

LG Display Co., Ltd.  
Form 6-K  
March 30, 2011  
[Table of Contents](#)

# **SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

## **Form 6-K**

**REPORT OF FOREIGN PRIVATE ISSUER**

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

**THE SECURITIES EXCHANGE ACT OF 1934**

**For the month of March 2011**

# **LG Display Co., Ltd.**

**(Translation of Registrant's name into English)**

**65-228 Hangangno 3-ga, Yongsan-gu, Seoul 140-716, Republic of Korea**

**(Address of principal executive offices)**

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

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

Form 20-F ☒      Form 40-F ☐

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

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

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

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

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

Yes ☐      No ☒

**Table of Contents**

ANNUAL REPORT

(From January 1, 2010 to December 31, 2010)

THIS IS A TRANSLATION OF THE ANNUAL REPORT ORIGINALLY PREPARED IN KOREAN AND IS IN SUCH FORM AS REQUIRED BY THE KOREAN FINANCIAL SUPERVISORY COMMISSION.

IN THE TRANSLATION PROCESS, SOME PARTS OF THE REPORT WERE REFORMATTED, REARRANGED OR SUMMARIZED AND CERTAIN NUMBERS WERE ROUNDED FOR THE CONVENIENCE OF READERS.

UNLESS EXPRESSLY STATED OTHERWISE, ALL INFORMATION CONTAINED HEREIN IS PRESENTED ON A CONSOLIDATED BASIS IN ACCORDANCE WITH KOREAN INTERNATIONAL FINANCIAL REPORTING STANDARDS, OR K-IFRS, WHICH DIFFER IN CERTAIN RESPECTS FROM GENERALLY ACCEPTED ACCOUNTING PRINCIPLES IN CERTAIN OTHER COUNTRIES, INCLUDING THE UNITED STATES. WE HAVE MADE NO ATTEMPT TO IDENTIFY OR QUANTIFY THE IMPACT OF THESE DIFFERENCES IN THIS DOCUMENT.

**Contents**

1. Company
  - A. Name and contact information
  - B. Domestic credit rating
  - C. Capitalization
  - D. Voting rights
  - E. Dividends
2. Business
  - A. Business overview
  - B. Industry
  - C. New businesses
3. Major Products and Raw Materials
  - A. Major products in 2010
  - B. Average selling price trend of major products
  - C. Major raw materials
4. Production and Equipment
  - A. Production capacity and calculation
  - B. Production performance and utilization ratio
  - C. Investment plan
5. Sales
  - A. Sales performance
  - B. Sales route and sales method
6. Market Risks and Risk Management
  - A. Market risks
  - B. Risk management
7. Derivative Contracts
  - A. Currency risks
  - B. Interest rate risks
8. Major Contracts
9. Research & Development

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

- A. Summary of R&D expenses
- B. R&D achievements

10. Customer Service

11. Intellectual Property

**Table of Contents**

- 12. Environmental Matters
- 13. Financial Information
  - A. Financial highlights (Based on consolidated K-IFRS)
  - B. Financial highlights (Based on separate K-IFRS)
  - C. Consolidated subsidiaries
  - D. Status of equity investment
- 14. Audit Information
  - A. Audit service
  - B. Non-audit service
- 15. Management's Discussion and Analysis of Financial Condition and Results of Operations
  - A. Risk relating to forward-looking statements
  - B. Overview
  - C. Financial condition and results of operations
- 16. Board of Directors
  - A. Independence of directors
  - B. Members of the board of directors
  - C. Committees of the board of directors
- 17. Information Regarding Shares
  - A. Total number of shares
  - B. Shareholder list
- 18. Directors and Employees
  - A. Directors
  - B. Employees

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

**Table of Contents****1. Company****A. Name and contact information**

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

Our principal executive office is located at 65-228 Hangangno 3-ga, Yongsan-gu, Seoul 140-716, Republic of Korea, and our telephone number is +82-2-3777-1114. Our website address is <http://www.lgdisplay.com>.

**B. Domestic credit rating**

|                     |                 | Credit | Rating agency                                  |
|---------------------|-----------------|--------|------------------------------------------------|
| Subject             | Month of rating | rating | (Rating range)                                 |
| Commercial Paper    | January 2006    |        |                                                |
|                     | June 2006       |        |                                                |
|                     | December 2006   |        |                                                |
|                     | June 2007       |        |                                                |
|                     | December 2007   |        | National Information & Credit Evaluation, Inc. |
|                     | September 2008  |        |                                                |
|                     | December 2008   | A1     | (A1 ~ D)                                       |
|                     | June 2006       |        |                                                |
|                     | January 2007    |        | Korea Investors Service, Inc.                  |
|                     | June 2007       | A1     |                                                |
| Corporate Debenture | December 2007   |        | (A1 ~ D)                                       |
|                     | September 2008  |        |                                                |
|                     | June 2006       | AA-    |                                                |
|                     | December 2006   |        |                                                |
|                     | June 2007       |        |                                                |
|                     | September 2008  | A+     |                                                |
|                     | July 2009       | AA-    |                                                |
|                     | October 2009    |        | National Information & Credit Evaluation, Inc. |
|                     | February 2010   | AA-    |                                                |
|                     | May 2010        |        |                                                |
|                     | December 2010   |        | (AAA ~ D)                                      |
|                     | June 2006       | AA-    | Korea Investors Service, Inc.                  |
|                     | January 2007    |        |                                                |
|                     | June 2007       | A+     | (AAA ~ D)                                      |
|                     | September 2008  |        |                                                |
|                     | July 2009       |        |                                                |
|                     | December 2009   |        |                                                |
|                     | February 2010   | AA-    |                                                |
|                     | May 2010        |        |                                                |
|                     | August 2010     |        |                                                |
|                     | October 2009    |        | Korea Ratings, Inc.                            |
|                     | December 2009   | AA-    |                                                |
|                     | August 2010     |        |                                                |
|                     | December 2010   |        | (AAA ~ D)                                      |



**Table of Contents**

## C. Capitalization

## (1) Change in capital stock (as of December 31, 2010)

(Unit: Won, Share)

| Date              | Description           | Change in number of<br>common shares | Face amount<br>per share |
|-------------------|-----------------------|--------------------------------------|--------------------------|
| July 23, 2004     | Offering*             | 33,600,000                           | 5,000                    |
| September 8, 2004 | Follow-on offering**  | 1,715,700                            | 5,000                    |
| July 27, 2005     | Follow-on offering*** | 32,500,000                           | 5,000                    |

\* ADSs offering: 24,960,000 shares (US\$30 per share, US\$15 per ADS)

Initial public offering in Korea: 8,640,000 shares ((Won)34,500 per share)

\*\* ADSs offering: 1,715,700 shares ((Won)34,500 per share) pursuant to the exercise of greenshoe option by the underwriters

\*\*\* ADSs offering: 32,500,000 shares (US\$42.64 per share, US\$21.32 per ADS)

## (2) Convertible bonds (as of December 31, 2010)

(Unit: In millions of Won, Share)

| Item              | Content                                                                                        |
|-------------------|------------------------------------------------------------------------------------------------|
| Issue date        | April 18, 2007                                                                                 |
| Maturity          | April 18, 2012                                                                                 |
| Face amount       | 513,480*                                                                                       |
| Conversion shares | Registered common shares                                                                       |
| Conversion period | Convertible into shares of common stock during the period from April 19, 2008 to April 3, 2012 |
| Conversion price  | (Won)48,075 per share**                                                                        |
| Outstanding       | Face Amount                                                                                    |
|                   | 61,618                                                                                         |
|                   | Number of convertible shares                                                                   |
|                   | 1,281,697 shares if all are converted**                                                        |
| Remarks           | Registered form                                                                                |
|                   | Listed on Singapore Exchange                                                                   |

\* Face amount translated from US\$550 million at the noon buying rate of the Federal Reserve Bank of New York in effect on April 10, 2007 (which was the date the convertible bond purchase agreement was entered into), which was (Won)933.6 = US\$1.00.

**Table of Contents**

\*\* Conversion price was adjusted from (Won)49,070 to (Won)48,760 and the number of convertible shares was adjusted from 10,464,234 to 10,530,762 following the approval by the shareholders of a cash dividend of (Won)750 per share at the annual general meeting of shareholders on February 29, 2008. Conversion price was further adjusted from (Won)48,760 to (Won)48,251 and the number of shares issuable upon conversion was adjusted from 10,530,762 to 10,641,851 following the approval by the shareholders of a cash dividend of (Won)500 per share at the annual general meeting of shareholders on March 13, 2009. Conversion price was further adjusted from (Won)48,251 to (Won)48,075 and the number of shares issuable upon conversion was adjusted from 10,641,851 to 10,680,811 following the approval by the shareholders of a cash dividend of (Won)500 per share at the annual general meeting of shareholders on March 12, 2010. In April 2010, certain holders of our US\$550 million convertible bonds due 2012 exercised their put option for an aggregate principal amount of US\$484 million and were repaid at 109.75% of their principal amount. The remaining US\$66 million matures in 2012 at 116.77% of their principal amount. Accordingly, the number of shares issuable upon conversion changed from 10,680,811 to 1,281,697. Conversion price was further adjusted from (Won)48,075 to (Won)47,892 and the number of shares issuable upon conversion was adjusted from 1,281,697 to 1,286,594 following the approval by the shareholders of a cash dividend of (Won)500 per share at the annual general meeting of shareholders on March 11, 2011.

## D. Voting rights (as of December 31, 2010)

(Unit: share)

| Description                                     | Number of shares |
|-------------------------------------------------|------------------|
| 1. Shares with voting rights [A-B]              | 357,815,700      |
| A. Total shares issued                          | 357,815,700      |
| B. Shares without voting rights                 |                  |
| 2. Shares with restricted voting rights         |                  |
| Total number of shares with voting rights [1-2] | 357,815,700      |

## E. Dividends

At the annual general meeting of shareholders on March 11, 2011, our shareholders approved a cash dividend of (Won)500 per share of common stock and payment of the dividends is expected to be made in April 2011.

Dividends during the recent three fiscal years

| Description                                    | 2010        | 2009         | 2008         |
|------------------------------------------------|-------------|--------------|--------------|
| Par value (Won)                                | 5,000       | 5,000        | 5,000        |
| Profit for the Period/Net income (Million Won) | 1,002,648** | 1,067,947*** | 1,086,896*** |
| Earnings per share (Won)                       | 2,802       | 2,985        | 3,038        |
| Total cash dividend amount (Million Won)       | 178,908     | 178,908      | 178,908      |
| Total stock dividend amount (Million Won)      |             |              |              |
| Cash dividend payout ratio (%)                 | 17.8        | 16.8         | 16.5         |
| Cash dividend yield (%)                        | 1.3         | 1.3          | 2.2          |
| Stock dividend yield (%)                       |             |              |              |
| Cash dividend per share (Won)                  | 500         | 500          | 500          |
| Stock dividend per share (Share)               |             |              |              |

\* Earnings per share is calculated based on par value of (Won)5,000 per share.

**Table of Contents**

- \* Earnings per share is calculated by dividing net income by weighted average number of common stock.
- \* Cash dividend yield is the percentage that is derived by dividing cash dividend by the arithmetic average of the daily closing prices of our common stock during the one-week period ending two trading days prior to the closing of the register of shareholders for the purpose of determining the shareholders entitled to receive annual dividends.
- \*\* Profit for the period based on separate K-IFRS.
- \*\*\* Net income based on non-consolidated Korean GAAP.

**2. Business****A. Business overview**

We were incorporated in February 1985 under the laws of the Republic of Korea. LG Electronics and LG Semicon transferred their respective LCD business to us in 1998, and since then, our business has been focused on the research, development, manufacture and sale of display panels, applying technologies such as TFT-LCD, LTPS-LCD and OLED.

As of December 31, 2010, we operated fabrication facilities and module facilities in Paju and Gumi, Korea, an OLED facility in Paju and Gumi, Korea and a LCD research center in Paju, Korea. We have also established sales subsidiaries in the United States, Europe and Asia.

As of December 31, 2010, our business consisted of (i) the manufacture and sale of LCD panels, (ii) the manufacture and sale of OLED panels and (iii) the manufacture and sale of television sets and monitors that utilize our LCD panels. Because our OLED, television set and monitor businesses represent an extremely small portion of our assets and revenues, only our LCD business has been categorized as a reporting business segment.

Financial highlights by business (based on K-IFRS)

(Unit: In billions of Won)

| 2010             | LCD business |
|------------------|--------------|
| Sales Revenue    | 25,512       |
| Gross Profit     | 3,731        |
| Operating Profit | 1,310        |

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

TFT-LCD technology is one of the widely used technologies in the manufacture of flat panel displays, and the demand for flat panel displays is growing. The flat panel display industry is characterized by entry barriers due to rapidly evolving technology, capital-intensive characteristics, and the significant investments required to achieve economies of scale, among other factors. There is intense competition among the players in the industry, and the industry's production capacity, including ours, is continually increasing.

## **Table of Contents**

The demand for LCD panels for notebook computers and desktop monitors has grown, to a degree, in tandem with the growth in the information technology industry. The demand for LCD panels for television sets has been growing as digital broadcasting is becoming more common and as LCD television has come to play an important role in the digital display market. In addition, markets for small- to medium-sized LCD panels, such as those used in mobile phones, P-A/V, medical applications, automobile navigation systems and e-books, among others, have shown continued growth.

The average selling prices of LCD panels may continue to decline with time irrespective of general business cycles as a result of, among other factors, technology advancements and cost reductions.

### **(2) Cyclical**

The TFT-LCD business is highly cyclical. In spite of the increased demand for products, this industry has experienced periodic volatility caused by imbalances between supply and demand due to capacity expansion within the industry.

Intense competition and expectations of demand growth may lead panel manufacturers to invest in manufacturing capacity on similar schedules, resulting in a surge in capacity when production is ramped up at new fabrication facilities.

During such surges in production capacity, the average selling prices of display panels may decline. Conversely, demand surges and inability of supply to meet such demand may lead to price increases.

### **(3) Market conditions**

The TFT-LCD industry is highly competitive due largely to additional capacity expansion driven by TFT-LCD panel makers.

Most TFT-LCD panel makers are located in Asia.

a. Korea: LG Display, Samsung Electronics (including a joint venture between Samsung Electronics and Sony Corporation), Samsung Mobile Display, Hydis Technologies

b. Taiwan: AU Optonics, Chi Mei Innolux, CPT, Hannstar, etc.

c. Japan: Sharp, IPS-Alpha, etc.

d. China: SVA-NEC, BOE-OT, etc.

### **(4) Market shares**

Our worldwide market share for large-sized TFT-LCD panels based on revenue is as follows:

|                                   | 2010** | 2009*** | 2008*** |
|-----------------------------------|--------|---------|---------|
| Panels for Notebook Computers**** | 33.2%  | 30.3%   | 29.6%   |
| Panels for Monitors               | 26.5%  | 23.9%   | 17.7%   |
| Panels for Televisions            | 23.4%  | 24.4%   | 19.4%   |
| Total                             | 25.4%  | 25.2%   | 20.6%   |

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

\* Source: Q4 2010 Large-Area TFT LCD Shipment Report (advanced version with LED backlight tracking) published by DisplaySearch.

## **Table of Contents**

\*\* Based on TFT-LCD panels that are 9 inches or larger.

\*\*\* Based on TFT-LCD panels that are 10 inches or larger.

\*\*\*\* Includes panels for netbooks.

(5) Competitiveness

Our ability to compete successfully depends on factors both within and outside our control, including product pricing, our relationship with customers, successful and timely investment and product development, cost competitiveness, success in marketing to our end-brand customers, component and raw material supply costs, foreign exchange rates and general economic and industry conditions.

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

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

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

As a leading technology innovator in the display industry, we continue to focus on developing new technologies and products, including in the categories of 3D, touch screens and next generation displays. With respect to 3D technology, we reduced the degree of crosstalk, or the degree of 3D image overlapping, to less than 1% (which is less than what the human eye can perceive). Our 3D technology was internationally recognized when our 47-inch full HD 3D television utilizing polarized glasses was awarded the 2010 Display of the Year Gold Award by the Society for Information Display. In addition, we have shown that we are technologically a step ahead of the competition by developing products such as 21.5-inch full HD glossy touch screen monitors, 13.3-inch on-cell touch screen LCDs, 3-inch OLEDs, 10.1-inch flexible LCDs and 2.6mm thin televisions. By the end of 2010, we are also expecting to commence mass-production of 19-inch flexible e-papers and 9.7-inch color e-papers.

Moreover, we entered into long-term sales contracts with major global firms such as Dell, Hewlett Packard and Kodak of the United States and Japan's Toshiba, among others, to secure customers and expand partnerships for technology development. In 2009 and 2010, we entered into separate long-term supply agreements with Apple Inc. to supply display panels for five years.

### **C. New businesses**

In order to increase our production capacity to meet the rising market demand for TFT-LCD products, we expanded P8, our eighth-generation panel fabrication facility in Paju, Korea, by constructing P82, which commenced mass production in May 2010. In addition, in order to meet the rising market demand, we decided in March 2010 to further expand P8 by investing in P83. In April 2010, we also decided to invest in a new production building.

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

We also plan to strengthen our market position in future display technologies by strengthening our OLED business, accelerating the development of flexible display technologies and maintaining our leadership position in the LED backlight LCD market.

## **Table of Contents**

We are making an effort to increase our competitiveness by forming cooperative relationships with suppliers and purchasers of our products. As part of this effort, in June 2008, we purchased 2,037,204 shares of AVACO Co., Ltd., which produces sputters, a core equipment for LCD production, at a purchase price of (Won)6.2 billion. In May 2008, we purchased 1,008,875 shares of TLI Inc., which produces core LCD panel components such as timing controllers and driver integrated circuits, at a purchase price of (Won)14.1 billion. In July 2008, we purchased 6,850,000 shares of common stock of New Optics Ltd. at a purchase price of (Won)9.7 billion, and in February 2010, we purchased an additional 1,000,000 shares of common stock of New Optics at a purchase price of (Won)2.5 billion. In addition, in February 2009, we purchased 3,000,000 shares of common stock of LIG ADP Co., Ltd. (formerly ADP Engineering Co., Ltd.) at a purchase price of (Won)6.3 billion. In May 2009, we purchased 6,800,000 shares of common stock of Wooree LED Co., Ltd. at a purchase price of (Won)11.9 billion. In November 2009, we purchased 34,125,061 shares of common stock of RPO Inc. at a purchase price of US\$12.3 million. In November 2009, we purchased TWD212.5 million in convertible bonds from Everlight Electronics Co., Ltd. In December 2009, we purchased 420,000 global depositary shares representing 420,000 shares of Prime View International Co., Ltd.'s common stock at a purchase price of US\$9.9 million. In addition, in January 2010, we purchased 10.8 million shares of Can Yang Investment Limited at a purchase price of CNY74 million.

In July 2008, Skyworth-RGB Electronics Co., Ltd. and we founded a research and development joint venture corporation with a registered capital of CNY 50 million in China.

In October 2008, we established a joint venture company with AmTRAN Technology Co., Ltd., a Taiwan corporation. The joint venture company will supply both parties with TFT-LCD modules and TFT-LCD televisions. Through the establishment of this joint venture, we are able to further expand our customer base by securing a stable long-term panel dealer. It also allows us to produce LCD modules and LCD television sets in a single factory, which enables us to provide our customers with products that are more competitive both in terms of technology and price.

As part of our strategy to expand our production capacity overseas, we signed an investment agreement and a joint venture agreement in November 2009 with the City of Guangzhou, China, to build an eighth-generation panel fabrication facility in China.

In December 2009, certain LG affiliates and we entered into a joint venture investment agreement and established a joint venture company, Global OLED Technology LLC, for purposes of managing the patent assets relating to OLED technology that we acquired from Eastman Kodak Company in December 2009. As of December 31, 2009, we had invested (Won)72.3 billion in return for a 49% equity interest in the joint venture company. In June 2010, we sold (Won)19.0 billion worth of our equity interest in the joint venture company. After such sale, our equity interest was reduced to 32.73%.

In December 2009, we invested (Won)1.8 billion and acquired a 30.6% limited partnership interest in LB Gemini New Growth Fund No.16. Under the limited partnership agreement, we have agreed to invest a total amount of (Won)30 billion in the fund. By becoming a limited partner of this fund, our aim is to seek direct investment opportunities as well as to receive benefits from the investment. In May 2010, we invested an additional (Won)6.5 billion in the fund which increased our total investment amount to (Won)8.3 billion. The additional investment did not change our limited partnership interest in the fund, which remained at 30.6%.

In order to establish a production base for LCD modules, LCD television sets and LCD monitors, we entered into a joint investment agreement with Top Victory Investment Ltd. in January 2010 and established L&T Display Technology (Xiamen) Ltd. and L&T Display Technology (Fujian) Ltd. in Xiamen and Fujian, China, respectively. We invested (i) (Won)7.1 billion and acquired a 51% equity interest in L&T Display Technology (Xiamen) Ltd. and (ii) (Won)10.1 billion and acquired a 51% equity interest in L&T Display Technology (Fujian) Ltd.

## Table of Contents

In May 2010, we completed the acquisition of the LCD module division of LG Innotek Co., Ltd. Through this acquisition, we expect to improve our module manufacturing process and simplify our supply chain which will increase our efficiency and competitiveness.

In August 2010, in order to strengthen our competitiveness in the LED backlight LCD market, we entered into a joint venture with Everlight Electronics Co., Ltd. and AmTRAN Technology Co., Ltd. and established Eralite Optoelectronics (Jiangsu) Co., Ltd., a company that specializes in LED packaging and manufacturing, in Suzhou, China. We invested US\$4 million and acquired a 20% equity interest in Eralite Optoelectronics (Jiangsu) Co., Ltd.

In September 2010, in order to strengthen our OLED business, we acquired a 20% equity interest in YAS Co., Ltd., which develops and manufactures OLED deposition equipment components, at a purchase price of (Won)10 billion.

In November 2010, in order to strengthen our e-book business, we acquired a 100% equity interest in Image & Materials, Inc., a company that develops and manufactures e-book deposition equipment components, at a purchase price of (Won)35 billion.

In October 2010, in order to strengthen our competitiveness in the e-book market, we entered into a joint venture with Iriver Ltd. and established L&I Electronics Technology (Dongguan) Limited, a company that specializes in e-book manufacturing, in Dongguan, China. We invested U.S. \$2.6 million and acquired a 51% equity interest in L&I Electronics Technology (Dongguan) Limited.

In November 2010, in order to build Backlight-Module-System (BMS) lines that would help differentiate our technical skills from those of our competitors and increase our cost competitiveness, we entered into a joint venture with Compal Electronics, Inc., a Taiwanese company, and established LUCOM Display Technology (Kunshan) Ltd. in Kunshan, China. We invested U.S.\$2.3 million and acquired a 51% equity interest in LUCOM Display Technology (Kunshan) Ltd.

## 3. Major Products and Raw Materials

### A. Major products in 2010

We manufacture TFT-LCD panels, of which a significant majority is exported overseas.

(Unit: In billions of Won)

| Business | Sales                         | Items              | Major                                                  |            |
|----------|-------------------------------|--------------------|--------------------------------------------------------|------------|
| Area     | types                         | (Market)           | Specific use                                           | trademark  |
| TFT-LCD  | Product/ Service/ Other Sales | TFT-LCD (Overseas) | Panels for Notebook Computer, Monitor, Television, etc | LG Display |
|          |                               | TFT-LCD (Korea*)   | Panels for Notebook Computer, Monitor, Television, etc | LG Display |
| Total    |                               |                    |                                                        |            |
|          |                               |                    |                                                        |            |

\* Based on ship-to-party.

\*\* Period: January 1, 2010 ~ December 31, 2010.

**Table of Contents****B. Average selling price trend of major products**

The average selling prices of LCD panels substantially decreased during the fourth quarter of 2010 compared to the third quarter of 2010 and may continue to fluctuate due to imbalances in supply and demand.

(Unit: US\$ / m<sup>2</sup>)

| Description   | 2010 Q4 | 2010 Q3 | 2010 Q2 | 2010 Q1 |
|---------------|---------|---------|---------|---------|
| TFT-LCD panel | 695     | 778     | 863     | 838     |

\* Semi-finished products in the cell process have been excluded.

\*\* Quarterly average selling price per square meter of net display area shipped.

**C. Major raw materials**

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

(Unit: In billions of Won)

| Business area | Purchase types | Items     | Specific use  | Purchase price | Ratio (%) | Suppliers                                              |
|---------------|----------------|-----------|---------------|----------------|-----------|--------------------------------------------------------|
| TFT-LCD       | Raw Materials  | Glass     | LCD panel     | 4,128          | 25.03%    | Samsung Corning Precision                              |
|               |                |           | manufacturing |                |           | Glass Co., Ltd., Nippon Electric Glass Co., Ltd., etc. |
|               |                | Backlight |               | 4,979          | 30.19%    | Heesung Electronics Ltd., etc.                         |
|               |                | Polarizer |               | 2,345          | 14.22%    | LG Chem, etc.                                          |
|               |                | Others    |               | 5,039          | 30.56%    |                                                        |
| Total         |                |           |               | 16,491         | 100%      |                                                        |

\* Period: January 1, 2010 ~ December 31, 2010.

\*\* Based on consolidated K-IFRS.

**4. Production and Equipment****A. Production capacity and calculation****(1) Calculation method of production capacity**

Year: Maximum monthly input capacity during the year multiplied by the number of months (12 months).

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

## (2) Production capacity

(Unit: 1,000 Glass sheets)

### Business

| area     | Items   | Business place | 2010  | 2009  | 2008  |
|----------|---------|----------------|-------|-------|-------|
| TFT- LCD | TFT-LCD | Gumi, Paju     | 7,509 | 6,219 | 3,941 |

\* Based on glass input substrate size for eighth generation glass sheets.

**Table of Contents**

## B. Production performance and utilization ratio

## (1) Production performance

(Unit: 1,000 Glass sheets)

| Business area | Items   | Business place | 2010  | 2009  | 2008  |
|---------------|---------|----------------|-------|-------|-------|
| TFT-LCD       | TFT-LCD | Gumi, Paju     | 6,490 | 5,231 | 3,514 |

\* Based on glass input substrate size for eighth generation glass sheets.

## (2) Utilization ratio

(Unit: Hours)

| Business place (area) | Available working hours<br>of 2010 | Actual working hours<br>of 2010 | Average<br>utilization ratio |
|-----------------------|------------------------------------|---------------------------------|------------------------------|
| Gumi                  | 8,760                              | 8,760                           |                              |
| (TFT-LCD)             | (24 hours x 365 days)              | (24 hours x 365 days)           | 100.0%                       |
| Paju                  | 8,760                              | 8,760                           |                              |
| (TFT-LCD)             | (24 hours x 365 days)              | (24 hours x 365 days)           | 100.0%                       |

## C. Investment plan

In connection with our strategy to expand our TFT-LCD production capacity, we incurred capital expenditures of approximately (Won)4.9 trillion in 2010 and estimate that we will incur capital expenditures of approximately (Won)5.0 trillion in 2011. Such amount is subject to change depending on business conditions and market environment.

## 5. Sales

## A. Sales performance

(Unit: In billions of Won)

| Business area | Sales types    | Items (Market) | 2010*  | 2009*  | 2008** |
|---------------|----------------|----------------|--------|--------|--------|
| TFT-LCD       | Products, etc. | TFT-LCD        |        |        |        |
|               |                | Overseas       | 23,806 | 18,833 | 15,200 |
|               |                | Korea***       | 1,706  | 1,205  | 1,064  |
|               |                | Total          | 25,512 | 20,038 | 16,264 |

\* Based on K-IFRS.

\*\* Based on Korean GAAP.

\*\*\* Based on ship-to-party.



**Table of Contents**

B. Sales route and sales method

(1) Sales organization

As of December 31, 2010, each of our IT Business Unit, Television Business Unit and Mobile/OLED Business Unit had individual sales and customer support functions.

Sales subsidiaries in the United States, Germany, Japan, Taiwan, China and Singapore perform sales activities and provide local technical support to customers.

(2) Sales route

One of the following:

LG Display HQ and overseas manufacturing subsidiaries g Overseas sales subsidiaries  
(USA/Germany/Japan/Taiwan/China/Singapore), etc. g System integrators and end-brand customers g End users

LG Display HQ and overseas manufacturing subsidiaries g System integrators and end-brand customers g End users

(3) Sales methods and sales terms

Direct sales and sales through overseas subsidiaries, etc. Sales terms are subject to change depending on the fluctuation in the supply and demand of LCD panels.

(4) Sales strategy

To secure stable sales to major personal computer makers and leading consumer electronics makers globally. To increase sales of premium notebook computer products (including smartbooks), to strengthen sales of the high-end monitor segment (such as LED, IPS and slim monitors) and to lead the large and wide LCD television market including in the categories of LED and 3D televisions.

To diversify our market in the mobile business segment, including products such as mobile phone (including smart phone), smartbook, car navigation, e-book, industrial, aviation and medical equipment, etc.

(5) Purchase orders

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

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

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

### 6. Market Risks and Risk Management

#### A. Market risks

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

The TFT-LCD industry is highly competitive. We have experienced pressure on the prices and margins of our major products due largely to additional industry capacity from panel makers in Korea, Taiwan, China and Japan. Our main competitors in the industry include Samsung Electronics (including its joint venture with Sony), Samsung Mobile Display, Infovision, Hydix Technologies, AU Optronics, Chi Mei Innolux, Chunghwa Picture Tubes, HannStar, SVA-NEC, BOE-OT, Sharp, Hitachi, TMDisplay, Mitsubishi and IPS-Alpha.

## **Table of Contents**

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

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

### **B. Risk management**

The average selling prices of display panels have declined in general and could continue to decline with time irrespective of industry-wide cyclical fluctuations. Certain contributing factors for this decline will be beyond our ability to control and manage. However, in anticipation of such price decline we have continued to develop new technologies and have implemented various cost reduction measures. In addition, in order to manage our risk against foreign currency fluctuations, we have entered into cross-currency interest rate swap contracts and foreign currency forward contracts.

## **7. Derivative Contracts**

### **A. Currency risks**

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

We generally use forward exchange contracts with a maturity of less than one year to hedge against currency risks.

Interest on borrowings is denominated in the currency of the borrowing. Generally, borrowings are denominated in currencies that match the cash flows generated by our underlying operations, primarily in Won, the U.S. dollar and the Japanese Yen.

In respect of other monetary assets and liabilities denominated in foreign currencies, we ensure that our net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates, when necessary, to address short-term imbalances. In addition, we also adjust the factoring volumes of foreign currency denominated receivables and utilize usances as means of settling accounts payables relating to capital expenditures for our facilities, in response to currency fluctuations.

**Table of Contents****B. Interest rate risks**

Our exposure to interest rate risks relates primarily to our long term debt obligations.

To the extent necessary, we hedge our interest rate risks by entering into interest swap contracts. As of December 31, 2010, we had no interest swap contracts outstanding. The net fair value of our interest rate swaps as of December 31, 2009 is as follows:

(Unit: In millions of Won)

| Type                                        | As of December 31,<br>2009 |
|---------------------------------------------|----------------------------|
| Net loss on valuation of interest rate swap | (Won) 3,698                |
| Net financial liabilities                   | 3,698                      |

**8. Major contracts**

In 2009 and 2010, we entered into separate long-term supply agreements with Apple Inc. to supply LCD panels for 5 years. We have received long-term advances from Apple Inc. in the amount of US\$830 million (Won 945 billion) in connection with these agreements, which will be offset as consideration for products supplied to Apple Inc. Furthermore, the Industrial Bank of Korea provided us with a payment guarantee in the amount of US\$200 million (Won 228 billion) relating to the long-term advances received from Apple Inc.

**9. Research & Development****A. Summary of R&D expenses**

(Unit: In millions of Won)

| Account                                          | 2010*     | 2009*   | 2008**  |
|--------------------------------------------------|-----------|---------|---------|
| Material Cost                                    | 616,072   | 400,467 | 302,445 |
| Labor Cost                                       | 285,212   | 191,507 | 128,041 |
| Depreciation Expense                             | 93,365    | 89,459  | 21,679  |
| Others                                           | 122,619   | 92,905  | 49,027  |
| Total R&D Expense                                | 1,117,268 | 774,338 | 501,192 |
| Selling & Administrative Expenses                | 264,073   | 168,081 | 148,037 |
| Accounting Treatment Manufacturing Cost          | 717,848   | 505,585 | 353,155 |
| Development Cost (Intangible Assets)             | 135,347   | 100,672 |         |
| R&D Expense / Sales Ratio                        |           |         |         |
| [Total R&D Expense ÷ Sales for the period × 100] | 4.4%      | 3.8%    | 3.2%    |

\* Based on consolidated K-IFRS.

\*\* Based on non-consolidated Korean GAAP.

**B. R&D achievements**

[Achievements in 2008]

1) 42FHD Ultra-Slim LCD television development

Development of ultra-slim (19.8mm in thickness) 42-inch television panel

2) 37FHD COF adoption LCD television development

Cost reduction with TCP g COF change: \$2.4 (as of March 2008)

3) CCFL scanning backlight technology development

Achieve 6ms MPRT from 8ms

**Table of Contents**

4) 24WUXGA monitor model development applying RGB LED backlight

High color gamut (NTSC > 105%), color depth (10 bit)

5) 13.3-inch notebook computer model development applying LED backlight

Thin & Light model development applying LED backlight and COG technology (3.5mm in thickness, 275g in weight)

6) IPS GIP technology development

Developed LCD industry's first WUXGA GIP technology in wide view mode area (IPS, VA)

Comparative advantage in cost & transmittance over VA

7) Notebook computer model development applying RGB LED backlight

High color gamut (100%) notebook computer model development applied RGB LED backlight

8) Free form LCD development (Elliptical, Circle)

Development of the world's largest 6-inch elliptical and 1.4-inch circular-shaped LCD panels

Developing non-traditional shaped displays by applying (i) error-free, cutting-edge techniques to overcome technical limitations in making curved LCD panels, (ii) accumulated panel design knowledge and (iii) unique screen information processing algorithm

Potential applications of the elliptical-shaped LCD panels include digital photo frame, as well as instrument panels for automobiles and home electronics. The circular LCD panel is expected to make a huge impact in the design of small digital devices like mobile phones, watches and gaming devices.

9) 42HD power consumption saving technology development

Power consumption reduction using lamp mura coverage technology which reduces the number of lamps used for B/L from 18pcs (160W) to 9pcs (80W) in case of 42-inch HD LCD panels

10) New liquid crystal development

CR: Up 5% compared with the MP level

Material cost is similar to the MP material

11) New AG Polarizer development

New Polarizer which has a low CR drop ratio under bright room condition

CR drop ratio under 1,500lux compared with dark room condition : 82% g 67%

12) PSM (Potential Sharing Method) technology development (Improves the Yogore mura characteristics by applying a different electric circuit driving method)

The time for Yogore mura occurrence delayed by more than 50% : Black line 1level base, 552Hrs, 720Hrs g 1,392Hrs, 2,064Hrsh

13) LED backlight 47FHD television model in development

Development of next generation light source which enables realization of ultra slim LCD panels

14) 24WUXGA monitor model development applying RGB LED backlight

Our first green & slim monitor model development applying white LED backlight (thickness 18.3mm)

Our first display port interface type monitor

**Table of Contents**

15) Line up of aspect ratio 16:9 wide models (185W, 23W, 27W)

16:9 models provide for better productivity and larger contents area than existing 16:10 models

Supports HD or FHD that are compatible with television applications

Development of our first 27W size model

16) Power consumption saving monitor model development

Reduces power consumption by 40% by decreasing the number of B/L lamps from 4pcs to 2pcs (17SXGA, 19SXGA, 185WXGA, 19WXGA+, 22WSXGA+)

17) Notebook model development applying VIC (Viewing Image Control) technology

Unlike existing models which use external polarizer attachments to adjust viewing angles, the VIC technology allows for the adjustment to be controlled by the LCD panel itself. (Wide viewing angle « Narrow viewing angle)

18) Notebook model development applying 0.3t glass

Thin & Light model development applying 0.3t glass

19) 8.9-inch small-sized notebook (netbook) model development

Development of minimum size notebook model for improved portability

20) New aspect ratio 16:9 notebook model development

Existing aspect ratios: 16:10, 4:3

New aspect ratio 16:9, 15.6-inch notebook model development

21) Development of highest resolution for mobile application that uses the a-Si method.

Development of the world's first 3-inch WVGA LCD panels (300ppi)

22) 42FHD super narrow bezel LCD television development

Development of narrow bezel (10.0mm in metal bezel) 42-inch television panel

23) 47FHD slim depth & narrow bezel LCD television development

Development of slim (20.8mm in thickness) & narrow bezel (14.0mm in metal bezel) 47-inch television panel  
24) Display port development

Securing the next generation Interface technology that will replace the current LVDS interface: Decreases the number of connector pins from 91pin (51+41) to 30pin and improves EMI characteristics  
25) LCM rotation circuit development

Increases the design flexibility of television sets by using a 180° screen rotation function  
26) Small- to medium-sized television model development

To meet increased demand for secondary television sets

19/22/26 inch model development  
27) 55FHD television model development

Development of 55-inch (a new category) television panel applying scanning B/L technology  
28) Development of television model applying GIP+TRD technology

Development of 32-inch and 26-inch HD television applying GIP+TRD technology

## **Table of Contents**

29) One PCB structure development

Achieving cost reduction by combining Source PCB with Control PCB: \$1.94g\$1.1

30) 42FHD Gate Single Bank technology development

Reduction in gate driver integrated circuits by applying 42FHD Gate Single Bank technology: 8ea g 4ea

31) 22-inch WSXGA+ model development for Economy IPS Monitor

Development of the world's first Economy IPS 22-inch WSXGA+ model

Achieving cost competitiveness by applying various cost reduction technologies, including DBEF-D sheet deletion

32) 21.5-inch TN FHD model development applying 960ch source driver integrated circuits chip

Development of LG Display's first 21.5-inch wide-format TN FHD model

Increased cost competitiveness by applying 960ch source driver integrated circuits chip, which reduces the number of integrated circuits: 8ea g 6ea

33) 27-inch TN FHD model development applying BDI (Black Data Insertion) technology

Development of LG Display's first 27-inch wide-format TN FHD model that applies BDI technology, which removes motion picture afterimages

Applying CCA (Color Compensation Algorithm) technology that enables the display of superior color tone

Achieving 16:9 aspect ratio, more than 2.07 million pixel and FHD Resolution

34) a-Si TFT based 3-inch DOD AMOLED technology development

Development of the world's first 3-inch AMOLED applying a-Si TFT and DOD Structure

Possible to use prior LCD infrastructure (a-Si TFT) to develop AMOLED

35) Development of AMOLED applying new crystallization (A-SPC) technology

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

Development of the world's first AMOLED applying non-laser crystallization method (A-SPC)

Development of the world's largest AMOLED television (15-inch HD) [Achievements in 2009]

36) Developments of 15.6-inch, 18.5-inch HD monitors for emerging market

Achieving cost reduction by focusing on basic functions and by applying GIP and DRD

37) Development of 22-inch WSXGA+ monitor applying White LED backlight

Development of our first environmentally friendly slim model (14.5mm in thickness)

Reduces power consumption by 47% compared to conventional CCFL model by applying White LED backlight

38) Development of 24-inch WUXGA+ monitor applying GIP

Development of the world's first monitor applying IPS GIP technology

Increased cost competitiveness by applying 960ch source driver integrated circuits chip, which reduces the number of integrated circuits: 8ea to 6ea

## **Table of Contents**

39) Development of 55/47/42-inch FHD LED models

Development of Direct thicker LED model MP

Realization of TM240Hz  
40) 240Hz driving technology development

Development of the world's first 1 Gate 1 Drain 240Hz driving technology  
41) Development of low voltage liquid crystal development

Improving contrast ratio by 2.7%

Decreases voltage used in liquid crystals reducing circuit heat; decreases voltage by 6.9%  
42) Development of Ez (Easy) Gamma technology

Minimize Gamma difference by using new measuring algorithm:  $2.2 \pm 0.6$  g  $2.2 \pm 0.25$   
43) Development of 22-inch White+ technology

Increases transmissivity by 66% by using White+ Quad type pixel structure  
44) Development of 55FHD direct slim LED model

Development of the world's first direct-mounted 16.3mm depth slim LCM

Realization of 240 block local dimming and Trumotion 240Hz  
45) Development of 42HD GIP +TRD technology

The world's first application of the 42HD GIP + TRD structure

Removal of gate drive integrated circuits: 3ea g 0ea

Reduction in source drive integrated circuits: 6ea g 2ea  
46) Development of TV3 CR5 Color PR

Realization of 100% BT709 reiteration rate by applying RGB Color Locus

Achieving a 5% increase in CR by decreasing size of Color PR pigment

47) Development of the world's first slim 27W FHD TN monitors

Reduces thickness by applying edge-mounted backlight: 37.2t g 21.6t

Reduces power consumption by 60% compared to conventional models by applying 4Lamp

Realization of MPRT 8ms by applying BDI technology

48) Development of the world's first 25W FHD TN new size monitors

Development of new aspect ratio model: 16:9 wide-format

Reduction in the number of driver integrated circuits by applying 960ch Source Driver: 8ea g 6ea

Removal of gate driver integrated circuits by applying GIP technology

49) Development of 16:9 wide-format power consumption saving monitors (200W HD+, 215W FHD, 230W FHD)

Reduces power consumption by 40% compared to conventional models by applying 2Lamp

Slim design which reduces thickness: 17.0t g 14.5t

To meet Energy Star 5.0 standards

50) Development of the world's first 22-inch WSXGA+ DRD (Double Rate Driving) monitors

A 50% reduction in source driver integrated circuits by applying Double Rate Driving technology: 8ea g 4ea

## **Table of Contents**

Removal of gate driver integrated circuits by applying GIP technology

Application of optimum thin-film transistor structure for Double Rate Driving monitors  
51) Development of the world's first 23W e-IPS monitors

Slim design: Reduces thickness by applying edge-mounted backlight: 35.7t g 17t

Reduces power consumption by 50% compared to conventional model by applying 4Lamp

Realization of high aperture ratio by applying UH-IPS technology

Reduction in the number of integrated circuits by applying 960ch source driver: 8ea g 6ea

Removal of gate driver integrated circuits by applying GIP technology

To meet Energy Star 5.0 standards  
52) Development of high efficiency backlight technology

Removal of DBDEF-D Sheet by increasing backlight luminance level by more than 30% g development of high efficiency lamp and improvement of optics sheet optical efficiency  
53) Development of GIP and high aperture ratio technology for QHD IPS model

Stable GIP output in QHD IPS models

Maximizing transmissivity by applying UH-IPS technology and asymmetric pixel design  
54) Development of three-dimensional display technology using the shutter glasses method.

Realization of stable rate of 172Hz

Realization of 4port low voltage differential signaling frequencies at a rate of 400MHz

Realization of ODC (Over Driver Circuit) tuning of GTG 3.5ms which is optimum for three-dimensional display  
55) Development of 17.1-inch wide-format slim (flat type) panel applying COG (Chip On Panel) chip, our largest slim (flat type) panel

Development of our largest size slim (flat type) model (previously, our largest model was the 15.4-inch wide-format)

Reduction in thickness: 6.5mm g 4.3mm

56) Development of new high resolution 101W model (1024x600, 1366x768)

Achieving higher resolution: 1024x576 g 1024x600, 1366x768

57) Development of world's first 17.3-inch HD+ LED panel for notebook computers

New size and resolution for 16:9 wide-format

Existing model: 17.1-inch WXGA+ 1400x900 / New model: 17.3-inch HD+ 1600x900

58) Development of 13.3-inch HD LED panel for notebook computers

New size and resolution for 16:9 wide-format

59) Development of world's first 14.0-inch HD+ LED panel for notebook computers

New size and HD+ resolution (1600x900) for 16:9 wide-format

**Table of Contents**

60) Development of world's first 15.6-inch HD+ LED panel for notebook computers

First HD+ resolution (1600x900) for 16:9 wide-format

61) Development of world's first 15.6-inch FHD LED panel for notebook computers

First FHD resolution (1920x1080) for 16:9 wide-format

62) Development of the first Green PC models (13.3-inch, 14.0-inch, 15.6-inch)

First models applying Green product concept (halogen free, low power consumption)

63) Development of DRD (Double Rate Driving) technology applying COG (Chip on Glass)

Development of the first COG that applies DRD technology (a 50% reduction in the number of COG drive integrated circuits)

64) Development of 10.1-inch SD (1024 x 600) model for netbooks

Improved resolution: 1024 x 576g1024 x 600

Reduction in cost by applying COG instead of COF

65) Development of 10.1-inch HD (1366 x 768) model for netbooks

Highest resolution among 10.1-inch models

Reduction in cost by applying GIP technology

66) Development of 17.1-inch WUXGA flat type model

Development of largest flat type model (previously, largest model was 15.4-inch)

The thinnest among 17.1-inch models

Reduction in thickness: 6.5t g 4.3t

67) Developments of 11.6-inch HD monitor for netbooks

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

Development of largest/ highest resolution monitor for netbooks

Reduction in cost by applying GIP technology

68) Development of low-cost 26-inch and 32-inch HD model for televisions

World's first monitor without a cover shield

Application of sheet type support side

Reduction in cost by applying low-cost single bottom covers for mold frames

69) Development of large-sized (42-inch/47-inch) edge type LED LCD model for televisions

Development of our first model for televisions applying edge type LED backlight (mass production commenced in September 2009)

Slim depth (11.9mm in thickness) & narrow bezel (18mm in thickness)

70) Development of world's first S/D-IC + Tcon merging technology applicable to television monitors

Minimizing size of printed circuit board by applying 1380ch S/D-IC + ASIC technology and removing ASIC chip

A 49% cost reduction in manufacturing circuits

71) Achieving a full product line-up for netbook monitors

A full product line-up that covers the full spectrum of netbook monitor sizes from 8.9-inch to 11.6-inch models

**Table of Contents**

72) Development of our first flat type monitor for netbooks

Development of 11.6-inch flat type HD monitor

73) Development of new LED-applied model utilizing vertical LED array technology

Development of 15.6-inch HD model applying vertical LED array technology (technology applied in existing models: horizontal LED array)

Reduction in power consumption and raw material costs

74) Development of world's first 21.5W FHD IPS monitor applying white LED backlight technology

Application of environmentally friendly components including white LED backlight and halogen free parts

Achievement of high luminance (more than 330nit) by applying high efficiency white LED backlight

A 100% sRGB coverage

75) Development of world's first 27W QHD IPS monitor applying white LED backlight technology

Application of environmentally friendly components including white LED backlight and halogen free parts

Achievement of high luminance (more than 380nit) by applying high efficiency white LED backlight

A 100% sRGB coverage

Realization of high resolution (2560x1440)

Removal of gate driver integrated circuits by applying GIP technology

76) Development of world's first 19-inch WXGA monitor applying DRD (Double Rate Driver)

A 50% reduction in the number of source driver integrated circuits by applying DRD (Double Rate Driving) technology

Removal of gate driver integrated circuits by applying GIP technology

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

Optimization of TFT design structure for DRD (Double Rate Driver) technology

77) Development of world's first 22W e-IPS monitor applying GIP technology

Achievement of high aperture ratio by applying UH-IPS technology

Reduction in the number of source driver integrated circuits by applying 960 channel chip (8eag6ea)

Removal of gate driver integrated circuits by applying GIP technology

78) Development of world's first QHD new high resolution monitor (27W QHD)

Achievement of high resolution (2560 x 1440)

Maximization of aperture ratio applying UH-IPS technology and elimination of gate driver integrated circuits by applying GIP technology

Achievement of high luminance and sRGB coverage of 100% applying high efficiency white LED

79) Development of world's first monitor applying GIP, DRD (Double Rate Driver) and I-VCOM monitor (185W HD)

50% reduction in the number of source driver integrated circuits by applying DRD (Double Rate Driving) technology

Elimination of gate driver integrated circuits by applying GIP technology

## **Table of Contents**

Elimination of DBEF Optical sheet by applying I-VCOM technology and optical efficiency improvement in backlight  
80) Development of shutter glasses type three-dimensional monitor with full high definition

172Hz operation frame rate

Highest data interface speed of over 400MHz in 4port LVDS interface and achievement of GTG 3.5ms by optimal tuning of ODC (Over Driving Circuit)  
81) One layer vertical LED monitor development and reinforcement of monitor product line up (200W HD+, 215W FHD, 230W FHD)

Minimization of the number of LED PKG applying vertical array structure

Elimination of DBEF Sheet applying two-in-one LED PKG

Slim design: optimization of mechanical structure  
82) Development of world's first notebook monitor applying 2ea Sheet Backlight

Achieving cost competitiveness by switching from conventional 3~4ea sheet to 2ea complex sheet backlight (with the Diffuser Sheet eliminated)  
[Achievements in 2010]

83) Development of 9.7-inch AH-IPS model for Apple's iPad.

Development of the world's first IPS Tablet

Achieving the following viewing angles by applying AH-IPS: top (80°) / bottom (80°) / left (80°) / right (80°)  
84) Development of second Green PC products (13.3-inch, 14.0-inch and 15.6-inch in high-definition)

Thin and light; low electricity consumption thereby increasing battery life

Development of Company-led flat product market  
85) Development of world's first TruMotion 480Hz product (47-inch and 55-inch in full high-definition)

World's first application of 240hz driving technology and scanning technology to achieve TruMotion 480Hz.

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

50% reduction in source driver integrated circuits (from 16ea to 8ea) by applying 1 gate 1 drain technology

86) World's first full high-definition 47-inch three-dimensional display panels using Glass Patterned Retarder (GPR) technology

Achieving full high-definition for three-dimensional display panels using GPR technology

87) Development of our first large-sized display panels viewable in three-dimension using shutter glasses (42-inch, 47-inch, 55-inch in full high-definition)

Achieving high aperture ratio by applying S-IPS V technology

Removal of gate driver integrated circuits by applying GIP technology

Reduction in the number of integrated circuits (from 8ea to 6ea) by applying 960Ch source driver integrated circuits

## **Table of Contents**

88) World's first LCD product which uses the LCD monitor's bottom cover as the back cover of a television set (32-inch, 37-inch and 42-inch in full high-definition)

Removal of the television set back cover by replacing it with the LCD monitor's bottom cover. Co-designed with a third party  
89) Development of 42-inch and 47-inch full high-definition display panels for television to be sold in emerging markets

Focusing on basic functions and removing functions that are costly

Achieving cost reduction by applying GIP technology  
90) Development of intra interface technology for large-sized, high resolution, high frequency display panels

Improved data transmission rate (from 660Mbps to 1.6Gbps)

Developing slim PCBs by decreasing the number of transmission lines  
91) Development of our first 21.5-inch and 26-inch full high-definition Edge LED products

Application of 21.5-inch, 26-inch full high-definition TV LED BL and mid-sized full high-definition model Slim TCON (176Pin g 88Pin)  
92) Development of our first 32 high-definition Edge LED product

Application of 32-inch high-definition TV Edge LED BL  
93) Development of our first 37-inch full high-definition M240Hz product

Development of 37-inch full high-definition 240Hz panel. Development and mass production of MEMC 240Hz with TCON model.  
94) Development of 240Hz panel for LG Electronics' Borderless TV

Development of Narrow Bezel 240Hz panel (Bezel 14mm g 7mm) for LG Electronics' Borderless TV  
95) Development of the world's first slim 23W full high-definition monitor in IPS mode

Slim design by applying slim-type LED backlight (thickness: 14.5t g 11.5t)

Cost saving by applying low voltage liquid crystal

Removal of gate driver integrated circuits by applying GIP technology

96) Development of the world's first slim 185W high-definition monitor in TN mode

Slim design by applying slim-type LED backlight (thickness: 11.5t g 9.7t)

50% reduction in source driver integrated circuits by applying DRD (Double Rate Driving) technology

Elimination of optical sheet by applying new TFT structure technology (I-VCOM)

Removal of gate driver integrated circuits by applying GIP technology

97) Development of 42-inch, 47-inch and 55-inch full high-definition monitors applying low cell gap (3.1 g 2.8um) technology

Enhanced 3D performance (3D CrossTalk 10.x% g 5.x%)

World's first application of this technology in 42-inch, 47 inch and 55-inch full high-definition products

98) Development of ultra slim 0.2t glass 12.1-inch notebook computer

Realization of ultra slim product by applying 0.2t glass and flat screen backlight structure

---

**Table of Contents**

99) Development of world's first ultra slim 19SX TN monitor

Slim design by applying slim type LED backlight (thickness: 15.5 g 9.9t)

50% reduction (6ea to 3ea) in the number of source driver integrated circuits by applying DRD (Double Rate Driving) technology

Elimination of gate driver integrated circuits by applying GIP technology

100) Development of 215FHD e-IPS monitor products applying LED PKG

Reduction in the number of LED and LED array cost through optimization of LED PKG's beam and size

Realization of 2 sheet structure by adopting I-VCOM resulting in increased transmittance and backlight luminance

Elimination of gate driver integrated circuits by applying GIP technology

Minimization of LCM thickness by applying thin LED array structure (14.5t g 10.2t)

101) Development and application of LED PKG in 215FHD TN monitor products

Reduction in the number of LED and LED array cost through optimization of LED PKG's beam and size

Elimination of DBEF sheet by adopting I-VCOM resulting in increased transmittance and backlight luminance

Elimination of gate driver integrated circuits by applying GIP technology

Minimization of LCM thickness by applying thin LED array structure (14.5t g 10.2t)

102) Development of world's first slim TN monitor (185W HD, 20W HD+, 215W/23W FHD)

Developing ultra slim monitor by cooperating with set makers in the design process (SET standard: over 20t g 12.9t)

Minimization of LCM thickness by applying thin LED array structure (11.5t g 8.2t)

Simplification of circuit by developing T-con + Scaler 1chip

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

103) Development of world's first ultra slim 215W FHD TN monitor

Developing ultra slim monitor by cooperating with set makers in the design process (SET standard: 12.9t g 7.2t)

Minimization of LCM thickness by applying thin LED array structure (8.2t g 6t)

104) Development of the world's first 3D Film Patterned Retarder (FPR) type 42-inch, 47-inch and 55-inch full high definition panels

Improved 3D performance (cross talk 1.0% i, 3D luminance 170 nit)

105) Development of our first 42-inch, 47-inch and 55-inch full high definition panels with built-in 3D formatters

Development of our first products with built-in MEMC and 3D formatters

106) Development of the world's first real 240Hz applying GIP driving technology

First to develop real 240Hz applying GIP driving technology

Reduced the number of driver integrated circuits by applying 960ch Source Driver: 8ea g 6 ea

**Table of Contents**

107) Development of panels for Macbook Air

Development and mass production of 116HD, 133 WXGA+ panels

Application of Z-inversion technology for low energy consumption

108) Introduction of the world's first high definition shutter glasses type 3D notebook product (17.3 inch full high definition)

Development of 172Hz high recharging speed notebook LCD panel

Development of Timing Controller (TC) driving technology

109) The first all-in-one touch panel notebook from an LCD panel manufacturer (15.6 inch high definition add-on touch notebook)

The world's first large size (15.6-inch) notebook panel to receive Win7 Touch certification (received on July 23, 2010)

The world's first LCD and touch panel integrated add-on touch module developed by an LCD panel manufacturer

110) Introduction of the world's first Micro Film 3D notebook (15.6-inch full high definition)

The world's first 3D FPR type notebook (developed timely to win market share in the 3D market)

111) Development of the world's first 240Hz 23W IPS monitor

The world's first to realize 240Hz by application of 120Hz panel driving and scanning technologies

Achievement of Motion Picture Response Time (MPRT) of 8ms

112) Development of the world's first add-on infrared camera type 215W IPS monitor

Realization of thin LCM (20.5t) by application of the world's first add-on infrared camera

Improved touch capabilities (dead zone free and multitouch) and the first in the world to receive Win 7 Logo certification

Touch location auto correction by applying auto calibration

113. Development of 20-inch high definition and 23-inch full high definition e-IPS monitor products applying widescreen LED PKG

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

Reduction in the number of LED and LED array cost through optimization of LED PKG s beam and size

Elimination of gate driver integrated circuits by applying GIP technology

Cost reduction and lower power consumption (20% reduction for driver integrated circuits) by using low voltage driver integrated circuits

Minimization of LCM thickness by applying thin LED array structure (for 20-inch high definition panels: 14.5t g 10.2t)

114) Development of 20-inch high definition and 23-inch full high definition TN monitor products applying widescreen LED PKG

Reduction in the number of LED and LED array cost through optimization of LED PKG s beam and size

Elimination of DBEF sheet by adopting I-VCOM resulting in increased transmittance and backlight luminance (for 20-inch high definition monitors)

## **Table of Contents**

50% reduction in the number of source driver integrated circuits by applying DRD technology (for 23-inch full high definition panels)

Elimination of gate driver integrated circuits by applying GIP technology

Minimization of LCM thickness by applying thin LED array structure (11.5t g 10.2t)

### **10. Customer Service**

In order to highlight the importance of creating customer value, we have formulated a roadmap toward creating customer value and have shared this information with all of our employees. Through our Voice of Customer campaign, we have responded to customer feedback including complaints, suggestions, praises, enquiries and requests as soon as they were made and we have made efforts to change any negative feedback made by a customer into a positive feedback through such prompt response. In addition, in order to support our customers, we have established IPS camps and have cooperated with our customers to promote IPS technology. Furthermore, we have hosted Why LGD campaigns in order to provide superior products and services to our customers including in the areas of technology, quality, responsiveness, delivery and cost. We also monitor customer opinion through annual customer satisfaction surveys and customer interviews, and the results of such surveys and interviews are reflected in the performance evaluation of our executive officers.

### **11. Intellectual Property**

As of December 31, 2010, we held a total of 13,969 patents, including 6,232 in Korea and 7,737 in other countries.

