

LG Electronics

**Interim Consolidated Financial Statements
September 30, 2014 and 2013**

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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 consolidated statement of financial position of the Group as of September 30, 2014, and the related consolidated statements of income and comprehensive income for the three-month and nine-month periods ended September 30, 2014 and 2013, and the consolidated statements of changes in equity and cash flows for the nine-month periods ended September 30, 2014 and 2013, 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 conducted our reviews in accordance with the quarterly and semi-annual review standards established by the Securities and Futures Commission of the Republic of Korea. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Korean Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

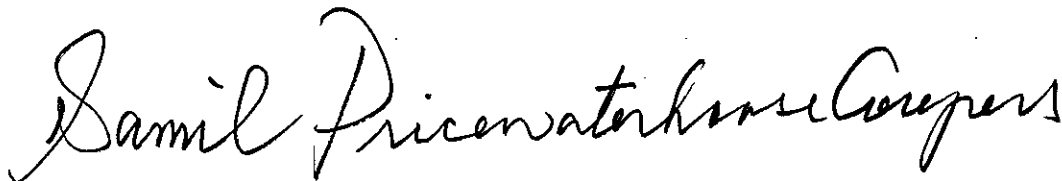
Conclusion

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

Other matters

We have audited the accompanying consolidated statement of financial position of the Group as of December 31, 2013, and the related consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended, in accordance with the Korean Standards on Auditing. We expressed an unqualified opinion on those consolidated financial statements in our audit report dated February 25, 2014. These consolidated financial statements are not included in this review report. The consolidated statement of financial position as of December 31, 2013, presented herein for comparative purposes, is consistent, in all material respects, with the above audited statement of financial position as of December 31, 2013.

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.



Seoul, Korea
November 14, 2014

This interim report is effective as of November 14, 2014, 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
September 30, 2014 and December 31, 2013

<i>(in millions of Korean won)</i>	Note	September 30, 2014	December 31, 2013
Assets			
Current assets			
Cash and cash equivalents	5,31	2,949,709	2,645,270
Financial deposits	5,31	67,700	67,896
Trade receivables	5,6,31	8,277,702	7,117,402
Loans and other receivables	5,31	545,112	596,505
Other financial assets	5,7,31	13,541	17,430
Inventories	8	6,288,079	4,838,830
Current income tax assets		209,450	116,254
Other current assets		969,537	925,471
		<u>19,320,830</u>	<u>16,325,058</u>
Non-current assets			
Financial deposits	5,31	81,641	96,992
Loans and other receivables	5,31	564,494	601,978
Other financial assets	5,7,31	53,302	55,714
Property, plant and equipment	9	10,504,096	10,341,993
Intangible assets	9	1,309,429	1,363,690
Deferred income tax assets	25	1,476,438	1,619,551
Investments in associates and joint ventures	10	4,450,695	4,329,583
Investment property		2,969	4,923
Other non-current assets		739,570	788,582
		<u>19,182,634</u>	<u>19,203,006</u>
Total assets		<u>38,503,464</u>	<u>35,528,064</u>
Liabilities			
Current liabilities			
Trade payables	5,31	7,404,914	5,691,114
Borrowings	5,11,31	2,781,234	3,022,723
Other payables	5,31	2,448,853	2,829,686
Other financial liabilities	5,7,31	2,753	10,890
Current income tax liabilities		60,345	74,131
Provisions	13	684,578	663,701
Other current liabilities		3,215,889	2,721,759
		<u>16,598,566</u>	<u>15,014,004</u>
Non-current liabilities			
Borrowings	5,11,31	6,648,445	6,188,306
Other payables	5,31	17,162	27,670
Other financial liabilities	5,7,31	63,248	10,663
Deferred income tax liabilities	25	7,021	7,651
Net defined benefit liability	12	928,520	580,919
Provisions	13	974,579	998,795
Other non-current liabilities		10,332	10,687
		<u>8,649,307</u>	<u>7,824,691</u>
Total liabilities		<u>25,247,873</u>	<u>22,838,695</u>
Equity attributable to owners of the Parent Company			
Paid-in capital:	14		
Capital stock		904,169	904,169
Share premium		3,088,179	3,088,179
Retained earnings	15	9,380,546	8,885,523
Accumulated other comprehensive loss	16	(1,172,307)	(907,440)
Other components of equity	17	(210,249)	(231,229)
		<u>11,990,338</u>	<u>11,739,202</u>
Non-controlling interests		<u>1,265,253</u>	<u>950,167</u>
Total equity		<u>13,255,591</u>	<u>12,689,369</u>
Total liabilities and equity		<u>38,503,464</u>	<u>35,528,064</u>

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

LG Electronics
Interim Consolidated Statements of Income
Three-Month and Nine-Month Periods Ended September 30, 2014 and 2013

	Note	2014		2013	
		Three months	Nine months	Three months	Nine months
<i>(in millions of Korean won, except per share amounts)</i>					
Net sales	18	14,916,366	44,565,652	13,892,152	43,225,067
Cost of sales	19	11,325,204	33,982,826	10,599,295	33,116,561
Gross profit		3,591,162	10,582,826	3,292,857	10,108,506
Selling and marketing expenses	19,20	1,833,891	5,289,451	1,770,759	5,185,748
Administrative expenses	19,20	339,047	987,984	331,167	1,017,350
Research and development expenses	19,20	578,841	1,710,651	587,229	1,781,595
Service costs	19,20	378,112	1,023,256	385,907	1,077,252
Operating income		461,271	1,571,484	217,795	1,046,561
Financial income	21	124,974	295,942	75,505	311,606
Financial expenses	22	202,422	590,846	190,201	612,682
Gain from equity method valuation	10	120,663	164,368	85,867	95,225
Other non-operating income	23	251,826	875,981	339,886	943,793
Other non-operating expenses	24	506,622	1,172,204	389,562	1,235,993
Profit before income tax		249,690	1,144,725	139,290	548,510
Income tax expense	25	47,041	437,676	30,745	262,359
Profit for the period		202,649	707,049	108,545	286,151
Profit for the period attributable to:					
Equity holders of the Parent Company		159,684	603,684	83,992	240,196
Non-controlling interests		42,965	103,365	24,553	45,955
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	26	886	3,349	465	1,330
Earnings per share for profit attributable to the preferred equity holders of the Parent Company		899	3,387	478	1,368

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 Nine-Month Periods Ended September 30, 2014 and 2013

(in millions of Korean won)	Note	2014		2013	
		Three months	Nine months	Three months	Nine months
Profit for the period		202,649	707,049	108,545	286,151
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	12	(47,700)	(76,841)	2,045	14,881
Share of remeasurements for the net defined benefit liability of associates	10	(101)	(1,054)	(29)	82
Items that will be reclassified subsequently to profit or loss:					
Share of other comprehensive income or loss(excluding remeasurements) of associates and joint ventures	10	42,646	(32,620)	(66,705)	(3,314)
Cash flow hedges	31	(11,884)	(25,851)	11,597	7,404
Available-for-sale financial assets	7	(512)	(1,216)	93	2,773
Currency translation differences		13,739	(215,566)	(352,524)	(107,997)
Other comprehensive loss for the period, net of tax		(3,812)	(353,148)	(405,523)	(86,171)
Total comprehensive income(loss) for the period, net of tax		198,837	353,901	(296,978)	199,980
Comprehensive income(loss) for the period, net of tax, attributable to:					
Equity holders of the Parent Company		140,822	267,028	(295,161)	146,437
Non-controlling interests		58,015	86,873	(1,817)	53,543
Total comprehensive income(loss) for the period, net of tax		198,837	353,901	(296,978)	199,980

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

LG Electronics
Interim Consolidated Statements of Changes in Equity
Nine-Month Periods Ended September 30, 2014 and 2013

		Attributable to equity holders of the Parent Company						
		Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income(loss)	Other Components of Equity	Total	Non-controlling Interests	Total Equity
(in millions of Korean won)	Note							
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		3,992,348	8,723,950	(675,098)	(242,111)	11,799,089	906,658	12,705,747
Comprehensive income:								
Profit for the period		-	240,196	-	-	240,196	45,955	286,151
Remeasurements of the net defined benefit liability	12	-	13,974	-	-	13,974	907	14,881
Share of remeasurements for the net defined benefit liability of associates	10	-	82	-	-	82	-	82
Share of other comprehensive income (excluding remeasurements) of associates and joint ventures	10	-	-	(3,314)	-	(3,314)	-	(3,314)
Cash flow hedges	31	-	-	7,404	-	7,404	-	7,404
Available-for-sale financial assets	7	-	-	2,848	-	2,848	(75)	2,773
Currency translation differences		-	-	(114,753)	-	(114,753)	6,756	(107,997)
Total comprehensive income		-	254,252	(107,815)	-	146,437	53,543	199,980
Transactions with equity holders:								
Dividends		-	(36,872)	-	-	(36,872)	(13,208)	(50,080)
Changes in controlling interests in subsidiaries		-	-	-	10,881	10,881	11,816	22,697
Total transactions with equity holders		-	(36,872)	-	10,881	(25,991)	(1,392)	(27,383)
Balance at September 30, 2013		3,992,348	8,941,330	(782,913)	(231,230)	11,919,535	958,809	12,878,344
Balance at January 1, 2014		3,992,348	8,885,523	(907,440)	(231,229)	11,739,202	950,167	12,689,369
Comprehensive income:								
Profit for the period		-	603,684	-	-	603,684	103,365	707,049
Remeasurements of the net defined benefit liability	12	-	(70,735)	-	-	(70,735)	(6,106)	(76,841)
Share of remeasurements for the net defined benefit liability of associates	10	-	(1,054)	-	-	(1,054)	-	(1,054)
Share of other comprehensive loss (excluding remeasurements) of associates and joint ventures	10	-	-	(32,620)	-	(32,620)	-	(32,620)
Cash flow hedges	31	-	-	(25,851)	-	(25,851)	-	(25,851)
Available-for-sale financial assets	7	-	-	(1,115)	-	(1,115)	(101)	(1,216)
Currency translation differences		-	-	(205,281)	-	(205,281)	(10,285)	(215,566)
Total comprehensive income		-	531,895	(264,867)	-	267,028	86,873	353,901
Transactions with equity holders:								
Dividends		-	(36,872)	-	-	(36,872)	(28,555)	(65,427)
Changes in controlling interests in subsidiaries		-	-	-	20,980	20,980	256,768	277,748
Total transactions with equity holders		-	(36,872)	-	20,980	(15,892)	228,213	212,321
Balance at September 30, 2014		3,992,348	9,380,546	(1,172,307)	(210,249)	11,990,338	1,265,253	13,255,591

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

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Interim Consolidated Statements of Cash Flows
Nine-Month Periods Ended September 30, 2014 and 2013

<i>(in millions of Korean won)</i>	Note	Nine-Month Period Ended September 30	
		2014	2013
Cash flows from operating activities			
Cash generated from operations	27	2,323,091	2,104,005
Interest received		57,343	55,751
Interest paid		(330,477)	(284,543)
Dividend received		17,359	10,577
Income tax paid		(391,784)	(331,583)
Net cash generated from operating activities		<u>1,675,532</u>	<u>1,554,207</u>
Cash flows from investing activities			
Decrease in financial deposits		31,467	14,040
Decrease in loans and other receivables		161,153	177,832
Proceeds from redemption and disposal of other financial assets		31,917	81,383
Proceeds from disposal of property, plant and equipment		82,887	50,400
Proceeds from disposal of intangible assets		16,687	2,824
Proceeds from redemption and disposal of investments in associates and joint ventures		680	-
Decrease in others		3,948	16,277
Increase in financial deposits		(17,715)	(22,569)
Increase in loans and other receivables		(125,203)	(147,095)
Acquisition of other financial assets		(38,307)	(17,734)
Acquisition of property, plant and equipment		(1,580,895)	(1,622,076)
Acquisition of intangible assets		(330,115)	(310,045)
Acquisition of investments in associates and joint ventures		(7,782)	(46,628)
Decrease in cash and cash equivalents due to changes in scope of subsidiaries		-	(3,822)
Increase in others		(414)	(75)
Net cash used in investing activities		<u>(1,771,692)</u>	<u>(1,827,288)</u>
Cash flows from financing activities			
Proceeds from borrowings		5,100,944	3,005,224
Repayments of borrowings		(4,536,014)	(2,516,446)
Dividends paid		(65,621)	(50,131)
Net cash provided by financing activities		<u>499,309</u>	<u>438,647</u>
Exchange losses on cash and cash equivalents		<u>(98,710)</u>	<u>(11,458)</u>
Net increase in cash and cash equivalents		304,439	154,108
Cash and cash equivalents at the beginning of period		2,645,270	2,185,000
Cash and cash equivalents at the end of period		<u>2,949,709</u>	<u>2,339,108</u>

