

LG Electronics Inc.
Interim Separate Financial Statements
March 31, 2015 and 2014

LG Electronics Inc.

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Report on Review of Interim Separate Financial Statements

(English Translation of a Report Originally Issued in Korean)

To the Board of Directors and Shareholders of
LG Electronics Inc.

Reviewed Financial Statements

We have reviewed the accompanying interim separate financial statements of LG Electronics Inc. (the "Company"). These interim financial statements consist of the interim separate statement of financial position of the Company as of March 31, 2015, and the related interim separate statements of income, comprehensive income, changes in equity and cash flows for the three-month periods ended March 31, 2015 and 2014, and a summary of significant accounting policies and other explanatory notes, expressed in Korean won.

Management' Responsibility for the Separate Financial Statements

Management is responsible for the preparation and fair presentation of these interim separate financial statements in accordance with the International Financial Reporting Standards as adopted by the Republic of Korea ("Korean IFRS") 1034, 'Interim Financial Reporting', and for such internal controls as management determines are necessary to enable the preparation of interim separate financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

We conducted our reviews in accordance with the quarterly and semi-annual review standards established by the Securities and Futures Commission of the Republic of Korea. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Korean Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion

Conclusion

Based on our reviews, nothing has come to our attention that causes us to believe the accompanying interim separate financial statements do not present fairly, in all material respects, in conformity with the Korean IFRS 1034, 'Interim Financial Reporting'.

Other matters

We have audited the accompanying separate statement of financial position of the Company as of December 31, 2014, and the related separate statements of income, comprehensive income, changes in equity and cash flows for the year then ended, in accordance with the Korean Standards on Auditing. We expressed an unqualified opinion on those separate financial statements in our audit report dated March 11, 2015. These separate financial statements are not included in this review report. The separate statement of financial position as of December 31, 2014, presented herein for comparative purposes, is consistent, in all material respects, with the above audited statement of financial position as of December 31, 2014.

Review standards and their application in practice vary among countries. The procedures and practices used in the Republic of Korea to review such financial statements may differ from those generally accepted and applied in other countries.

Seoul, Korea
May 15, 2015

This interim report is effective as of May 15, 2015, the review report date. Certain subsequent events or circumstances, which may occur between the review report date and the time of reading this report, could have a material impact on the accompanying interim separate financial statements and notes thereto. Accordingly, the readers of the review report should understand that there is a possibility that the above review report may have to be revised to reflect the impact of such subsequent events or circumstances, if any.

LG Electronics Inc.

Interim Separate Statements of Financial Position

March 31, 2015 and December 31, 2014

<i>(in millions of Korean won)</i>	Note	March 31, 2015 (Unaudited)	December 31, 2014
Assets			
Current assets			
Cash and cash equivalents	4,29	694,274	913,208
Financial deposits	4,29	65,500	65,000
Trade receivables	4,5,29	6,098,351	5,956,772
Loans and other receivables	4,5,29	482,113	484,344
Inventories	7	1,183,630	1,116,123
Current income tax assets		4,704	58,012
Other current assets		389,196	340,920
Non-current assets classified as held for sale	4,31	80,360	-
		<u>8,998,128</u>	<u>8,934,379</u>
Non-current assets			
Financial deposits	4,29	2,212	1,689
Loans and other receivables	4,5,29	369,823	385,352
Other financial assets	4,6,29	36,681	33,870
Property, plant and equipment	8	6,259,762	6,244,197
Intangible assets	8	1,088,192	1,094,479
Deferred income tax assets		1,063,005	950,898
Investments in subsidiaries, associates and joint ventures	9	7,993,319	8,055,416
Investment property		-	633
Other non-current assets		569,310	581,400
		<u>17,382,304</u>	<u>17,347,934</u>
Total assets		<u>26,380,432</u>	<u>26,282,313</u>
Liabilities			
Current liabilities			
Trade payables	4,29	5,254,667	5,451,036
Borrowings	4,10,29	887,062	1,016,906
Other payables	4,29	1,703,220	1,880,276
Other financial liabilities	4,6,29	106	106
Provisions	12	198,341	209,180
Other current liabilities		1,619,104	1,486,610
		<u>9,662,500</u>	<u>10,044,114</u>
Non-current liabilities			
Borrowings	4,10,29	5,930,365	5,233,447
Other financial liabilities	4,6,29	69,473	62,574
Net defined benefit liability	11	778,499	616,692
Provisions	12	821,810	836,786
		<u>7,600,147</u>	<u>6,749,499</u>
Total liabilities		<u>17,262,647</u>	<u>16,793,613</u>
Equity			
Paid-in capital:	13		
Capital stock		904,169	904,169
Share premium		3,088,179	3,088,179
Retained earnings	14	5,188,076	5,550,942
Accumulated other comprehensive income	15	(29,820)	(21,771)
Other components of equity	16	(32,819)	(32,819)
Total equity		<u>9,117,785</u>	<u>9,488,700</u>
Total liabilities and equity		<u>26,380,432</u>	<u>26,282,313</u>

LG Electronics Inc.

Interim Separate Statements of Income

Three-Month Periods Ended March 31, 2015 and 2014

(in millions of Korean won, except per share amounts)	Note	Three-Month Period Ended March 31	
		2015 (Unaudited)	2014 (Unaudited)
Net sales	17	6,863,361	7,091,983
Cost of sales	18	5,585,406	5,770,497
Gross profit		1,277,955	1,321,486
Selling and marketing expenses	18,19	604,772	603,455
Administrative expenses	18,19	163,477	122,618
Research and development expenses	18,19	521,437	460,942
Service costs	18,19	85,251	105,288
Operating income(loss)		(96,982)	29,183
Financial income	20	50,559	40,027
Financial expenses	21	108,341	87,250
Other non-operating income	22	304,317	132,449
Other non-operating expenses	23	429,104	121,019
Loss before income tax		(279,551)	(6,610)
Income tax expense(benefit)		(71,626)	78,217
Loss for the period from continuing operations		(207,925)	(84,827)
Discontinued operations			
Profit(loss) for the period from discontinued operations	32	(2,076)	12,514
Loss for the period		(210,001)	(72,313)
Earnings(loss) per share during the period (in won)	24		
Earnings(loss) per share for profit attributable to the common equity holders of the Company		(1,168)	(403)
From continuing operations		(1,156)	(473)
From discontinued operations		(12)	70
Earnings(loss) per share for profit attributable to the preferred equity holders of the Company		(1,155)	(390)
From continuing operations		(1,143)	(460)
From discontinued operations		(12)	70

LG Electronics Inc.**Interim Separate Statements of Comprehensive Income****Three-Month Periods Ended March 31, 2015 and 2014**

<i>(in millions of Korean won)</i>	Note	Three-Month Period Ended March 31	
		2015 (Unaudited)	2014 (Unaudited)
Loss for the period		<u>(210,001)</u>	<u>(72,313)</u>
Other comprehensive income(loss), net of tax			
Items that will not be reclassified subsequently to profit or loss:			
Remeasurements of the net defined benefit liability	11	(79,980)	15,962
Items that will be reclassified subsequently to profit or loss:			
Cash flow hedges	29	(9,762)	(2,518)
Available-for-sale financial assets	6	<u>1,713</u>	<u>393</u>
Other comprehensive income(loss) for the period, net of tax		<u>(88,029)</u>	<u>13,837</u>
Total comprehensive loss for the period, net of tax		<u>(298,030)</u>	<u>(58,476)</u>

LG Electronics Inc.
Interim Separate Statements of Changes in Equity
Three-Month Periods Ended March 30, 2015 and 2014

				Accumulated		
				Other	Other	
				Comprehensive	Components	
				Income(loss)	of Equity	
						Total
(in millions of Korean won)	Note	Paid-in Capital	Retained Earnings			
Balance at January 1, 2014		3,992,348	5,857,083	16,208	(32,819)	9,832,820
Comprehensive income(loss):						
Loss for the period		-	(72,313)	-	-	(72,313)
Remeasurements of the net defined benefit liability	11	-	15,962	-	-	15,962
Cash flow hedges	29	-	-	(2,518)	-	(2,518)
Available-for-sale financial assets	6	-	-	393	-	393
Total comprehensive loss		-	(56,351)	(2,125)	-	(58,476)
Transactions with equity holders:						
Dividends	14	-	(36,872)	-	-	(36,872)
Total transactions with equity holders		-	(36,872)	-	-	(36,872)
Balance at March 31, 2014 (Unaudited)		3,992,348	5,763,860	14,083	(32,819)	9,737,472
Balance at January 1, 2015		3,992,348	5,550,942	(21,771)	(32,819)	9,488,700
Comprehensive income(loss):						
Loss for the period		-	(210,001)	-	-	(210,001)
Remeasurements of the net defined benefit liability	11	-	(79,980)	-	-	(79,980)
Cash flow hedges	29	-	-	(9,762)	-	(9,762)
Available-for-sale financial assets	6	-	-	1,713	-	1,713
Total comprehensive loss		-	(289,981)	(8,049)	-	(298,030)
Transactions with equity holders:						
Dividends	14	-	(72,885)	-	-	(72,885)
Total transactions with equity holders		-	(72,885)	-	-	(72,885)
Balance at March 31, 2015 (Unaudited)		3,992,348	5,188,076	(29,820)	(32,819)	9,117,785

LG Electronics Inc.

Interim Separate Statements of Cash Flows

Three-Month Periods Ended March 30, 2015 and 2014

<i>(in millions of Korean won)</i>	Note	Three-Month Period Ended March 31	
		2015	2014
		(Unaudited)	(Unaudited)
Cash flows from operating activities			
Cash used in operations	25	(385,891)	(176,715)
Interest received		4,190	7,779
Interest paid		(57,897)	(58,801)
Dividends received		8,057	3,953
Income tax refund(paid)		41,480	(1,882)
Net cash used in operating activities		(390,061)	(225,666)
Cash flows from investing activities			
Decrease in financial deposits		-	1,408
Decrease in loans and other receivables		39,420	57,103
Proceeds from disposal of property, plant and equipment		922	3,869
Proceeds from disposal of intangible assets		-	15,567
Proceeds from disposal of investments in subsidiaries, associates and joint ventures		131	3,713
Decrease in others		545	-
Increase in financial deposits		(1,023)	-
Increase in loans and other receivables		(30,002)	(40,374)
Acquisition of other financial assets		(140)	-
Acquisition of property, plant and equipment		(231,997)	(195,828)
Acquisition of intangible assets		(155,967)	(142,119)
Business combination	30	(7,691)	-
Net cash used in investing activities		(385,802)	(296,661)
Cash flows from financing activities			
Proceeds from borrowings		936,934	706,902
Repayments of borrowings		(380,005)	(411,603)
Net cash provided by financing activities		556,929	295,299
Net decrease in cash and cash equivalents		(218,934)	(227,028)
Cash and cash equivalents at the beginning of period		913,208	1,298,349
Cash and cash equivalents at the end of period		694,274	1,071,321

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1. General Information

General information about LG Electronics Inc. (the “Company”) is as follows.

LG Electronics Inc. was spun off from LG Electronics Investment Ltd. on April 1, 2002. The Company’s shares are listed on the Korea Exchange, and some of its preferred shares, in the form of global depositary receipts (“GDRs”), are listed on the London Stock Exchange as of the reporting date. The Company is domiciled in Korea at Yeoui-daero, Yeungdeungpo-gu, Seoul.

As of March 31, 2015, LG Corp. owns 33.7% of the Company’s total shares, excluding preferred shares, while financial institutions, foreign investors and others own the rest.

The Company is engaged in the manufacture and sale of products including mobile phones, TVs, air conditioners, refrigerators, washing machines and personal computers and of core parts. As of March 31, 2015, the Company operates manufacturing facilities mainly in Pyeongtaek, Changwon and Gumi in the Republic of Korea.

2. Significant Accounting Policies

The principal accounting policies applied in the preparation of these separate financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

Basis of Preparation

The Company maintains its accounting records in Korean won and prepares statutory financial statements in the Korean language (Hangul) in accordance with the International Financial Reporting Standards as adopted by the Republic of Korea (Korean IFRS). The accompanying interim separate financial statements have been condensed, restructured and translated into English from the Korean language financial statements.

Certain information attached to the Korean language financial statements, but not required for a fair presentation of the Company’s financial position, financial performance or cash flows, is not presented in the accompanying interim separate financial statements.

The attached statements are the separate financial statements subject to Korean IFRS 1027, ‘Separate Financial Statements’. The interim separate financial statements for the three-month period ended March 31, 2015, have been prepared in accordance with Korean IFRS 1034, ‘Interim Financial Reporting’. These interim separate financial statements have been prepared in accordance with the Korean IFRS standards and interpretations effective at March 31, 2015.

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Changes in Accounting Policy and Disclosures

(a) New and amended standards and interpretations effective for the financial year beginning January 1, 2015.

i) The new and amended standards and interpretations adopted by the Company from the financial year, 2015:

- Korean IFRS 1019(Amendment): 'Employee Benefits'

In defined benefit plans with contributions from employees or third parties, if such contributions are linked to service provided by employees or third parties at the same period when contributions were made, a practical expedient of reducing such contributions from the service cost is allowed. It was clarified that when contributions reflect the actuarial valuation method, such contributions made by employees or third parties should be attributed by the same method used to attribute the total benefit. The amendments do not have a significant impact on these interim separate financial statements.

- Annual improvements of Korean IFRS

Korean IFRS 1102, 'Share-based Payment'

Korean IFRS 1103, 'Business Combination'

Korean IFRS 1108, 'Operating Segment'

Korean IFRS 1113, 'Fair Value Measurement'

Korean IFRS 1016, 'Property, Plant and Equipment'

Korean IFRS 1038, 'Intangible Assets'

Korean IFRS 1024, 'Related Party Disclosures'

Korean IFRS 1040, 'Investment Property'

The annual improvements of Korean IFRS do not have a significant impact on these interim separate financial statements.

(b) New standards, amendments and interpretations effective for the financial year beginning January 1, 2016.

i) There are no new and amended standards and interpretations early adopted by the Company in the financial year, 2015.

ii) New and amended standards and interpretations not yet adopted by the Company are as follows:

- Korean IFRS 1016(Amendment): 'Property, Plant and Equipment' and Korean IFRS 1038(Amendment): 'Intangible Assets'

Amendments to Korean IFRS 1016 and Korean IFRS 1038 clarify that the use of a revenue-based depreciation and amortization method is not permitted since the method are affected

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by factors, such as number of units sold and selling price, that are not directly related to the economic consumption of an asset. However, the revenue-based method is acceptable in limited circumstances in which intangible assets are measured based on revenue. The Company is assessing the impact of application of this amendment on its separate financial statements.

- Korean IFRS 1111(Amendment): 'Joint Arrangements',

Amendment to Korean IFRS 1111 requires the acquirer of an interest in a joint operation, in which the activity constitutes a business, as defined in Korean IFRS 1103, 'Business Combinations', to apply all of the principles on business combinations accounting in Korean IFRS 1103 and other Korean IFRSs, and to disclose the information related to the business combination. The Company is assessing the impact of application of this amendment on its separate financial statements.

- Korean IFRS 1027(Amendment): 'Separate Financial Statements',

Amendment to Korean IFRS 1027 added the equity method as described in Korean IFRS 1028, 'Investments in Associates and Joint Ventures' to the accounting requirements for investments in subsidiaries, joint ventures, and associates when an entity prepares separate financial statements. The Company is assessing the impact of application of this amendment on its separate financial statements.

Application of Accounting Policies

The significant accounting policies and computation method used in the preparation of these interim separate financial statements are the same as the policies and methods adopted for the preparation of the financial statements for the year ended December 31, 2014, unless otherwise stated in Note 2.

Income Tax Expense

Income tax expense for the interim period is recognized based on management's best estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average annual tax rate is applied to the pre-tax income for the period.

