

LG Electronics

**Interim Consolidated Financial Statements
June 30, 2013 and 2012**

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Report on Review of Interim Financial Statements

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

Reviewed Financial Statements

We have reviewed the accompanying interim consolidated financial statements of LG Electronics Inc. and its subsidiaries (collectively the "Group"). These financial statements consist of the statement of financial position of the Group as of June 30, 2013, and the related consolidated statements of income and comprehensive income for the three-month and six-month periods ended June 30, 2013 and 2012, and the statements of changes in equity and cash flows for the six-month periods ended June 30, 2013 and 2012, and a summary of significant accounting policies and other explanatory notes, expressed in Korean won.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

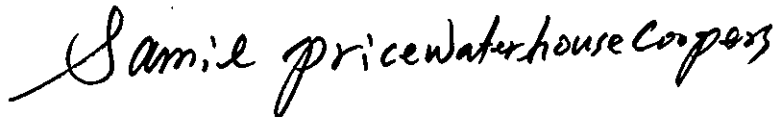
Our responsibility is to issue a report on these interim consolidated financial statements based on our reviews. We did not review the financial statements of certain consolidated subsidiaries, whose financial statements represent 26% of the Group's consolidated total assets as of June 30, 2013, and 42% and 41% of the Group's consolidated total sales for the six-month periods ended June 30, 2013 and 2012, respectively. These financial statements were reviewed by other auditors whose reports have been furnished to us and our report, insofar as it relates to the amounts included for those consolidated subsidiaries, is based solely on the reports of the other auditors.

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

Conclusion

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

Review standards and their application in practice vary among countries. The procedures and practices used in the Republic of Korea to review such financial statements may differ from those generally accepted and applied in other countries. Accordingly, this report is for use by those who are informed about Korean review standards and their application in practice.

A handwritten signature in black ink that reads "Samil PricewaterhouseCoopers". The signature is written in a cursive, flowing style.

Seoul, Korea
August 12, 2013

This interim report is effective as of August 12, 2013, the review report date. Certain subsequent events or circumstances, which may occur between the review report date and the time of reading this report, could have a material impact on the accompanying interim consolidated financial statements and notes thereto. Accordingly, the readers of the review report should understand that there is a possibility that the above review report may have to be revised to reflect the impact of such subsequent events or circumstances, if any.

LG Electronics

Interim Consolidated Statements of Financial Position

June 30, 2013, December 31, 2012, and January 1, 2012

<i>(in millions of Korean won)</i>	Note	June 30, 2013	December 31, 2012	January 1, 2012
Assets				
Current assets				
Cash and cash equivalents	5,30	2,010,972	2,185,000	2,781,069
Financial deposits	5,30	55,400	54,000	180,000
Trade receivables	5,6	8,621,098	7,332,761	7,338,759
Loans and other receivables	5	669,839	498,615	529,510
Other financial assets	5,7	29,911	56,486	1,677
Inventories	8	5,523,994	5,074,500	5,321,845
Current income tax assets		176,383	225,659	198,897
Other current assets		956,204	864,477	920,882
Assets classified as held for sale		26,713	19,980	10,535
		<u>18,070,514</u>	<u>16,311,478</u>	<u>17,283,174</u>
Non-current assets				
Financial deposits	5	123,238	121,036	136,108
Loans and other receivables	5,30	592,056	603,233	629,703
Other financial assets	5,7	63,924	67,001	145,787
Property, plant and equipment	9	10,390,890	9,889,204	9,593,424
Intangible assets	9	1,262,716	1,222,302	1,167,567
Deferred income tax assets		1,569,240	1,511,462	1,444,208
Investments in associates and joint ventures	10	4,292,180	4,182,878	4,252,408
Investment property		7,033	7,218	7,239
Other non-current assets		820,969	850,238	859,520
		<u>19,122,246</u>	<u>18,454,572</u>	<u>18,235,964</u>
Total assets		<u>37,192,760</u>	<u>34,766,050</u>	<u>35,519,138</u>
Liabilities				
Current liabilities				
Trade payables	5	6,819,372	5,626,571	5,750,549
Borrowings	5,11,30	3,340,677	2,715,041	3,871,889
Other payables	5	4,815,379	4,483,415	4,028,907
Other financial liabilities	5,7	902	321	13,860
Current income tax liabilities		83,466	114,728	85,651
Provisions	13	664,493	644,282	734,848
Other current liabilities	5	962,285	928,140	970,029
Liabilities related to assets held for sale		-	1,794	-
		<u>16,686,574</u>	<u>14,514,292</u>	<u>15,455,733</u>
Non-current liabilities				
Borrowings	5,11,30	5,561,516	5,923,346	5,808,491
Other payables	5	34,833	29,169	20,892
Other financial liabilities	5,7	3,829	16,621	378
Deferred income tax liabilities		9,643	10,568	15,237
Net defined benefit liability	12	743,871	630,138	483,125
Provisions	13	987,614	932,871	575,632
Other non-current liabilities	5	12,306	3,298	3,238
		<u>7,353,612</u>	<u>7,546,011</u>	<u>6,906,993</u>
Total liabilities		<u>24,040,186</u>	<u>22,060,303</u>	<u>22,362,726</u>
Equity attributable to owners of the Parent Company				
Paid-in capital:	14			
Capital stock		904,169	904,169	904,169
Share premium		3,088,179	3,088,179	3,088,179
Retained earnings	15	8,855,526	8,723,950	8,792,879
Accumulated other comprehensive loss	16	(401,948)	(675,098)	(327,469)
Other components of equity	17	(242,111)	(242,111)	(242,223)
		<u>12,203,815</u>	<u>11,799,089</u>	<u>12,215,535</u>
Non-controlling interests		<u>948,759</u>	<u>906,658</u>	<u>940,877</u>
Total equity		<u>13,152,574</u>	<u>12,705,747</u>	<u>13,156,412</u>
Total liabilities and equity		<u>37,192,760</u>	<u>34,766,050</u>	<u>35,519,138</u>

The accompanying notes are an integral part of these interim consolidated financial statements.

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Interim Consolidated Statements of Income
Three-Month and Six-Month Periods Ended June 30, 2013 and 2012

<i>(in millions of Korean won, except per share amounts)</i>	Note	2013		2012	
		Three months	Six months	Three months	Six months
Net sales	18	15,232,314	29,332,915	13,834,632	27,039,340
Cost of sales	19	11,550,371	22,517,266	10,402,177	20,554,242
Gross profit		3,681,943	6,815,649	3,432,455	6,485,098
Selling and marketing expenses	19,20	1,854,622	3,414,989	1,767,567	3,265,240
Administrative expenses	19,20	348,913	686,183	327,794	662,565
Research and development expenses	19,20	622,196	1,194,366	517,547	1,015,665
Service costs	19,20	376,903	691,345	292,897	613,240
Operating income		479,309	828,766	526,650	928,388
Financial income	21	94,865	236,101	97,001	289,030
Financial expenses	22	201,554	422,481	195,868	479,419
Profit(loss) from equity method	10	34,931	9,358	(31,650)	(83,478)
Other non-operating income	23	325,147	603,907	298,983	753,803
Other non-operating expenses	24	500,201	846,431	460,540	715,681
Profit before income tax		232,497	409,220	234,576	692,643
Income tax expense		76,975	231,614	65,610	276,177
Profit for the period		155,522	177,606	168,966	416,466
Profit for the period attributable to:					
Equity holders of the Parent Company		132,003	156,204	163,963	407,642
Non-controlling interests		23,519	21,402	5,003	8,824
Earnings per share attributable to the equity holders of the Parent Company during the period (in won):	25				
Earnings per share for profit attributable to the common equity holders of the Parent Company		732	865	909	2,261
Earnings per share for profit attributable to the preferred equity holders of the Parent Company		744	890	921	2,286

The accompanying notes are an integral part of these interim consolidated financial statements.

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Interim Consolidated Statements of Comprehensive Income Three-Month and Six-Month Periods Ended June 30, 2013 and 2012

	Note	2013		2012	
		Three months	Six months	Three months	Six months
<i>(in millions of Korean won)</i>					
Profit for the period		155,522	177,606	168,966	416,466
Other comprehensive income(loss), net of tax					
Items that will not be reclassified subsequently to profit or loss:					
Remeasurements of the net defined benefit liability - the Group	12	75,378	12,836	(34,289)	(47,249)
Remeasurements of the net defined benefit liability - associates	10	197	111	149	54
Items that will be reclassified subsequently to profit or loss:					
Other comprehensive income of associates and joint ventures	10	37,264	63,391	3,201	4,637
Cash flow hedges	11	(3,446)	(4,193)	33	1,149
Available-for-sale financial assets	7	761	2,680	(1,019)	(918)
Currency translation differences		70,993	244,527	(129,452)	(79,978)
Other comprehensive income(loss) for the period, net of tax		181,147	319,352	(161,377)	(122,305)
Total comprehensive income for the period, net of tax		336,669	496,958	7,589	294,161
Comprehensive income(loss) for the period, net of tax, attributable to:					
Equity holders of the Parent Company		291,209	441,598	(41)	287,216
Non-controlling interests		45,460	55,360	7,630	6,945
Total comprehensive income for the period, net of tax		336,669	496,958	7,589	294,161

The accompanying notes are an integral part of these interim consolidated financial statements.

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Interim Consolidated Statements of Changes in Equity
Six-Month Periods Ended June 30, 2013 and 2012

		Attributable to equity holders of the Parent Company							
				Accumulated Other Comprehensive Income(loss)	Other Components of Equity		Non-controlling Interest	Total Equity	
<i>(in millions of Korean won)</i>	Note	Paid-in Capital	Retained Earnings	Income(loss)	Total	Total	Interest	Equity	
Balance at January 1, 2012		3,992,348	9,499,534	(326,584)	(271,339)	12,893,959	254,289	13,148,248	
The effect of enactment of Korean IFRS 1110		-	(706,655)	(885)	29,116	(678,424)	686,588	8,164	
Restated amount		<u>3,992,348</u>	<u>8,792,879</u>	<u>(327,469)</u>	<u>(242,223)</u>	<u>12,215,535</u>	<u>940,877</u>	<u>13,156,412</u>	
Comprehensive income(loss):									
Profit for the period		-	407,642	-	-	407,642	8,824	416,466	
Remeasurements of									
the net defined benefit liability - the Group	12	-	(47,255)	-	-	(47,255)	6	(47,249)	
Remeasurements of									
the net defined benefit liability - associates	10	-	54	-	-	54	-	54	
Other comprehensive income of									
associates and joint ventures	10	-	-	4,637	-	4,637	-	4,637	
Cash flow hedges	11	-	-	1,149	-	1,149	-	1,149	
Available-for-sale financial assets	7	-	-	(918)	-	(918)	-	(918)	
Currency translation differences		-	-	(78,093)	-	(78,093)	(1,885)	(79,978)	
Total comprehensive income(loss)		<u>-</u>	<u>360,441</u>	<u>(73,225)</u>	<u>-</u>	<u>287,216</u>	<u>6,945</u>	<u>294,161</u>	
Transactions with equity holders:									
Dividends		-	(36,872)	-	-	(36,872)	(19,462)	(56,334)	
Changes in ownership of subsidiaries		-	-	-	125	125	(125)	-	
Issuance of common shares of subsidiaries		-	-	-	-	-	8,820	8,820	
Conversion rights and stock warrants of subsidiaries exercised		-	-	-	-	-	839	839	
Others		-	(10)	-	(2)	(12)	-	(12)	
Total transactions with equity holders		<u>-</u>	<u>(36,882)</u>	<u>-</u>	<u>123</u>	<u>(36,759)</u>	<u>(9,928)</u>	<u>(46,687)</u>	
Balance at June 30, 2012		<u>3,992,348</u>	<u>9,116,438</u>	<u>(400,694)</u>	<u>(242,100)</u>	<u>12,465,992</u>	<u>937,894</u>	<u>13,403,886</u>	
Balance at January 1, 2013		3,992,348	9,407,667	(674,221)	(271,382)	12,454,412	249,805	12,704,217	
The effect of enactment of Korean IFRS 1110		-	(683,717)	(877)	29,271	(655,323)	656,853	1,530	
Restated amount		<u>3,992,348</u>	<u>8,723,950</u>	<u>(675,098)</u>	<u>(242,111)</u>	<u>11,799,089</u>	<u>906,658</u>	<u>12,705,747</u>	
Comprehensive income(loss):									
Profit for the period		-	156,204	-	-	156,204	21,402	177,606	
Remeasurements of									
the net defined benefit liability - the Group	12	-	12,133	-	-	12,133	703	12,836	
Remeasurements of									
the net defined benefit liability - associates	10	-	111	-	-	111	-	111	
Other comprehensive income of									
associates and joint ventures	10	-	-	63,391	-	63,391	-	63,391	
Cash flow hedges	11	-	-	(4,193)	-	(4,193)	-	(4,193)	
Available-for-sale financial assets	7	-	-	2,754	-	2,754	(74)	2,680	
Currency translation differences		-	-	211,198	-	211,198	33,329	244,527	
Total comprehensive income		<u>-</u>	<u>168,448</u>	<u>273,150</u>	<u>-</u>	<u>441,598</u>	<u>55,360</u>	<u>496,958</u>	
Transactions with equity holders:									
Dividends		-	(36,872)	-	-	(36,872)	(13,208)	(50,080)	
Return of investments in subsidiary		-	-	-	-	-	(51)	(51)	
Total transactions with equity holders		<u>-</u>	<u>(36,872)</u>	<u>-</u>	<u>-</u>	<u>(36,872)</u>	<u>(13,259)</u>	<u>(50,131)</u>	
Balance at June 30, 2013		<u>3,992,348</u>	<u>8,855,526</u>	<u>(401,948)</u>	<u>(242,111)</u>	<u>12,203,815</u>	<u>948,759</u>	<u>13,152,574</u>	

The accompanying notes are an integral part of these interim consolidated financial statements.

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Interim Consolidated Statements of Cash Flows Six-Month Periods Ended June 30, 2013 and 2012

<i>(in millions of Korean won)</i>	Note	Six-Month Period Ended June 30	
		2013	2012
Cash flows from operating activities			
Cash generated from operations	26	1,334,076	1,342,327
Interest received		38,903	45,652
Interest paid		(184,788)	(221,078)
Dividend received		10,577	36,640
Income tax paid		(255,634)	(195,080)
Net cash generated from operating activities		943,134	1,008,461
Cash flows from investing activities			
Decrease in financial deposits		10,855	153,002
Decrease in loans and other receivables		131,755	83,957
Proceeds from disposal of other financial assets		75,169	18,391
Proceeds from disposal of property, plant and equipment		42,883	74,994
Proceeds from disposal of intangible assets		1,672	5,597
Proceeds from disposal of investments in associates and joint ventures		-	214,757
Proceeds from disposal of assets held for sale		37	7,201
Proceeds from disposal of investment property		191	120
Increase in financial deposits		(6,800)	(321)
Increase in loans and other receivables		(125,471)	(72,742)
Acquisition of other financial assets		(13,717)	(28,910)
Acquisition of property, plant and equipment		(1,172,128)	(740,171)
Acquisition of intangible assets		(210,448)	(170,104)
Acquisition of investments in associates and joint ventures		(46,628)	(26,098)
Decrease in cash and cash equivalents due to changes in scope of subsidiaries		(3,822)	-
Acquisition of other assets		(74)	(216)
Net cash used in investing activities		(1,316,526)	(480,543)
Cash flows from financing activities			
Proceeds from borrowings		1,906,599	1,307,563
Issuance of common shares of subsidiaries		-	8,820
Stock warrants exercised		-	154
Repayments of borrowings		(1,754,424)	(1,866,996)
Dividends paid		(44,856)	(55,535)
Net cash provided by(used in) financing activities		107,319	(605,994)
Exchange gains(losses) on cash and cash equivalents		92,045	(30,408)
Net decrease in cash and cash equivalents		(174,028)	(108,484)
Cash and cash equivalents at the beginning of period		2,185,000	2,781,069
Cash and cash equivalents at the end of period		2,010,972	2,672,585

The accompanying notes are an integral part of these interim consolidated financial statements.

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Notes to the Interim Consolidated Financial Statements

June 30, 2013 and 2012, and December 31, 2012

1. General Information

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

As of June 30, 2013, LG Corp. owns 33.7% of the Parent Company's total shares, excluding preferred shares, while financial institutions, foreign investors and others own the rest.

The Group is engaged in the manufacture and sale of electronic products including mobile phones, TV, air conditioners, refrigerators, washing machines and personal computers. As of June 30, 2013, the Group operates five business segments and other supporting segments through the Parent Company and subsidiaries all over the world.

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Notes to the Interim Consolidated Financial Statements
June 30, 2013 and 2012, and December 31, 2012

(a) Consolidated subsidiaries as of June 30, 2013, are as follows:

Territory	Location	Subsidiaries	Percentage of ownership		Closing Month	Major Business	Basis of control
			Controlling interest	Non-controlling interest			
The Republic of Korea	Korea	Hiplaza Co., Ltd.	100.0%	-	December	Sales	More than half of voting rights
	Korea	Hi Business Logistics Co., Ltd.	100.0%	-	December	Logistics	More than half of voting rights
	Korea	Hi Entech Co., Ltd.	100.0%	-	December	Water engineering	More than half of voting rights
	Korea	LG Hitachi Water Solution Co., Ltd.	51.0%	49.0%	December	Water treatment	More than half of voting rights
	Korea	ACE R&A Co., Ltd.	100.0%	-	December	Production and Sales	More than half of voting rights
	Korea	Hi M Solutek	100.0%	-	December	Maintenance	More than half of voting rights
	Korea	Hi Teleservice Co., Ltd.	100.0%	-	December	Marketing	More than half of voting rights
	Korea	LGE Alliance Fund	96.2%	3.8%	December	Investment	More than half of voting rights
	Korea	Innovation investment Fund	83.3%	16.7%	December	Investment	More than half of voting rights
	Korea	KTB Technology Fund	100.0%	-	December	Investment	More than half of voting rights
	Korea	LG Innotek Co., Ltd. ¹	47.9%	52.1%	December	Production and Sales	De-facto control
	Korea	LG Innotek Alliance Fund ¹	47.4%	52.6%	December	Investment	De-facto control
	Korea	Innowith Co., Ltd. ¹	47.9%	52.1%	December	Services	De-facto control
	Korea	Hanuri Co., Ltd.	100.0%	-	December	Services	More than half of voting rights
	Korea	V-ENS Co., Ltd.	100.0%	-	December	Automotive engineering	More than half of voting rights
	China	China	Hi Logistics (China) Co., Ltd.	100.0%	-	December	Logistics
China		Inspur LG Digital Mobile Communications Co., Ltd.(LGEYT)	70.0%	30.0%	December	Production	More than half of voting rights
China		LG Electronics (China) Co., Ltd.(LGECH)	100.0%	-	December	Sales	More than half of voting rights
China		LG Electronics (China) Research and Development Centre Co., Ltd.(LGERD)	100.0%	-	December	R&D	More than half of voting rights