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

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Notes to the Interim Consolidated Financial Statements

September 30, 2014 and 2013, and December 31, 2013

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 September 30, 2014, 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, personal computers and their core parts. As of September 30, 2014, the Group operates six business segments and other supporting segments through the Parent Company and subsidiaries all over the world. The Parent Company as of September 30, 2014, has 141 subsidiaries and its consolidated subsidiaries as of September 30, 2014, are as follows:

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Notes to the Interim Consolidated Financial Statements
September 30, 2014 and 2013, and December 31, 2013

(a) Consolidated subsidiaries as of September 30, 2014 and December 31, 2013, are as follows:

Territory	Location	Subsidiaries	September 30, 2014		December 31, 2013		Closing Month	Major Business	Basis of control
			Percentage of ownership Controlling interest	Non-controlling interest	Percentage of ownership Controlling interest	Non-controlling interest			
The Republic of Korea	Korea	Hiplaza Co., Ltd.	100.0%	-	100.0%	-	December	Wholesales and retails of electronic products	More than half of voting rights
	Korea	Hi Business Logistics Co., Ltd.	100.0%	-	100.0%	-	December	Services of logistics	More than half of voting rights
	Korea	Hi Entech Co., Ltd.	100.0%	-	100.0%	-	December	Water engineering	More than half of voting rights
	Korea	LG Hitachi Water Solution Co., Ltd.	51.0%	49.0%	51.0%	49.0%	December	Water treatment	More than half of voting rights
	Korea	ACE R&A Co., Ltd.	100.0%	-	100.0%	-	December	Production and sales of air conditioner	More than half of voting rights
	Korea	Hi M Solutek	100.0%	-	100.0%	-	December	Maintenance	More than half of voting rights
	Korea	Hi Teleservice Co., Ltd.	100.0%	-	100.0%	-	December	Marketing services	More than half of voting rights
	Korea	LGE Alliance Fund	96.2%	3.8%	96.2%	3.8%	December	Investment	More than half of voting rights
	Korea	Innovation Investment Fund	83.3%	16.7%	83.3%	16.7%	December	Investment	More than half of voting rights
	Korea	LG Innotek Co., Ltd. ¹	40.8%	59.2%	47.9%	52.1%	December	Production and sales of electronic materials	De-facto control
	Korea	LG Innotek Alliance Fund ¹	40.4%	59.6%	47.4%	52.6%	December	Investment	De-facto control
	Korea	Innowith Co., Ltd. ¹	40.8%	59.2%	47.9%	52.1%	December	Cleaning services	De-facto control
	Korea	Hanuri Co., Ltd.	100.0%	-	100.0%	-	December	Cleaning services	More than half of voting rights

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Territory	Location	Subsidiaries	September 30, 2014		December 31, 2013		Closing Month	Major Business	Basis of control
			Percentage of ownership		Percentage of ownership				
			Controlling interest	Non-controlling interest	Controlling interest	Non-controlling interest			
	Korea	LGE Alliance Fund II	98.7%	1.3%	98.7%	1.3%	December	Investment	More than half of voting rights
China	China	Hi Logistics (China) Co., Ltd.	100.0%	-	100.0%	-	December	Services of logistics	More than half of voting rights
	China	Inspur LG Digital Mobile Communications Co., Ltd.(LGEYT)	70.0%	30.0%	70.0%	30.0%	December	Production of electronic products	More than half of voting rights
	China	LG Electronics (China) Co., Ltd.(LGECH)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	China	LG Electronics (China) Research and Development Centre Co., Ltd.(LGERD)	100.0%	-	100.0%	-	December	R&D	More than half of voting rights
	China	LG Electronics (Hangzhou) Co., Ltd.(LGEHN)	70.0%	30.0%	70.0%	30.0%	December	Production of electronic products	More than half of voting rights
	China	LG Electronics (Kunshan) Computer Co., Ltd.(LGEKS)	100.0%	-	100.0%	-	December	Production of electronic products	More than half of voting rights
	China	LG Electronics (Shanghai) Research and Development Center Co., Ltd.(LGCRC)	100.0%	-	100.0%	-	December	R&D	More than half of voting rights
	China	LG Electronics Air-Conditioning(Shandong) Co., Ltd.(LGEQA)	100.0%	-	100.0%	-	December	Production and sales of electronic products	More than half of voting rights
	China	LG Electronics HK Ltd.(LGEHK)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights

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Territory	Location	Subsidiaries	September 30, 2014		December 31, 2013		Closing Month	Major Business	Basis of control
			Percentage of ownership		Percentage of ownership				
			Controlling interest	Non-controlling interest	Controlling interest	Non-controlling interest			
	China	LG Electronics Huizhou Ltd.(LGEHZ)	80.0%	20.0%	80.0%	20.0%	December	Production of electronic products	More than half of voting rights
	China	LG Electronics Nanjing Display Co., Ltd.(LGEND)	70.0%	30.0%	70.0%	30.0%	December	Production of electronic products	More than half of voting rights
	China	LG Electronics Qinhuangdao Inc.(LGEQH)	100.0%	-	100.0%	-	December	Production of casting	More than half of voting rights
	China	LG Electronics Shenyang Inc.(LGESY)	78.9%	21.1%	78.9%	21.1%	December	Production of electronic products	More than half of voting rights
	China	LG Electronics Tianjin Appliances Co., Ltd.(LGETA)	80.0%	20.0%	80.0%	20.0%	December	Production of electronic products	More than half of voting rights
	China	NanJing LG-Panda Appliances Co., Ltd.(LGEPN)	70.0%	30.0%	70.0%	30.0%	December	Production of electronic products	More than half of voting rights
	China	Qingdao LG Inspur Digital Communication Co., Ltd.(LGEQD)	70.0%	30.0%	70.0%	30.0%	December	Production of electronic products	More than half of voting rights
	China	Shanghai LG Electronics Co., Ltd.(LGESH)	70.0%	30.0%	70.0%	30.0%	December	Production of electronic products	More than half of voting rights
	China	Taizhou LG Electronics Refrigeration Co., Ltd.(LGETR)	100.0%	-	100.0%	-	December	Production of electronic products	More than half of voting rights
	China	Tianjin Lijie Cartridge Heater Co., Ltd.(LGETL)	66.7%	33.3%	66.7%	33.3%	December	Production of heater	More than half of voting rights
	China	LG Innotek (Yantai) Co., Ltd.(LGITYT) ¹	40.8%	59.2%	47.9%	52.1%	December	Production and sales of electronic materials	De-facto control
	China	LG Innotek (Huizhou) Co., Ltd.(LGITHZ) ¹	40.8%	59.2%	47.9%	52.1%	December	Production and sales of electronic materials	De-facto control

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Territory	Location	Subsidiaries	September 30, 2014		December 31, 2013		Closing Month	Major Business	Basis of control
			Percentage of ownership		Percentage of ownership				
			Controlling interest	Non-controlling interest	Controlling interest	Non-controlling interest			
Asia	China	LG Innotek (Fuzhou) Co., Ltd.(LGITFZ) ¹	40.8%	59.2%	47.9%	52.1%	December	Production and sales of electronic materials	De-facto control
	China	LG Innotek (Guangzhou) Co., Ltd.(LGITGZ) ¹	40.8%	59.2%	47.9%	52.1%	December	Production and sales of electronic materials	De-facto control
	China	LG Innotek Trading (Shanghai) Co., Ltd.(LGITSH) ¹	40.8%	59.2%	47.9%	52.1%	December	Sales of electronic materials	De-facto control
	China	HiEntech (Tianjin) Co., LTD.	100.0%	-	100.0%	-	December	Water engineering	More than half of voting rights
	China	VENS BEIJING VEHICLE ENGINEERING CO.,LTD	100.0%	-	100.0%	-	December	Automotive engineering	More than half of voting rights
	Australia	LG Electronics Australia Pty, Ltd.(LGEAP)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	India	LG Electronics India Pvt. Ltd.(LGEIL) ⁴	100.0%	-	100.0%	-	March	Production and sales of electronic products	More than half of voting rights
	Japan	LG Electronics Japan Lab. Inc.(LGEJL)	100.0%	-	100.0%	-	December	R&D	More than half of voting rights
	Japan	LG Electronics Japan, Inc.(LGEJP)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	Malaysia	LG Electronics Malaysia SDN. BHD(LGEML)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	Philippines	LG Electronics Philippines Inc.(LGEPH)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	Singapore	LG Electronics Singapore PTE LTD.(LGESL)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	Taiwan	LG Electronics Taiwan Taipei Co., Ltd.(LGETT)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	Thailand	LG Electronics Thailand Co., Ltd.(LGETH)	100.0%	-	100.0%	-	December	Production and sales of electronic products	More than half of voting rights

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Territory	Location	Subsidiaries	September 30, 2014		December 31, 2013		Closing Month	Major Business	Basis of control
			Percentage of ownership		Percentage of ownership				
			Controlling interest	Non-controlling interest	Controlling interest	Non-controlling interest			
	Vietnam	LG Electronics Vietnam Co., Ltd.(LGEVN)	100.0%	-	100.0%	-	December	Production and sales of electronic products	More than half of voting rights
	India	LG Soft India Private Limited.(LGS1) ⁴	100.0%	-	100.0%	-	March	R&D	More than half of voting rights
	Indonesia	P.T. LG Electronics Indonesia(LGEIN)	100.0%	0.0%	100.0%	-	December	Production and sales of electronic products	More than half of voting rights
	Philippines	LG Electronics Pasig Inc. ³	38.0%	62.0%	38.0%	62.0%	December	Real estates	De-facto control
	India	Hi Logistics India Private Limited ⁴	100.0%	-	100.0%	-	March	Services of logistics	More than half of voting rights
	Malaysia	HI LOGISTICS MALAYSIA SDN BHD	100.0%	-	100.0%	-	December	Services of logistics	More than half of voting rights
	Indonesia	PT LG Innotek Indonesia(LGITIN) ¹	40.8%	59.2%	47.9%	52.1%	December	Production and sales of electronic materials	De-facto control
	Taiwan	LG Innotek (Taiwan) Ltd.(LGITTW) ¹	40.8%	59.2%	47.9%	52.1%	December	Sales of electronic materials	De-facto control
	Malaysia	V-ENS (M) Sdn. Bhd.	100.0%	-	100.0%	-	December	Automotive engineering	More than half of voting rights
	Vietnam	LG Electronics Vietnam Haiphong Co., Ltd.(LGEVH)	100.0%	-	100.0%	-	December	Production of electronic products	More than half of voting rights
	Indonesia	PT.LG Electronics Service Indonesia(LGEID)	99.8%	0.2%	-	-	December	Services	More than half of voting rights
	Vietnam	Hi Logistics Vietnam Co., LTD.	100.0%	-	-	-	December	Services of logistics	More than half of voting rights