Greenhouse Gas Emission Rights (Allowances) and Obligations

Emission rights are defined as allowed amount of emissions that can be released, allocated by the Korean government as 'Act on the Allocation and Trading of Greenhouse-Gas Emission Permits' takes effect. Emission rights that are received free of charge from the government are measured at zero, while the rights purchased additionally from trading market such as the Korea Exchange are measured at acquisition cost. Emission rights are subsequently stated as acquisition cost less accumulated impairment loss. Emission liabilities are measured as the sum of the carrying amount of emission rights to be delivered to the government to settle the obligation for emissions occurred and expected expenditure required at the end of reporting

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period for any excess emissions. The emission rights and liabilities are classified as 'intangible assets' and 'provisions', respectively, in the separate statement of financial position.

3. Critical Accounting Estimates and Judgements

For the interim separate financial statements, the Company's management makes judgments, estimates and assumptions which affect accounting policies and its assets, liabilities, income and cost. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing adjustments to the carrying amounts of assets and liabilities after the end of the reporting date are addressed below.

(a) Revenue Recognition

The Company recognizes revenue using the percentage of completion method for the rendering of service such as installation. When using the percentage of completion method, revenue shall be recognized in accordance with the progress of the transaction. It is calculated based on potential economic benefits and the estimated cost for the completion of the transaction. The factors for the estimation of revenue may vary.

(b) Impairment of Goodwill

The Company tests goodwill regularly for impairment. The recoverable amounts of cash-generating units have been determined based on on net fair value and value-in-use calculations. These calculations require the use of estimates.

(c) Income Taxes

The Company recognizes assets and liabilities for anticipated tax audit issues based on the best estimates of whether additional taxes will be due. Income tax expense in each interim period is recognized based on the best estimate of the weighted average annual income tax rate expected for the full financial year as explained in Note 2. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

(d) Fair Value of Financial Instruments

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Company uses its judgement to select a variety of methods and makes assumptions that are mainly based on market conditions existing at the end of each reporting period.

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(e) Provisions

The Company recognizes provisions for product warranties and sales returns based on their historical data.

(f) Net Defined Benefit Liability

The present value of the defined benefit liability depends on various factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost(income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of the defined benefit liability. The Company determines the appropriate discount rate at the end of reporting period. This is the interest rate that is used to determine the present value of estimated future cash outflows expected to be required to settle the defined benefit liability. In determining the appropriate discount rate, the Company considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability. Other key assumptions for defined benefit liability are based on current market conditions.

4. Financial Instruments by Category

(a) Categorizations of financial instruments are as follows:

<i>(in millions of Korean won)</i>	March 31, 2015					Total
	Assets at fair value through profit or loss	Loans and receivables	Assets classified as available-for-sale	Held-to-maturity financial assets	Other	
Cash and cash equivalents	-	694,274	-	-	-	694,274
Financial deposits	-	67,712	-	-	-	67,712
Trade receivables	-	6,098,351	-	-	-	6,098,351
Loans and other receivables	-	851,936	-	-	-	851,936
Other financial assets	-	-	29,650	-	7,031	36,681
Non-current assets held for sale	-	-	1,369	-	-	1,369
Total	-	7,712,273	31,019	-	7,031	7,750,323

<i>(in millions of Korean won)</i>	March 31, 2015			Total
	Liabilities at fair value through profit or loss	Liabilities carried at amortized cost	Other	
Trade payables	-	5,254,667	-	5,254,667
Borrowings	-	6,817,427	-	6,817,427
Other payables	-	1,703,220	-	1,703,220
Other financial liabilities	-	-	69,579	69,579
Total	-	13,775,314	69,579	13,844,893

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Notes to the Interim Separate Financial Statements

March 31, 2015 and 2014(unaudited), and December 31, 2014

(in millions of Korean won)	December 31, 2014					Total
	Assets at fair value through profit or loss	Loans and receivables	Assets classified as available-for-sale	Held-to-maturity financial assets	Other	
Cash and cash equivalents	-	913,208	-	-	-	913,208
Financial deposits	-	66,689	-	-	-	66,689
Trade receivables	-	5,956,772	-	-	-	5,956,772
Loans and other receivables	-	869,696	-	-	-	869,696
Other financial assets	-	-	28,618	-	5,252	33,870
Total	-	7,806,365	28,618	-	5,252	7,840,235

(in millions of Korean won)	December 31, 2014				Total
	Liabilities at fair value through profit or loss	Liabilities carried at amortized cost	Other		
Trade payables	-	5,451,036	-		5,451,036
Borrowings	-	6,250,353	-		6,250,353
Other payables	-	1,880,276	-		1,880,276
Other financial liabilities	-	-	62,680		62,680
Total	-	13,581,665	62,680		13,644,345

(b) Income and expenses by category of financial instruments for the three-month periods ended March 31, 2015 and 2014, are as follows:

(in millions of Korean won)	2015					Total
	Assets at fair value through profit or loss	Loans and receivables	Assets classified as available-for-sale	Held-to-maturity financial assets	Other	
Interest income	-	5,977	-	-	-	5,977
Exchange differences	-	(171,332)	-	-	-	(171,332)
Bad debt expenses	-	(26,960)	-	-	-	(26,960)
Loss on disposal of trade receivables	-	(970)	-	-	-	(970)
Dividend income	-	-	278	-	-	278
Gain for the period from discontinued operations	-	261	-	-	-	261
Gain on valuation of available-for-sale financial assets, net of tax (through other comprehensive income)	-	-	1,713	-	-	1,713
Gain on derivatives, net of tax (through other comprehensive income)	-	-	-	-	474	474

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<i>(in millions of Korean won)</i>	2015			
	Liabilities at fair value through profit or loss	Liabilities carried at amortized cost	Other	Total
Interest expenses	-	(56,331)	(4,195)	(60,526)
Exchange differences	-	(32,736)	9,022	(23,714)
Gain for the period from discontinued operations	-	169	-	169
Loss on derivatives, net of tax (through other comprehensive income)	-	-	(10,236)	(10,236)

<i>(in millions of Korean won)</i>	2014					
	Assets at fair value through profit or loss	Loans and receivables	Assets classified as available-for-sale	Held-to-maturity financial assets	Other	Total
Interest income	-	9,174	-	-	-	9,174
Exchange differences	-	38,584	-	-	-	38,584
Bad debt expenses	-	(18,779)	-	-	-	(18,779)
Impairment loss of available-for-sale financial assets	-	-	(17)	-	-	(17)
Dividend income	-	-	299	-	-	299
Gain for the period from discontinued operations	-	8,000	-	-	-	8,000
Gain on valuation of available-for-sale financial assets, net of tax (through other comprehensive income)	-	-	393	-	-	393
Loss on derivatives, net of tax (through other comprehensive income)	-	-	-	-	(63)	(63)

<i>(in millions of Korean won)</i>	2014			
	Liabilities at fair value through profit or loss	Liabilities carried at amortized cost	Other	Total
Interest expenses	-	(50,075)	(5,029)	(55,104)
Exchange differences	-	(66,532)	12,394	(54,138)
Loss for the period from discontinued operations	-	(10,730)	-	(10,730)
Loss on derivatives, net of tax (through other comprehensive income)	-	-	(2,455)	(2,455)

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5. Trade Receivables, and Loans and Other Receivables

- (a) Trade receivables, and loans and other receivables, net of allowance for doubtful accounts, are as follows:

<i>(in millions of Korean won)</i>	March 31, 2015			December 31, 2014		
	Original amount	Less : allowance for doubtful accounts	Carrying amount	Original amount	Less : allowance for doubtful accounts	Carrying amount
Trade receivables	6,209,554	(111,203)	6,098,351	6,041,998	(85,226)	5,956,772
Loans and other receivables						
Current	491,500	(9,387)	482,113	493,738	(9,394)	484,344
Non-current	369,838	(15)	369,823	385,384	(32)	385,352

- (b) Movements in allowance for doubtful accounts for the three-month periods ended March 31, 2015 and 2014, are as follows

<i>(in millions of Korean won)</i>	2015			
	At January 1	Addition (reversal)	Write-off	At March 31
Trade receivables	85,226	25,977	-	111,203
Loans and other receivables				
Current	9,394	(7)	-	9,387
Non-current	32	(17)	-	15

<i>(in millions of Korean won)</i>	2014			
	At January 1	Addition (reversal)	Write-off	At March 31
Trade receivables	62,988	16,779	-	79,767
Loans and other receivables				
Current	9,351	567	-	9,918
Non-current	50	(18)	-	32

- (c) The aging analysis of trade receivables and loans and other receivables is as follows:

<i>(in millions of Korean won)</i>	March 31, 2015				December 31, 2014			
	Trade receivables	Loans and other receivables		Total	Trade receivables	Loans and other receivables		Total
		Current	Non-current			Current	Non-current	
Current	5,393,869	393,642	367,292	6,154,803	5,315,968	380,794	377,692	6,074,454
Past due but not impaired								
Up to 6 months	572,622	50,526	1,404	624,552	460,003	47,053	4,250	511,306
7 to 12 months	112,092	7,450	1	129,543	166,436	32,879	301	199,616
Over 1 year	109,562	25,858	1,141	136,561	86,014	16,383	3,141	105,538
Subtotal	804,276	83,834	2,546	890,656	712,453	96,315	7,692	816,460
Impaired	11,409	14,024	-	25,433	13,577	16,629	-	30,206
Total	6,209,554	491,500	369,838	7,070,892	6,041,998	493,738	385,384	6,921,120

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6. Other Financial Assets and Liabilities

(a) Details of other financial assets and liabilities are as follows:

<i>(in millions of Korean won)</i>	March 31, 2015	December 31, 2014
Other financial assets		
Derivatives	7,031	5,252
Available-for-sale	29,650	28,618
Total	36,681	33,870
Non-current	36,681	33,870
Other financial liabilities		
Derivatives	69,085	62,160
Financial guarantee liability	494	520
Total	69,579	62,680
Current	106	106
Non-current	69,473	62,574

(b) Details of derivatives are as follows:

<i>(in millions of Korean won)</i>	March 31, 2015		December 31, 2014	
	Assets	Liabilities	Assets	Liabilities
Non- current				
Currency swap	7,031	19,444	5,252	28,352
Interest rate swap	-	49,641	-	33,808
Total	7,031	69,085	5,252	62,160

The maximum exposure to credit risk at the reporting date is the carrying amount of derivatives at the same date.

The details of derivative contracts are described in Note 29.

(c) Changes in carrying amounts of available-for-sale financial assets for the three-month periods ended March 31, 2015 and 2014, are as follows:

2015							
<i>(in millions of Korean won)</i>	At Jan. 1	Acquisitions	Disposals	Valuation (OCI)	Reclassification¹	Impairment	At Mar. 31
Listed equity securities	12,105	-	-	2,261	(1,369)	-	12,997
Unlisted equity securities	16,513	140	-	-	-	-	16,653
Total	28,618	140	-	2,261	(1,369)	-	29,650

2014							
<i>(in millions of Korean won)</i>	At Jan. 1	Acquisitions	Disposals	Valuation (OCI)	Reclassification	Impairment	At Mar. 31
Listed equity securities	15,114	-	-	518	-	(17)	15,615
Unlisted equity securities	16,615	-	-	-	-	-	16,615
Total	31,729	-	-	518	-	(17)	32,230

¹ Listed equity securities amounting to ₩1,369 million have been reclassified as non-current assets held for sale for the three-month period ended March 31, 2015.

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7. Inventories

Inventories consist of:

<i>(in millions of Korean won)</i>	March 31, 2015			December 31, 2014		
	Cost	Valuation allowance	Carrying amount	Cost	Valuation allowance	Carrying amount
Finished products and merchandise	480,248	(23,217)	457,031	445,396	(21,623)	423,773
Work-in-process	103,196	(633)	102,563	90,508	(735)	89,773
Raw materials and supplies	489,033	(14,661)	474,372	481,774	(18,695)	463,079
Other	170,824	(21,160)	149,664	161,501	(22,003)	139,498
Total	1,243,301	(59,671)	1,183,630	1,179,179	(63,056)	1,116,123

8. Property, Plant and Equipment, and Intangible Assets

(a) Changes in property, plant and equipment for the three-month periods ended March 31, 2015 and 2014, are as follows:

<i>(in millions of Korean won)</i>	2015	2014
At January 1	6,244,197	6,045,037
Acquisitions	204,449	149,000
Acquisitions due to business combination	2,513	-
Reclassification to non-current assets held for sale	(25,537)	-
Disposals and others	(8,028)	(3,943)
Depreciation	(146,930)	(145,775)
Impairment	(10,902)	(237)
At March 31	6,259,762	6,044,082

(b) Changes in intangible assets for the three-month periods ended March 31, 2015 and 2014, are as follows:

<i>(in millions of Korean won)</i>	2015	2014
At January 1	1,094,479	1,085,867
Acquisitions	9,223	14,200
Acquisitions through internal development	54,948	45,502
Acquisitions due to business combination	5,121	-
Transfer-in	21,098	14,970
Disposals and others	(6,639)	(7,122)
Amortization	(89,967)	(95,190)
Impairment	(71)	-
At March 31	1,088,192	1,058,227

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9. Investments in Subsidiaries, Associates and Joint Ventures

(a) Investments in subsidiaries, associates and joint ventures:

<i>(in millions of Korean won)</i>	Classification at March 31, 2015	Location	Closing month	Percentage of ownership at	Carrying amount	
				March 31, 2015	March 31, 2015	December 31, 2014
LG Display Co., Ltd.	Associate	Korea	December	37.9%	3,480,623	3,480,623
LG Electronics U.S.A., Inc.(LGEUS)	Subsidiary	USA	December	100.0%	955,542	955,542
LG Innotek Co., Ltd.	Subsidiary	Korea	December	40.8%	541,538	541,538
LG Electronics India Pvt. Ltd.(LGEIL)	Subsidiary	India	March	100.0%	311,746	311,746
LG Electronics do Brasil Ltda.(LGEBR)	Subsidiary	Brazil	December	100.0%	270,631	270,631
LG Electronics Mława Sp. z o.o.(LGEMA)	Subsidiary	Poland	December	100.0%	214,091	214,091
LG Electronics Tianjin Appliances Co., Ltd.(LGETA)	Subsidiary	China	December	70.0%	161,331	161,331
LG Electronics European Holdings B.V.(LGEEH)	Subsidiary	Netherlands	December	100.0%	148,551	148,551
Hiplaza Co., Ltd.	Subsidiary	Korea	December	100.0%	136,459	136,459
LG Holdings(HK) Ltd.	Joint venture	Hong Kong	December	49.0%	129,386	129,386
Taizhou LG Electronics Refrigeration Co., Ltd.(LGETR)	Subsidiary	China	December	88.4%	97,608	97,608
P.T. LG Electronics Indonesia(LGEIN)	Subsidiary	Indonesia	December	100.0%	94,118	94,118
LG Electronics Vietnam Haiphong Co., Ltd. (LGEVH)	Subsidiary	Vietnam	December	100.0%	84,784	84,784
Ericsson-LG Co., Ltd.	Associate	Korea	December	25.0%	81,755	81,755
Hitachi-LG Data Storage Inc.	Associate	Japan	December	49.0%	80,602	80,602
LG Electronics Panama, S.A.(LGEPS)	Subsidiary	Panama	December	100.0%	79,222	79,222
LG Electronics Wrocław Sp.z o.o.(LGEWR)	Subsidiary	Poland	December	100.0%	70,014	70,014
LG Electronics Mexico S.A. DE C.V.(LGEMS)	Subsidiary	Mexico	December	100.0%	68,721	68,721
LG Electronics Shenyang Inc.(LGESY)	Subsidiary	China	December	56.3%	66,668	66,668
Hi Entech Co., Ltd.	Subsidiary	Korea	December	100.0%	63,118	63,118
LG Electronics Thailand Co., Ltd.(LGETH)	Subsidiary	Thailand	December	100.0%	55,578	55,578
Global OLED Technology LLC.	Associate	USA	December	32.7%	-	53,454
LG Electronics Australia Pty, Ltd.(LGEAP)	Subsidiary	Australia	December	100.0%	50,664	50,664
Inspur LG Digital Mobile Communications Co., Ltd.(LGEYT)	Subsidiary	China	December	60.5%	48,624	48,624
LG Fuel Cell Systems Inc.	Associate	USA	December	29.2%	44,051	44,051
LG Electronics RUS, LLC(LGERA)	Subsidiary	Russia	December	100.0%	43,645	43,645
LG Electronics Huizhou Ltd.(LGEHZ)	Subsidiary	China	December	45.0%	41,984	41,984
Arcellic-LG Klima Sanayi ve Ticarta A.S.	Joint venture	Turkey	December	50.0%	40,844	40,844
EIC PROPERTIES PTE LTD.	Joint venture	Singapore	December	38.2%	7,881	7,881
LG Electronics Mobilecomm France(LGEMF)	Subsidiary	France	December	100.0%	5,756	5,756
LG-Shaker Co., Ltd.(LGESR)	Subsidiary	China	December	51.0%	5,656	5,656
Korea Information Certificate Authority Inc.	Associate	Korea	December	7.5%	1,242	1,242
Innovation Investment Fund	Subsidiary	Korea	December	83.3%	1,054	1,054
PT.LG Electronics Service Indonesia(LGEID)	Subsidiary	Indonesia	December	99.8%	518	518
Others	Subsidiaries	-	-	-	509,314	517,957
Total					7,993,319	8,055,416