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Notes to the Interim Consolidated Financial Statements
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Territory	Location	Subsidiaries	Percentage of ownership		Closing Month	Major Business	Basis of control
			Controlling interest	Non-controlling interest			
China		LG Electronics (Hangzhou) Co., Ltd.(LGEHN)	70.0%	30.0%	December	Production	More than half of voting rights
China		LG Electronics (Kunshan) Computer Co., Ltd.(LGEKS)	100.0%	-	December	Production	More than half of voting rights
China		LG Electronics (Shanghai) Research and Development Center Co., Ltd.(LGCRC)	100.0%	-	December	R&D	More than half of voting rights
China		LG Electronics Air-Conditioning(Shandong) Co., Ltd.(LGEQA)	100.0%	-	December	Production and Sales	More than half of voting rights
China		LG Electronics HK Ltd.(LGEHK)	100.0%	-	December	Sales	More than half of voting rights
China		LG Electronics Huizhou Ltd.(LGEHZ)	80.0%	20.0%	December	Production	More than half of voting rights
China		LG Electronics Nanjing Display Co., Ltd.(LGEND)	70.0%	30.0%	December	Production	More than half of voting rights
China		LG Electronics Qinhuangdao Inc.(LGEQH)	100.0%	-	December	Production	More than half of voting rights
China		LG Electronics Shenyang Inc.(LGESY)	78.9%	21.1%	December	Production	More than half of voting rights
China		LG Electronics Tianjin Appliances Co., Ltd.(LGETA)	80.0%	20.0%	December	Production	More than half of voting rights
China		NanJing LG-Panda Appliances Co., Ltd.(LGEPN)	70.0%	30.0%	December	Production	More than half of voting rights
China		Qingdao LG Inspur Digital Communication Co., Ltd.(LGEQD)	70.0%	30.0%	December	Production	More than half of voting rights
China		Shanghai LG Electronics Co., Ltd.(LGESH)	70.0%	30.0%	December	Production	More than half of voting rights
China		Taizhou LG Electronics Refrigeration Co., Ltd.(LGETR)	100.0%	-	December	Production	More than half of voting rights
China		Tianjin Lijie cartridge heater Co., Ltd.(LGETL)	66.7%	33.3%	December	Production	More than half of voting rights
China		LG Innotek (Yantai) Co., Ltd.(LGITYT) ¹	47.9%	52.1%	December	Production and Sales	De-facto control
China		LG Innotek (Huizhou) Co., Ltd.(LGITHZ) ¹	47.9%	52.1%	December	Production and Sales	De-facto control
China		LG Innotek (Fuzhou) Co., Ltd.(LGITFZ) ¹	47.9%	52.1%	December	Production and Sales	De-facto control
China		LG Innotek (Guangzhou) Co., Ltd.(LGITGZ) ¹	47.9%	52.1%	December	Production and Sales	De-facto control
China		LG Innotek Trading (Shanghai) Co., Ltd.(LGITSH) ¹	47.9%	52.1%	December	Sales	De-facto control
China		HiEntech (Tianjin) Co., LTD.	100.0%	-	December	Water engineering	More than half of voting rights

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Territory	Location	Subsidiaries	Percentage of ownership		Closing Month	Major Business	Basis of control
			Controlling interest	Non-controlling interest			
Asia	China	VENS BEIJING VEHICLE ENGINEERING CO.,LTD	100.0%	-	December	Automotive engineering	More than half of voting rights
	Australia	LG Electronics Australia Pty, Ltd.(LGEAP)	100.0%	-	December	Sales	More than half of voting rights
	India	LG Electronics India Pvt. Ltd.(LGEIL) ⁴	100.0%	-	March	Production and Sales	More than half of voting rights
	Japan	LG Electronics Japan Lab. Inc.(LGEJL)	100.0%	-	December	R&D	More than half of voting rights
	Japan	LG Electronics Japan, Inc.(LGEJP)	100.0%	-	December	Sales	More than half of voting rights
	Malaysia	LG Electronics Malaysia SDN. BHD(LGEML)	100.0%	-	December	Sales	More than half of voting rights
	Philippines	LG Electronics Philippines Inc.(LGEPH)	100.0%	-	December	Sales	More than half of voting rights
	Singapore	LG Electronics Singapore PTE LTD.(LGESL)	100.0%	-	December	Sales	More than half of voting rights
	Taiwan	LG Electronics Taiwan Taipei Co., Ltd.(LGETT)	100.0%	-	December	Sales	More than half of voting rights
	Thailand	LG Electronics Thailand Co., Ltd.(LGETH)	100.0%	-	December	Production and Sales	More than half of voting rights
	Vietnam	LG Electronics Vietnam Co., Ltd.(LGEVN)	100.0%	-	December	Production and Sales	More than half of voting rights
	India	LG Soft India Private Limited.(LGSi) ⁴	100.0%	-	March	R&D	More than half of voting rights
	Indonesia	P.T. LG Electronics Indonesia(LGEIN)	100.0%	-	December	Production and Sales	More than half of voting rights
	Philippines	LG Electronics Pasig Inc. ³	38.0%	62.0%	December	Real estates	De-facto control
	India	Hi Logistics India Private Limited ⁴	100.0%	-	March	Logistics	More than half of voting rights
	Malaysia	HI LOGISTICS MALAYSIA SDN BHD	100.0%	-	December	Logistics	More than half of voting rights
	Indonesia	PT LG Innotek Indonesia(LGITIN) ¹	47.9%	52.1%	December	Production and Sales	De-facto control
	Taiwan	LG Innotek (Taiwan) Ltd.(LGITTW) ¹	47.9%	52.1%	December	Sales	De-facto control
	Europe	Malaysia	V-ENS (M) Sdn. Bhd.	100.0%	-	December	Automotive engineering
Netherlands		Hi Logistics Europe B.V.	100.0%	-	December	Logistics	More than half of voting rights
Austria		LG Electronics Austria GmbH(LGEAG)	100.0%	-	December	Sales	More than half of voting rights

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Territory	Location	Subsidiaries	Percentage of ownership		Closing Month	Major Business	Basis of control
			Controlling interest	Non-controlling interest			
	Netherlands	LG Electronics Benelux Sales B.V.(LGEBN)	100.0%	-	December	Sales	More than half of voting rights
	Czech Republic	LG Electronics CZ, s.r.o.(LGECZ)	100.0%	-	December	Sales	More than half of voting rights
	Germany	LG Electronics Deutschland GmbH(LGEDG)	100.0%	-	December	Sales	More than half of voting rights
	Spain	LG Electronics Espana S.A.(LGEES)	100.0%	-	December	Sales	More than half of voting rights
	Netherlands	LG Electronics European Holdings B.V.(LGEEH)	100.0%	-	December	European Holding	More than half of voting rights
	Netherlands	LG Electronics European Shared Service Center B.V.(LGESC)	100.0%	-	December	Services	More than half of voting rights
	France	LG Electronics France S.A.S.(LGEFS)	100.0%	-	December	Sales	More than half of voting rights
	Greece	LG Electronics Hellas S.A.(LGEHS)	100.0%	-	December	Sales	More than half of voting rights
	Italy	LG Electronics Italia S.p.A(LGEIS)	100.0%	-	December	Sales	More than half of voting rights
	Latvia	LG Electronics Latvia, LLC(LGELV)	100.0%	-	December	Sales	More than half of voting rights
	Hungary	LG Electronics Magyar KFT(LGEMK)	100.0%	-	December	Sales	More than half of voting rights
	Poland	LG Electronics Mlawa Sp. z o.o(LGEMA)	100.0%	-	December	Production	More than half of voting rights
	France	LG Electronics Mobilecomm France(LGEMF)	100.0%	-	December	R&D	More than half of voting rights
	Sweden	LG Electronics Nordic AB(LGESW)	100.0%	-	December	Sales	More than half of voting rights
	Norway	LG Electronics Norway AS(LGENO)	100.0%	-	December	Sales	More than half of voting rights
	Poland	LG Electronics Polska Sp. z o.o(LGEPL)	100.0%	-	December	Sales	More than half of voting rights
	Portugal	LG Electronics Portugal S.A.(LGEPT)	100.0%	-	December	Sales	More than half of voting rights
	Romania	LG Electronics Romania S.R.L.(LGERO)	100.0%	-	December	Sales	More than half of voting rights
	UK	LG Electronics United Kingdom Ltd.(LGEUK)	100.0%	-	December	Sales	More than half of voting rights
	Poland	LG Electronics Wroclaw Sp.z o.o(LGEWR)	100.0%	-	December	Production	More than half of voting rights
	Poland	LG Innotek Poland Sp z o.o.(LGITPO) ¹	47.9%	52.1%	December	Production and Sales	De-facto control

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Territory	Location	Subsidiaries	Percentage of ownership		Closing Month	Major Business	Basis of control
			Controlling interest	Non-controlling interest			
North America	USA	LG Electronics Miami Inc.(LGEMI)	100.0%	-	December	Sales	More than half of voting rights
	USA	LG Electronics Alabama Inc.(LGEAI)	100.0%	-	December	Services	More than half of voting rights
	Canada	LG Electronics Canada, Inc.(LGECL)	100.0%	-	December	Sales	More than half of voting rights
	Mexico	LG Electronics Mexicali, S.A. DE C.V.(LGEMX)	100.0%	-	December	Production	More than half of voting rights
	Mexico	LG Electronics Mexico S.A. DE C.V.(LGEMS)	100.0%	-	December	Sales	More than half of voting rights
	USA	LG Electronics Mobile Research U.S.A., L.L.C.(LGEMR)	100.0%	-	December	R&D	More than half of voting rights
	USA	LG Electronics Mobilecomm U.S.A., Inc.(LGEMU)	100.0%	-	December	Sales	More than half of voting rights
	Mexico	LG Electronics Monterrey Mexico S.A.de C.V.(LGEMM)	100.0%	-	December	Production	More than half of voting rights
	Mexico	LG Electronics Reynosa S.A. DE C.V.(LGERES)	100.0%	-	December	Production	More than half of voting rights
	USA	LG Electronics U.S.A., Inc.(LGEUS)	100.0%	-	December	Sales	More than half of voting rights
	USA	LG Receivable Funding LLC	100.0%	-	December	Other	More than half of voting rights
	Mexico	Servicios Integrales LG S.A DE C.V	100.0%	-	December	Services	More than half of voting rights
	Mexico	Servicios LG Monterrey Mexico S.A. de C.V.	100.0%	-	December	Other	More than half of voting rights
	USA	Zenith Electronics Corporation of Pennsylvania	100.0%	-	December	Other	More than half of voting rights
	USA	Zenith Electronics Corporation(Zenith)	100.0%	-	December	R&D	More than half of voting rights
	USA	LG Innotek USA, Inc.(LGITUS) ¹	47.9%	52.1%	December	Sales	De-facto control
	Mexico	HILOGISTICS MEXICO SA DE CV	100.0%	-	December	Logistics	More than half of voting rights
	Mexico	HiLogistics Reynosa	100.0%	-	December	Logistics	More than half of voting rights
	USA	HiLogistics USA	100.0%	-	December	Logistics	More than half of voting rights
	Mexico	LG Innotek Mexico SA DE CV(LGITMX) ¹	47.9%	52.1%	December	Production and Sales	De-facto control
South America	Brazil	LG Armagem Geral Ltda.	100.0%	-	December	Services	More than half of voting rights
	Argentina	LG Electronics Argentina S.A.(LGEAR)	100.0%	-	December	Sales	More than half of voting rights

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Territory	Location	Subsidiaries	Percentage of ownership		Closing Month	Major Business	Basis of control
			Controlling interest	Non-controlling interest			
	Colombia	LG Electronics Colombia Ltda.(LGECB)	100.0%	-	December	Sales	More than half of voting rights
	Brazil	LG Electronics do Brasil Ltda.(LGEBR)	100.0%	-	December	Production and Sales	More than half of voting rights
	Honduras	LG Electronics Honduras S.de R.L. ²	20.0%	80.0%	December	Sales	De-facto control
	Chile	LG Electronics Inc Chile Ltda.(LGECL)	100.0%	-	December	Sales	More than half of voting rights
	Panama	LG Electronics Panama, S.A.(LGEPS)	100.0%	-	December	Sales	More than half of voting rights
	Peru	LG Electronics Peru S.A.(LGEPR)	100.0%	-	December	Sales	More than half of voting rights
	Venezuela	LG Electronics Venezuela S.A.(LGEVZ)	100.0%	-	December	Sales	More than half of voting rights
	Brazil	SOCIO VIP Ltda.	100.0%	-	December	Services	More than half of voting rights
	Panama	C&S America Solutions	100.0%	-	December	Services	More than half of voting rights
	Panama	LG Consulting corp.	100.0%	-	December	Services	More than half of voting rights
	Panama	LG Electronics Guatemala S.A.	100.0%	-	December	Sales	More than half of voting rights
Middle East and Africa	Nigeria	Easytec Global Services Innovation Limited	100.0%	-	December	Services	More than half of voting rights
	Angola	LG Electronics Angola Limitada(LGEAO)	100.0%	-	December	Sales & Services	More than half of voting rights
	Jordan	LG Electronics (Levant) Jordan(LGELF)	100.0%	-	December	Sales	More than half of voting rights
	UAE	LG Electronics Africa Logistics FZE(LGEAF)	100.0%	-	December	Sales	More than half of voting rights
	Algeria	LG Electronics Algeria SARL(LGEAS)	70.0%	30.0%	December	Sales	More than half of voting rights
	UAE	LG Electronics Dubai FZE(LGEDF)	100.0%	-	December	Sales	More than half of voting rights
	Egypt	LG Electronics Egypt S.A.E(LGEEG)	100.0%	-	December	Production and Sales	More than half of voting rights
	UAE	LG Electronics Gulf FZE(LGEGF)	100.0%	-	December	Sales	More than half of voting rights
	UAE	LG Electronics Middle East Co., Ltd.(LGEME)	100.0%	-	December	Services	More than half of voting rights
	Morocco	LG Electronics Morocco S.A.R.L(LGEMC)	100.0%	-	December	Sales	More than half of voting rights
	Nigeria	LG Electronics Nigeria Limited(LGENI)	100.0%	-	December	Other	More than half of voting rights

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Territory	Location	Subsidiaries	Percentage of ownership		Closing Month	Major Business	Basis of control
			Controlling interest	Non-controlling interest			
	Tunisia	LG Electronics North Africa Service Company S.A.R.L	100.0%	-	December	Sales	More than half of voting rights
	UAE	LG Electronics Overseas Trading FZE(LGEOT)	100.0%	-	December	Sales	More than half of voting rights
	South Africa	LG Electronics S.A. (Pty) Ltd.(LGESA)	100.0%	-	December	Production and Sales	More than half of voting rights
	Turkey	LG Electronics Ticaret A.S.(LGETK)	100.0%	-	December	Sales	More than half of voting rights
	Saudi Arabia	LG-Shaker Co., Ltd.(LGESR) ²	49.0%	51.0%	December	Production	De-facto control
	Kenya	LG Electronics Service Kenya Limited(LGESK)	100.0%	-	December	Services	More than half of voting rights
	Saudi Arabia	LG Electronics Saudi Arabia Limited	100.0%	-	December	Services	More than half of voting rights
	UAE	Hi Logistics Middle East FZE	100.0%	-	December	Logistics	More than half of voting rights
Other	Russia	LG Alina Electronics(LGERI)	95.0%	5.0%	December	Services	More than half of voting rights
	Kazakhstan	LG Electronics Almaty Kazakhstan(LGEAK)	100.0%	-	December	Production and Sales	More than half of voting rights
	Russia	LG Electronics RUS, LLC(LGERA)	100.0%	-	December	Production and Sales	More than half of voting rights
	Russia	LG Electronics RUS-Marketing, LLC(LGERM)	100.0%	-	December	Services	More than half of voting rights
	Ukraine	LG Electronics Ukraine Inc.(LGEUR)	100.0%	-	December	Sales	More than half of voting rights

¹ Although the Parent Company holds less than half of the voting rights of LG Innotek Co., Ltd. which is an intermediate parent of its subsidiaries, the Parent Company is deemed to have control over LG Innotek Co., Ltd. when considering the size and dispersion of holdings of the other vote holders, and the voting patterns at previous shareholders' meetings (Note 3).

² Control exists as there is a power over more than half of the voting rights by virtue of an agreement with other investors although the Parent Company holds less than half of the voting power.

³ Although the Parent Company holds less than half of the voting rights, the Group is deemed to have control as the Parent Company has the substantial power to direct the relevant activities and is exposed to variable returns.

⁴ In the preparation of consolidated financial statements, the financial statements for the six-month period ended June 30, 2013 were used for those subsidiaries with different fiscal years.

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(b) Financial information of major subsidiaries as of June 30, 2013 and December 31, 2012, and for the three-month and six-month periods ended June 30, 2013 and 2012, is as follows (Before elimination of intercompany transactions):

<i>(in millions of Korean won)</i>	June 30, 2013			2013					
	Assets	Liabilities	Equity	Three months			Six months		
				Sales	Net Income (loss)	Total Comprehensive Income(loss)	Sales	Net Income (loss)	Total Comprehensive Income(loss)
LG Innotek Co., Ltd.	4,417,880	3,186,234	1,231,646	1,336,115	2,362	9,901	2,758,454	(7,579)	(6,630)
LG Electronics U.S.A., Inc.(LGEUS)	2,155,132	1,857,473	297,659	1,667,468	947	855	3,065,403	(495)	(525)
LG Electronics do Brasil Ltda.(LGEBR)	1,898,691	1,446,343	452,348	1,016,720	65,372	60,833	1,751,147	98,905	97,452
LG Electronics European Shared Service Center B.V.(LGESC)	1,155,513	1,124,852	30,661	57,653	1,968	2,181	105,244	5,038	5,349
Zenith Electronics Corporation(Zenith)	1,090,683	65,218	1,025,465	34,811	3,857	4,633	71,402	21,388	26,732
LG Electronics RUS, LLC(LGERA)	1,006,647	669,833	336,814	695,983	9,121	8,685	1,321,953	33,571	37,017
LG Electronics (China) Co. Ltd.(LGECH)	755,481	723,475	32,006	326,322	1,524	1,903	637,716	10,119	10,703
LG Electronics Tianjin Appliances Co., Ltd.(LGETA)	717,688	407,892	309,796	368,615	1,727	2,869	749,970	24,361	27,293
P.T. LG Electronics Indonesia(LGEIN)	682,756	445,413	237,343	581,510	4,388	4,491	1,071,204	10,570	13,024
LG Electronics India Pvt. Ltd.(LGEIL)	629,532	297,506	332,026	679,104	34,267	30,751	1,228,126	59,979	67,394
LG Electronics Mexico S.A. DE C.V.(LGEMS)	560,923	499,300	61,623	441,176	(15,097)	(14,460)	764,543	(9,865)	(10,256)
LG Electronics Nanjing Display Co., Ltd.(LGEND)	538,818	356,638	182,180	403,429	23,158	24,158	816,233	28,571	29,986
LG Electronics Wroclaw Sp.z.o.o(LGEWR)	520,149	359,636	160,513	456,661	3,097	3,210	913,262	8,742	8,820
LG Electronics Reynosa S.A. DE C.V.(LGERES)	518,105	255,326	262,779	534,842	(1,510)	(4,124)	987,279	(372)	1,993
LG Electronics Mobilecomm U.S.A., Inc.(LGEMU)	488,638	413,476	75,162	946,815	(8,735)	(8,789)	1,935,676	(1,642)	(989)
LG Electronics Mlawa Sp. z o.o(LGEMA)	485,173	183,073	302,100	270,350	2,838	3,106	651,490	15,822	17,075
Inspur LG Digital Mobile Communications Co., Ltd.(LGEYT)	466,735	406,874	59,861	559,839	7,310	6,116	1,100,035	(22,601)	(23,829)
NanJing LG-Panda Appliances Co., Ltd.(LGEPN)	453,464	331,292	122,172	288,401	1,799	2,495	547,843	17,186	19,024
Hiplaza Co., Ltd.	443,955	295,598	148,357	413,949	3,915	3,819	720,525	4,088	3,783
LG Electronics Thailand Co.Ltd.(LGETH)	412,618	245,090	167,528	319,955	16,204	15,659	641,349	26,346	26,527
LG Electronics Monterrey Mexico S.A.de C.V.(LGEMM)	370,868	324,000	46,868	169,140	6,260	6,318	310,719	5,093	5,827