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			Percentage of ownership		Percentage of ownership				
			Controlling interest	Non-controlling interest	Controlling interest	Non-controlling interest			
Europe	Netherlands	Hi Logistics Europe B.V.	100.0%	-	100.0%	-	December	Services of logistics	More than half of voting rights
	Austria	LG Electronics Austria GmbH(LGEAG)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	Netherlands	LG Electronics Benelux Sales B.V.(LGEBN)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	Czech Republic	LG Electronics CZ, s.r.o.(LGE CZ)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	Germany	LG Electronics Deutschland GmbH(LGEDG)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	Spain	LG Electronics Espana S.A.(LGEES)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	Netherlands	LG Electronics European Holdings B.V.(LGEEH)	100.0%	-	100.0%	-	December	European holding	More than half of voting rights
	Netherlands	LG Electronics European Shared Service Center B.V.(LGESC)	100.0%	-	100.0%	-	December	Services	More than half of voting rights
	France	LG Electronics France S.A.S.(LGEFS)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	Greece	LG Electronics Hellas S.A.(LGEHS)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	Italy	LG Electronics Italia S.p.A(LGEIS)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	Latvia	LG Electronics Latvia, LLC(LGELA)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	Hungary	LG Electronics Magyar KFT(LGEMK)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	Poland	LG Electronics Mlawa Sp. z o.o(LGEMA)	100.0%	-	100.0%	-	December	Production of electronic products	More than half of voting rights

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			Percentage of ownership		Percentage of ownership				
			Controlling interest	Non-controlling interest	Controlling interest	Non-controlling interest			
	France	LG Electronics Mobilecomm France(LGEMF)	100.0%	-	100.0%	-	December	R&D	More than half of voting rights
	Sweden	LG Electronics Nordic AB(LGESW)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	Norway	LG Electronics Norway AS(LGENO)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	Poland	LG Electronics Polska Sp. z o.o.(LGEPL)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	Portugal	LG Electronics Portugal S.A.(LGEPT)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	Romania	LG Electronics Romania S.R.L.(LGERO)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	UK	LG Electronics United Kingdom Ltd.(LGEUK)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	Poland	LG Electronics Wroclaw Sp.z o.o.(LGEWR)	100.0%	-	100.0%	-	December	Production of electronic products	More than half of voting rights
	Poland	LG Innotek Poland Sp z o.o.(LGITPO) ¹	40.8%	59.2%	47.9%	52.1%	December	Production and sales of electronic metarials	De-facto control
North America	USA	LG Electronics Miami Inc.(LGEMI)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	USA	LG Electronics Alabama Inc.(LGEAI)	100.0%	-	100.0%	-	December	Services	More than half of voting rights
	Canada	LG Electronics Canada, Inc.(LGECI)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	Mexico	LG Electronics Mexicali, S.A. DE C.V.(LGEMX)	100.0%	-	100.0%	-	December	Production of electronic products	More than half of voting rights
	Mexico	LG Electronics Mexico S.A. DE C.V.(LGEMS)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights

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			Percentage of ownership		Percentage of ownership				
			Controlling interest	Non-controlling interest	Controlling interest	Non-controlling interest			
	USA	LG Electronics Mobile Research U.S.A., L.L.C.(LGEMR)	100.0%	-	100.0%	-	December	R&D	More than half of voting rights
	USA	LG Electronics Mobilecomm U.S.A., Inc.(LGEMU)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	Mexico	LG Electronics Monterrey Mexico S.A.de C.V.(LGEMM)	100.0%	-	100.0%	-	December	Production of electronic products	More than half of voting rights
	Mexico	LG Electronics Reynosa S.A. DE C.V.(LGERS)	100.0%	-	100.0%	-	December	Production of electronic products	More than half of voting rights
	USA	LG Electronics U.S.A., Inc.(LGEUS)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	Mexico	Servicios Integrales LG S.A DE C.V	100.0%	-	100.0%	-	December	Services	More than half of voting rights
	Mexico	Servicios LG Monterrey Mexico S.A. de C.V.	100.0%	-	100.0%	-	December	Services	More than half of voting rights
	USA	Zenith Electronics Corporation of Pennsylvania	100.0%	-	100.0%	-	December	Production of electronic products	More than half of voting rights
	USA	Zenith Electronics Corporation(Zenith)	100.0%	-	100.0%	-	December	R&D	More than half of voting rights
	USA	LG Innotek USA, Inc.(LGITUS) ¹	40.8%	59.2%	47.9%	52.1%	December	Sales of electronic products	De-facto control
	Mexico	HILOGISTICS MEXICO SA DE CV	100.0%	-	100.0%	-	December	Services of logistics	More than half of voting rights
	Mexico	HiLogistics Reynosa	100.0%	-	100.0%	-	December	Services of logistics	More than half of voting rights

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			Percentage of ownership		Percentage of ownership				
			Controlling interest	Non-controlling interest	Controlling interest	Non-controlling interest			
	USA	HiLogistics USA	100.0%	-	100.0%	-	December	Services of logistics	More than half of voting rights
	Mexico	LG Innotek Mexico SA DE CV(LGITMX) ¹	40.8%	59.2%	47.9%	52.1%	December	Production and sales of automotive materials	De-facto control
South America	Brazil	LG Armagem Geral Ltda.	100.0%	-	100.0%	-	December	Services	More than half of voting rights
	Argentina	LG Electronics Argentina S.A.(LGEAR)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	Colombia	LG Electronics Colombia Ltda.(LGEGB)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	Brazil	LG Electronics do Brasil Ltda.(LGEBR)	100.0%	-	100.0%	-	December	Production and sales of electronic products	More than half of voting rights
	Honduras	LG Electronics Honduras S.de R.L. ²	20.0%	80.0%	20.0%	80.0%	December	Sales of electronic products	De-facto control
	Chile	LG Electronics Inc Chile Ltda.(LGECL)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	Panama	LG Electronics Panama, S.A.(LGEPS)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	Peru	LG Electronics Peru S.A.(LGEPR)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	Venezuela	LG Electronics Venezuela S.A.(LGEVZ)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	Brazil	SOCIO VIP Ltda.	100.0%	-	100.0%	-	December	Services	More than half of voting rights
	Panama	C&S America Solutions	100.0%	-	100.0%	-	December	Services	More than half of voting rights
	Panama	LG Consulting Corp.	100.0%	-	100.0%	-	December	Services	More than half of voting rights

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			Percentage of ownership		Percentage of ownership				
			Controlling interest	Non-controlling interest	Controlling interest	Non-controlling interest			
Middle East and Africa	Guatemala	LG Electronics Guatemala S.A.	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	Nigeria	Easytec Global Services Innovation Limited	100.0%	-	100.0%	-	December	Services	More than half of voting rights
	Angola	LG Electronics Angola Limitada(LGEAO)	100.0%	-	100.0%	-	December	Sales and services of electronic products	More than half of voting rights
	Jordan	LG Electronics (Levant) Jordan(LGELF)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	UAE	LG Electronics Africa Logistics FZE(LGEAF)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	Algeria	LG Electronics Algeria SARL(LGEAS)	70.0%	30.0%	70.0%	30.0%	December	Sales of electronic products	More than half of voting rights
	UAE	LG Electronics Dubai FZE(LGEDF)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	Egypt	LG Electronics Egypt S.A.E(LGEEG)	100.0%	-	100.0%	-	December	Production and sales of electronic products	More than half of voting rights
	UAE	LG Electronics Gulf FZE(LGEGF)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	UAE	LG Electronics Middle East Co., Ltd.(LGEME)	100.0%	-	100.0%	-	December	Services	More than half of voting rights
	Morocco	LG Electronics Morocco S.A.R.L(LGEMC)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	Nigeria	LG Electronics Nigeria Limited(LGENI)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	Tunisia	LG Electronics North Africa Service Company S.A.R.L	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	UAE	LG Electronics Overseas Trading FZE(LGEOT)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights

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Territory	Location	Subsidiaries	September 30, 2014		December 31, 2013		Closing Month	Major Business	Basis of control
			Percentage of ownership		Percentage of ownership				
			Controlling interest	Non-controlling interest	Controlling interest	Non-controlling interest			
	South Africa	LG Electronics S.A. (Pty) Ltd.(LGESA)	100.0%	-	100.0%	-	December	Production and sales of electronic products	More than half of voting rights
	Turkey	LG Electronics Ticaret A.S.(LGETK)	100.0%	-	100.0%	-	December	Sales of electronic products	More than half of voting rights
	Saudi Arabia	LG-Shaker Co., Ltd.(LGESR)	51.0%	49.0%	49.0%	51.0%	December	Production of electronic products	More than half of voting rights
	Kenya	LG Electronics Service Kenya Limited(LGESK)	100.0%	-	100.0%	-	December	Services	More than half of voting rights
	Saudi Arabia	LG Electronics Saudi Arabia Limited	100.0%	-	100.0%	-	December	Services	More than half of voting rights
	UAE	Hi Logistics Middle East FZE	100.0%	-	100.0%	-	December	Services of logistics	More than half of voting rights
	Egypt	Hi Logistics Egypt	100.0%	-	-	-	December	Services of logistics	More than half of voting rights
Other	Russia	LG Alina Electronics(LGERI)	95.0%	5.0%	95.0%	5.0%	December	Services	More than half of voting rights
	Russia	HI LOGISTICS RUS Limited Liability Company	100.0%	-	-	-	December	Services of logistics	More than half of voting rights
	Kazakhstan	LG Electronics Almaty Kazakhstan(LGEAK)	100.0%	-	100.0%	-	December	Production and sales of electronic products	More than half of voting rights
	Russia	LG Electronics RUS, LLC(LGERA)	100.0%	-	100.0%	-	December	Production and sales of electronic products	More than half of voting rights
	Ukraine	LG Electronics Ukraine Inc.(LGEUR)	100.0%	-	100.0%	-	December	Sales of electronic products	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 power over more than half of the voting rights by virtue of an agreement with other investors although the Parent Company holds less

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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 nine-month period ended September 30, 2014, were used for those subsidiaries with different fiscal year ends.

(b) Financial information of major subsidiaries as of September 30, 2014 and December 31, 2013, and for the three-month and nine-month periods ended September 30, 2014 and 2013, is as follows (before elimination of intercompany transactions):

<i>(in millions of Korean won)</i>	September 30, 2014			2014			
	Assets	Liabilities	Equity	Three months		Nine months	
				Sales	Net Income (Loss)	Sales	Net Income (Loss)
LG Innotek Co., Ltd.	4,243,919	2,708,186	1,535,733	1,502,712	54,673	4,148,626	45,894
LG Electronics do Brasil Ltda.(LGEBR)	1,751,629	1,343,874	407,755	875,291	(566)	2,733,890	53,877
LG Electronics U.S.A., Inc.(LGEUS)	2,161,304	1,899,248	262,056	1,473,180	(14,895)	4,356,798	(5,567)
Zenith Electronics Corporation(Zenith)	1,010,582	39,520	971,062	34,241	4,483	108,558	15,197
LG Electronics European Shared Service Center B.V.(LGESC)	1,008,404	978,272	30,132	54,142	(592)	164,135	6,295
LG Electronics RUS, LLC(LGERA)	1,060,363	612,822	447,541	662,589	23,087	1,911,096	105,109
LG Electronics (China) Co. Ltd.(LGECH)	871,833	846,825	25,008	427,335	(184)	1,100,373	2,106
LG Electronics Tianjin Appliances Co., Ltd.(LGETA)	570,983	320,151	250,832	219,764	(2,652)	923,675	15,676
LG Electronics Mobilecomm U.S.A., Inc.(LGEMU)	1,092,488	1,013,683	78,805	1,778,862	(9,406)	4,086,148	3,075
LG Electronics India Pvt. Ltd.(LGEIL)	609,874	329,667	280,207	514,665	22,475	1,711,727	120,075
Inspur LG Digital Mobile Communications Co., Ltd.(LGEYT)	804,403	693,997	110,406	937,976	14,268	2,420,857	34,818
LG Electronics Mlawa Sp. z o.o(LGEMA)	628,929	336,706	292,223	365,327	6,552	1,023,502	17,032
LG Electronics Reynosa S.A. DE C.V.(LGERES)	653,205	398,874	254,331	655,019	11,323	1,732,644	17,847
P.T. LG Electronics Indonesia(LGEIN)	529,415	297,021	232,394	401,819	11,647	1,229,783	21,250
LG Electronics Nanjing Display Co., Ltd.(LGEND)	429,049	303,527	125,522	325,291	4,547	1,115,541	23,017
LG Electronics Wroclaw Sp.z.o.o(LGEWR)	463,563	296,209	167,354	324,945	3,375	1,150,834	12,346