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- (b) Changes in investments in subsidiaries, associates and joint ventures for the three-month periods ended March 31, 2015 and 2014, are as follows:

<i>(in millions of Korean won)</i>	2015	2014
Opening net book amount	8,055,416	8,006,190
Reclassification to non-current assets held for sale	(53,454)	-
Disposals and others	-	(3,596)
Impairment	(8,643)	-
Closing net book amount	7,993,319	8,002,594

- (c) The fair value and book value of marketable subsidiaries, associates, and joint ventures securities are as follows:

March 31, 2015					
	Type	Shares held (Unit: shares)	Price per share (Unit: won)	Fair value (in millions of Korean won)	Book value
LG Display Co., Ltd.	Associate	135,625,000	31,300	4,245,063	3,480,623
LG Innotek Co., Ltd.	Subsidiary	9,653,181	116,000	1,119,769	541,538
Korea Information Certificate Authority Inc.	Associate	2,000,000	11,300	22,600	1,242

December 31, 2014					
	Type	Shares held (Unit: shares)	Price per share (Unit: won)	Fair value (in millions of Korean won)	Book value
LG Display Co., Ltd.	Associate	135,625,000	33,650	4,563,781	3,480,623
LG Innotek Co., Ltd.	Subsidiary	9,653,181	112,500	1,085,983	541,538
Korea Information Certificate Authority Inc.	Associate	2,000,000	3,475	6,950	1,242

10. Borrowings

- (a) The carrying amounts of borrowings are as follows:

<i>(in millions of Korean won)</i>	March 31, 2015	December 31, 2014
Current		
Short-term borrowings	-	100,000
Current portion of long-term borrowings	167,500	257,500
Current portion of debentures	719,562	659,406
Subtotal	887,062	1,016,906
Non-current		
Long-term borrowings	1,237,500	1,237,500
Debentures	4,692,865	3,995,947
Subtotal	5,930,365	5,233,447
Total	6,817,427	6,250,353

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(b) Details of borrowings are as follows:

i) Short-term borrowings consist of:

(in millions of Korean won)	Annual interest rate at March 31, 2015	Carrying amount	
		March 31, 2015	December 31, 2014
Borrowings in local currency			
Korean Development Bank	-	-	100,000
Total		-	100,000

ii) Long-term borrowings consist of:

(in millions of Korean won)	Maturity date	Annual interest rate at March 31, 2015(%)	March 31, 2015		
			Total	Current	Non-current
Local currency loans					
Kookmin Bank ¹	2027.01.28	3M CD+0.91	190,000	-	190,000
Kookmin Bank ¹	2029.04.30	3M CD+1.14	200,000	-	200,000
Shinhan Bank	2016.10.19	4.37	95,000	47,500	47,500
Shinhan Bank	2017.02.16	4.60	190,000	-	190,000
Woori Bank	2017.10.28	4.62	190,000	-	190,000
Hana Bank ¹	2024.01.03	3M CD+0.98	200,000	-	200,000
Korea Development Bank	2015.09.13	4.57	80,000	80,000	-
Korea Development Bank	2015.12.24	4.64	40,000	40,000	-
Korea Development Bank	2016.04.20	4.63	30,000	-	30,000
Korea Development Bank	2017.03.29	4.62	190,000	-	190,000
Total			1,405,000	167,500	1,237,500

(in millions of Korean won)	Maturity date	Annual interest rate at December 31, 2014(%)	December 31, 2014		
			Total	Current	Non-current
Local currency loans					
Kookmin Bank	2016.05.24	4.73	190,000	-	190,000
Kookmin Bank ¹	2029.04.30	3M CD+1.14	200,000	-	200,000
Shinhan Bank	2016.10.19	4.37	95,000	47,500	47,500
Shinhan Bank	2017.02.16	4.60	190,000	-	190,000
Woori Bank	2017.10.28	4.62	190,000	-	190,000
Hana Bank ¹	2024.01.03	3M CD+0.98	200,000	-	200,000
Korea Development Bank	2015.03.10	5.06	90,000	90,000	-
Korea Development Bank	2015.09.13	4.57	80,000	80,000	-
Korea Development Bank	2015.12.24	4.64	40,000	40,000	-
Korea Development Bank	2016.04.20	4.63	30,000	-	30,000
Korea Development Bank	2017.03.29	4.62	190,000	-	190,000
Total			1,495,000	257,500	1,237,500

¹ The Company entered into an interest rate swap contract to hedge cash flow risk related to floating interest rate fluctuation (Note 29).

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iii) Debentures consist of:

<i>(in millions of Korean won)</i>		Maturity date	Annual interest rate at March 31, 2015(%)	March 31, 2015		
				Total	Current	Non-current
Fixed rate notes in local currency	Public, non-guaranteed bonds (56 th)	2015.09.09	4.63	190,000	190,000	-
Fixed rate notes in local currency	Public, non-guaranteed bonds (57 th)	2015.10.22	4.30	190,000	190,000	-
Fixed rate notes in local currency	Public, non-guaranteed bonds (58-2 nd)	2016.02.16	4.91	60,000	60,000	-
Fixed rate notes in local currency	Public, non-guaranteed bonds (60 th)	2016.05.20	4.41	190,000	-	190,000
Fixed rate notes in local currency	Public, non-guaranteed bonds (61 st)	2016.06.29	4.38	190,000	-	190,000
Fixed rate notes in local currency	Public, non-guaranteed bonds (62-2 nd)	2016.08.05	4.34	80,000	-	80,000
Fixed rate notes in local currency	Public, non-guaranteed bonds (64 th)	2016.09.30	4.32	190,000	-	190,000
Fixed rate notes in foreign currency ¹	Public, non-guaranteed bonds (65 th)	2016.12.02	2.00	245,696	-	245,696
Fixed rate notes in local currency	Public, non-guaranteed bonds (66-1 st)	2015.09.10	3.18	170,000	170,000	-
Fixed rate notes in local currency	Public, non-guaranteed bonds (66-2 nd)	2017.09.10	3.28	130,000	-	130,000
Fixed rate notes in local currency	Private, non-guaranteed bonds (67 th)	2018.03.21	3.11	300,000	-	300,000
Fixed rate notes in local currency	Private, non-guaranteed bonds (68-1 st)	2020.05.23	3.29	100,000	-	100,000
Fixed rate notes in local currency	Private, non-guaranteed bonds (68-2 nd)	2020.05.24	3.29	20,000	-	20,000
Fixed rate notes in local currency	Private, non-guaranteed bonds (68-3 rd)	2023.05.22	3.68	50,000	-	50,000
Fixed rate notes in local currency	Private, non-guaranteed bonds (68-4 th)	2023.05.23	3.68	30,000	-	30,000
Fixed rate notes in local currency	Public, non-guaranteed bonds (69-1 st)	2015.07.31	2.86	110,000	110,000	-
Fixed rate notes in local currency	Public, non-guaranteed bonds (69-2 nd)	2018.07.31	3.54	140,000	-	140,000
Fixed rate notes in local currency	Public, non-guaranteed bonds (69-3 rd)	2020.07.31	3.85	150,000	-	150,000
Floating rate notes in foreign currency ¹	Private, guaranteed bonds (70 th)	2019.01.31	3ML+1.60	221,000	-	221,000
Fixed rate notes in local currency	Public, non-guaranteed bonds(71-1 st)	2018.10.18	3.55	200,000	-	200,000
Fixed rate notes in local currency	Public, non-guaranteed bonds(71-2 nd)	2020.10.19	3.82	110,000	-	110,000
Fixed rate notes in local currency	Public, non-guaranteed bonds(71-3 rd)	2023.10.18	4.25	90,000	-	90,000
Floating rate notes in foreign currency ¹	Private, non-guaranteed bonds(72 nd)	2017.06.19	3ML+1.30	221,000	-	221,000
Fixed rate notes in local currency	Public, non-guaranteed bonds(73-1 st)	2017.01.24	3.16	100,000	-	100,000
Fixed rate notes in local currency	Public, non-guaranteed bonds(73-2 nd)	2019.01.24	3.60	120,000	-	120,000
Fixed rate notes in local currency	Public, non-guaranteed bonds(73-3 rd)	2021.01.24	3.95	160,000	-	160,000
Fixed rate notes in local currency	Public, non-guaranteed bonds(73-4 th)	2024.01.24	4.44	120,000	-	120,000
Fixed rate notes in local currency	Public, non-guaranteed bonds(74-1 st)	2019.05.29	3.30	200,000	-	200,000
Fixed rate notes in local currency	Public, non-guaranteed bonds(74-2 nd)	2021.05.29	3.52	130,000	-	130,000
Fixed rate notes in local currency	Public, non-guaranteed bonds(74-3 rd)	2024.05.29	4.04	210,000	-	210,000
Fixed rate notes in local currency	Public, non-guaranteed bonds(74-4 th)	2029.05.29	4.44	60,000	-	60,000
Fixed rate notes in local currency	Private, non-guaranteed bonds(75 th)	2026.07.16	3.96	100,000	-	100,000
Fixed rate notes in local currency	Private, non-guaranteed bonds(76-1 st)	2028.11.17	3.79	40,000	-	40,000
Fixed rate notes in local currency	Private, non-guaranteed bonds(76-2 nd)	2028.11.18	3.79	60,000	-	60,000
Fixed rate notes in local currency	Private, non-guaranteed bonds(77-1 st)	2020.02.02	2.28	210,000	-	210,000
Fixed rate notes in local currency	Private, non-guaranteed bonds(77-2 nd)	2022.02.02	2.51	230,000	-	230,000
Fixed rate notes in local currency	Private, non-guaranteed bonds(77-3 rd)	2025.02.02	2.97	210,000	-	210,000
Fixed rate notes in local currency	Private, non-guaranteed bonds(77-4 th)	2030.02.02	3.45	100,000	-	100,000
Less: discount on debentures				(15,269)	(438)	(14,831)
Total				5,412,427	719,562	4,692,865

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(in millions of Korean won)		Maturity date	Annual interest rate at December 31, 2014(%)	December 31, 2014		
				Total	Current	Non-current
Fixed rate notes in local currency	Public, non-guaranteed bonds (56 th)	2015.09.09	4.63	190,000	190,000	-
Fixed rate notes in local currency	Public, non-guaranteed bonds (57 th)	2015.10.22	4.30	190,000	190,000	-
Fixed rate notes in local currency	Public, non-guaranteed bonds (58-2 nd)	2016.02.16	4.91	60,000	-	60,000
Fixed rate notes in local currency	Public, non-guaranteed bonds (60 th)	2016.05.20	4.41	190,000	-	190,000
Fixed rate notes in local currency	Public, non-guaranteed bonds (61 st)	2016.06.29	4.38	190,000	-	190,000
Fixed rate notes in local currency	Public, non-guaranteed bonds (62-2 nd)	2016.08.05	4.34	80,000	-	80,000
Fixed rate notes in local currency	Public, non-guaranteed bonds (64 th)	2016.09.30	4.32	190,000	-	190,000
Fixed rate notes in foreign currency ¹	Public, non-guaranteed bonds (65 th)	2016.12.02	2.00	238,957	-	238,957
Fixed rate notes in local currency	Public, non-guaranteed bonds (66-1 st)	2015.09.10	3.18	170,000	170,000	-
Fixed rate notes in local currency	Public, non-guaranteed bonds (66-2 nd)	2017.09.10	3.28	130,000	-	130,000
Fixed rate notes in local currency	Private, non-guaranteed bonds (67 th)	2018.03.21	3.11	300,000	-	300,000
Fixed rate notes in local currency	Private, non-guaranteed bonds (68-1 st)	2020.05.23	3.29	100,000	-	100,000
Fixed rate notes in local currency	Private, non-guaranteed bonds (68-2 nd)	2020.05.24	3.29	20,000	-	20,000
Fixed rate notes in local currency	Private, non-guaranteed bonds (68-3 rd)	2023.05.22	3.68	50,000	-	50,000
Fixed rate notes in local currency	Private, non-guaranteed bonds (68-4 th)	2023.05.23	3.68	30,000	-	30,000
Fixed rate notes in local currency	Public, non-guaranteed bonds (69-1 st)	2015.07.31	2.86	110,000	110,000	-
Fixed rate notes in local currency	Public, non-guaranteed bonds (69-2 nd)	2018.07.31	3.54	140,000	-	140,000
Fixed rate notes in local currency	Public, non-guaranteed bonds (69-3 rd)	2020.07.31	3.85	150,000	-	150,000
Floating rate notes in foreign currency ¹	Private, guaranteed bonds (70 th)	2019.01.31	3ML+1.60	219,840	-	219,840
Fixed rate notes in local currency	Public, non-guaranteed bonds (71-1 st)	2018.10.18	3.55	200,000	-	200,000
Fixed rate notes in local currency	Public, non-guaranteed bonds (71-2 nd)	2020.10.19	3.82	110,000	-	110,000
Fixed rate notes in local currency	Public, non-guaranteed bonds (71-3 rd)	2023.10.18	4.25	90,000	-	90,000
Floating rate notes in foreign currency ¹	Private, non-guaranteed bonds (72 nd)	2017.06.19	3ML+1.30	219,840	-	219,840
Fixed rate notes in local currency	Public, non-guaranteed bonds (73-1 st)	2017.01.24	3.16	100,000	-	100,000
Fixed rate notes in local currency	Public, non-guaranteed bonds (73-2 nd)	2019.01.24	3.60	120,000	-	120,000
Fixed rate notes in local currency	Public, non-guaranteed bonds (73-3 rd)	2021.01.24	3.95	160,000	-	160,000
Fixed rate notes in local currency	Public, non-guaranteed bonds (73-4 th)	2024.01.24	4.44	120,000	-	120,000
Fixed rate notes in local currency	Public, non-guaranteed bonds (74-1 st)	2019.05.29	3.30	200,000	-	200,000
Fixed rate notes in local currency	Public, non-guaranteed bonds (74-2 nd)	2021.05.29	3.52	130,000	-	130,000
Fixed rate notes in local currency	Public, non-guaranteed bonds (74-3 rd)	2024.05.29	4.04	210,000	-	210,000
Fixed rate notes in local currency	Public, non-guaranteed bonds (74-4 th)	2029.05.29	4.44	60,000	-	60,000
Fixed rate notes in local currency	Private, non-guaranteed bonds (75 th)	2026.07.16	3.96	100,000	-	100,000
Fixed rate notes in local currency	Private, non-guaranteed bonds (76-1 st)	2028.11.17	3.79	40,000	-	40,000
Fixed rate notes in local currency	Private, non-guaranteed bonds (76-2 nd)	2028.11.18	3.79	60,000	-	60,000
Less: discount on debentures				(13,284)	(594)	(12,690)
Total				4,655,353	659,406	3,995,947

¹ The Company entered into cross-currency swap contracts to hedge cash flow risk related to floating interest rate and foreign exchange rate of the debenture (Note 29).