### **12. Environmental Matters**

We are subject to strict environmental regulations and we may be subject to fines or restrictions that could cause our operations to be interrupted. Our manufacturing processes generate worksite waste, including water and air pollutants, at various stages in the manufacturing process, and we are subject to a variety of laws and regulations relating to the use, storage, discharge and disposal of such chemical by-products and waste substances. We have installed various types of anti-pollution equipment, consistent with industry standards, for the treatment of chemical waste and equipment for the recycling of treated waste water at our various facilities. However, we cannot provide assurance that environmental claims will not be brought against us or that the local or national governments will not take steps toward adopting more stringent environmental standards. Any failure on our part to comply with any present or future environmental regulations could result in the assessment of damages or imposition of fines against us, suspension of production or a cessation of operations. In addition, environmental regulations could require us to acquire costly equipment or to incur other significant compliance expenses that may materially and negatively affect our financial condition and results of operations.

We have also voluntarily agreed to reduce emission of greenhouse gases, such as per fluoro compounds, or PFCs, and sulfur hexafluoride, or SF<sub>6</sub>, gases, by installing PFC abatement systems to meet voluntary emissions targets for the TFT-LCD industry by 2010. We installed PFC abatement systems at all of our production lines when the production facilities were being constructed. We also installed a SF<sub>6</sub> abatement system in P1 in April 2005 and in P6 in December 2009 and we intend to install similar abatement systems in our other production facilities through implementation of Clean Development Mechanism, or CDM, projects. On July 10, 2010, we became the first TFT-LCD company to receive the CDM Executive Board's approval on its CDM project design document for SF<sub>6</sub> decomposition. In November 2010, TUV SUD, a third party accreditation agency, examined and verified our reduction of greenhouse gas emissions.

In addition, as of December 31, 2010, we were party to voluntary agreements, which reflect a coordinated energy conservation initiative between government and industry, with respect to our operation of P1 through P8, the Gumi module production plant and the Paju module production plant. In accordance with such agreements, we have implemented a variety of energy-saving measures in those facilities, including installation of energy saving devices and consulting with energy conservation specialists. We also established an overall greenhouse gas emissions inventory system for our domestic sites, which was verified by Lloyd's Register Quality Assurance, which is certified as the designated operational entity for CDM by the CDM Executive Board. We are also involved in the Korean government's ongoing drafting of greenhouse gas emissions and energy usage specifications.



**Table of Contents**

Operations at our manufacturing plants are subject to regulation and periodic monitoring by the Korean Ministry of Environment and local environmental protection authorities. We believe that we have adopted adequate anti-pollution measures

for the effective maintenance of environmental protection standards consistent with local industry practice, and that we are in compliance in all material respects with the applicable environmental laws and regulations in Korea. Expenditures related to such compliance may be substantial. Such expenditures are generally included in capital expenditures. As required by Korean law, we employ licensed environmental specialists for each environmental area, including air quality, water quality, toxic materials and radiation. We currently have ISO 14001 certifications with respect to the environmental record for P1 through P8, our OLED production facility in Gumi, Korea, our Gumi module production plant and our Paju module production plant, as well as our module production plants in Nanjing and Guangzhou, China. We have been certified by the Korean Ministry of Environment as a "Green Company", with respect to our environmental record for P1 and our module production plant in Gumi since 1997, with respect to our operations at P2 and P3 since 2006, and with respect to our operations at P4, P5 and P6 since

2008.

We also have an internal monitoring system to control the use of hazardous substances in the manufacture of our products as we are committed to compliance with all applicable environmental laws and regulations, including European Union Restriction of Hazardous Substances (RoHS) Directive 2002/95/EC, which took effect in July 2006, and restricts the use of certain hazardous substances in the manufacture of electrical and electronic equipment.

In October 2005, we became the first TFT-LCD company to receive accreditation as an International Accredited Testing Laboratory by the Korea Laboratory Accreditation Scheme, which is operated by the Korean Ministry of Knowledge Economy. In September 2006, we received international accreditation from TUV SUD, EU's German accreditation agency, as a RoHS testing laboratory. Moreover, we participated in reforming IEC 62321 by 2012, a RoHS international testing standard, by including a halogen-free combustion ion chromatography method in our committee draft that we submitted in June 2010.

In addition, we have implemented a green purchasing system that prevents the use of hazardous materials from the purchasing stage. As a result of the green purchasing system, we are in compliance with RoHS and other applicable environmental laws and regulation, and we became the first TFT-LCD company to receive the Hazardous Substance Process Management QC080000 certification, or HSPM, from the International Electrotechnical Commission. HSPM is used to help companies manage their hazardous materials and be in compliance with RoHS.

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

(Unit: In millions of Won, except for per share data)

| Description                               | As of December 31,<br>2010 | As of December 31,<br>2009 |
|-------------------------------------------|----------------------------|----------------------------|
| Current assets                            | 8,840,433                  | 8,226,142                  |
| Quick assets                              | 6,625,216                  | 6,558,362                  |
| Inventories                               | 2,215,217                  | 1,667,780                  |
| Non-current assets                        | 15,017,225                 | 11,477,335                 |
| Investments in equity accounted investees | 325,532                    | 282,450                    |
| Property, plant and equipment, net        | 12,815,401                 | 9,596,497                  |
| Intangible assets                         | 539,901                    | 352,393                    |
| Other non-current assets                  | 1,336,391                  | 1,245,995                  |
| Total assets                              | 23,857,658                 | 19,703,477                 |
| Current liabilities                       | 8,881,829                  | 6,495,071                  |
| Non-current liabilities                   | 3,914,862                  | 3,168,657                  |
| Total liabilities                         | 12,796,691                 | 9,663,728                  |
| Share capital                             | 1,789,079                  | 1,789,079                  |

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

|                          |            |            |
|--------------------------|------------|------------|
| Share premium            | 2,251,113  | 2,251,113  |
| Reserves                 | (35,298)   | (51,005)   |
| Retained earnings        | 7,031,163  | 6,050,562  |
| Non-controlling interest | 24,910     | 0          |
| Total equity             | 11,060,967 | 10,039,749 |

**Table of Contents**

(Unit: In millions of Won, except for per share data)

| Description                             | 2010       | 2009       |
|-----------------------------------------|------------|------------|
| Revenue                                 | 25,511,535 | 20,037,701 |
| Results from operating activities       | 1,310,472  | 1,010,352  |
| Income (Loss) from continuing operation | 1,159,234  | 1,117,778  |
| Profit for the period                   | 1,159,234  | 1,117,778  |
| Basic earnings per share                | 3,232      | 3,124      |
| Diluted earnings per share              | 3,152      | 3,124      |

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

(Unit: In millions of Won, except for per share data)

| Description                        | As of December 31,<br>2010 | As of December 31,<br>2009 |
|------------------------------------|----------------------------|----------------------------|
| Current assets                     | 8,499,873                  | 7,973,355                  |
| Quick assets                       | 6,739,908                  | 6,687,050                  |
| Inventories                        | 1,759,965                  | 1,286,305                  |
| Non-current assets                 | 14,658,125                 | 11,283,512                 |
| Investments                        | 1,279,831                  | 1,075,229                  |
| Property, plant and equipment, net | 11,688,061                 | 8,730,263                  |
| Intangible assets                  | 483,260                    | 340,885                    |
| Other non-current assets           | 1,206,973                  | 1,137,135                  |
| Total assets                       | 23,157,998                 | 19,256,867                 |
| Current liabilities                | 8,453,869                  | 6,120,663                  |
| Non-current liabilities            | 3,833,454                  | 3,102,006                  |
| Total liabilities                  | 12,287,323                 | 9,222,669                  |
| Share capital                      | 1,789,079                  | 1,789,079                  |
| Share premium                      | 2,251,113                  | 2,251,113                  |
| Reserves                           | (7,795)                    | (17,366)                   |
| Retained earnings                  | 6,838,278                  | 6,011,372                  |
| Non-controlling interest           | 0                          | 0                          |
| Total equity                       | 10,870,675                 | 10,034,198                 |

**Table of Contents**

(Unit: In millions of Won, except for per share data)

| Description                             | 2010       | 2009       |
|-----------------------------------------|------------|------------|
| Revenue                                 | 25,004,257 | 20,119,342 |
| Results from operating activities       | 1,024,394  | 976,863    |
| Income (Loss) from continuing operation | 1,002,648  | 1,088,814  |
| Profit for the period                   | 1,002,648  | 1,088,814  |
| Basic earning per share                 | 2,802      | 3,043      |
| Diluted earnings per share              | 2,726      | 3,043      |

## C. Consolidated subsidiaries (as of December 31, 2010)

| Company                                      | Primary Business        | Location  | Ownership Ratio |
|----------------------------------------------|-------------------------|-----------|-----------------|
| LG Display America, Inc.                     | Sales                   | U.S.A     | 100%            |
| LG Display Germany GmbH                      | Sales                   | Germany   | 100%            |
| LG Display Japan Co., Ltd.                   | Sales                   | Japan     | 100%            |
| LG Display Taiwan Co., Ltd.                  | Sales                   | Taiwan    | 100%            |
| LG Display Nanjing Co., Ltd.                 | Manufacturing and sales | China     | 100%            |
| LG Display Shanghai Co., Ltd.                | Sales                   | China     | 100%            |
| LG Display Poland Sp. zo.o.                  | Manufacturing and sales | Poland    | 80%             |
| LG Display Guangzhou Co., Ltd.               | Manufacturing and sales | China     | 90%             |
| LG Display Shenzhen Co., Ltd.                | Sales                   | China     | 100%            |
| LG Display Singapore Pte. Ltd.               | Sales                   | Singapore | 100%            |
| L&T Display Technology (Xiamen) Co., Ltd.    | Manufacturing and sales | China     | 51%             |
| L&T Display Technology (Fujian) Co., Ltd.    | Manufacturing and sales | China     | 51%             |
| LG Display Yantai Co., Ltd.                  | Manufacturing and sales | China     | 100%            |
| L&I Electronic Technology (Dongguan) Limited | Manufacturing and sales | China     | 51%             |
| Image & Materials, Inc.                      | Manufacturing and sales | Korea     | 100%            |
| LUCOM Display Technology (Kunshan) Limited   | Manufacturing and sales | China     | 51%             |

\* In July 2010, LG Display Nanjing Co., Ltd. acquired and merged with LG Electronics (Nanjing) Plasma.

**Table of Contents**

## D. Status of equity investment

Status of equity investment as of December 31, 2010:

| Company                                                              | Paid-in Capital      | Initial Equity Investment Date | Ownership Ratio |
|----------------------------------------------------------------------|----------------------|--------------------------------|-----------------|
| LG Display America, Inc.                                             | US\$ 105,000,000     | September 24, 1999             | 100%            |
| LG Display Germany GmbH                                              | EUR 960,000          | November 5, 1999               | 100%            |
| LG Display Japan Co., Ltd.                                           | ¥ 95,000,000         | October 12, 1999               | 100%            |
| LG Display Taiwan Co., Ltd.                                          | NT\$ 115,500,000     | May 19, 2000                   | 100%            |
| LG Display Nanjing Co., Ltd.                                         | CNY 2,253,753,055    | July 15, 2002                  | 100%            |
| LG Display Shanghai Co., Ltd.                                        | CNY 4,138,650        | January 16, 2003               | 100%            |
| LG Display Poland Sp. zo.o.                                          | PLN 410,327,700      | September 6, 2005              | 80%             |
| LG Display Guangzhou Co., Ltd.                                       | CNY 895,904,754      | August 7, 2006                 | 90%             |
| LG Display Shenzhen Co., Ltd.                                        | CNY 3,775,250        | August 28, 2007                | 100%            |
| LG Display Singapore Pte. Ltd.                                       | SGD 1,400,000        | January 12, 2009               | 100%            |
| L&T Display Technology (Xiamen) Co., Ltd.                            | CNY 41,785,824       | January 5, 2010                | 51%             |
| L&T Display Technology (Fujian) Co., Ltd.                            | CNY 59,197,026       | January 5, 2010                | 51%             |
| LG Display Yantai Co., Ltd.                                          | CNY 273,048,000      | April 19, 2010                 | 100%            |
| L&I Electronic Technology (Dongguan) Limited                         | CNY 17,062,560       | October 25, 2010               | 51%             |
| Image & Materials, Inc.                                              | (Won) 35,000,000,000 | November 29, 2010              | 100%            |
| LUCOM Display Technology (Kunshan) Limited                           | CNY 15,216,998       | December 27, 2010              | 51%             |
| Suzhou Raken Technology Co., Ltd.                                    | CNY 569,455,395      | October 7, 2008                | 51%             |
| Paju Electric Glass Co., Ltd.                                        | (Won) 29,248,000,000 | March 25, 2005                 | 40%             |
| TLI Co., Ltd.                                                        | (Won) 14,073,806,250 | May 16, 2008                   | 12%             |
| AVACO Co., Ltd.                                                      | (Won) 6,172,728,120  | June 9, 2008                   | 20%             |
| Guangzhou Vision Display Technology Research and Development Limited | CNY 25,000,000       | July 11, 2008                  | 50%             |
| NEW OPTICS, Ltd.                                                     | (Won) 12,199,600,000 | July 30, 2008                  | 42%             |
| LIG ADP Co., Ltd. (formerly ADP Engineering Co., Ltd.)               | (Won) 6,330,000,000  | February 24, 2009              | 13%             |
| Wooree LED Co., Ltd.                                                 | (Won) 11,900,000,000 | May 22, 2009                   | 30%             |
| Dynamic Solar Design Co., Ltd.                                       | (Won) 6,066,658,000  | June 24, 2009                  | 40%             |
| RPO, Inc.                                                            | US\$ 12,285,022      | November 3, 2009               | 26%             |
| Global OLED Technology LLC                                           | US\$ 45,170,000      | December 23, 2009              | 33%             |
| LB Gemini New Growth Fund No.16                                      | (Won) 8,280,000,000  | December 7, 2009               | 31%             |
| Can Yang Investment Ltd.                                             | US\$ 15,300,000      | January 27, 2010               | 15%             |
| YAS Co., Ltd.                                                        | (Won) 10,000,000,000 | September 16, 2010             | 20%             |
| Eralite Optoelectronics (Jiangsu) Co., Ltd.                          | US\$ 4,000,000       | September 28, 2010             | 20%             |

**Table of Contents**

**14. Audit Information**

A. Audit service

(Unit: In millions of Won, hours)

| Description   | 2010                         | 2009                         | 2008                         |
|---------------|------------------------------|------------------------------|------------------------------|
| Auditor       | KPMG Samjong                 | KPMG Samjong                 | KPMG Samjong                 |
| Activity      | Audit by independent auditor | Audit by independent auditor | Audit by independent auditor |
| Compensation* | 850 (585)**                  | 700 (540)***                 | 750 (750)****                |
| Time required | 16,646                       | 17,569                       | 23,100                       |

\* Compensation amount is the contracted amount for the full fiscal year.

\*\* Compensation amount in ( ) is for K-IFRS audit, 20-F filing and SOX404 audit.

\*\*\* Compensation amount in ( ) is for US-GAAP audit, 20-F filing and SOX404 audit.

\*\*\*\* Compensation amount in ( ) is for US-GAAP audit and review and SOX404 audit.

**Table of Contents**

## B. Non-audit service

(Unit: In millions of Won)

| Fiscal Year | Independent Auditor | Contract Date | Detail                               | Compensation |
|-------------|---------------------|---------------|--------------------------------------|--------------|
| 2010        | KPMG Samjong        | May 6, 2010   | Agreed procedure regarding Company B | 106          |

**15. Management's Discussion and Analysis of Financial Condition and Results of Operations**

## A. Risk relating to Forward-looking Statements

The annual report contains forward-looking statements that are, by their nature, subject to significant risks and uncertainties. These forward-looking statements reflect our current views as of the date of this report with respect to future events and are not a guarantee of future performance or results. Actual results may differ materially from information contained in the forward-looking statements as a result of a number of factors beyond our control. We have no obligation to update or correct the forward-looking statements contained in these materials subsequent to the date hereof. All forward-looking statements attributable to us in this report are expressly qualified in their entirety by the cautionary statements contained or referred to in this section.

## B. Overview

In 2010, despite the challenging market environment, we were able to significantly increase our share in the LCD panel market and improve our customer base by acquiring many of the global companies as our customers. A large part of our success was due to the further development of our IPS technology which our competitors were reluctant to develop due to its complexity in comparison with conventional VA technology. The development of the FPR 3D panel that we released in Beijing, China toward the end of 2010 was also a noteworthy achievement. We believe that the FRP 3D panel will capture the emerging 3D panel market in 2011. We will continue to develop new products and technologies that can be differentiated from those of our competitors in order to lead the LCD panel market.

We have also improved our manufacturing productivity. In the first month after commencement of mass production, our P82 expansion achieved a yield rate of 90%. Our production facilities also achieved an average yield rate of 97% for the month of October 2010. In addition, we have made efforts to improve the quality of our products, increase our marketing efforts and create a work friendly corporate environment. As a result of our efforts, we recorded our highest ever sales revenues of approximately (Won)25.5 trillion and results from operating activities of (Won)1.3 trillion in 2010, despite a decrease in the selling price of our products in the second half of 2010.

We intend to continue to generate profits by maximizing the benefits of selling high-end products such as FPR 3D and AH-IPS, in which we have a competitive advantage over our competitors. In addition, we plan to implement other measures including the enhancement of safety in our workplace, the reduction of defective products, achieving a zero percent glass breakage rate, and the utilization of remotely controlled robots as part of our cost saving measures.

**Table of Contents**

## C. Financial Condition and Results of Operations

## 1. Results of operations (Based on consolidated, K-IFRS)

In 2010, we successfully commenced mass production at P82 and also captured the largest market share for large size products in terms of net display area and number of products sold. We captured an 80% share of the smartbook market with our AH-IPS products and we also performed well in the small to medium sized products category by greatly increasing our share in the mobile market. In addition, we further solidified the foundation for future growth of our OLED business in 2010. Our efforts to minimize losses resulting from underutilization of our fabrication facilities resulted in an average yield rate of 97% for our production facilities, including a 99% yield rate for our P62, for the month of October 2010. We are also supporting domestic companies with which we have cooperative relationships to be more competitive on the global stage. The number of domestic companies which receive our support increased from 4 in 2009 to 18 in 2010. Despite generally unfavorable market conditions in the second half of 2010 which resulted in the decline of selling prices of our products, our continued efforts to improve productivity and customer relationships resulted in a 27% increase in our sales revenues from (Won)20,038 billion in 2009 to (Won)25,512 billion in 2010, a 30% increase in our results from operating activities from (Won)1,010 billion in 2009 to (Won)1,310 billion in 2010 and a net profit of (Won)1,159 billion in 2010. This is the fourth consecutive year we have had net profits in excess of (Won)1 trillion.

(Unit: In millions of Won)

| Description                       | 2010         | 2009         | Changes     |
|-----------------------------------|--------------|--------------|-------------|
| Sales revenue                     | 25,511,535   | 20,037,701   | 5,473,834   |
| Cost of sales                     | (21,780,880) | (17,476,995) | (4,303,885) |
| Gross profit                      | 3,730,655    | 2,560,706    | 1,169,949   |
| Other income                      | 1,483,443    | 1,365,554    | 117,889     |
| Selling expenses                  | (846,376)    | (712,580)    | (133,796)   |
| Administrative expenses           | (521,035)    | (325,325)    | (195,710)   |
| Research and development expenses | (674,684)    | (407,857)    | (266,827)   |
| Other expenses                    | (1,861,531)  | (1,470,146)  | (391,385)   |
| Results from operating activities | 1,310,472    | 1,010,352    | 300,120     |
| Finance income                    | 240,988      | 332,721      | (91,733)    |
| Finance costs                     | (288,472)    | (343,855)    | 55,383      |
| Other non-operating loss, net     | (15,611)     | (6,475)      | (9,136)     |
| Equity income on investment, net  | 18,192       | 20,217       | (2,025)     |
| Profit before income tax          | 1,265,569    | 1,012,960    | 252,609     |
| Income tax expense (benefit)      | 106,335      | (104,818)    | 211,153     |
| Profit for the period             | 1,159,234    | 1,117,778    | 41,456      |

**Table of Contents**

## 1) Selected financial ratios

| Classification                                     | Calculation                                                                       | 2010 Ratio | 2009 Ratio | Change  |
|----------------------------------------------------|-----------------------------------------------------------------------------------|------------|------------|---------|
| Current ratio                                      | $(\text{current assets} \div \text{current liabilities}) \times 100$              | 99.5%      | 126.7%     | (27.2%) |
| Debt to equity ratio                               | $(\text{total liabilities} \div \text{total equity}) \times 100$                  | 115.7%     | 96.3%      | 19.4%   |
| Operating margin                                   | $(\text{results from operating activities} \div \text{revenue}) \times 100$       | 5.1%       | 5.0%       | 0.1%    |
| Net margin                                         | $(\text{profit for the period} \div \text{revenue}) \times 100$                   | 4.5%       | 5.6%       | (1.1%)  |
| Return on assets                                   | $(\text{profit for the period} \div \text{total assets}) \times 100$              | 4.9%       | 5.7%       | (0.8%)  |
| Return on equity                                   | $(\text{profit for the period} \div \text{total equity}) \times 100$              | 10.5%      | 11.1%      | (0.6%)  |
| Net cash from operating activities to assets ratio | $(\text{net cash from operating activities} \div \text{total assets}) \times 100$ | 20.5%      | 21.1%      | (0.6%)  |

| Classification          | Calculation                                                                                                                       | 2010 Ratio |
|-------------------------|-----------------------------------------------------------------------------------------------------------------------------------|------------|
| Revenue growth          | $(\text{current year revenue} \div \text{prior year revenue}) \times 100 - 1$                                                     | 27.3%      |
| Operating profit growth | $(\text{current year results from operating activities} \div \text{prior year results from operating activities}) \times 100 - 1$ | 29.7%      |
| Net profit growth       | $(\text{current year profit} \div \text{prior year profit}) \times 100 - 1$                                                       | 3.7%       |
| Total assets growth     | $(\text{current year end total assets} \div \text{prior year end total assets}) \times 100 - 1$                                   | 21.1%      |
| Asset turnover          | $\text{Revenue} \div ((\text{total assets at beginning of year} + \text{total assets at end of year}) \div 2)$                    | 1.2        |

## 2) Sales and cost of sales

Our cost of sales as a percentage of sales revenue decreased by 1.8% from 87.2% in 2009 to 85.4% in 2010. Our cost of sales as a percentage of sales revenue decreased because of an increase in our production capacity and production that led to a decrease in the cost of sales per unit, which more than offset the decrease in the selling prices of our products.

**Table of Contents**

(Unit: In millions of Won, except percentages)

| Description                            | 2010         | 2009         | Changes     |            |
|----------------------------------------|--------------|--------------|-------------|------------|
|                                        |              |              | Amount      | Percentage |
| Sales revenue                          | 25,511,535   | 20,037,701   | 5,473,834   | 27.32%     |
| Cost of sales                          | (21,780,880) | (17,476,995) | (4,303,885) | 24.63%     |
| Gross profit                           | 3,730,655    | 2,560,706    | 1,169,949   | 45.69%     |
| Cost of sales as a percentage of sales | 85.4%        | 87.2%        |             |            |

## 3) Sales by Product Category

Sales of panels for televisions as a percentage of total sales revenue increased by 0.5% from 55.2% in 2009 to 54.7% in 2010 primarily due to the continued growth of the LCD television market and the increased sale of high-value products such as LED and differentiated products. Sales of panels for other applications as a percentage of total sales revenue increased primarily due to increased demand for IPS-based smartphone products. Sales of panels for notebook computers as a percentage of total sales revenue remained relatively stable as a general decrease in demand for conventional notebook computers was offset in part by sales revenue generated from the sale of panels for smartbook (tablet) products.

| Categories                    | 2010  | 2009  | Difference |
|-------------------------------|-------|-------|------------|
| Panels for televisions        | 55.2% | 54.7% | 0.5%       |
| Panels for desktop monitors   | 21.1% | 23.2% | (2.1%)     |
| Panels for notebook computers | 17.3% | 17.8% | (0.5%)     |
| Panels for other application  | 6.4%  | 4.3%  | 2.1%       |

## 4) Production capacity

Our annual production capacity increased by 30% in 2010 compared to 2009, in large part due to the successful ramp-up of P82 and our efforts to maximize capacity and minimize loss.

**Table of Contents**

## 2. Financial condition (based on consolidated, K-IFRS)

Our current assets increased by (Won)614 billion from (Won)8,226 billion as of December 31, 2009 to (Won)8,840 billion as of December 31, 2010 and our non-current assets increased by (Won)3,540 billion from (Won)11,477 billion as of December 31, 2009 to (Won)15,017 billion as of December 31, 2010. Our current liabilities increased by (Won)2,387 billion from (Won)6,495 billion as of December 31, 2009 to (Won)8,882 billion as of December 31, 2010 and our non-current liabilities increased by (Won)746 billion from (Won)3,169 billion as of December 31, 2009 to (Won)3,915 billion as of December 31, 2010. Our total equity increased by (Won)1,021 billion from (Won)10,040 billion as of December 31, 2009 to (Won)11,061 billion as of December 31, 2010.

(Unit: In millions of Won)

| Description                  | 2010       | 2009       | Changes   |
|------------------------------|------------|------------|-----------|
| Current assets               | 8,840,433  | 8,226,142  | 614,291   |
| Non-current assets           | 15,017,225 | 11,477,335 | 3,539,890 |
| Total assets                 | 23,857,658 | 19,703,477 | 4,154,181 |
| Current liabilities          | 8,881,829  | 6,495,071  | 2,386,758 |
| Non-current liabilities      | 3,914,862  | 3,168,657  | 746,205   |
| Total liabilities            | 12,796,691 | 9,663,728  | 3,132,963 |
| Share capital                | 1,789,079  | 1,789,079  | 0         |
| Share premium                | 2,251,113  | 2,251,113  | 0         |
| Reserves                     | (35,298)   | (51,005)   | 15,707    |
| Retained earnings            | 7,031,163  | 6,050,562  | 980,601   |
| Non-controlling interest     | 24,910     |            | 24,910    |
| Total equity                 | 11,060,967 | 10,039,749 | 1,021,218 |
| Total liabilities and equity | 23,857,658 | 19,703,477 | 4,154,181 |

In 2010, we continued our efforts to maximize capacity and minimize loss and we also commenced mass production at P82, which led to an increase in production capacity. As a result of our increased production levels, our inventory increased by (Won)547 billion from December 31, 2009 to December 31, 2010.

The book value of our total tangible assets as of December 31, 2010 was (Won)12,815 billion, an increase of (Won)3,219 billion from the book value of our total tangible assets as of December 31, 2009. The increase was primarily due to our investments in P83 and P9. The book value of our intangible assets as of December 31, 2010 was (Won)540 billion, an increase of (Won)188 billion compared to the book value of our intangible assets as of December 31, 2009. The increase was primarily due to the purchase of computer software, the increase in our development costs and the acquisition of the LCD module business (including its intangible assets) from LG Innotek.

Net trade accounts and notes receivables as of December 31, 2010 was (Won)3,001 billion, an increase of (Won)50 billion from net trade accounts and notes receivables as of December 31, 2009. Trade accounts and notes receivables amounting to (Won)1,290 billion (approximately US\$1,133 million) and (Won)702 billion (approximately US\$601 million) were sold to financial institutions, but are current and outstanding, as of December 31, 2010 and 2009, respectively.

**Table of Contents**

Trade accounts and notes payables as of December 31, 2010 was (Won)2,962 billion, an increase of (Won)931 billion from trade accounts and notes payables as of December 31, 2009. The increase was primarily due to growth in our television set, which led to increases in account payables for products purchased from our jointly controlled entity as well as our increased production levels which correspondingly led to an increase in the purchase of raw materials.

Other accounts payables as of December 31, 2010 was (Won)2,593 billion, an increase of (Won)996 billion from other accounts payables as of December 31, 2009. The increase was primarily due to an increase in large-scale investments, including investments in P9 and P83, which increased the outstanding payments for services and products associated with such investments.

Long-term advances received as of December 31, 2010 was (Won)945 billion, an increase of (Won)362 billion from long-term advances received as of December 31, 2009. The increase was primarily due to long-term advances received from Apple, Inc. in the amount of US\$330 million in 2010.

### 3. Liquidity and capital resources

In 2010, our net cash from operating activities amounted to (Won)4,884 billion, our net cash provided by financing activities, including the incurrence of short- and long-term borrowings as well as the issuance of corporate debentures, amounted to (Won)408 billion and our net cash used in investing activities, including the acquisition of tangible assets and our acquisition of investments in equity accounted investees, amounted to (Won)4,515 billion.

We currently expect our total capital expenditures on a cash-out basis to be approximately (Won)5 trillion in 2011. However, there are a number of variables that may cause us to reassess our estimated capital expenditures including, among others, a larger than expected increase in demand which causes us to invest in new capacity expansion projects at P83, a decision to accelerate our investment in new businesses and contingencies associated with our investments in China. Accordingly, our estimated capital expenditures may change.

(Unit: In millions of Won)

| Description                                         | 2010        | 2009        | Changes |
|-----------------------------------------------------|-------------|-------------|---------|
| Results from operating activities                   | 1,310,472   | 1,010,352   | 300,120 |
| Net cash provided by operating activities           | 4,883,532   | 4,153,306   | 730,226 |
| Net cash provided by (used in) financing activities | 408,126     | (117,022)   | 525,148 |
| Net cash used in investing activities               | (4,515,167) | (4,564,324) | 49,157  |
| Cash and cash equivalents at Dec. 31, 2010          | 1,631,009   | 817,982     | 813,027 |

**Table of Contents**

For a discussion of our capital resources, see Notes 6 and 14 of our notes to the financial statements attached hereto.

**16. Board of Directors****A. Independence of directors**

Outside director: Independent

Non-outside director: Not independent

Each of our outside directors meets the applicable independence standards set forth under the applicable laws and regulations. Each of our outside directors was nominated by the Outside Director Nomination and Corporate Governance Committee, was approved by the board of directors and was appointed at the general meeting of shareholders. None of our outside directors has or had any business transaction or any related party transactions with us. Our outside directors are comprised of four persons including three who are members of our audit committee. As of December 31, 2010, our non-outside directors were comprised of the chief executive officer, the chief financial officer and a non-standing director.

**B. Members of the board of directors**

Members of the board of directors (as of December 31, 2010)

| Name                  | Date of birth    | Position                                                             | Business experience                                                                                          | First Elected     |
|-----------------------|------------------|----------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------|-------------------|
| Young Soo Kwon        | February 6, 1957 | Representative<br>Director, President and<br>Chief Executive Officer | President and Chief Financial<br>Officer of LG Electronics                                                   | January 1, 2007   |
| James (Hoyoung) Jeong | November 2, 1961 | Director and<br>Chief Financial Officer                              | Executive Vice President and<br>Chief Financial Officer of LG<br>Electronics                                 | January 1, 2008   |
| Do Hyun Jung*         | April 9, 1957    | Director                                                             | Executive Vice President and<br>Chief Financial Officer of LG<br>Electronics                                 | March 12, 2010    |
| Tae Sik Ahn           | March 21, 1956   | Outside Director                                                     | Dean, College of Business<br>Administration and Graduate<br>School of Business, Seoul<br>National University | March 12, 2010    |
| Dongwoo Chun*         | January 15, 1945 | Outside Director                                                     | Outside Director of Pixelplus                                                                                | March 23, 2005    |
| Yoshihide Nakamura*   | October 22, 1942 | Outside Director                                                     | President of ULDAGE, Inc.                                                                                    | February 29, 2008 |
| William Y. Kim        | June 6, 1956     | Outside Director                                                     | Partner at Ropes & Gray LLP                                                                                  | February 29, 2008 |

\* Resigned on March 11, 2011.

## Table of Contents

Members of the board of directors (as of March 12, 2011):

| Name                  | Date of birth     | Position                                                             | Business experience                                                                                          | First Elected     |
|-----------------------|-------------------|----------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------|-------------------|
| Young Soo Kwon        | February 6, 1957  | Representative<br>Director, President and<br>Chief Executive Officer | President and Chief Financial<br>Officer of LG Electronics                                                   | January 1, 2007   |
| James (Hoyoung) Jeong | November 2, 1961  | Director and<br>Chief Financial Officer                              | Executive Vice President and<br>Chief Financial Officer of LG<br>Electronics                                 | January 1, 2008   |
| Yu Sig Kang*          | November 3, 1948  | Director                                                             | Vice Chairman, Representative<br>Director, LG Corp.                                                          | March 11, 2011    |
| Tae Sik Ahn           | March 21, 1956    | Outside Director                                                     | Dean, College of Business<br>Administration and Graduate<br>School of Business, Seoul<br>National University | March 12, 2010    |
| William Y. Kim        | June 6, 1956      | Outside Director                                                     | Partner at Ropes & Gray LLP                                                                                  | February 29, 2008 |
| Jin Jang*             | November 28, 1954 | Outside Director                                                     | Chair Professor, Department of<br>Information Display, Kyung Hee<br>University                               | March 11, 2011    |
| Sunny Yi*             | March 25, 1962    | Outside Director                                                     | Partner, Bain & Company Korea                                                                                | March 11, 2011    |

\* On March 11, 2011, Yu Sig Kang was newly elected as our non-outside director and Sunny Yi and Jin Jang were newly elected as our outside directors by our shareholders at the annual general meeting of shareholders.

### C. Committees of the board of directors

Committees of the board of directors (as of December 31, 2010):

| Committee                                                         | Composition                                       | Member                                              |
|-------------------------------------------------------------------|---------------------------------------------------|-----------------------------------------------------|
| Audit Committee                                                   | 3 outside directors                               | Tae Sik Ahn, Yoshihide Nakamura*,<br>William Y. Kim |
| Outside Director Nomination and Corporate<br>Governance Committee | 1 non-outside director and<br>2 outside directors | Do Hyun Jung*, Dongwoo Chun*,<br>William Y. Kim     |
| Remuneration Committee                                            | 1 non-outside director and<br>2 outside directors | Do Hyun Jung*, Dongwoo Chun*, Tae<br>Sik Ahn        |

\* Resigned on March 11, 2011.

## Table of Contents

Committees of the board of directors (as of March 12, 2011):

| Committee                                                      | Composition                                       | Member                                            |
|----------------------------------------------------------------|---------------------------------------------------|---------------------------------------------------|
| Audit Committee                                                | 3 outside directors                               | Tae Sik Ahn, Sunny Yi*, William Y. Kim            |
| Outside Director Nomination and Corporate Governance Committee | 1 non-outside director and<br>2 outside directors | James (Hoyoung) Jeong*, Jin Jang*, William Y. Kim |
| Remuneration Committee                                         | 1 non-outside director and<br>2 outside directors | James (Hoyoung) Jeong*, Sunny Yi*, Tae Sik Ahn    |

\* On March 11, 2011, Sunny Yi became a member of the Audit Committee, James (Hoyoung) Jeong and Jin Jang became members of the Outside Director Nomination and Corporate Governance Committee and James (Hoyoung) Jeong and Sunny Yi became members of the Remuneration Committee.

## 17. Information Regarding Shares

### A. Total number of shares

- (1) Total number of shares authorized to be issued (as of December 31, 2010): 500,000,000 shares.
- (2) Total shares issued and outstanding (as of December 31, 2010): 357,815,700 shares.

### B. Shareholder list

- (1) Largest shareholder and related parties:

(Unit: share)

| Name           | Relationship | As of December 31, 2010 |
|----------------|--------------|-------------------------|
| LG Electronics | Largest      | 135,625,000             |
|                | Shareholder  | (37.9%)                 |
| Young Soo Kwon | Related      | 13,000                  |
|                | Party        | (0.0%)                  |

**Table of Contents**

- (2) Shareholders who are known to us to own 5% or more of our shares as of December 31, 2010:

| Beneficial Owner         | Number of Shares of Common Stock | Percentage |
|--------------------------|----------------------------------|------------|
| LG Electronics           | 135,625,000                      | 37.9%      |
| National Pension Service | 23,101,658                       | 6.5%       |
| Citi Bank ADR            | 17,881,825                       | 5.0%       |

**18. Directors and Employees**

## A. Directors

- (1) Remuneration for directors in 2010

(Unit: In millions of Won)

| Classification                            | Approved payment |                      |                      | Remarks                                                            |
|-------------------------------------------|------------------|----------------------|----------------------|--------------------------------------------------------------------|
|                                           | Amount paid      | amount at            | Per capita average   |                                                                    |
|                                           |                  | shareholders meeting | remuneration paid*** |                                                                    |
| Directors who are executive officers****  | 2,059            |                      | 1,030                |                                                                    |
| Directors nominated by LG Electronics**** |                  | 8,500*****           |                      |                                                                    |
| Outside Directors****                     | 235**            |                      | 57                   | Three of our outside directors are members of the audit committee. |

\* Period: January 1, 2010 ~ December 31, 2010

\* Amount paid is calculated on the basis of actually paid amount except accrued salary and severance benefits.

\*\* Amount paid to outside directors includes remuneration for Ingoo Han, whose term expired on March 12, 2010.

\*\*\* Per capita average remuneration paid is calculated by dividing total amount paid by the average number of non-outside/outside directors for the 12 months ended December 31, 2010.

\*\*\*\* Based on the number of directors as of December 31, 2010.

**Table of Contents**

## (2) Stock option

The following table sets forth certain information regarding our stock options as of December 31, 2010.

(Unit: Won, Stock)

| Executive                            |  | Exercise Period |                             | Exercise Price | Number of Granted Options | Number of Exercised Options | Number of Cancelled Options* | Number of Exercisable Options* |
|--------------------------------------|--|-----------------|-----------------------------|----------------|---------------------------|-----------------------------|------------------------------|--------------------------------|
| Officers (including Former Officers) |  | Grant Date      | From To                     |                |                           |                             |                              |                                |
| Ron H. Wirahadiraksa                 |  | April 7, 2005   | April 8, 2008 April 7, 2012 | (Won) 44,050   | 100,000                   | 0                           | 50,000                       | 50,000                         |
| Duke M. Koo                          |  | April 7, 2005   | April 8, 2008 April 7, 2012 | (Won) 44,050   | 40,000                    | 0                           | 20,000                       | 20,000                         |
| Sang Deog Yeo                        |  | April 7, 2005   | April 8, 2008 April 7, 2012 | (Won) 44,050   | 40,000                    | 0                           | 20,000                       | 20,000                         |
| Jae Geol Ju                          |  | April 7, 2005   | April 8, 2008 April 7, 2012 | (Won) 44,050   | 40,000                    | 0                           | 20,000                       | 20,000                         |
| Total                                |  |                 |                             |                | 220,000                   |                             | 110,000                      | 110,000                        |

\* When the increase rate of our share price is the same or less than the increase rate of the Korea Composite Stock Price Index ( KOSPI ) over the three-year period following the grant date, only 50% of the initially granted shares are exercisable. Since the increase rate of our share price was lower than the increase rate of KOSPI during the period from April 7, 2005 to April 7, 2008, only 50% of the 220,000 initially granted shares are exercisable.

## B. Employees

As of December 31, 2010, we had 30,117 employees (excluding our executive officers). The total amount of salary paid to our employees for the 12 months ended December 31, 2010 based on cash payment (excluding welfare benefits and retirement expenses) was (Won)1,163,426 million. The following table provides details of our employees as of December 31, 2010:

(Unit: person, in millions of Won)

| Details of Employees |        |        | Total Salary in 2010* | Per Capita Salary** | Average Service Year |
|----------------------|--------|--------|-----------------------|---------------------|----------------------|
| Male                 | Female | Total  |                       |                     |                      |
| 20,995               | 9,122  | 30,117 | 1,282,387             | 42.49               | 4.3                  |

\* Welfare benefits and retirement expenses have been excluded. Total welfare benefit provided to our employees for the twelve months ended December 31, 2010 was (Won)252,274 million and the per capita welfare benefit provided was (Won)9.2 million.

\* Based on cash payment made in Korea.

\* Includes incentive payments to employees who have transferred from our affiliated companies.

\*\* Per Capita Salary is calculated using the average number of employees (27,379) for the 12 months ended December 31, 2010.

**Table of Contents**

LG DISPLAY CO., LTD. AND SUBSIDIARIES

Consolidated Financial Statements

**For the Years Ended December 31, 2010 and 2009**

(with Independent Auditors' Report Thereon)

**Table of Contents**

**Contents**

|                                                       | <b>Page</b> |
|-------------------------------------------------------|-------------|
| <u>Independent Auditors' Report</u>                   | 1           |
| <u>Consolidated Statements of Financial Position</u>  | 3           |
| <u>Consolidated Statement of Comprehensive Income</u> | 4           |
| <u>Consolidated Statement of Changes in Equity</u>    | 5           |
| <u>Consolidated Statement of Cash Flows</u>           | 6           |
| <u>Notes to Consolidated Financial Statements</u>     | 39          |

**Table of Contents**

**Independent Auditors' Report**

Based on a report originally issued in Korean

To the Board of Directors and Shareholders

LG Display Co., Ltd.:

We have audited the accompanying consolidated statements of financial position of LG Display Co., Ltd and subsidiaries (the "Group") as of December 31, 2010, 2009 and January 1, 2009, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2010 and 2009. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Korean International Financial Reporting Standards. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Group as of December 31, 2010, 2009 and January 1, 2009 and of its financial performance and its consolidated cash flows for the years ended December 31, 2010 and 2009, in accordance with Korean International Financial Reporting Standards.

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

As discussed in note 20 to the consolidated financial statements, the European Commission issued a decision finding that LG Display Co., Ltd. engaged in anti-competitive activities in the LCD industry in violation of European competition laws and imposed a fine of EUR215 million on December 8, 2010. As of December 31, 2010, LG Display Co., Ltd., along with its subsidiaries, is under investigations by Korea Fair Trade Commission in Korea and antitrust authorities in other countries with respect to possible anti-competitive activities in the LCD industry. In addition, LG Display Co., Ltd., along with its subsidiaries, has been named as defendants in a number of federal class actions in the United States and Canada and related individual lawsuits based on alleged antitrust violations concerning the sale of LCD panels. The Group estimated and recognized losses related to these legal proceedings. However, actual losses are subject to change in the future based on new developments in each matter, or changes in circumstances, which could be materially different from those estimated and recognized by the Group.

**Table of Contents**

/s/ KPMG Samjong Accounting Corp.

Seoul, Korea

February 24, 2011

This report is effective as of February 24, 2011, the audit report date. Certain subsequent events or circumstances, which may occur between the audit report date and the time of reading this report, could have a material impact on the accompanying financial statements and notes thereto. Accordingly, the readers of the audit report should understand that there is a possibility that the above audit report may have to be revised to reflect the impact of such subsequent events or circumstances, if any.

**Table of Contents**

## LG DISPLAY CO., LTD. AND SUBSIDIARIES

**Consolidated Statements of Financial Position**

As of December 31, 2010, 2009 and January 1, 2009

| <i>(In millions of Won)</i>               | <b>Note</b>   | <b>December 31, 2010</b> | <b>December 31, 2009</b> | <b>January 1, 2009</b> |
|-------------------------------------------|---------------|--------------------------|--------------------------|------------------------|
| <b>Assets</b>                             |               |                          |                          |                        |
| Cash and cash equivalents                 | 6             | (Won) 1,631,009          | 817,982                  | 1,352,752              |
| Deposits in banks                         | 6, 13         | 1,503,000                | 2,500,000                | 2,055,000              |
| Trade accounts and notes receivable, net  | 7, 13, 19, 22 | 3,000,661                | 2,950,245                | 2,014,700              |
| Other accounts receivable, net            | 7, 13         | 256,028                  | 127,340                  | 127,085                |
| Other current financial assets            | 9, 13         | 35,370                   | 3,856                    | 26,526                 |
| Inventories                               | 8             | 2,215,217                | 1,667,780                | 1,136,672              |
| Other current assets                      | 7             | 199,148                  | 158,939                  | 220,127                |
| <b>Total current assets</b>               |               | <b>8,840,433</b>         | <b>8,226,142</b>         | <b>6,932,862</b>       |
| Investments in equity accounted investees | 10            | 325,532                  | 282,450                  | 89,047                 |
| Other non-current financial assets        | 9, 13         | 83,246                   | 145,970                  | 183,476                |
| Deferred tax assets                       | 30            | 1,074,853                | 926,219                  | 608,319                |
| Property, plant and equipment, net        | 11, 23        | 12,815,401               | 9,596,497                | 9,242,378              |
| Intangible assets, net                    | 12, 23        | 539,901                  | 352,393                  | 204,441                |
| Other non-current accounts receivable     | 7, 13         | 11,045                   | 11,311                   | 25,057                 |
| Other non-current assets                  | 7, 13         | 167,247                  | 162,495                  | 176,269                |
| <b>Total non-current assets</b>           |               | <b>15,017,225</b>        | <b>11,477,335</b>        | <b>10,528,987</b>      |
| <b>Total assets</b>                       |               | <b>(Won) 23,857,658</b>  | <b>19,703,477</b>        | <b>17,461,849</b>      |
| <b>Liabilities</b>                        |               |                          |                          |                        |
| Trade accounts and notes payable          | 22            | (Won) 2,961,995          | 2,031,422                | 988,012                |
| Current financial liabilities             | 14            | 2,100,979                | 2,007,332                | 1,170,285              |
| Other accounts payable                    |               | 2,592,527                | 1,596,135                | 2,043,570              |
| Accrued expenses                          |               | 373,717                  | 300,412                  | 203,374                |
| Income tax payable                        |               | 153,890                  | 145,326                  | 294,494                |
| Provisions                                |               | 634,815                  | 362,443                  | 51,424                 |
| Other current liabilities                 | 18            | 63,906                   | 52,001                   | 32,944                 |
| <b>Total current liabilities</b>          |               | <b>8,881,829</b>         | <b>6,495,071</b>         | <b>4,784,103</b>       |
| Non-current financial liabilities         | 14            | 2,542,900                | 2,076,160                | 2,870,265              |
| Non-current provisions                    |               | 8,773                    | 5,611                    | 10,097                 |
| Deferred tax liabilities                  | 30            | 6,640                    |                          |                        |
| Employee benefits                         | 17            | 78,715                   | 84,297                   | 75,402                 |
| Long-term advance received                | 19            | 945,287                  | 583,800                  |                        |
| Other non-current liabilities             | 18            | 332,547                  | 418,789                  | 554,075                |
| <b>Total non-current liabilities</b>      |               | <b>3,914,862</b>         | <b>3,168,657</b>         | <b>3,509,839</b>       |
| <b>Total liabilities</b>                  |               | <b>12,796,691</b>        | <b>9,663,728</b>         | <b>8,293,942</b>       |

**Equity**

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

|                                                                   |    |                         |                   |                   |
|-------------------------------------------------------------------|----|-------------------------|-------------------|-------------------|
| Share capital                                                     | 21 | 1,789,079               | 1,789,079         | 1,789,079         |
| Share premium                                                     |    | 2,251,113               | 2,251,113         | 2,251,113         |
| Reserves                                                          | 21 | (35,298)                | (51,005)          | 1,580             |
| Retained earnings                                                 |    | 7,031,163               | 6,050,562         | 5,126,135         |
| <b>Total equity attributable to equity holders of the Company</b> |    | <b>11,036,057</b>       | <b>10,039,749</b> | <b>9,167,907</b>  |
| <b>Non-controlling interest</b>                                   |    | <b>24,910</b>           |                   |                   |
| <b>Total equity</b>                                               |    | <b>11,060,967</b>       | <b>10,039,749</b> | <b>9,167,907</b>  |
| <b>Total liabilities and equity</b>                               |    | <b>(Won) 23,857,658</b> | <b>19,703,477</b> | <b>17,461,849</b> |

*See accompanying notes to consolidated financial statements.*

**Table of Contents**

LG DISPLAY CO., LTD. AND SUBSIDIARIES

**Consolidated Statement of Comprehensive Income**

For the years ended December 31, 2010 and 2009

| <i>(In millions of Won, except earnings per share)</i>                         | <b>Note</b> | <b>2010</b>      | <b>2009</b>  |
|--------------------------------------------------------------------------------|-------------|------------------|--------------|
| <b>Revenue</b>                                                                 | 22, 23, 24  | (Won) 25,511,535 | 20,037,701   |
| <b>Cost of sales</b>                                                           | 8, 22       | (21,780,880)     | (17,476,995) |
| <b>Gross profit</b>                                                            |             | 3,730,655        | 2,560,706    |
| Other income                                                                   | 25          | 1,483,443        | 1,365,554    |
| Selling expenses                                                               | 16          | (846,376)        | (712,580)    |
| Administrative expenses                                                        | 16          | (521,035)        | (325,325)    |
| Research and development expenses                                              |             | (674,684)        | (407,857)    |
| Other expenses                                                                 | 25          | (1,861,531)      | (1,470,146)  |
| <b>Results from operating activities</b>                                       |             | 1,310,472        | 1,010,352    |
| Finance income                                                                 | 28          | 240,988          | 332,721      |
| Finance costs                                                                  | 28          | (288,472)        | (343,855)    |
| Other non-operating loss, net                                                  |             | (15,611)         | (6,475)      |
| Equity income on investments, net                                              |             | 18,192           | 20,217       |
| <b>Profit before income tax</b>                                                |             | 1,265,569        | 1,012,960    |
| Income tax expense (benefit)                                                   | 29          | 106,335          | (104,818)    |
| <b>Profit for the period</b>                                                   |             | 1,159,234        | 1,117,778    |
| <b>Other comprehensive income</b>                                              |             |                  |              |
| Net change in fair value of available-for-sale financial assets                | 28          | 12,063           | (24,367)     |
| Net change in fair value of cash flow hedges transferred to profit or loss     | 28          |                  | 2,534        |
| Defined benefit plan actuarial gain or loss                                    | 17          | 4,480            | (18,927)     |
| Cumulative translation differences                                             | 28          | 6,735            | (37,175)     |
| Gain on sales of own shares of associate accounted for using the equity method |             | 810              |              |
| Income tax on other comprehensive income                                       | 29          | (5,107)          | 10,907       |
| <b>Other comprehensive loss for the period, net of income tax</b>              |             | 18,981           | (67,028)     |
| <b>Total comprehensive income for the period</b>                               |             | (Won) 1,178,215  | 1,050,750    |
| <b>Profit attributable to:</b>                                                 |             |                  |              |
| Owners of the Company                                                          |             | 1,156,343        | 1,117,778    |
| Non-controlling interest                                                       |             | 2,891            |              |
| <b>Profit for the period</b>                                                   |             | (Won) 1,159,234  | 1,117,778    |

**Total comprehensive income attributable to:**

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

|                          |  |  |           |           |
|--------------------------|--|--|-----------|-----------|
| Owners of the Company    |  |  | 1,175,216 | 1,050,750 |
| Non-controlling interest |  |  | 2,999     |           |

|                                                  |  |       |           |           |
|--------------------------------------------------|--|-------|-----------|-----------|
| <b>Total comprehensive income for the period</b> |  | (Won) | 1,178,215 | 1,050,750 |
|--------------------------------------------------|--|-------|-----------|-----------|

## **Earning per share**

|                          |    |       |       |       |
|--------------------------|----|-------|-------|-------|
| Basic earnings per share | 31 | (Won) | 3,232 | 3,124 |
|--------------------------|----|-------|-------|-------|

|                            |    |       |       |       |
|----------------------------|----|-------|-------|-------|
| Diluted earnings per share | 31 | (Won) | 3,152 | 3,124 |
|----------------------------|----|-------|-------|-------|

*See accompanying notes to the consolidated financial statements.*

**Table of Contents**

## LG DISPLAY CO., LTD. AND SUBSIDIARIES

**Consolidated Statement of Changes in Equity**

For the years ended December 31, 2010 and 2009

| <i>(In millions of Won)</i>                                                            | Share<br>capital | Share<br>premium | Gain on sales of<br>own<br>shares<br>of<br>associates | Translation<br>reserve | Hedging<br>reserve | Fair<br>value<br>reserve | Retained<br>earnings | Non-controlling<br>interest | Total<br>equity |
|----------------------------------------------------------------------------------------|------------------|------------------|-------------------------------------------------------|------------------------|--------------------|--------------------------|----------------------|-----------------------------|-----------------|
| <b>Balances at January 1, 2009</b>                                                     | (Won) 1,789,079  | 2,251,113        |                                                       |                        | (1,920)            | 3,500                    | 5,126,135            |                             | 9,167,907       |
| <b>Total comprehensive income for the period</b>                                       |                  |                  |                                                       |                        |                    |                          |                      |                             |                 |
| Profit for the period                                                                  |                  |                  |                                                       |                        |                    |                          | 1,117,778            |                             | 1,117,778       |
| <b>Other comprehensive income (loss)</b>                                               |                  |                  |                                                       |                        |                    |                          |                      |                             |                 |
| Net change in fair value of available-for-sale financial assets, net of tax            |                  |                  |                                                       |                        |                    | (18,136)                 |                      |                             | (18,136)        |
| Net change in fair value of cash flow hedges transferred to profit or loss, net of tax |                  |                  |                                                       |                        | 1,920              |                          |                      |                             | 1,920           |
| Defined benefit plan actuarial gain, net of tax                                        |                  |                  |                                                       |                        |                    |                          | (14,443)             |                             | (14,443)        |
| Cumulative translation differences                                                     |                  |                  |                                                       | (36,369)               |                    |                          |                      |                             | (36,369)        |
| <b>Total other comprehensive income (loss)</b>                                         |                  |                  |                                                       | (36,369)               | 1,920              | (18,136)                 | (14,443)             |                             | (67,028)        |
| <b>Total comprehensive income (loss) for the period</b>                                | (Won)            |                  |                                                       | (36,369)               | 1,920              | (18,136)                 | 1,103,335            |                             | 1,050,750       |
| <b>Transaction with owners, recorded directly in equity</b>                            |                  |                  |                                                       |                        |                    |                          |                      |                             |                 |
| Dividends to equity holders                                                            |                  |                  |                                                       |                        |                    |                          | (178,908)            |                             | (178,908)       |
| <b>Balances at December 31, 2009</b>                                                   | (Won) 1,789,079  | 2,251,113        |                                                       | (36,369)               |                    | (14,636)                 | 6,050,562            |                             | 10,039,749      |
| <b>Balances at January 1, 2010</b>                                                     | (Won) 1,789,079  | 2,251,113        |                                                       | (36,369)               |                    | (14,636)                 | 6,050,562            |                             | 10,039,749      |
| <b>Total comprehensive income (loss) for the period</b>                                |                  |                  |                                                       |                        |                    |                          |                      |                             |                 |
| Profit for the period                                                                  |                  |                  |                                                       |                        |                    |                          | 1,156,343            | 2,891                       | 1,159,234       |
| <b>Other comprehensive income (loss)</b>                                               |                  |                  |                                                       |                        |                    |                          |                      |                             |                 |
| Net change in fair value of available-for-sale financial assets, net of tax            |                  |                  |                                                       |                        |                    | 9,076                    |                      |                             | 9,076           |
| Cumulative translation differences                                                     |                  |                  |                                                       | 5,821                  |                    |                          |                      | 108                         | 5,929           |

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

|                                                                                 |                 |           |     |          |           |           |           |            |
|---------------------------------------------------------------------------------|-----------------|-----------|-----|----------|-----------|-----------|-----------|------------|
| Defined benefit plan actuarial gain, net of tax                                 |                 |           |     |          | 3,166     |           | 3,166     |            |
| Gain on sales of own shares of associates accounted for using the equity method | 810             |           |     |          |           |           | 810       |            |
| Total other comprehensive income (loss)                                         | 810             | 5,821     |     | 9,076    | 3,166     | 108       | 18,981    |            |
| Total comprehensive income (loss) for the period                                | (Won) 810       | 5,821     |     | 9,076    | 1,159,509 | 2,999     | 1,178,215 |            |
| <b>Transaction with owners, recorded directly in equity</b>                     |                 |           |     |          |           |           |           |            |
| Dividends to equity holders                                                     |                 |           |     |          | (178,908) |           | (178,908) |            |
| Changes in ownership interests in subsidiaries                                  |                 |           |     |          |           | 21,911    | 21,911    |            |
| <b>Balances at December 31, 2010</b>                                            | (Won) 1,789,079 | 2,251,113 | 810 | (30,548) | (5,560)   | 7,031,163 | 24,910    | 11,060,967 |

See accompanying notes to the consolidated financial statements.