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<i>(in millions of Korean won)</i>	December 31, 2012			2012					
	Assets	Liabilities	Equity	Three months			Six months		
				Sales	Net Income (loss)	Total Comprehensive Income(loss)	Sales	Net Income (loss)	Total Comprehensive Income(loss)
LG Innotek Co., Ltd.	4,668,318	3,430,042	1,238,276	1,184,078	(10,083)	(10,088)	2,385,077	18,716	18,758
LG Electronics U.S.A., Inc.(LGEUS)	1,882,404	1,604,377	278,027	1,621,050	24,065	23,975	2,845,708	18,215	18,374
LG Electronics do Brasil Ltda.(LGEBR)	1,330,108	971,404	358,704	706,750	1,939	2,912	1,387,438	(3,767)	(4,274)
LG Electronics European Shared Service Center B.V.(LGESC)	1,095,692	1,071,664	24,028	45,703	6,815	6,817	87,380	2,816	2,734
Zenith Electronics Corporation(Zenith)	973,707	39,427	934,280	35,954	21,505	21,759	62,948	35,573	32,433
LG Electronics RUS, LLC(LGERA)	1,063,036	643,253	419,783	630,540	46,751	41,584	1,191,567	68,485	68,125
LG Electronics (China) Co. Ltd.(LGECH)	636,428	616,983	19,445	222,956	(11,316)	(11,165)	504,449	8,041	8,664
LG Electronics Tianjin Appliances Co., Ltd.(LGETA)	647,211	362,324	284,887	378,495	7,723	7,817	781,722	22,615	21,178
P.T. LG Electronics Indonesia(LGEIN)	545,659	334,843	210,816	525,674	12,001	12,144	1,010,111	23,486	21,502
LG Electronics India Pvt. Ltd.(LGEIL)	564,329	218,670	345,659	689,105	44,417	39,180	1,328,491	79,819	82,294
LG Electronics Mexico S.A. DE C.V.(LGEMS)	456,972	391,074	65,898	256,095	(32,648)	(32,024)	528,931	(48,740)	(48,327)
LG Electronics Nanjing Display Co., Ltd.(LGEND)	423,710	279,980	143,730	195,331	(528)	(488)	427,901	5,491	2,378
LG Electronics Wroclaw Sp.z.o.o(LGEWR)	518,020	365,612	152,408	431,076	14,173	13,522	799,899	15,072	16,818
LG Electronics Reynosa S.A. DE C.V.(LGERS)	526,829	281,719	245,110	706,366	24,537	21,929	1,318,933	55,149	50,879
LG Electronics Mobilecomm U.S.A., Inc.(LGEMU)	411,997	340,570	71,427	902,818	(1,640)	(1,607)	1,903,517	11,615	10,795
LG Electronics Mlawa Sp. z o.o(LGEMA)	563,481	276,155	287,326	288,170	14,427	13,652	709,984	16,500	17,277
Inspur LG Digital Mobile Communications Co., Ltd.(LGEYT)	418,758	341,217	77,541	365,235	4,522	4,514	661,516	6,617	6,625
NanJing LG-Panda Appliances Co., Ltd.(LGEPN)	391,388	288,848	102,540	183,862	6,563	6,593	340,749	7,729	6,914
Hiplaza Co., Ltd.	398,974	254,400	144,574	308,601	(4,171)	(3,812)	590,442	(9,050)	(8,691)
LG Electronics Thailand Co.Ltd.(LGETH)	350,146	215,993	134,153	291,272	4,963	4,662	585,422	16,497	16,699
LG Electronics Monterrey Mexico S.A.de C.V.(LGEMM)	358,914	320,062	38,852	175,268	5,886	5,403	313,129	15,229	15,472

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(c) Information of non-controlling interests of subsidiaries and subsidiaries with material non-controlling interests

i) Subsidiaries held at less than 100% of interest

Subsidiaries	Location	Controlling interest	Non-controlling interest
LG Innotek Co., Ltd. and its subsidiaries ¹	Korea	47.9%	52.1%
LG Hitachi Water Solution Co., Ltd.	Korea	51.0%	49.0%
LGE Alliance Fund	Korea	96.2%	3.8%
Innovation Investment Fund	Korea	83.3%	16.7%
Inspur LG Digital Mobile Communications Co., Ltd.(LGEYT)	China	70.0%	30.0%
LG Electronics (Hangzhou) Co., Ltd.(LGEHN)	China	70.0%	30.0%
LG Electronics Huizhou Ltd.(LGEHZ)	China	80.0%	20.0%
LG Electronics Nanjing Display Co., Ltd.(LGEND)	China	70.0%	30.0%
LG Electronics Shenyang Inc.(LGESY)	China	78.9%	21.1%
LG Electronics Tianjin Appliances Co., Ltd.(LGETA)	China	80.0%	20.0%
NanJing LG-Panda Appliances Co., Ltd.(LGEPN)	China	70.0%	30.0%
Qingdao LG Inspur Digital Communication Co., Ltd.(LGEQD)	China	70.0%	30.0%
Shanghai LG Electronics Co., Ltd.(LGESH)	China	70.0%	30.0%
Tianjin Lijie cartridge heater Co., Ltd.(LGETL)	China	66.7%	33.3%
LG Electronics Pasig Inc.	Philippines	38.0%	62.0%
LG Electronics Honduras S.de R.L.	Honduras	20.0%	80.0%
LG Electronics Algeria SARL(LGEAS)	Algeria	70.0%	30.0%
LG-Shaker Co., Ltd.(LGESR)	Saudi Arabia	49.0%	51.0%
LG Alina Electronics(LGERI)	Russia	95.0%	5.0%

¹ Above location of LG Innotek Co., Ltd. and its subsidiaries represents the location of head office only.

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ii) Non-controlling interest portion of subsidiaries' financial position and financial performance

Accumulated non-controlling interest as of June 30, 2013 and December 31, 2012, is as follows:

<i>(in millions of Korean won)</i>	June 30, 2013	December 31, 2012
LG Innotek Co., Ltd. and its subsidiaries	671,012	659,171
LG Electronics Tianjin Appliances Co., Ltd.(LGETA)	58,753	53,910
LG Electronics Nanjing Display Co., Ltd.(LGEND)	52,926	42,251
LG-Shaker Co., Ltd.(LGESR)	39,036	27,529
NanJing LG-Panda Appliances Co., Ltd.(LGEPN)	31,574	27,272
LG Electronics Huizhou Ltd.(LGEHZ)	17,302	18,228
LG Electronics Shenyang Inc.(LGESY)	24,860	19,603
Inspur LG Digital Mobile Communications Co., Ltd.(LGEYT)	17,066	21,507
Qingdao LG Inspur Digital Communication Co., Ltd.(LGEQD)	12,502	11,909
Shanghai LG Electronics Co., Ltd.(LGESH)	7,830	7,503
LG Electronics (Hangzhou) Co., Ltd.(LGEHN)	7,768	7,281
LG Hitachi Water Solution Co., Ltd.	6,265	6,664
Innovation investment Fund	5,972	6,120
LG Alina Electronics(LGERI)	129	767
LGE Alliance Fund	363	386
Tianjin Lijie cartridge heater Co., Ltd.(LGETL)	47	116
LG Electronics Honduras S.de R.L.	-	-
Triveni Digital Inc.	-	169
LG Electronics Algeria SARL(LGEAS)	(2,309)	(1,411)
LG Electronics Pasig Inc.	(2,337)	(2,317)
Total	948,759	906,658

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Profit(loss) attributed to non-controlling interest for the three-month and six-month periods ended June 30, 2013 and 2012, is as follows:

<i>(in millions of Korean won)</i>	2013		2012	
	Three months	Six months	Three months	Six months
LG Innotek Co., Ltd. and its subsidiaries	3,873	(28)	2,469	(440)
LG Electronics Tianjin Appliances Co., Ltd.(LGETA)	1,942	4,783	935	2,925
LG Electronics Nanjing Display Co., Ltd.(LGEND)	6,570	7,486	(1,098)	290
LG-Shaker Co., Ltd.(LGESR)	5,172	9,102	4,230	5,191
NanJing LG-Panda Appliances Co., Ltd.(LGEPN)	29	3,640	(1,007)	(566)
LG Electronics Huizhou Ltd.(LGEHZ)	297	778	620	1,508
LG Electronics Shenyang Inc.(LGESY)	4,946	3,342	105	299
Inspur LG Digital Mobile Communications Co., Ltd.(LGEYT)	3,016	(5,903)	(519)	(53)
Qingdao LG Inspur Digital Communication Co., Ltd.(LGEQD)	(1,018)	(480)	(88)	196
Shanghai LG Electronics Co., Ltd.(LGESH)	107	225	11	161
LG Electronics (Hangzhou) Co., Ltd.(LGEHN)	110	233	57	294
LG Hitachi Water Solution Co., Ltd.	(404)	(847)	(636)	(959)
Innovation investment Fund	(306)	(77)	746	789
LG Alina Electronics(LGERI)	5	11	(34)	(9)
LGE Alliance Fund	-	-	(1)	-
Tianjin Lijie cartridge heater Co., Ltd.(LGETL)	(39)	(76)	(15)	(28)
LG Electronics Honduras S.de R.L.	-	-	-	-
Triveni Digital Inc.	-	-	-	(10)
LG Electronics Algeria SARL(LGEAS)	(771)	(776)	(772)	(740)
LG Electronics Pasig Inc.	(10)	(11)	-	(24)
Total	23,519	21,402	5,003	8,824

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Dividends paid to non-controlling interest for the six-month periods ended June 30, 2013 and 2012, are as follows:

<i>(in millions of Korean won)</i>	2013	2012
Inspur LG Digital Mobile Communications Co., Ltd.(LGEYT)	-	2,029
LG Electronics (Hangzhou) Co., Ltd.(LGEHN)	380	216
LG Electronics Huizhou Ltd.(LGEHZ)	3,397	-
LG Electronics Nanjing Display Co., Ltd.(LGEND)	890	684
LG Electronics Shenyang Inc.(LGESY)	-	12,410
LG Electronics Tianjin Appliances Co., Ltd.(LGETA)	5,088	3,596
NanJing LG-Panda Appliances Co., Ltd.(LGEPN)	2,262	-
Shanghai LG Electronics Co., Ltd.(LGESH)	557	527
LG Alina Electronics(LGERI)	634	-
Total	13,208	19,462

iii) Summarized consolidated statements of financial position of subsidiaries with material non-controlling interests, is as follows (Before elimination of intercompany transactions):

- LG Innotek Co., Ltd. and its subsidiaries

<i>(in millions of Korean won)</i>	June 30, 2013	December 31, 2012
Current assets	2,011,492	2,073,033
Non-current assets	2,747,697	2,813,252
Total assets	4,759,189	4,886,285
Current liabilities	1,813,571	2,009,225
Non-current liabilities	1,654,011	1,608,753
Total liabilities	3,467,582	3,617,978
Equity of the owners of LG Innotek Co., Ltd.	1,291,605	1,268,253
Non-controlling interest	2	54
Total equity	1,291,607	1,268,307

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iv) Summarized consolidated statements of comprehensive income of subsidiaries with material non-controlling interests for the three-month and six-month periods ended June 30, 2013 and 2012, is as follows (Before elimination of intercompany transactions):

- LG Innotek Co., Ltd. and its subsidiaries

<i>(in millions of Korean won)</i>	2013		2012	
	Three months	Six months	Three months	Six months
Net sales	1,521,099	3,072,049	1,235,772	2,469,751
Profit for the period	6,896	390	4,490	2,058
Other comprehensive income(loss), net of tax	19,546	22,961	1,612	(1,300)
Total comprehensive income, net of tax	26,442	23,351	6,102	758

v) Summarized consolidated statements of cash flows of subsidiaries with material non-controlling interests for the six-month periods ended June 30, 2013 and 2012, is as follows (Before elimination of intercompany transactions):

- LG Innotek Co., Ltd. and its subsidiaries

<i>(in millions of Korean won)</i>	2013	2012
Cash flows from operating activities	288,885	201,588
Cash flows from investing activities	(264,058)	(76,413)
Cash flows from financing activities	(28,109)	(8,373)
Exchange gains(loss) on cash and cash equivalents	2,269	(1,159)
Net increase(decrease) in cash and cash equivalents	(1,013)	115,643
Cash and cash equivalents at the beginning of period	352,808	435,602
Cash and cash equivalents at the end of period	351,795	551,245

(d) Significant restrictions on its subsidiaries

i) The significant restrictions on the use of assets and on settlement of liabilities by the Group are as follows:

Cash and other short-term financial instruments held by subsidiaries in Egypt, Algeria, Russia, Kazakhstan and Uzbekistan are subject to currency regulations of each relevant country. Accordingly, there are transfer limits on their cash and short-term financial instruments from these countries.

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ii) The nature and limitation of the protective rights of non-controlling interest which may restrict use of assets and settlement of liabilities by the Group are as follows:

<u>Subsidiaries</u>	<u>The nature and limitation of the protective rights for non-controlling interest</u>
LG Hitachi Water Solution Co., Ltd.	For the following special resolutions of the board of directors, consents from directors who were appointed by non-controlling interest holder are required. <ul style="list-style-type: none"> - Acquisitions and disposals of assets over KRW one billion not included in the business plan - Borrowings and issues of debentures over KRW one billion not included in the business plan - Expenditure over KRW one billion not included in the business plan - Initial agreement, amendment and termination of significant contracts over one billion won.
LG-Shaker Co., Ltd.(LGESR)	Unanimous approval is required for the confirmation of financial statements and dividend declaration.

(e) Interest over consolidated structured entity and its relevant risks

LG Receivable Funding LLC, a subsidiary, is the special purpose entity that has been established for asset securitization based on trade receivables. The Group performs asset securitization within the limit of agreement assuming that certain conditions are met in accordance with the relevant contract. These conditions include maintaining certain financial ratios (interest coverage ratio, degree of leverage) and securitizing trade receivables against customers whose credit ratings are higher than a specific level (BBB- from Standard & Poors or Baa3 from Moody's).

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(f) Changes in the Parent Company's interest in the subsidiaries

Changes in the Parent Company's interest in the subsidiaries without loss of control for the six-month periods ended June 30, 2013, and 2012, are as follows:

<i>(in millions of Korean won)</i>	2013	2012
LG Innotek Co.,Ltd. and its subsidiaries		
Decrease in the Parent Company's interest by exercise of conversion rights (A)	-	125
Consideration received from non-controlling interest (B)	-	-
Changes of the Parent Company's ownership interest (A-B)	-	125

(g) Subsidiaries newly included in the consolidation for the six-month period ended June 30, 2013, are:

Subsidiaries	Reasons	Country	Percentage of ownership	Closing month	Major Business
Hanuri Co., Ltd.	Newly established	Korea	100%	December	Services
HILOGISTICS MEXICO SA DE CV	Newly established	Mexico	100%	December	Logistics
HiEntech (Tianjin) Co., LTD.	Newly established	China	100%	December	Water engineering
V-ENS Co., Ltd.	Acquisition of shares	Korea	100%	December	Automotive engineering
V-ENS (M) Sdn. Bhd.	Acquisition of shares	Malaysia	100%	December	Automotive engineering
VENS BEIJING VEHICLE ENGINEERING CO.,LTD	Acquisition of shares	China	100%	December	Automotive engineering
HiLogistics Reynosa	Newly established	Mexico	100%	December	Logistics
HiLogistics USA	Newly established	USA	100%	December	Logistics
LG Innotek Mexico SA DE CV(LGITMX)	Newly established	Mexico	47.9%	December	Production and sales
Hi Logistics Middle East FZE	Newly established	UAE	100%	December	Logistics

(h) Subsidiary excluded from the consolidation and gain or loss related to loss of control for the six-month period ended June 30, 2013, are:

<i>(in millions of Korean won)</i>	Reason	Percentage of ownership	Fair value	Book value	Gain on disposal	Related line item
Triveni Digital Inc.	Disposal of shares	89%	3,571	1,587	1,984	Other non-operating income

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2. Significant Accounting Policies

Basis of Preparation

The interim consolidated financial statements for the six-month period ended June 30, 2013, have been prepared in accordance with Korean IFRS 1034, 'Interim Financial Reporting'. These interim consolidated financial statements have been prepared in accordance with the Korean IFRS standards and interpretations effective at June 30, 2013.

Changes in Accounting Policy and Disclosures

(a) New and amended standards adopted by the Group

Korean IFRS 1019(Amendment) 'Employee Benefits', Korean IFRS 1028(Amendment) 'Investments in Associates and Joint Ventures', Korean IFRS 1107(Amendment) 'Financial Instruments: Disclosures', Korean IFRS 1110(Enactment) 'Consolidated Financial Statements', Korean IFRS 1111(Enactment) 'Joint Arrangements', Korean IFRS 1112(Enactment) 'Disclosure of Interests in Other Entities', Korean IFRS 1113(Enactment) 'Fair Value Measurement' and 'Annual improvements to Korean IFRS' have been adopted from the reporting period beginning on or after January 1, 2013. Also, the Group has early adopted Korean IFRS 1032(Amendment) 'Financial Instruments: Presentation'.

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

According to these amendments to Korean IFRS 1019, 'Employee Benefits', the use of a 'corridor' approach is no longer permitted, and therefore all actuarial gains and losses incurred are immediately recognized in other comprehensive income. All past service costs incurred are immediately recognized in accordance with the change of the plan. Interest cost and expected return on plan assets which used to be calculated separately have been revised to calculate net interest expense(income) by applying the discount rate used in the net defined benefit liability(asset) measurement.

The Group retrospectively applied the calculation method of employee benefits in accordance with the above amendments. The comparative statements of income and comprehensive income for the six-month period ended June 30, 2012, were restated by reflecting adjustments resulting from the retrospective application.

The Group shall recognize a liability and expense for termination benefits at the earlier of the following dates; (a) when the Group can no longer withdraw the offer of benefits; and (b) when the Group recognizes costs for a restructuring that is within the scope of Korean IFRS 1037 'Provisions, Contingent Liabilities and Contingent Assets' and involves the payment of termination benefits. The amendments of Korean IFRS 1019 do not have material impact on these consolidated financial statements.

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- Korean IFRS 1028(Amendment): 'Investments in associates and joint ventures'

According to the amendments, the accounting for joint ventures is integrated into this standard and the application of the equity method is set out in this standard. The scope exception for venture capital organizations, or mutual funds, unit trusts and similar entities has been eliminated and has been characterized as a measurement exemption from the requirement measurement in using the equity method in Korean IFRS 1028 (Amendment). The disclosure requirements are specified in Korean IFRS 1112 'Disclosure of Interests in Other Entities'. The amendments of Korean IFRS 1028 do not have a material impact on these consolidated financial statements.

- Korean IFRS 1107(Amendment): 'Financial Instruments: Disclosure'

According to the amendments to Korean IFRS 1107, 'Financial Instruments: Disclosure', the Group is required to disclose quantitative and qualitative information in order for the users of the financial statements to evaluate their effect or potential effect on financial statements for all recognized financial instruments that are offset in accordance with Paragraph 42 of Korean IFRS 1032 and recognized financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are offset in accordance with Paragraph 42 of Korean IFRS 1032. The effect of this amendment is disclosed in Note 5.

- Korean IFRS 1110(Enactment): 'Consolidated Financial Statement'

Korean IFRS 1110 supersedes Korean IFRS 1027, 'Consolidated and Separate Financial Statements', and Korean IFRS 2012, 'Consolidation—Special Purpose Entities'.

Korean IFRS 1110 explains the principle of control which is the basis for determining which entities are consolidated in the consolidated financial statements. An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The standard sets out further guidance where it is difficult to determine control.

Prior to the application of the above enactment, LG Innotek Co., Ltd., an intermediate parent company, was classified as an associate. Although the Parent Company has less than half of ownership interest in LG Innotek Co., Ltd., the Parent Company is deemed to have control over LG Innotek Co., Ltd. when considering the size and dispersion of holdings of the other vote holders, and the voting patterns at previous shareholders' meetings. As a result, the Group classified LG Innotek Co., Ltd. and its subsidiaries as subsidiaries.

Accordingly, the comparative financial statements of the Group were retrospectively adjusted and restated as if those have been subsidiaries from the date when the Group obtained control over the entities.

