suzhou Raken Technology Co., Ltd.	₩ 134,508		2,200	2,204	138,912
	Individually non-significant	31,162		(3,461)	1,032	28,733

	joint venture						
Associates	Individually non- significant associates	240,866	(8,664)	(1,058)	19,224	(10,369)	239,999
		₩ 406,536	(8,664)	(1,058)	17,963	(7,133)	407,644

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

Notes to the Consolidated Financial Statements

For the years ended December 31, 2015 and 2014

11. Property, Plant and Equipment

Changes in property, plant and equipment for the year ended December 31, 2015 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, 2015	₩ 434,601	5,952,542	35,359,577	833,458	1,122,749	236,323	43,939,250
Accumulated depreciation as of January 1, 2015		(1,838,043)	(29,782,076)	(724,340)		(183,744)	(32,528,203)
Accumulated impairment loss as of January 1, 2015			(8,167)	(1)		(13)	(8,181)
Book value as of January 1, 2015	₩ 434,601	4,114,499	5,569,334	109,117	1,122,749	52,566	11,402,866
Additions					2,561,108		2,561,108
Business combinations (*2)			24,466	490		2,054	27,010
Depreciation		(278,225)	(2,618,820)	(56,353)		(15,996)	(2,969,394)
Impairment loss			(3,027)				(3,027)
Disposals	(2,092)	(5,651)	(437,515)	(913)		(9,992)	(456,163)
Others (*3)	30,210	48,824	2,232,756	79,910	(2,415,227)	23,527	
Effect of movements in exchange rates	68	986	(11,673)	(688)	316	(372)	(11,363)
Government grants received			(5,017)				(5,017)
Book value as of December 31, 2015	₩ 462,787	3,880,433	4,750,504	131,563	1,268,946	51,787	10,546,020
Acquisition cost as of December 31, 2015	₩ 462,787	5,998,384	36,450,747	794,894	1,268,946	216,044	45,191,802

Accumulated depreciation as of December 31, 2015	₩	(2,117,951)	(31,694,483)	(663,331)	(164,257)	(34,640,022)
--	---	-------------	--------------	-----------	-----------	--------------

Accumulated impairment loss as of December 31, 2015	₩		(5,760)			(5,760)
---	---	--	---------	--	--	---------

(*1) As of December 31, 2015, construction-in-progress relates to construction of manufacturing facilities.

(*2) Business combinations include property, plant and equipment related to OLED Lighting business and Global OLED Technology LLC as the Controlling Company acquired OLED Lighting business from LG Chem Ltd. and made additional investment in Global OLED Technology and its control was transferred.

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

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

Notes to the Consolidated Financial Statements

For the years ended December 31, 2015 and 2014

11. Property, Plant and Equipment, Continued

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

(In millions of won)

	Land	Buildings and structures	Machinery and equipment	Furniture and fixtures	Construction- in-progress (*1)	Others	Total
Acquisition cost as of January 1, 2014	₩ 438,375	5,620,915	31,533,365	785,971	2,745,587	269,320	41,393,533
Accumulated depreciation as of January 1, 2014		(1,570,196)	(27,108,971)	(686,312)		(218,867)	(29,584,346)
Accumulated impairment loss as of January 1, 2014			(839)	(1)		(13)	(853)
Book value as of January 1, 2014	₩ 438,375	4,050,719	4,423,555	99,658	2,745,587	50,440	11,808,334
Additions					2,868,331		2,868,331
Depreciation		(269,049)	(2,878,246)	(55,090)		(19,700)	(3,222,085)
Impairment loss			(8,097)				(8,097)
Disposals	(3,778)	(9,507)	(14,786)	(124)	(4,414)	(222)	(32,831)
Change due to disposal of a subsidiary			(3,280)	(2,453)		(782)	(6,515)
Others (*2)	4	336,522	4,052,158	66,809	(4,477,903)	22,410	
Effect of movements in exchange rates		5,814	47,454	317	(8,852)	420	45,153
Government grants received			(49,424)				(49,424)
Book value as of December 31, 2014	₩ 434,601	4,114,499	5,569,334	109,117	1,122,749	52,566	11,402,866
	₩ 434,601	5,952,542	35,359,577	833,458	1,122,749	236,323	43,939,250

Acquisition cost as
of December 31,
2014

Accumulated depreciation as of December 31, 2014	₩	(1,838,043)	(29,782,076)	(724,340)	(183,744)	(32,528,203)
--	---	-------------	--------------	-----------	-----------	--------------

Accumulated
impairment loss as
of December 31,
2014

₩	(8,167)	(1)	(13)	(8,181)
---	---------	-----	------	---------

(*1) As of December 31, 2014, construction-in-progress relates to construction of manufacturing facilities.

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

The capitalized borrowing costs and capitalization rate for the years ended December 31, 2015 and 2014 are as follows:

(In millions of won)

	2015	2014
Capitalized borrowing costs	₩ 13,696	35,771
Capitalization rate	3.73%	4.23%

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

Notes to the Consolidated Financial Statements

For the years ended December 31, 2015 and 2014

12. Intangible Assets

Changes in intangible assets for the year ended December 31, 2015 are as follows:

(in billions of won)	Intellectual property rights	Software	Member-Development- ships	Construction- in-progress costs	Customer relationships (software)	Technology	Good- will	Others (*3)	Total	
Acquisition cost as of January 1, 2015	₩ 587,068	611,149	50,258	884,436	5,247	24,011	11,074	14,593	13,089	2,200,518
Amortization as of January 1, 2015	(485,641)	(463,853)		(630,812)		(16,019)	(5,171)		(13,017)	(1,614,483)
Impairment loss as of January 1, 2015			(9,742)							(9,742)
Carrying value as of January 1, 2015	₩ 101,427	147,296	40,516	253,624	5,247	7,992	5,903	14,593	72	576,090
Acquisitions - internally developed				227,067						227,067
Acquisitions - external business combinations	28,504		1,930		73,098					103,532
Amortization (*2)	(30,780)	(77,359)		(293,461)		(3,712)	(1,104)		(46)	(406,462)
Impairment loss		(11)	(1,153)							(1,164)
Reversal of impairment			(239)							(239)
Transfer from construction-in-progress			80							80
Net effect of movements in exchange rates		75,401		(75,401)						
Exchange rates	4,333	12,161	85		42			930		17,551
Carrying value as of December 31, 2015	₩ 300,938	157,632	41,219	187,230	2,986	39,445	4,799	104,455	26	838,935
	₩ 817,359	698,844	51,092	1,111,503	2,986	59,176	11,074	104,455	13,089	2,869,404

Acquisition cost as of								
December 31, 2015								
Accumulated								
depreciation as of								
December 31, 2015	₩ (516,421)	(541,212)	(924,273)	(19,731)	(6,275)	(13,063)	(2,020)	
Accumulated								
impairment loss as of								
December 31, 2015	₩	(9,873)						(9,873)

Table of Contents

LG DISPLAY CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2015 and 2014

12. **Intangible Assets, Continued**

- (*1) Business combinations include intangible assets related to OLED Lighting business and Global OLED Technology LLC as the Controlling Company acquired OLED Lighting business from LG Chem Ltd. and made additional investment in Global OLED Technology and its control was transferred.
- (*2) The Group has classified the amortization as manufacturing overhead costs, selling expenses, administrative expenses and research and development expenses.
- (*3) Others mainly consist of rights to use of electricity and gas supply facilities.

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

Notes to the Consolidated Financial Statements

For the years ended December 31, 2015 and 2014

12. Intangible Assets, Continued

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

(in millions of won)	Intellectual property rights	Software	Member- ships	Development- costs	Construction- in-progress (software)	Customer relationships	Technology	Good- will	Others (*2)	Total
Acquisition cost as of January 1, 2014	₩ 561,400	524,759	50,258	617,355	10,704	24,011	11,074	14,593	13,089	1,827,233
Amortization as of January 1, 2014	(467,707)	(398,752)		(454,112)		(12,591)	(4,065)		(12,581)	(1,349,808)
Impairment loss as of January 1, 2014			(9,250)							(9,250)
Book value as of January 1, 2014	₩ 93,693	126,007	41,008	163,243	10,704	11,420	7,009	14,593	508	468,174
Acquisitions - internally developed				267,081						267,081
Acquisitions - external purchases	26,160				84,797					110,957
Amortization (*1)	(17,754)	(70,802)		(176,700)		(3,428)	(1,106)		(436)	(270,226)
Disposals	(672)									(672)
Change due to disposal of subsidiary		(514)								(514)
Impairment loss			(492)							(492)
Transfer from construction-in-progress		90,274			(90,274)					
Effect of movements in exchange rates		2,331			20					2,351
Book value as of December 31, 2014	₩ 101,427	147,296	40,516	253,624	5,247	7,992	5,903	14,593	72	576,667
Acquisition cost as of December 31, 2014	₩ 587,068	611,149	50,258	884,436	5,247	24,011	11,074	14,593	13,089	2,200,945