The principal and interests of private bonds(70th) are guaranteed by Shinhan Bank (Note 26).

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(c) Payment schedule of borrowings as of March 31, 2015, is as follows:

<i>(in millions of Korean won)</i>	Total	Less than			Over
		1 year	2 years	5 years	5 years
Current portion of long-term borrowings	171,758	171,758	-	-	-
Current portion of debentures	737,748	737,748	-	-	-
Long-term borrowings	1,498,738	46,645	502,065	247,236	702,792
Debentures	5,553,356	156,363	1,133,692	2,033,307	2,229,994
Total	7,961,600	1,112,514	1,635,757	2,280,543	2,932,786

The above cash flows are calculated at nominal value based on the earliest maturity dates, and include cash flows of principal and interests.

11. Post-employment Benefits

Defined Benefit Plan

(a) The amounts of net defined benefit liabilities are as follows:

<i>(in millions of Korean won)</i>	March 31, 2015	December 31, 2014
Present value of funded obligations	2,056,866	1,916,342
Fair value of plan assets	(1,278,367)	(1,299,650)
Net defined benefit liability	778,499	616,692

(b) The amounts recognized in the separate statements of income for the three-month periods ended March 31, 2015 and 2014, are as follows:

<i>(in millions of Korean won)</i>	2015	2014
Current service cost	66,814	60,500
Past service cost	-	20,467
Net interest cost	4,841	4,210
Managing cost	337	314
Total	71,992	85,491

(c) Changes in the defined benefit obligations for the three-month periods ended March 31, 2015 and 2014, are as follows:

<i>(in millions of Korean won)</i>	2015	2014
At January 1	1,916,342	1,547,342
Current service cost	66,814	60,500
Past service cost	-	20,467
Interest expense	14,658	15,209
Remeasurements for:		
- Actuarial loss (gain) arising from changes in financial assumptions	103,867	(1,909)

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<i>(in millions of Korean won)</i>	2015	2014
- Actuarial gain arising from experience adjustments	-	(21,432)
Increase due to business combination	142	-
Benefits paid	(44,957)	(33,610)
At March 31	2,056,866	1,586,567

(d) Changes in the fair value of plan assets for the three-month periods ended March 31, 2015 and 2014, are as follows:

<i>(in millions of Korean won)</i>	2015	2014
At January 1	1,299,650	1,133,517
Interest income	9,817	10,999
Remeasurements for:		
- Return on plan assets	(1,648)	(2,283)
Increase due to business combination	133	-
Benefits paid	(29,248)	(24,080)
Managing cost	(337)	(314)
At March 31	1,278,367	1,117,839

(e) The principal actuarial assumptions used are as follows:

	March 31, 2015	December 31, 2014
Discount rate	2.6%	3.1%
Future salary increase	6.0%	6.0%

(f) The sensitivity analysis of defined benefit obligation to changes in principal assumptions as of March 31, 2015, is as follows:

<i>(in millions of Korean won)</i>	1% increase	1% decrease
Discount rate	(177,944)	206,398
Future salary increase	198,803	(175,348)

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. The sensitivity of the defined benefit obligation to changes in principal actuarial assumptions is calculated using the projected unit credit method, the same method applied when calculating the defined benefit obligations.

Defined Contribution Plan

Recognized expense related to the defined contribution plan during the three-month period ended March 31, 2015, is ₩1,104 million (2014: ₩827 million).

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12. Provisions

Changes in provisions during the three-month periods ended March 31, 2015 and 2014, are as follows:

2015					
<i>(in millions of Korean won)</i>	Warranty	Sales returns	Restoration	Litigation and others	Total
At January 1	222,522	528	4,812	818,104	1,045,966
Additions	42,032	1,016	1,338	(14,119)	30,267
Utilizations	(55,339)	(528)	(45)	(170)	(56,082)
At March 31	209,215	1,016	6,105	803,815	1,020,151
Current	197,325	1,016	-	-	198,341
Non-current	11,890	-	6,105	803,815	821,810

2014					
<i>(in millions of Korean won)</i>	Warranty	Sales returns	Restoration	Litigation and others	Total
At January 1	218,968	790	5,458	805,272	1,030,488
Additions	65,415	968	-	11,395	77,778
Utilizations	(59,310)	(790)	(134)	(773)	(61,007)
At March 31	225,073	968	5,324	815,894	1,047,259
Current	217,378	968	-	-	218,346
Non-current	7,695	-	5,324	815,894	828,913

13. Paid-in Capital

- (a) As of March 31, 2015 and December 31, 2014, the number of shares authorized is 600 million.

	Par value per share	March 31, 2015		December 31, 2014	
		Number of shares issued	Amount (in millions of Korean won)	Number of shares issued	Amount (in millions of Korean won)
Common stock	5,000	163,647,814	818,239	163,647,814	818,239
Preferred stock	5,000	17,185,992	85,930	17,185,992	85,930
Total		180,833,806	904,169	180,833,806	904,169

- (b) Share premium balance as of March 31, 2015, is ₩3,088,179 million. The share premium of ₩1,876,153 million was recognized, which is ₩2,815,707 million of the carrying value of net assets acquired from the entity split-off back on April 1, 2002, less the Company's capital of ₩783,961 million and less the Company's capital adjustment of ₩155,593 million. In addition, the amount of ₩331,766 million paid in excess of par value due to issuance of common shares (merged with LG IBMPC Co., Ltd.) and the exercise of conversion right and warrants in 2005 and 2006 are included. The excess in paid-in capital amounting to ₩880,260 million over the par value was recognized as the share premium due to the issuance of common shares in 2011.

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14. Retained Earnings

Retained earnings consist of:

<i>(in millions of Korean won)</i>	March 31, 2015	December 31, 2014
Legal reserve ¹	160,478	153,190
Discretionary reserve	5,317,480	5,666,922
Accumulated deficit ²	(289,882)	(269,170)
Total	5,188,076	5,550,942

¹ The Commercial Code of the Republic of Korea requires the Company to appropriate, as a legal reserve, an amount equal to a minimum of 10% of cash dividends paid until such reserve equals 50% of its issued capital stock. The reserve is not available for the payment of cash dividends, but may be transferred to capital stock or used to reduce accumulated deficit.

² Dividend for the year ended December 31, 2014, of ₩72,885 million was approved at the annual general meeting held on March 19, 2015 and paid in April 2015 (2014 payments: ₩36,872 million).

15. Accumulated Other Comprehensive Income(loss)

Details of accumulated other comprehensive loss consist of:

<i>(in millions of Korean won)</i>	March 31, 2015	December 31, 2014
Cash flow hedge	(40,037)	(30,275)
Available-for-sale financial assets	10,217	8,504
Total	(29,820)	(21,771)

16. Other Components of Equity

Details of other components of equity consist of:

<i>(in millions of Korean won)</i>	March 31, 2015	December 31, 2014
Treasury shares ¹	(44,893)	(44,893)
Consideration for conversion rights	9,891	9,891
Gain on disposal of treasury shares	2,183	2,183
At March 31	(32,819)	(32,819)

¹ As of March 31, 2015, the Company has treasury shares consisting of 763,171 common shares (2014: 763,170 shares) and 4,690 preferred shares (2014: 4,690 shares) at the reporting date. The Company intends to either grant these treasury shares to employees and directors as compensation, or to sell them in the future.

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17. Net Sales

Details of net sales for the three-month periods ended March 31, 2015 and 2014, are as follows:

<i>(in millions of Korean won)</i>	2015	2014
Continuing operations:		
Sales of goods	6,650,492	6,941,021
Sales of services	67,172	64,318
Royalty income	145,697	86,644
Subtotal	6,863,361	7,091,983
Discontinued operations	3,204	243,232
Total	6,866,565	7,335,215

18. Expenses by Nature

Expenses that are recorded by nature for the three-month periods ended March 31, 2015 and 2014, consist of:

<i>(in millions of Korean won)</i>	2015	2014
Continuing operations:		
Changes in finished goods and work-in-process	(100,135)	(112,606)
Raw materials and merchandise used	4,467,779	4,634,461
Employee benefit expense	934,125	832,663
Depreciation and amortization	234,120	231,287
Advertising expense	100,558	80,413
Promotion expense	39,225	41,618
Transportation expense	136,197	154,935
Commission expense	333,397	348,680
Other expenses	815,077	851,349
Subtotal¹	6,960,343	7,062,800
Discontinued operations	5,565	222,814
Total	6,965,908	7,285,614

¹ Cost of sales, selling and marketing expenses, administrative expenses, research and development expenses and service costs are included.

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Details of general operating expenses for the three-month periods ended March 31, 2015 and 2014, are as follows:

<i>(in millions of Korean won)</i>	2015	2014
Continuing operations:		
Wages and salaries	384,011	307,941
Severance benefits	39,884	44,494
Welfare expense	55,502	49,929
Transportation expense	134,901	149,750
Rental expense	38,917	38,904
Commission expense	230,324	232,114
Depreciation	39,197	32,502
Amortization	40,239	39,000
Taxes and dues	2,806	3,801
Advertising expense	100,558	80,413
Promotion expense	39,225	41,618
Direct R&D costs	117,041	100,092
Direct service costs	41,497	63,666
Bad debt expense	26,983	18,229
Other	83,852	89,850
Subtotal	1,374,937	1,292,303
Discontinued operations	122	9,698
Total	1,375,059	1,302,001

20. Financial Income

Financial income for the three-month periods ended March 31, 2015 and 2014, consists of:

<i>(in millions of Korean won)</i>	2015	2014
Continuing operations:		
Interest income	5,977	9,174
Exchange differences	38,889	30,209
Other	5,693	644
Subtotal	50,559	40,027
Discontinued operations	-	812
Total	50,559	40,839

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21. Financial Expenses

Financial expenses for the three-month periods ended March 31, 2015 and 2014, consist of:

<i>(in millions of Korean won)</i>	2015	2014
Continuing operations:		
Interest expense	60,526	55,104
Exchange differences	46,702	32,145
Loss on disposal of trade receivables	970	-
Other	143	1
Subtotal	108,341	87,250
Discontinued operations	-	10,168
Total	108,341	97,418

22. Other Non-operating Income

Other non-operating income for the three-month periods ended March 31, 2015 and 2014, consists of:

<i>(in millions of Korean won)</i>	2015	2014
Continuing operations:		
Dividend income	85,862	27,114
Exchange differences	142,654	85,026
Gain on disposal of property, plant and equipment	485	725
Gain on disposal of intangible assets	-	14,791
Other	75,316	4,793
Subtotal	304,317	132,449
Discontinued operations	507	7,561
Total	304,824	140,010

23. Other Non-operating Expenses

Other non-operating expenses for the three-month periods ended March 31, 2015 and 2014, consist of:

<i>(in millions of Korean won)</i>	2015	2014
Continuing operations:		
Exchange differences	329,887	98,644
Loss on disposal of property, plant and equipment	7,614	1,159
Loss on disposal of intangible assets	6,639	5,700
Impairment loss on available-for-sale financial assets	-	17
Impairment loss on investments in subsidiaries, associates and joint ventures	8,643	-
Other	76,321	15,499
Subtotal	429,104	121,019
Discontinued operations	885	2,738
Total	429,989	123,757

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24. Earnings per Share

The Company has no potential dilutive common shares. Accordingly, basic earnings(loss) per share is identical to diluted earnings(loss) per share.

(a) Basic earnings(loss) per common share for the three-month periods ended March 31, 2015 and 2014, is as follows:

	2015	2014
Profit(loss) attributable to common shares (in millions of Korean won)	(190,158)	(65,607)
Continuing operations	(188,280)	(76,927)
Discontinued operations	(1,878)	11,320
Weighted average number of common shares outstanding (unit: shares)	162,884,643	162,884,646
Basic earnings(loss) per common share (in Korean won)	(1,168)	(403)
Continuing operations	(1,156)	(473)
Discontinued operations	(12)	70

(b) Basic earnings(loss) per preferred share for the three-month periods ended March 31, 2015 and 2014, is as follows:

	2015	2014
Profit(loss) attributable to preferred shares (in millions of Korean won)	(19,843)	(6,706)
Continuing operations	(19,645)	(7,900)
Discontinued operations	(198)	1,194
Weighted average number of preferred shares outstanding (unit: shares)	17,181,302	17,181,302
Basic earnings(loss) per preferred share (in Korean won)	(1,155)	(390)
Continuing operations	(1,143)	(460)
Discontinued operations	(12)	70

The preferred shareholders have no voting rights and are entitled to preferred dividends at a rate of one percentage point over that of common shares. This preferred dividend rate is not applicable to stock dividends. In addition, the preferred shareholders have same rights on the remaining assets as common shareholders. Repayment and conversion are not applicable to preferred shares.

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25. Information on Cash Flow

Cash flows from operating activities are presented under the indirect method. Details of cash generated from operations for the three-month periods ended March 31, 2015 and 2014, are as follows:

(a) Cash generated from operations

<i>(in millions of Korean won)</i>	2015	2014
Loss for the period	(210,001)	(72,313)
Adjustments:		
Interest expense, net	54,549	54,965
Exchange differences, net	84,892	(5,873)
Depreciation	146,930	145,775
Amortization	89,967	95,190
Loss(gain) on disposal of property, plant and equipment and intangible assets, net	13,768	(8,238)
Provisions for severance benefits	71,992	85,491
Provisions	30,267	77,778
Dividend income	(85,862)	(27,114)
Income tax expense(income)	(72,289)	81,588
Impairment loss on available-for-sale financial assets	-	17
Impairment loss on investments in subsidiaries, associates and joint ventures	8,643	-
Other	55,690	31,878
	<u>398,547</u>	<u>531,457</u>
Changes in operating assets and liabilities:		
Increase in trade receivables	(252,392)	(1,334,314)
Decrease in loans and other receivables	40,687	128,576
Increase in inventories	(70,992)	(230,516)
Increase in other assets	(12,018)	(130,040)
Increase(decrease) in trade payables	(201,034)	907,426
Decrease in other payables	(131,762)	(71,662)
Decrease in provisions	(56,082)	(61,007)
Increase in other liabilities	132,697	173,610
Payment of defined benefit liability	(15,709)	(9,530)
Deposit in plan assets, net	(7,832)	(8,402)
	<u>(574,437)</u>	<u>(635,859)</u>
Cash used in operating activities	(385,891)	(176,715)

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(b) Significant non-cash transactions

<i>(in millions of Korean won)</i>	2015	2014
Reclassification of construction-in-progress of property, plant and equipment	77,268	17,186
Reclassification of construction-in-progress of intangible assets	49,139	79,747
Reclassification to long-term prepayment to intangible assets	21,098	15,631
Reclassification of current maturities of borrowings and debentures	59,929	190,000
Other payables to acquire property, plant and equipment	17,639	14,149
Other payables to acquire intangible assets	1,699	16,689

26. Contingencies

(a) At the end of the reporting period, the Company is provided with a performance guarantee of ₩204,900 million (2014: ₩226,862 million) from Seoul Guarantee Insurance and three others relating to the sales contracts. The Company is also provided with guarantee of principal US\$ 200 million (2014: US\$ 200 million) and interests from Shinhan Bank for the guaranteed bond.