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- Korean IFRS 1111(Enactment): 'Joint Arrangements'

Korean IFRS 1111, 'Joint Arrangements', aims to reflect the substance of joint arrangements by focusing on the contractual rights and obligations by the parties arising from the arrangement rather than its legal form. Joint arrangements are classified as either joint operations or joint ventures. A joint operation is when joint operators have rights to the assets and obligations for the liabilities, and accounts for the assets, liabilities, revenues and expenses, while parties to the joint venture who have rights to the net assets of the arrangement, account for their interest in the joint venture using the equity method. The application of this amendment does not have a material impact on these consolidated financial statements.

- Korean IFRS 1112(Enactment): 'Disclosures of Interests in Other Entities'

Korean IFRS 1112, 'Disclosures of Interests in Other Entities', provides the disclosure requirements for all forms of interests in other entities, including a subsidiary, a joint arrangement, an associate, a consolidated structured entity and an unconsolidated structured entity. According to the above enactment of standard, part of disclosures of interests in other entities are changed and disclosed in Notes 1 and 10 to the consolidated financial statements.

- Korean IFRS 1113(Enactment): 'Fair Value Measurement'

Korean IFRS 1113, 'Fair Value Measurement', aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across Korean IFRS. Korean IFRS 1113 does not extend the use of fair value accounting but provides guidance on how it should be applied where its use is already required or permitted by other standards within the Korean IFRS. This amendment was effective for the financial year beginning on or after January 1, 2013, and the enactment of Korean IFRS 1113 does not have a material impact on these consolidated financial statements.

- Korean IFRS 1032(Amendment): 'Financial Instruments: Presentation'

Amendments to Korean IFRS 1032 'Financial instruments: Presentation', clarify the facts that the right of offset cannot be contingent on a future event and shall be legally enforceable under any circumstances, and if an entity can settle amounts in a manner such that the outcome is, in effect, equivalent to net settlement, the entity will meet the offsetting presentation criterion.

- Annual improvements to Korean IFRS

Korean IFRS 1001, 'Presentation of Financial Statements'

Korean IFRS 1016, 'Property, Plant and Equipment'

Korean IFRS 1032, 'Financial Instruments: Presentation'

Korean IFRS 1034, 'Interim Financial Reporting'

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These annual improvements are effective for financial years beginning on or after January 1, 2013, and do not have a material impact on these consolidated financial statements.

- The effects of enactments and amendments on the standards on comparative consolidated financial statements

i) The consolidated statements of financial position as of January 1 and December 31, 2012, are as follows:

<i>(in millions of Korean won)</i>	January 1, 2012		
	Before restatement	Effect of changes¹	After restatement
Total assets	32,658,457	2,860,681	35,519,138
Current assets	15,783,126	1,500,048	17,283,174
Non-current assets	16,875,331	1,360,633	18,235,964
Total liabilities	19,510,209	2,852,517	22,362,726
Current liabilities	14,214,522	1,241,211	15,455,733
Non-current liabilities	5,295,687	1,611,306	6,906,993
Total equity	13,148,248	8,164	13,156,412
Equity of the owners of the Parent Company	12,893,959	(678,424)	12,215,535
Non-controlling interest	254,289	686,588	940,877
	December 31, 2012		
<i>(in millions of Korean won)</i>	Before restatement	Effect of changes¹	After restatement
Total assets	31,457,386	3,308,664	34,766,050
Current assets	14,554,289	1,757,189	16,311,478
Non-current assets	16,903,097	1,551,475	18,454,572
Total liabilities	18,753,169	3,307,134	22,060,303
Current liabilities	12,815,912	1,698,380	14,514,292
Non-current liabilities	5,937,257	1,608,754	7,546,011
Total equity	12,704,217	1,530	12,705,747
Equity of the owners of the Parent Company	12,454,412	(655,323)	11,799,089
Non-controlling interest	249,805	656,853	906,658

¹ Above changes are effects resulting from applying Korean IFRS 1110. There is no effect of the application of Korean IFRS 1001 and 1019 on the consolidated statements of financial position.

ii) The consolidated statement of comprehensive income for the six-month period ended June 30, 2012, is as follows:

<i>(in millions of Korean won)</i>	Before restatement	Effect of changes			After restatement
		Korean IFRS 1001¹	Korean IFRS 1019	Korean IFRS 1110²	
Net sales	25,086,896	-	-	1,952,444	27,039,340
Gross profit	6,199,070	-	895	285,133	6,485,098
Operating income	797,165	85,539	1,781	43,903	928,388
Profit before income tax	685,819	-	1,781	5,043	692,643
Profit for the period	401,498	-	1,350	13,618	416,466
Profit for the period attributable to:					

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<i>(in millions of Korean won)</i>	Before restatement	Effect of changes			After restatement
		Korean IFRS 1001 ¹	Korean IFRS 1019	Korean IFRS 1110 ²	
Equity holders of the Parent Company	392,209	-	1,334	14,099	407,642
Non-controlling interest	9,289	-	16	(481)	8,824
Other comprehensive loss, net of tax	(120,337)	-	(1,350)	(618)	(122,305)
Other comprehensive income(loss), net of tax, attributable to:					
Equity holders of the Parent Company	(119,232)	-	(1,334)	140	(120,426)
Non-controlling interest	(1,105)	-	(16)	(758)	(1,879)
Total comprehensive income, net of tax	281,161	-	-	13,000	294,161
Total comprehensive income, net of tax, attributable to:					
Equity holders of the Parent Company	272,977	-	-	14,239	287,216
Non-controlling interest	8,184	-	-	(1,239)	6,945
Earnings per share attributable to the equity holders of the Parent Company during the period (in won):					
Earnings per share for profit attributable to the common equity holders of the Parent Company	2,176	-	8	77	2,261
Earnings per share for profit attributable to the preferred equity holders of the Parent Company	2,201	-	8	77	2,286

¹ During the prior period, the Group changed its accounting policy to present the operating income after deducting cost of sales, selling and administrative expenses, research and development expenses and service costs from net sales, in accordance with the amendment of Korean IFRS 1001, 'Presentation of Financial Statements'.

² Above changes include effect of application of Korean IFRS 1001 for LG Innotek Co., Ltd. and its subsidiaries.

iii) The consolidated statement of cash flows for the six-month period ended June 30, 2012, is as follows:

<i>(in millions of Korean won)</i>	Before restatement	Effect of changes ¹	After restatement
Cash flows from operating activities	705,980	302,481	1,008,461
Cash flows from investing activities	(303,101)	(177,442)	(480,543)
Cash flows from financing activities	(597,621)	(8,373)	(605,994)
Exchange gains on cash and cash equivalents	(29,385)	(1,023)	(30,408)
Net increase in cash and cash equivalents	(224,127)	115,643	(108,484)

¹ Above changes are effects resulting from applying Korean IFRS 1110. There is no effect of the application of Korean IFRS 1001 and 1019 on consolidated statement of cash flows.

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Application of Accounting Policies

The significant accounting policies and computation method used in the preparation of these interim consolidated financial statements are the same as the policies and methods adopted for the preparation of the financial statements for the year ended December 31, 2012, unless otherwise stated in Note 2.

Certain reclassifications have been made to the comparative consolidated financial statements to conform to the June 30, 2013 financial statement presentation. These reclassifications have no effect on the reported net income or the net asset of the prior period.

Consolidation

The Group has prepared the consolidated financial statements in accordance with Korean IFRS 1110, 'Consolidated Financial Statements'.

Subsidiaries are all entities over which the Group has control (including structured entities). The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The Group has power over an investee when the investor has existing rights that give it the current ability to direct the relevant activities (the activities that significantly affect the investee's returns). Power can be assessed by considering the voting rights. In other cases, the assessment will be more complex and require more than one factor to be considered including voting patterns at previous shareholders' meetings, for example, when power result from contractual arrangement. The Group is exposed or has right to variable returns from its involvement with the investee when the Group's returns from its involvement have the potential to vary as a result of the investee's performance.

Employee Benefits

Net interest expense(income) are calculated by applying discount rate used to measure the defined benefit obligation in calculating the expected return on plan assets, and management costs deductible in determining the return on plan assets are limited to the costs of managing the plan. In addition, all past service costs are recognized immediately.

Income Tax Expenses

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

3. Critical Accounting Estimates and Judgments

The estimates and judgments are reviewed on an ongoing basis and are based on historical

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experience and various other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical Accounting Estimates and Assumptions

For the interim consolidated financial statements, the Group's management makes judgments, estimates and assumptions which affect accounting policies and its assets, liabilities, income and cost. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results.

(a) Revenue Recognition

The Group recognizes revenue using the percentage of completion method for the rendering of service such as installation. When using the percentage of completion method, revenue shall be recognized by estimating services performed to date as a percentage of total services to be performed. The revenue may change with variations in terms and conditions including changes in the scope of work, costs, a contract period or a customer's plan.

(b) Impairment of Goodwill

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

(c) Income Taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognizes assets and liabilities for anticipated tax audit issues based on the best estimates of whether additional taxes will be due. Income tax expense in each interim period is recognized based on the best estimate of the weighted average annual income tax rate expected for the full financial year as explained in Note 2. Where final tax obligation is different from the amount that was initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period when tax obligation is finalized.

(d) Fair Value of Financial Instruments

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

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(e) Provisions

The Group recognizes provisions for product warranties and sales returns in accordance with the accounting policy as of the reporting date. The amounts are estimated based on historical data.

(f) Defined Benefit Obligation

The present value of the defined benefit obligation depends on various factors that apply an actuarial basis using a number of assumptions. The assumptions used in determining the net cost(income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of the defined benefit obligation. The Group determines the appropriate discount rate at the end of each period. This is the interest rate that is used to determine the present value of estimated future cash outflows expected to be required to settle the defined benefit obligation.

In determining the appropriate discount rate, the Group considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability. Other key assumptions for defined benefit obligation are based on current market conditions.

Significant Judgment on Accounting Policies Adopted by the Group

In order to determine the Group's de-facto control, the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders and additional facts and circumstances including voting patterns at previous shareholders' meetings are considered.

4. Segment Information

The segments of the Group are strategic business divisions providing different products and services. They are reported separately because each business division requires different technologies and marketing strategies. The main products of each business division are as follows:

Divisions	Products
Home Entertainment (HE)	LCD TV, PDP TV, Monitors, PCs, Security devices, Audio, Video and others
Mobile Communications (MC)	Mobile communications, Network and others
Home Appliance (HA)	Refrigerators, Washing machines, Microwaves, Vacuum cleaners, Healthcare products and others
Air Conditioning & Energy Solution (AE)	Residential air conditioners, Commercial air conditioners and others
LG Innotek Co.,Ltd. and its subsidiaries (Innotek)	LED, Display & Network, Substrate & Material, Optics Solution, Auto & Motor and others
Other	-

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(a) The segment information for sales and operating income(losses) for the three-month and six-month periods ended June 30, 2013 and 2012, is as follows:

Three-month period ended June 30, 2013								
(in millions of Korean won)	HE	MC	HA	AE	Innotek	Other segments ¹	Inter-segment transactions ²	Total
Sales	5,503,273	3,123,133	3,187,830	1,733,451	1,521,099	874,410	(710,882)	15,232,314
External sales	5,499,472	3,123,124	3,186,410	1,732,567	1,186,412	504,329	-	15,232,314
Internal sales	3,801	9	1,420	884	334,687	370,081	(710,882)	-
Operating income(losses) ³	106,533	61,175	121,310	170,954	35,680	(16,343)	-	479,309
Depreciation and amortization	138,185	70,573	81,876	23,120	130,714	41,051	-	485,519

Six-month period ended June 30, 2013								
(in millions of Korean won)	HE	MC	HA	AE	Innotek	Other segments ¹	Inter-segment transactions ²	Total
Sales	10,676,477	6,332,847	5,994,495	2,950,018	3,072,049	1,697,505	(1,390,476)	29,332,915
External sales	10,668,866	6,326,256	5,990,757	2,948,081	2,380,208	1,018,747	-	29,332,915
Internal sales	7,611	6,591	3,738	1,937	691,841	678,758	(1,390,476)	-
Operating income(losses) ³	135,072	193,954	222,979	252,687	51,508	(27,434)	-	828,766
Depreciation and amortization	257,731	139,330	153,115	43,569	256,843	77,366	-	927,954

Three-month period ended June 30, 2012								
(in millions of Korean won)	HE	MC	HA	AE	Innotek	Other segments ¹	Inter-segment transactions ²	Total
Sales	5,557,012	2,321,152	2,875,334	1,463,800	1,235,772	908,099	(526,537)	13,834,632
External sales	5,555,136	2,321,093	2,874,483	1,462,859	979,991	641,070	-	13,834,632
Internal sales	1,876	59	851	941	255,781	267,029	(526,537)	-
Operating income(losses) ³	304,341	(27,848)	183,627	91,061	16,904	(41,435)	-	526,650
Depreciation and amortization	117,492	78,667	71,653	21,873	113,137	32,548	-	435,370

Six-month period ended June 30, 2012								
(in millions of Korean won)	HE	MC	HA	AE	Innotek	Other segments ¹	Inter-segment transactions ²	Total
Sales	10,980,311	4,818,317	5,411,048	2,669,494	2,469,751	1,706,947	(1,016,528)	27,039,340
External sales	10,977,321	4,818,236	5,407,613	2,666,762	1,958,712	1,210,696	-	27,039,340
Internal sales	2,990	81	3,435	2,732	511,039	496,251	(1,016,528)	-
Operating income(losses) ³	466,754	6,560	326,974	168,490	44,504	(84,894)	-	928,388
Depreciation and amortization	234,404	157,880	141,969	43,929	224,345	64,869	-	867,396

¹ Other segments include operating segments not qualifying as reportable segments, supporting and R&D divisions.

² Sales among segments are carried out at arm's length.

³ Non-operating income(losses) are not separately disclosed as the Chief Operating Decision Maker does not review them by segments.

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(b) The segment information for assets and liabilities as of June 30, 2013 and December 31, 2012, is as follows:

<i>(in millions of Korean won)</i>	June 30, 2013		December 31, 2012	
	Segment assets	Segment liabilities	Segment assets	Segment liabilities
Home Entertainment	16,089,842	14,011,602	14,784,561	12,536,702
Mobile Communications	7,238,329	4,945,368	6,891,881	4,463,562
Home Appliance	9,010,067	6,796,547	7,855,929	5,728,706
Air Conditioning & Energy Solution	3,999,104	2,721,639	2,972,705	1,900,392
LG Innotek Co., Ltd. and its subsidiaries	4,759,189	3,467,582	4,886,285	3,617,978
Sub-total¹	41,096,531	31,942,738	37,391,361	28,247,340
Other segments and inter-segment elimination	(3,903,771)	(7,902,552)	(2,625,311)	(6,187,037)
Total	37,192,760	24,040,186	34,766,050	22,060,303

¹ The amounts of assets and liabilities of each segment are before inter-segment elimination, and common assets and liabilities are allocated based on the operations of the segments.

(c) External sales by geographic areas for the three-month and six-month periods ended June 30, 2013 and 2012, and non-current assets by geographic areas are as follows:

<i>(in millions of Korean won)</i>	External sales				Non-current assets ¹	
	2013		2012		June 30, 2013	December 31, 2012
	Three months	Six months	Three months	Six months		
Korea	3,739,658	7,458,060	3,545,286	6,982,873	9,112,094	8,799,503
North America	2,901,058	5,519,133	2,785,447	5,257,521	141,710	135,758
Europe	1,570,295	3,200,422	1,298,868	2,555,315	291,147	268,881
Central & South America	2,232,997	3,895,475	1,684,206	3,259,107	491,678	428,613
Middle Asia & Africa	1,271,177	2,411,715	1,126,321	2,235,314	85,064	78,722
Asia	1,001,882	1,913,414	990,278	2,055,544	215,106	199,555
India	648,785	1,170,963	643,980	1,241,829	144,675	143,066
China	994,503	2,060,974	953,122	1,894,670	980,317	876,974
Commonwealth of Independent States	871,959	1,702,759	807,124	1,557,167	198,848	187,652
Total	15,232,314	29,332,915	13,834,632	27,039,340	11,660,639	11,118,724

¹ Non-current assets consist of property, plant and equipment, intangible assets and investment property.

(d) There is no external customer attributing to more than 10% of total sales for the six-month periods ended June 30, 2013 and 2012.

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5. Financial Instruments by Category

(a) Categorizations of financial instruments as of June 30, 2013 and December 31, 2012, are as follows:

<i>(in millions of Korean won)</i>	June 30, 2013					
	Assets at fair value through profit or loss	Derivatives for hedging purposes	Loans and receivables	Assets classified as available-for-sale	Held-to-maturity financial assets	Total
Cash and cash equivalents	-	-	2,010,972	-	-	2,010,972
Financial deposits	-	-	178,638	-	-	178,638
Trade receivables	-	-	8,621,098	-	-	8,621,098
Loans and other receivables	-	-	1,261,895	-	-	1,261,895
Other financial assets	21,449	13,792	-	53,640	4,954	93,835
Total	21,449	13,792	12,072,603	53,640	4,954	12,166,438

<i>(in millions of Korean won)</i>	June 30, 2013			
	Liabilities at fair value through profit or loss	Derivatives for hedging purposes	Liabilities carried at amortized cost	Total
Trade payables	-	-	6,819,372	6,819,372
Borrowings	-	-	8,902,193	8,902,193
Other payables	-	-	2,336,053	2,336,053
Other financial liabilities	1,976	2,755	-	4,731
Other liabilities	-	-	5,203	5,203
Total	1,976	2,755	18,062,821	18,067,552

<i>(in millions of Korean won)</i>	December 31, 2012					
	Assets at fair value through profit or loss	Derivatives for hedging purposes	Loans and receivables	Assets classified as available-for-sale	Held-to-maturity financial assets	Total
Cash and cash equivalents	-	-	2,185,000	-	-	2,185,000
Financial deposits	-	-	175,036	-	-	175,036
Trade receivables	-	-	7,332,761	-	-	7,332,761
Loans and other receivables	-	-	1,101,848	-	-	1,101,848
Other financial assets	10,380	-	-	54,599	58,508	123,487
Total	10,380	-	10,794,645	54,599	58,508	10,918,132

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<i>(in millions of Korean won)</i>	December 31, 2012			
	Liabilities at fair value through profit or loss	Derivatives for hedging purposes	Liabilities carried at amortized cost	Total
Trade payables	-	-	5,626,571	5,626,571
Borrowings	-	-	8,638,387	8,638,387
Other payables	-	-	2,581,223	2,581,223
Other financial liabilities	3,053	13,889	-	16,942
Other liabilities	-	-	24	24
Total	3,053	13,889	16,846,205	16,863,147

(b) Income and expenses by category of financial instruments for the six-month periods ended June 30, 2013 and 2012, are as follows:

<i>(in millions of Korean won)</i>	2013					Total
	Assets at fair value through profit or loss	Derivatives for hedging purposes	Loans and receivables	Assets classified as available-for- sale	Held-to- maturity financial assets	
Interest income	-	-	45,768	-	-	45,768
Exchange differences	-	-	252,954	-	-	252,954
Bad debt expenses	-	-	(30,513)	-	-	(30,513)
Loss on disposal of trade receivables	-	-	(9,871)	-	-	(9,871)
Gains on valuation of available- for-sale financial assets, net of tax (through other comprehensive income)	-	-	-	2,680	-	2,680
Gains on sale of available-for- sale financial assets	-	-	-	7,406	-	7,406
Impairment loss of available-for- sale financial assets	-	-	-	(2,453)	-	(2,453)
Dividend income	-	-	-	327	-	327
Gain on derivatives (through profit and loss)	17,069	-	-	-	-	17,069
Gain on derivatives (through other comprehensive expense), net of tax	-	(4,193)	-	-	-	(4,193)