Cumulated amortization as of							
December 31, 2014	₩ (485,641)	(463,853)	(630,812)	(16,019)	(5,171)	(13,017)	(1,614,5
Cumulated impairment loss as of							
December 31, 2014	₩	(9,742)					(9,7

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

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

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

Notes to the Consolidated Financial Statements

For the years ended December 31, 2015 and 2014

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, 2015	December 31, 2014
Cash and cash equivalents	₩ 751,662	889,839
Deposits in banks	1,772,350	1,534,909
Trade accounts and notes receivable, net	4,097,836	3,444,477
Other accounts receivable, net	105,815	119,478
Available-for-sale financial assets	709	3,237
Loans	15,856	
Deposits	22,234	19,602
Other non-current financial assets	5,148	7,859
	₩ 6,771,610	6,019,401

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, 2015	December 31, 2014
Domestic	₩ 425,635	406,163
Euro-zone countries	382,326	309,296
Japan	156,746	135,972
United States	1,211,518	1,300,700
China	961,425	746,111
Taiwan	654,257	378,272
Others	305,929	167,963
	₩ 4,097,836	3,444,477

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

Notes to the Consolidated Financial Statements

For the years ended December 31, 2015 and 2014

13. Financial Instruments, Continued

(ii) Impairment loss

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

(In millions of won)

	December 31, 2015		December 31, 2014	
	Book value	Impairment loss	Book value	Impairment loss
Not past due	₩ 4,076,022	(1,338)	3,412,933	(762)
Past due 1-15 days	6,555	(3)	26,220	(30)
Past due 16-30 days	201		4,130	(13)
Past due 31-60 days			1,830	(18)
Past due more than 60 days	16,565	(166)	189	(2)
	₩ 4,099,343	(1,507)	3,445,302	(825)

The movement in the allowance for impairment in respect of receivables for the years ended December 31, 2015 and 2014 is as follows:

(In millions of won)

	2015	2014
Balance at the beginning of the year	₩ 825	330
Bad debt expense	682	495
Balance at the end of the year	₩ 1,507	825

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

Notes to the Consolidated Financial Statements

For the years ended December 31, 2015 and 2014

13. Financial Instruments, Continued**(b) Liquidity Risk**

The following are the contractual maturities of financial liabilities, including estimated interest payments, as of December 31, 2015.

(In millions of won)

	Carrying amount	Total	Contractual cash flows				More than 5 years
			6 months or less	6-12 months	1-2years	2-5 years	
Non-derivative financial liabilities							
Secured bank loan	₩ 698,192	770,750	13,037	14,234	114,611	628,868	
Unsecured bank loans	1,239,914	1,277,900	185,835	244,525	287,240	560,240	60
Unsecured bond issues	2,286,125	2,425,220	445,222	622,472	404,477	869,763	83,286
Trade accounts and notes payable	2,764,694	2,764,694	2,764,694				
Other accounts payable	1,499,722	1,500,007	1,497,347	2,660			
Other non-current liabilities	8,401	9,327			5,337	3,990	
Derivative financial liabilities							
Interest rate swap not qualified for hedging	85	83	5	97	89	(108)	
	₩ 8,497,133	8,747,981	4,906,140	883,988	811,754	2,062,753	83,346

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

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

Notes to the Consolidated Financial Statements

For the years ended December 31, 2015 and 2014

13. Financial Instruments, Continued

(c) Currency Risk

(i) Exposure to currency risk

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

(In millions)

	December 31, 2015					
	USD	JPY	CNY	TWD	EUR	PLN
Cash and cash equivalents	578	1,005	866	12		45
Deposits in banks			1,200			
Trade accounts and notes receivable	2,935	12	1,465			
Other accounts receivable	20	2	101	13		
Long-term other accounts receivable	4					
Other assets denominated in foreign currencies	1	254	27	6		
Trade accounts and notes payable	(1,207)	(17,016)	(1,267)			
Other accounts payable	(541)	(13,821)	(1,352)	(7)	(2)	(11)
Debt	(1,185)		(1,964)			
Net exposure	605	(29,564)	(924)	24	(2)	34

(In millions)

	December 31, 2014						
	USD	JPY	CNY	TWD	EUR	PLN	BRL
Cash and cash equivalents	507	1,221	1,565	146	1	79	
Trade accounts and notes receivable	2,737	682	962				
Other accounts receivable	13		205	1	21		
Long-term other accounts receivable	6						
Other assets denominated in foreign currencies	1	255	18	7			
Trade accounts and notes payable	(1,750)	(21,468)	(1,233)				
Other accounts payable	(268)	(6,056)	(1,522)	(128)	(20)	(11)	(34)
Long-term other accounts payable			(1)				
Debt	(1,508)						
Net exposure	(262)	(25,366)	(6)	26	2	68	(34)

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

Notes to the Consolidated Financial Statements

For the years ended December 31, 2015 and 2014

13. Financial Instruments, Continued

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

<i>(In won)</i>	Average rate		Reporting date spot rate	
	2015	2014	December 31, 2015	December 31, 2014
USD	₩ 1,131.30	1,052.70	₩ 1,172.00	1,099.20
JPY	9.35	9.96	9.72	9.20
CNY	179.47	170.83	178.48	176.81
TWD	35.64	34.73	35.51	34.69
EUR	1,256.17	1,398.37	1,280.53	1,336.52
PLN	300.22	334.20	300.79	312.49
BRL	344.70	448.16	295.90	413.62

(ii) Sensitivity analysis

A weaker won, as indicated below, against the following currencies which comprise the Group's assets or liabilities denominated in a foreign currency as of December 31, 2015 and 2014, would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considers to be reasonably possible as of the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, would remain constant. The changes in equity and profit or loss would have been as follows:

<i>(In millions of won)</i>	December 31, 2015		December 31, 2014	
	Equity	Profit or loss	Equity	Profit or loss
USD (5 percent weakening)	₩ 24,838	33,152	(15,674)	3,829
JPY (5 percent weakening)	(11,340)	(9,486)	(9,701)	(6,169)
CNY (5 percent weakening)	(8,582)	1,069	197	(757)
TWD (5 percent weakening)	42		46	
EUR (5 percent weakening)	(214)	270	(360)	1,511
PLN (5 percent weakening)	575	(208)	981	242
BRL (5 percent weakening)			(533)	(533)

A stronger won against the above currencies as of December 31, 2015 and 2014 would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

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

Notes to the Consolidated Financial Statements

For the years ended December 31, 2015 and 2014

13. Financial Instruments, Continued

(d) Interest Rate Risk

(i) Profile

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

(In millions of won)

	December 31, 2015	December 31, 2014
Fixed rate instruments		
Financial assets	₩ 2,524,708	2,427,972
Financial liabilities	(2,289,336)	(2,822,170)
	₩ 235,372	(394,198)
Variable rate instruments		
Financial liabilities	₩ (1,934,895)	(1,425,216)

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

For the years ended December 31, 2015 and 2014 a change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below for the respective following years. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

(In millions of won)

	Equity		Profit or loss	
	1% increase	1% decrease	1% increase	1% decrease
December 31, 2015				
Variable rate instruments	₩ (14,667)	14,667	(14,667)	14,667
December 31, 2014				
Variable rate instruments	₩ (10,803)	10,803	(10,803)	10,803

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

Notes to the Consolidated Financial Statements

For the years ended December 31, 2015 and 2014

13. Financial Instruments, Continued

(e) Fair Values

(i) Fair values versus carrying amounts

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

(In millions of won)

	December 31, 2015		December 31, 2014	
	Carrying amounts	Fair values	Carrying amounts	Fair values
Assets carried at fair value				
Available-for-sale financial assets	₩ 709	709	3,237	3,237
Assets carried at amortized cost				
Cash and cash equivalents	₩ 751,662	(*)	889,839	(*)
Deposits in banks	1,772,350	(*)	1,534,909	(*)
Trade accounts and notes receivable	4,097,836	(*)	3,444,477	(*)
Other accounts receivable	105,815	(*)	119,478	(*)
Deposits	22,234	(*)	19,602	(*)
Loans	15,856	(*)		(*)
Other non-current financial assets	5,148	(*)	7,859	(*)
Liabilities carried at fair value				
Derivative instruments	₩ 85	85		
Liabilities carried at amortized cost				
Secured bank loans	₩ 698,192	698,192	649,140	649,140
Unsecured bank loans	1,239,914	1,239,969	1,003,563	1,003,590
Unsecured bond issues	2,286,125	2,337,835	2,594,683	2,667,092
Trade accounts and notes payable	2,764,694	(*)	3,391,635	(*)
Other accounts payable	1,499,722	1,499,963	1,494,095	1,493,869
Other non-current liabilities	8,402	9,005	12,924	13,376