**Table of Contents**

## LG DISPLAY CO., LTD. AND SUBSIDIARIES

**Consolidated Statement of Cash Flows**

For the years ended December 31, 2010 and 2009

*(In millions of Won)*

|                                                   | Note | 2010            | 2009      |
|---------------------------------------------------|------|-----------------|-----------|
| <b>Cash flows from operating activities:</b>      |      |                 |           |
| Profit for the period                             |      | (Won) 1,159,234 | 1,117,778 |
| <b>Adjustments for:</b>                           |      |                 |           |
| Income tax expense (benefit)                      | 29   | 106,335         | (104,818) |
| Depreciation                                      | 11   | 2,756,532       | 2,778,727 |
| Amortization of intangible assets                 | 12   | 168,846         | 63,339    |
| Gain on disposal of intangible assets             |      |                 | (9)       |
| Gain on foreign currency translation              |      | (119,880)       | (159,293) |
| Loss on foreign currency translation              |      | 85,263          | 31,844    |
| Impairment loss on property, plant and equipment  |      |                 | 664       |
| Gain on disposal of property, plant and equipment |      | (1,387)         | (486)     |
| Loss on disposal of property, plant and equipment |      | 415             | 234       |
| Finance income                                    |      | (165,465)       | (217,657) |
| Finance costs                                     |      | 167,843         | 185,392   |
| Equity income on investments, net                 |      | (18,192)        | (20,217)  |
| Other income                                      |      | (23,913)        | (52,357)  |
| Other expenses                                    |      | 708,718         | 575,829   |
| Other non-operating loss                          |      | 275             |           |
|                                                   |      | 4,824,624       | 4,198,970 |
| Change in trade accounts and notes receivable     |      | (81,196)        | (912,427) |
| Change in other accounts receivable               |      | (13,442)        | (48,311)  |
| Change in other current assets                    |      | (50,310)        | 7,483     |
| Change in inventories                             |      | (510,332)       | (531,108) |
| Change in other non-current accounts receivable   |      | 267             | 626       |
| Change in other non-current assets                |      | (54,146)        | (37,859)  |
| Change in trade accounts and notes payable        |      | 966,567         | 1,021,864 |
| Change in other accounts payable                  |      | (30,419)        | 48,005    |
| Change in accrued expenses                        |      | 68,948          | 123,666   |
| Change in other current liabilities               |      | 11,654          | 128,158   |
| Change in long-term advance received              |      | 379,105         | 695,500   |
| Change in other non-current liabilities           |      | 10,231          | (4,214)   |
| Change in provisions                              |      | (290,536)       | (125,817) |
| Change in defined benefit obligation              | 17   | (103,716)       | (91,005)  |
| Cash generated from operating activities          |      | 5,127,299       | 4,473,531 |
| Income tax paid                                   |      | (242,389)       | (363,773) |
| Interest received                                 |      | 110,812         | 171,861   |
| Interest paid                                     |      | (112,190)       | (128,313) |
| <b>Net cash from operating activities</b>         |      | (Won) 4,883,532 | 4,153,306 |

*See accompanying notes to the consolidated financial statements.*



**Table of Contents**

LG DISPLAY CO., LTD. AND SUBSIDIARIES

**Consolidated Statements of Cash Flows, Continued**

For the years ended December 31, 2010 and 2009

| <i>(In millions of Won)</i>                                         | <b>Note</b> | <b>2010</b>            | <b>2009</b>        |
|---------------------------------------------------------------------|-------------|------------------------|--------------------|
| <b>Cash flows from investing activities:</b>                        |             |                        |                    |
| Dividends received                                                  |             | (Won) 33,772           | 557                |
| Proceeds from withdrawal of deposits in banks                       |             | 5,400,000              | 3,555,000          |
| Increase in deposits in banks                                       |             | (4,403,000)            | (4,000,000)        |
| Acquisition of investments in equity accounted investees            |             | (72,316)               | (186,477)          |
| Proceeds from disposal of investments in equity accounted investees |             | 20,530                 |                    |
| Acquisition of property, plant and equipment                        |             | (4,942,360)            | (3,761,424)        |
| Proceeds from disposal of property, plant and equipment             |             | 1,887                  | 7,850              |
| Acquisition of intangible assets                                    |             | (227,663)              | (202,649)          |
| Proceeds from disposal of intangible assets                         |             |                        | 11                 |
| Grant received                                                      |             | 46                     | 2,550              |
| Payment for settlement of derivatives                               |             | (14,781)               | 50,946             |
| Proceeds from short-term loans                                      |             | 42                     | 23                 |
| Acquisition of other non-current financial assets                   |             | (52,205)               | (32,817)           |
| Proceed from disposal of other non-current financial assets         |             | 11,417                 | 2,106              |
| Acquisition of business                                             | 33          | (270,536)              |                    |
| <b>Net cash used in investing activities</b>                        |             | <b>(4,515,167)</b>     | <b>(4,564,324)</b> |
| <b>Cash flows from financing activities:</b>                        |             |                        |                    |
| Proceeds from short-term borrowings                                 |             | 1,422,669              | 879,117            |
| Repayment of short-term borrowings                                  |             | (1,007,485)            | (727,938)          |
| Issuance of debentures                                              |             | 1,117,437              | 498,020            |
| Redemption of debentures                                            |             |                        | (400,000)          |
| Proceeds from long-term debt                                        |             | 477,064                | 370,299            |
| Repayment of long-term debt                                         |             | (120,000)              |                    |
| Repayment of current portion of long-term debt                      |             | (1,324,562)            | (557,612)          |
| Increase in minority interest                                       |             | 21,911                 |                    |
| Payment of cash dividend                                            | 21          | (178,908)              | (178,908)          |
| <b>Net cash provided (used) in financing activities</b>             |             | <b>408,126</b>         | <b>(117,022)</b>   |
| <b>Net increase (decrease) in cash and cash equivalents</b>         |             | <b>776,491</b>         | <b>(528,040)</b>   |
| Cash and cash equivalents at 1 January                              |             | 817,982                | 1,352,752          |
| Effect of exchange rate fluctuations on cash held                   |             | 36,536                 | (6,730)            |
| <b>Cash and cash equivalents at the reporting date</b>              |             | <b>(Won) 1,631,009</b> | <b>817,982</b>     |

*See accompanying notes to the consolidated financial statements.*

## **Table of Contents**

### **1. Reporting Entity**

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

LG Display Co., Ltd. (the "Controlling Company") was incorporated in February 1985 under its original name of LG Soft, Ltd. as a wholly owned subsidiary of LG Electronics Inc. In 1998, LG Electronics Inc. and LG Semicon Co., Ltd. transferred their respective Thin Film Transistor Liquid Crystal Display (TFT-LCD) related business to the Controlling Company. The main business of the Controlling Company and its subsidiaries is to manufacture and sell TFT-LCD panels. The Controlling Company is a stock company (Jusikhoesa) domiciled in the Republic of Korea with its address at 65-228 Hangang-ro 3-ga, Yongsan-gu, Seoul, the Republic of Korea, to which the Controlling Company moved in September 2010. In July 1999, LG Electronics Inc. and Koninklijke Philips Electronics N.V. (Philips) entered into a joint venture agreement. Pursuant to the agreement, the Controlling Company changed its name to LG.Philips LCD Co., Ltd. However, on February 29, 2008, the Controlling Company changed its name to LG Display Co., Ltd. based upon the approval of shareholders at the general shareholders' meeting on the same date as a result of the decrease in Philips' share interest in the Controlling Company and the possibility of its business expansion to Organic Light Emitting Diode (OLED) and Flexible Display products. As of December 31, 2010, LG Electronics Inc. owns 37.9% (135,625,000 shares) of the Controlling Company's common shares.

As of December 31, 2010, the Controlling Company has its TFT-LCD manufacturing plants, OLED manufacturing plant and LCD Research & Development Center in Paju and TFT-LCD manufacturing plants and OLED manufacturing plant in Gumi. The Controlling Company has overseas subsidiaries located in the United States of America, Europe and Asia.

The Controlling Company's common stock is listed on the Korea Exchange under the identifying code 034220. As of December 31, 2010, there are 357,815,700 shares of common stock outstanding. The Controlling Company's common stock is also listed on the New York Stock Exchange in the form of American Depositary Shares (ADSs) under the symbol LPL. One ADS represents one-half of one share of common stock. As of December 31, 2010, there are 35,763,650 ADSs outstanding.

**Table of Contents**1. Reporting Entity, Continued(b) Consolidated Subsidiaries as of December 31, 2010

(In millions)

| Subsidiaries                                      | Percentage of ownership | Location               | Date of incorporation | Business                                    | Capital stocks |
|---------------------------------------------------|-------------------------|------------------------|-----------------------|---------------------------------------------|----------------|
| LG Display America, Inc.                          | 100%                    | California,<br>U.S.A.  | September 24,<br>1999 | Sell TFT-LCD products                       | USD105         |
| LG Display Japan Co., Ltd.                        | 100%                    | Tokyo,<br>Japan        | October 12,<br>1999   | Sell TFT-LCD Products                       | JPY95          |
| LG Display Germany GmbH                           | 100%                    | Dusseldorf,<br>Germany | November 5,<br>1999   | Sell TFT-LCD products                       | EUR1           |
| LG Display Taiwan Co., Ltd.                       | 100%                    | Taipei,<br>Taiwan      | April 12,<br>1999     | Sell TFT-LCD products                       | NTD116         |
| LG Display Nanjing Co., Ltd. (*1)                 | 100%                    | Nanjing,<br>China      | July 15,<br>2002      | Manufacture and sell TFT-LCD products       | CNY2,254       |
| LG Display Shanghai Co., Ltd.                     | 100%                    | Shanghai,<br>China     | January 16,<br>2003   | Sell TFT-LCD products                       | CNY4           |
| LG Display Poland Sp. zo. o. (*2)                 | 80%                     | Wroclaw,<br>Poland     | September 6,<br>2005  | Manufacture and sell TFT-LCD products       | PLN511         |
| LG Display Guangzhou Co., Ltd. (*3)               | 90%                     | Guangzhou,<br>China    | June 30,<br>2006      | Manufacture and sell TFT-LCD products       | CNY992         |
| LG Display Shenzhen Co., Ltd.                     | 100%                    | Shenzhen,<br>China     | August 28,<br>2007    | Sell TFT-LCD products                       | CNY4           |
| LG Display Singapore Pte. Ltd.                    | 100%                    | Singapore              | January 12,<br>2009   | Sell TFT-LCD products                       | SGD1.4         |
| L&T Display Technology (Xiamen) Limited (*4)      | 51%                     | Xiamen,<br>China       | January 5,<br>2010    | Manufacture LCD module and TV sets          | CNY82          |
| L&T Display Technology (Fujian) Limited (*4)      | 51%                     | Fujian,<br>China       | January 5,<br>2010    | Manufacture LCD Module and monitor sets     | CNY116         |
| LG Display Yantai Co., Ltd. (*5)                  | 100%                    | Yantai,<br>China       | April 19,<br>2010     | Manufacture and sell TFT-LCD products       | CNY273         |
| L&I Electronic Technology (Dongguan) Limited (*6) | 51%                     | Dongguan<br>China      | September 26,<br>2010 | Manufacture and Sell e-Book devices         | CNY33          |
| Image&Materials, Inc. (*7)                        | 100%                    | Domestic               | May 17,<br>2006       | Manufacture EPD materials                   | KRW1,392       |
| LUCOM Display Technology (Kunshan) Limited (*8)   | 51%                     | Kunshan                | December 15,          | Manufacture Notebook<br>Borderless Hinge-up | CNY30          |

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

China

2010

- (\*1) In July 2009, the Controlling Company entered into a stock purchase agreement with LG Electronics Inc. and LG Electronics (China) Co., Ltd. for the acquisition of the shares of LG Electronics (Nanjing) Plasma Co., Ltd. in order to expand cell back-end process of module production. In accordance with the agreement, the Controlling Company acquired whole shares of LG Electronics (Nanjing) Plasma Co., Ltd. at (Won)3,503 million in December 2009. In July 2010, LG Electronics (Nanjing) Plasma Co., Ltd. was merged with LG Display Nanjing Co., Ltd.

**Table of Contents**1. Reporting Entity, Continued(b) Consolidated Subsidiaries, Continued

- (\*2) Toshiba Corporation ( Toshiba ) acquired 20% of LG Display Poland Sp. zo.o. ( LGDWR ) in December 2007 through a stock purchase agreement. With the acquisition of the 20% interest, Toshiba and the Controlling Company and LGDWR entered into a derivative contract that is based on LGDWR's equity shares. According to the contract, the Controlling Company or LGDWR has a call option to buy Toshiba's 20% interest in LGDWR and Toshiba has a put option to sell its 20% interest in LGDWR to the Controlling Company or LGDWR under the same terms: the price of the call is equal to the price of the put option which is the total amount of Toshiba's investment at cost. The call and put option are exercisable after five years from the date of acquisition and on each anniversary thereafter with no stated expiry date in whole or in part. Toshiba's investment in LGDWR is regarded as financing due to the options and recorded as long-term other accounts payable in the consolidated statement of financial position of the Group. Accordingly, LGDWR is consolidated as a wholly owned subsidiary in the consolidated financial statements.
- (\*3) Skyworth TV Holdings Limited ( Skyworth ) acquired 16% of equity interest in LG Display Guangzhou Co., Ltd. ( LGDGZ ) in June 2008. With the acquisition of the 16% interest in June 2008 (which is reduced to 10% at December 31, 2009 with additional investment in LGDGZ by the Controlling Company), Skyworth and the Controlling Company entered into a derivative contract that is based on LGDGZ's equity interest. According to the contract, LGD has a call option to buy Skyworth's interest in LGDGZ and Skyworth has a put option to sell its interest in LGDGZ to LG Display Co., Ltd. under the same terms: the price of the call is equal to the price of the put option which is the total amount of Skyworth's investment at cost. The call and put option is exercisable after five years from the date of acquisition with no stated expiry date in whole or in part. Skyworth's investment in LGDGZ is regarded as financing due to the options and recorded as long-term other accounts payable in the consolidated statement of financial position of the Group. Accordingly, LGDGZ is consolidated as a wholly owned subsidiary in the consolidated financial statements.
- (\*4) In January 2010, the Controlling Company entered into a joint venture agreement with Top Victory Investments Limited, accordingly, L&T Display Technology (Xiamen) Limited ( L&T XM ) and L&T Display Technology (Fujian) Limited ( L&T FJ ) were incorporated in Xiamen and Fujian, China, to manufacture LCD module, LCD TV set and LCD monitor set products. The Controlling Company acquired a 51% equity interests in L&T XM and L&T FJ at (Won)7,146 million and (Won)10,123 million, respectively.
- (\*5) LG Display Yantai Co., Ltd. was incorporated in Yantai, China, on April 19, 2010, to manufacture and sell TFT-LCD product. As of December 31, 2010, the Controlling Company has a 100% equity interest of this subsidiary and its capital stock amounts to (Won)44,628 million as of December 31, 2010.
- (\*6) On September 26, 2010, the Controlling Company entered into a joint venture agreement with Iriver Co., Ltd., accordingly, L&I Electronic Technology (Dongguan) Limited ( L&I ) was incorporated in Dongguan, China, to manufacture and sell e-Book devices. The Controlling Company acquired a 51% equity interest in L&I at (Won)2,885 million.
- (\*7) On November 29, 2010, the Controlling Company acquired a 100% equity interest of Image & Materials, Inc., which manufactures Electro Phoresis Display ( EPD ), at (Won)35,000 million. As of December 31, 2010, its capital stock amounted to (Won)1,392 million.
- (\*8) In December 2010, the Controlling Company entered into a joint venture agreement with Compal Electronics Inc., accordingly, LUCOM Display Technology (Kunshan) Limited ( LUCOM ) was incorporated in Kunshan, China, to manufacture notebook borderless hinge-ups (Shuriken). The Controlling Company acquired a 51% equity interest in LUCOM at (Won)2,652 million.

**Table of Contents**1. Reporting entity, Continued(c) Associates and Jointly Controlled Entities (equity method investees) as of December 31, 2010

(In millions)

| Associates and jointly controlled entities                       | Percentage of ownership | Date of incorporation | Business                                                                         | Carrying amount |
|------------------------------------------------------------------|-------------------------|-----------------------|----------------------------------------------------------------------------------|-----------------|
| Suzhou Raken Technology Ltd.                                     |                         | October               | Manufacture and sell LCD modules and LCD TV set                                  | 114,402         |
|                                                                  | 51%                     | 2008                  |                                                                                  |                 |
| Guangzhou New Vision Technology Research and Development Limited |                         | July                  | R&D on design of LCD modules and LCD TV set                                      | 3,540           |
|                                                                  | 50%                     | 2008                  |                                                                                  |                 |
| Global OLED Technology LLC                                       |                         | December              | Managing and utilizing OLED patents                                              | 47,594          |
|                                                                  | 33%                     | 2009                  |                                                                                  |                 |
| Paju Electric Glass Co., Ltd.                                    |                         | January               | Manufacture electric glass for flat-panel displays                               | 45,947          |
|                                                                  | 40%                     | 2005                  |                                                                                  |                 |
| TLI Inc.                                                         |                         | October               | Manufacture and sell semiconductor parts                                         | 16,614          |
|                                                                  | 12%                     | 1998                  |                                                                                  |                 |
| AVACO Co., Ltd.                                                  |                         | January               | Manufacture and sell equipment for flat-panel displays                           | 6,998           |
|                                                                  | 20%                     | 2001                  |                                                                                  |                 |
| New Optics LTD.                                                  |                         | August                | Manufacture back light parts for TFT-LCDs                                        | 17,261          |
|                                                                  | 42%                     | 2005                  |                                                                                  |                 |
| LIG ADP Co., Ltd. (formerly, ADP Engineering Co., Ltd.)          |                         | January               | Develop and manufacture the equipment for flat-panel displays                    | 4,037           |
|                                                                  | 13%                     | 2001                  |                                                                                  |                 |
| WooRee LED Co., Ltd.                                             |                         | June                  | Manufacture LED(*) back light unit packages                                      | 12,448          |
|                                                                  | 30%                     | 2008                  |                                                                                  |                 |
| Dynamic Solar Design Co., Ltd.                                   |                         | April                 | Develop and manufacture equipment for solar battery and flat-panel displays      | 5,776           |
|                                                                  | 40%                     | 2009                  |                                                                                  |                 |
| RPO, Inc.                                                        |                         | November              | Develop digital waveguide touch technology                                       | 11,268          |
|                                                                  | 26%                     | 2005                  |                                                                                  |                 |
| LB Gemini New Growth Fund No. 16                                 |                         | December              | Invest in small and middle sized companies and to benefit from M&A opportunities | 7,949           |
|                                                                  | 31%                     | 2009                  |                                                                                  |                 |
| Can Yang Investments Limited                                     |                         | January               | Develop and manufacture and sell LEDs                                            | 16,999          |
|                                                                  | 15%                     | 2010                  |                                                                                  |                 |
| YAS Co., Ltd.                                                    |                         | April                 | Develop and manufacture deposition equipment for                                 | 10,124          |
|                                                                  | 20%                     |                       |                                                                                  |                 |

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

|                                             |        |      |                          |       |
|---------------------------------------------|--------|------|--------------------------|-------|
| Eralite Optoelectronics (Jiangsu) Co., Ltd. | 2002   |      | OLEDs                    |       |
|                                             | August |      |                          |       |
|                                             | 20%    | 2010 | Manufacture LED Packages | 4,575 |

(\*) LED represents Light Emitting Diode.

## **Table of Contents**

### **2. Basis of Presenting Financial Statements**

#### **(a) Statement of Compliance**

The consolidated financial statements have been prepared in accordance with Korean International Financial Reporting Standards ( K-IFRSs ). LG Display Co., Ltd. and its subsidiaries (together referred to as the Group and individually as Group entities ) determined to adopt the K-IFRSs for annual periods beginning on January 1, 2010. The Group's transition date to K-IFRSs from its previous GAAP (generally accepted accounting principles) is January 1, 2009.

These are the Group's first consolidated financial statements prepared in accordance with K-IFRSs No. 1101, *First-time adoption of International Financial Reporting Standards*, has been applied. An explanation of how the transition to K-IFRS has affected the reported financial position, financial performance and cash flows of the Group is provided in note 34.

The consolidated financial statements were authorized for issue by the Board of Directors on January 21, 2011.

#### **(b) Basis of Measurement**

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

derivative financial instruments measured at fair value,

financial instruments at fair value through profit or loss measured at fair value,

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

liabilities for cash-settled share-based payment arrangements measured at fair value, and

liabilities for defined benefit plans recognized at the net total of present value of defined benefit obligation less the fair value of plan assets

## **Table of Contents**

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

#### **(c) Functional and Presentation Currency**

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

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

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

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

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

Classification of financial instruments (note 3(d))

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next 12 months is included in the following notes:

Recognition and measurement of provision (note 3(j))

Measurement of defined benefit obligations (note 17)

Utilization of tax credit carryforwards (note 30)

### **3. Summary of Significant Accounting Policies**

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

#### **(a) Consolidation**

##### **(i) Subsidiaries**

Subsidiaries are those entities controlled by the Controlling Company or its subsidiaries where control is the power to govern the financial and operating policies of the entity so as to obtain benefit from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Each item of profit and loss and other reserves attribute to the owners of the parent and non-controlling interests. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.



## **Table of Contents**

### **3. Summary of Significant Accounting Policies, Continued**

#### **(a) Consolidation, Continued**

##### **(ii) Associates and jointly controlled entities (equity method investees)**

Associates are those entities over which the Group has significant influence but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20 and 50 percent of the voting power of another entity.

A jointly controlled entity is an entity that the Group has joint control over and whose activities are established by a contractual arrangement and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control.

Investments in associates and jointly controlled entities are initially recognized at cost and accounted for using the equity method of accounting. The carrying amount of investments in associates and jointly controlled entities is increased or decreased to recognize the Group's share of the profits or loss and changes in the Group's proportionate interest of the investee after the date of acquisition. Distributions received from an investee reduce the carrying amount of the investment. Unrealized gains on transactions between the Group and associates and jointly controlled entities are eliminated to the extent of the Group's interest in the associates and jointly controlled entities. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The financial statements are prepared using uniform accounting policies for like transactions and events in similar circumstances.

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

##### **(iii) Transactions eliminated on consolidation**

Intra-group balances and transactions, including income, expenses and unrealized gain or loss, are eliminated in preparing the consolidated financial statements. Intra-group losses are recognized as expense if intra-group losses indicate an impairment that requires recognition in the consolidated financial statements.

## **Table of Contents**

### **3. Summary of Significant Accounting Policies, Continued**

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

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognized in profit or loss, except for differences arising on available-for-sale equity instruments and a financial asset and liability designated as a cash flow hedge, which are recognized in other comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or previous financial statements shall be recognized in profit or loss in the period in which they arise.

If the presentation currency of the Group is different from a foreign operation's functional currency, the financial position and financial performance of the foreign operation are translated into the presentation currency using the following methods:

The assets and liabilities of foreign operations, whose functional currency is not the currency of a hyperinflationary economy, including goodwill and fair value adjustments arising on acquisition, are translated to functional currency at exchange rates at the reporting date. The income and expenses of foreign operations are translated to functional currency at exchange rates at the dates of the transactions. Foreign currency differences are recognized in other comprehensive income. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of, in part or in full, the relevant amount in the comprehensive income is transferred to profit or loss as part of the profit or loss on disposal. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

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

#### **(c) Inventories**

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

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated selling expenses.

---

**Table of Contents**

3. Summary of Significant Accounting Policies, Continued

(d) Financial Instruments

(i) Non-derivative financial assets

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

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

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

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

Financial assets at fair value through profit or loss

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

---

**Table of Contents**

3. Summary of Significant Accounting Policies, Continued

(d) Financial Instruments, Continued

Held-to-maturity financial assets

If the Group has non-derivative debt securities with fixed or determinable payments and fixed maturity and the Group has the positive intention and ability to hold to maturity, then such financial assets are classified as held-to-maturity. When held-to-maturity financial assets are recognized initially, the Group measures it at its fair value plus, transaction costs that are directly attributable to the acquisition of the financial asset. Subsequent to initial recognition held-to-maturity financial assets are measured at amortized cost using the effective interest method, less any impairment losses. Any sale or reclassification of a more than an insignificant amount of held-to-maturity investment not close to their maturity would result in the reclassification of all held-to-maturity investments as available-for-sale, and prevent the Group from classifying any financial assets as held-to-maturity for the current and the following two financial years.

Cash and cash equivalents

Cash and cash equivalents include all cash balances and short-term highly liquid investments with an original maturity of three months or less that are readily convertible into known amounts of cash. They are stated at face value, which approximates fair value.

Deposits in banks

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

Loans and receivables

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

Available-for-sale financial assets

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

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

## **Table of Contents**

### **3. Summary of Significant Accounting Policies, Continued**

#### **(d) Financial Instruments, Continued**

##### **(ii) Non-derivative financial liabilities**

The Group initially recognizes debt securities issued and subordinated liabilities on the date that they are originated. The Group classifies liabilities into two categories in accordance with the substance of the contractual arrangement and the definitions of a financial liability: financial liabilities at fair value through profit or loss and other financial liabilities.

Financial liabilities at fair value through profit or loss include financial liabilities held for trading or designated as such upon initial recognition at fair value through profit or loss. After initial recognition, financial liabilities at fair value through profit or loss are measured at fair value, and changes therein are recognized in profit or loss. Upon initial recognition, transaction costs that are directly attributable to the acquisition are recognized in profit or loss as incurred. As of December 31, 2010, financial liabilities at fair value through profit or loss of the Group consist of convertible bonds.

Non-derivative financial liabilities other than financial liabilities classified as fair value through profit or loss are classified as other financial liabilities and measured initially at fair value minus transaction costs that are directly attributable to the issue. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method. As of December 31, 2010, non-derivative financial liabilities comprise borrowings, bonds and others.

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

##### **(iii) Ordinary share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity, net of tax effects. Capital contributed in excess of par value upon issuance of common stocks is classified as share premium within equity.

## **Table of Contents**

### **3. Summary of Significant Accounting Policies, Continued**

#### **(d) Financial Instruments, Continued**

##### **(iv) Derivative financial instruments, including hedge accounting**

The Group holds forward exchange contract, interest rate swap, currency swap and other derivative contracts to manage interest rate risk and foreign exchange risk. Derivatives are initially recognized at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognized in profit or loss except in the case where the derivatives are designated as cash flow hedge and the hedge is determined to be an effective hedge.

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

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

##### **Cash flow hedges**

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

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

**Table of Contents**3. Summary of Significant Accounting Policies, Continued(d) Financial Instruments, ContinuedEmbedded derivative

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

(e) Property, Plant and Equipment(i) Recognition and measurement

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

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

(ii) Subsequent costs

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

(iii) Depreciation

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

Estimated useful lives of the assets are as follows:

|                           | Useful lives (years) |
|---------------------------|----------------------|
| Buildings and structures  | 20, 40               |
| Machinery                 | 4                    |
| Furniture and fixtures    | 3~5                  |
| Equipment, tools, vehicle | 3~5, 12              |

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate. The changes are accounted for as changes in accounting estimates.

---

**Table of Contents**

3. Summary of Significant Accounting Policies, Continued

(f) Borrowing Costs

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

(g) Government Grants

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

Grants related to the purchase or construction of assets

A government grant related to the purchase or construction of assets is deducted in calculating the carrying amount of the asset. The grant is recognized in profit or loss over the life of a depreciable asset as a reduced depreciation expense.

Grants for compensating the Group's expenses incurred

Grants that compensate the Group for expenses incurred are recognized in profit or loss as other income on a systematic basis in the same periods in which the expenses are recognized.

Other government grants

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

(h) Intangible Assets

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

(i) Goodwill

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

## **Table of Contents**

### **3. Summary of Significant Accounting Policies, Continued**

#### **(h) Intangible Assets, Continued**

##### **(ii) Research and development**

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

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

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

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

its ability to use or sell the intangible asset,

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

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

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

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

##### **(iii) Other intangible assets**

Other intangible assets include intellectual property rights, software, customer relationship, technology, membership and others.

##### **(iv) Subsequent costs**

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

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

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

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

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

(i) Impairment(i) Financial assets

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

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

---

**Table of Contents**

3. Summary of Significant Accounting Policies, Continued

(i) Impairment, Continued

(i) Financial assets, Continued

Management considers evidence of impairment for receivables and held-to-maturity investment securities at both a specific asset and collective level. All individually significant receivables and held-to-maturity investment securities are assessed for specific impairment. All individually significant receivables and held-to-maturity investment securities found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables and held-to-maturity investment securities that are not individually significant are collectively assessed for impairment by grouping together receivables and held-to-maturity investment securities with similar risk characteristics.

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

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

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

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

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

---

**Table of Contents**

3. Summary of Significant Accounting Policies, Continued

(i) Impairment, Continued

(ii) Non-financial assets

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

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

The Group's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

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

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

---

**Table of Contents**

3. Summary of Significant Accounting Policies, Continued

(j) Provision

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

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

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

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

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

(k) Employee Benefits

(i) Short-term employee benefit

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

(ii) Other long-term employee benefit

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

## **Table of Contents**

### **3. Summary of Significant Accounting Policies, Continued**

#### **(k) Employee Benefits, Continued**

##### **(iii) Defined contribution plan**

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

##### **(iv) Defined benefit plan**

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

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

In measuring the defined benefit liability, the Group recognizes past service cost immediately when the benefits are vested immediately following the introduction of a defined benefit plan.

##### **(v) Share-based payment transactions**

The fair value of the amount payable to employees in respect of share appreciation rights, which are settled in cash, is recognized as an expense with a corresponding increase in liabilities, over the period that the employees unconditionally becomes entitled to payment. The liability is remeasured at each reporting date and at settlement date. Any changes in the fair value of the liability are recognized as personnel expense in profit or loss.

#### **(l) Revenue**

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

## **Table of Contents**

### **3. Summary of Significant Accounting Policies, Continued**

#### **(m) Operating Segments**

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

#### **(n) Finance Income and Finance Costs**

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

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

Foreign exchange gains and losses arising from monetary assets and liabilities denominated in currencies other than functional currencies are presented separately when they are related to investing and financing activities.

#### **(o) Income Tax**

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

#### **(i) Current tax**

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

---

**Table of Contents**

3. Summary of Significant Accounting Policies, Continued

(o) Income Tax, Continued

(ii) Deferred tax

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

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

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

An entity offsets deferred tax assets and deferred tax liabilities if, and only if the entity has a legally enforceable right to set off current tax assets against current tax liabilities and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously.

(p) Earnings Per Share

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

(q) Business Combination

The business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable.

## **Table of Contents**

### **3. Summary of Significant Accounting Policies, Continued**

#### **(q) Business Combination, Continued**

The Group measures goodwill at the acquisition date as:

The fair value of the consideration transferred; plus

The recognized amount of any non-controlling interests in the acquiree; less

The net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognized immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of preexisting relationships. Such amounts are generally recognized in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

#### **(r) New Standards and Interpretations Not Yet Adopted**

The following new standards, interpretations and amendments to existing standards have been published and are mandatory for the Group beginning on or after January 1, 2011, but the Group has not early adopted them. Management is in the process of evaluating the impact, if any, of applying these standards and interpretations on its financial position and results of operations.

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

This standard introduces certain new requirements for classifying and measuring financial assets. K-IFRS No. 1109 divides all financial assets that are currently in the scope of K-IFRS No. 1039 into two classifications, those measured at amortized cost and those measured at fair value. The standard along with proposed expansion of K-IFRS No. 1109 for classifying and measuring financial liabilities, de-recognition of financial instruments, impairment, and hedge accounting will be applicable from the year 2013, although entities are permitted to adopt earlier. Management is evaluating the impact that this new standard will have on the Group's consolidated financial statements.

##### **(ii) Revised IAS 24, *Related Parties Disclosures***

The revised standard simplifies the definition of a related party, clarifying its intended meaning and eliminating inconsistencies from the definition. The Group will apply IAS 24 (revised) retrospectively from January 1, 2011. The Company is evaluating the impact that this new standard will have on the Company's financial statements, if any.

## **Table of Contents**

### **4. Determination of Fair Value**

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

#### **(a) Current Assets and Liabilities**

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

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

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

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

The fair value of financial assets at fair value through profit or loss ( FVTPL ) and available-for-sale financial assets in market is determined by reference to their quoted closing bid price at the reporting date. The fair value of non-marketable securities is determined using valuation methods.

#### **(d) Derivatives**

For forward contracts, if a listed market price is not available, fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

The fair value of interest rate swaps is estimated by discounting estimated future cash flows based on the terms and maturity of each contract by LIBOR and forward interest rates for the same terms at the measurement date.

Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Group entity and counterparty when appropriate.

#### **(e) Non-derivative Financial Liabilities**

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

#### **(f) Share-based Payment Transactions**

The fair value of the employee share appreciation rights is measured using the Black-Scholes formula. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behavior), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

## **Table of Contents**

### **4. Determination of Fair Value, Continued**

#### **(g) Assets Acquired in a Business Combination**

##### **(i) Inventories**

The fair value of inventories acquired in a business combination is determined based on the estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.

##### **(ii) Property, plant and equipment**

The fair value of property, plant and equipment recognized as a result of a business combination is based on market values.

##### **(iii) Intangible assets**

The fair value of customer relationships acquired in a business combination is determined using the multi-period excess earnings method, whereby the subject asset is valued after deducting a fair return on all other assets that are part of creating the related cash flows. The fair value of technology acquired in a business combination is based on the discounted estimated royalty payments that have been avoided as a result of the patent or trademark being owned.

### **5. Risk Management**

#### **(a) Financial Risk Management**

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

##### **(i) Credit risk**

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

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

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

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

---

**Table of Contents**

5. Risk Management, Continued

(a) Financial Risk Management, Continued

(ii) Liquidity risk

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

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

(iii) Market risk

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

The Group buys and sells derivatives, and also incurs financial liabilities, in order to manage market risks.

Currency risk

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

The Group uses forward exchange contracts to hedge its currency risk, most with a maturity of less than one year from the reporting date.

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

In respect of other monetary assets and liabilities denominated in foreign currencies, the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances. In relation to the currency fluctuation, the Group adopts policies to adjust factoring volumes of foreign currency denominated receivables or utilizing usance as a mean to settle payables for the facilities.

**Table of Contents**5. Risk management, Continued(a) Financial Risk Management, ContinuedInterest rate risk

Interest rate risk arises principally from the Group's debentures and borrowings. The Group used to hedge the interest rate risk by entering interest swap contracts. The Group does not have any interest swap contract as of December 31, 2010. The fair value of interest rate swap as of December 31, 2009 is as follows:

(In millions of Won)

| Type                                         | 2009        |
|----------------------------------------------|-------------|
| Loss on valuation of interest rate swap, net | (Won) 3,698 |
| Financial liabilities, net                   | 3,698       |

(b) Capital Management

Management's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management also monitors the level of dividends to ordinary shareholders.

(In millions of Won)

|                               | December 31,<br>2010 | December 31,<br>2009 |
|-------------------------------|----------------------|----------------------|
| Total liabilities             | (Won) 12,796,691     | 9,663,728            |
| Total equity                  | 11,060,967           | 10,039,749           |
| Cash and deposits in banks(*) | 3,134,009            | 3,317,982            |
| Borrowings                    | 4,642,923            | 4,079,731            |
| Liabilities to equity ratio   | 116%                 | 96%                  |
| Net borrowing to equity ratio | 14%                  | 8%                   |

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

6. Cash and Cash Equivalents and Deposits in Banks

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

(In millions of Won)

|                                  | December 31,<br>2010 | December 31,<br>2009 | January 1,<br>2009 |
|----------------------------------|----------------------|----------------------|--------------------|
| <b>Current assets</b>            |                      |                      |                    |
| <b>Cash and cash equivalents</b> |                      |                      |                    |
| Demand deposits                  | (Won) 1,631,009      | 817,982              | 1,352,752          |
| <b>Deposits in banks</b>         |                      |                      |                    |
| Time deposits                    | 1,500,000            | 2,500,000            | 2,055,000          |
| Restricted cash                  | 3,000                |                      |                    |

|  |           |           |           |
|--|-----------|-----------|-----------|
|  | 1,503,000 | 2,500,000 | 2,055,000 |
|--|-----------|-----------|-----------|

**Table of Contents**7. Receivables and Other Current Assets

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

*(In millions of Won)*

|                          | December 31,<br>2010 | December 31,<br>2009 | January 1,<br>2009 |
|--------------------------|----------------------|----------------------|--------------------|
| Trade, net               | (Won) 2,230,003      | 2,058,989            | 1,520,114          |
| Due from related parties | 770,658              | 891,256              | 494,586            |
|                          | (Won) 3,000,661      | 2,950,245            | 2,014,700          |

The Group's accounts and notes receivable amounting to (Won)1,290,234 million (USD1,133 million) and (Won)702,191 million (USD601 million) are sold to financial institutions, but current and outstanding, as of December 31, 2010 and 2009, respectively. For the years ended December 31, 2010 and 2009, the Group recognized (Won)9,366 million and (Won)4,307 million, respectively, as loss on disposal of trade accounts and notes receivable.

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

*(In millions of Won)*

|                                     | December 31,<br>2010 | December 31,<br>2009 | January 1,<br>2009 |
|-------------------------------------|----------------------|----------------------|--------------------|
| <b>Current assets</b>               |                      |                      |                    |
| Non-trade accounts receivable       | (Won) 231,843        | 79,978               | 36,088             |
| Accrued income                      | 24,093               | 47,277               | 90,889             |
| Short-term loans                    | 92                   | 85                   | 108                |
|                                     | (Won) 256,028        | 127,340              | 127,085            |
| <b>Non-current assets</b>           |                      |                      |                    |
| Long-term other accounts receivable | (Won) 11,045         | 11,311               | 25,057             |

Due from related parties included in other accounts receivable, as of December 31, 2010, 2009 and January 1, 2009 are (Won)9,005 million, (Won)14,431 million and (Won)4,646 million, respectively.

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

*(In millions of Won)*

|                            | December 31,<br>2010 | December 31,<br>2009 | January 1,<br>2009 |
|----------------------------|----------------------|----------------------|--------------------|
| <b>Current assets</b>      |                      |                      |                    |
| Advance payments           | (Won) 10,947         | 11,634               | 398                |
| Prepaid expenses           | 43,456               | 44,016               | 41,361             |
| Value added tax refundable | 144,727              | 95,892               | 176,379            |
| Others                     | 18                   | 7,397                | 1,989              |
|                            | (Won) 199,148        | 158,939              | 220,127            |

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

|                            |               |         |         |
|----------------------------|---------------|---------|---------|
| <b>Non-current assets</b>  |               |         |         |
| Long-term prepaid expenses | (Won) 166,958 | 162,495 | 176,269 |
| Others                     | 289           |         |         |
|                            | (Won) 167,247 | 162,495 | 176,269 |

35

**Table of Contents****8. Inventories**

Inventories at the reporting date are as follows:

(In millions of Won)

|                 | December 31, 2010 | December 31, 2009 | January 1, 2009 |
|-----------------|-------------------|-------------------|-----------------|
| Finished goods  | (Won) 978,386     | 763,181           | 539,387         |
| Goods in trade  |                   |                   | 940             |
| Work-in-process | 612,497           | 544,071           | 358,091         |
| Raw materials   | 421,593           | 228,631           | 168,188         |
| Supplies        | 202,741           | 131,897           | 70,066          |
|                 | (Won) 2,215,217   | 1,667,780         | 1,136,672       |

The amount of the inventories recognized as cost (cost of sales) and valuation loss on inventories as cost of sales are as follows:

(In millions of Won)

|                                                           | December 31, 2010 | December 31, 2009 |
|-----------------------------------------------------------|-------------------|-------------------|
| Inventories recognized as cost (cost of sales)            | (Won) 21,780,880  | 17,476,995        |
| Valuation loss (reversal) on inventories as cost of sales | 57,762            | (56,586)          |

**9. Other Financial Assets**

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

(In millions of Won)

|                                                       | December 31, 2010 | December 31, 2009 | January 1, 2009 |
|-------------------------------------------------------|-------------------|-------------------|-----------------|
| <b>Current assets</b>                                 |                   |                   |                 |
| Available-for-sale financial assets                   | (Won)             |                   | 74              |
| Deposits                                              | 26,116            | 1,119             | 1,878           |
| Derivatives not used for hedging                      | 9,254             | 2,737             | 24,574          |
|                                                       | (Won) 35,370      | 3,856             | 26,526          |
| <b>Non-current assets</b>                             |                   |                   |                 |
| Guarantee deposits with banks                         | (Won) 13          | 13                | 13              |
| Financial assets at fair value through profit or loss | 16,804            | 17,342            |                 |
| Available-for-sale financial assets                   | 42,753            | 109,339           | 126,455         |
| Deposits                                              | 23,676            | 19,276            | 17,359          |
| Derivatives not used for hedging                      |                   |                   | 39,649          |
|                                                       | (Won) 83,246      | 145,970           | 183,476         |

**Table of Contents**9. Other Financial Assets, Continued

(b) Financial assets at fair value through profit or loss at the reporting date are as follows:

(In millions of Won)

|                                | December 31,<br>2010 | December 31,<br>2009 | January 1,<br>2009 |
|--------------------------------|----------------------|----------------------|--------------------|
| Everlight Electronics Co. Ltd. |                      |                      |                    |
| Acquisition cost               | (Won) 14,404         | 14,404               |                    |
| Fair value                     | 16,804               | 17,342               |                    |

The financial assets at fair value through profit or loss are debt securities with embedded derivatives that otherwise would have been classified as available-for-sale.

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

(In millions of Won)

|                                               | December 31,<br>2010 | December 31,<br>2009 | January 1,<br>2009 |
|-----------------------------------------------|----------------------|----------------------|--------------------|
| <b>Current assets</b>                         |                      |                      |                    |
| <b>Debt securities</b>                        |                      |                      |                    |
| Government bonds                              | (Won)                |                      | 74                 |
| <b>Non-current assets</b>                     |                      |                      |                    |
| <b>Debt securities</b>                        |                      |                      |                    |
| Government bonds                              | (Won) 2,346          | 83                   |                    |
| Hydis Technologies Co., Ltd.                  | 26,085               |                      |                    |
| <b>Redeemable convertible preferred stock</b> |                      |                      |                    |
| HannStar Display Corporation(*)               |                      | 91,394               | 126,455            |
| <b>Equity securities</b>                      |                      |                      |                    |
| Prime View International Co., Ltd. ( PVI )    | 9,701                | 12,912               |                    |
| Formosa Epitaxy, Inc. ( Formosa )             | 4,509                | 4,841                |                    |
| Other                                         | 112                  | 107                  |                    |
|                                               | (Won) 42,753         | 109,339              | 126,529            |

(\*) In February 2008, in order for the Controlling Company to be supplied with TFT-LCD products stably, the Controlling Company purchased non-voting mandatorily redeemable convertible preferred stock of HannStar Display Corporation ( Hannstar ) located in Taiwan. The Controlling Company has exercised the put option for total amount of the preferred stocks and recognized the uncollected receivable upon the exercise as other accounts receivables amounting to (Won)123,893 million (TWD3,170 million) in 2010.

**Table of Contents****10. Investments in Equity Accounted Investees**

Investments in equity accounted investees accounted for under the equity method consist of the following:

(in millions of Won)

| Company                                                          | December 31,<br>2010 | Carrying value<br>December 31,<br>2009 | January 1,<br>2009 |
|------------------------------------------------------------------|----------------------|----------------------------------------|--------------------|
| Suzhou Raken Technology Ltd.                                     | (Won) 114,402        | 97,348                                 | 18,328             |
| Paju Electric Glass Co., Ltd.                                    | 45,947               | 35,895                                 | 33,175             |
| TLI Inc. (*1)                                                    | 16,614               | 14,984                                 | 13,116             |
| AVACO Co., Ltd. (*1)                                             | 6,998                | 7,569                                  | 8,070              |
| New Optics Ltd.                                                  | 17,261               | 11,736                                 | 11,789             |
| Guangzhou New Vision Technology Research and Development Limited | 3,540                | 3,996                                  | 4,569              |
| LIG ADP Co., Ltd. (formerly, ADP Engineering Co., Ltd.)(*1)      | 4,037                | 4,273                                  |                    |
| WooRee LED Co., Ltd.                                             | 12,448               | 12,097                                 |                    |
| Dynamic Solar Design Co., Ltd.                                   | 5,776                | 5,964                                  |                    |
| RPO, Inc.                                                        | 11,268               | 14,538                                 |                    |
| Global OLED Technology LLC                                       | 47,594               | 72,250                                 |                    |
| LB Gemini New Growth Fund No.16                                  | 7,949                | 1,800                                  |                    |
| Can Yang Investments Limited                                     | 16,999               |                                        |                    |
| YAS Co., Ltd.                                                    | 10,124               |                                        |                    |
| Eralite Optoelectronics (Jiangsu) Co., Ltd.                      | 4,575                |                                        |                    |
|                                                                  | (Won) 325,532        | 282,450                                | 89,047             |

(\*1) Based on quoted market price at December 31, 2010, the fair values of the investments in TLI Inc., AVACO Co., Ltd. and LIG ADP Co., Ltd., which are listed companies on the Korea Exchange, are (Won)15,839 million, (Won)34,021 million and (Won)17,880 million, respectively.

The received dividends from equity accounted investees for the years ended December 31, 2010 and 2009 are amounting to (Won)33,772 million and (Won)557 million, respectively.

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

## Notes to Consolidated Financial Statements

For the years ended December 31, 2010 and 2009

**10. Investments in Equity Accounted Investees. Continued**

Summary financial information for equity accounted investees, not adjusted for the percentage ownership held by the Group:

(a) Summary financial information for investments in joint ventures is as follows:

*(In millions of Won)*

| Company                                                          | Ownership<br>(%) | Current<br>assets | Non-<br>current<br>assets | Total<br>assets | December 31, 2010      |                                |                      | Revenue   | Expenses  | Profit<br>(loss) |
|------------------------------------------------------------------|------------------|-------------------|---------------------------|-----------------|------------------------|--------------------------------|----------------------|-----------|-----------|------------------|
|                                                                  |                  |                   |                           |                 | Current<br>liabilities | Non-<br>current<br>liabilities | Total<br>liabilities |           |           |                  |
| Suzhou Raken Technology Ltd. (*1)                                | 51               | (Won) 809,713     | 114,772                   | 924,485         | 691,179                |                                | 691,179              | 2,101,073 | 2,063,414 | 37,659           |
| Guangzhou New Vision Technology Research and Development Limited | 50               | 6,659             | 422                       | 7,081           | 2                      |                                | 2                    | 172       | 1,141     | (969)            |
| Global OLED Technology LLC (*2)                                  | 33               | 16,197            | 131,238                   | 147,435         | 2,020                  |                                | 2,020                | 5,373     | 16,866    | (11,493)         |

*(In millions of Won)*

| Company                                                          | Ownership<br>(%) | Current<br>assets | Non-<br>current<br>assets | Total<br>assets | December 31, 2009      |                                |                      | Revenue   | Expenses  | Profit |
|------------------------------------------------------------------|------------------|-------------------|---------------------------|-----------------|------------------------|--------------------------------|----------------------|-----------|-----------|--------|
|                                                                  |                  |                   |                           |                 | Current<br>liabilities | Non-<br>current<br>liabilities | Total<br>liabilities |           |           |        |
| Suzhou Raken Technology Ltd. (*1)                                | 51               | (Won) 398,750     | 88,902                    | 487,652         | 291,561                | 7                              | 291,568              | 1,496,137 | 1,438,521 | 57,616 |
| Guangzhou New Vision Technology Research and Development Limited | 50               | 7,854             | 147                       | 8,001           | 5                      | 4                              | 9                    | 655       | 109       | 546    |
| Global OLED Technology LLC (*2)                                  | 49               |                   | 147,450                   | 147,450         |                        |                                |                      |           |           |        |

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

## Notes to Consolidated Financial Statements

For the years ended December 31, 2010 and 2009

10. Investments in Equity Accounted Investees. Continued*(In millions of Won)*

(in millions of won)

|                                                                     | January 1, 2009  |                |                       |                 |                        |                            |                      |
|---------------------------------------------------------------------|------------------|----------------|-----------------------|-----------------|------------------------|----------------------------|----------------------|
| Company                                                             | Ownership<br>(%) | Current assets | Non-current<br>assets | Total<br>assets | Current<br>liabilities | Non-current<br>liabilities | Total<br>liabilities |
| Suzhou Raken Technology Ltd. (*1)                                   | 51               | (Won) 15,299   | 22,354                | 37,653          | 12,255                 |                            | 12,255               |
| Guangzhou New Vision Technology Research<br>and Development Limited | 50               | 8,988          | 167                   | 9,155           | 17                     |                            | 17                   |

(\*1) Despite its 51% equity interest, management concluded that the Controlling Company does not have control of Suzhou Raken Technology Ltd. since the investee is jointly controlled by the Controlling Company and AmTRAN Technology Co., Ltd., which has a 49% equity interest of the investee. Accordingly, investment in Suzhou Raken Technology Ltd. was accounted for as an equity method investment.

(\*2) In December 2009, the Controlling Company entered into a joint venture agreement with its LG affiliates, accordingly, Global OLED Technology LLC was set up with the purpose of managing and utilizing OLED patents purchased from Eastman Kodak Company. At the time of establishment, the Controlling Company acquired a 49% equity interest in the joint venture and the Controlling Company's investment in this equity investee was (Won)72,250 million. In June 2010, the Controlling Company sold a part of its share interest in Global OLED Technology for (Won)20,530 million, accordingly, the percentage of the Controlling Company's ownership was reduced from 49% to 33%.

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

## Notes to Consolidated Financial Statements

For the years ended December 31, 2010 and 2009

10. Investments in Equity Accounted Investees. Continued

(b) Summary of the financial information for associates at the reporting date is as follows:

*(In millions of Won)*

| Company                                                      | Ownership<br>(%) | Total<br>assets | December 31, 2010    |                                 |         | Net<br>income<br>(loss) |
|--------------------------------------------------------------|------------------|-----------------|----------------------|---------------------------------|---------|-------------------------|
|                                                              |                  |                 | Total<br>liabilities | Total<br>shareholders<br>equity | Revenue |                         |
| Paju Electric Glass Co., Ltd.(*1)                            | 40               | (Won) 289,865   | 173,753              | 116,112                         | 763,750 | 10,178                  |
| TLI Inc. (*2)                                                | 12               | 134,759         | 37,821               | 96,938                          | 82,689  | 14,079                  |
| AVACO Co., Ltd. (*2)                                         | 20               | 113,206         | 49,913               | 63,293                          | 205,476 | 15,622                  |
| New Optics Ltd.(*3)                                          | 42               | 211,303         | 174,725              | 36,578                          | 718,001 | 8,114                   |
| LIG ADP Co., Ltd. (formerly, ADP Engineering Co., Ltd.) (*2) | 13               | 92,071          | 37,143               | 54,928                          | 197,245 | 18,392                  |
| WooRee LED Co., Ltd.                                         | 30               | 121,330         | 98,152               | 23,178                          | 73,001  | 1,046                   |
| Dynamic Solar Design Co., Ltd.                               | 40               | 6,344           | 348                  | 5,996                           | 626     | (469)                   |
| RPO, Inc.                                                    | 26               | 11,853          | 2,968                | 8,885                           | 376     | (9,345)                 |
| LB Gemini New Growth Fund No.16(*4)                          | 31               | 25,939          |                      | 25,939                          | 1,020   | (1,081)                 |
| Can Yang Investments Limited(*5)                             | 15               | 111,912         | 5                    | 111,907                         |         | (4,462)                 |
| YAS Co., Ltd.(*6)                                            | 20               | 22,449          | 9,056                | 13,393                          | 4,513   | 623                     |
| Eralite Optoelectronics (Jiangsu) Co., Ltd.(*7)              | 20               | 22,927          | 52                   | 22,875                          |         | (197)                   |

*(In millions of Won)*

| Company                                                      | Ownership<br>(%) | Total<br>assets | December 31, 2009    |                                 |         | Net<br>income<br>(loss) |
|--------------------------------------------------------------|------------------|-----------------|----------------------|---------------------------------|---------|-------------------------|
|                                                              |                  |                 | Total<br>liabilities | Total<br>shareholders<br>equity | Revenue |                         |
| Paju Electric Glass Co., Ltd.(*1)                            | 40               | (Won) 214,221   | 118,596              | 95,625                          | 636,989 | 10,151                  |
| TLI Inc. (*2)                                                | 13               | 117,680         | 39,590               | 78,090                          | 89,765  | 19,385                  |
| AVACO Co., Ltd. (*2)                                         | 20               | 96,583          | 48,263               | 48,320                          | 122,174 | 9,055                   |
| New Optics Ltd.                                              | 37               | 175,152         | 146,091              | 29,061                          | 474,886 | (882)                   |
| LIG ADP Co., Ltd. (formerly, ADP Engineering Co., Ltd.) (*2) | 13               | 73,471          | 41,351               | 32,120                          | 63,136  | (19,334)                |
| WooRee LED Co., Ltd.                                         | 30               | 38,509          | 16,517               | 21,992                          | 43,814  | 1,376                   |
| Dynamic Solar Design Co., Ltd.                               | 40               | 7,484           | 1,019                | 6,465                           |         | (297)                   |
| RPO, Inc.                                                    | 26               | 19,209          | 494                  | 18,715                          | 156     | (6,281)                 |
| LB Gemini New Growth Fund No.16(*4)                          | 31               | 5,874           |                      | 5,874                           |         |                         |

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

## Notes to Consolidated Financial Statements

For the years ended December 31, 2010 and 2009

**10. Investments in Equity Accounted Investees. Continued***(In millions of Won)*

| Company                            | Ownership<br>(%) | January 1, 2009 |                   |                                 |
|------------------------------------|------------------|-----------------|-------------------|---------------------------------|
|                                    |                  | Total assets    | Total liabilities | Total<br>shareholders<br>equity |
| Paju Electric Glass Co., Ltd. (*1) | 40               | (Won) 185,335   | 99,767            | 85,568                          |
| TLI Inc. (*2)                      | 13               | 68,442          | 12,215            | 56,227                          |
| AVACO Co., Ltd. (*2)               | 20               | 67,570          | 28,464            | 39,106                          |
| New Optics Ltd.                    | 37               | 129,197         | 99,800            | 29,397                          |

(\*1) In November 2010, the Company acquired an additional 1,484,800 common shares of Paju Electric Glass Co., Ltd. at (Won)14,848 million.

(\*2) Although the Controlling Company's share interests TLI Inc., AVACO Co., Ltd. and LIG ADP Co., Ltd. are below 20%, the Controlling Company is able to exercise significant influence through its right to assign a director to the board of directors of each investee and, accordingly, the investment in these investees have been accounted for using the equity method.

(\*3) In February 2010, the Controlling Company acquired an additional 1,000,000 common shares (5%) of New Optics Ltd. at (Won)2,500 million.

(\*4) The Controlling Company joined the LB Gemini New Growth Fund No.16 as a member in a limited partnership in December 2009 and the Controlling Company paid (Won)6,480 million for the additional investment in 2010. As of December 31, 2010, the Controlling Company has acquired a 31% equity interest in LB Gemini New Growth Fund No.16 and the agreed total investment amount of the Controlling Company toward the Fund is (Won)30,000 million.

(\*5) In January 2010, the Controlling Company entered into a joint venture agreement with Formosa Epitaxy Incorporation and several other investors. Accordingly, Can Yang Investments Limited is incorporated in order for the Group to secure a stable supply of LED chip solutions. The Controlling Company acquired 10,800,000 shares (15%) of the joint venture at (Won)12,433 million and has the right to assign a director to the board of directors of the joint venture. In October 2010, the Controlling Company acquired an additional 4,500,000 common shares of Can Yang Investments Limited at (Won)5,083 million.

(\*6) In September 2010, the Controlling Company acquired 500,000 common shares (20%) of Yas Co., Ltd. at (Won)10,000 million in order to secure a stable supply of components for developing a deposition system of OLED.

(\*7) In August 2010, the Controlling Company entered into a joint venture agreement with Everlight Electronics Co., Ltd. and AmTRAN Technology Co., Ltd. Accordingly, Eralite Optoelectronics (Jiangsu) Co., Ltd. has been incorporated in order for the Group to secure a stable supply of LED package solutions. The Controlling Company acquired a 20 percent interest of the joint venture at (Won)4,626 million (USD4 million) and has the right to assign a director to the board of directors of the joint venture.

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

## Notes to Consolidated Financial Statements

For the years ended December 31, 2010 and 2009

**11. Property, Plant and Equipment**

Changes in property, plant and equipment for the year ended December 31, 2010 are as follows:

*(In millions of Won)*

|                                                     | Land          | Buildings<br>and<br>structures | Machinery<br>and<br>equipment | Furniture<br>and<br>fixtures | Construction-<br>in-<br>progress(*1) | Others    | Total        |
|-----------------------------------------------------|---------------|--------------------------------|-------------------------------|------------------------------|--------------------------------------|-----------|--------------|
| Acquisition cost as of January 1, 2010              | (Won) 394,804 | 3,591,774                      | 19,887,450                    | 562,956                      | 1,581,435                            | 223,523   | 26,241,942   |
| Accumulated depreciation as of January 1, 2010      |               | (707,499)                      | (15,273,341)                  | (483,947)                    |                                      | (180,068) | (16,644,855) |
| Accumulated impairment loss as of January 1, 2010   |               |                                | (415)                         | (170)                        |                                      | (5)       | (590)        |
| Book value as of January 1, 2010                    | 394,804       | 2,884,275                      | 4,613,694                     | 78,839                       | 1,581,435                            | 43,450    | 9,596,497    |
| Additions                                           |               |                                |                               |                              | 5,870,253                            |           | 5,870,253    |
| Depreciation                                        |               | (175,871)                      | (2,514,211)                   | (47,086)                     |                                      | (19,364)  | (2,756,532)  |
| Recovery of impairment                              |               |                                | 415                           | 170                          |                                      | 5         | 590          |
| Disposals                                           | (128)         | (327)                          | (1,496)                       | (217)                        |                                      | (54)      | (2,222)      |
| Others (*2)                                         | 46,958        | 267,010                        | 4,291,826                     | 113,584                      | (4,746,762)                          | 27,384    |              |
| Acquisition in the business combination             | 640           | 45,678                         | 103,570                       | 27                           |                                      | 236       | 150,151      |
| Effect of movements in exchange rates               | (656)         | (18,225)                       | (22,083)                      | (2,112)                      | (1,066)                              | (2,262)   | (46,404)     |
| Subsidy decrease (increase)                         | 1,344         | 776                            | 948                           |                              |                                      |           | 3,068        |
| Book value as of December 31, 2010                  | (Won) 442,962 | 3,003,316                      | 6,472,663                     | 143,205                      | 2,703,860                            | 49,395    | 12,815,401   |
| Acquisition cost as of December 31, 2010            | (Won) 442,962 | 3,879,677                      | 24,099,414                    | 672,508                      | 2,703,860                            | 242,687   | 32,041,108   |
| Accumulated depreciation as of December 31, 2010    | (Won)         | (876,361)                      | (17,626,751)                  | (529,303)                    |                                      | (193,292) | (19,225,707) |
| Accumulated impairment loss as of December 31, 2010 | (Won)         |                                |                               |                              |                                      |           |              |

(\*1) As of December 31, 2010, construction-in-progress consists of investment projects on construction of plants.