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<i>(in millions of Korean won)</i>	September 30, 2014			2014			
	Assets	Liabilities	Equity	Three months		Nine months	
				Sales	Net Income (Loss)	Sales	Net Income (Loss)
Hiplaza Co., Ltd.	474,451	335,194	139,257	385,613	(3,819)	1,120,263	(2,300)
LG Electronics Mexico S.A. DE C.V.(LGEMS)	565,935	479,732	86,203	394,643	7,924	1,203,623	16,559
Nanjing LG-Panda Appliances Co., Ltd.(LGEPN)	468,236	346,433	121,803	300,185	6,769	906,081	14,366
Taizhou LG Electronics Refrigeration Co., Ltd.(LGETR)	422,493	287,096	135,397	235,555	1,225	649,877	9,518
LG Electronics Monterrey Mexico S.A.de C.V.(LGEMM)	379,218	334,023	45,195	155,364	1,320	462,429	4,602

<i>(in millions of Korean won)</i>	December 31, 2013			2013			
	Assets	Liabilities	Equity	Three months		Nine months	
				Sales	Net Income (Loss)	Sales	Net Income (Loss)
LG Innotek Co., Ltd.	4,260,285	3,039,627	1,220,658	1,386,341	(8,009)	4,144,795	(15,588)
LG Electronics do Brasil Ltda.(LGEBR)	1,679,815	1,305,953	373,862	992,091	48,195	2,743,239	147,100
LG Electronics U.S.A., Inc.(LGEUS)	1,825,282	1,555,954	269,328	1,457,676	2,634	4,523,079	2,139
Zenith Electronics Corporation(Zenith)	995,877	35,986	959,891	45,616	7,662	117,019	29,050
LG Electronics European Shared Service Center B.V.(LGESC)	1,071,932	1,045,305	26,627	53,790	841	159,034	5,879
LG Electronics RUS, LLC(LGERA)	963,916	537,408	426,508	737,554	56,068	2,059,507	89,639
LG Electronics (China) Co. Ltd.(LGECH)	694,585	671,465	23,120	409,258	(6,715)	1,046,975	3,404
LG Electronics Tianjin Appliances Co., Ltd.(LGETA)	566,860	311,851	255,009	220,399	(4,730)	970,369	19,631
LG Electronics Mobilecomm U.S.A., Inc.(LGEMU)	581,012	504,592	76,420	924,372	(4,796)	2,860,049	(6,438)
LG Electronics India Pvt. Ltd.(LGEIL)	456,472	227,511	228,961	457,102	25,073	1,685,229	85,052
Inspur LG Digital Mobile Communications Co., Ltd.(LGEYT)	448,362	371,472	76,890	548,764	8,528	1,648,799	(14,073)
LG Electronics Mlawo Sp. z o.o(LGEMA)	540,236	236,240	303,996	266,120	1,879	917,611	17,701
LG Electronics Reynosa S.A. DE C.V.(LGERES)	392,973	154,526	238,447	552,081	(1,516)	1,539,361	(1,888)
P.T. LG Electronics Indonesia(LGEIN)	480,206	268,369	211,837	471,663	(8,123)	1,542,868	2,447
LG Electronics Nanjing Display Co., Ltd.(LGEND)	505,656	332,843	172,813	397,458	5,136	1,213,693	33,707

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<i>(in millions of Korean won)</i>	December 31, 2013			2013			
	Assets	Liabilities	Equity	Three months		Nine months	
				Sales	Net Income (Loss)	Sales	Net Income (Loss)
LG Electronics Wrocław Sp.z.o.o.(LGEWR)	500,773	329,144	171,629	372,113	9,307	1,285,376	18,049
Hiplaza Co., Ltd.	434,154	292,415	141,739	402,053	(466)	1,122,579	3,622
LG Electronics Mexico S.A. DE C.V.(LGEMS)	409,158	336,857	72,301	322,509	15,906	1,087,053	6,041
Nanjing LG-Panda Appliances Co., Ltd.(LGEPN)	404,019	282,849	121,170	311,070	12,216	858,914	29,402
Taizhou LG Electronics Refrigeration Co., Ltd.(LGETR)	357,812	229,260	128,552	206,958	264	603,428	16,351
LG Electronics Monterrey Mexico S.A.de C.V.(LGEMM)	398,895	356,658	42,237	168,362	3,386	479,082	8,479

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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	40.8%	59.2%
LG Hitachi Water Solution Co., Ltd.	Korea	51.0%	49.0%
LGE Alliance Fund	Korea	96.2%	3.8%
LGE Alliance Fund II	Korea	98.7%	1.3%
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	51.0%	49.0%
LG Alina Electronics(LGERI)	Russia	95.0%	5.0%
P.T. LG Electronics Indonesia(LGEIN) ²	Indonesia	100.0%	0.0%
PT.LG Electronics Service Indonesia(LGEID)	Indonesia	99.8%	0.2%

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

² P.T.LG Electronics Indonesia's shares held by the Parent Company are 51,916 out of the total number of shares of 51,920.

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

Accumulated non-controlling interest as of September 30, 2014 and December 31, 2013, is as follows:

<i>(in millions of Korean won)</i>	September 30, 2014	December 31, 2013
LG Innotek Co., Ltd. and its subsidiaries	1,000,602	685,127
LG Electronics Nanjing Display Co., Ltd.(LGEND)	36,894	50,643
LG Electronics Tianjin Appliances Co., Ltd.(LGETA)	47,687	48,877
LG-Shaker Co., Ltd.(LGESR)	48,702	37,174
NanJing LG-Panda Appliances Co., Ltd.(LGEPN)	32,906	32,982
LG Electronics Shenyang Inc.(LGESY)	24,482	23,725
Inspur LG Digital Mobile Communications Co., Ltd.(LGEYT)	27,807	22,017
LG Electronics Huizhou Ltd.(LGEHZ)	15,842	17,690
Qingdao LG Inspur Digital Communication Co., Ltd.(LGEQD)	15,482	13,195
LG Electronics (Hangzhou) Co., Ltd.(LGEHN)	9,082	8,011
Shanghai LG Electronics Co., Ltd.(LGESH)	5,191	8,016
LG Hitachi Water Solution Co., Ltd.	4,020	5,329
Innovation Investment Fund	1,212	1,914
LGE Alliance Fund	308	298
LG Alina Electronics(LGERI)	68	112
Tianjin Lijie cartridge heater Co., Ltd.(LGETL)	63	81
LGE Alliance Fund II	40	41
P.T. LG Electronics Indonesia(LGEIN)	18	16
LG Electronics Pasig Inc.	(2,356)	(2,358)
LG Electronics Algeria SARL(LGEAS)	(2,797)	(2,723)
PT.LG Electronics Service Indonesia(LGEID)	-	-
Total	1,265,253	950,167

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Profit(loss) attributed to non-controlling interest for the three-month and nine-month periods ended September 30, 2014 and 2013, is as follows:

<i>(in millions of Korean won)</i>	2014		2013	
	Three months	Nine months	Three months	Nine months
LG Innotek Co., Ltd. and its subsidiaries	34,733	66,653	13,729	13,701
LG Electronics Nanjing Display Co., Ltd.(LGEND)	1,734	7,084	1,452	8,938
LG Electronics Tianjin Appliances Co., Ltd.(LGETA)	797	2,827	(204)	4,579
LG-Shaker Co., Ltd.(LGESR)	2,327	13,276	910	10,012
NanJing LG-Panda Appliances Co., Ltd.(LGEPN)	3,050	4,040	3,107	6,747
LG Electronics Shenyang Inc.(LGESY)	550	1,305	1,846	5,188
Inspur LG Digital Mobile Communications Co., Ltd.(LGEYT)	1,753	6,239	1,955	(3,948)
LG Electronics Huizhou Ltd.(LGEHZ)	502	1,298	1,418	2,196
Qingdao LG Inspur Digital Communication Co., Ltd.(LGEQD)	588	2,602	709	229
LG Electronics (Hangzhou) Co., Ltd.(LGEHN)	263	1,489	49	282
Shanghai LG Electronics Co., Ltd.(LGESH)	(2,069)	(1,808)	818	1,043
LG Hitachi Water Solution Co., Ltd.	(569)	(1,309)	(513)	(1,360)
Innovation Investment Fund	3	(18)	22	(55)
LGE Alliance Fund	1	9	(2)	(2)
LG Alina Electronics(LGERI)	(27)	(26)	(5)	6
Tianjin Lijie cartridge heater Co., Ltd.(LGETL)	4	(16)	34	(42)
LGE Alliance Fund II	1	1	-	-
P.T. LG Electronics Indonesia(LGEIN)	1	2	-	-
LG Electronics Pasig Inc.	(2)	(21)	(3)	(14)
LG Electronics Algeria SARL(LGEAS)	(675)	(262)	(769)	(1,545)
PT.LG Electronics Service Indonesia(LGEID)	-	-	-	-
Total	42,965	103,365	24,553	45,955

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Dividends paid to non-controlling interest for the nine-month periods ended September 30, 2014 and 2013, are as follows:

<i>(in millions of Korean won)</i>	2014	2013
LG Electronics Nanjing Display Co., Ltd.(LGEND)	18,923	890
LG Electronics Tianjin Appliances Co., Ltd.(LGETA)	2,787	5,088
NanJing LG-Panda Appliances Co., Ltd.(LGEPN)	3,221	2,262
LG Electronics Huizhou Ltd.(LGEHZ)	2,591	3,397
LG Electronics (Hangzhou) Co., Ltd.(LGEHN)	246	380
Shanghai LG Electronics Co., Ltd.(LGESH)	787	557
LG Alina Electronics(LGERI)	-	634
Total	28,555	13,208

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>	September 30, 2014	December 31, 2013
Current assets	2,248,493	2,006,841
Non-current assets	2,374,010	2,574,430
Total assets	4,622,503	4,581,271
Current liabilities	1,705,072	1,629,364
Non-current liabilities	1,220,412	1,635,007
Total liabilities	2,925,484	3,264,371
Equity attributable to owners of LG Innotek Co., Ltd.	1,697,017	1,316,898
Non-controlling interests	2	2
Total equity	1,697,019	1,316,900

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iv) Summarized consolidated statements of comprehensive income of subsidiaries with material non-controlling interests for the three-month and nine-month periods ended September 30, 2014 and 2013, is as follows (before elimination of intercompany transactions):

- LG Innotek Co., Ltd. and its subsidiaries

<i>(in millions of Korean won)</i>	2014		2013	
	Three months	Nine months	Three months	Nine months
Net sales	1,649,296	4,651,074	1,595,508	4,667,557
Profit for the period	58,354	118,365	27,735	28,126
Other comprehensive income(loss), net of tax	7,586	(17,590)	(18,036)	4,924
Total comprehensive income, net of tax	65,940	100,775	9,699	33,050

v) Summarized consolidated statements of cash flows of subsidiaries with material non-controlling interests for the nine-month periods ended September 30, 2014 and 2013, is as follows (before elimination of intercompany transactions):

- LG Innotek Co., Ltd. and its subsidiaries

<i>(in millions of Korean won)</i>	2014	2013
Cash flows from operating activities	593,109	263,634
Cash flows from investing activities	(221,509)	(364,900)
Cash flows from financing activities	(263,575)	207,861
Exchange gains on cash and cash equivalents	1,198	263
Net increase in cash and cash equivalents	109,223	106,858
Cash and cash equivalents at the beginning of period	399,610	352,808
Cash and cash equivalents at the end of period	508,833	459,666

(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 cash equivalents and other deposits with financial institutions 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:

Subsidiaries	The nature and limitation of the protective rights for non-controlling interest
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 ₩1,000 million not included in the business plan - Borrowings and issues of debentures over ₩1,000 million not included in the business plan - Expenditures over ₩1,000 million not included in the business plan - Initial agreement, amendment and termination of significant contracts over ₩1,000 million
LG-Shaker Co., Ltd.(LGESR)	Unanimous approval is required for the confirmation of financial statements and dividend declaration.