<i>(in millions of Korean won)</i>	2013			
	Liabilities at fair value through profit or loss	Derivatives for hedging purposes	Liabilities carried at amortized cost	Total
Interest expenses	-	-	(202,709)	(202,709)
Exchange differences	-	-	(376,524)	(376,524)
Loss on derivatives (through profit and loss)	(5,987)	-	-	(5,987)

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<i>(in millions of Korean won)</i>	2012					
	Assets at fair value through profit or loss	Derivatives for hedging purposes	Loans and receivables	Assets classified as available-for-sale	Held-to-maturity financial assets	Total
Interest income	-	-	52,423	-	1,641	54,064
Exchange differences	-	-	(42,411)	-	25	(42,386)
Bad debt expenses	-	-	(74,606)	-	-	(74,606)
Loss on disposal of trade receivables	-	-	(16,446)	-	-	(16,446)
Loss on valuation of available-for-sale financial assets, net of tax (through other comprehensive expense)	-	-	-	(918)	-	(918)
Gain on sale of available-for-sale financial assets (through other comprehensive income)	-	-	-	4,960	-	4,960
Impairment loss of available-for-sale financial assets	-	-	-	(8,408)	-	(8,408)
Dividend income	-	-	-	289	-	289
Gain on derivatives (through profit and loss)	30,565	-	-	-	-	30,565
Gain on derivatives (through other comprehensive income), net of tax	-	1,149	-	-	-	1,149

<i>(in millions of Korean won)</i>	2012			
	Liabilities at fair value through profit or loss	Derivatives for hedging purposes	Liabilities carried at amortized cost	Total
Interest expenses	-	-	(225,964)	(225,964)
Exchange differences	-	-	(5,046)	(5,046)
Loss on derivatives (through profit and loss)	(26,628)	-	-	(26,628)

(c) Recognized financial instruments that are subject to an enforceable master netting arrangements or similar arrangements, are as follows:

<i>(in millions of Korean won)</i>	June 30, 2013				
	Gross amounts of recognized financial assets	Gross amounts of recognized financial liabilities offset in the statement of financial position	Net amounts of financial assets presented in the statement of financial position	Related amounts not offset in the statement of financial position	Net amount
Trade receivables	293,235	277,381	15,854	-	15,854

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<i>(in millions of Korean won)</i>	December 31, 2012				
	Gross amounts of recognized financial assets	Gross amounts of recognized financial liabilities offset in the statement of financial position	Net amounts of financial assets presented in the statement of financial position	Related amounts not offset in the statement of financial position	Net amount
Trade receivables	233,188	217,885	15,303	-	15,303

<i>(in millions of Korean won)</i>	June 30, 2013				
	Gross amounts of recognized financial liabilities	Gross amounts of recognized financial assets offset in the statement of financial position	Net amounts of financial liabilities presented in the statement of financial position	Related amounts not offset in the statement of financial position	Net amount
Trade payables	599,192	277,381	321,811	-	321,811

<i>(in millions of Korean won)</i>	December 31, 2012				
	Gross amounts of recognized financial liabilities	Gross amounts of recognized financial assets offset in the statement of financial position	Net amounts of financial liabilities presented in the statement of financial position	Related amounts not offset in the statement of financial position	Net amount
Trade payables	363,973	217,885	146,088	-	146,088

6. Trade Receivables

(a) Carrying amounts of trade receivables, and allowance for doubtful accounts, as of June 30, 2013 and December 31, 2012, are as follows:

<i>(in millions of Korean won)</i>	June 30, 2013	December 31, 2012
Trade receivables	8,798,116	7,471,179
Less: allowance for doubtful accounts	(177,018)	(138,418)
Carrying amount	8,621,098	7,332,761

(b) The aging analysis as of June 30, 2013 and December 31, 2012, is as follows:

<i>(in millions of Korean won)</i>	June 30, 2013	December 31, 2012
Current	7,428,940	6,496,531
Up to 6 months	1,083,597	755,749
7 to 12 months	80,877	71,286
Over one year	69,017	31,594
Defaulted	135,685	116,019
Total	8,798,116	7,471,179

(c) Transferred financial assets that are not derecognized in their entirety are as follows:

Trade receivables have been discounted through collateralized borrowing agreements with financial institutions at the end of the reporting period. In case the customers default, the Group has an obligation to pay the related amounts to the financial institution. As a result, this transaction has been accounted for as a collateralized borrowing (Note 11).

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The Group also performs asset securitization by issuing commercial papers through special purpose entities based on trade receivables.

<i>(in millions of Korean won)</i>	June 30, 2013		December 31, 2012	
	Discounted receivables	Securitized receivables	Discounted receivables	Securitized receivables
Carrying amount of asset¹				
Trade receivables	306,409	1,089,083	120,630	1,287,241
Carrying amount of associated liability¹				
Short-term borrowings	(306,409)	(350,381)	(120,630)	(247,844)
Net position²	-	738,701	-	1,039,397

¹ Fair values of the above trade receivables and short-term borrowings are the same as their carrying amounts.

² Net position is the difference of fair value between the above transferred financial asset and the associated liability.

7. Other Financial Assets and Liabilities

(a) Details of other financial assets and liabilities as of June 30, 2013 and December 31, 2012, are as follows:

<i>(in millions of Korean won)</i>	June 30, 2013	December 31, 2012
Other financial assets		
Derivatives	35,241	10,380
Available-for-sale	53,640	54,599
Held-to-maturity	4,954	58,508
Total	93,835	123,487
Current	29,911	56,486
Non-current	63,924	67,001
Other financial liabilities		
Derivatives	4,731	16,942
Total	4,731	16,942
Current	902	321
Non-current	3,829	16,621

(b) Changes in available-for-sale financial assets for the six-month periods ended June 30, 2013 and 2012, are as follows:

<i>(in millions of Korean won)</i>	2013					
	Beginning	Acquisition	Disposal	Valuation	Impairment	Ending
Listed equity securities	8,169	-	(532)	4,098	-	11,735
Unlisted equity securities	43,760	6,783	(9,225)	-	(2,453)	38,865
Debt securities	2,670	1,205	(835)	-	-	3,040
Total	54,599	7,988	(10,592)	4,098	(2,453)	53,640

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<i>(in millions of Korean won)</i>	2012					
	Beginning	Acquisition	Disposal	Valuation	Impairment	Ending
Listed equity securities	8,970	-	-	(1,209)	-	7,761
Unlisted equity securities	55,623	1,493	(2,184)	-	(6,606)	48,326
Debt securities	5,575	-	(670)	-	(1,802)	3,103
Total	70,168	1,493	(2,854)	(1,209)	(8,408)	59,190

The listed securities among the above equity securities are measured using quoted prices in active markets. However, the unlisted securities are measured at cost as they are mostly in the beginning of their business stages and their fair values cannot be reliably measured.

- (c) The effects on comprehensive income due to valuation and elimination of available-for-sale financial assets for the six-month periods ended June 30, 2013 and 2012, are as follows:

<i>(in millions of Korean won)</i>	2013	2012
Valuation:		
Recognition of other comprehensive income(loss), net of tax ¹	2,680	(918)
Recognition of impairment loss	(2,453)	(8,408)
Derecognition of unmarketable equity securities not measured at fair value:		
Carrying amounts of derecognized equity securities	9,225	2,184
Gain on disposal of equity securities	6,984	4,960

¹ Includes ₩422 million (2012: nil) of reclassification to profit for the period.

8. Inventories

Inventories as of June 30, 2013 and December 31, 2012, consist of:

<i>(in millions of Korean won)</i>	June 30, 2013			December 31, 2012		
	Acquisition cost	Valuation allowance	Carrying amount	Acquisition cost	Valuation allowance	Carrying amount
Finished products and merchandise	3,159,630	(72,260)	3,087,370	3,002,528	(82,103)	2,920,425
Half-finished products and work-in-process	311,952	(7,793)	304,159	339,695	(11,130)	328,565
Raw materials and supplies	1,881,120	(29,917)	1,851,203	1,610,022	(44,863)	1,565,159
Other	317,273	(36,011)	281,262	291,587	(31,236)	260,351
Total	5,669,975	(145,981)	5,523,994	5,243,832	(169,332)	5,074,500

The loss on valuation of inventories recognized for the six-month period ended June 30, 2013, amounts to ₩63,985 million (2012: ₩26,914 million).

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9. Property, Plant and Equipment, and Intangible Assets

(a) Changes in property, plant and equipment for the six-month periods ended June 30, 2013 and 2012, are as follows:

<i>(in millions of Korean won)</i>	2013	2012
At January 1	9,889,204	9,593,424
Acquisitions	1,188,438	776,358
Transfer-in	6,191	2,541
Disposals	(44,896)	(73,951)
Decrease due to business transfer	(15,483)	-
Depreciation	(744,989)	(675,308)
Impairment	(4,033)	(2,728)
Changes in scope of consolidation and others	6,044	-
Exchange differences	110,414	(42,282)
At June 30	10,390,890	9,578,054

(b) Changes in intangible assets for the six-month periods ended June 30, 2013 and 2012, are as follows:

<i>(in millions of Korean won)</i>	2013	2012
At January 1	1,222,302	1,167,567
Acquisitions	76,353	51,062
Acquisitions by internal development	102,130	95,287
Transfer-in	49,799	50,883
Disposals	(10,556)	(18,445)
Decrease due to business transfer	(731)	-
Amortization	(182,965)	(192,088)
Impairment	(1,097)	(3,337)
Changes in scope of consolidation and others	5,935	-
Exchange differences	1,546	(1,068)
At June 30	1,262,716	1,149,861

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10. Investments in Associates and Joint Ventures

(a) Associates and joint ventures as of June 30, 2013, are as follows:

	<u>Location</u>	<u>Closing month</u>	<u>Percentage of ownership</u>	<u>Type</u>	<u>Nature of relationships with the Group</u>
LG Display Co., Ltd.	Korea	December	37.90%	Associate	Production and supply of display products
Ericsson-LG Co., Ltd	Korea	December	25.00%	Associate	Supply of communication devices and network solution products
Hitachi-LG Data Storage Inc.(HLDS)	Japan	December	49.00%	Associate	Production and supply of data storages
Global OLED Technology LLC.	USA	December	32.73%	Associate	OLED related patent licensing
Korea Information Certificate Authority Inc. ¹	Korea	December	9.27%	Associate	Certificate services
LG Fuel Cell Systems Inc.	USA	December	25.50%	Associate	R&D of fuel cell
SKT Vietnam PTE., Ltd.	Vietnam	December	25.37%	Associate	Communication services
One-Red, LLC	USA	March	25.00%	Associate	DVD related patent licensing
LG Holdings(HK) Ltd.	Hong Kong	December	49.00%	Joint venture	Real estate
Arcelic-LG Klima Sanayi ve Ticarta A.S.(LGEAT)	Turkey	December	50.00%	Joint venture	Production and supply of air conditioning products
EIC PROPERTIES PTE LTD.	Singapore	December	38.20%	Joint venture	Real estate
LG Fund for Enterprises	Korea	December	50.00%	Joint venture	Fund operation relating to new technology business

¹ Classified as an associate although the percentage of ownership is less than 20% because the Group has significant influence over the investee's board of directors.

All associates and joint ventures are accounted for using the equity method.

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(b) Investments in associates and joint ventures

- i) Investments in associates as of June 30, 2013 and December 31, 2012, are as follows:

<i>(in millions of Korean won)</i>	June 30, 2013				December 31, 2012			
	Acquisition cost	Net asset amount	Unrealized gain	Carrying amount	Acquisition cost	Net asset amount	Unrealized gain	Carrying amount
LG Display Co., Ltd.	679,218	3,957,701	(53,802)	3,903,899	679,218	3,869,592	(48,548)	3,821,044
Ericsson-LG Co., Ltd	26,629	84,524	(155)	84,369	26,629	91,820	(182)	91,638
Hitachi-LG Data Storage Inc.(HLDS)	51,184	43,639	(167)	43,472	7,684	33,125	(169)	32,956
Global OLED Technology LLC.	53,454	36,361	-	36,361	53,454	35,677	-	35,677
Korea Information Certificate Authority Inc.	852	2,674	-	2,674	852	2,516	-	2,516
LG Fuel Cell Systems Inc.	26,098	18,187	-	18,187	26,098	21,937	-	21,937
SKT Vietnam PTE., Ltd. ¹	72,194	7,930	-	-	72,194	7,440	-	-
One-Red, LLC	3,128	3,264	-	3,264	-	-	-	-
Total	912,757	4,154,280	(54,124)	4,092,226	866,129	4,062,107	(48,899)	4,005,768

¹ The use of the equity method is discontinued as impairment losses were recognized in full during 2009.

- ii) Investments in joint ventures as of June 30, 2013 and December 31, 2012, are as follows:

<i>(in millions of Korean won)</i>	June 30, 2013				December 31, 2012			
	Acquisition cost	Net asset amount	Unrealized gain	Carrying amount	Acquisition cost	Net asset amount	Unrealized gain	Carrying amount
LG Holdings(HK) Ltd.	115,234	124,374	-	124,374	115,234	112,226	-	112,226
Arcelic-LG Klima Sanayi ve Ticarta A.S.(LGEAT)	14,718	59,305	(1,016)	58,289	14,718	48,630	(460)	48,170
EIC PROPERTIES PTE LTD.	9,636	14,779	-	14,779	9,636	14,208	-	14,208
LG Fund for Enterprises	3,678	2,512	-	2,512	3,678	2,506	-	2,506
Total	143,266	200,970	(1,016)	199,954	143,266	177,570	(460)	177,110

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(c) Changes in the carrying amount of investments in associates and joint ventures

- i) Changes in the carrying amount of investments in associates for the six-month periods ended June 30, 2013 and 2012, are as follows:

<i>(in millions of Korean won)</i>	2013	2012
Opening net book amount	4,005,768	4,086,569
Acquisitions	46,628	26,098
Loss from equity method	(3,886)	(92,434)
Other comprehensive income(excluding remeasurements) of associates	53,791	2,431
Remeasurements of the net defined benefit liability – associates	111	54
Dividends	(10,zzz250)	(18,171)
Recovery of investments	-	(96,530)
Exchange differences	64	-
Closing net book amount	4,092,226	3,908,017

- ii) Changes in the carrying amount of investments in joint ventures for the six-month periods ended June 30, 2013 and 2012, are as follows:

<i>(in millions of Korean won)</i>	2013	2012
Opening net book amount	177,110	165,839
Acquisitions	-	-
Gain from equity method	13,244	8,956
Share of other comprehensive income(excluding remeasurements) of joint ventures	9,600	1,607
Remeasurements of the net defined benefit liability – joint ventures	-	-
Dividends	-	-
Recovery of investments	-	-
Closing net book amount	199,954	176,402

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(d) Summary of the consolidated financial information on an associate important to the reporting entity is as follows:

i) LG Display Co., Ltd. and its subsidiaries

<i>(in millions of Korean won)</i>	June 30, 2013	December 31, 2012
Current assets	8,329,786	8,914,694
Non-current assets	14,682,360	15,540,046
Total assets	23,012,146	24,454,740
Current liabilities	7,404,412	9,206,177
Non-current liabilities	5,074,535	5,009,157
Total liabilities	12,478,947	14,215,334
Equity of the owners of LG Display Co., Ltd.	10,441,493	10,209,039
Non-controlling interests	91,706	30,367
Total equity	10,533,199	10,239,406

<i>(in millions of Korean won)</i>	2013		2012	
	Three months	Six months	Three months	Six months
Net sales	6,572,048	13,375,288	6,910,372	13,094,048
Profit(loss) for the period	102,511	107,234	(107,807)	(233,302)
Other comprehensive income, net of tax	79,136	125,220	9,322	6,599
Total comprehensive income(loss), net of tax	181,647	232,454	(98,485)	(226,703)
Dividend received	-	-	-	-

The summarized financial information of associates above reflects adjustments to conform to the accounting policies of the Group for the application of the equity method. As a result of the adjustments, profit for the period decreased by ₩2,346 million.

(e) Reconciliations of the summarized financial information of associate important to the reporting entity to the carrying amount of the Group's interest are as follows:

- LG Display Co., Ltd. and its subsidiaries

<i>(in millions of Korean won)</i>	Six-month Period Ended June 30	
	2013	2012
Opening net assets	10,209,039	10,102,845
Profit(loss) for the period	107,234	(233,302)
Other comprehensive income(loss), net of tax	125,220	6,599
Closing net assets	10,441,493	9,876,142
The Group's share in the net assets at the end of the reporting period	3,957,701	3,743,412
Unrealized loss	(53,802)	(44,187)
Carrying amount at the end of the period	3,903,899	3,699,225

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- (f) The Group's share in the operating results in the individually insignificant associates and joint ventures for the three-month and six-month periods ended June 30, 2013 and 2012, are as follows:

<i>(in millions of Korean won)</i>	2013				2012			
	Associates		Joint ventures		Associates		Joint ventures	
	Three months	Six months	Three months	Six months	Three months	Six months	Three months	Six months
Profit(loss) for the period	(8,830)	(39,279)	8,827	13,794	825	2,480	5,091	7,627
Other comprehensive income(loss), net of tax	4,079	6,439	3,417	9,600	2,008	511	(1,714)	1,607
Total comprehensive income(loss), net of tax	(4,751)	(32,840)	12,244	23,394	2,833	2,991	3,377	9,234

- (g) Accumulated comprehensive loss that was not recognized due to discontinuation of the equity method for the six-month period ended June 30, 2013, is as follows:

<i>(in million of Korean won)</i>	December 31, 2012	Increase/(decrease)	June 30, 2013
SKT Vietnam PTE., Ltd.	45,393	(490)	44,903

- (h) The fair value and book value of listed associate as of June 30, 2013 and December 31, 2012, are as follows:

<i>(in millions of Korean won)</i>	June 30, 2013			
	Shares owned	Price per share	Fair value	Book value
	(Unit: shares)	(Unit: won)		
LG Display Co., Ltd.	135,625,000	27,450	3,722,906	3,903,899

<i>(in millions of Korean won)</i>	December 31, 2012			
	Shares owned	Price per share	Fair value	Book value
	(Unit: shares)	(Unit: won)		
LG Display Co., Ltd.	135,625,000	31,050	4,211,156	3,821,044

11. Borrowings

- (a) The carrying amounts of borrowings as of June 30, 2013 and December 31, 2012, are as follows:

<i>(in millions of Korean won)</i>	June 30, 2013	December 31, 2012
Current		
Short-term borrowings	1,674,702	1,277,363
Current portion of long-term borrowings	981,039	768,125
Current portion of debentures	684,936	669,553
Sub-total	3,340,677	2,715,041
Non-current		
Long-term borrowings	2,451,027	2,873,857
Debentures	2,908,116	2,852,042

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<i>(in millions of Korean won)</i>	June 30, 2013	December 31, 2012
Convertible bonds	202,373	197,447
Sub-total	5,561,516	5,923,346
Total	8,902,193	8,638,387

(b) Details of borrowings are as follows:

i) Short-term borrowings as of June 30, 2013 and December 31, 2012, consist of:

<i>(in millions of Korean won)</i>	Latest maturity date	Annual interest rate at June 30, 2013	Carrying amount	
			June 30, 2013	December 31, 2012
General loans				
HSBC and others	2014.6.25	1.37 ~ 9.44	1,017,912	908,889
Borrowings on negotiated trade bills ¹				
Woori Bank and others	-	0.5 ~ 0.78	656,790	368,474
Total			1,674,702	1,277,363

¹ At the end of the reporting period, borrowings are collateralized by certain trade receivables of the Group (Note 6).

ii) Long-term borrowings as of June 30, 2013 and December 31, 2012, consist of:

<i>(in millions of Korean won)</i>	Maturity date	Annual interest rate at June 30, 2013	June 30, 2013		
			Total	Current	Non-current
Local currency loans					
Kookmin Bank	2014.11.12	4.62%	150,000	-	150,000
Kookmin Bank	2014.12.10	4.72%	50,000	25,000	25,000
Kookmin Bank	2015.03.04	5.16%	110,000	27,500	82,500
Kookmin Bank	2016.05.24	4.73%	190,000	-	190,000
NH Bank	2014.03.10	4.70%	190,000	190,000	-
Shinhan Bank	2014.09.08	4.78%	37,500	30,000	7,500
Shinhan Bank	2016.05.22	2.75%	182	66	116
Shinhan Bank	2016.10.19	4.37%	166,250	47,500	118,750
Shinhan Bank	2017.02.16	4.60%	190,000	-	190,000
Shinhan Bank	2017.02.27	3.63%	50,000	-	50,000
Shinhan Bank	2017.09.15	1.75%	951	224	727
IBK Securities Co., Ltd.	2016.10.14	3.35%	80,079	-	80,079
Woori Bank	2015.05.08	3.85%	10,000	-	10,000
Woori Bank	2017.10.28	4.62%	190,000	-	190,000
Small & Medium Business Corporation	2014.11.17	3.99%	102	34	68
Hana Bank	2013.09.15	1.75%	52	52	-
Hana Bank	2014.03.28	2.63%	480	480	-

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<i>(in millions of Korean won)</i>	Maturity date	Annual interest rate at June 30, 2013	June 30, 2013		
			Total	Current	Non-current
Hana Bank	2015.06.28	2.84%	720	360	360
Hana Bank	2015.09.28	2.84%	540	240	300
Hana Bank	2016.03.28	2.84%	1,815	660	1,155
Korea Development Bank	2014.04.07	4.45%	190,000	190,000	-
Korea Development Bank	2014.11.24	4.55%	150,000	-	150,000
Korea Development Bank	2014.12.24	4.71%	140,000	-	140,000
Korea Development Bank	2015.03.10	5.06%	90,000	-	90,000
Korea Development Bank	2015.05.04	4.52%	10,000	-	10,000
Korea Development Bank	2018.05.28	3.76%	50,000	-	50,000
Korea EXIM Bank	2014.06.02	4.90%	120,000	120,000	-
Korea Finance Corporation	2013.09.30	4.42%	90,000	90,000	-
Korea Finance Corporation	2014.02.28	4.56%	90,000	90,000	-
Korea Finance Corporation	2015.02.28	4.80%	100,000	-	100,000
Korea Finance Corporation	2015.09.13	4.57%	80,000	-	80,000
Korea Finance Corporation	2015.12.24	4.64%	40,000	-	40,000
Korea Finance Corporation	2016.04.20	4.63%	30,000	-	30,000
Korea Finance Corporation	2016.07.27	3.81%	50,000	-	50,000
Korea Finance Corporation	2016.07.27	3.78%	50,000	-	50,000
Korea Finance Corporation	2016.07.27	3.71%	30,000	-	30,000
Korea Finance Corporation	2016.07.27	3.75%	20,000	-	20,000
Korea Finance Corporation	2017.02.28	3.58%	70,000	-	70,000
Korea Finance Corporation	2017.02.28	3.76%	30,000	-	30,000
Korea Finance Corporation	2017.03.29	4.62%	190,000	-	190,000
Foreign currency loans					
HSBC and others	-	1.29 ~ 9.19%	393,395	168,923	224,472
Total			3,432,066	981,039	2,451,027

<i>(in millions of Korean won)</i>	Maturity date	Annual interest rate at Dec. 31, 2012	December 31, 2012		
			Total	Current	Non-current
Local currency loans					
Kookmin Bank	2013.05.14	4.67%	190,000	190,000	-
Kookmin Bank	2014.11.12	4.62%	150,000	-	150,000
Kookmin Bank	2014.12.10	4.72%	50,000	-	50,000
Kookmin Bank	2015.03.04	5.16%	110,000	-	110,000
Kookmin Bank	2016.05.24	4.73%	190,000	-	190,000
NH Bank	2014.03.10	4.70%	190,000	-	190,000

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<i>(in millions of Korean won)</i>	Maturity date	Annual interest rate at Dec. 31, 2012	December 31, 2012		
			Total	Current	Non-current
Shinhan Bank	2014.09.08	4.78%	52,500	30,000	22,500
Shinhan Bank	2016.05.22	2.75%	216	66	150
Shinhan Bank	2016.10.19	4.37%	190,000	47,500	142,500
Shinhan Bank	2017.02.16	Financial bond 6M+0.94%	190,000	-	190,000
Shinhan Bank	2017.09.15	1.75%	1,063	224	839
IBK Securities Co., Ltd.	2016.10.14	3.35%	90,000	-	90,000
Woori Bank	2014.02.18	5.67%	10,000	-	10,000
Woori Bank	2017.10.28	4.62%	190,000	-	190,000
Hana Bank	2013.03.28	2.81%	120	120	-
Hana Bank	2013.09.15	1.75%	157	157	-
Hana Bank	2014.03.28	2.81%	800	640	160
Hana Bank	2015.06.28	3.04%	900	360	540
Hana Bank	2015.09.28	3.04%	660	240	420
Hana Bank	2016.03.28	3.04%	2,145	660	1,485
Small & Medium Business Corporation	2014.11.17	3.80%	136	68	68
Korea EXIM Bank	2013.06.29	5.50%	50,000	50,000	-
Korea EXIM Bank	2014.06.02	4.90%	120,000	60,000	60,000
Korea Development Bank	2013.03.11	4.59%	100,000	100,000	-
Korea Development Bank	2014.04.07	4.45%	190,000	-	190,000
Korea Development Bank	2014.06.24	5.56%	8,000	-	8,000
Korea Development Bank	2014.06.24	5.68%	6,000	-	6,000
Korea Development Bank	2014.06.24	5.31%	6,000	-	6,000
Korea Development Bank	2014.11.24	4.55%	150,000	-	150,000
Korea Development Bank	2014.12.24	4.71%	140,000	-	140,000
Korea Development Bank	2015.03.10	5.06%	90,000	-	90,000
Korea Development Bank	2015.05.04	5.24%	16,000	-	16,000
Korea Development Bank	2015.05.04	4.52%	4,000	-	4,000
Korea Finance Corporation	2013.05.31	4.91%	90,000	90,000	-
Korea Finance Corporation	2013.09.30	4.42%	90,000	90,000	-
Korea Finance Corporation	2014.02.28	4.56%	90,000	-	90,000
Korea Finance Corporation	2015.02.28	4.80%	100,000	-	100,000
Korea Finance Corporation	2015.09.13	4.57%	80,000	-	80,000
Korea Finance Corporation	2015.12.24	4.64%	40,000	-	40,000
Korea Finance Corporation	2016.04.20	4.63%	30,000	-	30,000
Korea Finance Corporation	2016.07.27	3.81%	50,000	-	50,000
Korea Finance Corporation	2016.07.27	3.78%	50,000	-	50,000

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<i>(in millions of Korean won)</i>	Maturity date	Annual interest rate at Dec. 31, 2012	December 31, 2012		
			Total	Current	Non-current
Korea Finance Corporation	2016.07.27	3.71%	30,000	-	30,000
Korea Finance Corporation	2017.03.29	4.62%	190,000	-	190,000
Foreign currency loans					
HSBC and others	-	1.31 ~ 9.19%	313,285	108,090	205,195
Total			3,641,982	768,125	2,873,857

iii) Debentures as of June 30, 2013 and December 31, 2012, consist of:

<i>(in millions of Korean won)</i>		Maturity date	Annual interest rate at June 30, 2013	June 30, 2013		
				Total	Current	Non-current
Fixed rate notes in local currency	Public, non-guaranteed bonds(24 th)	2013.10.06	5.88%	100,000	100,000	-
Fixed rate notes in local currency	Public, non-guaranteed bonds(25-2 nd)	2014.02.09	5.70%	150,000	150,000	-
Fixed rate notes in local currency	Public, non-guaranteed bonds(28 th)	2015.11.29	5.10%	200,000	-	200,000
Fixed rate notes in local currency	Public, non-guaranteed bonds(29 th)	2015.02.24	5.01%	200,000	-	200,000
Fixed rate notes in local currency	Public, non-guaranteed bonds(30-1 st)	2015.02.09	4.32%	50,000	-	50,000
Fixed rate notes in local currency	Public, non-guaranteed bonds(30-2 nd)	2017.02.09	4.90%	50,000	-	50,000
Fixed rate notes in local currency	Public, non-guaranteed bonds(31-1 st)	2016.11.12	3.61%	70,000	-	70,000
Fixed rate notes in local currency	Public, non-guaranteed bonds(31-2 nd)	2017.11.12	3.73%	80,000	-	80,000
Fixed rate notes in local currency	Public, non-guaranteed bonds (56 th)	2015.09.09	4.63%	190,000	-	190,000
Fixed rate notes in local currency	Public, non-guaranteed bonds (57 th)	2015.10.22	4.30%	190,000	-	190,000
Fixed rate notes in local currency	Public, non-guaranteed bonds (58-1 st)	2014.02.16	4.44%	130,000	130,000	-
Fixed rate notes in local currency	Public, non-guaranteed bonds (58-2 nd)	2016.02.16	4.91%	60,000	-	60,000
Floating rate notes in foreign currency	Public, non-guaranteed bonds (59 th) ¹	2014.04.28	3ML+1.00	195,449	195,449	-
Fixed rate notes in local currency	Public, non-guaranteed bonds (60 th)	2016.05.20	4.41%	190,000	-	190,000
Fixed rate notes in local currency	Public, non-guaranteed bonds (61 st)	2016.06.29	4.38%	190,000	-	190,000
Fixed rate notes in local currency	Public, non-guaranteed bonds (62-1 st)	2013.08.05	3.89%	110,000	110,000	-
Fixed rate notes in local currency	Public, non-guaranteed bonds (62-2 nd)	2016.08.05	4.34%	80,000	-	80,000
Floating rate notes in foreign currency	Private, non-guaranteed bonds(63 rd) ¹	2014.08.23	3ML+0.70	114,970	-	114,970
Fixed rate notes in local currency	Public, non-guaranteed bonds (64 th)	2016.09.30	4.32%	190,000	-	190,000
Fixed rate notes in foreign currency	Public, non-guaranteed bonds (65 th) ¹	2016.12.02	2.00%	261,474	-	261,474
Fixed rate notes in local currency	Public, non-guaranteed bonds (66-1 st)	2015.09.10	3.18%	170,000	-	170,000
Fixed rate notes in local currency	Public, non-guaranteed bonds (66-2 nd)	2017.09.10	3.28%	130,000	-	130,000
Fixed rate notes in local currency	Private, non-guaranteed bonds(67 th)	2018.03.21	3.11%	300,000	-	300,000
Fixed rate notes in local currency	Private, non-guaranteed bonds(68-1 st)	2020.05.23	3.29%	100,000	-	100,000
Fixed rate notes in local currency	Private, non-guaranteed bonds(68-2 nd)	2020.05.24	3.29%	20,000	-	20,000
Fixed rate notes in local currency	Private, non-guaranteed bonds(68-3 rd)	2023.05.22	3.68%	50,000	-	50,000
Fixed rate notes in local currency	Private, non-guaranteed bonds(68-4 th)	2023.05.23	3.68%	30,000	-	30,000
Less: discount on debentures				(8,841)	(513)	(8,328)
Total				3,593,052	684,936	2,908,116

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<i>(in millions of Korean won)</i>		Maturity date	Annual interest rate	December 31, 2012		
			at Dec. 31, 2012	Total	Current	Non-current
Fixed rate notes in local currency	Public, non-guaranteed bonds(24 th)	2013.10.06	5.88%	100,000	100,000	-
Fixed rate notes in local currency	Public, non-guaranteed bonds(25-1 st)	2013.02.09	5.29%	50,000	50,000	-
Fixed rate notes in local currency	Public, non-guaranteed bonds(25-2 nd)	2014.02.09	5.70%	150,000	-	150,000
Fixed rate notes in local currency	Private, non-guaranteed bonds(26 th)	2013.05.17	5.26%	30,000	30,000	-
Fixed rate notes in local currency	Public, non-guaranteed bonds(28 th)	2015.11.29	5.10%	200,000	-	200,000
Fixed rate notes in local currency	Public, non-guaranteed bonds(29 th)	2015.02.24	5.01%	200,000	-	200,000
Fixed rate notes in local currency	Public, non-guaranteed bonds(30-1 st)	2015.02.09	4.32%	50,000	-	50,000
Fixed rate notes in local currency	Public, non-guaranteed bonds(30-2 nd)	2017.02.09	4.90%	50,000	-	50,000
Fixed rate notes in local currency	Public, non-guaranteed bonds(31-1 st)	2016.11.12	3.61%	70,000	-	70,000
Fixed rate notes in local currency	Public, non-guaranteed bonds(31-2 nd)	2017.11.12	3.73%	80,000	-	80,000
Fixed rate notes in local currency	Public, non-guaranteed bonds (54 th)	2013.04.22	4.20%	190,000	190,000	-
Fixed rate notes in local currency	Public, non-guaranteed bonds (55 th)	2013.06.16	4.60%	190,000	190,000	-
Fixed rate notes in local currency	Public, non-guaranteed bonds (56 th)	2015.09.09	4.63%	190,000	-	190,000
Fixed rate notes in local currency	Public, non-guaranteed bonds (57 th)	2015.10.22	4.30%	190,000	-	190,000
Fixed rate notes in local currency	Public, non-guaranteed bonds (58-1 st)	2014.02.16	4.44%	130,000	-	130,000
Fixed rate notes in local currency	Public, non-guaranteed bonds (58-2 nd)	2016.02.16	4.91%	60,000	-	60,000
Floating rate notes in foreign currency	Public, non-guaranteed bonds (59 th) ¹	2014.04.28	3ML+1.00%	182,087	-	182,087
Fixed rate notes in local currency	Public, non-guaranteed bonds (60 th)	2016.05.20	4.41%	190,000	-	190,000
Fixed rate notes in local currency	Public, non-guaranteed bonds (61 st)	2016.06.29	4.38%	190,000	-	190,000
Fixed rate notes in local currency	Public, non-guaranteed bonds (62-1 st)	2013.08.05	3.89%	110,000	110,000	-
Fixed rate notes in local currency	Public, non-guaranteed bonds (62-2 nd)	2016.08.05	4.34%	80,000	-	80,000
Floating rate notes in foreign currency	Private, non-guaranteed bonds(63 rd) ¹	2014.08.23	3ML+0.70%	107,110	-	107,110
Fixed rate notes in local currency	Public, non-guaranteed bonds (64 th)	2016.09.30	4.32%	190,000	-	190,000
Fixed rate notes in foreign currency	Public, non-guaranteed bonds (65 th) ¹	2016.12.02	2.00%	252,216	-	252,216
Fixed rate notes in local currency	Public, non-guaranteed bonds (66-1 st)	2015.09.10	3.18%	170,000	-	170,000
Fixed rate notes in local currency	Public, non-guaranteed bonds (66-2 nd)	2017.09.10	3.28%	130,000	-	130,000
Less: discount on debentures				(9,818)	(447)	(9,371)
Total				3,521,595	669,553	2,852,042

¹ The Group entered into a cross-currency swap contract amounting to USD270 million with Bank of Tokyo-Mitsubishi UFJ and others, and up to CHF215 million with Union Bank of Switzerland and others to hedge cash flow risk related to floating interest rates and foreign exchange rates of debentures. At the end of the reporting period, the swap contracts are measured at fair value. Among the gain on valuation of the effective portion amounting to ₩14,530 million (2012: gain on valuation amounting to ₩3,417 million), after applying the tax effect, ₩18,723 million was reclassified from equity to profit (2012: profit ₩2,268 million) and ₩4,193 million (2012: gain on valuation amounting to ₩1,149 million) was recognized as the loss on valuation in other comprehensive loss during the six-month period ended June 30, 2013.

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iv) Details of convertible bonds as of June 30, 2013 and December 31, 2012, are as follows:

<i>(in millions of Korean won)</i>	Issue date	Redemption date	Amount	
			June 30, 2013	December 31, 2012
Convertible bonds(27 th) ¹	2010.11.11	2014.11.11	216,572	216,572
Less: Discount on bonds			(14,199)	(19,125)
Total			202,373	197,447

¹ Terms and conditions of the 27th convertible bonds are as follows:

Type	Convertible bonds(27 th)
Coupon rate	0%
Rate of return	2% (8.3071% terms of payment for redemption premium)
Exercise period	2010.12.11 ~ 2014.10.11
Shares to be issued upon exercise	Registered common shares
Major terms and conditions	1. Exercise price : ₩150,000 per share 2. Right of claim for early redemption: The early redemption of the bonds to repay the outstanding balance can be exercised from when three years have elapsed from the date of issue (November 11, 2013) until one month ahead from the maturity (October 11, 2014). However, in order to exercise the early redemption, the closing price of the common share of the issuing company must exceed 140% of the conversion price for 20 consecutive trading days since the start of exercise period of the early redemption.

The early redemption option embedded in the 27th convertible bonds is not separated as the exercise price is approximately equal to the amortized cost of the debt instrument. If all convertible bonds had been exercised as of the end of the reporting period, equity ownership of the Parent Company would have been raised by ₩52,527 million. However, when considering the market conditions and conversion terms and conditions, the possibility of exercising the conversion rights is very low.

(c) Payment schedule of borrowings as of June 30, 2013, is as follows:

<i>(in millions of Korean won)</i>	Total	Less than			Over
		1 year	2 years	5 years	5 years
Short-term borrowings	1,681,160	1,681,160	-	-	-
Current portion of long-term borrowings	1,022,688	1,022,688	-	-	-
Current portion of debentures	696,045	696,045	-	-	-
Long-term borrowings	2,730,700	108,626	960,234	1,661,840	-
Debentures	3,294,861	117,000	472,197	2,483,048	222,616
Convertible bonds	216,572	-	216,572	-	-
Total	9,642,026	3,625,519	1,649,003	4,144,888	222,616

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

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12. Net Defined Benefit Liability

- (a) The amounts recognized in the consolidated statements of financial position as of June 30, 2013 and December 31, 2012, are determined as follows:

<i>(in millions of Korean won)</i>	June 30, 2013	December 31, 2012
Present value of funded obligations	1,716,800	1,613,435
Present value of unfunded obligations	36,673	34,899
Sub-total	1,753,473	1,648,334
Fair value of plan assets	<u>(1,009,602)</u>	<u>(1,018,196)</u>
Net defined benefit liability	743,871	630,138

- (b) The amounts recognized in the consolidated statements of income for the three-month and six-month periods ended June 30, 2013 and 2012, are as follows:

<i>(in millions of Korean won)</i>	2013		2012	
	Three months	Six months	Three months	Six months
Current service cost	74,677	149,644	64,869	130,131
Net interest cost	5,149	10,275	4,852	9,713
Plan asset managing cost	331	678	401	802
Total	80,157	160,597	70,122	140,646

- (c) The line items in which expenses are included for the three-month and six-month periods ended June 30, 2013 and 2012, are as follows:

<i>(in millions of Korean won)</i>	2013		2012	
	Three months	Six months	Three months	Six months
Cost of sales	40,003	80,130	35,398	70,659
Selling and marketing expenses	12,889	25,820	13,571	27,221
Administrative expenses	5,163	10,502	3,889	7,516
Research and development expenses	20,159	39,958	16,161	32,958
Service costs	1,943	4,187	1,103	2,292
Total	80,157	160,597	70,122	140,646

- (d) Cumulative loss on remeasurement after income tax effect recognized as other comprehensive income in the consolidated statements of comprehensive income for the six-month period ended June 30, 2013, is ₩281,622 million (December 31, 2012: ₩294,458 million).