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

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

Notes to the Consolidated Financial Statements

For the years ended December 31, 2015 and 2014

13. Financial Instruments, Continued

(e) Fair Values, Continued

(ii) Financial Instruments measured at cost

Available-for-sale financial assets measured at cost as of December 31, 2015 and 2014 are as follows:

(In millions of won)

	December 31, 2015	December 31, 2014
Intellectual Discovery Co., Ltd.	₩ 2,673	2,673
ARCH Venture Fund Vill, L.P.	1,378	118
Henghao Technology Co., Ltd.	3,372	3,372
Kyulux, Inc.	3,266	
	₩ 10,689	6,163

(iii) Fair values of financial assets and liabilities

i) Fair value hierarchy

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

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

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

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

ii) Financial instruments measured at fair value

Fair value hierarchy classifications of the financial instruments that are measured at fair value as of December 31, 2015 and December 31, 2014 are as follows:

(In millions of won)

	Level 1	Level 2	Level 3	Total
December 31, 2015				
Assets				
Available-for-sale financial assets	₩ 709			709
Liabilities				
Derivative instruments	₩		85	85

(In millions of won)

	Level 1	Level 2	Level 3	Total
December 31, 2014				
Assets				
Available-for-sale financial assets	₩ 3,237			3,237

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

Notes to the Consolidated Financial Statements

For the years ended December 31, 2015 and 2014

13. Financial Instruments, Continued

(e) Fair Values, Continued

iii) Financial instruments not measured at fair value but for which the fair value is disclosed

Fair value hierarchy classifications, valuation technique and inputs for fair value measurements of the financial instruments not measured at fair value but for which the fair value is disclosed as of December 31, 2015 and December 31, 2014 are as follows:

(In millions of won)

Classification	December 31, 2015			Valuation technique	Input
	Level 1	Level 2	Level 3		
Liabilities					
Secured bank loan	₩		698,192	Discounted cash flow	Discount rate
Unsecured bank loans			1,239,969	Discounted cash flow	Discount rate
Unsecured bond issues			2,337,835	Discounted cash flow	Discount rate
Other accounts payable			1,499,963	Discounted cash flow	Discount rate
Other non-current liabilities			9,005	Discounted cash flow	Discount rate

(In millions of won)

Classification	December 31, 2014			Valuation technique	Input
	Level 1	Level 2	Level 3		
Liabilities					
Secured bank loan	₩		649,140	Discounted cash flow	Discount rate
Unsecured bank loans			1,003,590	Discounted cash flow	Discount rate
Unsecured bond issues			2,667,092	Discounted cash flow	Discount rate

Other accounts payable	1,493,869	Discounted cash flow	Discount rate
Other non-current liabilities	13,376	Discounted cash flow	Discount rate

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

	December 31, 2015	December 31, 2014
Debentures, loans and others	1.75~2.48%	2.23~2.60%

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

Notes to the Consolidated Financial Statements

For the years ended December 31, 2015 and 2014

14. Financial Liabilities

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

(In millions of won)

	December 31, 2015	December 31, 2014
Current		
Short-term borrowings	₩	223,626
Current portion of long-term debt	1,416,112	744,283
	₩	1,416,112
		967,909
Non-current		
Won denominated borrowings	₩	202,992
Foreign currency denominated borrowings	1,323,454	1,289,837
Bonds	1,281,673	1,985,188
Derivative instruments	85	
	₩	2,808,204
		3,279,477

(b) Short-term borrowings as of December 31, 2015 and 2014 are as follows:

(In millions of won, USD and CNY)

Lender	Annual interest rate as of	
	December 31, 2015 (%)	December 31, 2015 December 31, 2014
Korea Development Bank and others (*)	₩	219,839
Industrial and Commercial Bank of China and others		3,787
Foreign currency equivalent		USD 203

(*)

The Group recognized ₩3,083 million as interest expense in relation to the above short-term borrowings for the year ended December 31, 2015.

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

Notes to the Consolidated Financial Statements

For the years ended December 31, 2015 and 2014

14. Financial Liabilities, Continued

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

(In millions of won)

Lender	Annual interest rate	December 31, 2015	December 31, 2014
	as of December 31, 2015 (%)		
Woori Bank and others	3-year Korean Treasury Bond rate - 1.25, 2.75	₩ 4,452	7,336
Shinhan Bank	CD rate (91days) + 0.3	200,000	
Less current portion of long-term debt		(1,460)	(2,884)
		₩ 202,992	4,452

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

(In millions of won and USD)

Lender	Annual interest rate	December 31, 2015	December 31, 2014
	as of December 31, 2015 (%)		
China Construction Bank and others	USD: 3ML+0.90~2.80 CNY: 4.28	₩ 1,733,654	1,421,741
Foreign currency equivalent		USD 1,185 CNY 1,964	USD 1,305
Less current portion of long-term debt		₩ (410,200)	(131,904)
		₩ 1,323,454	1,289,837

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

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

Notes to the Consolidated Financial Statements

For the years ended December 31, 2015 and 2014

14. Financial Liabilities, Continued

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

(In millions of won)

		Annual interest rate as of December 31, 2015 (%)	December 31, 2015	December 31, 2014
Won denominated bonds (*)	Maturity			
Publicly issued bonds	February 2016~			
	May 2022	2.12~4.95	₩ 2,290,000	2,600,000
Less discount on bonds			(3,875)	(5,317)
Less current portion			(1,004,452)	(609,495)
			₩ 1,281,673	1,985,188

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

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

Notes to the Consolidated Financial Statements

For the years ended December 31, 2015 and 2014

15. The Nature of Expenses and Others

The classification of expenses by nature for the years ended December 31, 2015 and 2014 are as follows:

(In millions of won)

	2015	2014
Changes in inventories	₩ 402,429	(820,857)
Purchases of raw materials, merchandise and others	14,705,757	14,384,289
Depreciation and amortization	3,375,856	3,492,311
Outsourcing fees	1,011,084	1,084,460
Labor costs	3,104,043	2,924,573
Supplies and others	1,062,820	1,021,469
Utility	836,600	785,129
Fees and commissions	580,235	498,192
Shipping costs	231,830	245,217
Advertising	265,755	106,509
Warranty expenses	146,829	187,771
Travel	71,457	74,968
Taxes and dues	76,640	70,523
Others	1,036,131	1,176,098
(*)	₩ 26,907,466	25,230,652

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

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

Notes to the Consolidated Financial Statements

For the years ended December 31, 2015 and 2014

16. Selling and Administrative Expenses

Details of selling and administrative expenses for the years ended December 31, 2015 and 2014 are as follows:

(In millions of won)

	2015	2014
Salaries	₩ 268,182	256,869
Expenses related to defined benefit plans	26,967	27,618
Other employee benefits	88,191	68,826
Shipping costs	199,774	199,853
Fees and commissions	191,106	182,548
Depreciation	118,719	90,180
Taxes and dues	30,958	25,370
Advertising	265,755	106,509
Warranty expenses	146,829	187,771
Rent	24,184	22,048
Insurance	10,826	11,518
Travel	24,411	23,772
Training	15,515	12,572
Others	59,400	51,392
	₩ 1,470,817	1,266,846

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

Notes to the Consolidated Financial Statements

For the years ended December 31, 2015 and 2014

17. Employee Benefits

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

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

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

(In millions of won)

	December 31, 2015	December 31, 2014
Present value of partially funded defined benefit obligations	₩ 1,381,648	1,114,689
Fair value of plan assets	(1,027,850)	(790,509)
	₩ 353,798	324,180

(b) Changes in the present value of the defined benefit obligations for the years ended December 31, 2015 and 2014 are as follows:

(In millions of won)

	2015	2014
Opening defined benefit obligations	₩ 1,114,689	807,738
Current service cost	187,768	159,239
Past service cost		21,990
Interest cost	38,776	34,596
Remeasurements (before tax)	104,817	144,100
Benefit payments	(66,755)	(54,555)
Transfers from related parties	2,353	1,584
Disposal of a subsidiary		(3)
Closing defined benefit obligations	₩ 1,381,648	1,114,689

Weighted average remaining maturity of defined benefit obligations as of December 31, 2015 and 2014 are 14.5 years and 13.7 years, respectively.

(c) Changes in fair value of plan assets for the years ended December 31, 2015 and 2014 are as follows:

(In millions of won)

	2015	2014
Opening fair value of plan assets	₩ 790,509	488,651
Expected return on plan assets	27,511	19,069
Remeasurements (before tax)	(5,440)	(3,722)
Contributions by employer directly to plan assets	270,000	330,000
Benefit payments	(54,809)	(43,489)
Transfers from related parties	79	
Closing fair value of plan assets	₩ 1,027,850	790,509

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

Notes to the Consolidated Financial Statements

For the years ended December 31, 2015 and 2014

17. Employee Benefits, Continued

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

(In millions of won)

	December 31, 2015	December 31, 2014
Guaranteed deposits in banks	₩ 1,027,850	790,509

As of December 31, 2015, the Controlling Company maintains the plan assets with Mirae Asset Securities Co., Ltd., Shinhan Bank, etc.