- (e) 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 nine-month periods ended September 30, 2014 and 2013, are as follows:

<i>(in millions of Korean won)</i>	2014	2013
LG Innotek Co., Ltd. and its subsidiaries¹		
Decrease in the Parent Company's interest by exercise of conversion rights (A)	20,180	-
Consideration received from non-controlling interest (B)	-	-
Changes of the Parent Company's ownership interest (A+B)	20,180	-
LG-Shaker Co., Ltd.(LGESR)		
Increase in the Parent Company's interest by exercise of stock option (A)	1,813	-
Consideration paid to non-controlling interest (B)	1,013	-
Changes of the Parent Company's ownership interest (A-B)	800	-

¹ The controlling interest of the parent company changed due to the conversion of the convertible bonds that were issued by LG Innotek Co., Ltd, a subsidiary (Note 11).

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- (f) Subsidiary newly included in scope of preparation of consolidated financial statements for the nine-month period ended September 30, 2014, is:

Subsidiary	Reason	Country	Percentage of ownership	Closing Month	Major Business
HI LOGISTICS RUS Limited Liability Company	Newly established	Russia	100%	December	Logistics
PT.LG Electronics Service Indonesia(LGEID)	Newly established	Indonesia	99.8%	December	Service
Hi Logistics Egypt	Newly established	Egypt	100.0%	December	Logistics
Hi Logistics Vietnam Co., LTD.	Newly established	Vietnam	100.0%	December	Logistics

- (g) Subsidiary excluded from the scope of preparation of consolidated financial statements for the nine-month period ended September 30, 2014, is:

Subsidiary	Reason	Country
LG Receivable Funding LLC	Liquidation	USA

- (h) Gain or loss resulted from loss of control over subsidiaries

During the period, no gain or loss occurred due to the loss of control over LG Receivable Funding LLC which was a former subsidiary of the Group.

2. Significant Accounting Policies

Basis of Preparation

The interim consolidated financial statements for the nine-month period ended September 30, 2014, 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 September 30, 2014.

Changes in Accounting Policy and Disclosures

- i. New and amended standards and interpretations effective for the financial year beginning January 1, 2014.

The new and amended standards early adopted by the Group from the financial year, 2013

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

Amendment to Korean IFRS 1032 provides that the right to offset must not be contingent on a future event and must be legally enforceable in all of circumstances; and if an entity can settle amounts in a manner such that outcome is, in effect, equivalent to net settlement, the entity will meet the net settlement criterion. The amendments of Korean IFRS 1032 do not have a significant impact on these consolidated financial statements.

The new and amended standards, and interpretations adopted by the Group during 2014

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- Korean IFRS 1036(Amendment): 'Impairment of Assets'

Amendments to Korean IFRS 1036, 'Impairment of Assets', clarify the facts that it shall disclose the recoverable amount of an individual asset (including goodwill) or a cash-generating unit for which an impairment loss is recognized or reversed. These amendments also prescribe disclosures in case the recoverable amount of an individual asset (including goodwill) or a cash-generating unit for which an impairment loss is recognized or reversed is the fair value less costs to sell. The amendments do not have a significant impact on these consolidated financial statements.

- Korean IFRS 1039(Amendment): 'Financial Instruments: Recognition and Measurement'

Amendments to Korean IFRS 1039, 'Financial Instruments: Recognition and Measurement', allows the continuation of hedge accounting for a derivative that has been designated as a hedging instrument in a circumstance in which that derivative is novated to a central counterparty (CCP) as a consequence of laws or regulations. The amendments do not have a significant impact on these consolidated financial statements.

- Korean IFRS 2121(Enactment): 'Levies'

Korean IFRS 2121, 'Levies', are applied to a liability to pay a levy imposed by a government in accordance with the legislation. The interpretation requires that the liability to pay a levy is recognized when the activity that triggers the payment of the levy occurs, as identified by the legislation. The enactments do not have a significant impact on these consolidated financial statements.

- ii. New and amended standards and interpretations effective for the financial year beginning January 1, 2015.

There are no new and amended standards early adopted by the Group from the financial year, 2014.

New and amended standards and interpretations not yet adopted by the Group are as follows:

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

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

- Annual improvements of Korean IFRS

Korean IFRS 1102, 'Share-based Payment'

Korean IFRS 1103, 'Business Combination'

Korean IFRS 1108, 'Operating Segment'

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Korean IFRS 1113, 'Fair Value Measurement'
Korean IFRS 1016, 'Property, Plant and Equipment'
Korean IFRS 1038, 'Intangible Assets'
Korean IFRS 1024, 'Related Party Disclosures'
Korean IFRS 1040, 'Investment Property'

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

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, 2013, unless otherwise stated in Note 2.

Income Tax Expense

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

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3. 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 in accordance with the progress of the transaction. It is calculated based on potential economic benefits and the estimated cost for the completion of the transaction. The factors for the estimation of revenue may vary.

(b) Impairment of Goodwill

The Group tests goodwill regularly for impairment. The recoverable amounts of cash-generating units have been determined based on fair value after deducting the costs of disposal 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 judgement to select a variety of methods and makes assumptions that are mainly based on market conditions existing at the end of each reporting period.

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(e) Provisions

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

(f) Net Defined Benefit Liability

The present value of the defined benefit obligation depends on various factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost(income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of the defined benefit obligation. The Group determines the appropriate discount rate at the end of each year. 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 Group considers 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.

4. Segment Information

The segments of the Group are strategic business divisions providing different products and services. Each business division operates separately according to unique technologies and marketing strategies. The main products of each business division are as follows and the comparative information is presented in conformity with the same classification in the current period.

Divisions	Products
Home Entertainment (HE)	TV, Monitors, PCs, Security devices, Audio, Video and others
Mobile Communications (MC)	Mobile communications
Home Appliance (HA)	Refrigerators, Washing machines, Microwaves, Vacuum cleaners, Water purifier 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 segments	Vehicle components, Compressor, Motor, Display material, Lighting, Solar and others

(a) The segment information for sales and operating income(losses) for the three-month and nine-

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month periods ended September 30, 2014 and 2013, is as follows:

Three-month period ended September 30, 2014								
<i>(in millions of Korean won)</i>	HE	MC	HA	AE	Innotek	Other segments ¹	Inter-segment transactions ²	Total
Sales	4,710,363	4,247,030	2,911,487	925,559	1,649,296	1,208,058	(735,427)	14,916,366
External sales	4,707,444	4,247,000	2,909,833	924,491	1,247,454	880,144	-	14,916,366
Internal sales	2,919	30	1,654	1,068	401,842	327,914	(735,427)	-
Operating income(loss) ³	130,536	167,394	51,782	(2,467)	102,937	11,089	-	461,271
Depreciation and amortization	105,538	82,631	70,482	23,925	120,401	71,380	-	474,357
Nine-month period ended September 30, 2014								
<i>(in millions of Korean won)</i>	HE	MC	HA	AE	Innotek	Other segments ¹	Inter-segment transactions ²	Total
Sales	14,748,552	11,274,383	8,659,845	3,780,700	4,651,074	3,721,825	(2,270,727)	44,565,652
External sales	14,744,247	11,263,316	8,655,910	3,774,558	3,531,607	2,596,014	-	44,565,652
Internal sales	4,305	11,067	3,935	6,142	1,119,467	1,125,811	(2,270,727)	-
Operating income ³	525,416	244,442	258,822	251,486	255,950	35,368	-	1,571,484
Depreciation and amortization	329,487	246,162	219,098	72,115	358,618	203,336	-	1,428,816
Three-month period ended September 30, 2013								
<i>(in millions of Korean won)</i>	HE	MC	HA	AE	Innotek	Other segments ¹	Inter-segment transactions ²	Total
Sales	4,852,096	3,045,359	2,966,781	973,204	1,595,508	1,118,513	(659,309)	13,892,152
External sales	4,851,097	3,045,349	2,966,599	972,106	1,260,442	796,559	-	13,892,152
Internal sales	999	10	182	1,098	335,066	321,954	(659,309)	-
Operating income(loss) ³	123,957	(79,670)	108,748	19,506	55,748	(10,494)	-	217,795
Depreciation and amortization	126,469	72,829	78,838	23,098	136,479	61,217	-	498,930
Nine-month period ended September 30, 2013								
<i>(in millions of Korean won)</i>	HE	MC	HA	AE	Innotek	Other segments ¹	Inter-segment transactions ²	Total
Sales	14,787,253	9,370,782	8,959,889	3,923,222	4,667,557	3,612,741	(2,096,377)	43,225,067
External sales	14,781,014	9,370,746	8,956,951	3,920,843	3,640,650	2,554,863	-	43,225,067
Internal sales	6,239	36	2,938	2,379	1,026,907	1,057,878	(2,096,377)	-
Operating income(loss) ³	228,827	114,003	332,016	272,193	107,256	(7,734)	-	1,046,561
Depreciation and amortization	356,218	211,090	229,166	66,137	383,184	171,127	-	1,416,922

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

² Accounting of sales between segments are treated 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 September 30, 2014 and December 31, 2013, is as follows:

<i>(in millions of Korean won)</i>	September 30, 2014		December 31, 2013	
	Segment assets	Segment liabilities	Segment assets	Segment liabilities
HE	14,051,463	12,841,647	13,255,416	11,834,863
MC	8,445,741	6,317,962	7,352,268	5,267,930
HA	8,116,355	6,031,868	7,664,596	5,538,440
AE	3,175,818	1,824,502	3,040,696	1,807,856
Innotek	4,622,503	2,925,484	4,581,271	3,264,371
Sub-total ¹	38,411,880	29,941,463	35,894,247	27,713,460
Other segments and inter-segment transactions	91,584	(4,693,590)	(366,183)	(4,874,765)
Total	38,503,464	25,247,873	35,528,064	22,838,695

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 nine-month periods ended September 30, 2014 and 2013, and non-current assets by geographic areas are as follows:

<i>(in millions of Korean won)</i>	External sales				Non-current assets²	
	2014		2013		September 30, 2014	December 31, 2013
	Three months	Nine months	Three months	Nine months		
Geographic areas¹						
Korea	3,657,108	11,399,096	3,548,218	11,115,774	9,244,509	9,291,312
China	943,236	2,751,194	973,064	2,835,296	857,260	889,248
Asia	1,414,786	4,462,245	1,340,655	4,528,712	526,282	391,792
Europe	1,484,849	4,707,248	1,358,390	4,594,577	258,361	276,573
North America	4,025,221	10,660,631	3,078,311	9,512,423	348,160	354,987
South America	1,446,347	4,524,310	1,599,382	4,579,878	241,440	222,484
Middle Asia & Africa	1,145,286	3,704,654	1,079,740	3,491,455	149,918	93,241
Others	799,533	2,356,274	914,392	2,566,952	190,564	190,969
Total	14,916,366	44,565,652	13,892,152	43,225,067	11,816,494	11,710,606

¹ The comparative segment information by geographic areas is presented based on the current classification at the end of reporting period.

² Non-current assets consist of property, plant and equipment, intangible assets and investment property.

(d) There is no external customer contributing to more than 10% of total sales for the nine-month periods ended September 30, 2014 and 2013.