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



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

## Notes to Consolidated Financial Statements

For the years ended December 31, 2010 and 2009

**11. Property, Plant and Equipment, Continued**

Changes in property, plant and equipment for the year ended December 31, 2009 are as follows:

*(In millions of Won)*

|                                                     | Land          | Buildings<br>and<br>structures | Machinery<br>and<br>equipment | Furniture<br>and<br>fixtures | Construction-<br>in-<br>progress(*1) | Others    | Total        |
|-----------------------------------------------------|---------------|--------------------------------|-------------------------------|------------------------------|--------------------------------------|-----------|--------------|
| Acquisition cost as of January 1, 2009              | (Won) 383,645 | 2,755,911                      | 15,281,673                    | 512,503                      | 4,103,732                            | 229,960   | 23,267,424   |
| Accumulated depreciation as of January 1, 2009      |               | (550,695)                      | (12,871,288)                  | (423,943)                    |                                      | (179,113) | (14,025,039) |
| Accumulated impairment loss as of January 1, 2009   |               |                                | (7)                           |                              |                                      |           | (7)          |
| Book value as of January 1, 2009                    | 383,645       | 2,205,216                      | 2,410,378                     | 88,560                       | 4,103,732                            | 50,847    | 9,242,378    |
| Additions                                           |               |                                | 141                           | 1,136                        | 3,173,254                            | 258       | 3,174,789    |
| Depreciation                                        |               | (155,209)                      | (2,539,176)                   | (64,018)                     |                                      | (22,307)  | (2,780,710)  |
| Impairment loss                                     |               |                                | (481)                         | (170)                        |                                      | (6)       | (657)        |
| Disposals                                           | (1,299)       | (1,661)                        | (4,358)                       | (131)                        |                                      | (180)     | (7,629)      |
| Others (*2)                                         | 12,458        | 877,421                        | 4,764,952                     | 54,732                       | (5,690,923)                          | 15,980    | 34,620       |
| Effect of movements in exchange rates               |               | (34,186)                       | (16,118)                      | (1,270)                      | (4,723)                              | (1,142)   | (57,439)     |
| Subsidy decrease (increase)                         |               | (7,306)                        | (1,644)                       |                              | 95                                   |           | (8,855)      |
| Book value as of December 31, 2009                  | (Won) 394,804 | 2,884,275                      | 4,613,694                     | 78,839                       | 1,581,435                            | 43,450    | 9,596,497    |
| Acquisition cost as of December 31, 2009            | (Won) 394,804 | 3,591,774                      | 19,887,450                    | 562,956                      | 1,581,435                            | 223,523   | 26,241,942   |
| Accumulated depreciation as of December 31, 2009    | (Won)         | (707,499)                      | (15,273,341)                  | (483,947)                    |                                      | (180,068) | (16,644,855) |
| Accumulated impairment loss as of December 31, 2009 | (Won)         |                                | (415)                         | (170)                        |                                      | (5)       | (590)        |

(\*1) As of December 31, 2009, construction-in-progress consists of investment projects on construction of plants.

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

The capitalized borrowing costs and capitalization rate for the years ended December 31, 2010 and 2009 are as follows:

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

*(In millions of Won)*

|                             | 2010         | 2009   |
|-----------------------------|--------------|--------|
| Capitalized borrowing costs | (Won) 21,412 | 15,568 |
| Capitalization rate         | 3.97%        | 2.39%  |

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

## Notes to Consolidated Financial Statements

For the years ended December 31, 2010 and 2009

**12. Intangible Assets**

Changes in intangible assets for the year ended December, 2010 are as follows:

*(In millions of Won)*

|                                                        |       | Intellectual<br>property<br>rights | Software  | Memberships | Development<br>costs | Construction-<br>in-progress<br>(Software) | Customer<br>relationships | Technology | Goodwill | Others<br>(*2) | Total     |
|--------------------------------------------------------|-------|------------------------------------|-----------|-------------|----------------------|--------------------------------------------|---------------------------|------------|----------|----------------|-----------|
| Acquisition cost as of<br>January 1, 2010              | (Won) | 488,682                            | 198,367   | 44,994      | 100,672              | 18,967                                     |                           |            |          | 13,079         | 864,761   |
| Accumulated<br>amortization as of<br>January 1, 2010   |       | (426,084)                          | (57,357)  |             | (20,218)             |                                            |                           |            |          | (8,709)        | (512,368) |
| Book value as of<br>January 1, 2010                    |       | 62,598                             | 141,010   | 44,994      | 80,454               | 18,967                                     |                           |            |          | 4,370          | 352,393   |
| Additions internally<br>developed                      |       |                                    |           |             | 135,347              |                                            |                           |            |          |                | 135,347   |
| Other additions                                        |       | 19,168                             | 16,810    | 2,153       |                      | 95,792                                     |                           |            |          | 4              | 133,927   |
| Acquisition in the<br>business combination             |       | 10                                 | 118       |             | 29,073               |                                            | 24,011                    | 11,074     | 23,912   |                | 88,198    |
| Amortization (*1)                                      |       | (10,067)                           | (61,486)  |             | (93,177)             |                                            | (2,300)                   | (742)      |          | (1,074)        | (168,846) |
| Disposals                                              |       |                                    |           |             |                      |                                            |                           |            |          |                |           |
| Transfer from<br>construction-in-progress              |       |                                    | 102,337   |             |                      | (102,337)                                  |                           |            |          |                |           |
| Effect of movements in<br>exchange rates               |       | 2                                  | (161)     |             |                      | (959)                                      |                           |            |          |                | (1,118)   |
| Book value as of<br>December 31, 2010                  | (Won) | 71,711                             | 198,628   | 47,147      | 151,697              | 11,463                                     | 21,711                    | 10,332     | 23,912   | 3,300          | 539,901   |
| Acquisition cost as of<br>December 31, 2010            | (Won) | 507,862                            | 317,807   | 47,147      | 265,092              | 11,463                                     | 24,011                    | 11,074     | 23,912   | 13,084         | 1,221,452 |
| Accumulated<br>amortization as of<br>December 31, 2010 | (Won) | (436,151)                          | (119,179) |             | (113,395)            |                                            | (2,300)                   | (742)      |          | (9,784)        | (681,551) |
| Remaining amortization<br>period (year)                |       | 7.57                               | 2.20      |             | 0.75                 |                                            | 6.33                      | 9.33       |          | 3.43           |           |

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

(\*2) Others mainly consist of rights to use of facilities.



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

Notes to Consolidated Financial Statements

For the years ended December 31, 2010 and 2009

**12. Intangible Assets. Continued**

Changes in intangible assets for the year ended December 31, 2009 are as follows:

*(In millions of Won)*

|                                                     | <b>Intellectual<br/>property<br/>rights</b> | <b>Software</b> | <b>Memberships</b> | <b>Development<br/>costs</b> | <b>Construction-<br/>in-progress<br/>(Software)</b> | <b>Others(*2)</b> | <b>Total</b> |
|-----------------------------------------------------|---------------------------------------------|-----------------|--------------------|------------------------------|-----------------------------------------------------|-------------------|--------------|
| Acquisition cost as of January 1, 2009              | (Won) 470,056                               | 32,704          | 33,423             |                              | 107,921                                             | 13,072            | 657,176      |
| Accumulated amortization as of<br>January 1, 2009   | (417,745)                                   | (27,353)        |                    |                              |                                                     | (7,637)           | (452,735)    |
| Book value as of January 1, 2009                    | 52,311                                      | 5,351           | 33,423             |                              | 107,921                                             | 5,435             | 204,441      |
| Additions internally developed                      |                                             |                 |                    | 100,672                      |                                                     |                   | 100,672      |
| Other additions                                     | 18,648                                      | 13,834          | 11,571             |                              | 66,916                                              | 7                 | 110,976      |
| Amortization (*1)                                   | (8,359)                                     | (33,690)        |                    | (20,218)                     |                                                     | (1,072)           | (63,339)     |
| Disposals                                           | (2)                                         |                 |                    |                              |                                                     |                   | (2)          |
| Transfer from construction-in-progress              |                                             | 156,830         |                    |                              | (156,830)                                           |                   |              |
| Effect of movements in exchange rates               |                                             | (1,315)         |                    |                              | 960                                                 |                   | (355)        |
| Book value as of December 31, 2009                  | (Won) 62,598                                | 141,010         | 44,994             | 80,454                       | 18,967                                              | 4,370             | 352,393      |
| Acquisition cost as of December 31,<br>2009         | (Won) 488,682                               | 198,367         | 44,994             | 100,672                      | 18,967                                              | 13,079            | 864,761      |
| Accumulated amortization as of<br>December 31, 2009 | (Won) (426,084)                             | (57,357)        |                    | (20,218)                     |                                                     | (8,709)           | (512,368)    |
| Remaining amortization period (year)                | 7.77                                        | 3.30            |                    | 0.77                         |                                                     | 4.34              |              |

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

(\*2) Others mainly consist of rights to use of facilities.

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

## Notes to Consolidated Financial Statements

For the years ended December 31, 2010 and 2009

**13. Financial Instruments**

## (a) Credit risk

## (i) Exposure to credit risk

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

*(In millions of Won)*

|                                                       | December 31,<br>2010 | December 31,<br>2009 | January 1,<br>2009 |
|-------------------------------------------------------|----------------------|----------------------|--------------------|
| Cash and cash equivalents                             | (Won) 1,631,009      | 817,982              | 1,352,752          |
| Trade accounts and notes receivable, net              | 3,000,661            | 2,950,245            | 2,014,700          |
| Other accounts receivable, net                        | 256,028              | 127,340              | 127,085            |
| Other non-current accounts receivable                 | 11,045               | 11,311               | 25,057             |
| Available-for-sale financial assets                   | 42,753               | 109,339              | 126,529            |
| Financial assets at fair value through profit or loss | 16,804               | 17,342               |                    |
| Deposits                                              | 49,792               | 20,395               | 19,237             |
| Derivatives not used for hedging                      | 9,254                | 2,737                | 64,223             |
| Deposits in banks                                     | 1,503,000            | 2,500,000            | 2,055,000          |
| Guarantee deposits with banks                         | 13                   | 13                   | 13                 |
|                                                       | (Won) 6,520,359      | 6,556,704            | 5,784,596          |

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

*(In millions of Won)*

|                     | December 31,<br>2010 | December 31,<br>2009 | January 1,<br>2009 |
|---------------------|----------------------|----------------------|--------------------|
| Domestic            | (Won) 79,275         | 90,437               | 53,433             |
| Euro-zone countries | 456,145              | 659,613              | 430,822            |
| Japan               | 265,732              | 222,397              | 165,699            |
| United States       | 546,364              | 499,609              | 202,972            |
| China               | 823,020              | 902,256              | 482,480            |
| Taiwan              | 720,918              | 482,417              | 421,684            |
| Others              | 109,207              | 93,516               | 257,610            |
|                     | (Won) 3,000,661      | 2,950,245            | 2,014,700          |



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

## Notes to Consolidated Financial Statements

For the years ended December 31, 2010 and 2009

13. Financial Instruments, Continued

## (ii) Impairment loss

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

*(In millions of Won)*

|                     | December 31, 2010 |                    | December 31, 2009 |                    | January 1, 2009 |                    |
|---------------------|-------------------|--------------------|-------------------|--------------------|-----------------|--------------------|
|                     | Book<br>Value     | Impairment<br>loss | Book<br>Value     | Impairment<br>loss | Book<br>Value   | Impairment<br>loss |
| Not past due        | (Won) 2,905,600   | (514)              | 2,887,013         | (343)              | 1,958,998       | (946)              |
| Past due 1-15 days  | 25,628            | (4)                | 57,637            | (6)                | 50,009          | (60)               |
| Past due 16-30 days | 43,820            | (6)                | 756               | (1)                | 4,760           | (16)               |
| Past due 31-60 days | 21,369            | (4)                | 1,421             |                    | 1,356           | (7)                |
| More than 60 days   | 4,776             | (4)                | 3,783             | (15)               | 611             | (5)                |
|                     | (Won) 3,001,193   | (532)              | 2,950,610         | (365)              | 2,015,734       | (1,034)            |

The movement in the allowance for impairment in respect of receivables during the reporting period was as follows:

*(In millions of Won)*

|                                                                 | 2010      | 2009  |
|-----------------------------------------------------------------|-----------|-------|
| Balance at the beginning of the year                            | (Won) 365 | 1,034 |
| Bad debt expenses (reversal of allowance for doubtful accounts) | 167       | (669) |
| Balance at the end of the year                                  | (Won) 532 | 365   |

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

## Notes to Consolidated Financial Statements

For the years ended December 31, 2010 and 2009

13. Financial Instruments, Continued

## (b) Liquidity risk

(i) The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements as of December 31, 2010

*(In millions of Won)*

|                                                          | Carrying<br>amount | Contractual<br>cash flows | 6 months<br>or less | 6-12<br>months | 1-2<br>years | 2-5<br>years | More than<br>5 years |
|----------------------------------------------------------|--------------------|---------------------------|---------------------|----------------|--------------|--------------|----------------------|
| Non-derivative financial liabilities                     |                    |                           |                     |                |              |              |                      |
| Secured bank loan                                        | (Won) 56,945       | 61,086                    | 637                 | 637            | 1,274        | 58,538       |                      |
| Unsecured bank loans                                     | 2,673,146          | 2,723,715                 | 1,342,793           | 560,391        | 454,056      | 363,118      | 3,357                |
| Unsecured bond issues                                    | 1,828,494          | 2,067,800                 | 240,236             | 34,936         | 508,674      | 1,283,954    |                      |
| Financial assets at fair value<br>through profit or loss | 84,338             | 87,773                    |                     |                | 87,773       |              |                      |
| Trade accounts and notes payables                        | 2,961,995          | 2,961,995                 | 2,961,995           |                |              |              |                      |
| Other accounts payables                                  | 2,592,527          | 2,592,527                 | 2,592,527           |                |              |              |                      |
| Other non-current payable                                | 51,409             | 57,137                    |                     |                | 41,143       | 15,994       |                      |
| Derivative financial liabilities                         |                    |                           |                     |                |              |              |                      |
| Forward exchange contracts not<br>used for hedging:      |                    |                           |                     |                |              |              |                      |
| Outflow                                                  |                    | 489,080                   | 489,080             |                |              |              |                      |
| Inflow                                                   |                    | (488,124)                 | (488,124)           |                |              |              |                      |
|                                                          | (Won) 10,248,854   | 10,552,989                | 7,139,144           | 595,964        | 1,092,920    | 1,721,604    | 3,357                |

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

(ii) As of December 31, 2010, there is no derivative designated as a cash flow hedge.

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

## Notes to Consolidated Financial Statements

For the years ended December 31, 2010 and 2009

13. Financial Instruments, Continued

## (c) Currency risk

## (i) Exposure to currency risk

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

| (In millions)                                              | December 31, 2010 |           |       |       |      |      |     |
|------------------------------------------------------------|-------------------|-----------|-------|-------|------|------|-----|
|                                                            | USD               | JPY       | CNY   | TWD   | EUR  | PLN  | SGD |
| Cash and cash equivalents                                  | 954               | 151       | 342   | 2     | 23   | 8    |     |
| Trade accounts and notes receivable                        | 2,570             | 7         | 69    |       | 14   |      |     |
| Other accounts receivable                                  | 10                | 5         | 62    | 3,172 |      |      |     |
| Available-for-sale financial assets                        | 9                 |           |       | 118   |      |      |     |
| Financial assets at fair value through profit or loss      |                   |           |       | 430   |      |      |     |
| Other assets denominated in foreign currencies             | 1                 | 196       | 13    | 12    |      | 67   | 1   |
| Trade accounts payable                                     | (1,638)           | (15,683)  | (90)  |       | (2)  |      |     |
| Other accounts payable                                     | (73)              | (16,622)  | (270) | (18)  | (12) | (12) |     |
| Other non-current accounts payable                         | (12)              |           |       |       | (25) |      |     |
| Debts                                                      | (1,192)           | (71,889)  | (412) |       | (48) |      |     |
| Bonds                                                      | (345)             | (9,965)   |       |       |      |      |     |
| Financial liabilities at fair value through profit or loss | (74)              |           |       |       |      |      |     |
| Gross statement of financial position exposure             | 210               | (113,800) | (286) | 3,716 | (50) | 63   | 1   |
| Forward exchange contracts                                 | (420)             |           |       |       |      |      |     |
| Net exposure                                               | (210)             | (113,800) | (286) | 3,716 | (50) | 63   | 1   |

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

## Notes to Consolidated Financial Statements

For the years ended December 31, 2010 and 2009

13. Financial Instruments, Continued

## (c) Currency risk, Continued

(In millions)

|                                                            | December 31, 2009 |          |       |       |      |     |     |
|------------------------------------------------------------|-------------------|----------|-------|-------|------|-----|-----|
|                                                            | USD               | JPY      | CNY   | TWD   | EUR  | PLN | SGD |
| Cash and cash equivalents                                  | 360               | 49       | 23    | 19    | 8    | 7   |     |
| Trade accounts and notes receivable                        | 2,433             | 23       |       |       | 31   |     |     |
| Other accounts receivable                                  | 3                 | 7        | 9     |       |      |     |     |
| Available-for-sale financial assets                        | 11                |          |       | 2,655 |      |     |     |
| Financial assets at fair value through profit or loss      |                   |          |       | 477   |      |     |     |
| Other assets denominated in Foreign currencies             |                   | 103      | 8     | 12    |      |     | 1   |
| Trade accounts and notes payable                           | (1,326)           | (12,717) | (33)  |       |      |     |     |
| Other accounts payable                                     | (167)             | (9,536)  | (226) | (35)  | (2)  | (7) |     |
| Other non-current accounts payable                         | (12)              |          |       |       | (24) |     |     |
| Debts                                                      | (1,120)           | (38,383) | (194) |       | (70) |     |     |
| Financial liabilities at fair value through profit or loss | (599)             |          |       |       |      |     |     |
| Gross statement of financial position exposure             | (417)             | (60,454) | (413) | 3,128 | (57) |     | 1   |
| Forward exchange contracts                                 | (175)             |          |       |       |      |     |     |
| Net exposure                                               | (592)             | (60,454) | (413) | 3,128 | (57) |     | 1   |

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

## Notes to Consolidated Financial Statements

For the years ended December 31, 2010 and 2009

13. Financial Instruments, Continued

## (c) Currency risk, Continued

(In millions)

|                                                            | USD     | JPY      | January 1, 2009 |       |      |      |     |
|------------------------------------------------------------|---------|----------|-----------------|-------|------|------|-----|
|                                                            |         |          | CNY             | TWD   | EUR  | PLN  | HKD |
| Cash and cash equivalents                                  | 427     | 5,374    | 459             | 22    | 25   | 53   | 12  |
| Trade accounts and notes receivable                        | 1,535   | 1,427    |                 |       | 11   |      |     |
| Other accounts receivable                                  | 4       | 7        | 3               |       |      |      |     |
| Available-for-sale financial assets                        |         |          |                 | 3,294 |      |      |     |
| Other assets denominated in Foreign currencies             | 10      |          |                 |       |      |      |     |
| Trade accounts and notes payable                           | (511)   | (6,384)  | (158)           |       | (6)  |      |     |
| Other accounts payable                                     | (252)   | (40,398) | (254)           | (20)  | (2)  | (10) |     |
| Other non-current accounts payable                         | (12)    |          |                 |       | (24) |      |     |
| Debts                                                      | (1,380) |          | (70)            |       | (70) |      |     |
| Financial liabilities at fair value through profit or loss | (507)   |          |                 |       |      |      |     |
| Gross statement of financial position exposure             | (686)   | (39,974) | (20)            | 3,296 | (66) | 43   | 12  |
| Forward exchange contracts                                 | (245)   |          |                 |       |      |      |     |
| Currency swap                                              | 150     |          |                 |       |      |      |     |
| Net exposure                                               | (781)   | (39,974) | (20)            | 3,296 | (66) | 43   | 12  |

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

(In Won)

|     | Average rate |          | Reporting date spot rate |                   |                 |
|-----|--------------|----------|--------------------------|-------------------|-----------------|
|     | 2010         | 2009     | December 31, 2010        | December 31, 2009 | January 1, 2009 |
| USD | 1,156.62     | 1,276.62 | (Won) 1,138.90           | 1,167.60          | 1,257.50        |
| JPY | 13.20        | 13.64    | 13.97                    | 12.63             | 13.94           |
| CNY | 170.84       | 186.88   | 172.50                   | 171.06            | 184.09          |
| TWD | 36.71        | 38.62    | 39.08                    | 36.29             | 38.39           |
| EUR | 1,533.33     | 1,774.27 | 1,513.60                 | 1,674.28          | 1,776.22        |
| PLN | 383.99       | 410.69   | 381.77                   | 405.18            | 426.18          |
| SGD | 848.84       | 876.79   | 884.00                   | 831.27            | 875.54          |
| HKD | 148.88       | 164.69   | 146.35                   | 150.56            | 162.25          |

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

## Notes to Consolidated Financial Statements

For the years ended December 31, 2010 and 2009

13. Financial Instruments, Continued

## (c) Currency risk, Continued

## (ii) Sensitivity analysis

A weakening of the Won, as indicated below, against the following currencies which comprise the Group's financial assets or liabilities denominated foreign currency at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant. The changes in equity and profit or loss before tax are as follows:

*(In millions of Won)*

|                           | <b>December 31, 2010</b> |                       | <b>December 31, 2009</b> |                       |
|---------------------------|--------------------------|-----------------------|--------------------------|-----------------------|
|                           | <b>Equity</b>            | <b>Profit or loss</b> | <b>Equity</b>            | <b>Profit or loss</b> |
| USD (5 percent weakening) | (12,030)                 | (39,344)              | (135,023)                | (158,945)             |
| JPY (5 percent weakening) | (79,494)                 | (78,810)              | (62,406)                 | (62,003)              |
| CNY (5 percent weakening) | (2,463)                  |                       | (5,187)                  | (1,659)               |
| TWD (5 percent weakening) | 7,261                    | 6,410                 | 5,676                    | 4,781                 |
| EUR (5 percent weakening) | (3,856)                  | (4,837)               | (10,696)                 | (13,230)              |
| PLN (5 percent weakening) | 1,224                    | 1,405                 | 16                       | 124                   |
| SGD (5 percent weakening) | 31                       |                       | 29                       |                       |

A strengthening of the Won against the above currencies as of December 31, 2010 and 2009 would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

## (d) Interest rate risk

## (i) Profile

The interest rate profile of the Group's interest-bearing financial instruments as of December 31, 2010 is as follows:

*(In millions of Won)*

|                        | <b>December 31,<br/>2010</b> | <b>December 31,<br/>2009</b> | <b>January 1,<br/>2009</b> |
|------------------------|------------------------------|------------------------------|----------------------------|
| Fixed rate instruments |                              |                              |                            |
| Financial assets       | (Won) 3,268,887              | 3,409,459                    | 3,534,281                  |
| Financial liabilities  | (1,584,533)                  | (2,021,981)                  | (2,093,064)                |
|                        | (Won) 1,684,354              | 1,387,478                    | 1,441,217                  |

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

### Variable rate instruments

|                       |                   |             |             |
|-----------------------|-------------------|-------------|-------------|
| Financial liabilities | (Won) (3,058,390) | (2,057,750) | (1,928,842) |
|-----------------------|-------------------|-------------|-------------|

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

## Notes to Consolidated Financial Statements

For the years ended December 31, 2010 and 2009

13. **Financial Instruments, Continued**

## (d) Interest rate risk, Continued

## (ii) Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. Therefore a change in interest rates at the reporting date would not affect profit or loss.

## (iii) Cash flow sensitivity analysis for variable rate instruments

For the years ended December 31, 2010 and 2009, a change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss before tax by the amounts shown below for the respective following years. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

*(In millions of Won)*

|                             | Equity         |                | Profit or loss |                |
|-----------------------------|----------------|----------------|----------------|----------------|
|                             | 1%<br>increase | 1%<br>decrease | 1%<br>increase | 1%<br>decrease |
| <b>December 31, 2010</b>    |                |                |                |                |
| Variable rate instruments   | (Won) (30,584) | 30,584         | (30,584)       | 30,584         |
| Cash flow sensitivity (net) | (Won) (30,584) | 30,584         | (30,584)       | 30,584         |
| <b>December 31, 2009</b>    |                |                |                |                |
| Variable rate instruments   | (Won) (20,578) | 20,578         | (20,578)       | 20,578         |
| Interest rate swap          | 592            | (592)          | 592            | (592)          |
| Cash flow sensitivity (net) | (Won) (19,986) | 19,986         | (19,986)       | 19,986         |

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

## Notes to Consolidated Financial Statements

For the years ended December 31, 2010 and 2009

13. Financial Instruments, Continued

## (e) Fair values

## (i) Fair values versus carrying amounts

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

*(In millions of Won)*

|                                                            | December 31, 2010   |                | December 31, 2009   |                | January 1, 2009     |                |
|------------------------------------------------------------|---------------------|----------------|---------------------|----------------|---------------------|----------------|
|                                                            | Carrying<br>amounts | Fair<br>values | Carrying<br>amounts | Fair<br>values | Carrying<br>amounts | Fair<br>values |
| <b>Assets carried at fair value</b>                        |                     |                |                     |                |                     |                |
| Available-for-sale financial assets                        | (Won) 42,753        | 42,753         | 109,339             | 109,339        | 126,529             | 126,529        |
| Financial assets at fair value through profit or loss      | 16,804              | 16,804         | 17,342              | 17,342         |                     |                |
| Interest rate swaps                                        |                     |                | 63                  | 63             |                     |                |
| Cross currency swap                                        |                     |                |                     |                | 39,649              | 39,649         |
| Other forward exchange contracts                           | 9,254               | 9,254          | 2,674               | 2,674          | 24,574              | 24,574         |
|                                                            | (Won) 68,811        | 68,811         | 129,418             | 129,418        | 190,752             | 190,752        |
| <b>Assets carried at amortized cost</b>                    |                     |                |                     |                |                     |                |
| Cash and cash equivalents                                  | (Won) 1,631,009     | 1,631,009      | 817,982             | 817,982        | 1,352,752           | 1,352,752      |
| Trade accounts and notes receivable                        | 3,000,661           | 3,000,661      | 2,950,245           | 2,950,245      | 2,014,700           | 2,014,700      |
| Other accounts receivable                                  | 256,028             | 256,028        | 127,340             | 127,340        | 127,085             | 127,085        |
| Deposits in banks                                          | 1,503,000           | 1,503,000      | 2,500,000           | 2,500,000      | 2,055,000           | 2,055,000      |
| Deposits                                                   | 49,792              | 49,792         | 20,395              | 20,395         | 19,237              | 19,237         |
| Others                                                     | 13                  | 13             | 13                  | 13             | 195                 | 195            |
|                                                            | (Won) 6,440,503     | 6,440,503      | 6,415,975           | 6,415,975      | 5,568,969           | 5,568,969      |
| <b>Liabilities carried at fair value</b>                   |                     |                |                     |                |                     |                |
| Financial liabilities at fair value through profit or loss | (Won) 84,338        | 84,338         | 699,861             | 699,861        | 637,040             | 637,040        |
| Interest rate swaps                                        |                     |                | 3,761               | 3,761          | 8,017               | 8,017          |
| Cross currency swap                                        |                     |                |                     |                | 6,576               | 6,576          |
| Other forward exchange contracts                           | 956                 | 956            |                     |                | 4,051               | 4,051          |
|                                                            | (Won) 85,294        | 85,294         | 703,622             | 703,622        | 655,684             | 655,684        |
| <b>Liabilities carried at amortized cost</b>               |                     |                |                     |                |                     |                |
| Secured bank loans                                         | (Won) 56,945        | 56,945         |                     |                |                     |                |
| Unsecured bank loans                                       | 2,673,146           | 2,672,790      | 2,292,146           | 2,294,969      | 1,938,692           | 1,938,676      |
| Unsecured bond issues                                      | 1,828,494           | 1,859,102      | 1,087,724           | 1,101,201      | 1,446,174           | 1,446,174      |
| Trade accounts and notes payable                           | 2,961,995           | 2,961,995      | 2,031,422           | 2,031,422      | 988,012             | 988,012        |

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

|                               |                  |            |           |           |           |           |
|-------------------------------|------------------|------------|-----------|-----------|-----------|-----------|
| Other accounts payable        | 2,592,527        | 2,592,527  | 1,596,135 | 1,596,135 | 2,043,570 | 2,043,570 |
| Other non-current liabilities | 51,409           | 55,920     | 52,972    | 59,481    | 53,908    | 57,479    |
|                               | (Won) 10,164,516 | 10,199,279 | 7,060,399 | 7,083,208 | 6,470,356 | 6,473,911 |

The basis for determining fair values is disclosed in note 4.

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

Notes to Consolidated Financial Statements

For the years ended December 31, 2010 and 2009

13. Financial Instruments, Continued

(e) Fair values, Continued

(ii) Interest rates used for determining fair value

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

|                                  | December 31,<br>2010 | December 31,<br>2009 | January 1,<br>2009 |
|----------------------------------|----------------------|----------------------|--------------------|
| Derivatives                      | 3.31%                | 3.78%                | 5.59%              |
| Debentures, loans and borrowings | 3.58%                | 3.75%                | 6.33%              |

(iii) Fair value hierarchy

The table below analyzes financial instruments carried at fair value, by valuation method. The different levels have been defined as follows: "

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

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

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

*(In millions of Won)*

|                                                            | Level 1      | Level 2 | Level 3 | Total  |
|------------------------------------------------------------|--------------|---------|---------|--------|
| <b>December 31, 2010</b>                                   |              |         |         |        |
| Available-for-sale financial assets                        | (Won) 16,668 |         | 26,085  | 42,753 |
| Financial assets at fair value through profit or loss      | 16,804       |         |         | 16,804 |
| Derivative financial assets                                |              | 9,254   |         | 9,254  |
|                                                            | (Won) 33,472 | 9,254   | 26,085  | 68,811 |
| Financial liabilities at fair value through profit or loss | (Won)        | (956)   |         | (956)  |

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

|                                  |                |          |
|----------------------------------|----------------|----------|
| Derivative financial liabilities | (84,338)       | (84,338) |
|                                  | (Won) (84,338) | (956)    |
|                                  |                | (85,294) |

(In millions of Won)

|                                                            | Level 1         | Level 2 | Level 3 | Total     |
|------------------------------------------------------------|-----------------|---------|---------|-----------|
| <b>December 31, 2009</b>                                   |                 |         |         |           |
| Available-for-sale financial assets                        | (Won) 17,945    |         | 91,394  | 109,339   |
| Financial assets at fair value through profit or loss      |                 |         | 17,342  | 17,342    |
| Derivative financial assets                                |                 | 2,737   |         | 2,737     |
|                                                            | (Won) 17,945    | 2,737   | 108,736 | 129,418   |
| Derivative financial liabilities                           | (Won)           | (3,761) |         | (3,761)   |
| Financial liabilities at fair value through profit or loss | (699,861)       |         |         | (699,861) |
|                                                            | (Won) (699,861) | (3,761) |         | (703,622) |

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

## Notes to Consolidated Financial Statements

For the years ended December 31, 2010 and 2009

**13. Financial Instruments, Continued**

## (e) Fair values, Continued

*(In millions of Won)*

|                                                            |       | Level 1   | Level 2  | Level 3 | Total     |
|------------------------------------------------------------|-------|-----------|----------|---------|-----------|
| <b>January 1, 2009</b>                                     |       |           |          |         |           |
| Available-for-sale financial assets                        | (Won) | 74        |          | 126,455 | 126,529   |
| Derivative financial assets                                |       |           | 64,223   |         | 64,223    |
|                                                            | (Won) | 74        | 64,223   | 126,455 | 190,752   |
| Derivative financial liabilities                           | (Won) |           | (18,644) |         | (18,644)  |
| Financial liabilities at fair value through profit or loss |       | (637,040) |          |         | (637,040) |
|                                                            | (Won) | (637,040) | (18,644) |         | (655,684) |

The derivative financial assets and liabilities are classified as Level 2 since all significant inputs to compute the fair value of the over-the-counter derivatives were observable.

In order to determine the fair value of Level 3 instruments, management used a valuation technique in which all significant inputs were based on unobservable market data. The fair values of the Level 3 instruments have been computed using binominal tree model considering the financial conditions of the invested companies and by discounting estimated cash flows from stock using yield rate that reflects invested companies' credit risks. Since the financial assets at fair value through profit or loss of Level 3 became tradable in an active market this year, the level of the financial asset has changed from level 3 to level 1 in 2010.

Changes in Level 3 instruments for the years ended December 31, 2010 and 2009 are as follows:

*(In millions of Won)*

|                                                       | January 1,<br>2010 | Purchases,<br>disposal<br>and<br>others | Net realized/unrealized<br>gains included in<br>Profit<br>or loss | Other<br>comprehensive<br>income | Transfer<br>to other<br>levels | December 31,<br>2010 |
|-------------------------------------------------------|--------------------|-----------------------------------------|-------------------------------------------------------------------|----------------------------------|--------------------------------|----------------------|
| <b>December 31, 2010</b>                              |                    |                                         |                                                                   |                                  |                                |                      |
| Available-for-sale financial assets                   | (Won) 91,394       | (56,548)                                | (380)                                                             | (8,381)                          |                                | 26,085               |
| Financial assets at fair value through profit or loss | 17,342             |                                         | (538)                                                             |                                  | (16,804)                       |                      |

*(In millions of Won)*

|  | January 1,<br>2009 | Purchases,<br>disposal<br>and<br>others | Net realized/unrealized<br>gains included in<br>Profit<br>or loss | Other<br>comprehensive | Transfer<br>to other<br>levels | December 31,<br>2009 |
|--|--------------------|-----------------------------------------|-------------------------------------------------------------------|------------------------|--------------------------------|----------------------|
|--|--------------------|-----------------------------------------|-------------------------------------------------------------------|------------------------|--------------------------------|----------------------|

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

| income                                                |               |         |          |        |
|-------------------------------------------------------|---------------|---------|----------|--------|
| <b>December 31, 2010</b>                              |               |         |          |        |
| Available-for-sale financial assets                   | (Won) 126,455 | (6,658) | (28,403) | 91,394 |
| Financial assets at fair value through profit or loss | 14,404        | 2,906   | 32       | 17,342 |

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

## Notes to Consolidated Financial Statements

For the years ended December 31, 2010 and 2009

14. Financial Liabilities

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

| <i>(In millions of Won)</i>             | <b>December 31,<br/>2010</b> | <b>December 31,<br/>2009</b> | <b>January 1,<br/>2009</b> |
|-----------------------------------------|------------------------------|------------------------------|----------------------------|
| <b>Current</b>                          |                              |                              |                            |
| Short-term borrowings                   | (Won) 1,213,462              | 770,914                      | 601,068                    |
| Current portion of long-term debt       | 886,561                      | 532,796                      | 553,169                    |
| Current portion of convertible bonds    |                              | 699,861                      |                            |
| Derivatives not used for hedging        | 956                          | 3,761                        | 16,048                     |
|                                         | (Won) 2,100,979              | 2,007,332                    | 1,170,285                  |
| <b>Non-current</b>                      |                              |                              |                            |
| Won denominated borrowings              | (Won) 19,143                 | 339,922                      | 25,881                     |
| Foreign currency denominated borrowings | 810,925                      | 1,038,179                    | 1,216,775                  |
| Bonds                                   | 1,628,494                    | 698,059                      | 987,973                    |
| Convertible bonds                       | 84,338                       |                              | 637,040                    |
| Derivatives not used for hedging        |                              |                              | 2,596                      |
|                                         | (Won) 2,542,900              | 2,076,160                    | 2,870,265                  |

Above financial liabilities, except for convertible bonds which are designated as financial liabilities at fair value through profit or loss and derivative liabilities, are measured at amortized cost.

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

## Notes to Consolidated Financial Statements

For the years ended December 31, 2010 and 2009

(b) Short-term borrowings at the reporting date are as follows:

*(In millions of Won, USD, JPY and CNY)*

| Annual interest rate                   |                                                                                |                   |           |                   |         |                 |
|----------------------------------------|--------------------------------------------------------------------------------|-------------------|-----------|-------------------|---------|-----------------|
| as of                                  |                                                                                |                   |           |                   |         |                 |
| Lender                                 | December 31, 2010 (*1)                                                         | December 31, 2010 |           | December 31, 2009 |         | January 1, 2009 |
| Korea Development Bank and others (*2) | LIBOR+0.75%                                                                    | (Won)             | 12,139    |                   | 229,787 | 601,068         |
|                                        | 90% of the Basic Rate published by the People's Bank of China, 6ML+0.65~1.99%, |                   |           |                   |         |                 |
|                                        | 3ML+1.8%                                                                       |                   |           |                   |         |                 |
| China Communication Bank and others    | 90% of the Basic Rate published by the People's Bank of China, 6ML+2%,         |                   |           |                   |         |                 |
|                                        | 3ML+1.6%                                                                       |                   | 162,115   |                   |         |                 |
|                                        | 6ML+0.65~1.9%                                                                  |                   |           |                   |         |                 |
| Mizuho Bank                            | 3ML+1.1%                                                                       |                   | 55,574    |                   |         |                 |
|                                        | 3ML+1.6%                                                                       |                   | 97,796    |                   | 189,423 |                 |
| Shinhan Bank and others                | 6ML+0.65~0.9%                                                                  |                   | 545,419   |                   | 220,140 |                 |
|                                        | 5.29%                                                                          |                   | 711       |                   |         |                 |
| Bank of Tokyo-Mitsubishi UFJ           | 3ML+1.0%                                                                       |                   | 69,854    |                   | 63,141  |                 |
|                                        | 6ML+1.2%                                                                       |                   | 69,854    |                   |         |                 |
| Korea Exchange Bank                    | 6ML+1.18%                                                                      |                   |           |                   | 34,027  |                 |
| Woori Bank                             | 5.13%                                                                          |                   | 200,000   |                   |         |                 |
| Other related party                    | 1.15%                                                                          |                   |           |                   | 34,396  |                 |
|                                        |                                                                                | USD               | 95        | USD               | 245     | USD 478         |
| Foreign currency equivalent            |                                                                                | JPY               | 63,889    | JPY               | 38,383  |                 |
|                                        |                                                                                | CNY               | 71        |                   |         |                 |
|                                        |                                                                                | (Won)             | 1,213,462 |                   | 770,914 | 601,068         |

(\*1) ML represents Month LIBOR (London Inter-Bank Offered Rates).

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

## Notes to Consolidated Financial Statements

For the years ended December 31, 2010 and 2009

**14. Financial Liabilities, Continued**

- (\*2) The amount of current and outstanding trade accounts and notes receivable, arising from the Controlling Company's export sales to the Controlling Company's subsidiaries, sold to financial institutions by the Controlling Company is JPY869 million ((Won)12,139 million) as of December 31, 2010. The proceeds from the sale of these accounts receivable current and outstanding are recorded as short-term borrowings. For the year ended December 31, 2010, the Group has recognized (Won)603 million as interest expense in relation to the short-term borrowings resulting from the sale of accounts receivable.

(c) Local currency long-term debt at the reporting date is as follows:

(In millions of Won)

|                                        |                        | Annual interest rate |                   |                 |
|----------------------------------------|------------------------|----------------------|-------------------|-----------------|
|                                        |                        | as of                |                   |                 |
| Lender                                 | December 31, 2010      | December 31, 2010    | December 31, 2009 | January 1, 2009 |
| The Export-Import Bank of Korea        | 6.08%                  | (Won)                |                   | 9,850           |
|                                        | 3-year Korean Treasury |                      |                   |                 |
| Shinhan Bank                           | Bond rate less 1.25%   | 16,008               | 18,380            | 18,982          |
|                                        | KDBBIR+0.77%           |                      | 7,500             | 37,500          |
| Korea Development Bank                 | KDBBIR+3.29%           |                      | 120,000           |                 |
|                                        | 5.43%                  |                      | 200,000           |                 |
|                                        | 3-year Korean Treasury |                      |                   |                 |
| Woori Bank                             | Bond rate less 1.25%   | 4,048                | 3,914             |                 |
|                                        | 2.75%                  | 2,883                |                   |                 |
| Hana Bank                              | 1.23%, 4.18%           | 300                  |                   |                 |
| Less current portion of long-term debt |                        | (4,096)              | (9,872)           | (40,451)        |
|                                        |                        | (Won) 19,143         | 339,922           | 25,881          |

- (\*) KDBBIR represents Korea Development Bank Benchmark Interest Rates.

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

## Notes to Consolidated Financial Statements

For the years ended December 31, 2010 and 2009

**14. Financial Liabilities, Continued**

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

*(In millions of Won, USD, JPY, CNY and EUR)*

| Lender                                 | Annual interest rate   |                   |                   |                 |  |
|----------------------------------------|------------------------|-------------------|-------------------|-----------------|--|
|                                        | as of                  | December 31, 2010 | December 31, 2009 | January 1, 2009 |  |
| China Communication Bank and others    | 6ML+0.68~1.99%         |                   |                   |                 |  |
|                                        | 3M EURIBOR+0.6%,       |                   |                   |                 |  |
|                                        | 90%~95% of the Basic   |                   |                   |                 |  |
|                                        | Rate published by the  |                   |                   |                 |  |
|                                        | People's Bank of China | (Won) 145,917     | 249,034           | 277,867         |  |
| The Export-Import Bank of Korea        | 6ML+0.69%              | 51,251            | 58,380            | 62,875          |  |
|                                        | 6ML+1.78%              | 56,945            |                   |                 |  |
| Korea Development Bank                 | 3ML+0.66%~2.79%        | 271,212           | 163,464           | 176,050         |  |
|                                        | 3ML+0.35~0.53%         | 455,560           | 467,040           | 503,000         |  |
| Kookmin Bank and others                | 6ML+0.41%              | 227,780           | 233,520           | 251,500         |  |
| Sumitomo Bank Ltd.                     | 3ML+1.80%              | 284,725           |                   |                 |  |
|                                        |                        | USD 1,097         | USD 875           | USD 902         |  |
|                                        |                        | CNY 341           | CNY 194           | CNY 70          |  |
| Foreign currency equivalent            |                        | EUR 48            | EUR 70            | EUR 70          |  |
|                                        |                        | JPY 8,000         |                   |                 |  |
| Less current portion of long-term debt |                        | (682,465)         | (133,259)         | (54,517)        |  |
|                                        |                        | (Won) 810,925     | 1,038,179         | 1,216,775       |  |

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

Notes to Consolidated Financial Statements

For the years ended December 31, 2010 and 2009

**14. Financial Liabilities, Continued**

(e) Details of the Controlling Company's debentures issued and outstanding at the reporting date are as follows:

*(In millions of Won and USD)*

|                                                                   |                          | Annual<br>interest rate<br>as of<br>December 31, | December 31,<br>2010 | December 31,<br>2009 | January 1,<br>2009 |
|-------------------------------------------------------------------|--------------------------|--------------------------------------------------|----------------------|----------------------|--------------------|
|                                                                   | Maturity                 |                                                  |                      |                      |                    |
| <b>Local currency debentures(*)</b>                               |                          |                                                  |                      |                      |                    |
| Publicly issued debentures                                        | November 2012~           |                                                  |                      |                      |                    |
|                                                                   | December 2015            | 4.77~5.89%                                       | (Won) 1,100,000      | 890,000              | 850,000            |
| Privately issued debentures                                       | May 2011                 | 5.30%                                            | 200,000              | 200,000              | 600,000            |
| Less discount on debentures                                       |                          |                                                  | (3,699)              | (2,276)              | (3,826)            |
| Less current portion of debentures                                |                          |                                                  | (200,000)            | (389,665)            | (458,201)          |
|                                                                   |                          |                                                  | (Won) 1,096,301      | 698,059              | 987,973            |
| <b>Foreign currency debentures(*)</b>                             |                          |                                                  |                      |                      |                    |
| Floating-rate bonds                                               | August 2012 ~ April 2013 | 3ML+1.80~2.40%                                   | (Won) 538,323        |                      |                    |
| Foreign currency equivalent                                       |                          |                                                  | USD 350              |                      |                    |
|                                                                   |                          |                                                  | JPY 10,000           |                      |                    |
| Less discount on bonds                                            |                          |                                                  | (6,130)              |                      |                    |
|                                                                   |                          |                                                  | (Won) 532,193        |                      |                    |
| <b>Financial liabilities at fair value through profit or loss</b> |                          |                                                  |                      |                      |                    |
| Convertible bonds                                                 | April 2012               | Zero coupon                                      | (Won) 84,338         | 699,861              | 637,040            |
| Foreign currency equivalent                                       |                          |                                                  | USD 74               | USD 599              | USD 507            |
|                                                                   |                          |                                                  |                      | (699,861)            |                    |

Less current portion of convertible  
bonds

|  |       |           |         |           |
|--|-------|-----------|---------|-----------|
|  | (Won) | 84,338    |         | 637,040   |
|  | (Won) | 1,712,832 | 698,059 | 1,625,013 |

(\*) Principal of the local currency debentures is to be repaid at maturity and interests are paid quarterly. The Group redeemed local currency debentures with their face value amounting to (Won)390,000 million and issued new publicly and privately issued debentures amounting to (Won)600,000 million, JPY10,000 million and USD350 million for the year ended December 31, 2010.

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

## Notes to Consolidated Financial Statements

For the years ended December 31, 2010 and 2009

**14. Financial Liabilities, Continued**

(f) Details of the convertible bonds are as follows:

|                                             | <b>Terms and Conditions</b>  |
|---------------------------------------------|------------------------------|
| Issue date                                  | April 18, 2007               |
| Maturity date                               | April 18, 2012               |
| Conversion period                           | April 19, 2008~April 3, 2012 |
| Coupon interest rate                        | 0%                           |
| Conversion price (in Won) per share         | (Won)48,075                  |
| Issued amount                               | USD550 million               |
| Residual amount after put options exercised | USD66 million                |
| Fair value as of December 31, 2010          | USD74 million                |
| Amount at maturity                          | USD77 million                |

The Group designated foreign currency denominated convertible bonds as financial liabilities at fair value through profits or loss at transition date to K-IFRSs from its previous GAAP (generally accepted accounting principles) and recognizes the convertible bonds at fair value with changes in fair value recognized in profit or loss.

The bonds will be repaid at 116.77% of the principal amount at maturity unless the bonds are converted. During the year ended December 31, 2010, put options attached to the convertible bonds amounting to USD484 million were exercised and the Group repaid USD531 million for the convertible bonds at 109.75% of the principal amount. Put options not exercised were expired.

The Group measured the convertible bonds at their fair value using the market quotes available at Bloomberg and it was assumed that the remaining convertible bonds will be repaid in full at maturity and they were reclassified as non-current liabilities.

The Group is entitled to exercise a call option after three years from the date of issue at the amount of the principal and interest, calculated at 3.125% of the annual yield to maturity, from the issue date to the repayment date. The call option can be exercised only when the market price of the common shares on each of 20 trading days in 30 consecutive trading days ending on the trading day immediately prior to the date upon which notice of such redemption is published exceeds at least 130% of the conversion price. In addition, in the event that at least 90% of the initial principal amount of the bonds has been redeemed, converted, or purchased and cancelled, the remaining bonds may also be redeemed, at the Group's option, at the amount of the principal and interest (3.125% per annum) from the date of issue to the repayment date prior to their maturity.

Based on the terms and conditions of the bond, the conversion price was decreased from (Won)48,251 to (Won)48,075 per share due to the Controlling Company's declaration of cash dividends of (Won)500 per share for the year ended December 31, 2009.

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

## Notes to Consolidated Financial Statements

For the years ended December 31, 2010 and 2009

14. Financial Liabilities, Continued

(f) Details of the convertible bonds are as follows, Continued:

At the reporting date, the number of common shares to be issued if the outstanding convertible bonds are fully converted is as follows:

| <i>(In Won and share)</i>  | <b>December 31,<br/>2010</b> | <b>December 31,<br/>2009</b> | <b>January 1,<br/>2009</b> |
|----------------------------|------------------------------|------------------------------|----------------------------|
| Convertible bonds (*)      | (Won) 61,617,600,000         | 513,480,000,000              | 513,480,000,000            |
| Conversion price           | (Won) 48,075                 | 48,251                       | 48,760                     |
| Common shares to be issued | 1,281,697                    | 10,641,851                   | 10,530,762                 |

(\*) The exchange rate for the conversion is fixed at (Won)933.6 to USD1. The face value of the convertible bonds amounted to USD66 million and USD550 million as of December 31, 2010 and 2009, respectively.

(g) Aggregate maturities of the Group's financial liabilities as of December 31, 2010 are as follows:

*(In millions of Won)*

| <b>Period</b> | <b>Local currency<br/>long-term debt</b> | <b>Foreign currency<br/>long-term debt</b> | <b>Local<br/>currency<br/>debentures</b> | <b>Foreign<br/>currency<br/>debentures</b> | <b>Total</b> |
|---------------|------------------------------------------|--------------------------------------------|------------------------------------------|--------------------------------------------|--------------|
| Within 1 year | (Won) 4,096                              | 682,465                                    | 200,000                                  |                                            | 886,561      |
| 1~5 year      | 15,945                                   | 810,925                                    | 1,628,494                                | 84,338                                     | 2,539,702    |
| Thereafter    | 3,198                                    |                                            |                                          |                                            | 3,198        |
|               | (Won) 23,239                             | 1,493,390                                  | 1,828,494                                | 84,338                                     | 3,429,461    |

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

## Notes to Consolidated Financial Statements

For the years ended December 31, 2010 and 2009

**15. The Nature of Expenses and Others**

The classification of expenses by nature for the years ended December 31, 2010 and 2009 are as follows:

*(In millions of Won)*

|                                          | <b>2010</b>      | <b>2009</b> |
|------------------------------------------|------------------|-------------|
| Changes in inventories                   | (Won) (547,436)  | (531,108)   |
| Purchase of raw material and merchandise | 16,490,526       | 12,844,666  |
| Depreciation and amortization            | 2,925,379        | 2,842,066   |
| Labor costs                              | 1,912,188        | 1,388,974   |
| Supplies and others                      | 1,057,995        | 786,213     |
| Outsourcing fee                          | 103,424          | 55,106      |
| Shipping costs                           | 414,563          | 420,487     |
| Utility expense                          | 480,605          | 373,117     |
| Fees and commissions                     | 372,096          | 326,621     |
| A/S expenses                             | 190,018          | 130,742     |
| Others                                   | 734,239          | 583,723     |
|                                          | (Won) 24,133,597 | 19,220,607  |

Total expenses, except exchange differences, consist of cost of sales, selling, administrative, research and development expenses and others.

For the year ended December 31, 2010, other income and other expenses contained exchange differences amounting to (Won)1,465,830 million and (Won)1,550,909 million, respectively (the year ended December 31, 2009 : (Won)1,336,721 million and (Won)1,172,296 million, respectively).

**16. Selling and Administrative Expenses**

Details of selling and administrative expenses for the years ended December 31, 2010 and 2009 are as follows:

*(In millions of Won)*

|                                          | <b>2010</b>   | <b>2009</b> |
|------------------------------------------|---------------|-------------|
| Salaries                                 | (Won) 206,768 | 160,442     |
| Expenses related to defined benefit plan | 14,268        | 8,394       |
| Other employee benefit                   | 54,564        | 40,534      |
| Shipping costs                           | 332,046       | 350,352     |
| Fees and commissions                     | 99,478        | 82,430      |
| Depreciation                             | 142,963       | 44,405      |
| Taxes and dues                           | 24,267        | 9,153       |
| Advertising                              | 87,945        | 59,545      |
| Sales promotion                          | 7,151         | 8,124       |
| A/S expenses                             | 190,018       | 130,742     |

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

|        |                 |           |
|--------|-----------------|-----------|
| Others | 207,943         | 143,784   |
|        | (Won) 1,367,411 | 1,037,905 |

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

## Notes to Consolidated Financial Statements

For the years ended December 31, 2010 and 2009

**17. Employee Benefits**

The Group maintains a defined benefit plan that provides a lump-sum payment to an employee based on final salary rates and length of service at the time the employee leaves the Group. Current severance pay scheme, if legal requirements are satisfied, allows interim settlement upon election. Subsequent to the interim settlement, service term used for severance payment calculation is remeasured from the settlement date.

- (a) Recognized liabilities for defined benefit obligations at the reporting date are as follows:

| <i>(In millions of Won)</i>                                   | <b>December 31,<br/>2010</b> | <b>December 31,<br/>2009</b> | <b>January 1,<br/>2009</b> |
|---------------------------------------------------------------|------------------------------|------------------------------|----------------------------|
| Present value of partially funded defined benefit obligations | (Won) 360,540                | 260,166                      | 206,703                    |
| Fair value of plan assets                                     | (281,825)                    | (175,869)                    | (131,301)                  |
|                                                               | (Won) 78,715                 | 84,297                       | 75,402                     |

- (b) Changes in the present value of the defined benefit obligations for the years ended December 31, 2010 and 2009 are as follows:

| <i>(In millions of Won)</i>                       | <b>2010</b>   | <b>2009</b> |
|---------------------------------------------------|---------------|-------------|
| Opening defined benefit obligations               | (Won) 260,166 | 206,703     |
| Current service cost                              | 87,928        | 63,292      |
| Interest cost                                     | 14,711        | 14,731      |
| Actuarial losses on plan liabilities (before tax) | (2,983)       | 20,386      |
| Benefit payment                                   | (13,866)      | (46,589)    |
| Transfers from related parties                    | 1,806         | 1,643       |
| Past service cost (*)                             | 12,778        |             |
| Closing defined benefit obligations               | (Won) 360,540 | 260,166     |

(\*) The Group adopted a defined benefit plan at date of January 2, 2010 and recognized all past service immediately. Defined benefit obligations are discounted using the rates of high quality corporate bonds.

- (c) Changes in fair value of plan assets for the years ended December 31, 2010 and 2009 are as follows:

*(In millions of Won)*

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

|                                                   | 2010          | 2009     |
|---------------------------------------------------|---------------|----------|
| Opening fair value of plan assets                 | (Won) 175,869 | 131,301  |
| Expected return on plan assets                    | 12,946        | 4,911    |
| Actuarial gains on plan assets (before tax)       | 1,497         | 1,495    |
| Contributions by employer directly to plan assets | 100,000       | 63,000   |
| Contributions directly from employer cash flow    | 5,379         | 21,634   |
| Benefit payment                                   | (13,866)      | (46,472) |
| Closing fair value of scheme assets               | (Won) 281,825 | 175,869  |

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

## Notes to Consolidated Financial Statements

For the years ended December 31, 2010 and 2009

17. **Employee Benefits. Continued**

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

| <i>(In millions of Won)</i>         | <b>December 31,<br/>2010</b> | <b>December 31,<br/>2009</b> | <b>January 1,<br/>2009</b> |
|-------------------------------------|------------------------------|------------------------------|----------------------------|
| Deposits with financial institution | (Won) 281,825                | 175,869                      | 131,301                    |

(e) Expenses recognized in profit and loss for the years ended December 31, 2010 and 2009 are as follows:

| <i>(In millions of Won)</i>    | <b>2010</b>   | <b>2009</b> |
|--------------------------------|---------------|-------------|
| Current service cost           | (Won) 87,928  | 63,292      |
| Interest cost                  | 14,711        | 14,731      |
| Expected return on plan assets | (12,946)      | (4,911)     |
| Past service cost              | 12,778        |             |
|                                | (Won) 102,471 | 73,112      |

The expense is recognized in the following line items in the statement of comprehensive income:

| <i>(In millions of Won)</i>       | <b>2010</b>   | <b>2009</b> |
|-----------------------------------|---------------|-------------|
| Cost of sales                     | (Won) 81,225  | 60,202      |
| Selling expenses                  | 6,268         | 3,869       |
| Administrative expenses           | 7,531         | 4,484       |
| Research and development expenses | 7,447         | 4,557       |
|                                   | (Won) 102,471 | 73,112      |

(f) Cumulative amount of actuarial gain and loss recognized in other comprehensive income for the years ended December 31, 2010 and 2009 is as follows:

| <i>(In millions of Won)</i>      | <b>2010</b>    | <b>2009</b> |
|----------------------------------|----------------|-------------|
| Cumulative amount at January 1   | (Won) (14,443) |             |
| Recognized during the period     | 3,166          | (14,443)    |
| Cumulative amount at December 31 | (Won) (11,277) | (14,443)    |

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

The defined benefit obligations are initially recognized at January 1, 2009 by actuarial calculation on the first time adoption of K-IFRS.

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

## Notes to Consolidated Financial Statements

For the years ended December 31, 2010 and 2009

17. Employee Benefits. Continued

(g) Principal actuarial assumptions for the reporting period (expressed as weighted averages) are as follows:

|                                               | December 31,<br>2010 | December 31,<br>2009 | January 1,<br>2009 |
|-----------------------------------------------|----------------------|----------------------|--------------------|
| Expected rate of salary increase              | 5.6%                 | 7.0%                 | 7.0%               |
| Discount rate for defined benefit obligations | 5.5%                 | 5.9%                 | 7.1%               |
| Expected long-term rate of return on assets   | 4.4%                 | 6.7%                 | 3.7%               |

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

|              |         | December 31,<br>2010 | December 31,<br>2009 | January 1,<br>2009 |
|--------------|---------|----------------------|----------------------|--------------------|
| The twenties | Males   | 0.02%                | 0.07%                | 0.07%              |
|              | Females | 0.01%                | 0.04%                | 0.04%              |
| The thirties | Males   | 0.02%                | 0.08%                | 0.08%              |
|              | Females | 0.01%                | 0.04%                | 0.04%              |
| The forties  | Males   | 0.04%                | 0.16%                | 0.16%              |
|              | Females | 0.02%                | 0.07%                | 0.07%              |
| The fifties  | Males   | 0.09%                | 0.44%                | 0.44%              |
|              | Females | 0.05%                | 0.16%                | 0.16%              |

The overall expected long-term rate of return on assets is 4.4 percent. The expected long-term rate of return is based on the portfolio as a whole and not on the sum of the returns on individual asset categories.