(b) At the end of the reporting period, the financial guarantees provided by the Company to related parties amount to ₩3,690,802 million (2014: ₩3,566,380 million) on the indebtedness of its subsidiaries. Details are as follows:

<i>(in millions of Korean won)</i>	Beneficiary	March 31, 2015	December 31, 2014
LG Electronics European Shared Service Center B.V.(LGESC)	Citibank and others	508,206	549,348
LG Electronics U.S.A., Inc.(LGEUS)	JP Morgan and others	469,625	467,160
LG Electronics Ticaret A.S.(LGETK)	SMBC and others	464,350	428,639
LG Electronics Vietnam Haiphong Co., Ltd.(LGEVH)	Shinhan Bank and others	286,690	220,815
LG Electronics do Brasil Ltda.(LGEBR)	Standard Chartered Bank and others	262,727	202,984
LG Electronics (China) Co., Ltd.(LGECH)	BOC and others	190,879	233,922
LG Electronics Inc Chile Ltda.(LGECL)	Scotiabank and others	161,631	151,402
LG Electronics Algeria SARL(LGEAS)	SG and others	114,299	118,770
LG Electronics Peru S.A.(LGEPR)	BBVA and others	111,744	114,109
LG-Shaker Co., Ltd.(LGESR)	BSF and others	108,628	108,016
LG Electronics Morocco S.A.R.L(LGEMC)	Citibank and others	107,948	117,607
LG Electronics Argentina S.A.(LGEAR)	Citibank and others	96,570	99,121
P.T. LG Electronics Indonesia(LGEIN)	RBS and others	93,925	93,432
LG Electronics RUS, LLC(LGERA)	Citibank and others	77,350	43,968
LG Electronics Almaty Kazakhstan(LGEAK)	Citibank and others	72,930	72,547
LG Electronics Ukraine Inc.(LGEUR)	CAG and others	69,916	75,245
LG Electronics Vietnam Co., Ltd.(LGEVN)	HSBC and others	69,733	69,459

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<i>(in millions of Korean won)</i>	Beneficiary	March 31, 2015	December 31, 2014
LG Electronics Colombia Ltda.(LGECEB)	Citibank and others	63,250	65,176
LG Electronics Philippines Inc.(LGEPH)	Citibank and others	54,018	53,738
LG Electronics Thailand Co., Ltd.(LGETH)	Citibank	53,116	52,808
Other	Citibank and others	253,267	228,114
Total		3,690,802	3,566,380

(c) At the end of the reporting period, the financial guarantee for performance of guaranteed obligation provided by the Company to external parties other than related parties amounts to USD 16 million (2014: USD 16 million). The Company is providing Hana Bank with a payment guarantee for buyers up to ₩126,000 million (2014: ₩126,000 million)

(d) The maturities of the financial guarantees provided by the Company as of the end of the reporting period are as follows:

<i>(in millions of Korean won)</i>				
Less than 1 year	Less than 2 years	Less than 5 years	Over 5 years	Total
3,543,891	-	290,867	-	3,834,758

(e) In December 2012, the European Commission imposed a penalty on the Company for anti-competitive activities among CRT (Cathode Ray Tube) manufacturers as a result of an investigation. The Company recognized such penalty amounting to EUR 491,567 thousand as expected loss. However, the Company appealed against the decision of the European Commission. The ultimate amount of loss resulting from the investigation may differ from the amount of penalty imposed and could be material. The Company is provided with a performance guarantee of EUR 524,748 thousand from HSBC and others for the above.

In addition, the Company is under investigation and has been named as defendants in class actions in the United States, Canada and Europe in connection with the alleged anti-competitive activities among CRT manufacturers. There are also a number of other legal actions, disputes, and investigations that remain pending at the end of the reporting period. The ultimate effect of those lawsuits on the financial position of the Company as of the statement of financial position date cannot be presently determined.

There are pending lawsuits other than above. However, management does not expect the outcome of the litigation will have a material effect on the Company's financial position.

27. Commitments

(a) At the end of the reporting period, the Company has overdraft agreements with various banks, including Shinhan Bank, with a limit of ₩195,500 million (2014: ₩195,500 million).

(b) At the end of the reporting period, the Company has sales agreements for export trade

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receivables with Shinhan Bank and 25 other banks amounting to ₩3,550,365 million (2014: ₩3,559,210 million).

(c) At the end of the reporting period, the Company has corporate electronic settlement services contracts with Shinhan Bank and seven other banks for up to ₩840,000 million (2014: ₩840,000 million) which guarantee the payment of trade accounts payable in case the suppliers sell their trade receivables.

(d) At the end of the reporting period, the Company has other trade financing agreements and loan commitments with financial institutions, including Industrial Bank of Korea.

(e) Contractual commitments for the acquisition of assets

The property, plant and equipment, and intangible assets contracted for, but not yet acquired at the end of the reporting period are as follows:

<i>(in millions of Korean won)</i>	March 31, 2015	December 31, 2014
Property, plant and equipment	161,665	225,559
Intangible assets	2,954	5,012
Total	164,619	230,571

(f) Operating lease commitments – the Company as lessee

The future aggregate minimum lease payments under non-cancellable operating leases at the end of the reporting period are as follows:

<i>(in millions of Korean won)</i>	March 31, 2015			
	No later than 1 year	Later than 1 year and no later than 5 years	Over 5 years	Total
Buildings and offices	82,880	91,043	2,534	176,457
Vehicles	6,468	4,746	-	11,214
Equipment	14,840	11,242	-	26,082
Total	104,188	107,031	2,534	213,753

Lease payment under operating lease recognized in the statement of income during the three-month period ended March 31, 2015, is ₩28,474 million (2014: ₩27,890 million).

(g) Operating lease commitments – the Company as lessor

- i) The Company has a non-cancellable operating lease agreement regarding healthcare rental business that lends water purifiers to customers. The future aggregate lease receipts under operating leases at the end of the reporting period are as follows:

<i>(in millions of Korean won)</i>	March 31, 2015		
	No later than 1 year	Later than 1 year and no later than 3 years	Total
Healthcare rental	92,622	142,923	235,545

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- ii) The Company recognized ₩24,022 million (2014: ₩21,588 million) in lease income during the three-month period ended March 31, 2015.

(h) Trademark license commitments

At the end of the reporting period, the Company has various agreements as follows:

<u>Purpose</u>	<u>Related products</u>	<u>Provided by</u>	<u>Used by</u>
Use of license	Mobile	Qualcomm Incorporated and others	LG Electronics Inc.
Provision for license	Home appliance	LG Electronics Inc.	Panasonic Corporation and others

28. Related Party Transactions

(a) The major related parties of the Company are as follows:

<u>Territory</u>	<u>Location</u>	<u>Subsidiaries</u>	<u>Percentage of valid ownership</u>	
			<u>Mar. 31, 2015</u>	<u>Dec. 31, 2014</u>
Korea	Korea	Hiplaza Co., Ltd.	100.0%	100.0%
	Korea	Hi Logistics Co., Ltd.	100.0%	100.0%
	Korea	Hi Entech Co., Ltd.	100.0%	100.0%
	Korea	LG Hitachi Water Solution Co., Ltd.	51.0%	51.0%
	Korea	ACE R&A Co., Ltd.	100.0%	100.0%
	Korea	Hi M Solutek	100.0%	100.0%
	Korea	Hi Teleservice Co., Ltd.	100.0%	100.0%
	Korea	LGE Alliance Fund	96.2%	96.2%
	Korea	Innovation Investment Fund	83.3%	83.3%
	Korea	LG Innotek Co., Ltd.	40.8%	40.8%
	Korea	LG Innotek Alliance Fund	40.4%	40.4%
	Korea	Innowith Co., Ltd.	40.8%	40.8%
	Korea	Hanuri Co., Ltd.	100.0%	100.0%
	Korea	LGE Alliance Fund II	98.7%	98.7%
China	China	Hi Logistics (China) Co., Ltd.	100.0%	100.0%
	China	Inspur LG Digital Mobile Communications Co., Ltd.(LGEYT)	70.0%	70.0%
	China	LG Electronics (China) Co., Ltd.(LGECH)	100.0%	100.0%
	China	LG Electronics (China) Research and Development Center Co., Ltd.(LGERD)	100.0%	100.0%
	China	LG Electronics (Hangzhou) Co., Ltd.(LGEHN)	70.0%	70.0%
	China	LG Electronics (Kunshan) Computer Co., Ltd.(LGEKS)	100.0%	100.0%
	China	LG Electronics (Shanghai) Research and Development Center Co., Ltd.(LGCRC)	100.0%	100.0%
	China	LG Electronics Air-Conditioning(Shandong) Co., Ltd.(LGEQA)	100.0%	100.0%
	China	LG Electronics HK Ltd.(LGEHK)	100.0%	100.0%
	China	LG Electronics Huizhou Ltd.(LGEHZ)	80.0%	80.0%

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Territory	Location	Subsidiaries	Percentage of valid ownership	
			Mar. 31, 2015	Dec. 31, 2014
	China	LG Electronics Nanjing Display Co., Ltd.(LGEND)	70.0%	70.0%
	China	LG Electronics Qinhuangdao Inc.(LGEQH)	100.0%	100.0%
	China	LG Electronics Shenyang Inc.(LGESY)	78.9%	78.9%
	China	LG Electronics Tianjin Appliances Co., Ltd.(LGETA)	80.0%	80.0%
	China	NanJing LG-Panda Appliances Co., Ltd.(LGEPN)	70.0%	70.0%
	China	Qingdao LG Inspur Digital Communication Co., Ltd.(LGEQD)	70.0%	70.0%
	China	Shanghai LG Electronics Co., Ltd.(LGESH)	70.0%	70.0%
	China	Taizhou LG Electronics Refrigeration Co., Ltd.(LGETR)	100.0%	100.0%
	China	Tianjin Lijie cartridge heater Co., Ltd.(LGETL)	66.7%	66.7%
	China	LG Innotek (Yantai) Co., Ltd.(LGITYT)	40.8%	40.8%
	China	LG Innotek (Huizhou) Co., Ltd.(LGITHZ)	40.8%	40.8%
	China	LG Innotek (Fuzhou) Co., Ltd.(LGITFZ)	40.8%	40.8%
	China	LG Innotek Trading (Shanghai) Co., Ltd.(LGITSH)	40.8%	40.8%
	China	HiEntech (Tianjin) Co., LTD.	100.0%	100.0%
	China	VENS BEIJING VEHICLE ENGINEERING CO.,LTD	100.0%	100.0%
Asia	Australia	LG Electronics Australia Pty, Ltd.(LGEAP)	100.0%	100.0%
	India	LG Electronics India Pvt. Ltd.(LGEIL)	100.0%	100.0%
	Japan	LG Electronics Japan Lab. Inc.(LGEJL)	100.0%	100.0%
	Japan	LG Electronics Japan, Inc.(LGEJP)	100.0%	100.0%
	Malaysia	LG Electronics Malaysia SDN. BHD(LGEML)	100.0%	100.0%
	Philippines	LG Electronics Philippines Inc.(LGEPH)	100.0%	100.0%
	Singapore	LG Electronics Singapore PTE LTD.(LGESL)	100.0%	100.0%
	Taiwan	LG Electronics Taiwan Taipei Co., Ltd.(LGETT)	100.0%	100.0%
	Thailand	LG Electronics Thailand Co., Ltd.(LGETH)	100.0%	100.0%
	Vietnam	LG Electronics Vietnam Co., Ltd.(LGEVN)	100.0%	100.0%
	India	LG Soft India Private Limited.(LGSi)	100.0%	100.0%
	Indonesia	P.T. LG Electronics Indonesia(LGEIN)	100.0%	100.0%
	Philippines	LG Electronics Pasig Inc.	38.0%	38.0%
	India	Hi Logistics India Private Limited	100.0%	100.0%
	Malaysia	HI LOGISTICS MALAYSIA SDN BHD	100.0%	100.0%
	Indonesia	PT LG Innotek Indonesia(LGITIN)	40.8%	40.8%
	Taiwan	LG Innotek (Taiwan) Ltd.(LGITTW)	40.8%	40.8%
	Malaysia	V-ENS (M) Sdn. Bhd.	100.0%	100.0%
	Vietnam	LG Electronics Vietnam Haiphong Co., Ltd.(LGEVH)	100.0%	100.0%
	Indonesia	PT.LG Electronics Service Indonesia(LGEID)	99.8%	99.8%
	Vietnam	Hi Logistics Vietnam Co., LTD.	100.0%	100.0%
Europe	Netherlands	Hi Logistics Europe B.V.	100.0%	100.0%
	Austria	LG Electronics Austria GmbH(LGEAG)	100.0%	100.0%
	Netherlands	LG Electronics Benelux Sales B.V.(LGEBN)	100.0%	100.0%
	Czech Republic	LG Electronics CZ, s.r.o.(LGE CZ)	100.0%	100.0%
	Germany	LG Electronics Deutschland GmbH(LGEDG)	100.0%	100.0%

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Territory	Location	Subsidiaries	Percentage of valid ownership	
			Mar. 31, 2015	Dec. 31, 2014
	Spain	LG Electronics Espana S.A.(LGEES)	100.0%	100.0%
	Netherlands	LG Electronics European Holdings B.V.(LGEEH)	100.0%	100.0%
	Netherlands	LG Electronics European Shared Service Center B.V.(LGESC)	100.0%	100.0%
	France	LG Electronics France S.A.S.(LGEFS)	100.0%	100.0%
	Greece	LG Electronics Hellas S.A.(LGEHS)	100.0%	100.0%
	Italy	LG Electronics Italia S.p.A.(LGEIS)	100.0%	100.0%
	Latvia	LG Electronics Latvia, LLC(LGELA)	100.0%	100.0%
	Hungary	LG Electronics Magyar KFT(LGEMK)	100.0%	100.0%
	Poland	LG Electronics Mlawa Sp. z o.o.(LGEMA)	100.0%	100.0%
	France	LG Electronics Mobilecomm France(LGEMF)	100.0%	100.0%
	Sweden	LG Electronics Nordic AB(LGESW)	100.0%	100.0%
	Norway	LG Electronics Norway AS(LGENO)	100.0%	100.0%
	Poland	LG Electronics Polska Sp. z o.o.(LGEPL)	100.0%	100.0%
	Portugal	LG Electronics Portugal S.A.(LGEPT)	100.0%	100.0%
	Romania	LG Electronics Romania S.R.L.(LGERO)	100.0%	100.0%
	UK	LG Electronics United Kingdom Ltd.(LGEUK)	100.0%	100.0%
	Poland	LG Electronics Wroclaw Sp.z o.o.(LGEWR)	100.0%	100.0%
	Poland	LG Innotek Poland Sp z o.o.(LGITPO)	40.8%	40.8%
North America	USA	LG Electronics Miami Inc.(LGEMI)	100.0%	100.0%
	USA	LG Electronics Alabama Inc.(LGEAI)	100.0%	100.0%
	Canada	LG Electronics Canada, Inc.(LGECI)	100.0%	100.0%
	Mexico	LG Electronics Mexicali, S.A. DE C.V.(LGEMX)	100.0%	100.0%
	Mexico	LG Electronics Mexico S.A. DE C.V.(LGEMS)	100.0%	100.0%
	USA	LG Electronics Mobile Research U.S.A., L.L.C.(LGEMR)	100.0%	100.0%
	USA	LG Electronics Mobilecomm U.S.A., Inc.(LGEMU)	100.0%	100.0%
	Mexico	LG Electronics Monterrey Mexico S.A.de C.V.(LGEMM)	100.0%	100.0%
	Mexico	LG Electronics Reynosa S.A. DE C.V.(LGERS)	100.0%	100.0%
	USA	LG Electronics U.S.A., Inc.(LGEUS)	100.0%	100.0%
	Mexico	Servicios Integrales LG S.A DE C.V	100.0%	100.0%
	Mexico	Servicios LG Monterrey Mexico S.A. de C.V.	100.0%	100.0%
	USA	Zenith Electronics Corporation of Pennsylvania	100.0%	100.0%
	USA	Zenith Electronics Corporation(Zenith)	100.0%	100.0%
	USA	LG Innotek USA, Inc.(LGITUS)	40.8%	40.8%
	Mexico	HILOGISTICS MEXICO SA DE CV	100.0%	100.0%
	Mexico	HiLogistics Reynosa	100.0%	100.0%
	USA	HiLogistics USA	100.0%	100.0%
	Mexico	LG Innotek Mexico SA DE CV(LGITMX)	40.8%	40.8%
South America	Brazil	LG Armagem Geral Ltda.	100.0%	100.0%
	Argentina	LG Electronics Argentina S.A.(LGEAR)	100.0%	100.0%
	Colombia	LG Electronics Colombia Ltda.(LGECEB)	100.0%	100.0%
	Brazil	LG Electronics do Brasil Ltda.(LGEBR)	100.0%	100.0%