The Controlling Company's estimated contribution to the plan assets for the year ending December 31, 2016 is ₩235,000 million under the assumption that the Controlling Company continues to maintain the plan assets at 80% of the amount payable and all the employees of the Controlling Company would leave the Controlling Company on December 31, 2016.

(e) Expenses recognized in profit or loss for the years ended December 31, 2015 and 2014 are as follows:

<i>(In millions of won)</i>	2015	2014
Current service cost	₩ 187,768	159,239
Past service cost		21,990
Net interest cost	11,265	15,527
	₩ 199,033	196,756

Expenses are recognized in the following line items in the consolidated statements of comprehensive income:

<i>(In millions of won)</i>	2015	2014
Cost of sales	₩ 159,348	157,324
Selling expenses	11,567	11,872
Administrative expenses	14,809	15,252
Research and development expenses	13,309	12,308
	₩ 199,033	196,756

- (f) Remeasurements of net defined benefit liabilities (assets) included in other comprehensive income for the years ended December 31, 2015 and 2014 are as follows:

<i>(In millions of won)</i>	2015	2014
Balance at January 1	₩(197,720)	(85,860)
Remeasurements		
Actuarial profit or loss arising from:		
Experience adjustment	15,567	(24,399)
Demographic assumptions	(22,267)	7,016
Financial assumptions	(98,117)	(126,717)
Return on plan assets	(5,440)	(3,722)
Share of associates regarding remeasurements	(607)	189
	(110,864)	(147,633)
Income tax	26,682	35,773
Balance at December 31	₩(281,902)	(197,720)

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

Notes to the Consolidated Financial Statements

For the years ended December 31, 2015 and 2014

17. Employee Benefits, Continued

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

	December 31, 2015	December 31, 2014
Expected rate of salary increase	5.1%	5.1%
Discount rate for defined benefit obligations	2.9%	3.5%

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

		December 31, 2015	December 31, 2014
Teens	Males	0.01%	0.01%
	Females	0.00%	0.00%
Twenties	Males	0.01%	0.01%
	Females	0.00%	0.00%
Thirties	Males	0.01%	0.01%
	Females	0.01%	0.01%
Forties	Males	0.03%	0.03%
	Females	0.02%	0.01%
Fifties	Males	0.05%	0.06%
	Females	0.02%	0.03%

(h) Reasonably possible changes to respective relevant actuarial assumptions would have affected the defined benefit obligations by the amounts as of December 31, 2015 are as follows:

	Defined benefit obligation	
	1% increase	1% decrease
Discount rate for defined benefit obligations	₩ (174,511)	212,842
Expected rate of salary increase	206,384	(173,120)

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

Notes to the Consolidated Financial Statements

For the years ended December 31, 2015 and 2014

18. Provisions and Other Liabilities

(a) Changes in provisions for the year ended December 31, 2015 are as follows:

(In millions of won)

	Litigations and claims (*1)	Warranties (*2)	Others	Total
Balance of January 1, 2015	₩ 148,303	51,964	1,631	201,898
Additions	110,181	146,829	3,248	260,258
Usage and reclassification	(197,239)	(142,364)	(839)	(340,442)
Balance at December 31, 2015	₩ 61,245	56,429	4,040	121,714
Current	₩ 61,245	47,860	792	109,897
Non-current	₩	8,569	3,248	11,817

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

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

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

(In millions of won)

	December 31, 2015	December 31, 2014
Current liabilities		
Withholdings	₩ 30,477	18,991
Unearned revenues	9,844	12,394
	₩ 40,321	31,385
Non-current liabilities		
Long-term accrued expenses	₩ 48,609	594
Long-term other accounts payable	8,401	12,924

Long-term unearned revenues 8,623

	₩	57,010	22,141
--	---	--------	--------

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

Notes to the Consolidated Financial Statements

For the years ended December 31, 2015 and 2014

19. Commitments***Factoring and securitization of accounts receivable***

The Controlling Company has agreements with Korea Development Bank and several other banks for accounts receivable sales negotiating facilities of up to an aggregate of USD 2,183 million (~~₩~~2,558,476 million) in connection with the Controlling Company's export sales transactions with its subsidiaries. As of December 31, 2015, no accounts and notes receivable were sold but are not past due. In connection with all of the contracts in this paragraph, the Controlling Company has sold its accounts receivable with recourse.

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

(In millions of USD and KRW)

Classification	Financial institutions	Maximum		Not yet due	
		Contractual amount	KRW equivalent	Amount	KRW equivalent
Controlling Company					
Subsidiaries	Shinhan Bank	KRW 100,000	100,000		
LG Display Singapore Pte. Ltd.	Standard Chartered Bank	USD 300	351,600	USD 115	134,615
LG Display Taiwan Co., Ltd.	BNP Paribas Hongkong & Shanghai Banking Corp.	USD 105	123,060		
	Sumitomo Mitsui Banking Corporation	USD 150	175,800		
		USD 200	234,400		
LG Display Shanghai Co., Ltd.	BNP Paribas	USD 125	146,500		
LG Display Germany GmbH	Citibank	USD 160	187,520		
	BNP Paribas	USD 107	125,404		
LG Display America, Inc.	Hongkong & Shanghai Banking Corp.	USD 800	937,600	USD 133	155,929
	Sumitomo Mitsui Banking Corporation	USD 250	293,000		
LG Display Japan Co., Ltd.	Sumitomo Mitsui Banking Corporation	USD 90	105,480		

USD 2,287	2,680,364	USD 248	290,544
-----------	-----------	---------	---------

USD 2,287		USD 248	
-----------	--	---------	--

KRW 100,000	2,780,364		290,544
-------------	-----------	--	---------

In connection with all of the contracts in the above table, the Controlling Company has sold its accounts receivable without recourse.

Table of Contents

LG DISPLAY CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2015 and 2014

19. Commitments, Continued

Letters of credit

As of December 31, 2015, the Controlling Company has agreements with KEB Hana Bank in relation to the opening of letters of credit up to USD 45 million (~~₩~~52,740 million), USD 15 million (~~₩~~17,580 million) with China Construction Bank, USD 80 million (~~₩~~93,760 million) with Bank of China and USD 50 million (~~₩~~58,600 million) with Sumitomo Mitsui Banking Corporation.

Payment guarantees

The Controlling Company obtained payment guarantees amounting to USD 200 million (~~₩~~234,400 million) from Korea Exchange Bank for borrowings, USD 8.5 million (~~₩~~9,962 million) from Shinhan bank for value added tax payments in Poland and USD 75 million (~~₩~~87,900 million) from Westchester Fire Insurance Company for ongoing legal proceeding.

LG Display Japan Co., Ltd. and other subsidiaries are provided with payment guarantees from the Bank of Tokyo-Mitsubishi UFJ and other various banks amounting to JPY 700 million (~~₩~~6,804 million), CNY 3,878 million (~~₩~~692,145 million), TWD 14 million (~~₩~~497 million), EUR 2.5 million (~~₩~~3,201 million) and PLN 0.2 million (~~₩~~60 million), respectively, for their local tax payments.

Table of Contents

LG DISPLAY CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2015 and 2014

19. Commitments, Continued

Credit facility agreements

LG Display Japan Co., Ltd. and other subsidiaries have entered into short-term credit facility agreements of up to USD 35 million (~~₩~~41,020 million) and JPY 8,000 million (~~₩~~77,761 million) in total, with Mizuho Corporate Bank and other various banks.

License agreements

As of December 31, 2015, in relation to its TFT-LCD business, the Group has technical license agreements with Hitachi Display, Ltd. and others and has a trademark license agreement with LG Corp.

Pledged Assets

Regarding the secured bank loan amounting to USD 300 million (~~₩~~347,693 million) and CNY 1,964 million (~~₩~~350,499 million) from China Construction Bank, as of December 31, 2015, the Group provided its property, plant and equipment and others with carrying amount of ~~₩~~1,495,983 million as pledged assets.

20. Legal proceedings

Delaware Display Group LLC and Innovative Display Technologies LLC (DDG and IDT)

In December 2013, Delaware Display Group LLC and Innovative Display Technologies LLC filed a patent infringement case (First Case) against the Controlling Company and LG Display America, Inc. in the United States District Court for the District of Delaware. In December 2015, DDG and IDT filed a new patent infringement case against the Controlling Company and LG Display America, Inc. over the three patents that were dismissed without prejudice from the First Case. The Controlling Company does not have a present obligation for these matters and has not recognized any provision at December 31, 2015. It is not possible to reasonably estimate an amount of potential loss, if any, because the plaintiffs have not provided any information regarding damages.