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

## Notes to Consolidated Financial Statements

For the years ended December 31, 2010 and 2009

18. Other Liabilities

Other liabilities at the reporting date are as follows:

*(In millions of Won)*

|                                   | <b>December 31,<br/>2010</b> | <b>December 31,<br/>2009</b> | <b>January 1,<br/>2009</b> |
|-----------------------------------|------------------------------|------------------------------|----------------------------|
| <b>Current liabilities</b>        |                              |                              |                            |
| Advances received                 | (Won) 44,879                 | 30,805                       | 17,155                     |
| Withholdings                      | 18,554                       | 20,881                       | 15,675                     |
| Share-based payment liabilities   | 473                          | 315                          | 114                        |
|                                   | (Won) 63,906                 | 52,001                       | 32,944                     |
| <b>Non-current liabilities</b>    |                              |                              |                            |
| Long-term accrued expenses        | (Won) 10,041                 | 10,980                       | 16,471                     |
| Other long-term employee benefits | 16,031                       | 7,615                        |                            |
| Long-term unearned revenues       |                              | 88                           | 18,440                     |
| Long-term other accounts payable  | 306,475                      | 400,106                      | 519,164                    |
|                                   | (Won) 332,547                | 418,789                      | 554,075                    |

**Table of Contents**

**LG DISPLAY CO., LTD. AND SUBSIDIARIES**

Notes to Consolidated Financial Statements

For the years ended December 31, 2010 and 2009

19. Commitments

Factoring and securitization of accounts receivable

The Controlling Company has agreements with Korea Exchange Bank and several other banks for accounts receivable sales negotiating facilities of up to an aggregate of USD1,425 million ((Won)1,622,933 million) in connection with its export sales transactions. As of December 31, 2010, accounts and notes receivable amounting to JPY869 million ((Won)12,139 million) were sold but are not past due.

In October 2006, LG Display America, Inc., LG Display Germany GmbH, LG Display Shanghai Co., Ltd. and others entered into a five-year accounts receivable selling program with Standard Chartered Bank on a revolving basis, of up to USD600 million ((Won)683,340 million). The Controlling Company joined this program in April 2007. For the year ended December 31, 2010, no accounts and notes receivable were sold under this program

The Controlling Company has a credit facility agreement with Shinhan Bank pursuant to which the Controlling Company could negotiate its accounts receivables with Shinhan Bank up to an aggregate of (Won)50,000 million in connection with its domestic sales transactions.

LG Display Singapore Pte. Ltd., the Controlling Company's subsidiary, has an agreement with Standard Chartered Bank for accounts receivable sales negotiating facilities of up to an aggregate of USD250 million ((Won)284,725 million). As of December 31, 2010, accounts and notes receivable amounting to USD235 million ((Won)267,642 million) were sold but are not past due. LG Display Taiwan Co., Ltd. has an agreement with Taishin International Bank for accounts receivable sales negotiating facilities of up to an aggregate of USD710 million ((Won)808,619 million). As of December 31, 2010, accounts and notes receivable amounting to USD272 million ((Won)309,781 million) were sold but are not past due. In addition, LG Display Taiwan Co., Ltd. has agreements with Citibank and Standard Chartered Bank for accounts receivable sales negotiating facilities of up to an aggregate of USD31 million ((Won)35,306 million) and USD260 million ((Won)296,114million), respectively. As of December 31, 2010, accounts and notes receivable amounting to USD26 million ((Won)29,611 million) and USD100 million ((Won)113,890 million) were sold but are not past due, respectively. LG Display Shanghai Co., Ltd. has an agreement with BNP Paribas for accounts receivable sales negotiating facilities of up to an aggregate of USD100 million ((Won)113,890 million). As of December 31, 2010, accounts and notes receivable amounting to USD74 million ((Won)84,279 million) were sold but are not past due. In July 2010, LG Display Shenzhen Co., Ltd. and LG Display Shanghai Co., Ltd. entered into agreements with Bank of China Limited. As of December 31, 2010, accounts and notes receivable amounting to USD176 million ((Won)200,446 million) are sold, but current and outstanding. In June 2010, LG Display Germany GmbH entered into an agreement with Citibank for accounts receivable sales negotiating facilities of up to an aggregate of USD250 million ((Won)284,725 million). As of December 31, 2010, accounts and notes receivable amounting to USD250 million ((Won)284,725 million) were sold but are not past due. In addition, the Controlling Company has an agreement with Citibank for accounts receivable sales negotiating facilities of up to an aggregate of USD100 million ((Won)113,890 million). As of December 31, 2010, the amount of accounts and notes receivable sold but not past due is zero. In connection with the contracts above, the Company has sold its accounts receivable without recourse.

Letters of credit

As of December 31, 2010, the Controlling Company has agreements with Korea Exchange Bank in relation to the opening of letters of credit up to USD110 million ((Won)125,279 million), USD20 million ((Won)22,778 million) with China Construction Bank, USD210 million ((Won)239,169 million) with Shinhan Bank, JPY14,154 million ((Won)197,743 million) with Woori Bank, USD80 million ((Won)91,112 million) with Bank of China, USD104 ((Won)118,446 million) million with Hana Bank and JPY11,598 million ((Won)162,027 million) with Sumitomo Mitsui Banking Corporation.

## **Table of Contents**

### **LG DISPLAY CO., LTD. AND SUBSIDIARIES**

#### Notes to Consolidated Financial Statements

For the years ended December 31, 2010 and 2009

#### 19. Commitments, Continued

##### Payment guarantees

The Controlling Company receives a payment guarantee amounting to USD8.5 million ((Won)9,681 million) from Royal Bank of Scotland in connection with value added tax payments in Poland. As of December 31, 2010, the Controlling Company is providing a payment guarantee to a syndicate of banks including Kookmin Bank and Societe Generale in connection with a EUR48 million ((Won)73,351 million) term loan credit facility of LG Display Poland Sp. zo.o. LG Display Poland Sp. zo.o. is provided with a payment guarantee amounting to PLN250 million ((Won)95,443 million) by Nordea Bank and others for the Simplified Procedure (deferral of VAT payment), and the Controlling Company provides payment guarantee to Nordea Bank and others in connection with their payment guarantee. In addition, the Controlling Company provides payment guarantees in connection with LG Display Singapore Ltd. s and other subsidiaries term loan credit facilities with an aggregate amount of USD17 million ((Won)19,361 million) for principals and related interests.

LG Display Japan Co., Ltd. and other subsidiaries have entered into short-term credit facility agreements of up to USD203 million ((Won)231,197 million), EUR3.6 million ((Won)5,449 million), JPY6,700 million ((Won)93,604 million), and CNY58 million ((Won)10,005 million), respectively, with Mizuho Corporate Bank and other various banks. LG Display Japan Co., Ltd. and other subsidiaries are provided with repayment guarantees from the Bank of Tokyo-Mitsubishi UFJ and other various banks amounting to USD5 million ((Won)5,695 million), JPY1,300 million ((Won)18,162 million), CNY2,225 million ((Won)383,813 million) and PLN250 million ((Won)95,443 million) respectively, for their local tax payments.

##### License agreements

As of December 31, 2010, in relation to its TFT-LCD business, the Controlling Company has technical license agreements with Hitachi Display, Ltd. and others and has a trademark license agreement with LG Corp.

##### Long-term supply agreement

In January 2009, April and December 2010, the Controlling Company entered into long-term supply agreements with Apple, Inc. to supply LCD panels for five years, respectively. In connection with the agreements, the Controlling Company received long-term advances of USD830 million ((Won)945,287 million) from Apple, Inc. in aggregate, which will offset against outstanding accounts receivable balance after a given period of time, as well as those arising from the supply of products thereafter. The Controlling Company received a payment guarantee amounting to USD200 million ((Won)227,780 million) from Industrial Bank of Korea relating to a long-term advances received from Apple, Inc.

##### Pledged Assets

The Controlling Company pledged a part of its OLED machinery to the Export-Import Bank of Korea regarding the loan of credit up to USD50 million ((Won)56,945 million).

## **Table of Contents**

### **LG DISPLAY CO., LTD. AND SUBSIDIARIES**

#### Notes to Consolidated Financial Statements

For the years ended December 31, 2010 and 2009

#### 20. Contingencies

##### Patent infringement lawsuit against Chi Mei Optoelectronics Corp., and others

On December 1, 2006, the Group filed a complaint in the United States District Court for the District of Delaware against Chi Mei Optoelectronics Corp. and AU Optronics Corp. claiming infringement of patents related to liquid crystal displays and the manufacturing processes for TFT-LCDs. On March 8, 2007, AU Optronics Corp. filed a counter-claim against the Group in the United States District Court for the Western District of Wisconsin for alleged infringement of patents related to the manufacturing processes for TFT-LCDs but the suit was transferred to the United States District Court for the District of Delaware on May 30, 2007. On May 4, 2007, Chi Mei Optoelectronics Corp. filed a counter-claim against the Group for patent infringement in the United States District Court for the Eastern District of Texas, but the suit was transferred to the United States District Court for the District of Delaware (the Court) on March 31, 2008.

The Court bifurcated the trial between AU Optronics Corp. and Chi Mei Optoelectronics Corp. holding the first trial against AU Optronics Corp. on June 2, 2009. Although the Group had a total of nine patents to be tried and AU Optronics Corp. had a total of seven patents to be tried in the first trial against AU Optronics Corp., the trial was further bifurcated so that only four patents from each side were tried. On February 16, 2010, the Court found that the four AU Optronics Corp. patents were valid and were infringed by the Group, and on April 30, 2010, the Court further found that the Group's four patents were valid but were not infringed by AU Optronics Corp. In October and November 2010, the Company filed a motion for reconsideration as to the court's findings on the AU Optronics Corp.'s patents and the Company's patents respectively. However, the final judgment has not yet been rendered. Once all findings by the Court have been issued, the Group will review all available options including appeal. The Group is unable to predict the ultimate outcome of the above matters.

##### Anvik Corporation's lawsuit for infringement of patent

On February 2, 2007, Anvik Corporation filed a patent infringement case against the Group, along with other LCD manufacturing companies in the United States District Court for the Southern District of New York, in connection with the usage of photo-masking equipment manufactured by Nikon Corporation. While there is no significant progress on this case in 2010, the Group is unable to predict the ultimate outcome of this case.

##### Anti-trust investigations and litigations

In December 2006, the Controlling Company received notices of investigation by the Korea Fair Trade Commission, the Japan Fair Trade Commission, the U.S. Department of Justice, and the European Commission with respect to possible anti-competitive activities in the TFT-LCD industry. The Controlling Company subsequently received similar notices from the Canadian Competition Bureau and the Taiwan Fair Trade Commission.

In November 2008, the Controlling Company executed an agreement with the U.S. Department of Justice (DOJ) whereby the Controlling Company and its U.S. subsidiary, LG Display America, Inc. (LGDUS), pleaded guilty to a Sherman Antitrust Act violation and agreed to pay a single total fine of USD400 million. In December 2008, the U.S. District Court for the Northern District of California accepted the terms of the plea agreement and entered a judgment against the Controlling Company and LGDUS and ordered the payment of USD400 million according to the following schedule: USD20 million plus any accrued interest by June 15, 2009, and USD76 million plus any accrued interest by each of June 15, 2010, June 15, 2011, June 15, 2012, June 15, 2013 and December 15, 2013. The agreement resolved all federal criminal charges against the Controlling Company and LGDUS in the United States in connection with this matter.

**Table of Contents**

**LG DISPLAY CO., LTD. AND SUBSIDIARIES**

Notes to Consolidated Financial Statements

For the years ended December 31, 2010 and 2009

20. Contingencies, Continued

On May 27, 2009, the European Commission issued a Statement of Objections ( SO ) regarding alleged anti-competitive activities in the LCD industry. The Controlling Company submitted its response to the SO on August 11, 2009, and a hearing before the European Commission was held on September 22 and 23, 2009. On December 8, 2010, the European Commission issued a decision finding that the Controlling Company engaged in anti-competitive activities in the LCD industry in violation of European competition laws and imposed a fine of EUR215 million. On February 23, 2011, the Controlling Company filed with the European Union General Court an application for partial annulment and reduction of the fine imposed by the EC. Similar investigations into possible anti-competitive practices in the LCD industry were announced by the Federal Competition Commission of Mexico in or about July 2009 and by the Secretariat of Economic Law of Brazil in December 2009.

In November 2009, the Taiwan Fair Trade Commission terminated its investigation without any finding of violations or levying of fines.

Subsequent to the commencement of the DOJ investigation, a number of class action complaints were filed against the Controlling Company and other TFT-LCD panel manufacturers in the U.S. and Canada alleging violation of respective antitrust laws and related laws. The class action lawsuits in the U.S. were transferred to the Northern District of California for pretrial proceedings ( MDL Proceedings ). On March 28, 2010, the court certified the class action complaints filed by direct purchasers and indirect purchasers. In January 2011, a hearing was held regarding the Canadian direct and indirect purchasers' motion for class certification. The court has not yet ruled on the motion.

Additionally separate claims were filed by AT&T Corp., Motorola, Inc., Best Buy Co., Inc. and their respective related entities, all of which have been transferred to the MDL Proceedings. In addition, several state governments including the state of New York filed claims against the Controlling Company and other LCD panel manufacturing companies.

In February 2007, regarding the anti-competitive practices in LCD panel pricing, the Controlling Company and certain of its current and former officers and directors were named as defendants in two purported class action complaints filed in the U.S. District Court for the Southern District of New York by the shareholders of the Controlling Company, alleging that the Controlling Company and certain of its officers and directors violated the U.S. Securities Exchange Act of 1934. In May 2010, the Controlling Company reached an agreement in principle with the class plaintiffs to settle the action, and a fairness hearing will be held on March 17, 2011 regarding the settlement.

While the Controlling Company continues its vigorous defense of the various pending proceedings described above, there is a possibility that one or more proceedings may result in an unfavorable outcome to the Controlling Company. The Controlling Company has established provisions with respect to certain of the contingencies. However, actual liability may be materially different from the provisions estimated by the Controlling Company. Some of the information usually required by K-IFRS 1037 *Provision, Contingent Liabilities and Contingent Assets* is not disclosed on the grounds that it can be expected to prejudice seriously the outcome of the litigation.

**Table of Contents**

**LG DISPLAY CO., LTD. AND SUBSIDIARIES**

Notes to Consolidated Financial Statements

For the years ended December 31, 2010 and 2009

21. **Capital and Reserves**

(a) Share capital

The Controlling Company is authorized to issue 500,000,000 shares of capital stock (par value (Won)5,000), and as of December 31, 2010, the number of issued common shares is 357,815,700.

There have been no changes in the capital stock from January 1, 2010 to December 31, 2010.

(b) Reserves

**Translation reserve**

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

**Hedging reserve**

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

**Fair value reserve**

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

(c) Dividends

The Controlling Company paid dividends of (Won)178,908 million ((Won)500 per share) in 2010 and the dividends of (Won)178,908 million ((Won)500 per share) is determined by the board of directors in 2011 but have not been paid yet. There are no income tax consequences.

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

## Notes to Consolidated Financial Statements

For the years ended December 31, 2010 and 2009

**22. Related Parties****(a) Key management personnel compensation**

Compensation costs of key management for the years ended December 31, 2010 and 2009 are as follows:

*(In millions of Won)*

|                                          | <b>2010</b> | <b>2009</b> |
|------------------------------------------|-------------|-------------|
| Short-term benefits                      | (Won) 2,183 | 1,943       |
| Expenses related to Defined benefit plan | 360         | 272         |
| Other long-term benefits                 | 606         | 501         |
|                                          | (Won) 3,149 | 2,716       |

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

**(b) Significant transactions with related companies**

Significant transactions which occurred in the normal course of business with related parties for the years ended December 31, 2010 and 2009 are as follows:

*(In millions of Won)*

|                       | <b>Sales and others</b> |             | <b>Purchases and others</b> |             |
|-----------------------|-------------------------|-------------|-----------------------------|-------------|
|                       | <b>2010</b>             | <b>2009</b> | <b>2010</b>                 | <b>2009</b> |
| Subsidiaries          | (Won) 21,025,952        | 17,521,399  | 3,237,224                   | 790,839     |
| Joint ventures        | 1,163,265               | 839,290     | 27,605                      | 3,279       |
| Associates            | 7                       | 16          | 1,550,269                   | 1,142,932   |
| LG Electronics        | 5,845,037               | 4,652,913   | 555,569                     | 230,238     |
| Other related parties | 174,521                 | 479,652     | 317,837                     | 768,977     |
|                       | (Won) 28,208,782        | 23,493,270  | 5,688,504                   | 2,936,265   |

Account balances with related parties at the reporting date are as follows:

*(In millions of Won)*

| <b>Trade accounts and<br/>notes receivable and others</b> |                              |                            | <b>Trade accounts and<br/>notes payable and others</b> |                              |                            |
|-----------------------------------------------------------|------------------------------|----------------------------|--------------------------------------------------------|------------------------------|----------------------------|
| <b>December 31,<br/>2010</b>                              | <b>December 31,<br/>2009</b> | <b>January 1,<br/>2009</b> | <b>December 31,<br/>2010</b>                           | <b>December 31,<br/>2009</b> | <b>January 1,<br/>2009</b> |

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

|                       |                 |           |           |           |         |         |
|-----------------------|-----------------|-----------|-----------|-----------|---------|---------|
| Subsidiaries          | (Won) 3,609,801 | 2,713,663 | 1,257,958 | 405,814   | 108,156 | 279,572 |
| Joint ventures        | 145,093         | 109,572   | 9,943     | 478,009   | 297,717 |         |
| Associates            |                 | 3         | 1         | 243,357   | 164,268 | 58,222  |
| LG Electronics        | 634,570         | 719,798   | 442,943   | 138,484   | 51,738  | 82,370  |
| Other related parties |                 | 76,314    | 46,345    | 3,870     | 103,740 | 94,680  |
|                       | (Won) 4,389,464 | 3,619,350 | 1,757,190 | 1,269,534 | 725,619 | 514,844 |

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

## Notes to Consolidated Financial Statements

For the years ended December 31, 2010 and 2009

**23. Geographic and Other Information**

The Group manufactures and sells TFT-LCD and AM-OLED products. The segment of AM-OLED is not presented separately, as the sales of AM-OLED products are insignificant to total sales.

Export sales represent approximately 93.3% of total sales for the year ended December 31, 2010.

The following is a summary of sales by region based on the location of the customers for the year ended December 31, 2010 and 2009.

**(a) Revenue by geography***(In millions of Won)*

| <b>Region</b>          | <b>2010</b>      | <b>2009</b> |
|------------------------|------------------|-------------|
| Domestic               | (Won) 1,705,130  | 1,204,621   |
| Foreign                |                  |             |
| China                  | 14,076,853       | 10,503,680  |
| Asia (excluding China) | 2,752,117        | 2,086,808   |
| United States          | 2,852,204        | 2,491,439   |
| Europe                 | 4,125,231        | 3,751,153   |
|                        | (Won) 25,511,535 | 20,037,701  |

Sales to LG Electronics constituted 22.9% of total revenue for the year ended December 31, 2010 (the year ended December 31, 2009: 23.2%). The Group's top ten end-brand customers together accounted for 75.8% of the sales for the year ended December 31, 2010 (the year ended December 31, 2009: 76.5%)

**(b) Non-current assets by geography***(In millions of Won)*

| <b>Region</b> | <b>December 31, 2010</b>             |                          |
|---------------|--------------------------------------|--------------------------|
|               | <b>Property, plant and equipment</b> | <b>Intangible assets</b> |
| Domestic      | (Won) 11,690,716                     | 520,152                  |
| Foreign       |                                      |                          |
| China         | 945,864                              | 19,105                   |
| Others        | 178,821                              | 644                      |
| Sub total     | (Won) 1,124,685                      | 19,749                   |
| Total         | (Won) 12,815,401                     | 539,901                  |



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

Notes to Consolidated Financial Statements

For the years ended December 31, 2010 and 2009

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

## (b) Non-current assets by geography, Continued

*(In millions of Won)*

| <b>Region</b>    | <b>December 31, 2009</b>                     |                          |
|------------------|----------------------------------------------|--------------------------|
|                  | <b>Property, plant<br/>and<br/>equipment</b> | <b>Intangible assets</b> |
| Domestic         | (Won) 8,730,263                              | 340,885                  |
| Foreign          |                                              |                          |
| China            | 601,913                                      | 10,058                   |
| Others           | 264,321                                      | 1,450                    |
| <b>Sub total</b> | <b>(Won) 866,234</b>                         | <b>11,508</b>            |
| <b>Total</b>     | <b>(Won) 9,596,497</b>                       | <b>352,393</b>           |

*(In millions of Won)*

| <b>Region</b>    | <b>January 1, 2009</b>                       |                              |
|------------------|----------------------------------------------|------------------------------|
|                  | <b>Property, plant<br/>and<br/>equipment</b> | <b>Intangible<br/>assets</b> |
| Domestic         | (Won) 8,431,214                              | 199,087                      |
| Foreign          |                                              |                              |
| China            | 522,876                                      | 2,696                        |
| Others           | 288,288                                      | 2,658                        |
| <b>Sub total</b> | <b>(Won) 811,164</b>                         | <b>5,354</b>                 |
| <b>Total</b>     | <b>(Won) 9,242,378</b>                       | <b>204,441</b>               |

## (c) Revenue by product

*(In millions of Won)*

| <b>Product</b>      | <b>2010</b>     | <b>2009</b> |
|---------------------|-----------------|-------------|
| Panels for:         |                 |             |
| Notebook computers  | (Won) 4,424,440 | 3,567,522   |
| Desktop monitors    | 5,389,736       | 4,639,506   |
| TFT-LCD televisions | 14,078,665      | 10,965,318  |
| Mobile and others   | 1,618,694       | 865,355     |



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

## Notes to Consolidated Financial Statements

For the years ended December 31, 2010 and 2009

**24. Revenue**

Details of revenue for the years ended December 31, 2010 and 2009 are as follows:

*(In millions of Won)*

|                | <b>2010</b>      | <b>2009</b> |
|----------------|------------------|-------------|
| Sales of goods | (Won) 25,467,963 | 19,989,116  |
| Royalty        | 22,552           | 22,024      |
| Others         | 21,020           | 26,561      |
|                | (Won) 25,511,535 | 20,037,701  |

**25. Other Income and Other Expenses**

(a) Details of other income for the years ended December 31, 2010 and 2009 are as follows:

*(In millions of Won)*

|                                                                   | <b>2010</b>     | <b>2009</b> |
|-------------------------------------------------------------------|-----------------|-------------|
| Rental income                                                     | (Won) 4,305     | 4,116       |
| Foreign currency gain                                             | 1,465,830       | 1,336,721   |
| Gain on disposal of investments, net                              |                 | 11          |
| Gain on disposal of property, plant and equipment                 | 1,387           | 486         |
| Gain on disposal of intangible assets                             |                 | 9           |
| Reversal of allowance for doubtful accounts for other receivables |                 | 548         |
| Others                                                            | 11,921          | 23,663      |
|                                                                   | (Won) 1,483,443 | 1,365,554   |

(b) Details of other expenses for the years ended December 31, 2010 and 2009 are as follows:

*(In millions of Won)*

|                                                   | <b>2010</b> | <b>2009</b> |
|---------------------------------------------------|-------------|-------------|
| Other bad debt expenses                           | (Won) 65    | 2           |
| Foreign currency loss                             | 1,550,909   | 1,172,296   |
| Loss on disposal of property, plant and equipment | 415         | 234         |
| Impairment loss on property, plant, and equipment |             | 664         |
| Anti-trust related expenses and others            | 310,142     | 296,950     |

(Won) 1,861,531 1,470,146

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

## Notes to Consolidated Financial Statements

For the years ended December 31, 2010 and 2009

**26. Personnel Expenses**

Details of personnel expenses for the years ended December 31, 2010 and 2009 are as follows:

*(In millions of Won)*

|                                          | 2010            | 2009      |
|------------------------------------------|-----------------|-----------|
| Salaries and wages                       | (Won) 1,569,137 | 1,140,809 |
| Other employee benefits                  | 297,366         | 194,901   |
| Contributions to National Pension plan   | 40,553          | 31,308    |
| Expenses related to defined benefit plan | 102,471         | 73,112    |
| Cash-settled share-based payment         | 157             | 201       |
|                                          | (Won) 2,009,684 | 1,440,331 |

**27. Share-based Payment**

(a) The terms and conditions of share-based payment arrangement as of December 31, 2010 are as follows:

|                                      | Descriptions                                             |
|--------------------------------------|----------------------------------------------------------|
| Settlement method                    | Cash settlement                                          |
| Type of arrangement                  | Stock appreciation rights (granted to senior executives) |
| Date of grant                        | April 7, 2005                                            |
| Weighted-average exercise price (*1) | (Won)44,050                                              |
| Number of rights granted             | 450,000                                                  |
| Number of rights forfeited (*2)      | 230,000                                                  |
| Number of rights cancelled (*3)      | 110,000                                                  |
| Number of rights outstanding         | 110,000                                                  |
| Exercise period                      | From April 8, 2008 to April 7, 2012                      |
| Remaining contractual life           | 1.25 years                                               |
| Vesting conditions                   | Two years of service from the date of grant              |

(\*1) The exercise price at the grant date was (Won)44,260 per stock appreciation right ( SARs ). However, the exercise price was subsequently adjusted to (Won)44,050 due to additional issuance of common shares in 2005.

(\*2) SARs were forfeited in connection with senior executives who left the Group before meeting the vesting requirement.

(\*3) If the appreciation of the Controlling Company's share price is equal or less than that of the Korea Composite Stock Price Index ( KOSPI ) over the three-year period following the grant date, only 50% of the outstanding SARs are exercisable. As the actual increase rate of the Controlling Company's share price for the three-year period ending April 7, 2008 was less than that of the KOSPI for the same three-year period, 50% of then outstanding SARs were cancelled in 2008.



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

## Notes to Consolidated Financial Statements

For the years ended December 31, 2010 and 2009

**27. Share-based Payment, Continued**

- (b) The changes in the number of SARs outstanding for the years ended December 31, 2010 and 2009 are as follows:

*(In number of shares)*

|                              | 2010    | 2009    |
|------------------------------|---------|---------|
| Balance at beginning of year | 110,000 | 110,000 |
| Forfeited or cancelled       |         |         |
| Outstanding at end of year   | 110,000 | 110,000 |
| Exercisable at end of year   | 110,000 | 110,000 |

- (c) In connection with the Group's first adoption of K-IFRS, the Group accounted for SARs at its fair value. The fair value of SARs was estimated using the Black-Scholes option-pricing model with the following assumptions:

|                                           | December 31,<br>2010 | December 31,<br>2009 | January 1,<br>2009 |
|-------------------------------------------|----------------------|----------------------|--------------------|
| Risk free rate (*1)                       | 2.89%                | 3.48%                | 3.26%              |
| Expected term (*2)                        | 1.0 year             | 1.1 year             | 1.3 year           |
| Expected volatility                       | 35.20%               | 55.57%               | 53.20%             |
| Expected dividends (*3)                   | 0%                   | 0%                   | 0%                 |
| Fair value per share                      | (Won)4,296           | (Won)2,865           | (Won)1,039         |
| Total carrying amount of liabilities (*4) | (Won)472,527,182     | (Won)315,126,395     | (Won)114,300,015   |

- (\*1) Risk-free rates are interest rates of Korean government bonds with maturity of one year.  
 (\*2) As of December 31, 2010, the remaining contractual life is 15 months and the expected term is determined as 1 year.  
 (\*3) The Controlling Company did not pay any dividends from 2000 to 2006 and, accordingly, expected dividend used is 0% despite recent dividend yields of 1.6%, 2.3% and 1.3% in 2007, 2008 and 2009, respectively.  
 (\*4) As of December 31, 2010, the market price of the stock does not exceed the exercise price and accordingly, the intrinsic value of the share-based payments is zero.

- (d) The Group recognized stock compensation cost of (Won)157 million as administrative expenses for the year ended December 31, 2010.

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

## Notes to Consolidated Financial Statements

For the years ended December 31, 2010 and 2009

28. Finance income and Finance costs

- (a) Finance income and costs recognized in profit and loss for the years ended December 31, 2010 and 2009 are as follows:

*(In millions of Won)*

|                                                                                 | 2010          | 2009    |
|---------------------------------------------------------------------------------|---------------|---------|
| <b>Finance income</b>                                                           |               |         |
| Interest income of financial assets measured at amortized cost                  | (Won) 90,129  | 119,642 |
| Interest income of available-for-sale securities                                | 1,074         | 3,285   |
| Dividend income                                                                 | 48            |         |
| Foreign currency gain                                                           | 146,563       | 206,592 |
| Gain on sale of Investments in equity accounted investees                       | 2,506         | 295     |
| Gain on valuation of financial assets at fair value through profit or loss      | 668           | 2,907   |
|                                                                                 | (Won) 240,988 | 332,721 |
| <b>Finance costs</b>                                                            |               |         |
| Interest expense of financial liabilities measured at amortized costs           | (Won) 99,659  | 112,632 |
| Foreign currency loss                                                           | 170,307       | 108,483 |
| Loss on sale of available-for-sale securities                                   | 854           | 5       |
| Loss on redemption of debentures                                                | 4,138         | 173     |
| Loss on valuation of financial assets at fair value through profit or loss      | 1,729         |         |
| Loss on valuation of financial liabilities as fair value through profit or loss | 2,419         | 108,363 |
| Loss on derivatives                                                             |               | 9,727   |
| Loss on sale of trade accounts and notes receivable                             | 9,366         | 4,307   |
| Loss on sale of investments in equity accounted investees                       |               | 165     |
|                                                                                 | (Won) 288,472 | 343,855 |

- (b) Finance income and costs recognized in other comprehensive income (loss) for the years ended December 31, 2010 and 2009 are as follows:

*(In millions of Won)*

|                                                    | 2010         | 2009     |
|----------------------------------------------------|--------------|----------|
| Change in cumulative translation adjustments       | (Won) 6,735  | (37,175) |
| Loss on valuation of available-for-sale securities | 12,063       | (24,367) |
| Gain on cash flow hedges                           |              | 2,534    |
| Tax effect                                         | (3,793)      | 6,423    |
|                                                    | (Won) 15,005 | (52,585) |



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

## Notes to Consolidated Financial Statements

For the years ended December 31, 2010 and 2009

29. Income Tax Expense

(a) Details of Income tax benefit for the years ended December 31, 2010 and 2009 are as follows:

*(In millions of Won)*

|                           | <b>2010</b>          | <b>2009</b>      |
|---------------------------|----------------------|------------------|
| Current tax expense       | (Won) 253,436        | 202,174          |
| Deferred tax benefit      | (147,101)            | (306,992)        |
| <b>Income tax expense</b> | <b>(Won) 106,335</b> | <b>(104,818)</b> |

(b) Income tax recognized directly in other comprehensive income for the years ended December 31, 2010 and 2009 is as follows:

*(In millions of Won)*

|                                                                                 | <b>Before tax</b>   | <b>2010<br/>Tax benefit<br/>(expense)</b> | <b>Net of tax</b> |
|---------------------------------------------------------------------------------|---------------------|-------------------------------------------|-------------------|
| Gain on valuation of available-for-sale securities                              | (Won) 12,063        | (2,987)                                   | 9,076             |
| Defined benefit plan actuarial loss                                             | 4,480               | (1,314)                                   | 3,166             |
| Cumulative translation differences                                              | 6,735               | (806)                                     | 5,929             |
| Gain on sales of own shares of associated accounted for using the equity method | 810                 |                                           | 810               |
|                                                                                 | <b>(Won) 24,088</b> | <b>(5,107)</b>                            | <b>18,981</b>     |

*(In millions of Won)*

|                                                    | <b>Before tax</b>     | <b>2009<br/>Tax benefit<br/>(expense)</b> | <b>Net of tax</b> |
|----------------------------------------------------|-----------------------|-------------------------------------------|-------------------|
| Loss on valuation of available-for-sale securities | (Won) (24,367)        | 6,231                                     | (18,136)          |
| Defined benefit plan actuarial loss                | (18,927)              | 4,484                                     | (14,443)          |
| Cumulative translation differences                 | (37,175)              | 806                                       | (36,369)          |
| Gain on valuation of cash flow hedges              | 2,534                 | (614)                                     | 1,920             |
|                                                    | <b>(Won) (77,935)</b> | <b>10,907</b>                             | <b>(67,028)</b>   |

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

## Notes to Consolidated Financial Statements

For the years ended December 31, 2010 and 2009

29. Income Tax Expense, Continued

(c) Reconciliation of effective tax rate at the reporting date is as follows:

*(In millions of Won)*

|                                                              | 2010     |               | 2009     |               |
|--------------------------------------------------------------|----------|---------------|----------|---------------|
| Profit for the period                                        | (Won)    | 1,159,234     |          | 1,117,778     |
| Income tax expense (benefit)                                 |          | 106,335       |          | (104,818)     |
| Profit excluding income tax                                  | (Won)    | 1,265,569     |          | 1,012,960     |
| Income tax using the Controlling Company's domestic tax rate | 24.20%   | (Won) 306,268 | 24.20%   | (Won) 245,136 |
| Effect of tax rates in foreign jurisdictions                 | 1.24%    | 15,732        | 1.87%    | 18,981        |
| Non-deductible expenses                                      | 7.69%    | 97,268        | 3.58%    | 36,268        |
| Tax credits                                                  | (24.33%) | (307,911)     | (37.07%) | (375,544)     |
| Change in tax rates                                          | (0.85%)  | (10,798)      | (0.85%)  | (8,612)       |
| Tax effects on unrealized inter-company profit               | 0.54%    | 6,871         | (1.79%)  | (18,106)      |
| Others                                                       | (0.09%)  | (1,095)       | (0.29%)  | (2,941)       |
| Income tax expense (benefit)                                 | (Won)    | 106,335       | (Won)    | (104,818)     |

30. Deferred Tax Assets and Liabilities

(a) Unrecognized deferred tax liabilities

As of December 31, 2010, the Controlling Company did not recognize the deferred tax liabilities of the temporary differences amounting to (Won)181,342 on investments in subsidiaries since the Controlling Company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Accordingly, the Group did not recognize deferred income taxes on the temporary differences.

(b) Unrecognized deferred tax assets

The Controlling Company did not recognize deferred income taxes on temporary differences related to the cumulative loss of subsidiary, as the possibility of recovering the deferred tax assets amounting to (Won)439,798, through events such as disposal of the related investments in foreseeable future, is remote.

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

## Notes to Consolidated Financial Statements

For the years ended December 31, 2010 and 2009

30. Deferred Tax Assets and Liabilities. Continued

(c) Deferred tax assets and liabilities are attributable to the following:

(In millions of Won)

|                                                   | Assets                |                       |                     | Liabilities           |                       |                     | Total                 |                       |                     |
|---------------------------------------------------|-----------------------|-----------------------|---------------------|-----------------------|-----------------------|---------------------|-----------------------|-----------------------|---------------------|
|                                                   | December, 31,<br>2010 | December, 31,<br>2009 | January, 1,<br>2010 | December, 31,<br>2010 | December, 31,<br>2009 | January, 1,<br>2009 | December, 31,<br>2010 | December, 31,<br>2009 | January, 1,<br>2009 |
| Other accounts receivable, net                    | (Won)                 |                       |                     | (5,919)               | (11,512)              | (22,023)            | (5,919)               | (11,512)              | (22,023)            |
| Inventories, net                                  | 17,942                | 19,765                | 25,577              |                       |                       |                     | 17,942                | 19,765                | 25,577              |
| Available-for-sale financial assets               | 2,199                 | 5,186                 |                     | (6,983)               | (4,488)               | (1,045)             | (4,784)               | 698                   | (1,045)             |
| Defined benefit obligation                        | 3,829                 | 5,052                 | 1,137               |                       |                       |                     | 3,829                 | 5,052                 | 1,137               |
| Investments in equity accounted investees         | 12,041                | 11,660                |                     |                       |                       | (6,446)             | 12,041                | 11,660                | (6,446)             |
| Derivative instruments                            |                       |                       | 614                 | (2,008)               | (647)                 | (17,170)            | (2,008)               | (647)                 | (16,556)            |
| Accrued expense                                   | 78,396                | 60,575                | 5,619               |                       |                       |                     | 78,396                | 60,575                | 5,619               |
| Property, plant and equipment                     | 112,286               | 108,334               | 74,891              |                       |                       |                     | 112,286               | 108,334               | 74,891              |
| Intangible assets                                 |                       |                       |                     |                       | (19,470)              |                     |                       | (19,470)              |                     |
| Provisions                                        | 17,962                | 16,806                | 14,666              |                       |                       |                     | 17,962                | 16,806                | 14,666              |
| Gain or loss on foreign currency translation, net | 81,075                | 64,588                | 105,482             | (61,031)              | (57,174)              | (33,541)            | 20,044                | 7,414                 | 71,941              |
| Debentures                                        | 5,049                 | 45,874                | 27,409              |                       |                       |                     | 5,049                 | 45,874                | 27,409              |
| Others                                            | 24,134                | 17,498                | 11,391              | (6,006)               |                       |                     | 18,128                | 17,498                | 11,391              |
| Tax credit carryforwards                          | 795,247               | 664,172               | 421,758             |                       |                       |                     | 795,247               | 664,172               | 421,758             |
| Deferred income tax assets (liabilities)          | (Won) 1,150,160       | 1,019,510             | 688,544             | (81,947)              | (93,291)              | (80,225)            | 1,068,213             | 926,219               | 608,319             |

Realization of deferred tax assets related to tax credit carryforwards is dependent on whether sufficient taxable income will be generated prior to the expiration period. Although realization is not assured, management believes it is probable that all of the deferred tax assets at the reporting date will be realized. The amount of such deferred tax assets considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carryforward period are reduced.

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

## Notes to Consolidated Financial Statements

For the years ended December 31, 2010 and 2009

30. Deferred Tax Assets and Liabilities. Continued

(d) Changes in deferred tax assets and liabilities for the years ended December 31, 2010 and 2009 are as follows:

*(In millions of Won)*

|                                                   | January 1,<br>2009 | Profit<br>or loss | Other<br>comprehensive<br>income | December 31,<br>2009 | Profit<br>or loss | Other<br>comprehensive<br>income | December 31,<br>2010 |
|---------------------------------------------------|--------------------|-------------------|----------------------------------|----------------------|-------------------|----------------------------------|----------------------|
| Other accounts receivable, net                    | (Won) (22,023)     | 10,511            |                                  | (11,512)             | 5,593             |                                  | (5,919)              |
| Inventories, net                                  | 25,577             | (5,812)           |                                  | 19,765               | (1,823)           |                                  | 17,942               |
| Available-for-sale financial assets               | (1,045)            | (4,488)           | 6,231                            | 698                  | (2,495)           | (2,987)                          | (4,784)              |
| Defined benefit obligation                        | 1,137              | (569)             | 4,484                            | 5,052                | 91                | (1,314)                          | 3,829                |
| Investments in equity accounted investees         | (6,446)            | 18,106            |                                  | 11,660               | 381               |                                  | 12,041               |
| Derivative instruments                            | (16,556)           | 16,523            | (614)                            | (647)                | (1,361)           |                                  | (2,008)              |
| Accrued expense                                   | 5,619              | 54,956            |                                  | 60,575               | 17,821            |                                  | 78,396               |
| Property, plant and equipment                     | 74,891             | 33,443            |                                  | 108,334              | 3,952             |                                  | 112,286              |
| Intangible assets                                 |                    | (19,470)          |                                  | (19,470)             | 19,470            |                                  |                      |
| Provisions                                        | 14,666             | 2,140             |                                  | 16,806               | 1,156             |                                  | 17,962               |
| Gain or loss on foreign currency translation, net | 71,941             | (64,527)          |                                  | 7,414                | 12,630            |                                  | 20,044               |
| Debentures                                        | 27,409             | 18,465            |                                  | 45,874               | (40,825)          |                                  | 5,049                |
| Others                                            | 11,391             | 5,301             | 806                              | 17,498               | 1,436             | (806)                            | 18,128               |
| Tax credit carry-forwards                         | 421,758            | 242,414           |                                  | 664,172              | 131,075           |                                  | 795,247              |
| Deferred income tax assets(liabilities)           | (Won) 608,319      | 306,992           | 10,907                           | 926,219              | 147,101           | (5,107)                          | 1,068,213            |

Statutory tax rate applicable to the Controlling Company is 24.2% for the year ended December 31, 2010. In accordance with the revised Corporate Income Tax Law, statutory tax rate applicable to the Controlling Company is 24.2% until 2011 and 22% thereafter.

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

## Notes to Consolidated Financial Statements

For the years ended December 31, 2010 and 2009

31. **Earnings per Share**

(a) Basic earnings per share for the years ended December 31, 2010 and 2009 are as follows:

| <i>(In Won and No. of shares)</i>                    | <b>2010</b>             | <b>2009</b>       |
|------------------------------------------------------|-------------------------|-------------------|
| <b>Profit for the period</b>                         | (Won) 1,156,343,357,418 | 1,117,778,414,962 |
| Weighted-average number of common shares outstanding | 357,815,700             | 357,815,700       |
| <b>Earnings per share</b>                            | (Won) 3,232             | 3,124             |

There were no events or transactions that result in changes in the number of common shares used for calculating earnings per share.

(b) Diluted earnings per share for the years ended December 31, 2010 and 2009 are as follows:

| <i>(In Won and No. of shares)</i>                                                     | <b>2010</b>             | <b>2009</b>       |
|---------------------------------------------------------------------------------------|-------------------------|-------------------|
| <b>Profit for the period</b>                                                          | (Won) 1,156,343,357,418 | 1,117,778,414,962 |
| Interest on convertible bond, net of tax                                              | (18,345,174,214)        | 47,618,111,426    |
| <b>Adjusted income</b>                                                                | 1,137,998,183,204       | 1,165,396,526,388 |
| Weighted-average number of common shares outstanding and common equivalent shares(*1) | 361,080,224             | 368,457,551       |
| <b>Diluted earnings per share(*2)</b>                                                 | (Won) 3,152             | 3,124             |

(\*1) Weighted-average number of common shares outstanding for the years ended December 31, 2010 and 2009 is calculated as follows:

| <i>(In No. of shares)</i>                                             | <b>2010</b> | <b>2009</b> |
|-----------------------------------------------------------------------|-------------|-------------|
| <b>Weighted-average number of common shares (basic)</b>               | 357,815,700 | 357,815,700 |
| Effect of conversion of convertible bonds                             | 3,264,524   | 10,641,851  |
| <b>Weighted-average number of common shares at the reporting date</b> | 361,080,224 | 368,457,551 |

(\*2) For the year ended December 31, 2009, there is no dilution effect.



**Table of Contents**

**LG DISPLAY CO., LTD. AND SUBSIDIARIES**

Notes to Consolidated Financial Statements

For the years ended December 31, 2010 and 2009

31. **Earnings Per Share, Continued**

- (c) The number of dilutive potential ordinary shares outstanding for the years ended December 31, 2010 and 2009 is calculated as follows:

|                                                       | <b>2010</b>              |                          | <b>2009</b>              |
|-------------------------------------------------------|--------------------------|--------------------------|--------------------------|
|                                                       | <b>Convertible bonds</b> | <b>Convertible bonds</b> | <b>Convertible bonds</b> |
| Common shares to be issued                            | 1,281,697                | 9,399,113                | 10,641,851               |
| Period                                                | January 1, 2010~         | January 1, 2010~         | January 1, 2009~         |
|                                                       | December 31, 2010        | March 19, 2010           | December 31, 2009        |
| Weight                                                | 365 days / 365 days      | 77 days / 365 days       | 365 days / 365 days      |
| Weighted-average number of common shares to be issued | 1,281,697                | 1,982,827                | 10,641,851               |

32. **Supplemental Cash Flow Information**

Supplemental cash flows information for the years ended December 31, 2010 and 2009 are as follows:

*(In millions of Won)*

|                                                                                              | <b>2010</b>   | <b>2009</b> |
|----------------------------------------------------------------------------------------------|---------------|-------------|
| Non-cash investing and financing activities:                                                 |               |             |
| Changes in other accounts payable arising from the purchase of property, plant and equipment | (Won) 906,481 | (604,186)   |

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

## Notes to Consolidated Financial Statements

For the years ended December 31, 2010 and 2009

**33. Business Combination****(a) Acquisition of LCD module business**

The Controlling Company acquired LCD module business from LG Innotek Co., Ltd. ( LG Innotek ) in order to improve competitiveness of the LCD module business and the operational efficiency by simplified supply chain on May 1, 2010. Regarding the business acquisition, the Controlling Company acquired and assumed assets (other than land and buildings), liabilities, employment relationship and all of the rights and obligations related to LCD module business located in Gumi. In addition, LG Display Yantai Co., Ltd., the Controlling Company's subsidiary in China, also acquired assets on LCD module and Cell business from LG Innotek Yantai Co., Ltd. which is an LG Innotek's subsidiary in China. The Controlling Company and LG Display Yantai Co., Ltd. measured the identifiable assets acquired and the liabilities assumed at their acquisition-date fair value. The entire consideration transferred for the acquisitions was paid in cash.

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

*(In millions of Won and CNY)*

|                                                          | <b>Gumi</b>  |           | <b>Yantai</b> |
|----------------------------------------------------------|--------------|-----------|---------------|
| Consideration transferred                                | (Won) 72,472 | CNY 1,016 | (Won) 166,010 |
| Identifiable assets acquired and the liabilities assumed |              |           |               |
| Inventories                                              | 18,110       | CNY 117   | 18,995        |
| Property, plant and equipment                            | 3,226        | CNY 882   | 144,168       |
| Intangible assets(*1)                                    | 36,972       |           |               |
| Long-term prepaid expenses                               | 392          | CNY 17    | 2,847         |
| Accrued expenses                                         | (821)        |           |               |
| Identifiable net asset                                   | 57,879       | CNY 1,016 | 166,010       |
| Goodwill(*2)                                             | (Won) 14,593 |           | (Won)         |

(\*1) Intangible assets in Gumi include customer relationships and technology acquired in the business combination.

(\*2) Goodwill amounting to (Won)14,593 million arose from the improvement in efficiency of LCD business, the synergy effect between the existing subsidiaries and benefits from assembled workforce. Reduction in the carrying amount of goodwill is deductible in determining taxable profit.

Acquisition-related costs, such as legal consulting and accounting valuation fees amounting to (Won)381 million are expensed. The revenue and profit or loss from the assets acquired and liabilities assumed are not reported separately since the assets and liabilities of acquired business are combined with and not separable from the Group's existing accounting. Therefore, the amount of profit or loss after the acquisition date in 2010 and the amount of profit or loss during 2010 from the acquired business were not disclosed as they are not estimated reliably.

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

## Notes to Consolidated Financial Statements

For the years ended December 31, 2010 and 2009

33. Business Combination, Continued

## (b) Acquisition of Image &amp; Materials Inc.

For manufacturing of EPD, the Controlling Company acquired 100 percent equity interest of Image & Materials Inc.( I&M ), located in Daejeon, Korea, on November 30, 2010 with payment of (Won)35,000 million in cash. The Controlling Company measured the identifiable assets acquired and the liabilities assumed at their acquisition-date fair value.

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

|                                                          |              |
|----------------------------------------------------------|--------------|
| <i>(In millions of Won)</i>                              |              |
| Considerations transferred                               | (Won) 35,000 |
| Identifiable assets acquired and the liabilities assumed |              |
| Cash and cash equivalents                                | 2,946        |
| Other current assets                                     | 230          |
| Property, plant and equipment                            | 2,757        |
| Intangible assets (*1)                                   | 27,314       |
| Other non-current assets                                 | 87           |
| Current liabilities                                      | (1,057)      |
| Other non-current liabilities                            | (590)        |
| Deferred tax liability                                   | (6,006)      |
| Identifiable net asset                                   | 25,681       |
| Goodwill(*2)                                             | (Won) 9,319  |

(\*1) Intangible assets mainly consist of in-process development projects amounting to (Won)27,300 million.

(\*2) Goodwill amounting to (Won)9,319 million arose from the research work force with specialized knowledge and experience.

The revenue and loss of I&M for the period from the beginning of the reporting period to the acquisition date are (Won)4 million and (Won)1,607 million, respectively, and the amount of the loss included in the consolidated statement of comprehensive income for the year ended December 31, 2010 is (Won)108 million. In addition, acquisition-related costs, such as legal consulting and accounting valuation fees amounting to (Won)59 million are expensed.

The revenue and profit or loss of the Group for the current reporting period as though the acquisition date for all business combinations that occurred during the year had been as of the beginning of the annual reporting period were not disclosed as a part of them are not estimated reliably since the revenue and profit or loss from the LCD module business acquired in 2010 are not reported separately.

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

## Notes to Consolidated Financial Statements

For the years ended December 31, 2010 and 2009

34. Explanation of Transition to K-IFRSs

As stated in note 2(a), the Group's first financial statements are prepared in accordance with K-IFRS as the Group adopts K-IFRS in 2010.

The accounting policies set out in note 3 have been applied in preparing the consolidated financial statements for the year ended December 31, 2009 and in the preparation of an opening K-IFRS statement of financial position at January 1, 2009, the transition date.

In preparing its opening K-IFRS statement of financial position, the Group has adjusted amounts reported previously in financial statements prepared in accordance with Korean Generally Accepted Accounting Principles ( K-GAAP ). An explanation of how the transition from previous GAAP to K-IFRS has affected the Group's financial position, financial performance and cash flows is set out in the following tables and the notes that accompany the tables.

- (a) Differences between accounting under K-IFRSs and under K-GAAP having a material effect on the Group

| Area                | Previous K-GAAP                                                                                                                                                                                                                                                                                                                                                                                    | K-IFRS                                                                                                                                                                                                                                                                                                                                               |
|---------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Convertible bonds   | In accordance with Statements of Korea Accounting Standards ( SKAS ) No. 9, the Group recognizes liability at fair value measured by the present value of the expected future cash flows and amortizes the difference between the fair value and proceeds received at the issue date using the effective interest method. Recognize conversion right on debentures in equity and does not revalue. | In accordance with K-IFRS 1039, the convertible bonds are designated as financial liabilities at fair value through profits or loss ( FVTPL ) and recognized at fair value with changes in fair value recognized in profit or loss.                                                                                                                  |
| Employee benefits   | In accordance with Statements of Korea Financial Accounting Standards ( SKFAS ) Article 27, the Group recognizes retirement and severance liability expected to be payable if all employees, who have been with the Group for more than one year, leaves at the end of the reporting period.                                                                                                       | In accordance with K-IFRS 1019, the Group recognizes defined benefit obligations at present value of the expected future benefit cost using unbiased and mutually compatible actuarial assumptions about demographic variables and financial variables. Under the Group's accounting policy, all actuarial gains or losses are recognized in equity. |
| Share-based payment | In accordance with SKAS No. 22, liability relating to fully vested share-based payment to be settled in cash is remeasured at the intrinsic value at each reporting date and at the date of settlement and the Group recognizes the changes in the intrinsic value as compensation expenses.                                                                                                       | In accordance with K-IFRS 1102, the Group recognizes the liability relating to fully vested share-based payment to be settled in cash at fair value at each reporting date with changes in fair value recognized in profit or loss.                                                                                                                  |

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

## Notes to Consolidated Financial Statements

For the years ended December 31, 2010 and 2009

34. Explanation of Transition to K-IFRS. Continued

| Area                               | Previous K-GAAP                                                                                                                                                                                                                                                                | K-IFRS                                                                                                                                                                                                                                                                                              |
|------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                    |                                                                                                                                                                                                                                                                                | In accordance with K-IFRS 1039, the Group may designate available-for-sale securities as FVTPL at inception and recognize the changes in fair value in profit or loss.                                                                                                                              |
| Available-for-sale securities      | In accordance with SKAS No. 8, the Group recognizes available-for-sale securities at fair value with changes in fair value recognized in accumulated other comprehensive income.                                                                                               | In accordance with K-IFRS 1039, the Group recognizes available-for-sale debt securities at fair value with effect of changes in exchange rate recognized in profit or loss, the remaining differences between acquisition cost and fair value recognized in accumulated other comprehensive income. |
|                                    |                                                                                                                                                                                                                                                                                | In accordance with K-IFRS 1032, dividends are recognized when the rights to receive payment is established. Convertible preferred stock is regarded as debt security.                                                                                                                               |
| Derivatives                        | In accordance with K-GAAP Interpretation 53-70, the Group applies cash flow hedge accounting for derivatives only if certain conditions are met.                                                                                                                               | In K-IFRS 1039, criteria to apply cash flow hedge accounting is more detailed than current K-GAAP and the Group does not apply cash flow hedge accounting as a condition of the detailed criteria is not met.                                                                                       |
| Cumulative translation differences | N/A                                                                                                                                                                                                                                                                            | The cumulative translation differences for all foreign operations are deemed to be zero at January 1, 2009 (the transition date).                                                                                                                                                                   |
| Capitalization of development cost | In accordance with SKAS No. 3, an internally generated intangible asset is recognized only if it is highly probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and the cost of the asset can be measured reliably. | In accordance with K-IFRS 1038, an internally generated intangible asset is recognized if, and only if it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and the cost of the asset can be measured reliably.                    |
| Deferred taxes                     | In accordance with SKAS No. 16, recognition of deferred tax assets and liabilities is based on assessment of                                                                                                                                                                   | In accordance with K-IFRS 1012, deferred tax assets and liabilities are recognized based on assessment of                                                                                                                                                                                           |

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

temporary differences regardless of how each temporary difference is reversed. Deferred taxes are classified as current or non-current based on classification of related item in the consolidated financial statements. Classification of current and non-current for items not related to balance sheet items are determined based on estimated reversal.

temporary differences that considers how each temporary difference is reversed. Deferred tax assets and liabilities are classified as non-current.