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Territory	Location	Subsidiaries	Percentage of valid ownership	
			Mar. 31, 2015	Dec. 31, 2014
	Honduras	LG Electronics Honduras S.de R.L.	20.0%	20.0%
	Chile	LG Electronics Inc Chile Ltda.(LGECL)	100.0%	100.0%
	Panama	LG Electronics Panama, S.A.(LGEPS)	100.0%	100.0%
	Peru	LG Electronics Peru S.A.(LGEPR)	100.0%	100.0%
	Venezuela	LG Electronics Venezuela S.A.(LGEVZ)	100.0%	100.0%
	Brazil	SOCIO VIP Ltda.	100.0%	100.0%
	Panama	C&S America Solutions	100.0%	100.0%
	Panama	LG Consulting corp.	100.0%	100.0%
	Guatemala	LG Electronics Guatemala S.A.	100.0%	100.0%
Middle East and Africa	Nigeria	Easytec Global Services Innovation Limited	100.0%	100.0%
	Angola	LG Electronics Angola Limitada(LGEAO)	100.0%	100.0%
	Jordan	LG Electronics (Levant) Jordan(LGELF)	100.0%	100.0%
	UAE	LG Electronics Africa Logistics FZE(LGEAF)	100.0%	100.0%
	Algeria	LG Electronics Algeria SARL(LGEAS)	70.0%	70.0%
	UAE	LG Electronics Dubai FZE(LGEDF)	100.0%	100.0%
	Egypt	LG Electronics Egypt S.A.E(LGEEG)	100.0%	100.0%
	UAE	LG Electronics Gulf FZE(LGEGF)	100.0%	100.0%
	UAE	LG Electronics Middle East Co., Ltd.(LGEME)	100.0%	100.0%
	Morocco	LG Electronics Morocco S.A.R.L(LGEMC)	100.0%	100.0%
	Nigeria	LG Electronics Nigeria Limited(LGENI)	100.0%	100.0%
	Tunisia	LG Electronics North Africa Service Company S.A.R.L	100.0%	100.0%
	UAE	LG Electronics Overseas Trading FZE(LGEOT)	100.0%	100.0%
	South Africa	LG Electronics S.A. (Pty) Ltd.(LGESA)	100.0%	100.0%
	Turkey	LG Electronics Ticaret A.S.(LGETK)	100.0%	100.0%
	Saudi Arabia	LG-Shaker Co., Ltd.(LGESR)	51.0%	51.0%
	Kenya	LG Electronics Service Kenya Limited(LGESK)	100.0%	100.0%
	Saudi Arabia	LG Electronics Saudi Arabia Limited	100.0%	100.0%
	UAE	Hi Logistics Middle East FZE	100.0%	100.0%
	Egypt	Hi Logistics Egypt	100.0%	100.0%
Other	Russia	LG Alina Electronics(LGERI)	95.0%	95.0%
	Russia	HI LOGISTICS RUS Limited Liability Company	100.0%	100.0%
	Kazakhstan	LG Electronics Almaty Kazakhstan(LGEAK)	100.0%	100.0%
	Russia	LG Electronics RUS, LLC(LGERA)	100.0%	100.0%
	Ukraine	LG Electronics Ukraine Inc.(LGEUR)	100.0%	100.0%

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(b) The related parties of the Company, other than subsidiaries, are as follows:

Classification	Name		Note
	March 31, 2015	December 31, 2014	
Significantly influencing the Group	LG Corp.	LG Corp.	-
Associates	LG Display Co., Ltd., and subs	LG Display Co., Ltd., and subs	-
	LG Display Co., Ltd.	LG Display Co., Ltd.	-
	LG Display Germany GmbH	LG Display Germany GmbH	-
	LG Display Shanghai Co.,Ltd.	LG Display Shanghai Co.,Ltd.	-
	LG Display Yantai Co.,Ltd.	LG Display Yantai Co.,Ltd.	-
	LG. Display America,Inc.	LG. Display America,Inc.	-
	LG Display Japan Co., Ltd.	LG Display Japan Co., Ltd.	-
	LG Display Taiwan Co., Ltd.	LG Display Taiwan Co., Ltd.	-
	LG Display Nanjing Co., Ltd.	LG Display Nanjing Co., Ltd.	-
	LG Display Poland Sp. zo.o.	LG Display Poland Sp. zo.o.	-
	LG Display Guangzhou Co., Ltd	LG Display Guangzhou Co., Ltd	-
	LG Display Shenzhen Co., Ltd.	LG Display Shenzhen Co., Ltd.	-
	LG Display Singapore Pte. Ltd.	LG Display Singapore Pte. Ltd.	-
	LG Display U.S.A Inc	LG Display U.S.A Inc	-
	L&T Display Technology (Xiamen) Limited	L&T Display Technology (Xiamen) Limited	-
	L&T Display Technology (Fujian) Limited	L&T Display Technology (Fujian) Limited	-
	Nanumnuri Co., Ltd.	Nanumnuri Co., Ltd.	-
	LG Display (China) Co., Ltd.	LG Display (China) Co., Ltd.	-
	Unified Innovative Technology, LLC	Unified Innovative Technology, LLC	-
	Ericsson-LG Co., Ltd., and subs	Ericsson-LG Co., Ltd., and subs	-
	Ericsson-LG Co., Ltd.	Ericsson-LG Co., Ltd.	-
	LN Srithai Com Co., Ltd.	LN Srithai Com Co., Ltd.	-
	Novera Optics Inc.	Novera Optics Inc.	-
	Ericsson-LG Enterprise Co., Ltd.	Ericsson-LG Enterprise Co., Ltd.	-
	Hitachi LG Data Storage Inc.(HLDS), and subs	Hitachi LG Data Storage Inc.(HLDS), and subs	-
	Hitachi-LG Data Storage Inc.	Hitachi-LG Data Storage Inc.	-
	Hitachi-LG Data Storage Korea,Inc.	Hitachi-LG Data Storage Korea,Inc.	-
	Hitachi-LG Data Storage(Huizhou),Ltd.	Hitachi-LG Data Storage(Huizhou),Ltd.	-
	Hitachi Electronic Products	Hitachi Electronic Products	-

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Classification	Name		Note
	March 31, 2015	December 31, 2014	
	(Malaysia) Sdn. Bhd.	(Malaysia) Sdn. Bhd.	
	LG Fuel Cell Systems Inc., and others	LG Fuel Cell Systems Inc., and others	-
	LG Fuel Cell Systems Inc.	LG Fuel Cell Systems Inc.	-
	LG Fuel Cell Systems Korea Inc.	LG Fuel Cell Systems Korea Inc.	-
	Korea Information Certificate Authority Inc.	Korea Information Certificate Authority Inc.	-
	Global OLED Technology LLC	Global OLED Technology LLC	-
	SKT Vietnam PTE., Ltd.	SKT Vietnam PTE., Ltd.	-
	One-Red, LLC	One-Red, LLC	-
Joint ventures	Arcelik-LG Klima Sanayi ve Ticaret A.S.(LGEAT)	Arcelik-LG Klima Sanayi ve Ticaret A.S.(LGEAT)	-
	LG Holdings(HK) Ltd. and subs	LG Holdings(HK) Ltd. and subs	-
	LG Holdings(HK) Ltd.	LG Holdings(HK) Ltd.	-
	Beijing LG Building Development Company	Beijing LG Building Development Company	-
	EIC PROPERTIES PTE, LTD.	EIC PROPERTIES PTE, LTD.	-
	LG-MRI LLC	LG-MRI LLC	-
Other related parties	LG CNS Co., Ltd., and subs	LG CNS Co., Ltd., and subs	LG Corp.'s subsidiary
	LG CNS Co., Ltd.	LG CNS Co., Ltd.	-
	LG N-Sys Inc.	LG N-Sys Inc.	-
	BNE PARTNERS, Inc.	BNE PARTNERS, Inc.	-
	Ucess Partners Co.,Ltd.	Ucess Partners Co.,Ltd.	-
	KOREA ELECOM Ltd.	KOREA ELECOM Ltd.	-
	Ever On Co., Ltd.	Ever On Co., Ltd.	-
	LG CNS Philippines Inc.	LG CNS Philippines Inc.	-
	LG CNS China Inc.	LG CNS China Inc.	-
	LG CNS Europe B.V	LG CNS Europe B.V	-
	-	LG CNS Japan Co., Ltd.	-
	LG CNS America Inc.	LG CNS America Inc.	-
	LG CNS India Pvt. Ltd.	LG CNS India Pvt. Ltd.	-
	PT LG CNS Indonesia	PT LG CNS Indonesia	-
	Entrue Brasil Servicos de T.I. Ltda.	Entrue Brasil Servicos de T.I. Ltda.	-
	LG CNS Shenyang Inc.	LG CNS Shenyang Inc.	-
	LG CNS Tianjin Inc.	LG CNS Tianjin Inc.	-
	SBI-LG Systems Co., Ltd.	SBI-LG Systems Co., Ltd.	-
	LG CNS Colombia S.A.S	LG CNS Colombia S.A.S	-

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Classification	Name		Note
	March 31, 2015	December 31, 2014	
	Ucess Philippines, Inc.	Ucess Philippines, Inc.	-
	Oneseen Skytech Co., Ltd.	Oneseen Skytech Co., Ltd.	-
	LG CNS Malaysia Sdn. Bhd.	LG CNS Malaysia Sdn. Bhd.	-
	LG CNS Saudi Arabia LLC	LG CNS Saudi Arabia LLC	-
	TXCNS Healthcare, LLC	TXCNS Healthcare, LLC	-
	LG CNS GB Ltd.	LG CNS GB Ltd.	-
	LG CNS Smart Green Co.,Ltd.	LG CNS Smart Green Co.,Ltd.	-
	LLC LG CNS RUS	LLC LG CNS RUS	-
	Collain Healthcare, LLC	Collain Healthcare, LLC	-
	LG CNS Chile Ltda.	LG CNS Chile Ltda.	-
	SERVEONE Co., Ltd., and subs	SERVEONE Co., Ltd., and subs	LG Corp.'s subsidiary
	SERVEONE Co., Ltd.	SERVEONE Co., Ltd.	-
	Konjiam Yewon	Konjiam Yewon	-
	LG-TOYO Engineering	LG-TOYO Engineering	-
	Serveone(Nanjing).Co.,LTD	Serveone(Nanjing).Co.,LTD	-
	Serveone Construction Co.,Ltd.	Serveone Construction Co.,Ltd.	-
	Serveone(Guangzhou).Co.,LTD	Serveone(Guangzhou).Co.,LTD	-
	SERVEONE VIETNAM Co.,Ltd	SERVEONE VIETNAM Co.,Ltd	-
	-	Gumiochang Photovoltaic Co., Ltd	-
	LG Siltron Incorporated and subs	LG Siltron Incorporated and subs	LG Corp.'s subsidiary
	LG Siltron Incorporated	LG Siltron Incorporated	-
	LG Siltron America, Inc.	LG Siltron America, Inc.	-
	LG Siltron JAPAN Inc.	LG Siltron JAPAN Inc.	-
	LUSEM CO., LTD.	LUSEM CO., LTD.	LG Corp.'s subsidiary
	LG Management Development Institute	LG Management Development Institute	LG Corp.'s subsidiary
	LG SPORTS Ltd.	LG SPORTS Ltd.	LG Corp.'s subsidiary
	LG Solar Energy Inc.	LG Solar Energy Inc.	LG Corp.'s subsidiary
	LG Holdings Japan Co., Ltd.	LG Holdings Japan Co., Ltd.	LG Corp.'s subsidiary
	LG MMA Ltd.	LG MMA Ltd.	LG Corp.'s joint venture

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(c) Major transactions and balances

- i) Major transactions for the three-month periods ended March 31, 2015 and 2014, are as follows:

(in millions of Korean won)

		2015					
Classification	Name	Sales ¹	Purchases				Total purchases
			Raw materials	Fixed and intangible assets	General operating expenses	Others	
Significantly influencing the Group	LG Corp.	464	-	-	34,063	-	34,063
Subsidiaries	LG Innotek Co., Ltd.	3,849	242,634	-	3,728	-	246,362
	LG Electronics do Brasil Ltda	376,508	2,613	-	333	-	2,946
	LG Electronics U.S.A., Inc.	508,531	1,072	-	13,858	-	14,930
	Zenith Electronics Corporation	10,280	-	-	-	-	-
	LG Electronics European Shared Service Center B.V.	36,045	-	-	6	-	6
	LG Electronics RUS, LLC	83,591	32	-	1	-	33
	LG Electronics (China) Co. Ltd.	10,368	143	-	106	-	249
	LG Electronics Tianjin Appliances Co.,Ltd.	10,957	13,274	-	12	-	13,286
	LG Electronics Mobilecomm U.S.A., Inc.	662,425	-	-	675	-	675
	LG Electronics India Pvt. Ltd.	61,365	217	-	38	-	255
	Inspur LG Digital Mobile Communications Co., Ltd	422,774	5,700	-	4,840	23	10,563
	LG Electronics Mlawo Sp. z o.o	66,784	1,920	-	51	-	1,971
	LG Electronics Reynosa S.A. DE C.V.	55,689	540	-	97	-	637
	P.T. LG Electronics Indonesia	45,303	42,100	-	113	-	42,213
	LG Electronics Nanjing Display Co., Ltd.	83,256	153,602	-	58	-	153,660
	LG Electronics Wroclaw Sp.z.o.o	38,882	134	-	397	-	531
	Hiplaza Co., Ltd.	249,572	4	-	3,056	-	3,060
	LG Electronics Mexico S.A. DE C.V.	109,278	-	-	154	-	154
	NanJing LG-Panda Appliances Co., Ltd.	13,398	1,793	-	-	-	1,793
	LG Electronics Thailand Co.Ltd.	28,452	4,300	-	-	-	4,300
	Taizhou LG Electronics Refrigeration Co., Ltd..	16,455	3,705	-	1	-	3,706
	LG Electronics Egypt S.A.E	66,752	-	-	33	-	33
Others		1,760,975	66,679	91	129,137	118	196,025
Subtotal		4,721,489	540,462	91	156,694	141	697,388

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2015

Classification	Name	Sales ¹	Purchases				Total purchases
			Raw materials	Fixed and intangible assets	General operating expenses	Others	
Associates	LG Display Co., Ltd. and subs	100,321	538,745	-	3,306	-	542,051
	Ericsson-LG Co., Ltd. and subs	1,907	1,448	-	-	-	1,448
	Hitachi-LG Data Storage Inc. and subs	476	6	-	-	-	6
	Subtotal	102,704	540,199	-	3,306	-	543,505
Other related parties	LG CNS Co., Ltd., and subs	27,678	20,092	9,805	38,390	-	68,287
	SERVEONE Co., Ltd., and subs	3,308	155,624	22,339	22,786	-	200,749
	LG Siltron Incorporated	-	3	-	-	-	3
	LUSEM CO., LTD.	21	3,730	-	78	-	3,808
	LG Management Development Institute	164	75	-	5,356	-	5,431
	LG SPORTS Ltd.	-	-	-	168	-	168
	LG Japan Inc.	-	-	-	66	-	66
	Subtotal	31,171	179,524	32,144	66,844	-	278,512
Total		4,855,828	1,260,185	32,235	260,907	141	1,553,468

(in millions of Korean won)

2014

Classification	Name	Sales ¹	Purchases				Total purchases
			Raw materials	Fixed and intangible assets	General operating expenses	Others	
Significantly influencing the Group	LG Corp.	13	-	-	34,262	-	34,262
Subsidiaries	LG Innotek Co., Ltd.	5,385	249,599	-	2,352	-	251,951
	LG Electronics do Brasil Ltda	381,956	462	-	-	-	462
	LG Electronics U.S.A., Inc.	528,403	539	-	5,614	64	6,217
	Zenith Electronics Corporation	10,268	-	-	-	-	-
	LG Electronics European Shared Service Center B.V.	29,374	-	-	-	-	-
	LG Electronics RUS, LLC	141,716	45	-	-	9	54
	LG Electronics (China) Co. Ltd.	501	-	-	93	-	93
	LG Electronics Tianjin Appliances Co.,Ltd.	11,491	8,601	-	-	-	8,601
	LG Electronics Mobilecomm U.S.A., Inc.	713,549	-	-	2	80	82
	LG Electronics India Pvt. Ltd.	72,842	-	-	-	-	-
	Inspur LG Digital Mobile Communications Co., Ltd	405,828	14,276	-	2,033	54	16,363