Surpass Tech Innovation LLC

In March 2014, Surpass Tech Innovation LLC filed a complaint in the United States District Court for the District of Delaware against the Controlling Company and LG Display America, Inc. for alleged patent infringement. In November 2014, the case has been stayed by the United States District Court for the District of Delaware pending Inter Partes Review. The Controlling Company does not have a present obligation for this matter and has not recognized any provision at December 31, 2015. It is not possible to reasonably estimate an amount of potential loss,

if any, because the plaintiffs have not provided any information regarding damages.

Table of Contents

LG DISPLAY CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2015 and 2014

20. Legal proceedings, Continued

Anti-trust litigations

Certain individual plaintiffs filed complaints in various state or federal courts in the United States alleging violation of the respective antitrust laws and related laws by various LCD panel manufacturers. As of December 31, 2015, the Controlling Company is currently defending against Costco Wholesale Corp.. The timing and amounts of outflows are uncertain and the outcomes depend upon the various court proceedings.

In Canada, class action complaints alleging violations of Canada competition laws were filed in 2007 against the Controlling Company and other TFT-LCD manufacturers in Ontario, British Columbia and Quebec. The Ontario Superior Court of Justice certified the class action complaints filed by the direct and indirect purchasers in May 2011. In April 2014, the Controlling Company filed an appeal of the class certification decision and the Ontario Divisional Court dismissed the Controlling Company's appeal of the class certification in December 2015. The actions in Quebec and British Columbia are in abeyance. The timing and amount of outflows are uncertain and the outcome depends upon the court proceedings.

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

21. Capital and Reserves

(a) Share capital

The Controlling Company is authorized to issue 500,000,000 shares of capital stock (par value ₩5,000), and as of December 31, 2015 and December 31, 2014, the number of issued common shares is 357,815,700. There have been no changes in the capital stock from January 1, 2014 to December 31, 2015.

(b) Reserves

Reserves consist mainly of the following:

Translation reserve

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

Fair value reserve

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

(c) Dividends

The dividends of ₩178,908 million (₩500 won per share) are determined by the board of directors in 2016 but have not been paid yet. There are no income tax consequences.

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

Notes to the Consolidated Financial Statements

For the years ended December 31, 2015 and 2014

22. Related Parties**(a) Related parties**

Related parties for the year ended December 31, 2015 are as follows:

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

(*) Details of associates and joint ventures are described in note 1 and 10.

Related parties other than associates and joint ventures that have transactions such as sales or balance of trade accounts and notes receivable and payable with the Group for the years ended December 31, 2015 and 2014 are as follows:

Classification	December 31, 2015	December 31, 2014
Subsidiaries of associates	ADP System Co., Ltd. Shinbo Electric Co., Ltd. AVATEC Electronics Yantai Co., Ltd. New Optics USA, Inc.	ADP System Co., Ltd. Shinbo Electric Co., Ltd. AVATEC Electronics Yantai Co., Ltd. -
Entity that has significant influence over the Controlling Company	LG Electronics Inc.	LG Electronics Inc.
Subsidiaries of the entity that has significant influence over the Controlling Company	Hi Business Logistics Co., Ltd. Hiplaza Co., Ltd. Hi Entech Co., Ltd. LG Hitachi Water Solutions Co., Ltd. LG Innotek Co., Ltd. Hanuri Co., Ltd.	Hi Business Logistics Co., Ltd. Hiplaza Co., Ltd. Hi Entech Co., Ltd. LG Hitachi Water Solutions Co., Ltd. LG Innotek Co., Ltd. Hanuri Co., Ltd.

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

Qingdao LG Inspur Digital Communication Co., Ltd.	Qingdao LG Inspur Digital Communication Co., Ltd.
-	LG Innotek Poland Sp. z o.o.
-	LG Innotek (Guangzhou) Co., Ltd.
-	LG Innotek Huizhou Co., Ltd
LG Innotek USA, Inc.	LG Innotek USA, Inc.
LG Electronics Wroclaw Sp. z o.o.	LG Electronics Wroclaw Sp. z o.o.
-	LG Electronics Vietnam Co., Ltd.
LG Electronics Reynosa, S.A. DE C.V.	LG Electronics Reynosa, S.A. DE C.V.

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

Notes to the Consolidated Financial Statements

For the years ended December 31, 2015 and 2014

22. Related Parties, Continued

Classification	December 31, 2015	December 31, 2014
	LG Electronics Thailand Co., Ltd.	LG Electronics Thailand Co., Ltd.
	LG Electronics Taiwan Taipei Co., Ltd.	LG Electronics Taiwan Taipei Co., Ltd.
	LG Electronics Shenyang Inc.	LG Electronics Shenyang Inc.
	LG Electronics RUS, LLC	LG Electronics RUS, LLC
	LG Electronics Nanjing Display Co., Ltd.	LG Electronics Nanjing Display Co., Ltd.
	LG Electronics Mlawa Sp. z o.o.	LG Electronics Mlawa Sp. z o.o.
	LG Electronics Mexicali, S.A. DE C.V.	LG Electronics Mexicali, S.A. DE C.V.
	LG Electronics India Pvt. Ltd.	LG Electronics India Pvt. Ltd.
	LG Electronics do Brasil Ltda.	LG Electronics do Brasil Ltda.
	LG Electronics Air-Conditioning (Shandong) Co., Ltd.	LG Electronics Air-Conditioning (Shandong) Co., Ltd.
	LG Electronics Kazakhstan	-
	LG Electronics S.A. (Pty) Ltd	-
	LG Electronics (Kunshan) Computer Co., Ltd.	LG Electronics (Kunshan) Computer Co., Ltd.
	-	LG Electronics (Hangzhou) Co., Ltd.
	-	LG Electronics Polska Sp. z o.o.
	-	LG Electronics Philippines Inc.
	LG Electronics Singapore Pte. Ltd.	LG Electronics Singapore Pte. Ltd.
	Inspur LG Digital Mobile Communications Co., Ltd.	Inspur LG Digital Mobile Communications Co., Ltd.
	Hi Logistics Europe B.V.	Hi Logistics Europe B.V.
	Hi Logistics (China) Co., Ltd.	Hi Logistics (China) Co., Ltd.
	-	LG Electronics Alabama Inc.
	LG Electronics Japan, Inc.	LG Electronics Japan, Inc.
	LG Electronics U.S.A., Inc.	LG Electronics U.S.A., Inc.
	LG Electronics Vietnam Haiphong Co., Ltd.	LG Electronics Vietnam Haiphong Co., Ltd.
	P.T. LG Electronics Indonesia	P.T. LG Electronics Indonesia
	Hientech (Tianjin) Co., Ltd.	Hientech (Tianjin) Co., Ltd.
	Hi M Solutek	Hi M Solutek

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

Notes to the Consolidated Financial Statements

For the years ended December 31, 2015 and 2014

22. Related Parties, Continued

(b) Key management personnel compensation

Compensation costs of key management for the years ended December 31, 2015 and 2014 are as follows:

(In millions of won)

	2015	2014
Short-term benefits	₩ 2,940	2,607
Expenses related to the defined benefit plan	378	355
	₩ 3,318	2,962

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

(c) Significant transactions such as sales of goods and purchases of raw material and outsourcing service and others, which occurred in the normal course of business with related parties for the years ended December 31, 2015 and 2014 are as follows:

(In millions of won)

	2015				
	Purchase and others				
	Purchase of materials		Acquisition of property, plant and equipment		Outsourcing fees
	Sales and others	Dividend income	and others	and equipment	Other costs
Joint Venture					
Suzhou Raken Technology Co., Ltd.	₩ 143,125				361

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

Notes to the Consolidated Financial Statements

For the years ended December 31, 2015 and 2014

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

	2015					
			Purchase and others			
			Purchase of raw material and others		acquisition of property, plant and equipment	
	Sales and others	Dividend income	and others	and	Outsourcing fees	Other costs
Associates and their subsidiaries						
New Optics Ltd.	₩ 92		47,404		5,880	441
New Optics USA, Inc.					29,475	
LIG INVENIA Co., Ltd. (LIG ADP Co., Ltd.)	9		49	42,007		122
TLI Inc.		101	84,732			929
AVACO Co., Ltd.		128	1,826	82,797		6,223
AVATEC Co., Ltd.		530	278		52,097	1,599
AVATEC Electronics Yantai Co., Ltd.						761
Paju Electric Glass Co., Ltd.		24,058	425,314			2,772
Shibo Electric Co., Ltd.	284,255		473,484		97,736	83
Narenanotech Corporation	3		634	20,515		643
Glonix Co., Ltd.	8		4,581			227
ADP System Co., Ltd.			2,465	2,853		629
YAS Co., Ltd.	9		810	20,324		974
LB Gemini New Growth Fund No. 16		760				
	₩ 284,376	25,577	1,041,577	168,496	185,188	15,403
Entity that has significant influence over the Controlling Company						
LG Electronics Inc.	₩ 1,694,039		39,791	255,046		133,536