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

## Notes to Consolidated Financial Statements

For the years ended December 31, 2010 and 2009

34. Explanation of Transition to K-IFRS. Continued

| Area                                                                          | Previous K-GAAP                                                                                                                                                                                                                        | K-IFRS                                                                                                                                                                                                                                                                           |
|-------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Long-term payables                                                            | In accordance with SKFAS Article 66, long-term payables of LGDUS are discounted using the Group's weighted average borrowing rate.                                                                                                     | In accordance with K-IFRS 1039, long-term payables of LGDUS are discounted using risk free rate.                                                                                                                                                                                 |
| Allocation of difference between cost and book value of investment (Goodwill) | In accordance with K-GAAP, the Group amortizes goodwill over its estimated useful life under straight-line method                                                                                                                      | In accordance with K-IFRS 1028, the Group does not amortize but periodically reviews the goodwill for impairment                                                                                                                                                                 |
| Bargain purchase of investments                                               | In accordance with K-GAAP, the Group allocates negative goodwill to distinguishable non-monetary asset over weighted average useful lives using straight-line method and unallocated amount is recognized in current period's earnings | In accordance with K-IFRS 1028, the excess of acquirer's interest in the net fair value of acquiree's identifiable assets remaining after reassessing the identification and measurement of assets, liabilities and contingent liabilities is recognized immediately in earnings |
| Borrowing costs                                                               | In accordance with SKAS No. 7, borrowing costs are capitalized regardless of time required to get an asset ready for its intended use.                                                                                                 | In accordance with K-IFRS 1023, borrowing costs that take a substantial period of time required to get an asset ready for its intended use is capitalized.                                                                                                                       |
| Changes in scope of consolidation                                             | Scope of consolidation is determined in accordance with SKAS 25. In addition, scope of consolidation is determined in accordance with Act on External Audit of Stock Companies of Korea.                                               | In accordance with K-IFRS 1027, scope of consolidation is determined based on control model.                                                                                                                                                                                     |

## (b) The Change of the consolidation scope

| Previous K-GAAP                | K-IFRS                         | Difference |
|--------------------------------|--------------------------------|------------|
| LG Display America, Inc.       | LG Display America, Inc.       |            |
| LG Display Germany GmbH        | LG Display Germany GmbH        |            |
| 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 Shanghai Co., Ltd.  | LG Display Shanghai Co., Ltd.  |            |
| LG Display Poland Sp. z o.o.   | LG Display Poland Sp. z o.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 Electronics (Nanjing)       | LG Electronics (Nanjing)       |            |
| Plasma Co., Ltd.               | Plasma Co., Ltd.               |            |

Suzhou Raken Technology Ltd.

reclassified as investments in joint  
ventures

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

## Notes to Consolidated Financial Statements

For the years ended December 31, 2010 and 2009

34. Explanation of Transition to K-IFRS. Continued

(c) Summary of the effects of the adoption of K-IFRSs on the Group's financial position and the results of its operation  
The effects of the adoption of K-IFRSs on the Group's financial position as of January 1, 2009, the transition date to K-IFRSs, are as follows:

*(in millions of Won)*

|                                        | <b>Total assets</b> | <b>Total liabilities</b> | <b>Total equity</b> |
|----------------------------------------|---------------------|--------------------------|---------------------|
| <b>K-GAAP</b>                          | (Won) 17,388,366    | 8,099,743                | 9,288,623           |
| <b>Adjustment for:</b>                 |                     |                          |                     |
| Convertible bonds (*1)                 |                     | 134,568                  | (134,568)           |
| Employee benefits (*2)                 |                     | 5,170                    | (5,170)             |
| Share-based payments (*3)              |                     | 114                      | (114)               |
| Long-term payables (*4)                |                     | 56,661                   | (56,661)            |
| Equity method investments (*5)         | 10,002              |                          | 10,002              |
| Cumulative translation adjustment (*6) | 46,513              |                          | 46,513              |
| Deferred tax asset (*7)                | 31,881              | (2)                      | 31,883              |
| Changes in scope of consolidation (*8) | (14,913)            | (2,312)                  | (12,601)            |
| <b>Total adjustment</b>                | <b>73,483</b>       | <b>194,199</b>           | <b>(120,716)</b>    |
| <b>K-IFRS</b>                          | (Won) 17,461,849    | 8,293,942                | 9,167,907           |

- (\*1) Designation of convertible bonds as financial liability at fair value through profit or loss under K-IFRS  
 (\*2) Assessment of employee benefits using actuarial assumptions under K-IFRS  
 (\*3) Measurement of share-based payment using fair value under K-IFRS  
 (\*4) Difference in discount rate applied to present value calculation of long-term payables  
 (\*5) Reversal of amortization of goodwill on equity method investments and recognition of bargain purchase of investments  
 (\*6) Difference in deferred taxes on change in cumulative translation adjustment  
 (\*7) Deferred tax adjustments on differences in accounting balances under K-IFRS and current K-GAAP  
 (\*8) Elimination of Suzhou Raken Technology Ltd. from the scope of consolidation

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

## Notes to Consolidated Financial Statements

For the years ended December 31, 2010 and 2009

34. Explanation of Transition to K-IFRS. Continued

K-IFRS The effects of the adoption of K-IFRSs on the Group's financial position as of December 31, 2009 are as follows:

*(in millions of Won)*

|                                         | <b>Total assets</b> | <b>Total liabilities</b> | <b>Total equity</b> |
|-----------------------------------------|---------------------|--------------------------|---------------------|
| <b>K-GAAP</b>                           | (Won) 19,538,190    | 9,322,297                | 10,215,893          |
| <b>Adjustment for:</b>                  |                     |                          |                     |
| Convertible bonds (*1)                  |                     | 170,316                  | (170,316)           |
| Employee benefits (*2)                  |                     | 25,322                   | (25,322)            |
| Share-based payments (*3)               |                     | 315                      | (315)               |
| Long-term payables (*4)                 |                     | 37,050                   | (37,050)            |
| Equity method investments (*5)          | 7,312               |                          | 7,312               |
| Capitalized borrowing costs (*6)        | (1,666)             |                          | (1,666)             |
| Development cost (*7)                   | 80,454              |                          | 80,454              |
| Cumulative translation differences (*8) | 39,453              |                          | 39,453              |
| Deferred tax asset (*9)                 | 24,122              |                          | 24,122              |
| Changes in scope of consolidation (*10) | 15,612              | 108,428                  | (92,816)            |
| <b>Total adjustment</b>                 | <b>165,287</b>      | <b>341,431</b>           | <b>(176,144)</b>    |
| <b>K-IFRS</b>                           | (Won) 19,703,477    | 9,663,728                | 10,039,749          |

- (\*1) Designation of convertible bonds as financial liability at fair value through profit or loss under K-IFRS  
(\*2) Assessment of employee benefits using actuarial assumptions under K-IFRS  
(\*3) Measurement of share-based payment using fair value under K-IFRS  
(\*4) Difference in discount rate applied to present value calculation of long-term payables  
(\*5) Reversal of amortization of goodwill on equity method investments and recognition of bargain purchase of investments  
(\*6) Difference in capitalization of borrowing costs that takes a substantial period of time to get ready for its intended use  
(\*7) Capitalization of development costs meeting capitalization criteria under K-IFRS  
(\*8) Difference in deferred taxes on change in cumulative translation adjustment  
(\*9) Deferred tax adjustments on differences in accounting balances under K-IFRS and previous K-GAAP  
(\*10) Elimination of Suzhou Raken Technology Ltd. from the scope of consolidation

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

## Notes to Consolidated Financial Statements

For the years ended December 31, 2010 and 2009

34. Explanation of Transition to K-IFRS. Continued

The effects of the adoption of K-IFRSs on the Group's result of operations for the year ended December 31, 2009 are as follows:

(in millions of Won)

|                                                            | <b>Net income</b> | <b>Total<br/>comprehensive<br/>income</b> |
|------------------------------------------------------------|-------------------|-------------------------------------------|
| <b>K-GAAP</b>                                              | (Won) 1,083,653   | 1,036,407                                 |
| <b>Adjustment for:</b>                                     |                   |                                           |
| Convertible bonds (*1)                                     | (35,748)          | (35,748)                                  |
| Employee benefits (*2)                                     | (1,259)           | (20,152)                                  |
| Share-based payments (*3)                                  | (201)             | (201)                                     |
| Available for sale securities (*4)                         | (3,373)           |                                           |
| Derivatives (*5)                                           | 8,337             |                                           |
| Long-term payables (*6)                                    | 17,075            | 19,611                                    |
| Equity method investments (*7)                             | 205               | (2,690)                                   |
| Financial asset at fair value through profit and loss (*8) | 2,906             |                                           |
| Capitalized borrowing costs (*9)                           | (1,666)           | (1,666)                                   |
| Development cost (*10)                                     | 80,454            | 80,454                                    |
| Cumulative translation differences (*11)                   |                   | (7,060)                                   |
| Deferred tax asset (*12)                                   | (13,360)          | (7,761)                                   |
| Changes in scope of consolidation (*13)                    | (19,245)          | (10,444)                                  |
| <b>Total adjustment</b>                                    | <b>34,125</b>     | <b>14,343</b>                             |
| <b>K-IFRS</b>                                              | (Won) 1,117,778   | 1,050,750                                 |

- (\*1) Designated convertible bonds as financial liability at fair value through profit or loss under K-IFRS
- (\*2) Assessment of employee benefits using actuarial assumptions under K-IFRS
- (\*3) Measurement of share-based payment using fair value under K-IFRS
- (\*4) Gains/losses on foreign currency translation and interest income on convertible preferred stocks
- (\*5) Derivatives previously accounted for as cash flow hedge were derecognized as held-for-trading derivative asset
- (\*6) Difference in discount rate applied to present value calculation of long-term payables
- (\*7) Reversal of amortization of goodwill on equity method investments and recognition of bargain purchase of investments
- (\*8) Fair value recognition of investment assets designated as financial asset at fair value through profit
- (\*9) Difference in capitalization of borrowing costs that takes a substantial period of time to get ready for its intended use
- (\*10) Capitalization of development costs meeting capitalization criteria under K-IFRS
- (\*11) Difference in deferred taxes on change in cumulative translation adjustment
- (\*12) Deferred tax adjustments on differences in accounting balances under K-IFRS and previous K-GAAP
- (\*13) Elimination of Suzhou Raken Technology Ltd. from the scope of consolidation



**Table of Contents**

LG DISPLAY CO., LTD.

Financial Statements

**For the Years Ended December 31, 2010 and 2009**

(with Independent Auditors' Report Thereon)

**Table of Contents**

**Contents**

|                                          | <b>Page</b> |
|------------------------------------------|-------------|
| <u>Independent Auditors' Report</u>      | 1           |
| <u>Statements of Financial Position</u>  | 3           |
| <u>Statement of Comprehensive Income</u> | 4           |
| <u>Statement of Changes in Equity</u>    | 5           |
| <u>Statement of Cash Flows</u>           | 6           |
| <u>Notes to Financial Statements</u>     | 38          |

**Table of Contents**

**Independent Auditors' Report**

Based on a report originally issued in Korean

To the Board of Directors and Shareholders

LG Display Co., Ltd.:

We have audited the accompanying statements of financial position of LG Display Co., Ltd (the Company ) as of December 31, 2010, 2009 and January 1, 2009, and the related statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2010 and 2009. Management is responsible for the preparation and fair presentation of these financial statements in accordance with Korean International Financial Reporting Standards. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2010, 2009 and January 1, 2009 and of its financial performance and its cash flows for the years ended December 31, 2010 and 2009, in accordance with Korean International Financial Reporting Standards.

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

As discussed in note 20 to the financial statements, the European Commission issued a decision finding that the Company engaged in anti-competitive activities in the LCD industry in violation of European competition laws and imposed a fine of EUR215 million on December 8, 2010. As of December 31, 2010, the Company is under investigations by Korea Fair Trade Commission in Korea and antitrust authorities in other countries with respect to possible anti-competitive activities in the LCD industry. In addition, the Company, along with its subsidiaries, has been named as defendants in a number of federal class actions in the United States and Canada and related individual lawsuits based on alleged antitrust violations concerning the sale of LCD panels. The Company estimated and recognized losses related to these legal proceedings. However, actual losses are subject to change in the future based on new developments in each matter, or changes in circumstances, which could be materially different from those estimated and recognized by the Company.

**Table of Contents**

/s/ KPMG Samjong Accounting Corp.

Seoul, Korea

February 24, 2011

This report is effective as of February 24, 2011, the audit report date. Certain subsequent events or circumstances, which may occur between the audit report date and the time of reading this report, could have a material impact on the accompanying financial statements and notes thereto.

Accordingly, the readers of the audit report should understand that there is a possibility that the above audit report may have to be revised to reflect the impact of such subsequent events or circumstances, if any.

**Table of Contents**

LG DISPLAY CO., LTD.

**Statements of Financial Position**

As of December 31, 2010, 2009 and January 1, 2009

| <i>(In millions of Won)</i>              | <b>Note</b>   | <b>December 31, 2010</b> | <b>December 31, 2009</b> | <b>January 1, 2009</b> |
|------------------------------------------|---------------|--------------------------|--------------------------|------------------------|
| <b>Assets</b>                            |               |                          |                          |                        |
| Cash and cash equivalents                | 6             | (Won) 889,784            | 704,324                  | 1,207,786              |
| Deposits in banks                        | 6, 13         | 1,503,000                | 2,500,000                | 2,055,000              |
| Trade accounts and notes receivable, net | 7, 13, 19, 23 | 3,883,433                | 3,252,945                | 2,296,646              |
| Other accounts receivable, net           | 7, 13         | 301,543                  | 128,983                  | 132,787                |
| Other current financial assets           | 9, 13         | 34,828                   | 2,737                    | 25,238                 |
| Inventories                              | 8             | 1,759,965                | 1,286,305                | 881,503                |
| Other current assets                     | 7             | 127,320                  | 98,061                   | 183,484                |
| <b>Total current assets</b>              |               | <b>8,499,873</b>         | <b>7,973,355</b>         | <b>6,782,444</b>       |
| Investments                              | 10            | 1,279,831                | 1,075,229                | 831,237                |
| Other non-current financial assets       | 9, 13         | 64,020                   | 128,432                  | 179,668                |
| Deferred tax assets                      | 30            | 979,323                  | 846,573                  | 568,860                |
| Other non-current accounts receivable    | 7, 13         |                          |                          | 12,757                 |
| Property, plant and equipment, net       | 11            | 11,688,061               | 8,730,263                | 8,431,214              |
| Intangible assets, net                   | 12            | 483,260                  | 340,885                  | 199,086                |
| Other non-current assets                 | 7, 13         | 163,630                  | 162,130                  | 176,127                |
| <b>Total non-current assets</b>          |               | <b>14,658,125</b>        | <b>11,283,512</b>        | <b>10,398,949</b>      |
| <b>Total assets</b>                      |               | <b>(Won) 23,157,998</b>  | <b>19,256,867</b>        | <b>17,181,393</b>      |
| <b>Liabilities</b>                       |               |                          |                          |                        |
| Trade accounts and notes payable         | 23            | (Won) 2,986,383          | 2,014,909                | 951,975                |
| Current financial liabilities            | 14            | 1,906,112                | 1,845,516                | 1,115,768              |
| Other accounts payable                   |               | 2,373,083                | 1,392,811                | 2,205,092              |
| Accrued expenses                         |               | 374,177                  | 339,813                  | 212,330                |
| Income tax payable                       |               | 104,044                  | 120,206                  | 265,550                |
| Provisions                               |               | 634,815                  | 362,443                  | 51,424                 |
| Other current liabilities                | 18            | 75,255                   | 44,965                   | 26,269                 |
| <b>Total current liabilities</b>         |               | <b>8,453,869</b>         | <b>6,120,663</b>         | <b>4,828,408</b>       |
| Non-current financial liabilities        | 14            | 2,470,667                | 1,954,547                | 2,646,915              |
| Non-current provisions                   |               | 8,773                    | 5,611                    | 10,097                 |
| Employee benefits                        | 17            | 78,406                   | 84,160                   | 75,310                 |
| Long-term advance received               |               | 945,287                  | 583,800                  |                        |
| Other non-current liabilities            | 18            | 330,321                  | 473,888                  | 462,816                |
| <b>Total non-current liabilities</b>     |               | <b>3,833,454</b>         | <b>3,102,006</b>         | <b>3,195,138</b>       |
| <b>Total liabilities</b>                 |               | <b>12,287,323</b>        | <b>9,222,669</b>         | <b>8,023,546</b>       |
| <b>Equity</b>                            |               |                          |                          |                        |
| Share capital                            | 21            | 1,789,079                | 1,789,079                | 1,789,079              |

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

|                                     |    |                  |            |            |
|-------------------------------------|----|------------------|------------|------------|
| Share premium                       |    | 2,251,113        | 2,251,113  | 2,251,113  |
| Reserves                            | 21 | (7,795)          | (17,366)   | 1,783      |
| Retained earnings                   | 22 | 6,838,278        | 6,011,372  | 5,115,872  |
| <b>Total equity</b>                 |    | 10,870,675       | 10,034,198 | 9,157,847  |
| <b>Total liabilities and equity</b> |    | (Won) 23,157,998 | 19,256,867 | 17,181,393 |

*See accompanying notes to financial statements.*

**Table of Contents**

LG DISPLAY CO., LTD.

**Statement of Comprehensive Income**

For the years ended December 31, 2010 and 2009

| <i>(In millions of Won, except earnings per share)</i>                     | <b>Note</b> | <b>2010</b>      | <b>2009</b>  |
|----------------------------------------------------------------------------|-------------|------------------|--------------|
| <b>Revenue</b>                                                             | 23, 24      | (Won) 25,004,257 | 20,119,342   |
| <b>Cost of sales</b>                                                       | 8, 23       | (22,011,362)     | (17,953,935) |
| <b>Gross profit</b>                                                        |             | 2,992,895        | 2,165,407    |
| Other income                                                               | 25          | 967,229          | 1,186,700    |
| Selling expenses                                                           | 16          | (484,714)        | (393,771)    |
| Administrative expenses                                                    | 16          | (434,825)        | (279,464)    |
| Research and development expenses                                          |             | (670,912)        | (407,857)    |
| Other expenses                                                             | 25          | (1,345,279)      | (1,294,152)  |
| <b>Results from operating activities</b>                                   |             | 1,024,394        | 976,863      |
| Finance income                                                             | 28          | 242,917          | 338,530      |
| Finance costs                                                              | 28          | (200,672)        | (318,555)    |
| Other non-operating loss, net                                              |             | (14,634)         | (6,295)      |
| <b>Profit before income tax</b>                                            |             | 1,052,005        | 990,543      |
| Income tax expense (benefit)                                               | 29          | 49,357           | (98,271)     |
| <b>Profit for the period</b>                                               |             | 1,002,648        | 1,088,814    |
| <b>Other comprehensive income (loss)</b>                                   |             |                  |              |
| Net change in fair value of available-for-sale financial assets            | 28          | 12,270           | (27,012)     |
| Net change in fair value of cash flow hedges transferred to profit or loss | 28          |                  | 2,534        |
| Defined benefit plan actuarial loss                                        | 17          | 4,480            | (18,891)     |
| Income tax on other comprehensive income                                   | 29          | (4,013)          | 9,814        |
| <b>Other comprehensive loss for the period, net of income tax</b>          |             | 12,737           | (33,555)     |
| <b>Total comprehensive income for the period</b>                           |             | (Won) 1,015,385  | 1,055,259    |
| <b>Earning per share</b>                                                   |             |                  |              |
| Basic earnings per share                                                   | 31          | (Won) 2,802      | 3,043        |
| Diluted earnings per share                                                 | 31          | (Won) 2,726      | 3,043        |

*See accompanying notes to financial statements.*

**Table of Contents**

LG DISPLAY CO., LTD.

**Statements of Changes in Equity**

For the years ended December 31, 2010 and 2009

| <i>(In millions of Won)</i>                                                            | Note | Share capital   | Share premium | Hedging reserve | Fair value reserve | Retained earnings | Total equity |
|----------------------------------------------------------------------------------------|------|-----------------|---------------|-----------------|--------------------|-------------------|--------------|
| <b>Balances at January 1, 2009</b>                                                     |      | (Won) 1,789,079 | 2,251,113     | (1,920)         | 3,703              | 5,115,872         | 9,157,847    |
| <b>Total comprehensive income for the period</b>                                       |      |                 |               |                 |                    |                   |              |
| Profit                                                                                 |      |                 |               |                 |                    | 1,088,814         | 1,088,814    |
| <b>Other comprehensive income</b>                                                      |      |                 |               |                 |                    |                   |              |
| Net change in fair value of available-for-sale financial assets, net of tax            |      |                 |               |                 | (21,069)           |                   | (21,069)     |
| Net change in fair value of cash flow hedges transferred to profit or loss, net of tax |      |                 |               | 1,920           |                    |                   | 1,920        |
| Defined benefit plan actuarial gain, net of tax                                        |      |                 |               |                 |                    | (14,406)          | (14,406)     |
| Total other comprehensive income                                                       |      |                 |               | 1,920           | (21,069)           | (14,406)          | (33,555)     |
| Total comprehensive income for the period                                              |      | (Won)           |               | 1,920           | (21,069)           | 1,074,408         | 1,055,259    |
| <b>Transaction with owners, recorded directly in equity</b>                            |      |                 |               |                 |                    |                   |              |
| Dividends to equity holders                                                            | 22   |                 |               |                 |                    | (178,908)         | (178,908)    |
| <b>Balances at December 31, 2009</b>                                                   |      | (Won) 1,789,079 | 2,251,113     |                 | (17,366)           | 6,011,372         | 10,034,198   |
| <b>Balances at January 1, 2010</b>                                                     |      | (Won) 1,789,079 | 2,251,113     |                 | (17,366)           | 6,011,372         | 10,034,198   |
| <b>Total comprehensive income for the period</b>                                       |      |                 |               |                 |                    |                   |              |
| Profit for the period                                                                  |      |                 |               |                 |                    | 1,002,648         | 1,002,648    |
| <b>Other comprehensive income</b>                                                      |      |                 |               |                 |                    |                   |              |
| Net change in fair value of available-for-sale financial assets, net of tax            |      |                 |               |                 | 9,571              |                   | 9,571        |
| Defined benefit plan actuarial gain, net of tax                                        |      |                 |               |                 |                    | 3,166             | 3,166        |
| Total other comprehensive income                                                       |      |                 |               |                 | 9,571              | 3,166             | 12,737       |
| Total comprehensive income for the period                                              |      | (Won)           |               |                 | 9,571              | 1,005,814         | 1,015,385    |
| <b>Transaction with owners, recorded directly in equity</b>                            |      |                 |               |                 |                    |                   |              |
| Dividends to equity holders                                                            | 22   |                 |               |                 |                    | (178,908)         | (178,908)    |

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

|                                      |                 |           |         |           |            |
|--------------------------------------|-----------------|-----------|---------|-----------|------------|
| <b>Balances at December 31, 2010</b> | (Won) 1,789,079 | 2,251,113 | (7,795) | 6,838,278 | 10,870,675 |
|--------------------------------------|-----------------|-----------|---------|-----------|------------|

*See accompanying notes to financial statements.*

**Table of Contents**

LG DISPLAY CO., LTD.

**Statements of Cash Flows**

For the years ended December 31, 2010 and 2009

*(In millions of Won)*

|                                                   | Note | 2010            | 2009      |
|---------------------------------------------------|------|-----------------|-----------|
| <b>Cash flows from operating activities:</b>      |      |                 |           |
| Profit                                            |      | (Won) 1,002,648 | 1,088,814 |
| <b>Adjustments for:</b>                           |      |                 |           |
| Income tax expense (benefit)                      | 29   | 49,357          | (98,271)  |
| Depreciation                                      | 11   | 2,487,743       | 2,569,202 |
| Amortization of intangible assets                 | 12   | 161,298         | 59,608    |
| Gain on foreign currency translation              |      | (62,443)        | (147,324) |
| Loss on foreign currency translation              |      | 33,591          | 21,383    |
| Gain on disposal of property, plant and equipment |      | (2,289)         | (2,497)   |
| Loss on disposal of property, plant and equipment |      | 211             | 133       |
| Gain on disposal of intangible assets             |      |                 | (9)       |
| Finance income                                    |      | (236,293)       | (286,833) |
| Finance costs                                     |      | 153,341         | 225,747   |
| Other income                                      |      | (50,427)        | (52,358)  |
| Other expenses                                    |      | 708,493         | 561,979   |
| Other non-operating loss                          |      | 275             |           |
|                                                   |      | 3,242,857       | 2,850,760 |
| Change in trade accounts and notes receivable     |      | (635,100)       | (957,223) |
| Change in other accounts receivable               |      | (648)           | (43,786)  |
| Change in other current assets                    |      | (21,366)        | 121,223   |
| Change in inventories                             |      | (455,550)       | (404,802) |
| Change in other non-current assets                |      | (53,742)        | (37,637)  |
| Change in trade accounts and notes payable        |      | 978,120         | 1,064,543 |
| Change in other accounts payable                  |      | 26,032          | (178,512) |
| Change in accrued expenses                        |      | 29,812          | 122,995   |
| Change in other current liabilities               |      | 30,134          | 18,494    |
| Change in long-term advance received              |      | 379,105         | 695,500   |
| Change in other non-current liabilities           |      | 8,417           | 7,615     |
| Change in provisions                              |      | (290,536)       | (125,817) |
| Change in defined benefit obligation              | 17   | (103,575)       | (82,992)  |
| Cash generated from operating activities          |      | 4,136,608       | 4,139,175 |
| Income tax paid                                   |      | (202,283)       | (314,971) |
| Interest received                                 |      | 109,820         | 171,477   |
| Interest paid                                     |      | (101,984)       | (117,066) |
| <b>Net cash from operating activities</b>         |      | (Won) 3,942,161 | 3,878,615 |

*See accompanying notes to financial statements.*

**Table of Contents**

LG DISPLAY CO., LTD.

**Statements of Cash Flows, Continued**

For the years ended December 31, 2010 and 2009

| <i>(In millions of Won)</i>                                  | <b>Note</b> | <b>2010</b>          | <b>2009</b>        |
|--------------------------------------------------------------|-------------|----------------------|--------------------|
| <b>Cash flows from investing activities:</b>                 |             |                      |                    |
| Dividends received                                           |             | (Won) 78,191         | 28,561             |
| Proceeds from withdrawal of deposits in banks                |             | 5,400,000            | 3,555,000          |
| Increase in deposits in banks                                |             | (4,403,000)          | (4,000,000)        |
| Acquisition of investments                                   |             | (349,080)            | (242,490)          |
| Proceeds from disposal of investments                        |             | 20,530               |                    |
| Acquisition of property, plant and equipment                 |             | (4,500,591)          | (3,480,068)        |
| Proceeds from disposal of property, plant and equipment      |             | 3,735                | 7,602              |
| Acquisition of intangible assets                             |             | (210,853)            | (192,415)          |
| Proceeds from disposal of intangible assets                  |             |                      | 11                 |
| Grant received                                               |             | 46                   | 2,550              |
| Proceeds from settlement of derivatives                      |             | (14,781)             | 50,946             |
| Proceeds from short-term loans                               |             |                      | 12,575             |
| Increase in short-term loans                                 |             | (66,051)             |                    |
| Acquisition of other current financial assets                |             |                      | 69                 |
| Acquisition of other non-current financial assets            |             | (46,979)             | (20,913)           |
| Proceeds from disposal of other non-current financial assets |             | 8,375                | 553                |
| Acquisition of LCD module business                           | 33          | (72,472)             |                    |
| <b>Net cash used in investing activities</b>                 |             | <b>(4,152,930)</b>   | <b>(4,278,019)</b> |
| <b>Cash flows from financing activities:</b>                 |             |                      |                    |
| Proceeds from short-term borrowings                          |             | 786,896              | 881,305            |
| Repayment of short-term borrowings                           |             | (457,754)            | (727,938)          |
| Issuance of debentures                                       |             | 1,117,437            | 498,020            |
| Redemption of debentures                                     |             |                      | (400,000)          |
| Proceeds from long-term borrowings                           |             | 445,589              | 323,914            |
| Repayment of long-term borrowings                            |             | (120,000)            |                    |
| Repayment of current portion of long-term debt               |             | (1,197,031)          | (500,451)          |
| Payment of cash dividend                                     | 22          | (178,908)            | (178,908)          |
| <b>Net cash used in financing activities</b>                 |             | <b>396,229</b>       | <b>(104,058)</b>   |
| <b>Net decrease in cash and cash equivalents</b>             |             | <b>185,460</b>       | <b>(503,462)</b>   |
| Cash and cash equivalents at 1 January                       |             | 704,324              | 1,207,786          |
| <b>Cash and cash equivalents at 31 December</b>              |             | <b>(Won) 889,784</b> | <b>704,324</b>     |

*See accompanying notes to financial statements.*



## **Table of Contents**

### **1. Organization and Description of Business**

LG Display Co., Ltd. (the Company) was incorporated in February 1985 under its original name of LG Soft, Ltd. as a wholly owned subsidiary of LG Electronics Inc. In 1998, LG Electronics Inc. and LG Semicon Co., Ltd. transferred their respective Thin Film Transistor-Liquid Crystal Display ( TFT-LCD ) related business to the Company. The main business of the Company is to manufacture and sell TFT-LCD panels. The Company is a stock company ( Jusikhoesa ) domiciled in the Republic of Korea with its address at 65-228, Hangang-ro 3-ga, Yongsan-gu, Seoul, the Republic of Korea, to which the Company moved in September 2010. In July 1999, LG Electronics Inc. and Koninklijke Philips Electronics N.V. ( Philips ) entered into a joint venture agreement. Pursuant to the agreement, the Company changed its name to LG.Philips LCD Co., Ltd. However, on February 29, 2008, the Company changed its name to LG Display Co., Ltd. based upon the approval of shareholders at the general shareholders meeting on the same date as a result of the decrease in Philips' share interest in the Company and the possibility of its business expansion to Organic Light Emitting Diode ( OLED ) and Flexible Display products. As of December 31, 2010, LG Electronics Inc. owns 37.9% (135,625 thousand shares) of the Company's common shares.

As of December 31, 2010, the Company has its TFT-LCD manufacturing plant, OLED manufacturing plants and LCD Research & Development Center in Paju and TFT-LCD manufacturing plants and OLED manufacturing plant in Gumi. The Company has overseas subsidiaries located in the United States of America, Europe and Asia.

The Company's common stock is listed on the Korea Exchange under the identifying code 034220. As of December 31, 2010, 357,815,700 shares of common stock were outstanding. The Company's common stock is also listed on the New York Stock Exchange in the form of American Depositary Shares ( ADSs ) under the symbol LPL. One ADS represents one-half of one share of common stock. As of December 31, 2010, 35,763,650 ADSs are outstanding.

### **2. Basis of Presenting Financial Statements**

#### **(a) Statement of Compliance**

The financial statements have been prepared in accordance with Korean International Financial Reporting Standards ( K-IFRSs ). The Company determined to adopt the K-IFRSs for annual periods beginning on January 1, 2010. The Company's transition date to K-IFRSs from its previous GAAP (generally accepted accounting principles) is January 1, 2009.

These are the Company's first financial statements prepared in accordance with K-IFRS 1101 *First-time adoption of Korea International Financial Reporting Standards* has been applied. An explanation of how the transition to K-IFRS has affected the reported financial position, financial performance and cash flows of the Company is provided in note 34.

When the financial statements are prepared, investments in subsidiaries, jointly controlled entities and associated are accounted for at deemed cost under K-IFRS 1101 or acquisition cost, not based on the investee's financial performance and net assets in accordance with K-IFRS 1027.

The financial statements were authorized for issue by the Board of Directors on January 21, 2011.

---

**Table of Contents**

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

(b) **Basis of Measurement**

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

derivative financial instruments measured at fair value

financial instruments at fair value through profit or loss measured at fair value

available-for-sale financial assets measured at fair value

liabilities for cash-settled share-based payment arrangements measured at fair value; and

liabilities for defined benefit plans recognized at the net total of present value of defined benefit obligation less the fair value of plan assets

(c) **Functional and Presentation Currency**

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

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

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

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

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

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

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next 12 months is included in the following notes:

Recognition and measurement of provision (note 3.(i))

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

Measurement of defined benefit obligations (note 17)

Utilization of tax credit carryforwards (note 30)

---

**Table of Contents**

3. **Summary of Significant Accounting Policies**

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

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

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognized in profit or loss, except for differences arising on available-for-sale equity instruments and a financial asset and liability designated as a cash flow hedge, which are recognized in other comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or previous financial statements shall be recognized in profit or loss in the period in which they arise.

(b) **Inventories**

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

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated selling expenses.

(c) **Financial Instruments**

**(i) Non-derivative financial assets**

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

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

## **Table of Contents**

### **3. Summary of Significant Accounting Policies, Continued**

#### **(c) Financial Instruments, Continued**

##### **(i) Non-derivative financial assets, Continued**

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

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

##### **Financial assets at fair value through profit or loss**

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

##### **Held-to-maturity financial assets**

If the Company has non-derivative debt securities with fixed or determinable payments and fixed maturity and the Company has the positive intention and ability to hold to maturity, then such financial assets are classified as held-to-maturity. When held-to-maturity financial assets are recognized initially, the Company measures it at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. Subsequent to initial recognition held-to-maturity financial assets are measured at amortized cost using the effective interest method, less any impairment losses. Any sale or reclassification of a more than an insignificant amount of held-to-maturity investment not close to their maturity would result in the reclassification of all held-to-maturity investments as available-for-sale, and prevent the Company from classifying any financial assets as held-to-maturity for the current and the following two financial years.

##### **Cash and cash equivalents**

Cash and cash equivalents include all cash balances and short-term highly liquid investments with an original maturity of three months or less that are readily convertible into known amounts of cash. They are stated at face value, which approximates fair value.

##### **Deposits in banks**

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

---

**Table of Contents**

3. Summary of Significant Accounting Policies, Continued

(c) Financial Instruments, Continued

(i) Non-derivative financial assets, Continued

Loans and receivables

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

Available-for-sale financial assets

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

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

(ii) Non-derivative financial liabilities

The Company initially recognizes debt securities issued and subordinated liabilities on the date that they are originated. The Company classifies liabilities into two categories in accordance with the substance of the contractual arrangement and the definitions of a financial liability: financial liabilities at fair value through profit or loss and other financial liabilities.

Financial liabilities at fair value through profit or loss include financial liabilities held for trading or designated as such upon initial recognition at fair value through profit or loss. After initial recognition, financial liabilities at fair value through profit or loss are measured at fair value, and changes therein are recognized in profit or loss. Upon initial recognition, transaction costs that are directly attributable to the acquisition are recognized in profit or loss as incurred. As of December 31, 2010, financial liabilities at fair value through profit or loss of the Company consist of convertible bonds.

Non-derivative financial liabilities other than financial liabilities classified as fair value through profit or loss are classified as other financial liabilities and measured initially at fair value minus transaction costs that are directly attributable to the issue. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method. As of December 31, 2010, non-derivative financial liabilities comprise borrowings, bonds and others.

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

## **Table of Contents**

### **3. Summary of Significant Accounting Policies, Continued**

#### **(c) Financial Instruments, Continued**

##### **(iii) Ordinary share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity, net of tax effects. Capital contributed in excess of par value upon issuance of common stocks is classified as share premium within equity.

##### **(iv) Derivative financial instruments, including hedge accounting**

The Company holds forward exchange contract, interest rate swap, currency swap and other derivative contracts to manage interest rate risk and foreign exchange risk. Derivatives are initially recognized at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognized in profit or loss except in the case where the derivatives are designated as cash flow hedge and the hedge is determined to be an effective hedge.

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

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

##### **Cash flow hedges**

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

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

**Table of Contents**3. Summary of Significant Accounting Policies, Continued(c) Financial Instruments, Continued(iv) Derivative financial instruments, including hedge accounting, ContinuedEmbedded derivative

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

(d) Property, Plant and Equipment(i) Recognition and measurement

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

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

(ii) Subsequent costs

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

(iii) Depreciation

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

Estimated useful lives of the assets are as follows:

|                           | Useful lives (years) |
|---------------------------|----------------------|
| Buildings and structures  | 20, 40               |
| Machinery                 | 4                    |
| Furniture and fixtures    | 4                    |
| Equipment, tools, vehicle | 4, 12                |

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate. The changes are accounted for as changes in accounting estimates.



---

**Table of Contents**

3. Summary of Significant Accounting Policies, Continued

(e) Borrowing Costs

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

(f) Government Grants

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

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

A government grant related to the purchase or construction of assets is deducted in calculating the carrying amount of the asset. The grant is recognized in profit or loss over the life of a depreciable asset as a reduced depreciation expense.

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

Grants that compensate the Company for expenses incurred are recognized in profit or loss as other income on a systematic basis in the same periods in which the expenses are recognized.

(iii) Other government grants

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

(g) Intangible Assets

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

(i) Goodwill

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

## **Table of Contents**

### **3. Summary of Significant Accounting Policies, Continued**

#### **(g) Intangible Assets, Continued**

##### **(ii) Research and development**

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

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

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

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

its ability to use or sell the intangible asset,

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

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

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

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

##### **(iii) Other intangible assets**

Other intangible assets include intellectual property rights, software, customer relationship, technology, membership and others.

##### **(iv) Subsequent costs**

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

**Table of Contents**3. Summary of Significant Accounting Policies, Continued(g) Intangible Assets, Continued(v) Amortization

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

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

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

(h) Impairment(i) Financial assets

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

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

---

**Table of Contents**

3. Summary of Significant Accounting Policies, Continued

(h) Impairment, Continued

(i) Financial assets, Continued

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

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

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

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

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

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

---

**Table of Contents**

3. Summary of Significant Accounting Policies, Continued

(h) Impairment, Continued

(ii) Non-financial assets

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

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

The Company's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

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

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

---

**Table of Contents**

3. Summary of Significant Accounting Policies, Continued

(i) Provision

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

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

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

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

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

(j) Employee Benefits

(i) Short-term employee benefit

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

(ii) Other long-term employee benefit

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

## **Table of Contents**

### **3. Summary of Significant Accounting Policies, Continued**

#### **(j) Employee Benefits, Continued**

##### **(iii) Defined contribution plan**

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

##### **(iv) Defined benefit plan**

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

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

In measuring the defined benefit liability, the Company recognizes past service cost immediately when the benefits are vested immediately following the introduction of a defined benefit plan.

##### **(v) Share-based payment transactions**

The fair value of the amount payable to employees in respect of share appreciation rights, which are settled in cash, is recognized as an expense with a corresponding increase in liabilities, over the period that the employees unconditionally becomes entitled to payment. The liability is remeasured at each reporting date and at settlement date. Any changes in the fair value of the liability are recognized as personnel expense in profit or loss.

#### **(k) Revenue**

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

---

**Table of Contents**

3. **Summary of Significant Accounting Policies, Continued**

(l) **Operating Segments**

In accordance with K-IFRS 1108, entity wide disclosures of geographic and product revenue information are provided in the consolidated financial statements, not in these financial statements.

(m) **Finance Income and Finance Costs**

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

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

Foreign exchange gains and losses arising from monetary assets and liabilities denominated in currencies other than functional currencies are presented separately when they are related to investing and financing activities.

(n) **Income Tax**

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

**(i) Current tax**

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

---

**Table of Contents**

3. Summary of Significant Accounting Policies, Continued

(n) Income Tax, Continued

(ii) Deferred tax

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

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

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

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

(o) Earnings Per Share

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

(p) Business Combination

The business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable.

---

**Table of Contents**

3. Summary of Significant Accounting Policies, Continued

(p) Business Combination, Continued

The Group measures goodwill at the acquisition date as:

The fair value of the consideration transferred; plus

The recognized amount of any non-controlling interests in the acquiree; less

The net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed.  
When the excess is negative, a bargain purchase gain is recognized immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of preexisting relationships. Such amounts are generally recognized in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

(q) New Standards and Interpretations Not Yet Adopted

The following new standards, interpretations and amendments to existing standards have been published and are mandatory for the Company beginning on or after January 1, 2011, but the Company has not early adopted them. Management is in the process of evaluating the impact, if any, of applying these standards and interpretations on its financial position and results of operations.

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

This standard introduces certain new requirements for classifying and measuring financial assets. K-IFRS No. 1109 divides all financial assets that are currently in the scope of K-IFRS No. 1039 into two classifications, those measured at amortized cost and those measured at fair value. The standard along with proposed expansion of K-IFRS No. 1109 for classifying and measuring financial liabilities, de-recognition of financial instruments, impairment, and hedge accounting will be applicable from the year 2013, although entities are permitted to adopt earlier. The Company is evaluating the impact that this new standard will have on the Company's financial statements.

(ii) Revised K-IFRS No. 1024, *Related Parties Disclosures*

The revised standard simplifies the definition of a related party, clarifying its intended meaning and eliminating inconsistencies from the definition. The Company will apply K-IFRS No. 1024 (revised) retrospectively from January 1, 2011. The Company is evaluating the impact that this new standard will have on the Company's financial statements, if any.

4. Determination of Fair Value

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

(a) Current Assets and Liabilities

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

---

**Table of Contents**

4. **Determination of Fair Value, Continued**

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

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

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

The fair value of financial assets at fair value through profit or loss ( FVTPL ) and available-for-sale financial assets in market is determined by reference to their quoted closing bid price at the reporting date. The fair value of non-marketable securities is determined using valuation methods.

(d) **Derivatives**

For forward contracts, if a listed market price is not available, fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

The fair value of interest rate swaps is estimated by discounting estimated future cash flows based on the terms and maturity of each contract by LIBOR and forward interest rates for the same terms at the measurement date.

Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Company and counterparty when appropriate.

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

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

(f) **Share-based Payment Transactions**

The fair value of the employee share appreciation rights is measured using the Black-Scholes formula. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behavior), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

(g) **Assets Acquired in a Business Combination**

(i) **Inventories**

The fair value of inventories acquired in a business combination is determined based on the estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.



## **Table of Contents**

### **4. Determination of Fair Value, Continued**

#### **(g) Assets Acquired in a Business Combination, Continued**

##### **(ii) Property, plant and equipment**

The fair value of property, plant and equipment recognized as a result of a business combination is based on market values.

##### **(iii) Intangible assets**

The fair value of customer relationships acquired in a business combination is determined using the multi-period excess earnings method, whereby the subject asset is valued after deducting a fair return on all other assets that are part of creating the related cash flows. The fair value of technology acquired in a business combination is based on the discounted estimated royalty payments that have been avoided as a result of the patent or trademark being owned.

### **5. Risk Management**

#### **(a) Financial Risk Management**

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

##### **(i) Credit risk**

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

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

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

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

---

**Table of Contents**

5. Risk Management, Continued

(a) Financial Risk Management, Continued

(ii) Liquidity risk

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

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

(iii) Market risk

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

The Company buys and sells derivatives, and also incurs financial liabilities, in order to manage market risks.

Currency risk

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

The Company uses forward exchange contracts to hedge its currency risk, most with a maturity of less than one year from the reporting date.

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

In respect of other monetary assets and liabilities denominated in foreign currencies, the Company ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances. In relation to the currency fluctuation, the Company adopts policies to adjust factoring volumes of foreign currency denominated receivables or utilizing usance as a mean to settle payables for the facilities.

**Table of Contents**5. Risk Management, Continued(a) Financial Risk Management, Continued(iii) Market risk, ContinuedInterest rate risk

Interest rate risk arises principally from the Company's debentures and borrowings. The Company used to hedge the interest rate risk by entering interest swap contracts. The Company does not have any interest swap contract as of December 31, 2010. The fair value of interest rate swap as of December 31, 2009 is as follows:

(In millions of Won)

| Type                                         | 2009        |
|----------------------------------------------|-------------|
| Loss on valuation of interest rate swap, net | (Won) 3,698 |
| Financial liabilities, net                   | 3,698       |

(b) Capital Management

Management's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management also monitors the level of dividends to ordinary shareholders.

(In millions of Won)

|                                | December 31,<br>2010 | December 31,<br>2009 |
|--------------------------------|----------------------|----------------------|
| Total liabilities              | (Won) 12,287,323     | 9,222,669            |
| Total equity                   | 10,870,675           | 10,034,198           |
| Cash and deposits in banks (*) | 2,392,784            | 3,204,324            |
| Borrowings                     | 4,375,823            | 3,796,302            |
| Liability to equity ratio      | 113%                 | 92%                  |
| Net borrowing to equity ratio  | 18%                  | 6%                   |

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

**Table of Contents****6. Cash and Cash Equivalents and Deposits in Banks**

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

*(In millions of Won)*

|                                  | <b>December 31,<br/>2010</b> | <b>December 31,<br/>2009</b> | <b>January 1,<br/>2009</b> |
|----------------------------------|------------------------------|------------------------------|----------------------------|
| <b>Current assets</b>            |                              |                              |                            |
| <b>Cash and cash equivalents</b> |                              |                              |                            |
| Demand deposits                  | (Won) 889,784                | 704,324                      | 1,207,786                  |
| <b>Deposits in banks</b>         |                              |                              |                            |
| Time deposits                    | (Won) 1,500,000              | 2,500,000                    | 2,055,000                  |
| Restricted cash                  | 3,000                        |                              |                            |
|                                  | 1,503,000                    | 2,500,000                    | 2,055,000                  |

**7. Receivables and Other Current Assets**

(a) The Company's trade accounts and notes receivable at the reporting date are as follows:

*(In millions of Won)*

|                          | <b>December 31,<br/>2010</b> | <b>December 31,<br/>2009</b> | <b>January 1,<br/>2009</b> |
|--------------------------|------------------------------|------------------------------|----------------------------|
| Trade, net               | (Won) 95,642                 | 267,083                      | 887,447                    |
| Due from related parties | 3,787,791                    | 2,985,862                    | 1,409,199                  |
|                          | (Won) 3,883,433              | 3,252,945                    | 2,296,646                  |

There is no amount of trade accounts and notes receivable sold to financial institutions, but current and outstanding, as of December 31, 2010 and 2009. For the years ended December 31, 2010 and 2009, the Company recognized (Won)358 million and (Won)182 million, respectively, as loss on disposal of trade accounts and notes receivable.

**Table of Contents**7. Receivables and Other Current Assets, Continued

(b) The Company's other accounts receivable at the reporting date is as follows:

(In millions of Won)

|                                     | December 31,<br>2010 | December 31,<br>2009 | January 1,<br>2009 |
|-------------------------------------|----------------------|----------------------|--------------------|
| <b>Current assets</b>               |                      |                      |                    |
| Non-trade accounts receivable       | (Won) 209,889        | 81,413               | 41,570             |
| Accrued income                      | 24,459               | 47,570               | 91,217             |
| Short-term loans                    | 67,195               |                      |                    |
|                                     | (Won) 301,543        | 128,983              | 132,787            |
| <b>Non-current assets</b>           |                      |                      |                    |
| Long-term loans                     | (Won)                |                      | 12,575             |
| Long-term other accounts receivable |                      |                      | 182                |
|                                     | (Won)                |                      | 12,757             |

Due from related parties included in other accounts receivable, as of December 31, 2010, 2009 and January 1, 2009, is (Won)78,511 million, (Won)15,224 million and (Won)20,283 million, respectively.

(c) The Company's other assets at the reporting date are as follows:

(In millions of Won)

|                            | December 31,<br>2010 | December 31,<br>2009 | January 1,<br>2009 |
|----------------------------|----------------------|----------------------|--------------------|
| <b>Current assets</b>      |                      |                      |                    |
| Advance payments           | (Won) 5,905          | 11,187               | 250                |
| Prepaid expenses           | 39,532               | 41,424               | 37,372             |
| Value added tax refundable | 81,883               | 45,450               | 145,862            |
|                            | (Won) 127,320        | 98,061               | 183,484            |
| <b>Non-current assets</b>  |                      |                      |                    |
| Long-term prepaid expenses | (Won) 163,630        | 162,130              | 176,127            |

8. Inventories

Inventories at the reporting date are as follows:

(In millions of Won)

|  | December 31,<br>2010 | December 31,<br>2009 | January 1,<br>2009 |
|--|----------------------|----------------------|--------------------|
|--|----------------------|----------------------|--------------------|

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

|                 |       |           |           |         |
|-----------------|-------|-----------|-----------|---------|
| Finished goods  | (Won) | 630,374   | 385,518   | 286,207 |
| Work-in-process |       | 606,486   | 544,071   | 358,091 |
| Raw materials   |       | 364,160   | 228,631   | 168,188 |
| Supplies        |       | 158,945   | 128,085   | 69,017  |
|                 | (Won) | 1,759,965 | 1,286,305 | 881,503 |

**Table of Contents**8. **Inventories, Continued**

The amount of the inventories recognized as cost (cost of sales) and valuation loss on inventories as cost of sales are as follows:

(In millions of Won)

|                                                           | December 31, 2010 | December 31, 2009 |
|-----------------------------------------------------------|-------------------|-------------------|
| Inventories recognized as cost (cost of sales)            | (Won) 22,011,362  | 17,953,935        |
| Valuation loss (reversal) on inventories as cost of sales | 56,241            | (48,398)          |

9. **Other Financial Assets**

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

(In millions of Won)

|                                                       | December 31,<br>2010 | December 31,<br>2009 | January 1,<br>2009 |
|-------------------------------------------------------|----------------------|----------------------|--------------------|
| <b>Current assets</b>                                 |                      |                      |                    |
| Deposits                                              | (Won) 25,574         |                      | 590                |
| Available-for-sale financial assets                   |                      |                      | 74                 |
| Derivatives not used for hedging                      | 9,254                | 2,737                | 24,574             |
|                                                       | (Won) 34,828         | 2,737                | 25,238             |
| <b>Non-current assets</b>                             |                      |                      |                    |
| Guarantee deposits with banks                         | (Won) 13             | 13                   | 13                 |
| Financial assets at fair value through profit or loss | 8,927                | 9,227                |                    |
| Available-for-sale financial assets                   | 38,132               | 104,389              | 126,455            |
| Deposits                                              | 16,948               | 14,803               | 13,551             |
| Derivatives not used for hedging                      |                      |                      | 39,649             |
|                                                       | (Won) 64,020         | 128,432              | 179,668            |

(b) Financial assets at fair value through profit or loss at the reporting date are as follows:

(In millions of Won)

|                                       | December 31,<br>2010 | December 31,<br>2009 | January 1,<br>2009 |
|---------------------------------------|----------------------|----------------------|--------------------|
| <b>Everlight Electronics Co. Ltd.</b> |                      |                      |                    |
| Acquisition cost                      | (Won) 7,628          | 7,628                |                    |
| Fair value                            | 8,927                | 9,227                |                    |

The financial assets at fair value through profit or loss are debt securities with embedded derivatives that otherwise would have been classified as available-for-sale.



**Table of Contents**9. Financial Assets, Continued

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

*(In millions of Won)*

|                                               | December 31,<br>2010 | December 31,<br>2009 | January 1,<br>2009 |
|-----------------------------------------------|----------------------|----------------------|--------------------|
| <b>Current assets</b>                         |                      |                      |                    |
| <b>Debt securities</b>                        |                      |                      |                    |
| Government bonds                              | (Won)                |                      | 74                 |
| <b>Non-current assets</b>                     |                      |                      |                    |
| <b>Debt securities</b>                        |                      |                      |                    |
| Government bonds                              | 2,346                | 83                   |                    |
| Hydis Technologies Co., Ltd.                  | 26,085               |                      |                    |
| <b>Redeemable convertible preferred stock</b> |                      |                      |                    |
| HannStar Display Corporation(*)               |                      | 91,394               | 126,455            |
| <b>Equity securities</b>                      |                      |                      |                    |
| Prime View International Co. Ltd. ( PVI )     | 9,701                | 12,912               |                    |
|                                               | (Won) 38,132         | 104,389              | 126,529            |

(\*) In February 2008, , in order for the Company to be supplied with TFT-LCD products stably, the Company purchased non-voting mandatorily redeemable convertible preferred stock of HannStar Display Corporation ( Hannstar ) located in Taiwan. The Company has exercised the put option for total amount of the preferred stocks and recognized the uncollected receivable upon the exercise as other accounts receivables amounting to (Won)123,893 million (TWD3,170 million) in 2010.

**Table of Contents**10. Investments

(a) Investments in subsidiaries consist of the following:

*(In millions of Won)*

| (In millions of Won)                             |                     |                                             | December 31, 2010  |            | December 31, 2009   |            | January 1, 2009     |            |
|--------------------------------------------------|---------------------|---------------------------------------------|--------------------|------------|---------------------|------------|---------------------|------------|
|                                                  |                     | Selling or                                  | Percentage         |            | Percentage          |            | Percentage          |            |
| Overseas Subsidiaries                            | Location            | Manufacturing                               | of ownership       | Book value | of ownership        | Book value | of ownership        | Book value |
| LG Display America, Inc.(*1)                     | California, U.S.A.  | Sell TFT-LCD products                       | 100%               | (Won)      | 100%                | (Won)      | 100%                | (Won)      |
| LG Display Germany GmbH                          | Dusseldorf, Germany | Sell TFT-LCD products                       | 100%               | 19,373     | 100%                | 19,373     | 100%                | 19,373     |
| LG Display Japan Co., Ltd.                       | Tokyo, Japan        | Sell TFT-LCD products                       | 100%               | 15,686     | 100%                | 15,686     | 100%                | 15,686     |
| LG Display Taiwan Co., Ltd.                      | Taipei, Taiwan      | Sell TFT-LCD products                       | 100%               | 35,230     | 100%                | 35,230     | 100%                | 35,230     |
| LG Display Nanjing Co., Ltd.(*4,8)               | Nanjing, China      | Manufacture and Sell TFT-LCD products       | 100%               | 459,296    | 100%                | 413,628    | 100%                | 409,200    |
| LG Display HongKong Co., Ltd.(*2)                | HongKong, China     | Sell TFT-LCD products                       | Liquidated in 2009 |            |                     |            | 100%                | 2,000      |
| LG Display Shanghai Co., Ltd.                    | Shanghai, China     | Sell TFT-LCD products                       | 100%               | 9,093      | 100%                | 9,093      | 100%                | 9,093      |
| LG Display Poland Sp. zo. o.                     | Wroclaw, Poland     | Manufacture and Sell TFT-LCD products       | 80%                | 157,864    | 80%                 | 157,864    | 80%                 | 157,864    |
| LG Display Guangzhou Co., Ltd.(*5)               | Guangzhou, China    | Manufacture and Sell TFT-LCD products       | 90%                | 157,268    | 90%                 | 150,614    | 84%                 | 100,279    |
| LG Display Shenzhen Co., Ltd.                    | Shenzhen, China     | Sell TFT-LCD products                       | 100%               | 3,467      | 100%                | 3,467      | 100%                | 3,467      |
| LG Display Singapore Pte. Ltd.(*3)               | Singapore           | Sell TFT-LCD products                       | 100%               | 1,250      | 100%                | 1,250      | Established in 2009 |            |
| LG Electronics (Nanjing) Plasma Co., Ltd.(*4)    | Nanjing, China      | Manufacture and Sell TFT-LCD products       | Merged in 2010     |            | 100%                | 3,503      | Acquired in 2009    |            |
| L&T Display Technology (Xiamen) Limited(*6)      | Xiamen, China       | Manufacture LCD module and TV sets          | 51%                | 7,146      | Established in 2010 |            |                     |            |
| L&T Display Technology (Fujian) Limited(*6)      | Fujian, China       | Manufacture LCD module and LCD monitor sets | 51%                | 10,123     | Established in 2010 |            |                     |            |
| LG Display Yantai Co., Ltd.(*7)                  | Yantai, China       | Manufacture and Sell TFT-LCD products       | 100%               | 44,628     | Established in 2010 |            |                     |            |
| L&I Electronic Technology (Dongguan) Limited(*9) | Dongguan            | Manufacture and Sell                        | 51%                | 2,885      | Established in 2010 |            |                     |            |

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

|                                                       |                      |                                                   |               |               |                     |
|-------------------------------------------------------|----------------------|---------------------------------------------------|---------------|---------------|---------------------|
| Image&Materials, Inc.(*10)                            | China<br>Domestic    | e-Book devices<br>Manufacture<br>EPD materials    | 100%          | 35,000        | Acquired in 2010    |
| LUCOM Display<br>Technology (Kunshan)<br>Limited(*11) | Kunshan<br><br>China | Manufacture<br>notebook<br>borderless<br>hing-ups | 51%           | 2,652         | Established in 2010 |
|                                                       |                      |                                                   | (Won) 960,961 | (Won) 809,708 | (Won) 752,192       |

---

**Table of Contents**

10. Investments, Continued

- (\*1) LG Display America, Inc. ( LGDUS ) was sentenced to pay a fine of USD400 million by the U.S. Government in 2008, which LGDUS recorded as a loss. The Company recorded the cumulative loss of LGDUS, mostly related to the fine, in excess of the Company's investment in LGDUS as long-term other accounts payable.
- (\*2) LG Display Hong Kong Co., Ltd. was liquidated in November 2009.
- (\*3) LG Display Singapore Pte. Ltd. ( LGDSG ) was established in Singapore in January 2009, by incorporating the Singapore branch of the Company, to sell TFT-LCD products. It is wholly owned by the Company as of December 31, 2010.
- (\*4) In July 2009, the Company entered into a stock purchase agreement with LG Electronics Inc. and LG Electronics (China) Co., Ltd. for the acquisition of the shares of LG Electronics (Nanjing) Plasma Co., Ltd. in order to expand cell back-end process of module production. In accordance with the agreement, the Company acquired whole shares of LG Electronics (Nanjing) Plasma Co., Ltd. at (Won)3,503 million in December 2009. In July 2010, LG Electronics (Nanjing) Plasma Co., Ltd. was merged with LG Display Nanjing Co., Ltd.
- (\*5) In January 2010, the Company paid (Won)6,654 million for the capital increase.
- (\*6) In January 2010, the Company entered into a joint venture agreement with Top Victory Investments Limited, accordingly, L&T Display Technology (Xiamen) Limited ( L&T XM ) and L&T Display Technology (Fujian) Limited( L&T FJ ) were incorporated in Xiamen and Fujian, China, to manufacture LCD module, LCD TV set and LCD monitor set products. The Company acquired a 51% equity interest in L&T XM and L&T FJ at (Won)7,146 million and (Won)10,123 million, respectively.
- (\*7) LG Display Yantai Co., Ltd. was incorporated in Yantai, China, on April 19, 2010, to manufacture and sell TFT-LCD product. As of December 31, 2010, the Company has a 100% equity interest of the subsidiary with its capital stock amounting to (Won)44,628 million.
- (\*8) In February 2010, the Company paid (Won)42,165 million for the capital increase.
- (\*9) On September 26, 2010, the Company entered into a joint venture agreement with Iriver Co., Ltd., accordingly, L&I Electronic Technology (Dongguan) Limited ( L&I ) was incorporated in Dongguan, China, to manufacture and sell e-Book devices. The Company acquired a 51% equity interest in L&I at (Won)2,885 million.
- (\*10) On November 29, 2010, the Company acquired a 100% equity interest of Image&Materials, Inc., which manufactures Electro Phoresis Display ( EPD ), at (Won)35,000 million. As of December 31, 2010, its capital stock amounted to (Won)1,392 million.
- (\*11) In December 2010, the Company entered into a joint venture agreement with Compal Electronics Inc., accordingly, LUCOM Display Technology (Kunshan) Limited ( LUCOM ) was incorporated in Kunshan, China, to manufacture Notebook Borderless Hinge-ups (Shuriken). The Company acquired a 51% equity interest in LUCOM at (Won)2,652 million.

**Table of Contents**10. Investments, Continued

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

*(In millions of Won)*

| Joint Ventures                                                      | Location | Selling or<br>Manufacturing                              | December 31, 2010             |               | December 31, 2009             |               | January 1, 2009               |               |
|---------------------------------------------------------------------|----------|----------------------------------------------------------|-------------------------------|---------------|-------------------------------|---------------|-------------------------------|---------------|
|                                                                     |          |                                                          | Percentage<br>of<br>ownership | Book<br>value | Percentage<br>of<br>ownership | Book<br>value | Percentage<br>of<br>ownership | Book<br>value |
| Suzhou Raken<br>Technology Ltd. (*2)                                | China    | Manufacture<br>and sell LCD<br>modules and<br>LCD TV set | 51%                           | (Won) 108,266 | 51%                           | (Won) 91,919  | 51%                           | (Won) 18,328  |
| Guangzhou New Vision<br>Technology Research<br>and Development Ltd. | China    | R&D on design<br>of LCD<br>modules and<br>LCD TV set     | 50%                           | 4,569         | 50%                           | 4,569         | 50%                           | 4,569         |
| Global OLED<br>Technology LLC(*1)                                   | U.S.A.   | Managing and<br>utilizing OLED<br>patents                | 33%                           | 53,282        | 49%                           | 72,250        | Acquired in 2009              |               |
|                                                                     |          |                                                          |                               | (Won) 166,117 | (Won) 168,738                 |               | (Won) 22,897                  |               |

(\*1) In December 2009, the Company entered into a joint venture agreement with its LG affiliates, accordingly, Global OLED Technology LLC was set up with the purpose of managing and utilizing OLED patents purchased from Eastman Kodak Company. At the time of establishment, the Company acquired a 49% equity interest in the joint venture and the Company's investment in this equity investee was (Won)72,250 million. In June 2010, the Company sold a part of its share interest in Global OLED Technology for (Won)20,530 million, accordingly, the percentage of the Company's ownership was reduced from 49% to 33%.