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5. Financial Instruments by Category

(a) Categorizations of financial instruments as of September 30, 2014 and December 31, 2013, are as follows:

<i>(in millions of Korean won)</i>	September 30, 2014					
	Assets at fair value through profit or loss	Loans and receivables	Assets classified as available-for-sale	Held-to-maturity financial assets	Other	Total
Cash and cash equivalents	-	2,949,709	-	-	-	2,949,709
Financial deposits	-	149,341	-	-	-	149,341
Trade receivables	-	8,277,702	-	-	-	8,277,702
Loans and other receivables	-	1,109,606	-	-	-	1,109,606
Other financial assets	3,008	-	50,659	2,692	10,484	66,843
Total	3,008	12,486,358	50,659	2,692	10,484	12,553,201

<i>(in millions of Korean won)</i>	September 30, 2014			
	Liabilities at fair value through profit or loss	Liabilities carried at amortized cost	Other	Total
Trade payables	-	7,404,914	-	7,404,914
Borrowings	-	9,429,679	-	9,429,679
Other payables	-	2,466,015	-	2,466,015
Other financial liabilities	917	-	65,084	66,001
Total	917	19,300,608	65,084	19,366,609

<i>(in millions of Korean won)</i>	December 31, 2013					
	Assets at fair value through profit or loss	Loans and receivables	Assets classified as available-for-sale	Held-to-maturity financial assets	Other	Total
Cash and cash equivalents	-	2,645,270	-	-	-	2,645,270
Financial deposits	-	164,888	-	-	-	164,888
Trade receivables	-	7,117,402	-	-	-	7,117,402
Loans and other receivables	-	1,198,483	-	-	-	1,198,483
Other financial assets	16,080	-	53,075	2,576	1,413	73,144
Total	16,080	11,126,043	53,075	2,576	1,413	11,199,187

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<i>(in millions of Korean won)</i>	December 31, 2013			
	Liabilities at fair value through profit or loss	Liabilities carried at amortized cost	Other	Total
Trade payables	-	5,691,114	-	5,691,114
Borrowings	-	9,211,029	-	9,211,029
Other payables	-	2,857,356	-	2,857,356
Other financial liabilities	1,457	-	20,096	21,553
Total	1,457	17,759,499	20,096	17,781,052

(b) Income and expenses by category of financial instruments for the nine-month periods ended September 30, 2014 and 2013, are as follows:

<i>(in millions of Korean won)</i>	2014					
	Assets at fair value through profit or loss	Loans and receivables	Assets classified as available-for-sale	Held-to-maturity financial assets	Other	Total
Interest income	-	69,560	195	54	-	69,809
Exchange differences	-	(119,518)	-	-	-	(119,518)
Bad debt expense	-	(25,765)	-	-	-	(25,765)
Loss on disposal of trade receivables	-	(13,962)	-	-	-	(13,962)
Loss on valuation of available-for-sale financial assets, net of tax (through other comprehensive loss)	-	-	(1,216)	-	-	(1,216)
Gain on disposal of available-for-sale financial assets	-	-	1,509	-	-	1,509
Impairment loss of available-for-sale financial assets	-	-	(1,114)	-	-	(1,114)
Dividend income	-	-	322	-	-	322
Gain on derivatives (through profit or loss)	27,378	-	-	-	-	27,378
Loss on derivatives, net of tax (through other comprehensive loss)	-	-	-	-	(43)	(43)

<i>(in millions of Korean won)</i>	2014			
	Liabilities at fair value through profit or loss	Liabilities carried at amortized cost	Other	Total
Interest expenses	-	(342,588)	-	(342,588)
Exchange differences	-	(102,385)	-	(102,385)
Loss on derivatives (through profit or loss)	(36,539)	-	-	(36,539)
Loss on derivatives, net of tax (through other comprehensive loss)	-	-	(25,808)	(25,808)

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<i>(in millions of Korean won)</i>	2013					Total
	Assets at fair value through profit or loss	Loans and receivables	Assets classified as available-for-sale	Held-to-maturity financial assets	Other	
Interest income	-	66,458	-	93	-	66,551
Exchange differences	-	(166,651)	-	-	-	(166,651)
Bad debt expense	-	(13,864)	-	-	-	(13,864)
Loss on disposal of trade receivables	-	(14,860)	-	-	-	(14,860)
Gain on valuation of available-for-sale financial assets, net of tax (through other comprehensive loss)	-	-	2,773	-	-	2,773
Gain on disposal of available-for-sale financial assets	-	-	7,540	-	-	7,540
Impairment loss of available-for-sale financial assets	-	-	(2,498)	-	-	(2,498)
Dividend income	-	-	327	-	-	327
Gain on derivatives (through profit or loss)	20,482	-	-	-	-	20,482

<i>(in millions of Korean won)</i>	2013			Total
	Liabilities at fair value through profit or loss	Liabilities carried at amortized cost	Other	
Interest expenses	-	(305,287)	-	(305,287)
Exchange differences	-	(92,103)	-	(92,103)
Loss on derivatives (through profit or loss)	(11,749)	-	-	(11,749)
Gain on derivatives, net of tax (through other comprehensive income)	-	-	7,404	7,404

(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>	September 30, 2014		December 31, 2013	
	Trade receivables	Trade payables	Trade receivables	Trade payables
Gross amounts subject to arrangement	281,388	464,051	268,264	485,690
Offset	(268,912)	(268,912)	(247,931)	(247,931)
Net amounts presented	12,476	195,139	20,333	237,759
Related amounts not offset	-	-	-	-
Net amount	12,476	195,139	20,333	237,759

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6. Trade Receivables

(a) Carrying amounts of trade receivables, and allowance for doubtful accounts, as of September 30, 2014 and December 31, 2013, are as follows:

<i>(in millions of Korean won)</i>	September 30, 2014	December 31, 2013
Trade receivables	8,410,081	7,231,763
Less: allowance for doubtful accounts	(132,379)	(114,361)
Carrying amount	8,277,702	7,117,402

(b) The aging analysis as of September 30, 2014 and December 31, 2013, is as follows:

<i>(in millions of Korean won)</i>	September 30, 2014	December 31, 2013
Current	7,662,200	6,560,428
Past due : Up to 6 months	540,791	501,327
Past due : 7 to 12 months	62,232	40,113
Past due : Over one year	51,996	19,761
Defaulted	92,862	110,134
Total	8,410,081	7,231,763

(c) Movements in allowance for doubtful accounts for the nine-month periods ended September 30, 2014 and 2013, are as follows

<i>(in millions of Korean won)</i>	2014	2013
At January 1	114,361	138,418
Addition	26,175	12,174
Write-off	(2,918)	(12,313)
Other	(5,239)	2,752
At September 30	132,379	141,031

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

As of September 30, 2014, there are no trade receivables which are transferred to financial institutions but recorded as short-term borrowings as the transfer did not qualify for derecognition.

<i>(in millions of Korean won)</i>	September 30, 2014		December 31, 2013	
	Discounted receivables	Securitized receivables	Discounted receivables	Securitized receivables
Carrying amount of asset¹				
Trade receivables	-	-	26,322	527,574
Carrying amount of associated liability¹				
Short-term borrowings	-	-	26,322	-
Net position²	-	-	-	527,574

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

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 are as follows:

<i>(in millions of Korean won)</i>	September 30, 2014	December 31, 2013
Other financial assets		
Derivatives	13,492	17,493
Available-for-sale	50,659	53,075
Held-to-maturity	2,692	2,576
Total	66,843	73,144
Current	13,541	17,430
Non-current	53,302	55,714

<i>(in millions of Korean won)</i>	September 30, 2014	December 31, 2013
Other financial liabilities		
Derivatives	65,454	20,928
Financial guarantees	547	625
Total	66,001	21,553
Current	2,753	10,890
Non-current	63,248	10,663

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(b) Details of derivatives as of September 30, 2014 and December 31, 2013, are as follows:

<i>(in millions of Korean won)</i>	September 30, 2014		December 31, 2013	
	Assets	Liabilities	Assets	Liabilities
Current				
Currency Forward	3,008	917	1,116	580
Currency Swap	10,484	1,730	16,283	10,204
Sub-total	13,492	2,647	17,399	10,784
Non-current				
Currency Swap	-	37,065	94	10,144
Interest Rate Swap	-	25,742	-	-
Sub-total	-	62,807	94	10,144
Total	13,492	65,454	17,493	20,928

The maximum exposure to credit risk as of the reporting date is the fair value of derivatives as of the same date.

The details of major derivative contracts as of the reporting date are presented in Note 31.

(c) Financial assets classified as available-for-sale

i) Changes in carrying amounts of available-for-sale financial assets for the nine-month periods ended September 30, 2014 and 2013, are as follows:

<i>(in millions of Korean won)</i>	2014						
	Beginning		Valuation ¹ (Other				Ending
	Balance	Acquisitions	Disposals	Comprehensive loss)	Impairment	Others	Balance
Listed equity securities	17,720	-	(1,000)	(1,427)	(17)	-	15,276
Unlisted equity securities	33,515	1,907	(765)	-	(797)	(8)	33,852
Debt securities	1,840	-	(191)	13	(300)	169	1,531
Total	53,075	1,907	(1,956)	(1,414)	(1,114)	161	50,659

<i>(in millions of Korean won)</i>	2013						
	Beginning		Valuation ¹ (Other				Ending
	Balance	Acquisitions	Disposals	Comprehensive Income)	Impairment	Others	Balance
Listed equity securities	8,169	-	(532)	4,223	-	-	11,860
Unlisted equity securities	43,760	6,888	(10,006)	-	(2,498)	-	38,144
Debt securities	2,670	1,205	(835)	-	-	-	3,040
Total	54,599	8,093	(11,373)	4,223	(2,498)	-	53,044

¹ The profit of ₩824 million (2013: ₩422 million) and the loss of ₩317 million (2013: nil) from the accumulated other comprehensive income relating to available-for-sale financial assets have been reclassified to profit and loss during the nine-month period ended September 30, 2014.

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- ii) The listed equity securities among the above available-for-sale equity securities are measured using quoted prices in active markets. However, the unlisted equity securities are measured at cost as they are mostly in the beginning of their business stages and their fair values cannot be reliably measured.
- iii) The unlisted equity securities amounting to ₩765 million (2013: ₩4,345 million), whose fair value could not be measured reliably and therefore measured at cost, have been derecognized as a result of a transfer. Accordingly, a gain and loss on disposal amounting to ₩687 million and ₩2 million, respectively, (2013: gain on disposal amounting to ₩7,118 million) was recognized as profit and loss for the nine-month period ended September 30, 2014. In addition, among available-for-sale equity securities derecognized during the nine-month period ended September 30, 2013, amounting to ₩10,006 million, the amount of ₩5,661 million has been derecognized as a result of a return of capital investments. The Group did not recognize profit or loss in regard to the derecognition.
- iv) During the nine-month period ended September 30, 2014, the listed equity securities amounting to ₩17 million (2013: nil), the unlisted equity securities amounting to ₩797 million (2013: ₩2,498 million), and debt securities amounting to ₩300 million (2013: nil) have been impaired.

(d) Held-to-maturity financial assets consist of:

<i>(in millions of Korean won)</i>	September 30, 2014	December 31, 2013
Maturity		
Within 1 year	49	31
1 to 5 year	2,643	2,545

During the nine-month period ended September 30, 2014, the amount recognized as interest income in relation to held-to-maturity financial assets is ₩54 million (2013: ₩93 million). No impairment losses were recognized in relation to held-to-maturity financial assets for the nine-month periods ended September 30, 2014 and 2013.

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8. Inventories

Inventories as of September 30, 2014 and December 31, 2013, consist of:

<i>(in millions of Korean won)</i>	September 30, 2014			December 31, 2013		
	Acquisition cost	Valuation allowance	Carrying amount	Acquisition cost	Valuation allowance	Carrying amount
Finished products and merchandise	3,666,616	(83,269)	3,583,347	2,895,532	(75,473)	2,820,059
Half-finished products and work-in-process	430,151	(6,895)	423,256	329,230	(8,876)	320,354
Raw materials and supplies	2,039,747	(24,342)	2,015,405	1,457,023	(27,103)	1,429,920
Other	303,380	(37,309)	266,071	310,415	(41,918)	268,497
Total	6,439,894	(151,815)	6,288,079	4,992,200	(153,370)	4,838,830

The loss on valuation of inventories recognized for the nine-month period ended September 30, 2014, amounts to ₩93,522 million (2013: ₩110,592 million).

9. Property, Plant and Equipment and Intangible Assets

Changes in property, plant and equipment for the nine-month periods ended September 30, 2014 and 2013, are as follows:

<i>(in millions of Korean won)</i>	2014	2013
At January 1	10,341,993	9,889,204
Acquisitions	1,517,296	1,590,972
Transfer-in(out)	(507)	4,268
Disposals and others	(81,470)	(46,503)
Decrease due to business transfer	-	(15,483)
Depreciation	(1,155,025)	(1,154,369)
Impairment ¹	(19,297)	(5,215)
Changes in scope of consolidation	-	6,044
Exchange differences	(98,894)	(47,694)
At September 30	10,504,096	10,221,224

¹Recognized by measuring the recoverable amount of individual assets due to various reasons, including disuse.