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(e) Changes in the defined benefit obligations for the six-month periods ended June 30, 2013 and 2012, are as follows:

<i>(in millions of Korean won)</i>	2013	2012
At January 1	1,648,334	1,282,419
Current service cost	149,644	130,131
Interest expense	29,909	28,511
Remeasurements for:		
- Actuarial gain(loss) arising from changes in financial assumptions	(19,380)	61,485
Benefits paid	(54,747)	(59,799)
Decrease due to business transfer	(4,251)	-
Business combination and changes in scope for consolidation	1,521	-
Others	2,443	(882)
At June 30	1,753,473	1,441,865

(f) Changes in the fair value of plan assets for the six-month periods ended June 30, 2013 and 2012, are as follows:

<i>(in millions of Korean won)</i>	2013	2012
At January 1	1,018,196	799,294
Interest income	19,634	18,798
Remeasurements for:		
- Return on plan assets (excluding amounts included in interest income)	(885)	(858)
Employer contributions	7,012	95,761
Benefits paid	(31,652)	(40,127)
Decrease due to business transfer	(2,939)	-
Business combination and changes in scope for consolidation	979	-
Costs of managing the plan assets	(678)	(802)
Others	(65)	(247)
At June 30	1,009,602	871,819

(g) The actual return on plan assets for the six-month period ended June 30, 2013, is ₩18,071 million (2012: ₩17,138 million).

(h) The principal actuarial assumptions used as of June 30, 2013 and December 31, 2012, are as follows:

	June 30, 2013	December 31, 2012
Discount rate	3.9%	3.8%
Future salary increase	6.0%	6.0%

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(i) The sensitivity analysis of the defined benefit obligation to changes in principal assumptions as of June 30, 2013 and December 31, 2012, is as follows:

<i>(in millions of Korean won)</i>	1% increase	1% decrease
Discount rate	(157,291)	183,814
Future salary increase	173,035	(159,110)

(j) Plan assets as of June 30, 2013 and December 31, 2012, consist of:

<i>(in millions of Korean won)</i>	June 30, 2013	December 31, 2012
Time deposits and others	313,665	417,311
Debt instruments	375,169	334,004
Securities combined with derivatives	281,091	222,114
Equity instruments	1,587	948
Others	38,090	43,819
Total	1,009,602	1,018,196

13. Provisions

Changes in provisions during the six-month periods ended June 30, 2013 and 2012, are as follows:

<i>(in millions of Korean won)</i>	2013				
	Warranty	Sales returns	Restoration	Litigation and others	Total
At January 1	598,329	61,498	8,882	908,444	1,577,153
Additional provisions	445,540	129,764	684	85,616	661,604
Amounts used during the period	(443,001)	(127,072)	(726)	(33,286)	(604,085)
Exchange differences	13,366	2,405	55	1,478	17,304
Acquisitions from business combination	131	-	-	-	131
At June 30	614,365	66,595	8,895	962,252	1,652,107
Current	556,663	66,595	-	41,235	664,493
Non-current	57,702	-	8,895	921,017	987,614

<i>(in millions of Korean won)</i>	2012				
	Warranty	Sales returns	Restoration	Litigation and others	Total
At January 1	701,743	67,844	6,672	534,221	1,310,480
Additional provisions	406,165	119,350	2,119	110,426	638,060
Amounts used during the period	(451,935)	(128,720)	(2)	(78,057)	(658,714)
Exchange differences	(9,838)	(833)	(8)	(10,935)	(21,614)
At June 30	646,135	57,641	8,781	555,655	1,268,212
Current	594,065	57,641	-	34,670	686,376
Non-current	52,070	-	8,781	520,985	581,836

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14. Paid-in Capital

(a) As of June 30, 2013 and December 31, 2012, the number of shares authorized is 600 million.

	Par value per share (in won)	June 30, 2013		December 31, 2012	
		Number of shares issued	Amount (in millions)	Number of shares issued	Amount (in millions)
Common stock	5,000	163,647,814	818,239	163,647,814	818,239
Preferred stock	5,000	17,185,992	85,930	17,185,992	85,930
Total		180,833,806	904,169	180,833,806	904,169

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

(b) Share premium balances are as follows:

<i>(in millions of Korean won)</i>	June 30, 2013	December 31, 2012
Share premium	3,088,179	3,088,179

Share premium includes the following three amounts: (i) the amount of ₩1,876,153 million. This amount is calculated from the net book amount of net assets amounting to ₩2,815,707 million taken over due to the split-off on April 1, 2002, less capital stock amounting to ₩783,961 million and capital adjustment amounting to ₩155,593 million; (ii) the amount of ₩331,766 million paid in excess of par value due to issuance of common shares (upon merger with LG IBMPC Co., Ltd.) and the exercise of conversion right and warrants in 2005 and 2006; (iii) the excess in paid-in capital amounting to ₩880,260 million over the par value was recognized as the share premium due to issuance of common shares in 2011.

15. Retained Earnings

Retained earnings as of June 30, 2013 and December 31, 2012, consist of:

<i>(in millions of Korean won)</i>	June 30, 2013	December 31, 2012
Legal reserve ¹	149,503	145,816
Discretionary reserve ²	5,872,588	6,351,342
Unappropriated retained earnings	2,833,435	2,226,792
Total	8,855,526	8,723,950

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

² The Parent Company separately accumulates a discretionary reserve for research and human resource development through appropriation of retained earnings, which has been included as deductible expense for the corporate income tax return according to the Special Tax Treatment Law. The reserve can be reversed in accordance with the terms of related tax laws.

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16. Accumulated Other Comprehensive Income(loss)

Details of accumulated other comprehensive income(loss) as of June 30, 2013 and December 31, 2012, consist of:

<i>(in millions of Korean won)</i>	June 30, 2013	December 31, 2012
Share in accumulated other comprehensive loss of associates and joint ventures	(4,055)	(67,446)
Cash flow hedge	(4,932)	(739)
Available-for-sale financial assets	8,200	5,446
Currency translation differences	(401,161)	(612,359)
Total	(401,948)	(675,098)

17. Other Components of Equity

Details of other components of equity as of June 30, 2013 and December 31, 2012, consist of:

<i>(in millions of Korean won)</i>	June 30, 2013	December 31, 2012
Treasury shares ¹	(44,893)	(44,893)
Consideration for conversion rights	9,891	9,891
Gain on disposal of treasury shares	2,183	2,183
Capital transactions within the Group ²	(209,292)	(209,292)
Total	(242,111)	(242,111)

¹ The Parent Company has treasury shares consisting of 763,168 common shares (2012: 763,168 common shares) and 4,690 preferred shares (2012: 4,690 preferred shares) at the reporting date. The Parent Company intends to either grant these treasury shares to employees and directors as compensation, or to sell them in the future.

² The amounts include gain(loss) from transactions with non-controlling interest and other reserves of subsidiaries, net of related deferred tax.

18. Net Sales

Details of net sales for the three-month and six-month periods ended June 30, 2013 and 2012, are as follows:

<i>(in millions of Korean won)</i>	2013		2012	
	Three months	Six months	Three months	Six months
Sales of goods	14,965,357	28,831,313	13,585,493	26,551,377
Sales of services	210,603	373,476	175,771	354,370
Royalty income	56,354	128,126	73,368	133,593
Total	15,232,314	29,332,915	13,834,632	27,039,340

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19. Expenses by Nature

Expenses that are recorded by nature for the three-month and six-month periods ended June 30, 2013 and 2012, consist of:

<i>(in millions of Korean won)</i>	2013		2012	
	Three months	Six months	Three months	Six months
Changes in inventories	44,758	(301,440)	80,548	155,235
Purchase of raw materials and merchandise	10,015,957	19,914,121	9,057,639	17,888,199
Employee benefit expense	1,516,288	2,936,387	1,279,593	2,615,015
Depreciation and amortization	465,649	917,862	434,472	865,525
Advertising expense	308,212	518,207	298,505	496,569
Promotion expense	207,844	339,569	191,156	322,324
Transportation expense	447,052	856,732	415,101	785,135
Commission expense	676,237	1,274,462	602,128	1,196,215
Other expenses	1,071,008	2,048,249	948,840	1,786,735
Total	14,753,005	28,504,149	13,307,982	26,110,952

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

20. General Operating Expenses (Selling and marketing expenses, Administrative expenses, Research and development expenses and Service costs)

Details of general operating expenses for the three-month and six-month periods ended June 30, 2013 and 2012, are as follows:

<i>(in millions of Korean won)</i>	2013		2012	
	Three months	Six months	Three months	Six months
Wages and salaries	731,009	1,400,310	644,433	1,285,430
Severance benefits	40,752	81,657	34,755	67,765
Welfare expense	152,278	290,053	129,923	267,920
Transportation expense	439,317	842,990	401,293	762,857
Rental expense	110,502	217,829	107,249	215,101
Commission expense	468,939	902,464	424,620	853,191
Depreciation	64,074	127,097	59,531	117,748
Amortization	59,719	128,167	74,273	147,714
Taxes and dues	51,971	89,093	43,957	77,222
Advertising expense	308,212	518,207	298,505	496,569
Promotion expense	207,844	339,569	191,156	322,324
Direct R&D costs	114,783	209,238	90,224	183,982
Direct service costs	230,883	404,960	171,001	348,517
Bad debt expense	15,720	30,547	66,313	67,627
Other	206,631	404,702	168,572	342,743
Total	3,202,634	5,986,883	2,905,805	5,556,710

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21. Financial Income

Financial income for the three-month and six-month periods ended June 30, 2013 and 2012, consists of:

<i>(in millions of Korean won)</i>	2013		2012	
	Three months	Six months	Three months	Six months
Interest income	22,521	45,768	27,837	54,064
Exchange differences	57,234	174,041	43,701	207,917
Gain on derivatives	15,110	16,292	25,463	27,049
Total	94,865	236,101	97,001	289,030

22. Financial Expenses

Financial expenses for the three-month and six-month periods ended June 30, 2013 and 2012, consist of:

<i>(in millions of Korean won)</i>	2013		2012	
	Three months	Six months	Three months	Six months
Interest expense	101,553	202,709	112,388	225,964
Exchange differences	95,759	204,475	61,929	216,949
Loss on derivatives	(1,791)	4,495	15,334	19,307
Loss on disposal of trade receivables	5,660	9,871	5,805	16,446
Other	373	931	412	753
Total	201,554	422,481	195,868	479,419

23. Other Non-operating Income

Other non-operating income for the three-month and six-month periods ended June 30, 2013 and 2012, consists of:

<i>(in millions of Korean won)</i>	2013		2012	
	Three months	Six months	Three months	Six months
Dividend income	10	327	-	289
Exchange differences	308,695	575,187	272,485	572,532
Gain on derivatives	750	778	2,914	3,516
Gain on disposal of property, plant and equipment	4,998	7,632	4,294	7,807
Gain on disposal of intangible assets	2	265	825	891
Gain on disposal of investments in associates and joint ventures	-	-	-	135,795
Other	10,692	19,718	18,465	32,973
Total	325,147	603,907	298,983	753,803

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24. Other Non-operating Expenses

Other non-operating expenses for the three-month and six-month periods ended June 30, 2013 and 2012, consist of:

<i>(in millions of Korean won)</i>	2013		2012	
	Three months	Six months	Three months	Six months
Exchange differences	417,519	737,348	390,426	607,564
Loss on derivatives	711	1,492	2,074	7,321
Loss on disposal of property, plant and equipment	4,836	9,355	5,345	7,173
Loss on disposal of intangible assets	4,025	9,789	7,707	13,727
Impairment loss on available-for-sale financial assets	2,000	2,453	8,381	8,408
Other	71,110	85,994	46,607	71,488
Total	500,201	846,431	460,540	715,681

25. Earnings per Share

The Group has no potential dilutive common shares. Accordingly, basic earnings per share is identical to diluted earnings per share.

(a) Basic earnings per common share for the three-month and six-month periods ended June 30, 2013 and 2012, is as follows:

	2013		2012	
	Three months	Six months	Three months	Six months
Profit attributable to common shares (in millions of won) ¹	119,213	140,911	148,124	368,357
Weighted average number of common shares outstanding (unit: shares) ²	162,884,646	162,884,646	162,884,649	162,884,649
Basic earnings per common share (in won)	732	865	909	2,261

(b) Basic earnings per preferred share for the three-month and six-month periods ended June 30, 2013 and 2012, is as follows:

	2013		2012	
	Three months	Six months	Three months	Six months
Profit attributable to preferred shares (in millions of won) ¹	12,790	15,293	15,839	39,285
Weighted average number of preferred shares outstanding (unit: shares) ²	17,181,302	17,181,302	17,181,304	17,181,305
Basic earnings per preferred share (in won)	744	890	921	2,286

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¹ Profit attributable to common and preferred shares for the three-month and six-month periods ended June 30, 2013 and 2012, is as follows:

<i>(in millions of Korean won)</i>	2013		2012	
	Three months	Six months	Three months	Six months
Profit for the period attributable to the Parent Company (A)	132,003	156,204	163,963	407,642
Common share dividends (B)	8,144	16,288	8,144	16,288
Preferred share dividends (C)	1,074	2,148	1,074	2,148
Undistributed earnings (D=A-B-C)	122,785	137,768	154,745	389,206
Undistributed earnings available for common shares (E)	111,069	124,623	139,980	352,069
Undistributed earnings available for preferred shares (F)	11,716	13,145	14,765	37,137
Profit attributable to common shares (G=B+E)	119,213	140,911	148,124	368,357
Profit attributable to preferred shares (H=C+F)	12,790	15,293	15,839	39,285

² Weighted average numbers of shares for the three-month and six-month periods ended June 30, 2013 and 2012, are calculated as follows:

<i>(in millions of Korean won)</i>	2013		2012	
	Three months	Six months	Three months	Six months
Common shares outstanding	163,647,814	163,647,814	163,647,814	163,647,814
Common treasury shares	(763,168)	(763,168)	(763,165)	(763,165)
Common shares	162,884,646	162,884,646	162,884,649	162,884,649
Weighted average number of common shares outstanding	162,884,646	162,884,646	162,884,649	162,884,649
Preferred shares outstanding	17,185,992	17,185,992	17,185,992	17,185,992
Preferred treasury shares	(4,690)	(4,690)	(4,688)	(4,688)
Preferred shares	17,181,302	17,181,302	17,181,304	17,181,304
Weighted average number of preferred shares outstanding	17,181,302	17,181,302	17,181,304	17,181,305

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26. Information on Cash Flow

(a) A reconciliation between operating profit and net cash inflow(outflow) from operating activities for the six-month periods ended June 30, 2013 and 2012, is as follows:

<i>(in millions of Korean won)</i>	2013	2012
Profit for the period	177,606	416,466
Adjustments:		
Interest expense, net	156,941	171,900
Exchange differences, net	160,857	29,193
Gain on derivatives, net	(11,083)	(3,937)
Depreciation	744,989	675,308
Amortization	182,965	192,088
Loss on disposal of property, plant and equipment and intangible assets, net	11,247	12,202
Provisions for severance benefits	179,553	158,642
Provisions	661,604	638,060
Income tax expense	231,614	276,177
Loss(gain) from equity method	(9,358)	83,478
Gain on disposal of investments in associates and joint ventures	-	(135,795)
Other	89,752	136,737
	<u>2,399,081</u>	<u>2,234,053</u>
Changes in operating assets and liabilities:		
Increase in trade receivables	(1,020,174)	(585,193)
Decrease(increase) in loans and other receivables	(137,909)	25,909
Decrease(increase) in inventories	(366,530)	138,024
Increase in other assets	(118,172)	(23,632)
Increase(decrease) in trade payables	830,158	(61,759)
Increase(decrease) in other payables	210,864	(31,056)
Decrease in provisions	(604,085)	(658,714)
Increase in other liabilities	12,300	21,658
Payment of defined benefit liability	(23,095)	(19,672)
Deposit in plan assets, net	(25,968)	(113,757)
	<u>(1,242,611)</u>	<u>(1,308,192)</u>
Cash generated from operations	<u>1,334,076</u>	<u>1,342,327</u>

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(b) Significant transactions not affecting cash flows for the six-month periods ended June 30, 2013 and 2012, are as follows:

<i>(in millions of Korean won)</i>	2013	2012
Reclassification of construction-in-progress of property, plant and equipment	640,312	273,973
Reclassification of intangible assets in progress	120,408	132,396
Reclassification of long-term prepayment to intangible assets	47,899	50,676
Reclassification of current maturities of borrowings	1,328,001	994,296

(c) The assets and liabilities arising from the transfer of business

- i) The Group transferred the Data Storage business to Hitachi-LG Data Storage Inc. and its subsidiaries on March 1, 2013.
- ii) Total consideration received and the assets and liabilities arising from the transfer of business are as follows:

<i>(in millions of Korean won)</i>	Amount
Total consideration ¹	29,733
Assets of the transferred business:	
Trade receivables	7,378
Loans and other receivables	68
Inventories	24,657
Other assets	153
Property, plant and equipment	15,483
Intangible assets	731
Liabilities of the transferred business:	
Trade payables	17,425
Defined benefit liabilities	1,312

¹ This total consideration is recognized as loans and other receivables and others as of June 30, 2013.

27. Contingencies

(a) At the end of the reporting period, borrowings are collateralized by property, plant and equipment, including land, buildings and machinery, and intangible assets, including land use rights, with the book value of ₩487,357 million (2012: ₩468,829 million).

(b) At the end of the reporting period, the Group is provided with a performance guarantee of ₩155,207 million (2012: ₩135,754 million) from Seoul Guarantee Insurance and two other banks relating to the sales contracts.

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(c) The Group has contingent liabilities with respect to litigations and others arising in the ordinary course of business. Major investigations and litigations are as follows:

In December 2012, the European Commission imposed a penalty on the Parent Company for anti-competitive activities among Cathode Ray Tube (CRT) manufacturers as a result of an investigation. The Parent Company recognized such penalty amounting to EUR 491,567 thousand that is a reasonably expected loss as a litigation provision. However, the Parent Company appealed the decision of the European Commission. In this regard, the Group has submitted the bank guarantee to the European Commission. The ultimate amount of loss resulting from the investigation may differ from the amount of penalty imposed.

In addition, the Parent Company and certain foreign subsidiaries have been named as defendants in class actions in the United States and in Canada, in connection with the alleged anti-competitive activities among CRT manufacturers. The consequences of those lawsuits and the effect on the consolidated financial statements could not be estimated reasonably as of the end of reporting period.

The Parent Company and certain foreign subsidiaries have been named as defendants in a class action in the United States and in Canada, in connection with the alleged anti-competitive activities among Optical Disk Drive (ODD) manufacturers. The consequences of those lawsuits and the effect on the consolidated financial statements could not be estimated reasonably as of the end of reporting period.

There are a number of other legal actions that remain pending at the end of the reporting period. It is not anticipated that any material liabilities will arise from these contingent liabilities other than those provided for.

As of the reporting date, LG Display Co., Ltd., one of the associates, has been named as a defendant in the case related to the infringement of patents. And LG Display Co., Ltd. is currently under the investigation for anti-competitive activities. The outcome of the case may affect the gain or loss from the equity method valuation. The Group does not have individual responsibility in the case and the investigation above.

28. Commitments

(a) At the end of the reporting period, the Parent Company has overdraft facility agreements with various banks, including Shinhan Bank, with a limit of ₩245,500 million (2012: ₩245,500 million). Its overseas subsidiaries, including LG Electronics India Private Limited, have overdraft facility agreements with a limit of ₩1,191,446 million (2012: ₩1,172,028 million) with various banks including Standard Chartered New Delhi Bank. In addition, LG Innotek Co., Ltd. and its subsidiaries and three other domestic subsidiaries, have overdraft facility agreements with various banks, including Hana Bank, with a limit of ₩131,356 million (2012: ₩122,085 million).

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(b) At the end of the reporting period, the Parent Company has sales agreements for export trade receivables with Shinhan Bank and other 28 various banks amounting to ₩4,832,189 million (2012: ₩4,879,932 million). The Parent Company has corporate electronic settlement services contracts for collection of trade receivables with Hana Bank of up to ₩126,000 million (2012: ₩126,000 million).

In addition, LG Innotek Co., Ltd. and its subsidiaries have trade receivables transfer agreements with Hana Bank and others amounting to ₩421,945 million (2012: ₩354,580 million) at the end of the reporting period.