(\*2) In October 2010, the Company paid (Won)16,347 million for the capital increase.

**Table of Contents**10. Investments, Continued

(c) Investments in associates consist of the following:

*(In millions of Won)*

| Associates                                                 | Location  | Selling or<br>Manufacturing                                                      | December 31, 2010             |               |        | December 31, 2009             |               | January 1, 2009               |                  |        |
|------------------------------------------------------------|-----------|----------------------------------------------------------------------------------|-------------------------------|---------------|--------|-------------------------------|---------------|-------------------------------|------------------|--------|
|                                                            |           |                                                                                  | Percentage<br>of<br>ownership | Book<br>value |        | Percentage<br>of<br>ownership | Book<br>value | Percentage<br>of<br>ownership | Book<br>value    |        |
| Paju Electric Glass Co., Ltd.(*6)                          | Domestic  | Manufacture electric glass for flat-panel displays                               | 40%                           | (Won) 40,689  |        | 40%                           | (Won) 25,841  | 40%                           | (Won) 25,841     |        |
| TLI Inc.                                                   | Domestic  | Manufacture and sell semiconductor parts                                         | 12%                           |               | 12,565 | 13%                           |               | 12,565                        | 13%              | 12,565 |
| AVACO Co., Ltd.                                            | Domestic  | Manufacture and sell equipment for flat-panel displays                           | 20%                           |               | 6,021  | 20%                           |               | 6,021                         | 20%              | 6,021  |
| New Optics Ltd. (*1)                                       | Domestic  | Manufacture back light parts for TFT-LCDs                                        | 42%                           |               | 14,221 | 37%                           |               | 11,721                        | 37%              | 11,721 |
| LIG ADP Co., Ltd.<br>(formerly, ADP Engineering Co., Ltd.) | Domestic  | Develop and manufacture the equipment for flat-panel display                     | 13%                           |               | 6,330  | 13%                           |               | 6,330                         | Acquired in 2009 |        |
| WooRee LED Co., Ltd.                                       | Domestic  | Manufacture LED back light unit packages                                         | 30%                           |               | 11,900 | 30%                           |               | 11,900                        | Acquired in 2009 |        |
| Dynamic Solar Design Co., Ltd.                             | Domestic  | Manufacture and sell solar battery and flat-panel displays                       | 40%                           |               | 6,067  | 40%                           |               | 6,067                         | Acquired in 2009 |        |
| RPO, Inc.                                                  | Australia | Develop digital waveguide touch technology                                       | 26%                           |               | 14,538 | 26%                           |               | 14,538                        | Acquired in 2009 |        |
| LB Gemini New Growth Fund No.16(*2)                        | Domestic  | Invest in small and middle sized companies and to benefit from M&A opportunities | 31%                           |               | 8,280  | 31%                           |               | 1,800                         | Acquired in 2009 |        |
| Can Yang Investments Limited(*3)                           | China     | Develop and manufacture and sell TFT-OLEDs                                       | 15%                           |               | 17,516 |                               |               | Acquired in 2010              |                  |        |
| YAS Co., Ltd.(*4)                                          | Domestic  | Develop and manufacture deposition                                               | 20%                           |               | 10,000 |                               |               | Acquired in 2010              |                  |        |

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

| equipment for<br>OLEDs                             |       |                             |               |              |                  |
|----------------------------------------------------|-------|-----------------------------|---------------|--------------|------------------|
| Eralite Optoelectronics<br>(Jiangsu) Co., Ltd.(*5) | China | Manufacture<br>LED Packages | 20%           | 4,626        | Acquired in 2010 |
|                                                    |       |                             | (Won) 152,753 | (Won) 96,783 | (Won) 56,148     |

---

**Table of Contents**

10. Investments, Continued

- (\*1) In February 2010, the Company acquired an additional 1,000,000 common shares (5%) of New Optics Ltd. at (Won)2,500 million.
- (\*2) The Company joined the LB Gemini New Growth Fund No.16 as a member in a limited partnership in December 2009 and the Company paid (Won)6,480 million for the additional investment in 2010. As of December 31, 2010, the Company has acquired a 31% equity interest in LB Gemini New Growth Fund No.16 and the agreed total investment amount of the Company toward the Fund is (Won)30,000 million.
- (\*3) In January 2010, the Company entered into a joint venture agreement with Formosa Epitaxy Incorporation and several other investors. Accordingly, Can Yang Investments Limited is incorporated in order for the Company to secure a stable supply of LED chip solutions. The Company acquired 10,800,000 shares (15%) of the joint venture at (Won)12,433 million and has the right to assign a director in the board of directors of the joint venture. In October 2010, the Company acquired an additional 4,500,000 common shares of Can Yang Investments Limited at (Won)5,083 million.
- (\*4) In September 2010, the Company acquired 500,000 common shares (20%) of Yas Co., Ltd. at (Won)10,000 million in order to secure a stable supply of components for developing a deposition system of OLED.
- (\*5) In August 2010, the Company entered into a joint venture agreement with Everlight Electronics Co., Ltd. and AmTRAN Technology Co., Ltd. Accordingly, Eralite Optoelectronics (Jiangsu) Co., Ltd. has been incorporated in order for the Company to secure a stable supply of LED package solutions. The Company acquired a 20 percent interest of the joint venture at (Won)4,626 million (USD4 million) and has the right to assign a director in the board of directors of the joint venture.
- (\*6) In November 2010, the Company acquired additional 1,484,800 common shares of Paju Electric Glass Co., Ltd. at (Won)14,848 million. For the years ended December 31, 2010 and 2009, the received dividends from subsidiaries, joint ventures and associates are (Won)78,191 million and (Won)28,561 million, respectively.

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

## Notes to Financial Statements

For the years ended December 31, 2010 and 2009

**11. Property, Plant and Equipment**

Changes in property, plant and equipment for the years ended December 31, 2010 and 2009 are as follows:

*(In millions of Won)*

|                                                     | Land          | Buildings<br>and<br>structures | Machinery<br>and<br>equipment | Furniture<br>and<br>fixtures | Construction-<br>in-progress<br>(*1) | Others    | Total        |
|-----------------------------------------------------|---------------|--------------------------------|-------------------------------|------------------------------|--------------------------------------|-----------|--------------|
| Acquisition cost as of January 1, 2010              | (Won) 394,804 | 2,983,532                      | 19,039,283                    | 508,860                      | 1,503,599                            | 139,954   | 24,570,032   |
| Accumulated depreciation as of January 1, 2010      |               | (615,891)                      | (14,671,649)                  | (443,541)                    |                                      | (108,688) | (15,839,769) |
| Accumulated impairment loss as of January 1, 2010   |               |                                |                               |                              |                                      |           |              |
| Book value as of January 1, 2010                    | 394,804       | 2,367,641                      | 4,367,634                     | 65,319                       | 1,503,599                            | 31,266    | 8,730,263    |
| Additions                                           |               |                                |                               |                              | 5,443,912                            |           | 5,443,912    |
| Depreciation                                        |               | (145,463)                      | (2,296,986)                   | (36,735)                     |                                      | (8,559)   | (2,487,743)  |
| Impairment loss                                     |               |                                |                               |                              |                                      |           |              |
| Disposals                                           | (128)         | (288)                          | (1,451)                       | (63)                         |                                      | (4)       | (1,934)      |
| Others(*2)                                          | 47,646        | 189,670                        | 3,960,097                     | 79,312                       | (4,287,577)                          | 10,852    |              |
| Acquisition in the business combination             |               |                                | 2,990                         |                              |                                      | 236       | 3,226        |
| Subsidy decrease (increase)                         |               | 282                            | 55                            |                              |                                      |           | 337          |
| Book value as of December 31, 2010                  | (Won) 442,322 | 2,411,842                      | 6,032,339                     | 107,833                      | 2,659,934                            | 33,791    | 11,688,061   |
| Acquisition cost as of December 31, 2010            | (Won) 442,322 | 3,172,426                      | 22,851,385                    | 586,548                      | 2,659,934                            | 149,529   | 29,862,144   |
| Accumulated depreciation as of December 31, 2010    | (Won)         | (760,584)                      | (16,819,046)                  | (478,715)                    |                                      | (115,738) | (18,174,083) |
| Accumulated impairment loss as of December 31, 2010 | (Won)         |                                |                               |                              |                                      |           |              |

(\*1) As of December 31, 2010, construction-in-progress consists of investment projects on construction of plants.

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

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

## Notes to Financial Statements

For the years ended December 31, 2010 and 2009

**11. Property, Plant and Equipment, Continued***(In millions of Won)*

|                                                     | Land          | Buildings<br>and<br>structures | Machinery<br>and<br>equipment | Furniture<br>and<br>fixtures | Construction-<br>in-<br>progress(*1) | Others    | Total        |
|-----------------------------------------------------|---------------|--------------------------------|-------------------------------|------------------------------|--------------------------------------|-----------|--------------|
| Acquisition cost as of January 1, 2009              | (Won) 383,645 | 2,244,076                      | 14,515,786                    | 464,939                      | 4,063,604                            | 127,010   | 21,799,060   |
| Accumulated depreciation as of January 1, 2009      |               | (487,573)                      | (12,390,602)                  | (390,913)                    |                                      | (98,751)  | (13,367,839) |
| Accumulated impairment loss as of January 1, 2009   |               |                                | (7)                           |                              |                                      |           | (7)          |
| Book value as of January 1, 2009                    | 383,645       | 1,756,503                      | 2,125,177                     | 74,026                       | 4,063,604                            | 28,259    | 8,431,214    |
| Additions                                           |               |                                |                               |                              | 2,878,015                            |           | 2,878,015    |
| Depreciation                                        |               | (128,776)                      | (2,375,003)                   | (55,338)                     |                                      | (12,068)  | (2,571,185)  |
| Impairment loss                                     |               |                                | 7                             |                              |                                      |           | 7            |
| Disposals                                           | (1,299)       | (1,661)                        | (2,048)                       | (59)                         |                                      | (171)     | (5,238)      |
| Others (*2)                                         | 12,458        | 744,075                        | 4,619,646                     | 46,690                       | (5,438,115)                          | 15,246    |              |
| Subsidy decrease (increase)                         |               | (2,500)                        | (145)                         |                              | 95                                   |           | (2,550)      |
| Book value as of December 31, 2009                  | (Won) 394,804 | 2,367,641                      | 4,367,634                     | 65,319                       | 1,503,599                            | 31,266    | 8,730,263    |
| Acquisition cost as of December 31, 2009            | (Won) 394,804 | 2,983,532                      | 19,039,283                    | 508,860                      | 1,503,599                            | 139,954   | 24,570,032   |
| Accumulated depreciation as of December 31, 2009    | (Won)         | (615,891)                      | (14,671,649)                  | (443,541)                    |                                      | (108,688) | (15,839,769) |
| Accumulated impairment loss as of December 31, 2009 | (Won)         |                                |                               |                              |                                      |           |              |

(\*) As of December 31, 2009, construction-in-progress consists of investment projects on construction of plants.

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

The capitalized borrowing costs and capitalization rate for the years ended December 31, 2010 and 2009 are as follows:

*(In millions of Won)*

|                             | 2010         | 2009   |
|-----------------------------|--------------|--------|
| Capitalized borrowing costs | (Won) 21,214 | 14,925 |
| Capitalization rate         | 3.97%        | 2.37%  |



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

## Notes to Financial Statements

For the years ended December 31, 2010 and 2009

**12. Intangible Assets**

Changes in intangible assets for the years ended December 31, 2010 and 2009 are as follows:

*(In millions of Won)*

|                                                        |       | Intellectual<br>property<br>rights | Software | Member-<br>ships | Develop-<br>ment<br>costs | Construction-<br>in-progress<br>(Software) | Customer<br>relation-<br>ships | Tech-<br>nology | Good-<br>will | Others<br>(*2) | Total     |
|--------------------------------------------------------|-------|------------------------------------|----------|------------------|---------------------------|--------------------------------------------|--------------------------------|-----------------|---------------|----------------|-----------|
| Acquisition cost as of<br>January 1, 2010              | (Won) | 488,682                            | 170,139  | 44,993           | 100,672                   | 18,008                                     |                                |                 |               | 13,076         | 835,570   |
| Accumulated<br>amortization as of<br>January 1, 2010   |       | (426,084)                          | (39,674) |                  | (20,218)                  |                                            |                                |                 |               | (8,709)        | (494,685) |
| Book value as of<br>January 1, 2010                    |       | 62,598                             | 130,465  | 44,993           | 80,454                    | 18,008                                     |                                |                 |               | 4,367          | 340,885   |
| Additions-internally<br>developed                      |       |                                    |          |                  | 135,090                   |                                            |                                |                 |               |                | 135,090   |
| Other additions                                        |       | 19,169                             |          | 2,153            |                           | 95,696                                     |                                |                 |               |                | 117,018   |
| Acquisition in the<br>business combination             |       |                                    | 114      |                  | 1,773                     |                                            | 24,011                         | 11,074          | 14,593        |                | 51,565    |
| Amortization (*1)                                      |       | (10,067)                           | (53,939) |                  | (93,177)                  |                                            | (2,300)                        | (742)           |               | (1,073)        | (161,298) |
| Transfer from<br>construction-in-progress              |       |                                    | 102,262  |                  |                           | (102,262)                                  |                                |                 |               |                |           |
| Book value as of<br>December 31, 2010                  | (Won) | 71,700                             | 178,902  | 47,146           | 124,140                   | 11,442                                     | 21,711                         | 10,332          | 14,593        | 3,294          | 483,260   |
| Acquisition cost as of<br>December 31, 2010            | (Won) | 507,851                            | 272,515  | 47,146           | 237,535                   | 11,442                                     | 24,011                         | 11,074          | 14,593        | 13,076         | 1,139,243 |
| Accumulated<br>amortization as of<br>December 31, 2010 | (Won) | (436,151)                          | (93,613) |                  | (113,395)                 |                                            | (2,300)                        | (742)           |               | (9,782)        | (655,983) |
| Remaining amortization<br>period (year)                |       | 7.57                               | 2.20     |                  | 0.75                      |                                            | 6.33                           | 9.33            |               | 3.43           |           |

(\*1) The Company has classified the amortization as part of manufacturing overhead costs, selling expenses and administrative expenses.

(\*2) Others mainly consist of rights to use of facilities.

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

## Notes to Financial Statements

For the years ended December 31, 2010 and 2009

12. Intangible Assets, Continued*(In millions of Won)*

|                                                     | Intellectual<br>property<br>rights | Software | Memberships | Development<br>costs | Construction-<br>in-progress<br>(Software) | Others(*2) | Total     |
|-----------------------------------------------------|------------------------------------|----------|-------------|----------------------|--------------------------------------------|------------|-----------|
| Acquisition cost as of January 1, 2009              | (Won) 470,056                      | 9,713    | 33,421      |                      | 107,922                                    | 13,069     | 634,181   |
| Accumulated amortization as of<br>January 1, 2009   | (417,745)                          | (9,713)  |             |                      |                                            | (7,637)    | (435,095) |
| Book value as of January 1, 2009                    | 52,311                             |          | 33,421      |                      | 107,922                                    | 5,432      | 199,086   |
| Additions internally developed                      |                                    |          |             | 100,672              |                                            |            | 100,672   |
| Other additions                                     | 18,648                             | 3,596    | 11,572      |                      | 66,916                                     | 7          | 100,739   |
| Amortization (*1)                                   | (8,359)                            | (29,961) |             | (20,218)             |                                            | (1,072)    | (59,610)  |
| Disposals                                           | (2)                                |          |             |                      |                                            |            | (2)       |
| Transfer from construction-in-progress              |                                    | 156,830  |             |                      | (156,830)                                  |            |           |
| Book value as of December 31, 2009                  | (Won) 62,598                       | 130,465  | 44,993      | 80,454               | 18,008                                     | 4,367      | 340,885   |
| Acquisition cost as of<br>December 31, 2009         | (Won) 488,682                      | 170,139  | 44,993      | 100,672              | 18,008                                     | 13,076     | 835,570   |
| Accumulated amortization as of<br>December 31, 2009 | (Won) (426,084)                    | (39,674) |             | (20,218)             |                                            | (8,709)    | (494,685) |
| Remaining amortization period (year)                | 7.77                               | 3.30     |             | 0.77                 |                                            | 4.34       |           |

(\*1) The Company has classified the amortization as part of manufacturing overhead costs, selling expenses and administrative expenses.

(\*2) Others mainly consist of rights to use of facilities.

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

## Notes to Financial Statements

For the years ended December 31, 2010 and 2009

**13. Financial Instruments****(a) Credit risk****(i) Exposure to credit risk**

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

*(In millions of Won)*

|                                                       | <b>December 31,<br/>2010</b> | <b>December 31,<br/>2009</b> | <b>January 1,<br/>2009</b> |
|-------------------------------------------------------|------------------------------|------------------------------|----------------------------|
| Cash and cash equivalents                             | (Won) 889,784                | 704,324                      | 1,207,786                  |
| Trade accounts and notes receivable, net              | 3,883,433                    | 3,252,945                    | 2,296,646                  |
| Other accounts receivable                             | 301,543                      | 128,983                      | 132,787                    |
| Available-for-sale financial assets                   | 38,132                       | 104,389                      | 126,529                    |
| Financial assets at fair value through profit or loss | 8,927                        | 9,227                        |                            |
| Deposits                                              | 42,522                       | 14,803                       | 14,141                     |
| Derivatives not used for hedging                      | 9,254                        | 2,737                        | 64,223                     |
| Deposits in banks                                     | 1,503,000                    | 2,500,000                    | 2,055,000                  |
| Guarantee deposits with banks                         | 13                           | 13                           | 13                         |
|                                                       | (Won) 6,676,608              | 6,717,421                    | 5,897,125                  |

The maximum exposure to credit risk for receivables at the reporting date by geographic region was as follows:

*(In millions of Won)*

|                     | <b>December 31,<br/>2010</b> | <b>December 31,<br/>2009</b> | <b>January 1,<br/>2009</b> |
|---------------------|------------------------------|------------------------------|----------------------------|
| Domestic            | (Won) 79,275                 | 90,437                       | 53,433                     |
| Euro-zone countries | 713,217                      | 684,972                      | 548,613                    |
| Japan               | 246,753                      | 225,162                      | 174,821                    |
| United States       | 710,026                      | 685,491                      | 295,240                    |
| China               | 1,167,903                    | 735,374                      | 526,430                    |
| Taiwan              | 815,360                      | 502,663                      | 413,883                    |
| Others              | 150,899                      | 328,846                      | 284,226                    |
|                     | (Won) 3,883,433              | 3,252,945                    | 2,296,646                  |

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

## Notes to Financial Statements

For the years ended December 31, 2010 and 2009

13. Financial Instruments, Continued

## (ii) Impairment loss

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

*(In millions of Won)*

|                     | December 31, 2010 |                   | December 31, 2009 |                   | January 1, 2009 |                   |
|---------------------|-------------------|-------------------|-------------------|-------------------|-----------------|-------------------|
|                     | Book Value        | Impairment losses | Book Value        | Impairment losses | Book Value      | Impairment losses |
| Not past due        | (Won) 3,864,433   | (20)              | 3,245,863         | (15)              | 2,255,160       | (226)             |
| Past due 1-15 days  | 10,833            |                   | 3,968             | (3)               | 25,059          | (40)              |
| Past due 16-30 days | 6,098             | (1)               | 124               | (1)               | 4,850           | (15)              |
| Past due 31-60 days | 228               | (1)               | 477               |                   | 345             | (7)               |
| More than 60 days   | 1,865             | (2)               | 2,546             | (14)              | 11,525          | (5)               |
|                     | (Won) 3,883,457   | (24)              | 3,252,978         | (33)              | 2,296,939       | (293)             |

The movement in the allowance for impairment in respect of receivables during the year was as follows:

*(In millions of Won)*

|                                             | 2010     | 2009  |
|---------------------------------------------|----------|-------|
| Balance at the beginning of the year        | (Won) 33 | 293   |
| Reversal of allowance for doubtful accounts | (9)      | (260) |
| Balance at the end of the year              | (Won) 24 | 33    |

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

## Notes to Financial Statements

For the years ended December 31, 2010 and 2009

13. Financial Instruments, Continued

## (b) Liquidity risk

- (i) The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements as of December 31, 2010.

*(In millions of Won)*

|                                                               | Carrying<br>amount | Contractual<br>cash flows | 6 months<br>or less | 6-12<br>months | 1-2years | 2-5 years | More than<br>5 years |
|---------------------------------------------------------------|--------------------|---------------------------|---------------------|----------------|----------|-----------|----------------------|
| <b>Non-derivative financial liabilities</b>                   |                    |                           |                     |                |          |           |                      |
| Secured bank loan                                             | (Won) 56,945       | 61,086                    | 637                 | 637            | 1,274    | 58,538    |                      |
| Unsecured bank loans                                          | 2,406,046          | 2,449,440                 | 1,210,444           | 525,501        | 381,412  | 328,726   | 3,357                |
| Unsecured bond issues                                         | 1,828,494          | 2,067,800                 | 240,236             | 34,936         | 508,674  | 1,283,954 |                      |
| Financial liabilities at fair value<br>through profit or loss | 84,338             | 87,773                    |                     |                | 87,773   |           |                      |
| Trade accounts and notes payables                             | 2,986,383          | 2,986,383                 | 2,986,383           |                |          |           |                      |
| Other accounts payable                                        | 2,373,083          | 2,373,083                 | 2,373,083           |                |          |           |                      |
| Derivative financial liabilities                              |                    |                           |                     |                |          |           |                      |
| Forward exchange contracts not used<br>for hedging:           |                    |                           |                     |                |          |           |                      |
| Inflow                                                        |                    | 489,080                   | 489,080             |                |          |           |                      |
| Outflow                                                       |                    | (488,124)                 | (488,124)           |                |          |           |                      |
|                                                               | (Won) 9,735,289    | 10,026,521                | 6,811,739           | 561,074        | 979,133  | 1,671,218 | 3,357                |

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

- (ii) As of December 31, 2010, there is no derivative designated as a cash flow hedge.

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

## Notes to Financial Statements

For the years ended December 31, 2010 and 2009

13. Financial Instruments, Continued

## (c) Currency risk

## (i) Exposure to currency risk

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

| (In millions)                                              | December 31, 2010 |           |       |     |     |
|------------------------------------------------------------|-------------------|-----------|-------|-----|-----|
|                                                            | USD               | JPY       | TWD   | PLN | EUR |
| Cash and cash equivalents                                  | 389               | 133       |       | 6   |     |
| Trade accounts and notes receivable                        | 3,328             | 4,659     |       |     | 2   |
| Other accounts receivable                                  | 11                | 7         | 3,170 |     |     |
| Available-for-sale financial assets                        | 9                 |           |       |     |     |
| Financial assets at fair value through profit or loss      |                   |           | 228   |     |     |
| Other assets denominated in foreign currencies             | 59                | 72        |       | 67  |     |
| Trade accounts and notes payable                           | (1,618)           | (15,683)  |       |     | (1) |
| Other accounts payable                                     | (45)              | (15,430)  |       |     | (9) |
| Debts                                                      | (1,085)           | (71,889)  |       |     |     |
| Bonds                                                      | (345)             | (9,965)   |       |     |     |
| Financial liabilities at fair value through profit or loss | (74)              |           |       |     |     |
| Gross statement of financial position exposure             | 629               | (108,096) | 3,398 | 73  | (8) |
| Forward exchange contracts                                 | (420)             |           |       |     |     |
| Net exposure                                               | 209               | (108,096) | 3,398 | 73  | (8) |

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

## Notes to Financial Statements

For the years ended December 31, 2010 and 2009

13. Financial Instruments, Continued*(In millions)*

|                                                            | December 31, 2009 |          |       |     |     |
|------------------------------------------------------------|-------------------|----------|-------|-----|-----|
|                                                            | USD               | JPY      | TWD   | PLN | EUR |
| Cash and cash equivalents                                  | 279               | 46       |       | 6   | 1   |
| Trade accounts and notes receivable                        | 2,617             | 3,167    |       |     | 45  |
| Other accounts receivable                                  | 4                 | 11       |       |     |     |
| Available-for-sale financial assets                        | 11                |          | 2,693 |     |     |
| Financial assets at fair value through profit or loss      |                   |          | 253   |     |     |
| Other assets denominated in foreign currencies             |                   | 22       |       |     |     |
| Trade accounts and notes payable                           | (1,326)           | (12,717) |       |     |     |
| Other accounts payable                                     | (145)             | (8,762)  |       |     | (8) |
| Debts                                                      | (1,006)           | (38,382) |       |     |     |
| Financial liabilities at fair value through profit or loss | (599)             |          |       |     |     |
| Gross statement of financial position exposure             | (165)             | (56,615) | 2,946 | 6   | 38  |
| Forward exchange contracts                                 | (175)             |          |       |     |     |
| Net exposure                                               | (340)             | (56,615) | 2,946 | 6   | 38  |

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

## Notes to Financial Statements

For the years ended December 31, 2010 and 2009

13. Financial Instruments, Continued

(In millions)

|                                                            | USD     | January 1, 2009 |       |     |     |
|------------------------------------------------------------|---------|-----------------|-------|-----|-----|
|                                                            |         | JPY             | TWD   | PLN | EUR |
| Cash and cash equivalents                                  | 401     | 5,340           |       | 52  | 3   |
| Trade accounts and notes receivable                        | 1,724   | 2,490           |       |     | 24  |
| Other accounts receivable                                  | 16      | 10              |       |     |     |
| Available-for-sale financial assets                        |         |                 | 3,373 |     |     |
| Other assets denominated in foreign currencies             | 10      |                 |       |     |     |
| Trade accounts and notes payable                           | (513)   | (6,302)         |       |     |     |
| Other accounts payable                                     | (252)   | (39,782)        |       | (1) | (1) |
| Debts                                                      | (1,268) |                 |       |     |     |
| Financial liabilities at fair value through profit or loss | (507)   |                 |       |     |     |
| Gross statement of financial position exposure             | (389)   | (38,244)        | 3,373 | 51  | 26  |
| Forward exchange contracts                                 | (245)   |                 |       |     |     |
| Currency swap                                              | 150     |                 |       |     |     |
| Net exposure                                               | (484)   | (38,244)        | 3,373 | 51  | 26  |

Significant exchange rates applied during the year are as follows:

|     | Average rate |          | Reporting date spot rate |                   |                 |
|-----|--------------|----------|--------------------------|-------------------|-----------------|
|     | 2010         | 2009     | December 31, 2010        | December 31, 2009 | January 1, 2009 |
| USD | 1,156.62     | 1,276.62 | 1,138.90                 | 1,167.60          | 1,257.50        |
| JPY | 13.20        | 13.64    | 13.97                    | 12.63             | 13.94           |
| TWD | 36.71        | 38.62    | 39.08                    | 36.29             | 38.39           |
| EUR | 1,533.33     | 1,774.27 | 1,513.60                 | 1,674.28          | 1,776.22        |
| PLN | 383.99       | 410.69   | 381.77                   | 405.18            | 426.18          |

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

## Notes to Financial Statements

For the years ended December 31, 2010 and 2009

**13. Financial Instruments, Continued**

## (ii) Sensitivity analysis

A weakening of the Won, as indicated below, against the following currencies which comprise the Company's assets or liabilities denominated foreign currency as of December 31, 2010 and 2009, would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Company considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant. The changes in equity and profit (or loss) before tax are as follows:

*(In millions of Won)*

|                           | 2010     |                | 2009     |                |
|---------------------------|----------|----------------|----------|----------------|
|                           | Equity   | Profit or loss | Equity   | Profit or loss |
| USD (5 percent weakening) | 11,902   | 11,389         | (19,849) | (20,491)       |
| JPY (5 percent weakening) | (75,509) | (75,509)       | (35,747) | (35,747)       |
| TWD (5 percent weakening) | 6,640    | 6,640          | 5,346    | 5,346          |
| PLN (5 percent weakening) | 1,393    | 1,393          | 122      | 122            |
| EUR (5 percent weakening) | (605)    | (605)          | 3,181    | 3,181          |

A strengthening of the Won against the above currencies as of December 31, 2010 and 2009 would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

## (d) Interest rate risk

## (i) Profile

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

*(In millions of Won)*

|                                  | December 31,<br>2010 | December 31,<br>2009 | January 1,<br>2009 |
|----------------------------------|----------------------|----------------------|--------------------|
| <b>Fixed rate instruments</b>    |                      |                      |                    |
| Financial assets                 | (Won) 2,527,662      | 3,295,801            | 3,389,315          |
| Financial liabilities            | (1,583,522)          | (1,987,585)          | (2,093,064)        |
|                                  | (Won) 944,140        | 1,308,216            | 1,296,251          |
| <b>Variable rate instruments</b> |                      |                      |                    |
| Financial assets                 | (Won) 67,195         |                      |                    |
| Financial liabilities            | (2,792,301)          | (1,808,717)          | (1,650,975)        |
|                                  | (Won) (2,725,106)    | (1,808,717)          | (1,650,975)        |



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

## Notes to Financial Statements

For the years ended December 31, 2010 and 2009

13. **Financial Instruments, Continued**

## (ii) Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Company does not designate derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. Therefore a change in interest rates at the reporting date would not affect profit or loss.

## (iii) Cash flow sensitivity analysis for variable rate instruments

For the years ended December 31, 2010 and 2009, a change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss before tax by the amounts shown below for the respective following years. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

*(In millions of Won)*

|                             | Equity         |                | Profit or loss |                |
|-----------------------------|----------------|----------------|----------------|----------------|
|                             | 1%<br>increase | 1%<br>decrease | 1%<br>increase | 1%<br>decrease |
| <b>December 31, 2010</b>    |                |                |                |                |
| Variable rate instruments   | (Won) (27,251) | 27,251         | (27,251)       | 27,251         |
| <b>December 31, 2009</b>    |                |                |                |                |
| Variable rate instruments   | (Won) (18,087) | 18,087         | (18,087)       | 18,087         |
| Interest rate swap          | 592            | (592)          | 592            | (592)          |
| Cash flow sensitivity (net) | (Won) (17,495) | 17,495         | (17,495)       | 17,495         |

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

## Notes to Financial Statements

For the years ended December 31, 2010 and 2009

13. Financial Instruments, Continued

## (e) Fair values

## (i) Fair values versus carrying amounts

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

*(In millions of Won)*

|                                                            | December 31, 2010   |                | December 31, 2009   |                | January 1, 2009     |                |
|------------------------------------------------------------|---------------------|----------------|---------------------|----------------|---------------------|----------------|
|                                                            | Carrying<br>amounts | Fair<br>values | Carrying<br>amounts | Fair<br>values | Carrying<br>amounts | Fair<br>values |
| <b>Assets carried at fair value</b>                        |                     |                |                     |                |                     |                |
| Available-for-sale financial assets                        | (Won) 38,132        | 38,132         | 104,389             | 104,389        | 126,529             | 126,529        |
| Financial assets at fair value through profit or loss      | 8,927               | 8,927          | 9,227               | 9,227          |                     |                |
| Interest rate swaps                                        |                     |                | 63                  | 63             |                     |                |
| Cross currency swap                                        |                     |                |                     |                | 39,649              | 39,649         |
| Other forward exchange contracts                           | 9,254               | 9,254          | 2,674               | 2,674          | 24,574              | 24,574         |
|                                                            | (Won) 56,313        | 56,313         | 116,353             | 116,353        | 190,752             | 190,752        |
| <b>Assets carried at amortized cost</b>                    |                     |                |                     |                |                     |                |
| Cash and cash equivalents                                  | (Won) 889,784       | 889,784        | 704,324             | 704,324        | 1,207,786           | 1,207,786      |
| Trade accounts and notes receivable                        | 3,883,433           | 3,883,433      | 3,252,945           | 3,252,945      | 2,296,646           | 2,296,646      |
| Other accounts receivable                                  | 301,543             | 301,543        | 128,983             | 128,983        | 132,787             | 132,787        |
| Deposits in banks                                          | 1,503,000           | 1,503,000      | 2,500,000           | 2,500,000      | 2,055,000           | 2,055,000      |
| Deposits                                                   | 42,522              | 42,522         | 14,803              | 14,803         | 14,141              | 14,141         |
| Others                                                     | 13                  | 13             | 13                  | 13             | 12,770              | 12,770         |
|                                                            | (Won) 6,620,295     | 6,620,295      | 6,601,068           | 6,601,068      | 5,719,130           | 5,719,130      |
| <b>Liabilities carried at fair value</b>                   |                     |                |                     |                |                     |                |
| Financial liabilities at fair value through profit or loss | (Won) 84,338        | 84,338         | 699,861             | 699,861        | 637,040             | 637,040        |
| Interest rate swaps                                        |                     |                | 3,761               | 3,761          | 8,017               | 8,017          |
| Cross currency swap                                        |                     |                |                     |                | 6,576               | 6,576          |
| Other forward exchange contracts                           | 956                 | 956            |                     |                | 4,051               | 4,051          |
|                                                            | (Won) 85,294        | 85,294         | 703,622             | 703,622        | 655,684             | 655,684        |
| <b>Liabilities carried at amortized cost</b>               |                     |                |                     |                |                     |                |
| Secured bank loans                                         | (Won) 56,945        | 56,945         |                     |                |                     |                |
| Unsecured bank loans                                       | 2,406,046           | 2,405,690      | 2,008,716           | 2,011,540      | 1,660,825           | 1,660,808      |
| Unsecured bond issues                                      | 1,828,494           | 1,859,102      | 1,087,724           | 1,101,201      | 1,446,174           | 1,407,646      |
| Trade accounts and notes payable                           | 2,986,383           | 2,986,383      | 2,014,909           | 2,014,909      | 951,975             | 951,975        |
| Other accounts payable                                     | 2,373,083           | 2,373,083      | 1,392,811           | 1,392,811      | 2,205,092           | 2,205,092      |

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

|                 |           |           |           |           |           |
|-----------------|-----------|-----------|-----------|-----------|-----------|
| (Won) 9,650,951 | 9,681,203 | 6,504,161 | 6,520,461 | 6,264,066 | 6,225,521 |
|-----------------|-----------|-----------|-----------|-----------|-----------|

The basis for determining fair values is disclosed in note 4.

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

## Notes to Financial Statements

For the years ended December 31, 2010 and 2009

13. Financial Instruments, Continued

## (ii) Interest rates used for determining fair value

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

|                                  | December 31,<br>2010 | December 31,<br>2009 | January 1,<br>2009 |
|----------------------------------|----------------------|----------------------|--------------------|
| Derivatives                      | 3.31%                | 3.78%                | 5.59%              |
| Debentures, loans and borrowings | 3.58%                | 3.75%                | 6.33%              |

## (iii) Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

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

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

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

| <i>(In millions of Won)</i>                                |       | Level 1  | Level 2 | Level 3 | Total    |
|------------------------------------------------------------|-------|----------|---------|---------|----------|
| <b>December 31, 2010</b>                                   |       |          |         |         |          |
| Available-for-sale financial assets                        | (Won) | 12,047   |         | 26,085  | 38,132   |
| Financial assets at fair value through profit or loss      |       | 8,927    |         |         | 8,927    |
| Derivative financial assets                                |       |          | 9,254   |         | 9,254    |
|                                                            | (Won) | 20,974   | 9,254   | 26,085  | 56,313   |
| Derivative financial liabilities                           |       |          | (956)   |         | (956)    |
| Financial liabilities at fair value through profit or loss |       | (84,338) |         |         | (84,338) |
|                                                            | (Won) | (84,338) | (956)   |         | (85,294) |

| <i>(In millions of Won)</i>                           |       | Level 1 | Level 2 | Level 3 | Total   |
|-------------------------------------------------------|-------|---------|---------|---------|---------|
| <b>December 31, 2009</b>                              |       |         |         |         |         |
| Available-for-sale financial assets                   | (Won) | 12,995  |         | 91,394  | 104,389 |
| Financial assets at fair value through profit or loss |       |         |         | 9,227   | 9,227   |
| Derivative financial assets                           |       |         | 2,737   |         | 2,737   |

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

|                                                            |       |           |         |         |           |
|------------------------------------------------------------|-------|-----------|---------|---------|-----------|
|                                                            | (Won) | 12,995    | 2,737   | 100,621 | 116,353   |
| Derivative financial liabilities                           | (Won) |           | (3,761) |         | (3,761)   |
| Financial liabilities at fair value through profit or loss |       | (699,861) |         |         | (699,861) |
|                                                            | (Won) | (699,861) | (3,761) |         | (703,622) |

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

## Notes to Financial Statements

For the years ended December 31, 2010 and 2009

13. Financial Instruments, Continued*(In millions of Won)*

|                                                            | Level 1         | Level 2  | Level 3 | Total     |
|------------------------------------------------------------|-----------------|----------|---------|-----------|
| <b>January 1, 2009</b>                                     |                 |          |         |           |
| Available-for-sale financial assets                        | (Won) 74        |          | 126,455 | 126,529   |
| Derivative financial assets                                |                 | 64,223   |         | 64,223    |
|                                                            | (Won) 74        | 64,223   | 126,455 | 190,752   |
| Derivative financial liabilities                           | (Won)           | (18,644) |         | (18,644)  |
| Financial liabilities at fair value through profit or loss | (637,040)       |          |         | (637,040) |
|                                                            | (Won) (637,040) | (18,644) |         | (655,684) |

The derivative financial assets and liabilities are classified as Level 2 since all significant inputs to compute the fair value of the over-the-counter derivatives were observable.

In order to determine the fair value of Level 3 instruments, management used a valuation technique in which all significant inputs were based on unobservable market data. The fair values of the Level 3 instruments have been computed using binominal tree model considering the financial conditions of the invested companies and by discounting estimated cash flows from stock using yield rate that reflects invested companies' credit risks. Since the financial assets at fair value through profit or loss of Level 3 became tradable in an active market this year, the level of the financial asset has changed from level 3 to level 1 in 2010.

Changes in Level 3 instruments for the years ended December 31, 2010 and 2009 are as follows:

|                                                       | January 1,<br>2010 | Purchases,<br>disposal<br>and<br>others | Net<br>realized/unrealized<br>gains included in<br>Profit or<br>loss | Other<br>comprehensive<br>income | Transfer<br>to<br>other<br>level | December 31,<br>2010 |
|-------------------------------------------------------|--------------------|-----------------------------------------|----------------------------------------------------------------------|----------------------------------|----------------------------------|----------------------|
| <b>December 31, 2010</b>                              |                    |                                         |                                                                      |                                  |                                  |                      |
| Available-for-sale financial assets                   | (Won) 91,394       | (56,548)                                | (380)                                                                | (8,381)                          |                                  | 26,085               |
| Financial assets at fair value through profit or loss | 9,227              |                                         | (300)                                                                |                                  | (8,927)                          |                      |

*(In millions of Won)*

|                          | January 1,<br>2009 | Purchases,<br>disposal<br>and<br>others | Net<br>realized/unrealized<br>gains included in<br>Profit or<br>loss | Other<br>comprehensive<br>income | Transfer<br>to<br>other<br>level | December 31,<br>2009 |
|--------------------------|--------------------|-----------------------------------------|----------------------------------------------------------------------|----------------------------------|----------------------------------|----------------------|
| <b>December 31, 2010</b> |                    |                                         |                                                                      |                                  |                                  |                      |

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

|                                                       |               |         |          |        |
|-------------------------------------------------------|---------------|---------|----------|--------|
| Available-for-sale financial assets                   | (Won) 126,455 | (6,658) | (28,403) | 91,394 |
| Financial assets at fair value through profit or loss |               | 7,628   | 1,599    | 9,227  |

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

## Notes to Financial Statements

For the years ended December 31, 2010 and 2009

**14. Financial Liabilities**

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

| <i>(In millions of Won)</i>             | <b>December 31,<br/>2010</b> | <b>December 31,<br/>2009</b> | <b>January 1,<br/>2009</b> |
|-----------------------------------------|------------------------------|------------------------------|----------------------------|
| <b>Current</b>                          |                              |                              |                            |
| Short-term borrowings                   | (Won) 1,092,579              | 736,518                      | 601,068                    |
| Current portion of long-term debt       | 812,577                      | 405,376                      | 498,652                    |
| Current portion of convertible bonds    |                              | 699,861                      |                            |
| Derivatives not used for hedging        | 956                          | 3,761                        | 16,048                     |
|                                         | (Won) 1,906,112              | 1,845,516                    | 1,115,768                  |
| <b>Non-current</b>                      |                              |                              |                            |
| Won denominated borrowings              | (Won) 19,143                 | 339,922                      | 25,881                     |
| Foreign currency denominated borrowings | 738,692                      | 916,566                      | 993,425                    |
| Bonds                                   | 1,628,494                    | 698,059                      | 987,973                    |
| Convertible bonds                       | 84,338                       |                              | 637,040                    |
| Derivatives not used for hedging        |                              |                              | 2,596                      |
|                                         | (Won) 2,470,667              | 1,954,547                    | 2,646,915                  |

Above financial liabilities, except for convertible bonds which are designated as financial liabilities at fair value through profit or loss and derivative liabilities, are measured at amortized cost.

(b) Short-term borrowings at the reporting date are as follows:

*(In millions of Won, USD and JPY)*

| <b>Lender</b>                         | <b>Annual interest<br/>rate as of<br/>December 31,<br/>2010 (*1)</b> | <b>December 31,<br/>2010</b> | <b>December 31,<br/>2009</b> | <b>January 1,<br/>2009</b> |
|---------------------------------------|----------------------------------------------------------------------|------------------------------|------------------------------|----------------------------|
| Korea Development Bank and others(*2) | LIBOR+0.75%                                                          | (Won) 12,139                 | 229,787                      | 601,068                    |
| Shinhan Bank and others               | 3ML+1.6%                                                             | 97,796                       | 189,423                      |                            |
|                                       | 6ML+0.65~0.9%                                                        | 545,419                      | 220,140                      |                            |
| Bank of Tokyo-Mitsubishi              | 3ML+1.0%                                                             | 69,854                       | 63,141                       |                            |
| UFJ                                   | 6ML+1.2%                                                             | 69,854                       |                              |                            |
| Mizuho Bank                           | 3ML+1.1%                                                             | 55,574                       |                              |                            |
| Bank of China                         | 6ML+0.65%                                                            | 41,943                       |                              |                            |
| Korea Exchange Bank and others        | 6ML+1.18%                                                            |                              | 34,027                       |                            |
| Woori Bank                            | 5.13%                                                                | 200,000                      |                              |                            |

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

|                             |                 |           |         |
|-----------------------------|-----------------|-----------|---------|
| Foreign currency equivalent |                 | USD216    | USD478  |
|                             | JPY63,889       | JPY38,383 |         |
|                             | (Won) 1,092,579 | 736,518   | 601,068 |

(\*1) ML represents Month LIBOR (London Inter-Bank Offered Rates).

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

## Notes to Financial Statements

For the years ended December 31, 2010 and 2009

**14. Financial Liabilities, Continued**

(\*2) The amount of current and outstanding trade accounts and notes receivable, arising from export sales to the Company's subsidiaries, sold to financial institutions is JPY869 million ((Won)12,139 million) as of December 31, 2010. The proceeds from the sale of these accounts receivable current and outstanding are recorded as short-term borrowings. For the year ended December 31, 2010, the Company recognized (Won)603 million as interest expense in relation to the short-term borrowings resulting from the sale of accounts receivable from the subsidiaries.

(c) Long-term debt at the reporting date is as follows:

(In millions of Won, USD and JPY)

| <b>Lender</b>                          | <b>Annual interest<br/>rate as of<br/>December 31, 2010</b> | <b>December 31,<br/>2010</b> | <b>December 31,<br/>2009</b> | <b>January 1,<br/>2009</b> |
|----------------------------------------|-------------------------------------------------------------|------------------------------|------------------------------|----------------------------|
| <b>Local currency loans</b>            |                                                             |                              |                              |                            |
| The Export-Import Bank of Korea        | 6.08%                                                       | (Won)                        |                              | 9,850                      |
| Shinhan Bank                           | 3-year Korean<br>Treasury Bond<br>rate less 1.25%           | 16,008                       | 18,380                       | 18,982                     |
| Korea Development Bank                 | KDBBIR+0.77%                                                |                              | 7,500                        | 37,500                     |
|                                        | KDBBIR+3.29%                                                |                              | 120,000                      |                            |
|                                        | 5.43%                                                       |                              | 200,000                      |                            |
| Woori Bank                             | 3-year Korean<br>Treasury Bond<br>rate less 1.25%           | 4,048                        | 3,914                        |                            |
|                                        | 2.75%                                                       | 2,883                        |                              |                            |
| Less current portion of long-term debt |                                                             | (3,796)                      | (9,872)                      | (40,451)                   |
|                                        |                                                             | (Won) 19,143                 | 339,922                      | 25,881                     |
| <b>Foreign currency loans</b>          |                                                             |                              |                              |                            |
| The Export-Import Bank of Korea        | 6ML+0.69%                                                   | (Won) 51,251                 | 58,380                       | 62,875                     |
|                                        | 6ML+1.78%                                                   | 56,945                       |                              |                            |
| Korea Development Bank                 | 3ML+0.66~2.79%                                              | 271,212                      | 163,465                      | 176,050                    |
| Kookmin Bank and others                | 3ML+0.35~0.53%                                              | 455,560                      | 467,040                      | 503,000                    |
|                                        | 6ML+0.41%                                                   | 227,780                      | 233,520                      | 251,500                    |
| Sumitomo Bank Ltd.                     | 3ML+1.80%                                                   | 284,725                      |                              |                            |
| Foreign currency equivalent            |                                                             | USD 1,085                    | USD 790                      | USD 790                    |
|                                        |                                                             | JPY 8,000                    |                              |                            |
| Less current portion of long-term debt |                                                             | (608,781)                    | (5,839)                      |                            |
|                                        |                                                             | (Won) 738,692                | 916,566                      | 993,425                    |

(\*) KDBBIR represents Korea Development Bank Benchmark Interest Rates.

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

## Notes to Financial Statements

For the years ended December 31, 2010 and 2009

14. Financial Liabilities, Continued

(d) Details of the Company's debentures issued and outstanding at the reporting date are as follows:

*(In millions of Won and USD)*

|                                                                       | Maturity       | Annual<br>interest<br>rate as of<br>December 31,<br>2010 | December 31,<br>2010 | December 31,<br>2009 | January 1,<br>2009 |
|-----------------------------------------------------------------------|----------------|----------------------------------------------------------|----------------------|----------------------|--------------------|
| <b>Local currency debentures(*)</b>                                   |                |                                                          |                      |                      |                    |
| Publicly issued debentures                                            | November 2012~ | 4.77~                                                    |                      |                      |                    |
|                                                                       | December 2015  | 5.89%                                                    | (Won) 1,100,000      | 890,000              | 850,000            |
| Privately issued debentures                                           | May 2011       | 5.30%                                                    | 200,000              | 200,000              | 600,000            |
| Less discount on debentures                                           |                |                                                          | (3,699)              | (2,276)              | (3,826)            |
| Less current portion of debentures                                    |                |                                                          | (200,000)            | (389,665)            | (458,201)          |
|                                                                       |                |                                                          | (Won) 1,096,301      | 698,059              | 987,973            |
| <b>Foreign currency debentures</b>                                    |                |                                                          |                      |                      |                    |
| Floating-rate bonds                                                   | August 2012~   | 3ML+1.80                                                 |                      |                      |                    |
|                                                                       | April 2013     | ~2.40%                                                   | (Won) 538,323        |                      |                    |
| Foreign currency equivalent                                           |                |                                                          | USD350<br>JPY10,000  |                      |                    |
| Less discount on bonds                                                |                |                                                          | (6,130)              |                      |                    |
|                                                                       |                |                                                          | (Won) 532,193        |                      |                    |
| <b>Financial liabilities at fair value through<br/>profit or loss</b> |                |                                                          |                      |                      |                    |
| Convertible bonds                                                     | April 2012     | Zero<br>coupon                                           | (Won) 84,338         | 699,861              | 637,040            |
| Foreign currency equivalent                                           |                |                                                          | USD74                | USD599               | USD507             |
| Less current portion of convertible bonds                             |                |                                                          |                      | (699,861)            |                    |
|                                                                       |                |                                                          | (Won) 84,338         |                      | 637,040            |

|       |           |         |           |
|-------|-----------|---------|-----------|
| (Won) | 1,712,832 | 698,059 | 1,625,013 |
|-------|-----------|---------|-----------|

- (\*) Principal of the local currency debentures is to be repaid at maturity and interests are paid quarterly. The Company redeemed local currency debentures with their face value amounting to (Won)390,000 million and issued new publicly and privately issued debentures amounting to (Won)600,000 million, JPY10,000 million and USD350 million for the year ended December 31, 2010.

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

## Notes to Financial Statements

For the years ended December 31, 2010 and 2009

14. **Financial Liabilities, Continued**

(e) Details of the convertible bonds are as follows:

|                                             | <b>Terms and Conditions</b>  |
|---------------------------------------------|------------------------------|
| Issue date                                  | April 18, 2007               |
| Maturity date                               | April 18, 2012               |
| Conversion period                           | April 19, 2008~April 3, 2012 |
| Coupon interest rate                        | 0%                           |
| Conversion price (in Won) per share         | (Won)48,075                  |
| Issued amount                               | USD550 million               |
| Residual amount after put options exercised | USD66 million                |
| Fair value as of December 31, 2010          | USD74 million                |
| Amount at maturity                          | USD77 million                |

The Company designated foreign currency denominated convertible bonds as financial liabilities at fair value through profits or loss at transition date to K-IFRSs from its previous GAAP (generally accepted accounting principles) and recognizes the convertible bonds at fair value with changes in fair value recognized in profit or loss.

The bonds will be repaid at 116.77% of the principal amount at maturity unless the bonds are converted. During the year ended December 31, 2010, put options attached to the convertible bonds amounting to USD 484 million were exercised and the Company repaid USD 531 million for the convertible bonds at 109.75% of the principal amount. Put options not exercised were expired.

The Company measured the convertible bonds at their fair value using the market quotes available at Bloomberg and it was assumed that the remaining convertible bonds will be repaid in full at maturity and they were reclassified as non-current liabilities.

The Company is entitled to exercise a call option after three years from the date of issue at the amount of the principal and interest, calculated at 3.125% of the annual yield to maturity, from the issue date to the repayment date. The call option can be exercised only when the market price of the common shares on each of 20 trading days in 30 consecutive trading days ending on the trading day immediately prior to the date upon which notice of such redemption is published exceeds at least 130% of the conversion price. In addition, in the event that at least 90% of the initial principal amount of the bonds has been redeemed, converted, or purchased and cancelled, the remaining bonds may also be redeemed, at the Company's option, at the amount of the principal and interest (3.125% per annum) from the date of issue to the repayment date prior to their maturity.

Based on the terms and conditions of the bond, the conversion price was decreased from (Won)48,251 to (Won)48,075 per share due to the Company's declaration of cash dividends of (Won)500 per share for the year ended December 31, 2009.

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

## Notes to Financial Statements

For the years ended December 31, 2010 and 2009

14. Financial Liabilities, Continued

At the reporting date, the number of common shares to be issued if the outstanding convertible bonds are fully converted is as follows:

| <i>(In Won and share)</i>  | <b>December 31,<br/>2010</b> | <b>December 31,<br/>2009</b> | <b>January 1,<br/>2009</b> |
|----------------------------|------------------------------|------------------------------|----------------------------|
| Convertible bonds (*)      | (Won) 61,617,600,000         | 513,480,000,000              | 513,480,000,000            |
| Conversion price           | (Won) 48,075                 | 48,251                       | 48,760                     |
| Common shares to be issued | 1,281,697                    | 10,641,851                   | 10,530,762                 |

(\*) The exchange rate for the conversion is fixed at (Won)933.6 to USD1. The face value of the convertible bonds amounted to USD66 million and USD550 million as of December 31, 2010 and 2009, respectively.

(f) Aggregate maturities of the Company's financial liabilities as of December 31, 2010 are as follows:

*(In millions of Won)*

| <b>Period</b> | <b>Local currency<br/>long-term debt</b> | <b>Foreign currency<br/>long term debt</b> | <b>Local<br/>currency<br/>debentures</b> | <b>Foreign<br/>currency<br/>debentures</b> | <b>Total</b> |
|---------------|------------------------------------------|--------------------------------------------|------------------------------------------|--------------------------------------------|--------------|
| Within 1 year | (Won) 3,796                              | 608,781                                    | 200,000                                  |                                            | 812,577      |
| 1~5 year      | 15,945                                   | 738,692                                    | 1,628,494                                | 84,338                                     | 2,467,469    |
| Thereafter    | 3,198                                    |                                            |                                          |                                            | 3,198        |
|               | (Won) 22,939                             | 1,347,473                                  | 1,828,494                                | 84,338                                     | 3,283,244    |

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

## Notes to Financial Statements

For the years ended December 31, 2010 and 2009

**15. The Nature of Expenses and Others**

The classification of expenses by nature for the years ended December 31, 2010 and 2009 is as follows:

*(In millions of Won)*

|                                          | <b>2010</b>      | <b>2009</b> |
|------------------------------------------|------------------|-------------|
| Changes in inventories                   | (Won) (473,660)  | (404,802)   |
| Purchase of raw material and merchandise | 14,442,623       | 12,981,996  |
| Depreciation and amortization            | 2,649,041        | 2,628,810   |
| Labor cost                               | 1,663,024        | 1,234,669   |
| Supplies and others                      | 997,753          | 740,821     |
| Outsourcing fee                          | 2,837,211        | 786,702     |
| Shipping costs                           | 223,945          | 237,877     |
| Utility expense                          | 436,085          | 340,799     |
| Fees and commissions                     | 286,532          | 261,123     |
| A/S expenses                             | 184,908          | 115,619     |
| Others                                   | 664,550          | 410,882     |
|                                          | (Won) 23,912,012 | 19,334,496  |

Total expenses, except exchange differences, consist of cost of sales, selling, administrative, research and development expenses and others).

For the year ended December 31, 2010, other income and other expenses contained exchange differences amounting to (Won)929,703 million and (Won)1,035,080 million, respectively (year ended December 31, 2009: (Won)1,173,439 million and (Won)994,683 million, respectively).

**16. Selling and Administrative Expenses**

Details of selling and administrative expenses for the years ended December 31, 2010 and 2009 are as follows:

*(In millions of Won)*

|                                          | <b>2010</b>   | <b>2009</b> |
|------------------------------------------|---------------|-------------|
| Salaries                                 | (Won) 132,562 | 101,838     |
| Expenses related to defined benefit plan | 13,628        | 8,191       |
| Other employee benefit                   | 29,560        | 21,711      |
| Shipping costs                           | 145,069       | 168,577     |
| Fees and commissions                     | 46,504        | 42,686      |
| Depreciation                             | 129,586       | 35,014      |
| Taxes and dues                           | 2,086         | 2,156       |
| Advertising                              | 87,868        | 59,485      |
| Sales promotion                          | 6,968         | 7,728       |
| A/S expenses                             | 171,638       | 122,845     |
| Others                                   | 154,070       | 103,004     |



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

## Notes to Financial Statements

For the years ended December 31, 2010 and 2009

**17. Employee Benefits**

The Company maintains a defined benefit plan that provides a lump-sum payment to an employee based on final salary rates and length of service at the time the employee leaves the Company. Current severance pay scheme, if legal requirements are satisfied, allows interim settlement upon election. Subsequent to the interim settlement, service term used for severance payment calculation is remeasured from the settlement date.

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

| <i>(In millions of Won)</i>                                   | <b>December 31,<br/>2010</b> | <b>December 31,<br/>2009</b> | <b>January 1,<br/>2009</b> |
|---------------------------------------------------------------|------------------------------|------------------------------|----------------------------|
| Present value of partially funded defined benefit obligations | (Won) 360,231                | 260,029                      | 206,611                    |
| Fair value of plan assets                                     | (281,825)                    | (175,869)                    | (131,301)                  |
|                                                               | (Won) 78,406                 | 84,160                       | 75,310                     |

(b) Changes in the present value of the defined benefit obligations for the years ended December 31, 2010 and 2009 are as follows:

| <i>(In millions of Won)</i>                       | <b>2010</b>   | <b>2009</b> |
|---------------------------------------------------|---------------|-------------|
| Opening defined benefit obligations               | (Won) 260,029 | 206,611     |
| Current service cost                              | 87,757        | 63,130      |
| Interest cost                                     | 14,711        | 14,731      |
| Actuarial losses on plan liabilities (before tax) | (2,983)       | 20,386      |
| Benefit payment                                   | (13,866)      | (46,472)    |
| Transfers from related parties                    | 1,805         | 1,643       |
| Past service cost(*)                              | 12,778        |             |
| Closing defined benefit obligations               | (Won) 360,231 | 260,029     |

(\*) The Company adopted a defined benefit plan at date of January 2, 2010 and recognized all past service immediately. Defined benefit obligations are discounted using the rates of high quality corporate bonds.