Changes in intangible assets for the nine-month periods ended September 30, 2014 and 2013, are as follows:

<i>(in millions of Korean won)</i>	2014	2013
At January 1	1,363,690	1,222,302
Acquisitions	73,338	107,066
Acquisitions by internal development	160,610	172,976
Transfer-in	67,937	72,896

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<i>(in millions of Korean won)</i>	2014	2013
Disposals and others	(19,447)	(14,448)
Decrease due to business transfer	-	(731)
Amortization	(323,643)	(277,605)
Impairment ¹	(11,570)	(4,044)
Changes in scope of consolidation	-	5,934
Exchange differences	(1,486)	(464)
At September 30	1,309,429	1,283,882

¹Recognized by measuring the recoverable amount of individual assets due to various reasons, including disuse.

10. Investments in Associates and Joint Ventures

(a) Investments in associates and joint ventures

- i) Carrying amounts of investments in associates and joint ventures, as of September 30, 2014 and December 31, 2013, are as follows:

<i>(in millions of Korean won)</i>	September 30, 2014	December 31, 2013
Associates	4,271,173	4,149,345
Joint ventures	179,522	180,238
Total	4,450,695	4,329,583

- ii) Investments in associates as of September 30, 2014 and December 31, 2013, are as follows:

<i>(in millions of Korean won)</i>	September 30, 2014				December 31, 2013			
	Acquisition cost	Net asset amount	Unrealized gain	Carrying amount	Acquisition cost	Net asset amount	Unrealized gain	Carrying amount
LG Display Co., Ltd.	679,218	4,194,481	(55,451)	4,139,030	679,218	4,022,016	(46,916)	3,975,100
Ericsson-LG Co., Ltd	26,629	78,666	(74)	78,592	26,629	89,445	(107)	89,338
Hitachi-LG Data Storage Inc.(HLDS)	51,184	(2,371)	(1,120)	-	51,184	29,930	(1,921)	28,009
Global OLED Technology LLC.	53,454	28,050	-	28,050	53,454	30,767	-	30,767
Korea Information Certificate Authority Inc.	852	3,141	-	3,141	852	2,890	-	2,890
LG Fuel Cell Systems Inc.	44,051	19,133	-	19,133	36,785	20,102	-	20,102
SKT Vietnam PTE., Ltd. ¹	72,194	717	-	-	72,194	739	-	-
One-Red, LLC ²	3,128	3,227	-	3,227	3,128	3,139	-	3,139
Total	930,710	4,325,044	(56,645)	4,271,173	923,444	4,199,028	(48,944)	4,149,345

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

² The financial statements as of August 31, 2013 were used due to a different closing date.

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iii) Investments in joint ventures as of September 30, 2014 and December 31, 2013, are as follows:

<i>(in millions of Korean won)</i>	September 30, 2014				December 31, 2013			
	Acquisition cost	Net asset amount	Unrealized gain	Carrying amount	Acquisition cost	Net asset amount	Unrealized gain	Carrying amount
LG Holdings(HK) Ltd.	115,234	120,025	-	120,025	115,234	117,709	-	117,709
Arcelic-LG Klima Sanayi ve Ticarta A.S.(LGEAT)	14,718	45,792	(618)	45,174	14,718	48,521	(977)	47,544
EIC PROPERTIES PTE LTD.	9,636	13,764	-	13,764	9,636	13,693	-	13,693
LG Fund for Enterprises ¹	-	-	-	-	2,282	1,292	-	1,292
LG-MRI LLC	516	559	-	559	-	-	-	-
Total	140,104	180,140	(618)	179,522	141,870	181,215	(977)	180,238

¹ Liquidated during the nine-month period ended September 30, 2014

(b) Associates and joint ventures

i) Associates as of September 30, 2014, are as follows:

	Location	Closing Month	Percentage of ownership	Nature of relationships with the Group
LG Display Co., Ltd.	Korea	December	37.9%	Production and supply of display products
Ericsson-LG Co., Ltd	Korea	December	25.0%	Supply of communication devices and network solution products
Hitachi-LG Data Storage Inc.(HLDS)	Japan	December	49.0%	Production and supply of data storages
Global OLED Technology LLC.	USA	December	32.7%	OLED related patent licensing
Korea Information Certificate Authority Inc. ¹	Korea	December	7.5%	Certificate services
LG Fuel Cell Systems Inc.	USA	December	29.2%	R&D of fuel cell
SKT Vietnam PTE., Ltd.	Singapore	December	25.4%	Communication services
One-Red, LLC	USA	March	25.0%	DVD related patent licensing

¹ Classified as an associate although the percentage of ownership is less than 20% because the Group can exercise its voting rights through the Board of Directors.

ii) Joint ventures as of September 30, 2014, are as follows:

All joint arrangements, over which the Group has joint control, are structured through separate companies and are categorized as joint ventures as the parties with joint control are assumed to have rights to the net assets of the arrangement.

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<i>(in millions of Korean won)</i>	Location	Closing month	Percentage of ownership	Nature of relationships with the Group
LG Holdings(HK) Ltd.	China	December	49.0%	Real estate
Arcelic-LG Klima Sanayi ve Ticarta A.S.(LGEAT)	Turkey	December	50.0%	Production and supply of air conditioning products
EIC PROPERTIES PTE LTD.	Singapore	December	38.2%	Real estate
LG-MRI LLC	USA	December	50.0%	Production and supply of digital display products

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

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

i) Changes in the carrying amounts of investments in associates for the nine-month periods ended September 30, 2014 and 2013, are as follows:

<i>(in millions of Korean won)</i>	2014	2013
Opening carrying amount	4,149,345	4,005,768
Acquisitions	7,266	46,628
Gain from equity method	158,624	80,140
Share of remeasurements for the net defined benefit liability of associates	(1,054)	82
Share of other comprehensive income(loss) (excluding remeasurements) of associates	(26,327)	3,110
Dividend/ recovery	(17,060)	(10,250)
Exchange differences	(7)	(76)
Changes in ownership interest over associates	386	-
Closing carrying amount	4,271,173	4,125,402

ii) Changes in the carrying amounts of investments in joint ventures for the nine-month periods ended September 30, 2014 and 2013, are as follows:

<i>(in millions of Korean won)</i>	2014	2013
Opening carrying amount	180,238	177,110
Acquisition	516	-
Gain from equity method	5,744	15,085
Share of other comprehensive income(loss) (excluding remeasurements) of joint ventures	(6,293)	(6,424)
Dividend/ recovery	(686)	-
Exchange differences	3	-
Closing carrying amount	179,522	185,771

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

- LG Display Co., Ltd. and its subsidiaries

<i>(in millions of Korean won)</i>	September 30, 2014	December 31, 2013
Current assets	8,767,943	7,731,788
Non-current assets	13,921,177	13,983,496
Total assets	22,689,120	21,715,284
Current liabilities	7,548,692	6,788,919
Non-current liabilities	3,748,194	4,128,945
Total liabilities	11,296,886	10,917,864
Equity attributable to owners of LG Display Co., Ltd.	11,066,183	10,611,173
Non-controlling interests	326,051	186,247
Total equity	11,392,234	10,797,420

<i>(in millions of Korean won)</i>	2014		2013	
	Three months	Nine months	Three months	Nine months
Net sales	6,546,853	18,113,591	6,578,735	19,954,023
Profit for the period	354,129	528,198	239,417	345,811
Equity holders of LG Display Co., Ltd.				
Profit for the period	349,804	528,180	244,997	352,231
Other comprehensive income(loss), net of tax	99,400	(73,170)	(114,164)	11,056
Total comprehensive income, net of tax	449,204	455,010	130,833	363,287
Dividends received from associates	-	-	-	-

(e) Reconciliations of the summarized financial information of an associate material to the reporting entity to the carrying amount of the Group's interest for the nine-month periods ended September 30, 2014 and 2013, are as follows:

- LG Display Co., Ltd. and its subsidiaries

<i>(in millions of Korean won)</i>	2014	2013
Opening equity attributable to owners of LG Display Co., Ltd.	10,611,173	10,209,039
Profit for the period	528,180	352,231
Other comprehensive income(loss), net of tax	(73,170)	11,056
Closing equity attributable to owners of LG Display Co., Ltd.	11,066,183	10,572,326
Group ownership(%)	37.9	37.9
The Group's share at the end of the reporting period	4,194,481	4,007,291
Unrealized loss	(55,451)	(53,316)
Carrying amount at the reporting date	4,139,030	3,953,975

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(f) The Group's share in the operating results in the individually insignificant associates and joint ventures for the nine-month periods ended September 30, 2014 and 2013, is as follows:

<i>(in millions of Korean won)</i>	2014				2013			
	Associates		Joint ventures		Associates		Joint ventures	
	Three months	Nine months	Three months	Nine months	Three months	Nine months	Three months	Nine months
Profit(loss) for the period	(5,076)	(33,015)	924	5,365	(7,406)	(46,685)	1,394	15,188
Other comprehensive income (loss), net of tax	1,307	269	3,653	(6,293)	(7,471)	(1,032)	(16,024)	(6,424)
Total comprehensive income(loss), net of tax	(3,769)	(32,746)	4,577	(928)	(14,877)	(47,717)	(14,630)	8,764

(g) Accumulated comprehensive income and loss that were not recognized due to discontinuation of the equity method for the nine-month period ended September 30, 2014 and the year ended December 31, 2013, are as follows:

<i>(in millions of Korean won)</i>	September 30, 2014		December 31, 2013	
	Losses of the equity-method investees	Accumulated losses of the equity-method investees	Losses of the equity-method investees	Accumulated losses of the equity-method investees
	SKT Vietnam PTE., Ltd.	22	52,116	6,701
Hitachi-LG Data Storage Inc.(HLDS)	3,491	3,491	-	-

(h) The fair value and book value of marketable associate securities as of September 30, 2014 and December 31, 2013, are as follows:

Name	September 30, 2014				
	Type	Shares held	Price per share	Fair value	Book value
		<i>(Unit: shares)</i>	<i>(Unit: won)</i>	<i>(in millions of Korean won)</i>	
LG Display Co., Ltd.	Associate	135,625,000	34,000	4,611,250	4,139,030
Korea Information Certificate Authority Inc. ¹	Associate	2,000,000	4,125	8,250	3,141

Name	December 31, 2013				
	Type	Shares held	Price per share	Fair value	Book value
		<i>(Unit: shares)</i>	<i>(Unit: won)</i>	<i>(in millions of Korean won)</i>	
LG Display Co., Ltd.	Associate	135,625,000	25,350	3,438,094	3,975,100

¹Listed on KOSDAQ during the nine-month period ended September 30, 2014.

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11. Borrowings

(a) The carrying amounts of borrowings as of September 30, 2014 and December 31, 2013, are as follows:

<i>(in millions of Korean won)</i>	September 30, 2014	December 31, 2013
Current		
Short-term borrowings	1,010,491	903,798
Current portion of long-term borrowings	866,141	1,346,821
Current portion of debentures	689,271	564,596
Current convertible bonds	215,331	207,508
Sub-total	2,781,234	3,022,723
Non-Current		
Long-term borrowings	2,184,744	1,914,366
Debentures	4,463,701	4,004,088
Convertible bonds	-	269,852
Sub-total	6,648,445	6,188,306
Total	9,429,679	9,211,029

(b) Details of borrowings are as follows:

i) Short-term borrowings as of September 30, 2014 and December 31, 2013, consist of:

<i>(in millions of Korean won)</i>	Annual interest rate at September 30, 2014	Carrying amount	
		September 30, 2014	December 31, 2013
General loans ¹			
HSBC and others	1.00 ~ 13.70	1,010,491	877,476
Borrowings on negotiated trade bills			
	-	-	26,322
Total		1,010,491	903,798

¹ The Group entered into a cross-currency swap contract to hedge cash flow risk related to foreign exchange rates of borrowings in foreign currency (Note 31).