The European subsidiaries, including LG Electronics UK., Ltd., LG Electronics Deutschland GmbH, LG Electronics Espana S.A., transfer their accounts receivable to Societe Generale Bank on a revolving basis, for up to USD411 million (2012: USD443 million).

LG Electronics U.S.A., Inc. and LG Electronics MobileComm U.S.A. Inc., subsidiaries of the Parent Company, transfer their accounts receivable to JP Morgan Chase Bank on a revolving basis, for up to USD150 million (2012: USD200 million).

(c) At the end of the reporting period, the Parent Company has corporate electronic settlement services contracts with Hana Bank and seven other banks for up to ₩935,450 million (2012: ₩945,450 million) which guarantee the payment of trade accounts payable in case the suppliers sell their trade receivables.

In addition, LG Innotek Co., Ltd. and its subsidiaries and three other domestic subsidiaries, provided payment guarantees to financial institutions, including Woori Bank, amounting to ₩281,898 million (2012: ₩281,427 million) in connection with discount of notes which are paid to their suppliers.

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

(e) Contractual commitments for the acquisition of assets

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

<i>(in millions of Korean won)</i>	June 30, 2013	December 31, 2012
Property, plant and equipment	51,862	26,247
Intangible assets	16,202	23,584
Total	68,064	49,831

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(f) Operating lease commitments – the Group as lessee

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

<i>(in millions of Korean won)</i>	June 30, 2013			
	No later than 1 year	Later than 1 year and no later than 5 years	Over 5 years	Total lease payments
Buildings and offices	93,973	138,123	43,096	275,192
Vehicles	21,235	17,843	-	39,078
Equipment	21,318	15,529	-	36,847
Total	136,526	171,495	43,096	351,117

(g) Operating lease commitments – the Group as lessor

The Group has an operating lease agreement regarding the healthcare rental business that lends water purifiers to customers. The future aggregate lease receipts under operating leases at the end of the reporting period are as follows:

<i>(in millions of Korean won)</i>	June 30, 2013			
	No later than 1 year	Later than 1 year and no later than 3 years	Over 3 years	Total lease receipts
Healthcare rental	76,976	135,024	56,511	268,511

The Group recognized ₩36,483 million (2012: ₩24,183 million) in lease income for the six-month period ended June 30, 2013.

At the end of reporting period, acquisition cost of operating lease assets amounts to ₩68,004 million and their accumulated depreciation amounts to ₩23,590 million.

(h) Trademark license commitments

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

Purpose	Related products	Provided by	Used by
Use of license	Mobile/LED	QUALCOMM Incorporated and others	The Group
Provision of license	Home appliance	The Group	Panasonic Corporation and others

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29. Related Party Transactions

(a) The related parties of the Group as of the end of reporting period are as follows:

Classification	Name
Entity that significantly influencing the Parent Company	LG Corp.
Associates and joint ventures ¹	LG Display Co., Ltd. and others
Other related parties	SERVEONE Co., Ltd., LG CNS Co., Ltd., and others

¹ The details of associates and joint ventures are provided in Note 10.

(b) Significant transactions and balances

i) Significant transactions for the six-month periods ended June 30, 2013 and 2012, and balances as of June 30, 2013 and December 31, 2012, are as follows:

<i>(in millions of Korean won)</i>	2013		2012	
	Sales	Purchases	Sales	Purchases
LG Corp.	655	74,850	1,016	68,396
Associates and joint ventures	455,986	3,607,778	458,094	2,989,292
Other related parties	60,103	926,691	91,155	781,628
Total	516,744	4,609,319	550,265	3,839,316

<i>(in millions of Korean won)</i>	June 30, 2013		December 31, 2012	
	Receivables	Payables	Receivables	Payables
LG Corp.	22,046	4,818	29,394	2,034
Associates and joint ventures	293,244	800,083	226,243	674,852
Other related parties	103,755	515,525	97,662	580,775
Total	419,045	1,320,426	353,299	1,257,661

ii) Significant capital transactions with related parties and others for the six-month periods ended June 30, 2013 and 2012, are as follows:

<i>(in millions of Korean won)</i>	2013	2012
Associates and joint ventures		
Capital investment	43,500	-
Receipt of dividends	10,250	36,341
Other related parties		
Acquisition of shares	17,000	-

iii) The details of the transfer of business between the Group and related parties are provided in Note 26.

(c) There is no payment guarantee provided for related parties other than subsidiaries as of the end of the reporting period.

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- (d) The Group has not recognized any bad debt expense or allowance for trade receivables from related parties for the six-month periods ended June 30, 2013 and 2012.

30. Risk Management

Financial Risk Management

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

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

In addition, the Group operates four overseas regional treasury centers ("RTC") located in New Jersey in USA, Amsterdam in the Netherlands, Beijing in China, and Singapore to mitigate financial risks in a global business environment preemptively and systematically. RTC contributes by improving our overseas subsidiaries' business competitiveness by operating integrated financial functions.

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

The information of the carrying amount of each category of financial instruments and the details of borrowings related to the financial risk management presented in Note 5 and Note 11, respectively.

(a) Market risk

i) Foreign exchange risk

Due to its multinational business operations, the Group is mainly exposed to foreign exchange risk on the US Dollar and Euro. The Japanese Yen, Australian Dollar, British Pound and Canadian Dollar also need to be considered for foreign exchange risk.

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

The Group's foreign exchange risk management policy is implemented under its global hedge policy. The policy contains its overall foreign exchange risk management philosophy which includes: strategy, exposure definition of foreign currency, hedge maturity and hedge ratio.

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The Group curtails foreign exchange risk by reducing foreign exchange exposure and considers hedges against its remaining exposure with derivative financial instruments such as Leading & Lagging strategy and forward exchange contracts under its global hedge policy. The Group determines a hedge ratio for considering factors highly related to foreign exchange rate fluctuation such as risk index, implied volatility, and market view and scrutinize changes in foreign exchange exposure and the results of hedging activities on a monthly basis.

Speculative foreign exchange trading is strictly prohibited.

As of June 30, 2013 and December 31, 2012, if the foreign exchange rate of the Korean won fluctuated by 10% while other variables were fixed, the effects on income(loss) before tax would be as follows:

<i>(in millions of Korean won)</i>	June 30, 2013		December 31, 2012	
	10% increase	10% decrease	10% increase	10% decrease
USD/KRW	(203,903)	203,903	(192,006)	192,006
EUR/KRW	19,363	(19,363)	39,742	(39,742)

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

ii) Interest rate risk

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

As of June 30, 2013, the Group is partially exposed to the interest rate risk as interest rates increase. However, to mitigate interest rate risk, the Group manages interest rate risk fundamentally by minimizing external borrowings through utilizing internal funds within the Group, reducing borrowings with high interest rates, maintaining an adequate mix between short-term and long-term liabilities and between fixed and variable interest rates, monitoring daily, weekly, and monthly interest rate trends in domestic and international markets, setting up counter measures and managing short-term borrowings and financial deposits with variable interest rate.

At the end of the reporting period, if interest rates fluctuate by 100bp without other variables changing, the effects on income and expenses related to borrowings and financial deposits with variable interest rates for the six-month periods ended June 30, 2013 and 2012, are as follows:

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<i>(in millions of Korean won)</i>	2013		2012	
	100bp increase	100bp decrease	100bp increase	100bp decrease
Interest expense	8,123	(8,123)	14,288	(14,288)
Interest income	9,472	(9,472)	11,833	(11,833)

iii) Price risk

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

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

The effect of price index's fluctuation related to the listed securities on the equity (before applying the tax effect) is set out in the below table. The analysis is performed in respect of 30% increase/decrease of price index under the assumption that other variations are consistent and the listed securities owned by the Group have correlation with the relevant past index.

<i>(in millions of Korean won)</i>	June 30, 2013		December 31, 2012	
	30% increase	30% decrease	30% increase	30% decrease
KOSPI	2	(2)	1	(1)
KOSDAQ	2,852	(2,852)	1,923	(1,923)

The valuation and the reclassified amounts of the cash flow hedging derivative and the available-for-sale financial asset related to the market risk above are presented in Note 7 and Note 11, respectively.

(b) Credit risk

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

The purpose of the Global Credit / TR policy is to support timely decision-making and minimize loss by securing payment of TR. The policy is composed of five categories: Credit Management, TR Management, Internal Credit Limit Management, Credit / TR Risk Monitoring and Country Risk Management.

Assumed TR risk is especially mitigated with credit insurance, guarantees / collateral, and internal credit limits. In order to manage the risk, Global Credit Insurance Program is structured with global top three credit insurance companies (Euler Hermes, Atradius, Coface) and Korea Trade Insurance Corporation (K-Sure).

Adequate internal credit limit is assessed by the evaluation standards of Global Credit / TR Policy and applied strictly with authorization matrix and procedures.

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As of June 30, 2013, trade receivable balance of the Group is ₩8,798,116 million (2012: ₩7,471,179 million) and its risk is managed appropriately with insurer's credit limit of ₩30,314,988 million (2012: ₩30,200,202 million).

(c) Liquidity risk

Liquidity risk is defined as the risk that the Group is unable to meet its short-term payment obligations on time due to deterioration of its business performance or inability to access financing.

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

In addition, the Group copes with potential financial distress by maintaining adequate amount of cash and committed credit facilities. The balance of cash and cash equivalents, and current-financial deposits at June 30, 2013, is ₩2,066,372 million (2012: ₩2,239,000 million). The Group maintains total committed credit lines of ₩600,000 million (2012: ₩600,000 million) in Woori Bank, Kookmin Bank, and Shinhan Bank in Korea at June 30, 2013.

As of June 30, 2013, the balance of cash and cash equivalents, and current-financial deposits of the Group is about 62% (2012: 82%) of the current borrowings due in 12 months. If committed credit lines are included, the balance covers about 80% (2012: 105%) of short-term borrowings.

In addition, the Parent Company is able to source funds any time from domestic and international financial markets as of the end of reporting period because it has good investment credit grades from Korea Investors Service, Korea Ratings and NICE Information Service of AA0(Stable), and Standard & Poors and Moody's of BBB- Positive and Baa2 Negative, respectively.

Cash flow information on maturity of borrowings is presented in Note 11.

Capital Risk Management

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

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

<i>(in millions of Korean won, except for ratios)</i>	June 30, 2013	December 31, 2012
Liability (A)	24,040,186	22,060,303
Equity (B)	13,152,574	12,705,747
Cash and cash equivalents and current financial deposits (C)	2,066,372	2,239,000
Borrowings (D)	8,902,193	8,638,387
Debt-to-equity ratio (A/B)	183%	174%
Net borrowings ratio (D-C)/B	52%	50%

Fair Value Estimation

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

<i>(in millions of Korean won)</i>	June 30, 2013		December 31, 2012	
	Book amount	Fair value	Book amount	Fair value
Current financial asset items				
[Assets at fair value]				
- Other financial assets				
Financial assets at fair value through profit or loss	19,111	19,111	554	554
Derivatives for hedging purposes	8,422	8,422	-	-
[Assets at amortized cost]				
- Cash and cash equivalents	2,010,972	2,010,972	2,185,000	2,185,000
- Financial deposits	55,400	55,400	54,000	54,000
- Trade receivables	8,621,098	8,621,098	7,332,761	7,332,761
- Loans and other receivables	669,839	669,839	498,615	498,615
- Other financial assets				
Held-to-maturity financial assets	2,378	2,378	55,932	55,932
Non-current financial asset items				
[Assets at fair value]				
- Other financial assets				
Financial assets at fair value through profit or loss	2,338	2,338	9,826	9,826
Derivatives for hedging purposes	5,370	5,370	-	-
Available-for-sale financial assets ¹	14,775	14,775	10,839	10,839
[Assets at amortized cost]				
- Financial deposits	123,238	123,238	121,036	121,036
- Loans and other receivables	592,056	571,684	603,233	526,984
- Other financial assets				
Held-to-maturity financial assets	2,576	2,576	2,576	2,576
Total financial assets	12,127,573	12,107,201	10,874,372	10,798,123

¹ Available-for-sale financial assets measured at cost are not included in the above table.

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<i>(in millions of Korean won)</i>	June 30, 2013		December 31, 2012	
	Book amount	Fair value	Book amount	Fair value
Current financial liability items				
[Liabilities at fair value]				
- Other financial liabilities				
Financial liabilities at fair value through profit or loss	902	902	321	321
[Liabilities at amortized cost]				
- Trade payables	6,819,372	6,819,372	5,626,571	5,626,571
- Borrowings	3,340,677	3,340,677	2,715,041	2,715,041
- Other payables	2,301,220	2,301,220	2,552,054	2,552,054
- Other current liabilities	5,203	5,203	24	24
Non-current financial liability items				
[Liabilities at fair value]				
- Other financial liabilities				
Financial liabilities at fair value through profit or loss	1,074	1,074	2,732	2,732
Derivatives for hedging purposes	2,755	2,755	13,889	13,889
[Liabilities at amortized cost]				
- Borrowings	5,561,516	5,659,634	5,923,346	6,107,218
- Other payables	34,833	34,833	29,169	29,169
Total financial liabilities	18,067,552	18,165,670	16,863,147	17,047,019

No significant changes in the business environment and economic environment that affect the fair value of financial assets and financial liabilities occurred during the reporting period.

(b) The fair value for the purpose of measurement and disclosure have been determined based on the methods explained below:

i) Derivatives

The Group determined the fair value of derivatives by using valuation technology based on market condition. These valuation techniques maximize the use of observable market information and minimize the use of entity-specific information. The fair value of derivative financial instruments are measured at a discounted present value using the forward exchange rates at the end of the reporting period.

ii) Available-for-sale financial assets

The fair value of available-for-sale financial assets traded in active markets is determined based on quoted market prices at the end of the reporting period. When quoted prices are readily and regularly available from stock-exchanges, dealers, brokers, entities within the same industry, pricing services or regulatory agencies, and those prices represent actual and regularly occurring market transactions on an arm's length basis, this is deemed to be an active market.

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The quoted market price used for available-for-sale financial assets held by the Group is the current bid price.

iii) Non-current loans and other receivables

The fair values of non-current loans and other receivables have been calculated based on the expected future cash inflows discounted at a rate that reflects the credit risk of the nominal value.

	June 30, 2013	December 31, 2012
Discount rate	5.14%	5.62%

iv) Non-current borrowings

The fair values of non-current borrowings have been calculated based on the expected future cash outflow discounted using the unsecured corporate bond yield of the companies with the same credit ratings.

v) Current financial assets and current financial liabilities

Current assets and current liabilities have short-term maturities, and therefore, the fair value approximates the carrying value.

(c) Methods and Assumptions in Determining Fair Value

The Group classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in measurements.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices 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 (that is, unobservable inputs).

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<i>(In millions of Korean won)</i>	June 30, 2013			
	Level 1	Level 2	Level 3	Total
Assets				
Available-for-sale financial assets				
- Listed securities and debt securities	11,735	-	3,040	14,775
Derivatives financial assets	-	35,241	-	35,241
Total	11,735	35,241	3,040	50,016
Liabilities				
Derivatives financial liabilities	-	4,731	-	4,731
Total	-	4,731	-	4,731

<i>(In millions of Korean won)</i>	December 31, 2012			
	Level 1	Level 2	Level 3	Total
Assets				
Available-for-sale financial assets				
- Listed securities and debt securities	8,169	-	2,670	10,839
Derivatives financial assets	-	10,380	-	10,380
Total	8,169	10,380	2,670	21,219
Liabilities				
Derivatives financial liabilities	-	16,942	-	16,942
Total	-	16,942	-	16,942

¹ Fair value in the above fair value measurement hierarchy is based on recurring fair value measurements.

The fair value of loans, other receivables and borrowings are disclosed in 'level 3'.

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

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses various valuation techniques and makes judgments based on current market conditions.

These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to measure the fair value of an instrument are observable, the instrument is included in 'level 2'. Financial instruments included in 'level 2' are derivative financial instruments. The fair value of derivative financial instruments is measured at discount using forward exchange rate as of the reporting date.

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

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

31. Share-Based Payments

The 259,250 shares of unexercised stock appreciation rights as of December 31, 2011, were all exercised in 2012. Exercise price per share of exercised share purchase options is ₩69,500, and the arithmetic average of the weighted average share price calculated on each exercise date is ₩88,169.

32. Business Combinations

LED-related Business of LG Display

On September 1, 2012, LG Innotek (Guangzhou) Co., Ltd., a subsidiary, acquired an LED-related business of LG Display Guangzhou Co., Ltd. and LG Display Nanjing Co., Ltd., subsidiaries of LG Display Co., Ltd., for ₩44,585 million.

The assets acquired are measured at fair values at the acquisition date in accordance with Korean IFRS 1103, 'Business Combination'. No additional identifiable intangible assets or goodwill arose.

The following table summarizes the consideration paid and the fair value of assets acquired and liabilities assumed:

<i>(in millions of Korean won)</i>	Amount
Consideration	44,585
Cash and cash equivalents	44,585
Recognized amounts of identifiable assets acquired and liabilities assumed	
Inventory	3,199
Property, plant and equipment, and intangible assets	34,908
Non-trade receivables	6,478
Total identifiable net assets	44,585
Goodwill	-

The revenue and profit or loss of the combined business for the current reporting period as though the acquisition date had been as of the beginning of the reporting period is not disclosed since it is impracticable to obtain proper financial information as the acquired business is only a part of production process of the seller.

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V-ENS Co., Ltd.

The Group is promoting the smart car and electricity car components business as future strategic business by utilizing current capability driven by its IT, home appliances and parts technology. The Group acquired 100% of V-ENS Co., Ltd.'s ordinary shares from its related party, LG CNS Co., Ltd., on May 1, 2013, for the merger with V-ENS Co., Ltd., which has strength in machinery field including vehicle design and practical vehicle verification. The Group's intention is to amplify the value of fostering business and to accelerate the growth of auto parts business in the future.

The following table summarizes the consideration paid and the fair value of assets acquired and liabilities assumed:

<i>(in millions of Korean won)</i>	Amount
Consideration	17,028
Cash and cash equivalents	17,028
Recognized amounts of identifiable assets acquired and liabilities assumed	
Current assets	
Cash and cash equivalents	13,474
Trade receivables	40,748
Loans and other receivables	1,092
Inventory	1,017
Current income tax assets	188
Other current assets	1,482
Non-current assets	
Financial deposit	3
Loans and other receivables	39
Property, plant and equipment	6,044
Intangible assets	5,934
Other non-current assets	436
Current liabilities	
Trade payables	(17,489)
Other payables	(8,162)
Current income tax liabilities	(31)
Provisions	(131)
Other current liabilities	(27,074)
Non-current liabilities	
Defined benefit liability	(542)
Total identifiable net assets	17,028
Goodwill	-

The acquisition-related costs amounting to ₩293 million were all expensed during the six-month period ended June 30, 2013.

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The above fair value of trade receivables and other receivables are the same as the contractual amounts in gross.

Sales and net income contributed by V-ENS Co., Ltd. included in the interim consolidated statements of income from May 1, 2013, were ₩20,677 million and ₩1,171 million, respectively. If V-ENS Co., Ltd. had been consolidated from January 1, 2013, the consolidated sales and net income would amount to ₩29,374,277 million and ₩181,832 million, respectively.

As a result of the acquisition, V-ENS Co., Ltd. and its subsidiaries (V-ENS (M) Sdn., Bhd and VENS BEIJING VEHICLE ENGINEERING CO.,LTD) were incorporated into the consolidated subsidiaries. The Group merged with V-ENS Co., Ltd. on July 1, 2013, based on the resolution approved at the board meeting of directors held on April 24, 2013. It was a merger with exchange ratio of 1 to 0 without issuance of new stock. As it falls under both to a small scale merger (for the Parent Company) and a simplicity merger (for V-ENS Co., Ltd.), the approval of the General Meeting of shareholders was replaced by a resolution of the board of directors dated May 23, 2013. This merger does not have any impact on the consolidated financial statements.