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

Notes to the Consolidated Financial Statements

For the years ended December 31, 2015 and 2014

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

	2015					
	Sales and others		Dividend income		Purchase and others	
	and others		and		Acquisition of	
	and others		and		material property, plant	
	and others		and		and	
	and others		and		Outsourcing	
	and others		and		fees	
	and others		and		Other costs	
Subsidiaries of the entity that has significant influence over the Controlling Company						
LG Electronics India Pvt. Ltd.	₩	156,428				131
LG Electronics Vietnam Haiphong Co., Ltd.		95,626				
LG Electronics Thailand Co., Ltd.		12,902				188
LG Electronics Nanjing Display Co., Ltd.		182,302				2,200
LG Electronics RUS, LLC		198,897				420
LG Electronics do Brasil Ltda.		298,679				490
LG Electronics (Kunshan) Computer Co., Ltd.		9,282				
LG Innotek Co., Ltd.		5,647		299,033		44,691
Qingdao LG Inspur Digital Communication Co., Ltd.		271,405				
Inspur LG Digital Mobile Communications Co., Ltd.		286,420				
LG Electronics Mexicali, S.A. DE C.V.		160,842				
LG Electronics Mlawa Sp. z o.o.		448,468				1,371
LG Electronics Shenyang Inc.		109,844				4
LG Electronics Taiwan Taipei Co., Ltd.		13,050				
LG Electronics Wroclaw Sp. z o.o.		523,623				298
LG Hitachi Water Solutions Co., Ltd.					40,436	5,664
LG Electronics Reynosa, S.A. DE C.V.		1,020,471				9

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

Notes to the Consolidated Financial Statements

For the years ended December 31, 2015 and 2014

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

	2015					
			Purchase and others			
	Sales	Dividend	Purchase of raw		acquisition of	
	and others	income	and	and	Outsourcing	Other costs
	and others	income	others	property, plant	fees	Other costs
	and others	income	others	and	equipment	Other costs
Hi Entech Co., Ltd.	₩					24,963
Hi Business Logistics Co., Ltd.	34					24,832
Hi Logistics (China) Co., Ltd.						7,183
Hientech (Tianjin) Co., Ltd.						19,149
LG Electronics U.S.A., Inc.	5,305					868
Others	12		2			8,567
	₩ 3,799,237		299,035	40,436		141,028
	₩ 5,920,777	25,577	1,380,403	463,978	185,188	290,328

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

Notes to the Consolidated Financial Statements

For the years ended December 31, 2015 and 2014

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

	2014					
	Sales and others	Dividend income	Purchase of raw material and others	Acquisition of property, plant and equipment	Outsourcing fees	Other costs
Joint Venture						
Suzhou Raken Technology Co., Ltd.	₩ 190,780				101,830	
Global OLED Technology LLC						2,045
	₩ 190,780				101,830	2,045
Associates and their subsidiaries						
New Optics Ltd.	₩ 579		56,412		11,057	2,015
LIG INVENIA Co., Ltd. (LIG ADP Co., Ltd.)			413	16,647		722
TLI Inc.			76,047			2,753
AVACO Co., Ltd.	41		1,520	202,915		3,754
AVATEC Co., Ltd.		265	143		92,353	360
AVATEC Electronics Yantai Co., Ltd.						4,951
Paju Electric Glass Co., Ltd.			600,655			3,097
LB Gemini New Growth Fund No. 16		613				
Shibo Electric Co., Ltd.	103,091		686,100		106,311	55
Narenanotech Corporation		180	519	8,873		1,403
Glonix Co., Ltd.			21,344			315
ADP System Co., Ltd.			1,810	4,418		497
YAS Co., Ltd.			734	21,614		460
	₩ 103,711	1,058	1,445,697	254,467	209,721	20,382

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

Notes to the Consolidated Financial Statements

For the years ended December 31, 2015 and 2014

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

	2014					
	Sales and others	Dividend income	Purchase of raw material and others	Acquisition of property, plant and equipment	Purchase and others Outsourcing fees	Other costs
Entity that has significant influence over the Controlling Company						
LG Electronics Inc.	₩ 2,157,472		60,002	267,212		73,255
Subsidiaries of the entity that has significant influence over the Controlling Company						
LG Electronics India Pvt. Ltd.	₩ 117,075					
LG Electronics Vietnam Co., Ltd.	36,204					2
LG Electronics Thailand Co., Ltd.	68,212					
LG Electronics Nanjing Display Co., Ltd.	342,474					1,719
LG Electronics RUS, LLC	530,121					
LG Electronics do Brasil Ltda.	363,092					502
LG Electronics (Kunshan) Computer Co., Ltd.	15,968					
LG Innotek Co., Ltd.	3,514		509,352			13,082
LG Electronics Vietnam Haiphong Co., Ltd.	19,476					
LG Hitachi Water Solutions Co., Ltd.				29,993		
Qingdao LG Inspur Digital Communication Co., Ltd.	188,993					
Inspur LG Digital Mobile Communications Co., Ltd.	114,458					

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

Notes to the Consolidated Financial Statements

For the years ended December 31, 2015 and 2014

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

	2014					
			Purchase of raw material and others		acquisition of property, plant and equipment	
	Sales and others	Dividend income	and others	and	Outsourcing fees	Other costs
LG Electronics Mexicali, S.A. DE C.V.	₩ 193,246					
LG Electronics Mlawa Sp. z o.o.	571,252					
LG Electronics Shenyang Inc.	175,424					
LG Electronics Taiwan Taipei Co., Ltd.	28,177					
LG Electronics Reynosa, S.A. DE C.V.	960,523					1,065
LG Electronics Wroclaw Sp. z o.o.	719,543					62
Others	50		810			67,149
	₩ 4,447,802		510,162	29,993		83,581
	₩ 6,899,765	1,058	2,015,861	551,672	311,551	179,263

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

Notes to the Consolidated Financial Statements

For the years ended December 31, 2015 and 2014

22. Related Parties, Continued

(d) Trade accounts and notes receivable and payable as of December 31, 2015 and 2014 are as follows:

(In millions of won)

	Trade accounts and notes receivable and others		Trade accounts and notes payable and others	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
Joint Venture				
Suzhou Raken Technology Co., Ltd.	₩ 14,657	27,750	182	
Global OLED Technology LLC (*)				505
	₩ 14,657	27,750	182	505
Associates and their subsidiaries				
New Optics Ltd.	₩	440	8,584	14,785
New Optics USA, Inc.			5,313	
LIG INVENIA Co., Ltd. (LIG ADP Co., Ltd.)	956		6,349	2,471
TLI Inc.			15,232	14,086
AVACO Co., Ltd.			20,064	14,236
AVATEC Co., Ltd.			5,493	10,645
AVATEC Electronics Yantai Co., Ltd.				247
Paju Electric Glass Co., Ltd.			68,066	82,792
Shinbo Electric Co., Ltd.	73,549	58,207	71,231	113,660
Narenanotech Corporation	283		2,242	1,532
Glonix Co., Ltd.				1,752
ADP System Co., Ltd.			615	1,941
YAS Co., Ltd.	956		5,248	7,300
	₩ 75,744	58,647	208,437	265,447

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

Notes to the Consolidated Financial Statements

For the years ended December 31, 2015 and 2014

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

	Trade accounts and notes receivable and others		Trade accounts and notes payable and others	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
Entity that has significant influence over the Controlling Company				
LG Electronics Inc.	₩ 407,498	385,403	118,073	114,291
Subsidiaries of the entity that has significant influence over the Controlling Company				
LG Electronics India Pvt. Ltd.	₩ 12,736	13,825		
LG Electronics do Brasil Ltda.	5,835	12,011		97
LG Electronics Thailand Co., Ltd.		17,792		
LG Electronics RUS, LLC	43,342	71,912		
LG Innotek Co., Ltd.	311	4	76,240	88,661
Qingdao LG Inspur Digital Communication Co., Ltd.	30,038	68,754		
Inspur LG Digital Mobile Communications Co., Ltd.	107,450	44,872		
LG Electronics Mexicali, S.A. DE C.V.	14,626	5,389		
LG Electronics Mlawa Sp. z o.o.	69,879	68,397		
LG Electronics Nanjing Display Co., Ltd.	25,195	23,342	87	575
LG Electronics Shenyang Inc.	14,149	15,659		
LG Electronics Taiwan Taipei Co., Ltd.	847	5,394		
LG Electronics Reynosa, S.A. DE C.V.	120,940	34,668		94
LG Electronics Wroclaw Sp. z o.o.	126,898	13,742	4	14
LG Electronics Vietnam Haiphong Co., Ltd.	20,296	13,491		

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

Notes to the Consolidated Financial Statements

For the years ended December 31, 2015 and 2014

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

	Trade accounts and notes receivable and others		Trade accounts and notes payable and others	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
LG Electronics (Kunshan) Computer Co., Ltd		3,776		
LG Hitachi Water Solutions Co., Ltd.			13,811	7,079
HiEntech Co., Ltd.			3,695	5,954
Others	4,481	463	3,695	5,526
	₩ 597,023	413,491	97,532	108,000
	₩ 1,094,922	885,291	424,224	488,243

(*) The Controlling Company acquired additional ownership in Global OLED Technology and classified it as subsidiaries as of December 31, 2015.