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(in millions of Korean won)

2014

Classification	Name	Sales ¹	Purchases				Total purchases
			Raw materials	Fixed and intangible assets	General operating expenses	Others	
	LG Electronics Mlawo Sp. z o.o	75,668	164	-	-	-	164
	LG Electronics Reynosa S.A. DE C.V.	117,296	355	-	-	-	355
	P.T. LG Electronics Indonesia	61,895	37,877	-	-	16	37,893
	LG Electronics Nanjing Display Co., Ltd.	82,296	108,108	-	3	-	108,111
	LG Electronics Wroclaw Sp.z.o.o	56,826	28,245	-	-	-	28,245
	Hiplaza Co., Ltd.	260,648	5	-	3,479	-	3,484
	LG Electronics Mexico S.A. DE C.V.	75,365	-	-	-	55	55
	NanJing LG-Panda Appliances Co., Ltd.	12,757	4,975	-	-	-	4,975
	Taizhou LG Electronics Refrigeration Co., Ltd..	21,095	2,423	-	-	-	2,423
	LG Electronics Monterrey Mexico S.A.de C.V.	24,207	1,230	-	-	-	1,230
	Others	1,888,956	70,209	-	120,377	449	191,036
	Subtotal	4,978,322	527,113	-	133,953	727	661,794
Associates	LG Display Co., Ltd. and subs	51,438	537,830	-	3,456	-	541,286
	Ericsson-LG Co., Ltd. and subs	1,970	1,527	-	-	-	1,527
	Hitachi-LG Data Storage Inc. and subs	281	20	-	-	-	20
	Subtotal	53,689	539,377	-	3,456	-	542,833
Other related parties	LG CNS Co., Ltd., and subs	6,710	9,209	-	46,799	-	56,008
	SERVEONE Co., Ltd., and subs	1,762	199,716	-	23,458	1,000	224,175
	LG Siltron Incorporated	38	425	-	-	-	425
	LUSEM CO., LTD.	12	5,956	-	225	-	6,181
	LG Management Development Institute	4	61	-	4,453	-	4,514
	LG SPORTS Ltd.	1	-	-	1,963	-	1,963
	Subtotal	8,527	215,367	-	76,899	1,000	293,266
	Total	5,040,551	1,281,857	-	248,571	1,727	1,532,155

¹ Including disposal of property, plant, and equipment, and others.

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ii) The balances of significant transactions are as follows:

(in millions of Korean won)

March 31, 2015

Classification	Name	Receivables				Payables			
		Trade receivables	Loans	Other receivables	Total	Trade payables	Borrowings	Other payables	Total
Significantly influencing the Group	LG Corp.	-	-	24,004	24,004	-	-	26,334	26,334
Subsidiaries	LG Innotek Co., Ltd.	8,030	-	2,061	10,091	253,000	-	4,151	257,151
	LG Electronics do Brasil Ltda	411,750	-	-	411,750	2,392	-	291	2,683
	LG Electronics U.S.A., Inc.	401,493	-	115	401,608	-	-	6,200	6,200
	Zenith Electronics Corporation	-	-	2,710	2,710	-	-	-	-
	LG Electronics European Shared Service Center B.V.	32,006	-	-	32,006	-	-	-	-
	LG Electronics RUS, LLC	144,551	-	10,118	154,669	33	-	857	890
	LG Electronics (China) Co. Ltd.	593	-	22	615	-	-	67	67
	LG Electronics Tianjin Appliances Co.,Ltd.	9,834	-	12,311	22,145	116,335	-	8	116,343
	LG Electronics Mobilecomm U.S.A., Inc.	580,763	-	-	580,763	-	-	27,956	27,956
	LG Electronics India Pvt. Ltd.	25,507	-	8,695	34,202	444	-	66	510
	Inspur LG Digital Mobile Communications Co., Ltd	186,171	-	49	186,220	398,437	-	953	399,390
	LG Electronics Mlawa Sp. z o.o	29,262	-	-	29,262	361,847	-	27	361,874
	LG Electronics Reynosa S.A. DE C.V.	14,983	-	3,664	18,647	94,154	-	150	94,304
	P.T. LG Electronics Indonesia	45,427	-	865	46,292	165,444	-	39	165,483
	LG Electronics Nanjing Display Co., Ltd.	38,110	-	494	38,604	82,461	-	55	82,516
	LG Electronics Wroclaw Sp.z.o.o	38,450	-	-	38,450	156,695	-	127	156,822
	Hiplaza Co., Ltd.	91,849	-	16,686	108,535	-	-	7,377	7,377
	LG Electronics Mexico S.A. DE C.V.	241,580	-	-	241,580	-	-	116	116
	NanJing LG-Panda Appliances Co., Ltd.	11,616	-	1,622	13,238	67,483	-	12	67,495
	LG Electronics Thailand Co.Ltd.	31,602	-	1,333	32,935	125,508	-	-	125,508
	Taizhou LG Electronics Refrigeration Co., Ltd..	15,486	-	1,586	17,072	47,119	-	8	47,127

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March 31, 2015

Classification	Name	Receivables				Payables			
		Trade receivables	Loans	Other receivables	Total	Trade payables	Borrowings	Other payables	Total
	LG Electronics Egypt S.A.E	316,575	-	31,507	348,082	23,570	-	19	23,589
	Others	2,332,110	-	38,336	2,370,446	616,152	-	66,200	682,352
	Subtotal	5,007,748	-	132,174	5,139,922	2,511,074	-	114,679	2,625,753
Associates	LG Display Co., Ltd. and subs	97,912	-	67,072	164,984	396,964	-	30,481	427,445
	Ericsson-LG Co., Ltd. and subs	8	-	32	40	1,424	-	150	1,574
	Hitachi-LG Data Storage Inc. and subs	26	-	4	30	6	-	28	34
	Subtotal	97,946	-	67,108	165,054	398,394	-	30,659	429,053
Other related parties	LG CNS Co., Ltd., and subs	2,934	-	359	3,293	21,309	-	44,925	66,234
	SERVEONE Co., Ltd., and subs	3,551	-	54,208	57,759	129,909	-	35,406	165,315
	LG Siltron Incorporated	-	-	-	-	-	-	533	533
	LUSEM CO., LTD.	-	-	-	-	2,868	-	-	2,868
	LG Management Development Institute	-	-	15,660	15,660	-	-	724	724
	LG SPORTS Ltd.	-	-	-	-	110	-	121	231
	LG Holdings Japan Co., Ltd	-	-	287	287	-	-	-	-
	Subtotal	6,485	-	70,514	76,999	154,196	-	81,729	235,925
	Total	5,112,179	-	293,800	5,405,979	3,063,664	-	253,401	3,317,065

(in millions of Korean won)

December 31, 2014

Classification	Name	Receivables				Payables			
		Trade receivables	Loans	Other receivables	Total	Trade payables	Borrowings	Other payables	Total
Significantly influencing the Group	LG Corp.	-	-	22,882	22,882	-	-	4,700	4,700
Subsidiaries	LG Innotek Co., Ltd.	18,563	-	2,352	20,915	265,488	-	4,830	270,318
	LG Electronics do Brasil Ltda	428,740	-	4,482	433,222	3,422	-	564	3,986
	LG Electronics U.S.A., Inc.	371,894	-	30	371,924	-	-	29,940	29,940
	Zenith Electronics Corporation	-	-	3,001	3,001	-	-	-	-
	LG Electronics European Shared Service Center B.V.	31,933	-	135	32,068	-	-	3	3
	LG Electronics RUS, LLC	209,858	-	65,796	275,654	1	-	101	102

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		December 31, 2014							
Classification	Name	Receivables				Payables			
		Trade receivables	Loans	Other receivables	Total	Trade payables	Borrowings	Other payables	Total
	LG Electronics (China) Co. Ltd.	383	-	22	405	111	-	121	232
	LG Electronics Tianjin Appliances Co.,Ltd.	8,186	-	583	8,769	57,096	-	16	57,112
	LG Electronics Mobilecomm U.S.A., Inc.	610,090	-	-	610,090	-	-	14,120	14,120
	LG Electronics India Pvt. Ltd.	18,547	-	6,921	25,468	1,502	-	64	1,566
	Inspur LG Digital Mobile Communications Co., Ltd	303,979	-	11	303,990	569,608	-	1,243	570,851
	LG Electronics Mlawa Sp. z o.o	48,369	-	-	48,369	511,132	-	64	511,196
	LG Electronics Reynosa S.A. DE C.V.	19,567	-	3,016	22,583	112,703	-	-	112,703
	P.T. LG Electronics Indonesia	69,329	-	735	70,064	168,708	-	97	168,805
	LG Electronics Nanjing Display Co., Ltd.	63,193	-	752	63,945	96,866	-	32	96,898
	LG Electronics Wroclaw Sp.z.o.o	53,336	-	-	53,336	243,564	-	140	243,704
	Hiplaza Co., Ltd.	74,311	-	16,688	90,999	-	-	7,083	7,083
	LG Electronics Mexico S.A. DE C.V.	172,454	-	-	172,454	-	-	83	83
	NanJing LG-Panda Appliances Co., Ltd.	11,272	-	1,563	12,835	63,234	-	16	63,250
	Taizhou LG Electronics Refrigeration Co., Ltd..	19,340	-	1,308	20,648	33,666	-	-	33,666
	LG Electronics Monterrey Mexico S.A.de C.V.	26,532	-	188	26,720	86,474	-	-	86,474
	Others	2,599,423	-	66,894	2,626,317	618,831	-	82,155	700,986
	Subtotal	5,119,299	-	174,477	5,293,776	2,832,406	-	140,672	2,973,078
Associates	LG Display Co., Ltd., and subs	64,914	-	57,611	122,525	384,972	-	28,721	413,693
	Ericsson-LG Co., Ltd., and subs	-	-	46	46	678	-	-	678
	Hitachi-LG Data Storage Inc., and subs	26	-	257	283	9	-	61	70
	Subtotal	64,940	-	57,914	122,854	385,659	-	28,782	414,441
Other related parties	LG CNS Co., Ltd., and subs	2,067	-	34	2,101	24,323	-	243,356	267,679
	SERVEONE Co., Ltd., and subs	2,080	-	54,198	56,278	123,891	-	37,022	160,913
	LG Siltron Incorporated	-	-	-	-	28	-	551	579
	LUSEM CO., LTD.	2	-	-	2	2,030	-	10	2,040

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		December 31, 2014							
Classification	Name	Receivables				Payables			
		Trade receivables	Loans	Other receivables	Total	Trade payables	Borrowings	Other payables	Total
	LG Management Development Institute	-	-	15,660	15,660	-	-	2,449	2,449
	LG SPORTS Ltd.	-	-	-	-	-	-	231	231
	LG MMA Ltd.	103	-	-	103	-	-	-	-
	Subtotal	4,252	-	69,892	74,144	150,272	-	283,619	433,891
	Total	5,188,491	-	325,165	5,513,656	3,368,337	-	457,773	3,826,110

iii) Significant capital transactions with related parties and others for the three-month periods ended March 31, 2015 and 2014, are as follows:

(in millions of Korean won)

		2015						
Classification	Name	Dividend Income	Cash investment (capital reduction) and more	Disposal of shares	Financing loan transaction		Financing borrowing transaction	
					Loan	Collection	Borrowing	Repayment
Subsidiaries	LG Electronics Tianjin Appliances Co., Ltd.	12,048	-	-	-	-	-	-
	LG Innotek Co., Ltd.	2,413	-	-	-	-	-	-
	Subtotal	14,461	-	-	-	-	-	-
Associates	LG Display Co., Ltd.	67,813	-	-	-	-	-	-
	Ericsson-LG Co., Ltd.	3,250	-	-	-	-	-	-
	Korea Information Certificate Authority Inc.	60	-	-	-	-	-	-
	Subtotal	71,123	-	-	-	-	-	-
	Totals	85,584	-	-	-	-	-	-

(in millions of Korean won)

		2014						
Classification	Name	Dividend Income	Cash investment (capital reduction) and more	Disposal of shares	Financing loan transaction		Financing borrowing transaction	
					Loan	Collection	Borrowing	Repayment
Subsidiaries	LG Electronics Tianjin Appliances Co., Ltd.	9,755	-	-	-	-	-	-
	Innovation Investment Fund	-	(2,917)	-	-	-	-	-
	Subtotal	9,755	(2,917)	-	-	-	-	-
Associates	Ericsson-LG Co., Ltd.	17,000	-	-	-	-	-	-
	Korea Information Certificate Authority Inc.	60	-	-	-	-	-	-
	Subtotal	17,060	-	-	-	-	-	-
Joint ventures	LG Fund for Enterprises	-	(680)	-	-	-	-	-
	Totals	26,815	(3,597)	-	-	-	-	-

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- iv) Key management compensation costs of the Company for the three-month periods ended March 31, 2015 and 2014, consist of:

<i>(in millions of Korean won)</i>	2015	2014
Wages and salaries	5,802	3,039
Post-employment benefits	1,471	422
Total	7,273	3,461

Key management refers to the directors who have significant control and responsibilities on the Company's business plans, operations and control.

- v) The payment guarantees for the funding sources of related parties at the end of the reporting period are presented in Note 26.
- vi) There is no collateral provided by the Company for the funding sources of related parties at the end of the reporting period.
- vii) The Company has not recognized any bad debt expense or allowance for trade receivables from related parties at the end of the reporting period.

29. Risk Management

Financial Risk Management

The Company's financial risk management ("FRM") policy supports each business division to achieve excellent performance solidly and continuously against market risk, credit risk and liquidity risk. In addition, FRM helps the Company to enhance cost competitiveness through cost-efficient financing cost by improving financial structure and effective cash management.

While cooperating with other divisions, the finance team in the Company mainly implements FRM. This involves setting-up risk management policies and recognizing, evaluating and hedging risks from a global point of view.

The Company mitigates the adverse effects from financial risk by monitoring the risk periodically and updating FRM policy each year.

The carrying amount, and profit or loss of each category of financial instruments and the details of borrowings related to the financial risk management are presented in Note 4 and Note 10, respectively.

(a) Market risk

i) Foreign exchange risk

Due to its multinational business operations, the Company is mainly exposed to foreign exchange risk on the US Dollar, Euro, Brazilian Real, and Russian Ruble.

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The purpose of foreign exchange risk management is to provide the foundation of a stable business operation by minimizing the uncertainty and volatility of foreign exchange gains and losses from foreign exchange rate fluctuations.

The Company's foreign exchange risk management is implemented under its own foreign exchange policy through which the Company can minimize the exposure to foreign exchange risk by preferentially making equal amount of foreign exchange assets and liabilities from general operating activities. And the Company continuously considers efficient foreign exchange risk hedges against its remaining exposure with derivative financial instruments and scrutinizes changes in foreign exchange exposure and the results of hedging activities on a monthly basis. Speculative foreign exchange trading is prohibited in principle.

As of March 31, 2015 and December 31, 2014, if the foreign exchange rate of the Korean won fluctuated by 10% while other variables were fixed, the effects on income(loss) before tax would be as follows:

<i>(in millions of Korean won)</i>	March 31, 2015		December 31, 2014	
	10% increase	10% decrease	10% increase	10% decrease
USD/KRW	(15,265)	15,265	(35,844)	35,844
EUR/KRW	47,051	(47,051)	53,928	(53,928)
Other ¹ /KRW	42,751	(42,751)	57,891	(57,891)

¹ Other currency includes Brazilian Real and Russian Ruble.