(c) Changes in fair value of plan assets for the years ended December 31, 2010 and 2009 are as follows:

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

(In millions of Won)

|                                                   | 2010          | 2009     |
|---------------------------------------------------|---------------|----------|
| Opening fair value of plan assets                 | (Won) 175,869 | 131,301  |
| Expected return on plan assets                    | 12,946        | 4,911    |
| Actuarial gains on plan assets (before tax)       | 1,497         | 1,495    |
| Contributions by employer directly to plan assets | 100,000       | 63,000   |
| Contributions directly from employer cash flow    | 5,379         | 21,634   |
| Benefit payment                                   | (13,866)      | (46,472) |
| Closing fair value of scheme assets               | (Won) 281,825 | 175,869  |

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

## Notes to Financial Statements

For the years ended December 31, 2010 and 2009

17. Employee Benefits. Continued

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

| <i>(In millions of Won)</i>         | <b>December 31,<br/>2010</b> | <b>December 31,<br/>2009</b> | <b>January 1,<br/>2009</b> |
|-------------------------------------|------------------------------|------------------------------|----------------------------|
| Deposits with financial institution | (Won) 281,825                | 175,869                      | 131,301                    |

(e) Expenses recognized in profit and loss for the years ended December 31, 2010 and 2009 are as follows:

| <i>(In millions of Won)</i>    | <b>2010</b>   | <b>2009</b> |
|--------------------------------|---------------|-------------|
| Current service cost           | (Won) 87,757  | 63,130      |
| Interest cost                  | 14,711        | 14,731      |
| Expected return on plan assets | (12,946)      | (4,911)     |
| Past service cost              | 12,778        |             |
|                                | (Won) 102,300 | 72,950      |

The expense is recognized in the following line items in the statement of comprehensive income.

| <i>(In millions of Won)</i>       | <b>2010</b>   | <b>2009</b> |
|-----------------------------------|---------------|-------------|
| Cost of sales                     | (Won) 81,225  | 60,202      |
| Selling expenses                  | 6,097         | 3,707       |
| Administrative expenses           | 7,531         | 4,484       |
| Research and development expenses | 7,447         | 4,557       |
|                                   | (Won) 102,300 | 72,950      |

(f) Cumulative amount of actuarial gain and loss recognized in other comprehensive income is as follows:

| <i>(In millions of Won)</i>      | <b>2010</b>    | <b>2009</b> |
|----------------------------------|----------------|-------------|
| Cumulative amount at January 1.  | (Won) (14,406) |             |
| Recognized during the period     | 3,166          | (14,406)    |
| Cumulative amount at December 31 | (Won) (11,240) | (14,406)    |

The defined benefit obligations are initially recognized at January 1, 2009 by actuarial calculation on the first time adoption of K-IFRS.

(e) Principal actuarial assumptions for the reporting period (expressed as weighted averages) are as follows:

|                                               | December 31,<br>2010 | December 31,<br>2009 | January 1,<br>2009 |
|-----------------------------------------------|----------------------|----------------------|--------------------|
| Expected rate of salary increase              | 5.6%                 | 7.0%                 | 7.0%               |
| Discount rate for defined benefit obligations | 5.5%                 | 5.9%                 | 7.1%               |
| Expected long-term rate of return on assets   | 4.4%                 | 6.7%                 | 3.7%               |

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

## Notes to Financial Statements

For the years ended December 31, 2010 and 2009

17. Employee Benefits. Continued

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

|              |         | December 31,<br>2010 | December 31,<br>2009 | January 1,<br>2009 |
|--------------|---------|----------------------|----------------------|--------------------|
| The twenties | Males   | 0.02%                | 0.07%                | 0.07%              |
|              | Females | 0.01%                | 0.04%                | 0.04%              |
| The thirties | Males   | 0.02%                | 0.08%                | 0.08%              |
|              | Females | 0.01%                | 0.04%                | 0.04%              |
| The forties  | Males   | 0.04%                | 0.16%                | 0.16%              |
|              | Females | 0.02%                | 0.07%                | 0.07%              |
| The fifties  | Males   | 0.09%                | 0.44%                | 0.44%              |
|              | Females | 0.05%                | 0.16%                | 0.16%              |

The overall expected long-term rate of return on assets is 4.4 percent. The expected long-term rate of return is based on the portfolio as a whole and not on the sum of the returns on individual asset categories.

18. Other Liabilities

Other liabilities at the reporting date are as follows:

(In millions of Won)

|                                  | December 31,<br>2010 | December 31,<br>2009 | January 1,<br>2009 |
|----------------------------------|----------------------|----------------------|--------------------|
| <b>Current liabilities</b>       |                      |                      |                    |
| Advances received                | (Won) 57,498         | 27,830               | 10,669             |
| Withholdings                     | 17,284               | 16,820               | 15,486             |
| Share-based payment liabilities  | 473                  | 315                  | 114                |
|                                  | (Won) 75,255         | 44,965               | 26,269             |
| <b>Non-current liabilities</b>   |                      |                      |                    |
| Long-term other accounts payable | (Won) 314,290        | 466,273              | 462,816            |
| Long-term accrued expenses       | 16,031               | 7,615                |                    |
|                                  | (Won) 330,321        | 473,888              | 462,816            |



**Table of Contents**

**LG DISPLAY CO., LTD.**

Notes to Financial Statements

For the years ended December 31, 2010 and 2009

19. Commitments

**Factoring and securitization of accounts receivable**

The Company has agreements with Korea Exchange Bank and several other banks for accounts receivable sales negotiating facilities of up to an aggregate of USD1,425 million ((Won)1,622,933 million) in connection with its export sales transactions. As of December 31, 2010, accounts and notes receivable amounting to JPY869 million ((Won)12,139 million) were sold but are not past due.

In October 2006, LG Display America, Inc., LG Display Germany GmbH, LG Display Shanghai Co., Ltd. and others entered into a five-year accounts receivable selling program with Standard Chartered Bank on a revolving basis, of up to USD600 million ((Won)683,340 million). The Company joined this program in April 2007. For the year ended December 31, 2010, no accounts and notes receivable were sold under this program.

The Company has a credit facility agreement with Shinhan Bank pursuant to which the Company could negotiate its accounts receivables with Shinhan Bank up to an aggregate of (Won)50,000 million in connection with its domestic sales transactions. Since August 2010, the Company has entered into an accounts receivable selling program of up to USD100 million ((Won)113,890 million) with Citibank, N.A. As of December 31, 2010, no accounts and notes receivable are current and outstanding in connection with the accounts and notes receivable sold by the Company. In connection with the contracts above, the Company has sold its accounts receivable without recourse.

**Letters of credit**

As of December 31, 2010, the Company has agreements with Korea Exchange Bank in relation to the opening of letters of credit up to USD110 million ((Won)125,279 million), USD20 million ((Won)22,778 million) with China Construction Bank, USD210 million ((Won)239,169 million) with Shinhan Bank, JPY14,154 million ((Won)197,743million) with Woori Bank, USD80 million ((Won)91,112 million) with Bank of China, USD104 million ((Won)118,446 million) with Hana Bank, respectively, and JPY11,598 million ((Won)162,027 million) with Sumitomo Mitsui Banking Corporation.

**Payment guarantees**

The Company receives a payment guarantee amounting to USD8.5 million ((Won)9,681 million) from Royal Bank of Scotland in connection with value added tax payments in Poland. As of December 31, 2010, the Company is providing a payment guarantee to a syndicate of banks including Kookmin Bank and Societe Generale in connection with a EUR48 million ((Won)73,351 million) term loan credit facility of LG Display Poland Sp. zo. o. LG Display Poland Sp. zo. o. is provided with a payment guarantee amounting to PLN250 million ((Won)95,443 million) by Nordea Bank and others for the Simplified Procedure (deferral of VAT payment), and the Company provides payment guarantee to Nordea Bank and others in connection with their payment guarantee. In addition, the Company provides payment guarantees in connection with LG Display Singapore Ltd. s and other subsidiaries term loan credit facilities with an aggregate amount of USD17 million ((Won)19,361 million) for principals and related interests.

**License agreements**

As of December 31, 2010, in relation to its TFT-LCD business, the Company has technical license agreements with Hitachi Display, Ltd. and others and has a trademark license agreement with LG Corp.

## **Table of Contents**

### **LG DISPLAY CO., LTD.**

#### Notes to Financial Statements

For the years ended December 31, 2010 and 2009

#### 19. Commitments, Continued

##### Long-term supply agreement

In January 2009, April and December 2010, the Company entered into long-term supply agreements with Apple, Inc. to supply LCD panels for five years, respectively. In connection with the agreements, the Company received a long-term advance of USD830 million ((Won)945,287 million) from Apple, Inc., in aggregate which will offset against outstanding accounts receivable balance after a given period of time, as well as those arising from the supply of products thereafter. The Company received a payment guarantee amounting to USD200 million ((Won)227,780 million) from Industrial Bank of Korea relating to a long-term advances received from Apple, Inc.

##### Pledged Assets

The Company pledged a part of its OLED machinery to the Export-Import Bank of Korea regarding the loan of credit up to USD50 million((Won)56,945 million).

#### 20. Contingencies

##### Patent infringement lawsuit against Chi Mei Optoelectronics Corp., and others

On December 1, 2006, the Company filed a complaint in the United States District Court for the District of Delaware against Chi Mei Optoelectronics Corp. and AU Optronics Corp. claiming infringement of patents related to liquid crystal displays and the manufacturing processes for TFT-LCDs. On March 8, 2007, AU Optronics Corp. filed a counter-claim against the Company in the United States District Court for the Western District of Wisconsin for alleged infringement of patents related to the manufacturing processes for TFT-LCDs but the suit was transferred to the United States District Court for the District of Delaware on May 30, 2007. On May 4, 2007, Chi Mei Optoelectronics Corp. filed a counter-claim against the Company for patent infringement in the United States District Court for the Eastern District of Texas, but the suit was transferred to the United States District Court for the District of Delaware (the Court) on March 31, 2008.

The Court bifurcated the trial between AU Optronics Corp. and Chi Mei Optoelectronics Corp. holding the first trial against AU Optronics Corp. on June 2, 2009. Although the Company had a total of nine patents to be tried and AU Optronics Corp. had a total of seven patents to be tried in the first trial against AU Optronics Corp., the trial was further bifurcated so that only four patents from each side were tried. On February 16, 2010, the Court found that the four AU Optronics Corp. patents were valid and were infringed by the Company, and on April 30, 2010, the Court further found that the Company's four patents were valid but were not infringed by AU Optronics Corp. In October and November 2010, the Company filed a motion for reconsideration as to the court's findings on the AU Optronics Corp.'s patents and the Company's patents respectively. However, a final judgment has not yet been rendered. Once all findings by the Court have been issued, the Company will review all available options including appeal. The Company is unable to predict the ultimate outcome of the above matters.

##### Anvik Corporation's lawsuit for infringement of patent

On February 2, 2007, Anvik Corporation filed a patent infringement case against the Company, along with other LCD manufacturing companies in the United States District Court for the Southern District of New York, in connection with the usage of photo-masking equipment manufactured by Nikon Corporation. While there is no significant progress on this case in 2010, the Company is unable to predict the ultimate outcome of this case.



**Table of Contents**

**LG DISPLAY CO., LTD.**

Notes to Financial Statements

For the years ended December 31, 2010 and 2009

20. Contingencies, Continued

Anti-trust investigations and litigations

In December 2006, the Company received notices of investigation by the Korea Fair Trade Commission, the Japan Fair Trade Commission, the U.S. Department of Justice, and the European Commission with respect to possible anti-competitive activities in the TFT-LCD industry. The Company subsequently received similar notices from the Canadian Competition Bureau and the Taiwan Fair Trade Commission.

In November 2008, the Company executed an agreement with the U.S. Department of Justice ( DOJ ) whereby the Company and its U.S. subsidiary, LG Display America, Inc. ( LGDUS ), pleaded guilty to a Sherman Antitrust Act violation and agreed to pay a single total fine of USD400 million. In December 2008, the U.S. District Court for the Northern District of California accepted the terms of the plea agreement and entered a judgment against the Company and LGDUS and ordered the payment of USD400 million according to the following schedule: USD20 million plus any accrued interest by June 15, 2009, and USD76 million plus any accrued interest by each of June 15, 2010, June 15, 2011, June 15, 2012, June 15, 2013 and December 15, 2013. The agreement resolved all federal criminal charges against the Company and LGDUS in the United States in connection with this matter.

On May 27, 2009, the European Commission issued a Statement of Objections ( SO ) regarding alleged anti-competitive activities in the LCD industry. The Company submitted its response to the SO on August 11, 2009, and a hearing before the European Commission was held on September 22 and 23, 2009. The Company submitted its response to the SO on August 11, 2009, and a hearing before the European Commission was held on September 22 and 23, 2009. On December 8, 2010, the European Commission issued a decision finding that the Company engaged in anti-competitive activities in the LCD industry in violation of European competition laws and imposed a fine of EUR215 million. On February 23, 2011, the Company filed with the European Union General Court an application for partial annulment and reduction of the fine imposed by the EC. Similar investigations into possible anti-competitive practices in the LCD industry were announced by the Federal Competition Commission of Mexico in or about July 2009 and by the Secretariat of Economic Law of Brazil in December 2009.

In November 2009, the Taiwan Fair Trade Commission terminated its investigation without any finding of violations or levying of fines.

Subsequent to the commencement of the DOJ investigation, a number of class action complaints were filed against the Company and other TFT-LCD panel manufacturers in the U.S. and Canada alleging violation of respective antitrust laws and related laws. The class action lawsuits in the U.S. were transferred to the Northern District of California for pretrial proceedings ( MDL Proceedings ). On March 28, 2010, the court certified the class action complaints filed by direct purchasers and indirect purchasers. In January 2011, a hearing was held regarding the Canadian direct and indirect purchasers' motion for class certification. The court has not yet ruled on the motion.

Additionally, separate claims were filed by AT&T Corp., Motorola, Inc., Best Buy Co., Inc. and their respective related entities, all of which have been transferred to the MDL Proceedings. In addition, several state governments including the state of New York filed claims against the Company and other LCD panel manufacturing companies.

In February 2007, regarding the anti-competitive practices in LCD panel pricing, the Company and certain of its current and former officers and directors were named as defendants in two purported class action complaints filed in the U.S. District Court for the Southern District of New York by the shareholders of the Company, alleging that the Company and certain of its officers and directors violated the U.S. Securities Exchange Act of 1934. In May 2010, the Company reached an agreement in principle with the class plaintiffs to settle the action, and a fairness hearing will be held on March 17, 2011 regarding the settlement.

**Table of Contents**

**LG DISPLAY CO., LTD.**

Notes to Financial Statements

For the years ended December 31, 2010 and 2009

20. Contingencies, Continued

While the Company continues its vigorous defense of the various pending proceedings described above, there is a possibility that one or more proceedings may result in an unfavorable outcome to the Company. The Company has established provisions with respect to certain of the contingencies. However, actual liability may be materially different from the provisions estimated by the Company. Some of the information usually required by *IAS 1037 Provision, Contingent Liabilities and Contingent Assets* is not disclosed on the grounds that it can be expected to prejudice seriously the outcome of the litigation.

21. Capital and Reserves

(a) Share capital

The Company is authorized to issue 500,000,000 shares of capital stock (par value (Won)5,000), and as of December 31, 2010, the number of issued common shares is 357,815,700.

There have been no changes in the capital stock from January 1, 2010 to December 31, 2010.

(b) Reserves

Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

Fair value reserve

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

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

## Notes to Financial Statements

For the years ended December 31, 2010 and 2009

**22. Retained Earnings**

(a) Retained earnings at the reporting date are as follows:

*(In millions of Won)*

|                                     | December 31,<br>2010 | December 31,<br>2009 | January 1,<br>2009 |
|-------------------------------------|----------------------|----------------------|--------------------|
| Legal reserve                       | (Won) 122,703        | 104,812              | 86,921             |
| Other reserve                       | 68,251               | 68,251               | 68,251             |
| Defined benefit plan actuarial loss | (11,240)             | (14,406)             |                    |
| Retained earnings                   | 6,658,564            | 5,852,715            | 4,960,700          |
|                                     | (Won) 6,838,278      | 6,011,372            | 5,115,872          |

(b) For the years ended December 31, 2010 and 2009, details of the Company's appropriations of retained earnings are as follows:

(Date of appropriations: March 11, 2011 for the year ended December 31, 2010)

*(In millions of Won)*

|                                                                               | 2010            | 2009      |
|-------------------------------------------------------------------------------|-----------------|-----------|
| <b>Retained earnings before appropriations</b>                                |                 |           |
| Unappropriated retained earnings carried over from prior year                 | (Won) 5,655,916 | 4,763,901 |
| Net income                                                                    | 1,002,648       | 1,088,814 |
|                                                                               | 6,658,564       | 5,852,715 |
| <b>Appropriation of retained earnings (*1)</b>                                |                 |           |
| Legal reserve                                                                 | 17,891          | 17,891    |
| Cash dividend (*2)                                                            | 178,908         | 178,908   |
|                                                                               | (Won) 196,799   | 196,799   |
| <b>Unappropriated retained earnings carried forward to the following year</b> | (Won) 6,461,765 | 5,655,916 |

(\*1) For the years ended December 31, 2010 and 2009, the dates of appropriation are March 11, 2011 and March 12, 2010, respectively.

(\*2) The Company paid dividends of (Won)178,908 million ((Won)500 per share) in 2010 and the dividends of (Won) 178,908 million is determined by the board of directors in 2011 but have not been paid yet. There are no income tax consequences.

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

## Notes to Financial Statements

For the years ended December 31, 2010 and 2009

**23. Related Parties****(a) Key management personnel compensation**

Compensation costs of key management for the years ended December 31, 2010 and 2009 are as follows:

*(In millions of Won)*

|                                          | <b>2010</b> | <b>2009</b> |
|------------------------------------------|-------------|-------------|
| Short-term benefits                      | (Won) 2,183 | 1,943       |
| Expenses related to defined benefit plan | 360         | 272         |
| Other long-term benefits                 | 606         | 501         |
|                                          | (Won) 3,149 | 2,716       |

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

**(b) Significant transactions with related companies**

Significant transactions which occurred in the normal course of business with related parties for the years ended December 31, 2010 and 2009 are as follows:

*(In millions of Won)*

|                       | <b>Sales and others</b> |             | <b>Purchases and others</b> |             |
|-----------------------|-------------------------|-------------|-----------------------------|-------------|
|                       | <b>2010</b>             | <b>2009</b> | <b>2010</b>                 | <b>2009</b> |
| Subsidiaries          | (Won) 21,025,952        | 17,521,399  | 3,237,224                   | 790,839     |
| Joint ventures        | 1,163,265               | 839,290     | 27,605                      | 3,279       |
| Associates            | 7                       | 16          | 1,550,269                   | 1,142,932   |
| LG Electronics        | 1,113,747               | 768,829     | 553,493                     | 230,238     |
| Other related parties | 174,521                 | 479,652     | 304,492                     | 765,449     |
|                       | (Won) 23,477,492        | 19,609,186  | 5,673,083                   | 2,932,737   |

Account balances with related parties at the reporting date are as follows:

*(In millions of Won)*

| <b>Trade accounts and<br/>notes receivable and others</b> |                              |                            | <b>Trade accounts and<br/>notes payable and others</b> |                              |                            |
|-----------------------------------------------------------|------------------------------|----------------------------|--------------------------------------------------------|------------------------------|----------------------------|
| <b>December 31,<br/>2010</b>                              | <b>December 31,<br/>2009</b> | <b>January 1,<br/>2009</b> | <b>December 31,<br/>2010</b>                           | <b>December 31,<br/>2009</b> | <b>January 1,<br/>2009</b> |

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

|                       |                 |           |           |           |         |         |
|-----------------------|-----------------|-----------|-----------|-----------|---------|---------|
| Subsidiaries          | (Won) 3,609,801 | 2,713,663 | 1,257,958 | 405,814   | 108,156 | 279,572 |
| Joint ventures        | 145,093         | 109,572   | 9,943     | 478,009   | 297,717 |         |
| Associates            |                 | 3         | 1         | 243,357   | 164,268 | 58,222  |
| LG Electronics        | 111,408         | 101,543   | 115,235   | 138,479   | 51,738  | 82,249  |
| Other related parties |                 | 76,305    | 46,345    | 1,847     | 102,093 | 94,386  |
|                       | (Won) 3,866,302 | 3,001,086 | 1,429,482 | 1,267,506 | 723,972 | 514,429 |

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

## Notes to Financial Statements

For the years ended December 31, 2010 and 2009

**24. Revenue**

Details of revenue for the years ended December 31, 2010 and 2009 are as follows:

*(In millions of Won)*

|                | <b>2010</b>      | <b>2009</b> |
|----------------|------------------|-------------|
| Sales of goods | (Won) 24,981,705 | 20,097,318  |
| Royalty        | 22,552           | 22,024      |
|                | (Won) 25,004,257 | 20,119,342  |

**25. Other Income and Other Expenses**

(a) Details of other income for the years ended December 31, 2010 and 2009 are as follows:

*(In millions of Won)*

|                                                                   | <b>2010</b>   | <b>2009</b> |
|-------------------------------------------------------------------|---------------|-------------|
| Rental income                                                     | (Won) 3,338   | 4,116       |
| Foreign currency gain                                             | 929,703       | 1,173,439   |
| Gain on disposal of property, plant and equipment                 | 2,289         | 2,497       |
| Gain on disposal of intangible assets                             |               | 9           |
| Reversal of allowance for doubtful accounts for other receivables | 9             | 260         |
| Others                                                            | 31,890        | 6,379       |
|                                                                   | (Won) 967,229 | 1,186,700   |

(b) Details of other expenses for the years ended December 31, 2010 and 2009 are as follows:

*(In millions of Won)*

|                                                   | <b>2010</b>     | <b>2009</b> |
|---------------------------------------------------|-----------------|-------------|
| Other bad debt expenses                           | (Won) 13        | 32          |
| Foreign currency loss                             | 1,035,080       | 994,683     |
| Loss on disposal of property, plant and equipment | 211             | 133         |
| Anti-trust related expenses and others            | 309,975         | 299,304     |
|                                                   | (Won) 1,345,279 | 1,294,152   |

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

## Notes to Financial Statements

For the years ended December 31, 2010 and 2009

**26. Personnel Expenses**

Details of personnel expenses for the years ended December 31, 2010 and 2009 are as follows:

*(In millions of Won)*

|                                          | <b>2010</b>     | <b>2009</b> |
|------------------------------------------|-----------------|-------------|
| Salaries and wages                       | (Won) 1,364,658 | 1,014,797   |
| Other employee benefits                  | 218,825         | 148,618     |
| Contributions to National Pension plan   | 40,553          | 31,308      |
| Expenses related to defined benefit plan | 102,300         | 72,950      |
| Cash-settled share-based payment         | 157             | 201         |
|                                          | (Won) 1,726,493 | 1,267,874   |

**27. Share-based Payment**

(a) The terms and conditions of share-based payment arrangement as of December 31, 2010 are as follows:

|                                      | <b>Descriptions</b>                                      |
|--------------------------------------|----------------------------------------------------------|
| Settlement method                    | Cash settlement                                          |
| Type of arrangement                  | Stock appreciation rights (granted to senior executives) |
| Date of grant                        | April 7, 2005                                            |
| Weighted-average exercise price (*1) | (Won)44,050                                              |
| Number of rights granted             | 450,000                                                  |
| Number of rights forfeited (*2)      | 230,000                                                  |
| Number of rights cancelled (*3)      | 110,000                                                  |
| Number of rights outstanding         | 110,000                                                  |
| Exercise period                      | From April 8, 2008 to April 7, 2012                      |
| Remaining contractual life           | 1.25 years                                               |
| Vesting conditions                   | Two years of service from the date of grant              |

(\*1) The exercise price at the grant date was (Won)44,260 per stock appreciation right ( SARs ). However, the exercise price was subsequently adjusted to (Won)44,050 due to additional issuance of common shares in 2005.

(\*2) SARs were forfeited in connection with senior executives who left the Company before meeting the vesting requirement.

(\*3) If the appreciation of the Company's share price is equal or less than that of the Korea Composite Stock Price Index ( KOSPI ) over the three-year period following the grant date, only 50% of the outstanding SARs are exercisable. As the actual increase rate of the Company's share price for the three-year period ending April 7, 2008 was less than that of the KOSPI for the same three-year period, 50% of then outstanding SARs were cancelled in 2008.

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

## Notes to Financial Statements

For the years ended December 31, 2010 and 2009

27. Share-based Payment, Continued.

(b) The changes in the number of SARs outstanding for the years ended December 31, 2010 and 2009 are as follows:

| <i>(Number of shares)</i>    |  | 2010    | 2009    |
|------------------------------|--|---------|---------|
| Balance at beginning of year |  | 110,000 | 110,000 |
| Forfeited or cancelled       |  |         |         |
| Outstanding at end of year   |  | 110,000 | 110,000 |
| Exercisable at end of year   |  | 110,000 | 110,000 |

(c) In connection with the Company's first adoption of K-IFRS, the Company accounted for SARs at its fair value. The fair value of SARs was estimated using the Black-Scholes option-pricing model with the following assumptions:

|                                           | December 31,<br>2010 | December 31,<br>2009 | January 1,<br>2009 |
|-------------------------------------------|----------------------|----------------------|--------------------|
| Risk free rate (*1)                       | 2.89%                | 3.48%                | 3.26%              |
| Expected term (*2)                        | 1.0 year             | 1.1 year             | 1.3 year           |
| Expected volatility                       | 35.20%               | 55.57%               | 53.20%             |
| Expected dividends (*3)                   | 0%                   | 0%                   | 0%                 |
| Fair value per share                      | (Won)4,296           | (Won)2,865           | (Won)1,039         |
| Total carrying amount of liabilities (*4) | (Won)472,527,182     | (Won)315,126,395     | (Won)114,300,015   |

(\*1) Risk-free rates are interest rates of Korean government bonds with maturity of one year.

(\*2) As of December 31, 2010, the remaining contractual life is 15 months and the expected term is determined as the average of remaining contractual life.

(\*3) The Company did not pay any dividends from 2000 to 2006 and, accordingly, expected dividend used is 0% despite recent dividend yields of 1.6%, 2.3% and 1.3% in 2007, 2008 and 2009, respectively.

(\*4) As of December 31, 2010, the market price of the stock does not exceed the exercise price and accordingly, the intrinsic value of the share-based payments is zero.

(d) The Company recognized stock compensation cost of (Won)157 million as administrative expenses for the year ended December 31, 2010.

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

## Notes to Financial Statements

For the years ended December 31, 2010 and 2009

28. Finance income and Finance costs

(a) Finance income and costs recognized in profit and loss for the years ended December 31, 2010 and 2009 are as follows:

*(In millions of Won)*

|                                                                                 | 2010          | 2009    |
|---------------------------------------------------------------------------------|---------------|---------|
| <b>Finance income</b>                                                           |               |         |
| Interest income of financial assets measured at amortized cost                  | (Won) 89,864  | 118,907 |
| Interest income of available-for-sale securities                                | 1,074         | 3,285   |
| Dividend income                                                                 | 78,191        | 28,561  |
| Foreign currency gain                                                           | 71,564        | 186,178 |
| Gain on disposal of available-for-sale securities                               | 1,562         |         |
| Gain on valuation of financial assets at fair value through profit or loss      | 662           | 1,599   |
|                                                                                 | (Won) 242,917 | 338,530 |
| <b>Finance costs</b>                                                            |               |         |
| Interest expense of financial liabilities measured at amortized costs           | (Won) 86,752  | 97,129  |
| Foreign currency loss                                                           | 106,073       | 102,641 |
| Loss on sale of available-for-sale securities                                   |               | 5       |
| Loss on sale of investments                                                     |               | 335     |
| Loss on redemption of debentures                                                | 4,138         | 173     |
| Loss on valuation of financial assets at fair value through profit or loss      | 932           |         |
| Loss on valuation of financial liabilities at fair value through profit or loss | 2,419         | 108,363 |
| Loss on derivatives                                                             |               | 9,727   |
| Loss on sale of trade accounts and notes receivable                             | 358           | 182     |
|                                                                                 | (Won) 200,672 | 318,555 |

(b) Finance income and costs recognized in other comprehensive income (loss) for the years ended December 31, 2010 and 2009 are as follows:

*(In millions of Won)*

|                                                    | 2010         | 2009     |
|----------------------------------------------------|--------------|----------|
| Loss on valuation of available-for-sale securities | (Won) 12,270 | (27,012) |
| Gain on cash flow hedges                           |              | 2,534    |
| Tax effect                                         | (2,699)      | 5,329    |
|                                                    | (Won) 9,571  | (19,149) |



## Table of Contents

### LG DISPLAY CO., LTD.

#### Notes to Financial Statements

For the years ended December 31, 2010 and 2009

#### 29. Income Tax Expense

(a) Details of Income tax benefit for the years ended December 31, 2010 and 2009 are as follows:

(In millions of Won)

|                              | 2010          | 2009      |
|------------------------------|---------------|-----------|
| Current tax expense          | (Won) 186,120 | 169,628   |
| Deferred tax benefit         | (136,763)     | (267,899) |
| Income tax expense (benefit) | (Won) 49,357  | (98,271)  |

(b) Income tax recognized directly in other comprehensive income for the years ended December 31, 2010 and 2009 is as follows:

(In millions of Won)

|                                                    | Before tax   | 2010<br>Tax (expense)<br>benefit | Net of tax |
|----------------------------------------------------|--------------|----------------------------------|------------|
| Gain on valuation of available-for-sale securities | (Won) 12,270 | (2,699)                          | 9,571      |
| Defined benefit plan actuarial loss                | 4,480        | (1,314)                          | 3,166      |
| Gain on valuation of cash flow hedges              |              |                                  |            |
|                                                    | (Won) 16,750 | 4,013                            | 12,737     |

(In millions of Won)

|                                                    | Before tax     | 2009<br>Tax<br>(expense)<br>benefit | Net of tax |
|----------------------------------------------------|----------------|-------------------------------------|------------|
| Loss on valuation of available-for-sale securities | (Won) (27,012) | 5,943                               | (21,069)   |
| Defined benefit plan actuarial loss                | (18,891)       | 4,485                               | (14,406)   |
| Gain on valuation of cash flow hedges              | 2,534          | (614)                               | 1,920      |
|                                                    | (Won) (43,369) | 9,814                               | (33,555)   |

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

## Notes to Financial Statements

For the years ended December 31, 2010 and 2009

29. Income Tax Expense, Continued.

(c) Reconciliation of effective tax rate at the reporting date is as follows:

*(In millions of Won)*

|                                                  |          | 2010      |          | 2009      |
|--------------------------------------------------|----------|-----------|----------|-----------|
| Profit for the period                            | (Won)    | 1,002,648 |          | 1,088,814 |
| Income tax expense (benefit)                     |          | 49,357    |          | (98,271)  |
| Profit excluding income tax                      |          | 1,052,005 |          | 990,543   |
| Income tax using the Company's domestic tax rate | 24.20%   | 254,559   | 24.20%   | 239,688   |
| Non-deductible expenses                          | 7.90%    | 83,126    | 2.47%    | 24,477    |
| Tax credits                                      | (27.18%) | (285,913) | (36.10%) | (357,575) |
| Change in tax rates                              | 0.00%    |           | (0.21%)  | (2,104)   |
| Others                                           | (0.23%)  | (2,415)   | (0.28%)  | (2,757)   |
| Income tax benefit                               | (Won)    | 49,357    |          | (98,271)  |

30. Deferred Tax Assets and Liabilities

## (a) Unrecognized deferred tax liabilities

As of December 31, 2010, in relation to the temporary differences ((Won)211,423 million) on investments in subsidiaries since the Company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Accordingly, the Company did not recognize deferred tax liabilities relating to the temporary differences.

## (b) Unrecognized deferred tax assets

The Company did not recognize deferred income taxes on temporary differences related to the cumulative loss of subsidiary, as the possibility of recovering the deferred tax assets amounting to (Won)439,798 million, through events such as disposal of the related investments in foreseeable future, is remote.

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

## Notes to Financial Statements

For the years ended December 31, 2010 and 2009

30. Deferred Tax Assets and Liabilities. Continued

(c) Deferred tax assets and liabilities are attributable to the following:

*(In millions of Won)*

|                                                   | Assets                |                       |                     | Liabilities           |                       |                     | Total                 |                       |                     |
|---------------------------------------------------|-----------------------|-----------------------|---------------------|-----------------------|-----------------------|---------------------|-----------------------|-----------------------|---------------------|
|                                                   | December, 31,<br>2010 | December, 31,<br>2009 | January, 1,<br>2010 | December, 31,<br>2010 | December, 31,<br>2009 | January, 1,<br>2009 | December, 31,<br>2010 | December, 31,<br>2009 | January, 1,<br>2009 |
| Other accounts receivable, net                    | (Won)                 |                       |                     | (5,919)               | (11,512)              | (22,023)            | (5,919)               | (11,512)              | (22,023)            |
| Inventories, net                                  | 15,039                | 18,165                | 23,376              |                       |                       |                     | 15,039                | 18,165                | 23,376              |
| Available-for-sale financial assets               | 2,199                 | 4,897                 |                     | (6,982)               | (4,488)               | (1,046)             | (4,784)               | 409                   | (1,046)             |
| Defined benefit obligation                        | 3,829                 | 5,052                 | 1,137               |                       |                       |                     | 3,829                 | 5,052                 | 1,137               |
| Derivative instruments                            |                       |                       | 614                 | (2,008)               | (647)                 | (17,170)            | (2,008)               | (647)                 | (16,556)            |
| Accrued expense                                   | 78,396                | 56,758                |                     |                       |                       |                     | 78,396                | 56,758                |                     |
| Property, plant and equipment                     | 40,685                | 54,690                | 42,152              |                       |                       |                     | 40,685                | 54,690                | 42,152              |
| Intangible assets                                 |                       |                       |                     |                       | (19,470)              |                     |                       | (19,470)              |                     |
| Provisions                                        | 17,962                | 16,806                | 14,666              |                       |                       |                     | 17,962                | 16,806                | 14,666              |
| Gain or loss on foreign currency translation, net | 81,075                | 64,588                | 105,482             | (61,031)              | (57,174)              | (33,541)            | 20,044                | 7,414                 | 71,941              |
| Debentures                                        | 5,049                 | 45,874                | 27,409              |                       |                       |                     | 5,049                 | 45,874                | 27,409              |
| Others                                            | 15,783                | 15,308                | 12,492              |                       | (6,446)               | (6,446)             | 15,783                | 8,862                 | 6,046               |
| Tax credit carryforwards                          | 795,247               | 664,172               | 421,758             |                       |                       |                     | 795,247               | 664,172               | 421,758             |
| Deferred income tax assets (liabilities)          | (Won) 1,055,264       | 946,310               | 649,086             | (75,941)              | (99,737)              | (80,226)            | 979,323               | 846,573               | 568,860             |

Realization of deferred tax assets related to tax credit carryforwards is dependent on whether sufficient taxable income will be generated prior to the expiration period. Although realization is not assured, management believes it is probable that all of the deferred tax assets at the reporting date will be realized. The amount of such deferred tax assets considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carryforward period are reduced.

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

## Notes to Financial Statements

For the years ended December 31, 2010 and 2009

30. Deferred Tax Assets and Liabilities. Continued

(d) Changes in deferred tax assets and liabilities for the years ended December 31, 2010 and 2009 are as follows:

*(In millions of Won)*

|                                                      | January 1,<br>2009 | Profit<br>or loss | Other<br>compre-<br>hensive<br>income | December 31,<br>2009 | Profit or<br>loss | Other<br>compre-<br>hensive<br>income | December 31,<br>2010 |
|------------------------------------------------------|--------------------|-------------------|---------------------------------------|----------------------|-------------------|---------------------------------------|----------------------|
| Other accounts receivable, net                       | (Won) (22,023)     | 10,511            |                                       | (11,512)             | 5,593             |                                       | (5,919)              |
| Inventories, net                                     | 23,376             | (5,211)           |                                       | 18,165               | (3,126)           |                                       | 15,039               |
| Available-for-sale financial assets                  | (1,046)            | (4,488)           | 5,943                                 | 409                  | (2,494)           | (2,699)                               | (4,784)              |
| Defined benefit obligation                           | 1,137              | (570)             | 4,485                                 | 5,052                | 91                | (1,314)                               | 3,829                |
| Derivative instruments                               | (16,556)           | 16,523            | (614)                                 | (647)                | (1,361)           |                                       | (2,008)              |
| Accrued expense                                      |                    | 56,758            |                                       | 56,758               | 21,638            |                                       | 78,396               |
| Property, plant and equipment                        | 42,152             | 12,538            |                                       | 54,690               | (14,005)          |                                       | 40,685               |
| Intangible assets                                    |                    | (19,470)          |                                       | (19,470)             | 19,470            |                                       |                      |
| Provisions                                           | 14,666             | 2,140             |                                       | 16,806               | 1,156             |                                       | 17,962               |
| Gain or loss on foreign currency translation,<br>net | 71,941             | (64,527)          |                                       | 7,414                | 12,630            |                                       | 20,044               |
| Debentures                                           | 27,409             | 18,465            |                                       | 45,874               | (40,825)          |                                       | 5,049                |
| Others                                               | 6,046              | 2,816             |                                       | 8,862                | 6,921             |                                       | 15,783               |
| Tax credit carry forwards                            | 421,758            | 242,414           |                                       | 664,172              | 131,075           |                                       | 795,247              |
| Deferred income tax Assets (liabilities)             | (Won) 568,860      | 267,899           | 9,814                                 | 846,573              | 136,763           | (4,013)                               | 979,323              |

Statutory tax rate applicable to the Company is 24.2% for the year ended December 31, 2010. In accordance with the revised Corporate Income Tax Law, statutory tax rate applicable to the Company is 24.2% until 2011 and 22% thereafter.

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

## Notes to Financial Statements

For the years ended December 31, 2010 and 2009

31. **Earnings Per Share**

(a) Basic earnings per share for the years ended December 31, 2010 and 2009 are as follows:

| <i>(In Won and No. of shares)</i>                    | <b>For the year ended December 31,</b> |                   |
|------------------------------------------------------|----------------------------------------|-------------------|
|                                                      | <b>2010</b>                            | <b>2009</b>       |
| <b>Profit for the period</b>                         | (Won) 1,002,648,296,363                | 1,088,814,478,333 |
| Weighted-average number of common shares outstanding | 357,815,700                            | 357,815,700       |
| <b>Earnings per share</b>                            | (Won) 2,802                            | 3,043             |

There were no events or transactions that result in changes in the number of common shares used for calculating earnings per share.

(b) Diluted earnings per share for the years ended December 31, 2010 and 2009 are as follows:

| <i>(In Won and No. of shares)</i>                                                     | <b>For the year ended December 31,</b> |                   |
|---------------------------------------------------------------------------------------|----------------------------------------|-------------------|
|                                                                                       | <b>2010</b>                            | <b>2009</b>       |
| <b>Profit for the period</b>                                                          | (Won) 1,002,648,296,363                | 1,088,814,478,333 |
| Interest on convertible bond, net of tax                                              | (18,345,174,214)                       | 47,618,111,426    |
| <b>Adjusted income</b>                                                                | 984,303,122,149                        | 1,136,432,589,759 |
| Weighted-average number of common shares outstanding and common equivalent shares(*1) | 361,080,224                            | 368,457,551       |
| <b>Diluted earnings per share(*2)</b>                                                 | (Won) 2,726                            | 3,043             |

(\*1) Weighted-average number of common shares outstanding for the years ended December 31, 2010 and 2009 is calculated as follows:

|                                                                                         | <b>For the year ended December 31,</b> |             |
|-----------------------------------------------------------------------------------------|----------------------------------------|-------------|
|                                                                                         | <b>2010</b>                            | <b>2009</b> |
| <b>Weighted-average number of common shares (basic)</b>                                 | 357,815,700                            | 357,815,700 |
| Effect of conversion of convertible bonds                                               | 3,264,524                              | 10,641,851  |
| <b>Weighted-average number of common shares (diluted) at December 31, 2010 and 2009</b> | 361,080,224                            | 368,457,551 |

(\*2) For the years ended December 31, 2009, there is no dilution effect.

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

## Notes to Financial Statements

For the years ended December 31, 2010 and 2009

31. Earnings Per Share, Continued

- (c) The number of dilutive potential ordinary shares outstanding for the years ended December 31, 2010 and 2009 is calculated as follows:

*(In No. of shares)*

|                                                       | <b>2010</b>              |                          | <b>2009</b>              |
|-------------------------------------------------------|--------------------------|--------------------------|--------------------------|
|                                                       | <b>Convertible bonds</b> | <b>Convertible bonds</b> | <b>Convertible bonds</b> |
| Common shares to be issued                            | 1,281,697                | 9,399,113                | 10,641,851               |
| Period                                                | January 1, 2010~         | January 1, 2010~         | January 1, 2009~         |
|                                                       | December 31, 2010        | March 19, 2010           | December 31, 2009        |
| Weight                                                | 365 days /365 days       | 77 days /365 days        | 365 days /365 days       |
| Weighted-average number of common shares to be issued | 1,281,697                | 1,982,827                | 10,641,851               |

32. Supplemental Cash Flow Information

Supplemental cash flows information for the years ended December 31, 2010 and 2009 is as follows:

*(In millions of Won)*

|                                                                                              | <b>2010</b>   | <b>2009</b> |
|----------------------------------------------------------------------------------------------|---------------|-------------|
| Non-cash investing and financing activities:                                                 |               |             |
| Changes in other accounts payable arising from the purchase of property, plant and equipment | (Won) 922,107 | (618,961)   |

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

## Notes to Financial Statements

For the years ended December 31, 2010 and 2009

**33. Business Combination**

The Company acquired LCD module business from LG Innotek Co., Ltd. ( LG Innotek ) in order to improve competitiveness of the LCD module business and the operational efficiency by simplified supply chain on May 1, 2010. Regarding the business acquisition, the Company acquired and assumed assets (other than land and buildings), liabilities, employment relationship and all of the rights and obligations related to LCD module business located in Gumi. In addition, LG Display Yantai Co., Ltd., the Company's subsidiary in China, also acquired assets on LCD module and Cell business from LG Innotek Yantai Co., Ltd. which is an LG Innotek's subsidiary in China. The Company and LG Display Yantai Co., Ltd. measured the identifiable assets acquired and the liabilities assumed at their acquisition-date fair value. The entire consideration transferred for the acquisitions was paid in cash.

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

*(In millions of Won)*

|                                                          | <b>Gumi</b>      |
|----------------------------------------------------------|------------------|
| Consideration transferred                                | (Won) 72,472     |
| Identifiable assets acquired and the liabilities assumed | 18,110           |
| Property, plant and equipment                            | 3,226            |
| Intangible assets(*1)                                    | 36,972           |
| Long-term prepaid expenses                               | 392              |
| Accrued expenses                                         | (821)            |
| <b>Identifiable net asset</b>                            | <b>57,879</b>    |
| <br>Goodwill(*2)                                         | <br>(Won) 14,593 |

(\*1) Intangible assets in Gumi include customer relationships and technology acquired in the business combination.

(\*2) Goodwill amounting to (Won)14,593 million arose from the improvement in efficiency of LCD business, the synergy effect between the existing subsidiaries and benefits from assembled workforce. Reduction in the carrying amount of goodwill is not deductible in determining taxable profit.

Acquisition-related costs, such as legal consulting and accounting valuation fees amounting to (Won)381 million are expensed. The revenue and profit or loss from the assets acquired and liabilities assumed are not reported separately since the assets and liabilities of acquired business are combined with and not separable from the Group's existing accounting. Therefore, the amount of profit or loss after the acquisition date in 2010 and the amount of profit or loss during 2010 from the acquired business were not disclosed as they are not estimated reliably.

The revenue and profit or loss of the Company for the current reporting period as though the acquisition date for the business combination that occurred during the year had been as of the beginning of the annual reporting period were not disclosed as they are not estimated reliably since the revenue and profit or loss from the LCD module business acquired in 2010 are not reported separately.

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

## Notes to Financial Statements

For the years ended December 31, 2010 and 2009

**34. Explanation of Transition to K-IFRS**

As stated in note 2, the Company's first financial statements are prepared in accordance with K-IFRS as the Company adopts K-IFRS in 2010.

The accounting policies set out in note 3 have been applied in preparing the financial statements for the year ended December 31, 2009 and in the preparation of an opening K-IFRS statement of financial position at January 1, 2009, the transition date.

In preparing its opening K-IFRS statement of financial position, the Company has adjusted amounts reported previously in financial statements prepared in accordance with Korean Generally Accepted Accounting Principles ( K-GAAP ). An explanation of how the transition from previous GAAP to K-IFRS has affected the Company's financial position, financial performance and cash flows is set out in the following tables and the notes that accompany the tables.

- (a) Differences between accounting under K-IFRSs and under K-GAAP expected to have a material effect on the Company

| Area                                | Previous K-GAAP                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | K-IFRS                                                                                                                                                                                                                                                                                                                                                   |
|-------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Trade accounts and notes receivable | In accordance with K-GAAP Interpretation 52-14, trade accounts and notes receivable are derecognized when the right and obligation are transferred.                                                                                                                                                                                                                                                                                                                                                | In accordance with K-IFRS 1039, the Company derecognizes a financial asset and evaluates the extent of the derecognition based on the risk, rewards and its continuing involvement of ownership.                                                                                                                                                         |
| Convertible bonds                   | In accordance with Statements of Korea Accounting Standards ( SKAS ) No. 9 the Company recognizes liability at fair value measured by the present value of the expected future cash flows and amortizes the difference between the fair value and proceeds received at the issue date using the effective interest method. The Company recognizes conversion right on debentures in equity and does not revalue. In addition, foreign currency convertible bond is considered a non-monetary item. | In accordance with K-IFRS 1039, the convertible bonds are designated as financial liabilities at fair value through profit or loss ( FVTPL ) and recognized at fair value with changes in fair value recognized in profit or loss.                                                                                                                       |
| Employee benefits                   | In accordance with Statements of Korea Financial Accounting Standards ( SKFAS ) Article 27, The Company recognizes retirement and severance liability expected to be payable if all employees, who have been with the Company for more than one year, leaves at the end of the reporting period.                                                                                                                                                                                                   | In accordance with K-IFRS 1019, the Company recognizes defined benefit obligations at present value of the expected future benefit cost using unbiased and mutually compatible actuarial assumptions about demographic variables and financial variables. Under the Company's accounting policy, all actuarial gains or losses are recognized in equity. |



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

## Notes to Financial Statements

For the years ended December 31, 2010 and 2009

34. Explanation of Transition to K-IFRSs, Continued

| Area                                       | Previous K-GAAP                                                                                                                                                                                                                                                                                | K-IFRS                                                                                                                                                                                                                                                                                                                                                                                                                       |
|--------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Share-based payment                        | In accordance with SKAS No. 22, liability relating to fully vested share-based payment to be settled in cash is remeasured at the intrinsic value at each reporting date and at the date of settlement and the Company recognizes the changes in the intrinsic value as compensation expenses. | <p>In accordance with K-IFRS 1102, the Company recognizes the liability relating to fully vested share-based payment to be settled in cash at fair value at each reporting date with changes in fair value recognized in profit or loss.</p> <p>In accordance with K-IFRS 1039, the Company may designate available-for-sale securities as FVTPL at inception and recognize the changes in fair value in profit or loss.</p> |
| Available-for-sale securities              | In accordance with SKAS No. 8, the Company recognizes available-for-sale securities at fair value with changes in fair value recognized in accumulated other comprehensive income.                                                                                                             | In accordance with K-IFRS 1039, the Company recognizes available-for-sale debt securities at fair value with effect of changes in exchange rate recognized in profit or loss, the remaining differences between acquisition cost and fair value recognized in accumulated other comprehensive income.                                                                                                                        |
| Derivatives                                | In accordance with K-GAAP Interpretation 53-70, the Company applies cash flow hedge accounting for derivatives only if certain conditions are met.                                                                                                                                             | <p>In accordance with K-IFRS 1032, dividends are recognized when the rights to receive payment is established. Convertible preferred stock is regarded as debt security.</p> <p>In K-IFRS 1039, criteria to apply cash flow hedge accounting is more detailed than current K-GAAP and therefore, the Company does not apply cash flow hedge accounting since a condition of the detailed criteria is not met.</p>            |
| Investments in associates and subsidiaries | In accordance with SKAS No. 15, investments in associates and subsidiaries are accounted for using the equity method of accounting when                                                                                                                                                        | In accordance with K-IFRS 1101, the Company opted to recognize investments in associates and subsidiaries at acquisition cost.                                                                                                                                                                                                                                                                                               |

|                                    |                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                  |
|------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                    | the Company has significant influence.                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                                  |
| Capitalization of development cost | In accordance with SKAS No. 3, an internally generated intangible asset is recognized only if it is highly probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and the cost of the asset can be measured reliably | In accordance with K-IFRS 1038, an internally generated intangible asset is recognized if, and only if it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and the cost of the asset can be measured reliably. |

**Table of Contents**

**LG DISPLAY CO., LTD.**

Notes to Financial Statements

For the years ended December 31, 2010 and 2009

34. Explanation of Transition to K-IFRSs, Continued

| Area               | Previous K-GAAP                                                                                                                                                                                                                                                                                                                                                                                                                                             | K-IFRS                                                                                                                                                                                                                                                       |
|--------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Deferred taxes     | In accordance with SKAS No. 16, recognition of deferred tax assets and liabilities is based on assessment of temporary differences regardless of how each temporary difference is reversed. Deferred taxes are classified as current or non-current based on classification of related item in the financial statements. Classification of current and non-current for items not related to balance sheet items are determined based on estimated reversal. | In accordance with K-IFRS 1012, deferred tax assets and liabilities are recognized based on assessment of temporary differences that considers how each temporary difference is reversed. Deferred tax assets and liabilities are classified as non-current. |
| Long-term payables | In accordance with SKFAS Article 66, long-term payables of LGDUS are discounted using the Company's weighted average borrowing rate.                                                                                                                                                                                                                                                                                                                        | In accordance with K-IFRS 1039, long-term payables of LGDUS are discounted using risk free rate.                                                                                                                                                             |
| Borrowing costs    | In accordance with SKAS No. 7, borrowing costs are capitalized regardless of time required to get an asset ready for its intended use.                                                                                                                                                                                                                                                                                                                      | In accordance with K-IFRS 1023, borrowing costs that take a substantial period of time required to get an asset ready for its intended use is capitalized.                                                                                                   |

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

## Notes to Financial Statements

For the years ended December 31, 2010 and 2009

34. Explanation of Transition to K-IFRSs, Continued

(b) Summary of the effects of the adoption of K-IFRSs on the Company's financial position and the results of its operation

(i) The effects of the adoption of K-IFRSs on the Company's financial position as of January 1, 2009, the transition date to K-IFRSs, are as follows:

*(In millions of Won)*

|                                                                         | <b>Total assets</b> | <b>Total liabilities</b> | <b>Total equity</b> |
|-------------------------------------------------------------------------|---------------------|--------------------------|---------------------|
| <b>K-GAAP</b>                                                           | (Won) 16,501,987    | 7,225,965                | 9,276,022           |
| <b>Adjustment for:</b>                                                  |                     |                          |                     |
| Trade accounts and note payable(*1)                                     | 601,068             | 601,068                  |                     |
| Convertible bonds (*2)                                                  |                     | 134,568                  | (134,568)           |
| Employee benefits (*3)                                                  |                     | 5,170                    | (5,170)             |
| Share-based payments (*4)                                               |                     | 114                      | (114)               |
| Long-term payables (*5)                                                 |                     | 56,661                   | (56,661)            |
| Change in capital adjustment arising from equity method investments(*6) | 46,513              |                          | 46,513              |
| Deferred tax asset (*7)                                                 | 31,825              |                          | 31,825              |
| <b>Total adjustment</b>                                                 | <b>679,406</b>      | <b>797,581</b>           | <b>(118,175)</b>    |
| <b>K-IFRS</b>                                                           | (Won) 17,181,393    | 8,023,546                | 9,157,847           |

- (\*1) Adjustment on trade accounts and notes receivable which do not qualify for derecognition of financial assets  
(\*2) Designation of convertible bonds as financial liability at fair value through profit or loss under K-IFRS  
(\*3) Assessment of employee benefits using actuarial assumptions under K-IFRS  
(\*4) Measurement of share-based payment using fair value under K-IFRS  
(\*5) Difference in discount rate applied to present value calculation of long-term payables  
(\*6) Difference in deferred taxes on change in capital adjustment arising from equity method investments  
(\*7) Deferred tax adjustments on differences in accounting balances under K-IFRS and current K-GAAP

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

## Notes to Financial Statements

For the years ended December 31, 2010 and 2009

**34. Explanation of Transition to K-IFRSs, Continued**

(ii) The effects of the adoption of K-IFRSs on the Company's financial position as of December 31, 2009 are as follows:

*(In millions of Won)*

|                                           | <b>Total assets</b> | <b>Total liabilities</b> | <b>Total equity</b> |
|-------------------------------------------|---------------------|--------------------------|---------------------|
| <b>K-GAAP</b>                             | (Won) 18,885,163    | 8,759,879                | 10,125,284          |
| <b>Adjustment for:</b>                    |                     |                          |                     |
| Trade accounts and note payable(*1)       | 229,787             | 229,787                  |                     |
| Convertible bonds (*2)                    |                     | 170,316                  | (170,316)           |
| Employee benefits (*3)                    |                     | 25,322                   | (25,322)            |
| Share-based payments (*4)                 |                     | 315                      | (315)               |
| Long-term payables (*5)                   |                     | 60,116                   | (60,116)            |
| Equity-method investments (*6)            | 18,004              | (23,066)                 | 41,070              |
| Capitalized borrowing costs (*7)          | (1,666)             |                          | (1,666)             |
| Development cost (*8)                     | 80,454              |                          | 80,454              |
| Change in capital adjustment arising from |                     |                          |                     |
| equity method investments (*9)            | 39,453              |                          | 39,453              |
| Deferred tax asset (*10)                  | 5,672               |                          | 5,672               |
| <b>Total adjustment</b>                   | <b>371,704</b>      | <b>462,790</b>           | <b>(91,086)</b>     |
| <b>K-IFRS</b>                             | (Won) 19,256,867    | 9,222,669                | 10,034,198          |

- (\*1) Adjustment on trade accounts and notes receivable which do not qualify for derecognition of financial assets
- (\*2) Designation of convertible bonds as financial liability at fair value through profit or loss under K-IFRS
- (\*3) Assessment of employee benefits using actuarial assumptions under K-IFRS
- (\*4) Measurement of share-based payment using fair value under K-IFRS
- (\*5) Difference in discount rate applied to present value calculation of long-term payables
- (\*6) Investments in subsidiaries and associates previously treated under the equity method, which is recorded at the book value of January 1, 2009 under I K-IFRS
- (\*7) Difference in capitalization of borrowing costs that takes a substantial period of time to get ready for its intended use
- (\*8) Capitalization of development costs meeting capitalization criteria under K-IFRS
- (\*9) Difference in deferred taxes on change in capital adjustment arising from equity method investments
- (\*10) Deferred tax adjustments on differences in accounting balances under K-IFRS and current K-GAAP

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

## Notes to Financial Statements

For the years ended December 31, 2010 and 2009

34. Explanation of Transition to K-IFRSs, Continued

(iii) The effects of the adoption of K-IFRSs on the Company's result of operations for the year ended December 31, 2009 are as follows:

*(In millions of Won)*

|                                                                           | <b>Net income</b>      | <b>Total comprehensive income</b> |
|---------------------------------------------------------------------------|------------------------|-----------------------------------|
|                                                                           | (Won) 1,067,947        | 1,028,883                         |
| <b>K-GAAP</b>                                                             |                        |                                   |
| <b>Adjustment for:</b>                                                    |                        |                                   |
| Convertible bonds (*1)                                                    | (35,748)               | (35,748)                          |
| Employee benefits (*2)                                                    | (1,259)                | (20,152)                          |
| Share-based payments (*3)                                                 | (201)                  | (201)                             |
| Available for sale securities (*4)                                        | (3,373)                |                                   |
| Derivatives (*5)                                                          | 8,337                  |                                   |
| Long-term payables (*6)                                                   | (3,455)                | (3,455)                           |
| Financial asset at fair value through profit and loss (*7)                | 1,598                  |                                   |
| Equity method investments (*8)                                            | 8,263                  | 40,357                            |
| Capitalized borrowing costs (*9)                                          | (1,666)                | (1,666)                           |
| Development cost (*10)                                                    | 80,454                 | 80,454                            |
| Change in capital adjustment arising from equity method investments (*11) |                        | (7,060)                           |
| Deferred tax asset (*12)                                                  | (32,083)               | (26,153)                          |
| <b>Total adjustment</b>                                                   | <b>20,867</b>          | <b>26,376</b>                     |
| <b>K-IFRS</b>                                                             | <b>(Won) 1,088,814</b> | <b>1,055,259</b>                  |

(\*1) Designation of convertible bonds as financial liability at fair value through profit or loss under K-IFRS

(\*2) Assessment of employee benefits using actuarial assumptions under K-IFRS

(\*3) Measurement of share-based payment using fair value under K-IFRS

(\*4) Gains/losses on foreign currency translation and interest income on convertible preferred stocks

(\*5) Derivatives previously accounted for as cash flow hedge were derecognized as held-for-trading derivative asset

(\*6) Difference in discount rate applied to present value calculation of long-term payables

(\*7) Fair value recognition of investment assets designated as financial asset at fair value through profit

(\*8) Investments in subsidiaries and associates previously treated under the equity method, which is recorded at the book value of January 1, 2009 under K-IFRS

(\*9) Difference in capitalization of borrowing costs that takes a substantial period of time to get ready for its intended use

(\*10) Capitalization of development costs meeting capitalization criteria under K-IFRS

(\*11) Difference in deferred taxes on change in capital adjustment arising from equity method investments

(\*12) Deferred tax adjustments on differences in accounting balances under K-IFRS and current K-GAAP



**Table of Contents**

**SIGNATURES**

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

LG Display Co., Ltd.  
(Registrant)

Date: March 30, 2011

By: /s/ Anthony Moon  
(Signature)  
Name: Anthony Moon  
Title: Vice President/IR Department