(e) Details of significant cash transactions such as loans and collection of loans, which occurred in the normal course of business with related parties for the year ended December 31, 2015 are as follows:

(In millions of won)

Associates	Loans (*)
LIG INVENIA Co., Ltd. (LIG ADP Co., Ltd.)	₩ 1,000
Narenanotech Corporation	300
YAS Co., Ltd.	1,000
	₩ 2,300

(*) Loans are presented based on nominal prices.

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

Notes to the Consolidated Financial Statements

For the years ended December 31, 2015 and 2014

23. Geographic and Other Information

The following is a summary of sales by region based on the location of the customers for the years ended December 31, 2015 and 2014.

(a) Revenue by geography

(In millions of won)

Region	2015	2014
Domestic	₩ 2,217,516	2,608,344
Foreign		
China	19,375,401	15,773,847
Asia (excluding China)	2,605,753	3,050,652
United States	1,981,021	2,025,978
Europe (excluding Poland)	1,064,122	1,527,003
Poland	1,140,071	1,469,705
	₩ 26,166,368	23,847,185
	₩ 28,383,884	26,455,529

Sales to Company A and Company B constituted 35% and 24% of total revenue, respectively, for the year ended December 31, 2015 (2014: 28% and 27%). The Group's top ten end-brand customers together accounted for 82% of sales for the year ended December 31, 2015 (2014: 79%).

(b) Non-current assets by geography

(In millions of won)

Region	December 31, 2015	
	Property, plant and equipment	Intangible assets
Domestic	₩ 7,719,079	607,402
Foreign		
China	2,728,047	19,946
Others	98,894	211,382

	₩ 2,826,941	231,328
	₩ 10,546,020	838,730

(In millions of won)

Region	December 31, 2014	
	Property, plant and equipment	Intangible assets
Domestic	₩ 8,699,862	548,086
Foreign		
China	2,588,511	20,954
Others	114,493	7,630
	₩ 2,703,004	28,584
	₩ 11,402,866	576,670

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

Notes to the Consolidated Financial Statements

For the years ended December 31, 2015 and 2014

23. **Geographic and Other Information, Continued**

(c) Revenue by product and services

(In millions of won)

Product	2015	2014
Panels for:		
Televisions	₩ 10,853,598	10,539,917
Desktop monitors	4,553,138	4,660,151
Tablet products	2,509,911	3,541,607
Notebook computers	2,508,878	2,668,806
Mobile and others	7,958,359	5,045,048
	₩ 28,383,884	26,455,529

From 2015, the Controlling Company has presented panel for OLED Television as panel for Televisions instead of others. The amounts for the year ended December 31, 2014 have been re-presented to conform to 2015's presentation.

24. **Revenue**

Details of revenue for the years ended December 31, 2015 and 2014 are as follows:

(In millions of won)

	2015	2014
Sales of goods	₩ 28,344,700	26,415,748
Royalties	18,674	14,582
Others	20,510	25,199
	₩ 28,383,884	26,455,529

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

Notes to the Consolidated Financial Statements

For the years ended December 31, 2015 and 2014

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

(a) Details of other non-operating income for the years ended December 31, 2015 and 2014 are as follows:

(In millions of won)

	2015	2014
Rental income	₩ 4,858	6,549
Foreign currency gain	1,221,066	988,366
Gain on disposal of property, plant and equipment	18,179	8,989
Reversal of impairment loss on intangible assets	80	
Reversal of allowance for doubtful accounts for other receivables	252	
Commission earned	1,834	2,486
Others (*)	27,564	65,513
	₩ 1,273,833	1,071,903

(*) A gain amounting to ₩34,804 million as a result of the Controlling Company's success in its appeal against the fining decision of the Korea Fair Trade Commission is included in 2014.

(b) Details of other non-operating expenses for the years ended December 31, 2015 and 2014 are as follows:

(In millions of won)

	2015	2014
Other bad debt expense	₩	531
Foreign currency loss	1,177,634	962,693
Loss on disposal of property, plant and equipment	4,037	2,173
Impairment loss on property, plant, and equipment	3,027	8,097
Loss on disposal of intangible assets	29	672
Impairment loss on intangible assets	239	492
Donations	14,114	11,901
Expenses related to legal proceedings or claims and others	127,702	108,512

₩ 1,326,782	1,095,071
-------------	-----------

26. Personnel Expenses

Details of personnel expenses for the years ended December 31, 2015 and 2014 are as follows:

(In millions of won)

	2015	2014
Salaries and wages	₩ 2,487,767	2,351,306
Other employee benefits	450,651	408,073
Contributions to National Pension plan	66,191	64,078
Expenses related to defined benefit plan	199,033	196,756
	₩ 3,184,642	3,020,213

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

Notes to the Consolidated Financial Statements

For the years ended December 31, 2015 and 2014

27. Finance Income and Finance Costs

- (a) Finance income and costs recognized in profit or loss for the years ended December 31, 2015 and 2014 are as follows:

(In millions of won)

	2015	2014
Finance income		
Interest income	₩ 57,080	49,105
Dividend income		282
Foreign currency gain	77,879	55,000
Gain on disposal of available-for-sale financial assets		780
Gain on disposal of investment in a subsidiary		276
Gain on disposal of investments in equity accounted investees	23,268	
Gain on derivatives transactions	602	
	₩ 158,829	105,443
Finance costs		
Interest expense	₩ 127,598	109,776
Foreign currency loss	155,728	84,649
Loss on disposal of investment in a subsidiary		4,157
Loss on disposal of investments in equity accounted investees	481	156
Loss on impairment of investments	26,791	
Loss on early redemption of debt		6,986
Loss on sale of trade accounts and notes receivable	4,909	9,812
Loss on derivatives transactions	722	
	₩ 316,229	215,536

- (b) Finance income and costs recognized in other comprehensive income or loss for the years ended December 31, 2015 and 2014 are as follows:

(In millions of won)

	2015	2014
Foreign currency translation differences for foreign operations	₩ 50,829	37,739
Net change in fair value of available-for-sale financial assets	13,297	982
Tax effect	214	(119)
Finance income recognized in other comprehensive income after tax	₩ 64,340	38,602

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

Notes to the Consolidated Financial Statements

For the years ended December 31, 2015 and 2014

28. Income Taxes

(a) Details of income tax expense (benefit) for the years ended December 31, 2015 and 2014 are as follows:

(In millions of won)

	2015	2014
Current tax expense		
Current year	₩ 277,264	288,280
Deferred tax expense (benefit)		
Origination and reversal of temporary differences	₩ 123,458	(55,976)
Change in unrecognized deferred tax assets	9,804	92,249
	133,262	36,273
Income tax expense	₩ 410,526	324,553

(b) Income taxes recognized directly in other comprehensive income for the years ended December 31, 2015 and 2014 are as follows:

(In millions of won)

	Before tax	2015 Tax benefit	Net of tax
Net change in fair value of available-for-sale financial assets	₩ 13,297	70	13,367
Remeasurements of net defined benefit liabilities (assets)	(110,864)	26,682	(84,182)
Foreign currency translation differences for foreign operations	50,829	144	50,973
Share of loss from sale of treasury stock by associates	(325)		(325)
	₩ (47,063)	26,896	(20,167)

*(In millions of won)***2014**

	Before tax	Tax (expense) benefit	Net of tax
Net change in fair value of available-for-sale financial assets	₩ 982	(186)	796
Remeasurements of net defined benefit liabilities (assets)	(147,633)	35,773	(111,860)
Foreign currency translation differences for foreign operations	37,739	67	37,806
Share of loss from sale of treasury stock by associates	(1,360)		(1,360)
	₩ (110,272)	35,654	(74,618)

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

Notes to the Consolidated Financial Statements

For the years ended December 31, 2015 and 2014

28. Income Taxes, Continued

(c) Reconciliation of the actual effective tax rate for the years ended December 31, 2015 and 2014 is as follows:

<i>(In millions of won)</i>	2015		2014	
Profit for the year		₩ 1,023,456		917,404
Income tax expense		410,526		324,553
Profit before income tax		1,433,982		1,241,957
Income tax expense using the statutory tax rate of each country	32.56%	466,848	32.96%	409,341
Non-deductible expenses (benefits)	2.66%	38,208	(2.22%)	(27,537)
Tax credits	(8.12%)	(116,439)	(10.39%)	(129,026)
Change in unrecognized deferred tax assets	0.68%	9,804	7.43%	92,249
Others	0.84%	12,105	(1.65%)	(20,474)
Actual income tax expense		₩ 410,526		324,553
Actual effective tax rate		28.63%		26.13%

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

Notes to the Consolidated Financial Statements

For the years ended December 31, 2015 and 2014

29. Deferred Tax Assets and Liabilities**(a) Unrecognized deferred tax liabilities**

As of December 31, 2015, in relation to the temporary differences on investments in subsidiaries amounting to ₩213,479 million, the Controlling Company did not recognize deferred tax liabilities since the Controlling Company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary differences will not reverse in the foreseeable future.