The above sensitivity analysis is done with foreign currency denominated assets and liabilities which are not in the Company's functional currency.

ii) Interest rate risk

The Company is exposed to interest rate risk through changes in interest-bearing liabilities or assets. The risk mainly arises from financial borrowings and financial deposits with variable interest rates linked to market interest rate changes in the future. The objective of interest rate risk management lies in improving corporate value by minimizing uncertainty caused by fluctuations in interest rates and minimizing net interest expense.

The Company minimizes its borrowings from others and optimizes its deposits by expanding internal finance sharing. The Company periodically establishes the plan for reaction by the monitoring trends of internal and external interest rates, and minimizes the risk of net interest expense by properly operating short-term borrowings with variable interest rates and deposits.

At the end of the reporting period, if interest rates fluctuate by 100bp without other variables changing, the effects on income and expenses related to borrowings and financial deposits with variable interest rates for the three-month periods ended March 31, 2015 and 2014, are as follows:

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(in millions of Korean won)	2015		2014	
	1% increase	1% decrease	1% increase	1% decrease
Interest income	1,736	(1,736)	2,678	(2,678)

There are no borrowings with variable interest rates exposed to interest rate risk as of March 31, 2015 and 2014.

iii) Details of derivatives contracts are as follows:

The Company entered into the cross-currency swap contracts to hedge cash flow risks related to the floating interest rates and foreign exchange rates of debentures.

March 31, 2015	Contractor	Contracted amount (in millions)	Contracted currency rate	Interest rate (received)	Interest rate (paid)	Contract date	Expiration date
USD/KRW CRS	Shinhan Bank	USD200	USD/KRW 1,113.6	3ML +160bp	3.22%	2013.07.11	2019.01.31
	BNP PARIBAS and others	USD200	USD/KRW 1,052.1	3ML +130bp	3.42%	2013.11.28	2017.06.19
CHF/KRW CRS	UBS and others	CHF215	CHF/KRW 1,213.6	2.00%	3.64 ~ 3.74%	2012.07.06	2016.12.02

The Company entered into the interest rate swap contracts to hedge cash flow risks related to the floating interest rates of debentures.

March 31, 2015	Contractor	Contracted amount (in millions of Korean won)	Interest rate (received)	Interest rate (paid)	Contract date	Expiration date
KRW Interest rate swap	Hana Bank	200,000	3M CD+98bp	4.53%	2014.01.03	2024.01.03
	Kookmin Bank	200,000	3M CD+114bp	4.52%	2014.04.29	2029.04.30
	Kookmin Bank	190,000	3M CD+91bp	3.15%	2015.01.28	2027.01.28

At the end of the reporting period, the swap contracts are evaluated at fair value and the loss on valuation of the effective portion amounting to ₩6,103 million in 2015 (2014: gain on valuation amounting to ₩3,065 million) after applying the tax effect, is recognized in other comprehensive income(loss). The Company reclassified ₩3,659 million to gain from equity in 2015 and ₩5,583 million to gain in equity in 2014, and the loss on valuation amounting to ₩9,762 million in 2015 (2014: loss on valuation amounting to ₩2,518 million) after applying the tax effect, is recognized in other comprehensive income(loss).

iv) Price risk

The Company is exposed to price risk through securities owned by the Company classified as available-for-sale financial assets on the separate financial statements.

The listed securities owned by the Company are traded in the public market, and related to KOSDAQ Indices.

The effect of price index's fluctuation related to the listed securities on the equity (before

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applying the tax effect) is set out in the below table. The analysis is performed in respect of 30% increase/decrease in the price index under the assumption that other variations are consistent and the listed securities owned by the Company have correlation with the relevant past index.

(in millions of Korean won)	March 31, 2015		December 31, 2014	
	30% increase	30% decrease	30% increase	30% decrease
KOSDAQ	3,793	(3,793)	3,001	(3,001)
NASDAQ	-	-	742	(742)

The valuation and the reclassified amounts of the available-for-sale financial asset related to the market risk above are presented in Note 6.

(b) Credit risk

The Company operates a consistent Global Credit / TR (trade receivables) policy to manage credit risk exposure.

In regard to receivables, the Company operates an integrated receivable insurance program with the Korea Trade Insurance Corporation (K-SURE) and Seoul Guarantee Insurance (Coface). In an effort to minimize receivable credit risk, the Company applies the credit rating of the counterparty when determining the insurance coverage. In addition, the Company performs stringent credit risk managements based on credit valuation criteria for receivables without insurance coverage or collateral.

(c) Liquidity risk

The Company forecasts its cash flow and liquidity status and sets action plans on a regular base to manage liquidity risk proactively. The Company assigns experts in four RTCs to manage liquidity risk in overseas subsidiaries efficiently.

The Company maintains adequate amount of cash and committed credit facilities in Woori Bank, Kookmin Bank and Shinhan Bank to cope with potential financial distress.

In addition, the Company is able to source funds any time in domestic and international financial markets because it has good investment credit grades from Korea Investors Service, Korea Ratings and NICE Information Service of AA Stable, and Standard & Poors and Moody's of BBB Stable and Baa3 Negative as of March 31, 2015, respectively.

Cash flow information on maturity of borrowings is presented in Note 10.

Capital Risk Management

The Company's capital risk management purpose is to maximize shareholders' value through maintaining a sound capital structure. The Company monitors financial ratios, such as liability to equity ratio and net borrowing ratio each month and implements required action plan to improve

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the capital structure.

Debt-to-equity ratio and net borrowing ratio are as follows:

<i>(in millions of Korean won, except for ratios)</i>	March 31, 2015	December 31, 2014
Liability (A)	17,262,647	16,793,613
Equity (B)	9,117,785	9,488,700
Cash and cash equivalents (C)	694,274	913,208
Borrowings (D)	6,817,427	6,250,353
Debt-to-equity ratio (A/B)	189.3%	177.0%
Net borrowings ratio (D-C)/B	67.2%	56.2%

Fair Value Estimation

(a) The book values and fair values of the Company's financial assets and liabilities are as follows:

<i>(in millions of Korean won)</i>	March 31, 2015		December 31, 2014	
	Book amount	Fair value	Book amount	Fair value
Current financial asset items				
[Assets at amortized cost]				
Available-for-sale financial assets				
Non-current assets held for sale	1,369	1,369	-	-
Loans and other receivables				
Cash and cash equivalents	694,274	¹	913,208	¹
Financial deposits	65,500	¹	65,000	¹
Trade receivables	6,098,351	¹	5,956,772	¹
Other receivables	482,113	¹	484,344	¹
Non-current financial asset items				
[Assets at fair value]				
Derivatives for hedging purposes				
Other financial assets	7,031	7,031	5,252	5,252
Available-for-sale financial assets				
Other financial assets	12,997	12,997	12,105	12,105
[Assets at amortized cost]				
Loans and other receivables				
Financial deposits	2,212	2,212	1,689	1,689
Other receivables	369,823	354,897	385,352	366,644
[Assets at cost]				
Available-for-sale financial assets				
Other financial assets	16,653	²	16,513	²
Total	7,750,323		7,840,235	

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<i>(in millions of Korean won)</i>	March 31, 2015		December 31, 2014	
	Book amount	Fair value	Book amount	Fair value
Current financial liability items				
[Liabilities at amortized cost]				
Trade payables	5,254,667	¹	5,451,036	¹
Borrowings	887,062	¹	1,016,906	¹
Other payables	1,703,220	¹	1,880,276	¹
[Other liabilities]				
Other financial liabilities	106	³	106	³
Non-current financial liability items				
[Liabilities at fair value]				
Derivatives for hedging purposes				
Other financial liabilities	69,085	69,085	62,160	62,160
[Liabilities at amortized cost]				
Borrowings	5,930,365	6,198,859	5,233,447	5,414,298
[Other liabilities]				
Other financial liabilities	388	³	414	³
Total	13,844,893		13,644,345	

¹ Excluded from disclosure as the carrying amount is the rational approximate fair value.

² Unlisted equity securities are calculated at cost because the variability in the range of the estimated future cash flows is significant and the probabilities of the various estimates within the range cannot be reasonably assessed.

³ Measured at the higher of the amount determined in accordance with Korean IFRS 1037, 'Provisions, Contingent Liabilities and Contingent Assets' and the amount initially recognized less cumulative amortization recognized in accordance with Korean IFRS 1018, 'Revenue'.

(b) Fair value measurements of assets and liabilities

i) Fair value hierarchy and measurement method

The fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. The fair value measurement is to estimate the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions. The Company measures fair value using valuation techniques that maximize the use of market information and minimizes the use of unobservable inputs.

Financial instruments measured at fair value are categorized within the fair value hierarchy, and the defined levels are as follows:

- Level 1: Financial instruments measured at the quoted price in an active market for identical assets or liabilities are included in 'level 1'. Assets or liabilities categorized within level 1' include financial instruments such as marketable equity securities.

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- Level 2: When financial instruments are measured by using a discounted cash flow analysis, if all significant inputs required to measure the fair value of an instrument are observable, the instrument is included in 'level 2'. Assets or liabilities categorized within 'level 2' include financial instruments such as derivative financial instruments.

- Level 3: When financial instruments are measured by using a discounted cash flow analysis, if one or more of the significant inputs are unobservable market data, the instrument is included in 'level 3'. Assets or liabilities categorized within 'level 3' include financial instruments such as debt securities.

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, an entity within the same industry, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in 'level 1'. Instruments included in 'level 1' comprise primarily equity investments classified as available for sale.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Company uses various valuation techniques and makes judgments based on current market conditions. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to measure the fair value of an instrument are observable, the instrument is included in 'level 2'.

If one or more of the significant inputs are not based on observable market data, the instrument is included in 'level 3'. Financial instrument included 'level 3' uses other method including discounting cash flow method.

ii) Financial instruments measured at fair value

Fair value hierarchy classifications of the financial assets and financial liabilities that are measured at fair value, are as follows:

(in millions of Korean won)	March 31, 2015			
	Level 1	Level 2	Level 3	Total
Assets				
Other financial assets				
Available-for-sale financial assets				
- Marketable equity securities	12,997	-	-	12,997
Derivatives for hedging purposes	-	7,031	-	7,031
Non-current assets held for sale				
Available-for-sale financial assets				
- Marketable equity securities	1,369	-	-	1,369

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March 31, 2015				
<i>(in millions of Korean won)</i>	Level 1	Level 2	Level 3	Total
Liabilities				
Other financial liabilities				
Derivatives for hedging purposes	-	69,085	-	69,085
December 31, 2014				
<i>(in millions of Korean won)</i>	Level 1	Level 2	Level 3	Total
Assets				
Other financial assets				
Available-for-sale financial assets				
- Marketable equity securities	12,105	-	-	12,105
Derivatives for hedging purposes	-	5,252	-	5,252
Liabilities				
Other financial liabilities				
Derivatives for hedging purposes	-	62,160	-	62,160

The above fair value amounts are recurring fair value measurements.

In case of investments in equity instruments that do not have a quoted market price in an active market and their fair value cannot be measured reliably, they are measured at cost and not included in the above fair value measurement hierarchy.

- Valuation technique and inputs for fair value measurements categorized within level 2

Valuation technique and inputs for fair value measurements categorized within level 2 are as follows:

(in millions of Korean won)	Fair value		Valuation techniques	Inputs
	March 31, 2015	December 31, 2014		
Assets				
Other financial assets				
Derivatives for hedging purposes	7,031	5,252	Discounted cash flow	Discount rate and exchange rate
Liabilities				
Other financial liabilities				
Derivatives for hedging purposes	69,085	62,160	Discounted cash flow	Discount rate and exchange rate

- Fair value measurements categorized within level 3

As of March 31, 2015, no financial instruments measured at fair value are categorized within level 3.

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

Financial instruments not measured at fair value but for which the fair value is disclosed as of follows:

March 31, 2015				
<i>(in millions of Korean won)</i>	Level 1	Level 2	Level 3	Total
Assets				
Non-current financial deposit	-	-	2,212	2,212
Non-current other receivables	-	-	354,897	354,897
Liabilities				
Non-current borrowings	-	-	6,198,859	6,198,859
December 31, 2014				
<i>(in millions of Korean won)</i>	Level 1	Level 2	Level 3	Total
Assets				
Non-current financial deposit	-	-	1,689	1,689
Non-current other receivables	-	-	366,644	366,644
Liabilities				
Non-current borrowings	-	-	5,414,298	5,414,298

- Valuation technique and inputs for fair value measurements categorized within level 2

As of March 31, 2015, there are no financial instruments that are not measured at fair value but for which the fair value is disclosed and categorized within level 2.

- Disclosure in relation to fair value measurements categorized within level 3

Valuation technique, inputs and unobservable inputs of financial instruments that are not measured at fair value but for which the fair value is disclosed and categorized within level 3 are as of follows:

	March 31, 2015		December 31, 2014				Significant but unobservable inputs	Range of significant but unobservable inputs
(in millions of Korean won)	Carrying amount	Fair value	Carrying amount	Fair value	Valuation techniques	Inputs		
Assets								
Non-current financial deposits	2,212	2,212	1,689	1,689	Discounted cash flow	Discount rate	Discount rate	0.1% ~ 0.3%
Non-current other receivables	369,823	354,897	385,352	366,644	Discounted cash flow	Discount rate and exchange rate	Discount rate	3.2% ~ 4.3%
Liabilities								
Non-current borrowings	5,930,365	6,198,859	5,233,447	5,414,298	Discounted cash flow	Discount rate and exchange rate	Discount rate	2.4% ~ 4.0%

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30. Business Combination

- i) The Company acquired power conditioning system business from LG U plus Co., Ltd. on February 2, 2015 in order to maximize its market responsiveness by enhancing business capabilities in energy storage system business, the Company's future strategic business.
- ii) The following table summarizes the consideration paid and the fair value of assets acquired and liabilities assumed:

<i>(in millions of Korean won)</i>	Amount
Consideration ¹	
Cash and cash equivalents	7,700
Recognized amounts of identifiable assets acquired and liabilities assumed	
Current assets	
Cash and cash equivalents	9
Trade receivables	66
Non-current assets	
Property, plant and equipment	2,513
Intangible assets	3,907
Non-current liabilities	
Net defined benefit liability	9
Total identifiable net assets	6,486
Retained earnings	1,214

¹Consideration transferred during the measurement period

- iii) The acquisition-related cost amounting to ₩147 million was recognized as an expense in the period in which they were incurred.
- iv) The above fair value of trade receivables and other receivables are the same as the contractual amounts in gross.

31. Reclassification to Non-current Asset Held for Sale

Details of assets whose carrying amount is obtained principally through a sale transaction and that their sale is highly probable as of the end of reporting period, are as follows:

<i>(in millions of Korean won)</i>	March 31, 2015
Available-for-sale financial assets	1,369
Investments in associates	53,454
Property, plant and equipment	25,537
Total	80,360

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32. Discontinued Operations

As a result of the decreased demand for PDP TV products, the Company discontinued its operations of the PDP modules and PDP TV on November 30, 2014, in order to focus on its OLED TV and LCD TV division going forward.

- i) Profit(loss) for the period from discontinued operations for the three-month periods ended March 31, 2015 and 2014, consists of:

<i>(in millions of Korean won)</i>	2015	2014
Profit(loss) from ordinary activities of discontinued operations:		
Sales	3,204	243,232
Operating income(loss)	(2,361)	20,418
Profit(loss) for the period before tax	(2,739)	15,885
Income tax expense(benefit)	(663)	3,371
Profit(loss) for the period from discontinued operations (A+B)	(2,076)	12,514

- ii) Cash generated from discontinued operations

<i>(in millions of Korean won)</i>	2015	2014
Net cash flows from operating activities	9,466	20,800
Net cash flows from investing activities	-	138
Net cash flow from discontinued operations	9,466	20,938

33. Event After the Reporting Period

On April 28, 2015, the Board of Directors of the Company resolved to transfer the assets and workforce of display driver-IC design business to Silicon Works Co., Ltd. for the purpose of efficient operation of the semiconductor design business. The date of transfer is expected to be July 1, 2015, with an amount of ₩21,600 million. The date and the amount are subject to change.