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

Realization of deferred tax assets related to tax credit carryforwards is dependent on whether sufficient taxable income will be generated prior to their expiration. As of December 31, 2015, the Controlling Company recognized deferred tax assets of ₩385,017 million, in relation to tax credit carryforwards, to the extent that management believes the realization is probable. The amount of unused tax credit carryforwards for which no deferred tax asset is recognized and their expiration dates are as follows:

(In millions of won)

	December 31, 2016	
Tax credit carryforwards	₩	78,656

(c) Deferred tax assets and liabilities are attributable to the following:*(In millions of won)*

	Assets		Liabilities		Total	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
Other accounts receivable, net	₩		(2,388)	(3,440)	(2,388)	(3,440)
Inventories, net	46,449	46,377			46,449	46,377
Available-for-sale financial assets			(19)	(88)	(19)	(88)
Defined benefit liabilities, net	58,962	112,213			58,962	112,213
Investments in equity accounted investees and subsidiaries	9,121	29,839			9,121	29,839
Accrued expenses	122,002	177,163			122,002	177,163

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

Property, plant and equipment	271,252	236,848		271,252	236,848
Intangible assets	817	1,423	(34,663)	(33,846)	1,423
Provisions	14,152	12,710		14,152	12,710
Gain or loss on foreign currency translation, net	11	169	(1)	11	168
Others	25,253	26,212	(268)	25,253	25,944
Tax credit carryforwards	385,017	397,105		385,017	397,105
Deferred tax assets (liabilities)	₩933,036	1,040,059	(37,070)	(3,797)	895,966
					1,036,262

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

Notes to the Consolidated Financial Statements

For the years ended December 31, 2015 and 2014

29. Deferred Tax Assets and Liabilities, Continued

(d) Changes in deferred tax assets and liabilities for the years ended December 31, 2015 and 2014 are as follows:

(In millions of won)

	January 1, 2014	Profit or loss	Other compre- hensive income	December 31, 2014	Profit or loss	Other compre- hensive income	Business combi- nation	December 31, 2015
Other accounts receivable, net	₩ (2,476)	(964)		(3,440)	1,052			(2,388)
Inventories, net	18,866	27,511		46,377	72			46,449
Available-for-sale financial assets	98		(186)	(88)	(1)	70		(19)
Defined benefit liabilities, net	72,709	3,731	35,773	112,213	(79,933)	26,682		58,962
Investments in equity accounted investees	2,972	26,867		29,839	(20,718)			9,121
Accrued expenses	83,571	93,592		177,163	(55,161)			122,002
Property, plant and equipment	189,422	47,426		236,848	34,404			271,252
Intangible assets	(1,207)	2,630		1,423	(1,339)		(33,930)	(33,846)
Provisions	11,460	1,250		12,710	1,442			14,152
Gain or loss on foreign currency translation, net	(675)	843		168	(157)			11
Others	13,302	12,575	67	25,944	(835)	144		25,253
Tax losses carryforwards	110,550	(110,550)						
Tax credit carryforwards	538,289	(141,184)		397,105	(12,088)			385,017
Deferred tax assets (liabilities)	₩ 1,036,881	(36,273)	35,654	1,036,262	(133,262)	26,896	(33,930)	895,966

Statutory tax rate applicable to the Controlling Company to calculate tax base and deferred tax expense is 24.2% for the year ended December 31, 2015.

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

Notes to the Consolidated Financial Statements

For the years ended December 31, 2015 and 2014

30. Earnings per Share

(a) Basic earnings per share for the years ended December 31, 2015 and 2014 are as follows:

<i>(In won and No. of shares)</i>		
	2015	2014
Profit attributable to owners of the Controlling Company	₩ 966,553,061,333	904,267,992,399
Weighted-average number of common stocks outstanding	357,815,700	357,815,700
Earnings per share	₩ 2,701	2,527

For the years ended December 31, 2015 and 2014, there were no events or transactions that resulted in changes in the number of common stocks used for calculating earnings per share.

(b) Diluted earnings per share are not calculated since there was no potential common stock for the years ended December 31, 2015 and 2014.

31. Supplemental Cash Flow Information

Supplemental cash flow information for the years ended December 31, 2015 and 2014 is as follows:

<i>(In millions of won)</i>		
	2015	2014
Non-cash investing and financing activities:		
Changes in other accounts payable arising from the purchase of property, plant and equipment	₩ 182,424	(149,989)

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

Notes to the Consolidated Financial Statements

For the years ended December 31, 2015 and 2014

32. Business Combinations

- (1) The Controlling Company acquired 67% ownership with the additional investment amounting to ₩111,040 million from Global OLED Technology LLC in order to expand OLED IP Portfolio. In 2015, the Controlling Company's ownership percentage increased from 33% to 100% and control was transferred to the Controlling Company. The Controlling Company measured the identifiable assets acquired and the liabilities assumed at their acquisition-date fair value. The entire consideration transferred for the acquisition was paid in cash.

The fair value of the consideration transferred, assets acquired and liabilities assumed are as follows:

<i>(In millions of won)</i>	Amount
Consideration transferred	₩ 111,040
Fair value of previously held ownership	54,025
Identifiable assets acquired and liabilities assumed:	
Cash and cash equivalents	947
Other current assets	478
Intangible assets (*1)	168,301
Other non-current assets	104
Current liabilities	(1,768)
Non-current liabilities	(4)
Deferred tax liabilities	(33,930)
Identifiable net asset	134,128
Goodwill (*2)	30,937

(*1) Intangible assets are measured at fair value using the income approach and considering the present value of expected net cash flow from patents.

(*2) Goodwill amounting to ₩30,937 million arose from the acquired work force with specialized knowledge and experience.

The amount of the revenue and profit in the consolidated statement of comprehensive income for the year ended December 31, 2015, based on the assumption that the acquisition date had been at the beginning of the annual reporting period, are ₩28,387,302 million and ₩1,019,221 million, respectively, and the amount of the revenue and net loss of Global OLED Technology LLC included in the consolidated statement of comprehensive income for the year ended December 31, 2015 are ₩2,891 million and ₩3,306 million, respectively. In addition, acquisition-related costs, such as legal consulting and accounting valuation fees amounting to ₩28 million are expensed.

The Controlling Company recognized ₩22,336 million for the difference between the acquisition amount and the fair value as finance income in the consolidated statements of comprehensive income for the year ended December 31,

2015 regarding the previously held 33% ownership in Global OLED Technology.

- (2) In December 2015, the Controlling Company acquired OLED Lighting business with the investment amounting to ₩160,000 million from LG Chem Ltd. in order to maximize synergy and strengthen competitiveness in OLED Lighting business. The Controlling Company measured the identifiable assets acquired and the liabilities assumed at their acquisition-date fair value. The entire consideration transferred for the acquisition was paid in cash.

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

Notes to the Consolidated Financial Statements

For the years ended December 31, 2015 and 2014

32. Business Combinations, Continued

The fair value of the consideration transferred, assets acquired and liabilities assumed are as follows:

<i>(In millions of won)</i>	Amount
Consideration transferred	₩ 160,000
Identifiable assets acquired and liabilities assumed:	
Trade accounts and notes receivable	616
Inventories	2,432
Other current assets	580
Property, plant and equipment	26,967
Intangible assets (*1)	64,462
Other non-current assets	7,808
Current liabilities	(860)
Identifiable net asset	102,005
Goodwill (*2)	57,995

(*1) Patents amounting to ₩29,139 million are measured at fair value using the income approach and considering the present value of expected net cash flow from patents and customer relationships amounting to ₩35,165 million are measured considering the present value of future economic benefits expected to be received arising from relationship with customers.

(*2) Goodwill amounting to ₩57,995 million arose from the acquired work force with specialized knowledge and experience.

The amount of the revenue and profit in the consolidated statement of comprehensive income for the year ended December 31, 2015, based on the assumption that the acquisition date had been at the beginning of the annual reporting period, are ₩28,388,425 million and ₩1,002,113 million, respectively, and the amount of the revenue and net loss of OLED Lighting business included in the consolidated statement of comprehensive income for the year ended December 31, 2015 are ₩52 million and ₩1,473 million, respectively. In addition, acquisition-related costs, such as legal consulting and accounting valuation fees amounting to ₩65 million are recognized as administrative expenses.

Table of Contents

SIGNATURES

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

LG Display Co., Ltd.
(Registrant)

Date: February 26, 2016

By: /s/ Heeyeon Kim
(Signature)

Name: Heeyeon Kim
Title: Head of IR / Vice President