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ii) Long-term borrowings as of September 30, 2014 and December 31, 2013, consist of:

<i>(in millions of Korean won)</i>	Maturity date	Annual interest rate at September 30, 2014(%)	September 30, 2014		
			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	12,500	12,500	-
Kookmin Bank	2015.3.4	5.16	55,000	55,000	-
Kookmin Bank	2016.5.24	4.73	190,000	-	190,000
Kookmin Bank ¹	2029.4.30	3M CD+1.14	200,000	-	200,000
Shinhan Bank	2016.5.22	2.75	100	67	33
Shinhan Bank	2016.10.19	4.37	118,750	47,500	71,250
Shinhan Bank	2017.2.16	4.60	190,000	-	190,000
Shinhan Bank	2017.2.27	3.63	50,000	-	50,000
Shinhan Bank	2017.9.15	1.75	671	224	447
IBK Securities	2016.10.14	3.35	83,774	-	83,774
Woori Bank	2017.10.28	4.62	190,000	-	190,000
Hana Bank	2015.6.28	3.11	270	270	-
Hana Bank	2015.9.28	3.11	240	240	-
Hana Bank	2016.3.28	3.11	990	660	330
Hana Bank ¹	2024.1.3	3M CD+0.98	200,000	-	200,000
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	2015.3.10	5.06	90,000	90,000	-
Korea Development Bank	2016.5.9	3.84	30,000	-	30,000
Korea Development Bank	2018.5.28	3.76	50,000	-	50,000
Korea Finance Corporation	2015.2.28	4.80	100,000	100,000	-
Korea Finance Corporation	2015.9.13	4.57	80,000	80,000	-
Korea Finance Corporation	2015.12.24	4.64	40,000	-	40,000
Korea Finance Corporation	2016.4.20	4.63	30,000	-	30,000
Korea Finance Corporation	2016.7.27	3.81	50,000	-	50,000
Korea Finance Corporation	2016.7.27	3.78	50,000	-	50,000
Korea Finance Corporation	2016.7.27	3.71	30,000	-	30,000
Korea Finance Corporation	2016.7.27	3.75	20,000	-	20,000
Korea Finance Corporation	2017.2.28	3.58	70,000	-	70,000
Korea Finance Corporation	2017.2.28	3.76	30,000	-	30,000
Korea Finance Corporation	2017.2.28	4.01	40,000	-	40,000
Korea Finance Corporation	2017.2.29	3.97	130,000	-	130,000
Korea Finance Corporation	2017.3.29	4.62	190,000	-	190,000
Foreign currency loans					
HSBC and others	2016.3.31 ~ 2019.6.17	1.66 ~ 10.40	288,590	39,680	248,910
Total			3,050,885	866,141	2,184,744

¹ The Group entered into an interest rate swap contract to hedge cash flow risk related to floating interest rates (Note 31).

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<i>(in millions of Korean won)</i>	Maturity date	Annual interest rate at December 31, 2013(%)	December 31, 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	50,000	-
Kookmin Bank	2015. 3. 4	5.16	110,000	82,500	27,500
Kookmin Bank	2016. 5.24	4.73	190,000	-	190,000
Nonghyup Bank	2014. 3. 9	4.70	190,000	190,000	-
Shinhan Bank	2014. 9. 8	4.78	22,500	22,500	-
Shinhan Bank	2016. 5.22	2.75	149	66	83
Shinhan Bank	2016.10.19	4.37	142,500	47,500	95,000
Shinhan Bank	2017. 2.16	4.60	190,000	-	190,000
Shinhan Bank	2017. 2.27	3.63	50,000	-	50,000
Shinhan Bank	2017. 9.15	1.75	839	224	615
IBK Securities	2016.10.14	3.35	81,599	-	81,599
Woori Bank	2015. 5. 8	3.85	10,000	-	10,000
Woori Bank	2017.10.28	4.62	190,000	-	190,000
Small & Medium Business Corporation	2014.11.16	3.97	68	68	-
Hana Bank	2014. 3.28	2.92	160	160	-
Hana Bank	2015. 6.28	3.22	540	360	180
Hana Bank	2015. 9.28	3.22	420	240	180
Hana Bank	2016. 3.28	3.22	1,485	660	825
Korea Development Bank	2014. 4. 5	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. 3.10	5.06	90,000	-	90,000
Korea Development Bank	2015. 5. 4	4.52	10,000	-	10,000
Korea Development Bank	2018. 5.28	3.76	50,000	-	50,000
Korea EXIM Bank	2014. 6. 2	4.90	60,000	60,000	-
Korea Finance Corporation	2014. 2.28	4.56	90,000	90,000	-
Korea Finance Corporation	2015. 2.28	4.80	100,000	-	100,000
Korea Finance Corporation	2015. 9.13	4.57	80,000	-	80,000
Korea Finance Corporation	2015.12.24	4.64	40,000	-	40,000
Korea Finance Corporation	2016. 4.20	4.63	30,000	-	30,000
Korea Finance Corporation	2016. 7.27	3.81	50,000	-	50,000
Korea Finance Corporation	2016. 7.27	3.78	50,000	-	50,000
Korea Finance Corporation	2016. 7.27	3.71	30,000	-	30,000
Korea Finance Corporation	2016. 7.27	3.75	20,000	-	20,000
Korea Finance Corporation	2017. 2.28	3.58	70,000	-	70,000
Korea Finance Corporation	2017. 2.28	3.76	30,000	-	30,000
Korea Finance Corporation	2017. 2.28	4.01	40,000	-	40,000
Korea Finance Corporation	2017. 3.29	4.62	190,000	-	190,000

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<i>(in millions of Korean won)</i>	Maturity date	Annual interest rate at December 31, 2013(%)	December 31, 2013		
			Total	Current	Non-current
Foreign currency loans					
HSBC and others	2016. 3.31~ 2018.10.15	1.26 ~ 10.40	370,927	172,543	198,384
Total			3,261,187	1,346,821	1,914,366

iii) Debentures as of September 30, 2014 and December 31, 2013, consist of:

<i>(in millions of Korean won)</i>	Maturity date	Annual interest rate at September 30, 2014 (%)	September 30, 2014			
			Total	Current	Non-current	
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)	2015.2.24	5.01	190,000	190,000	-
Fixed rate notes in local currency	Public, non-guaranteed bonds(30-1 st)	2015.2.9	4.32	30,000	30,000	-
Fixed rate notes in local currency	Public, non-guaranteed bonds(30-2 nd)	2017.2.9	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)	2015.9.9	4.63	190,000	190,000	-
Fixed rate notes in local currency	Public, non-guaranteed bonds (57 th)	2015.10.22	4.30	190,000	-	190,000
Fixed rate notes in local currency	Public, non-guaranteed bonds (58-2 nd)	2016.2.16	4.91	60,000	-	60,000
Fixed rate notes in local currency	Public, non-guaranteed bonds (60 th)	2016.5.20	4.41	190,000	-	190,000
Fixed rate notes in local currency	Public, non-guaranteed bonds (61 st)	2016.6.29	4.38	190,000	-	190,000
Fixed rate notes in local currency	Public, non-guaranteed bonds (62-2 nd)	2016.8.5	4.34	80,000	-	80,000
Fixed rate notes in local currency	Public, non-guaranteed bonds (64 th)	2016.9.30	4.32	190,000	-	190,000
Fixed rate notes in foreign currency	Public, non-guaranteed bonds (65 th) ¹	2016.12.2	2.00	237,504	-	237,504
Fixed rate notes in local currency	Public, non-guaranteed bonds (66-1 st)	2015.9.10	3.18	170,000	170,000	-
Fixed rate notes in local currency	Public, non-guaranteed bonds (66-2 nd)	2017.9.10	3.28	130,000	-	130,000
Fixed rate notes in local currency	Private, non-guaranteed bonds(67 th)	2018.3.21	3.11	300,000	-	300,000
Fixed rate notes in local currency	Private, non-guaranteed bonds(68-1 st)	2020.5.23	3.29	100,000	-	100,000
Fixed rate notes in local currency	Private, non-guaranteed bonds(68-2 nd)	2020.5.24	3.29	20,000	-	20,000
Fixed rate notes in local currency	Private, non-guaranteed bonds(68-3 rd)	2023.5.22	3.68	50,000	-	50,000
Fixed rate notes in local currency	Private, non-guaranteed bonds(68-4 th)	2023.5.23	3.68	30,000	-	30,000
Fixed rate notes in local currency	Public, non-guaranteed bonds(69-1 st)	2015.7.31	2.86	110,000	110,000	-
Fixed rate notes in local currency	Public, non-guaranteed bonds(69-2 nd)	2018.7.31	3.54	140,000	-	140,000
Fixed rate notes in local currency	Public, non-guaranteed bonds(69-3 rd)	2020.7.31	3.85	150,000	-	150,000
Floating rate notes in foreign currency	Private, guaranteed bonds(70 th) ¹	2019.1.31	3ML+1.60	210,120	-	210,120
Fixed rate notes in local currency	Public, non-guaranteed bonds(71-1 st)	2018.10.18	3.55	200,000	-	200,000
Fixed rate notes in local currency	Public, non-guaranteed bonds(71-2 nd)	2020.10.19	3.82	110,000	-	110,000

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<i>(in millions of Korean won)</i>		Maturity date	Annual interest rate at September 30, 2014 (%)	September 30, 2014		
				Total	Current	Non-current
Fixed rate notes in local currency	Public, non-guaranteed bonds(71-3 rd)	2023.10.18	4.25	90,000	-	90,000
Floating rate notes in foreign currency	Private, non-guaranteed bonds(72 nd) ¹	2017.6.19	3ML+1.30	210,120	-	210,120
Fixed rate notes in local currency	Public, non-guaranteed bonds(73-1 st)	2017.1.24	3.16	100,000	-	100,000
Fixed rate notes in local currency	Public, non-guaranteed bonds(73-2 nd)	2019.1.24	3.60	120,000	-	120,000
Fixed rate notes in local currency	Public, non-guaranteed bonds(73-3 rd)	2021.1.25	3.95	160,000	-	160,000
Fixed rate notes in local currency	Public, non-guaranteed bonds(73-4 th)	2024.1.24	4.44	120,000	-	120,000
Fixed rate notes in local currency	Public, non-guaranteed bonds(74-1 st)	2019.5.29	3.30	200,000	-	200,000
Fixed rate notes in local currency	Public, non-guaranteed bonds(74-2 nd)	2021.5.29	3.52	130,000	-	130,000
Fixed rate notes in local currency	Public, non-guaranteed bonds(74-3 rd)	2024.5.29	4.04	210,000	-	210,000
Fixed rate notes in local currency	Public, non-guaranteed bonds(74-4 th)	2029.5.29	4.44	60,000	-	60,000
Fixed rate notes in local currency	Private, non-guaranteed bonds(75 th)	2026.7.16	3.96	100,000	-	100,000
Less: discount on debentures				(14,772)	(729)	(14,043)
Total				5,152,972	689,271	4,463,701

<i>(in millions of Korean won)</i>		Maturity date	Annual interest rate at December 31, 2013(%)	December 31, 2013		
				Total	Current	Non-current
Fixed rate notes in local currency	Public, non-guaranteed bonds(25-2 nd)	2014. 2. 9	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. 2.24	5.01	200,000	-	200,000
Fixed rate notes in local currency	Public, non-guaranteed bonds(30-1 st)	2015. 2. 9	4.32	50,000	-	50,000
Fixed rate notes in local currency	Public, non-guaranteed bonds(30-2 nd)	2017. 2. 9	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. 9. 9	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. 2.16	4.44	130,000	130,000	-
Fixed rate notes in local currency	Public, non-guaranteed bonds (58-2 nd)	2016. 2.16	4.91	60,000	-	60,000
Floating rate notes in foreign currency	Public, non-guaranteed bonds (59 th) ¹	2014. 4.28	3ML+1.00	179,401	179,401	-
Fixed rate notes in local currency	Public, non-guaranteed bonds (60 th)	2016. 5.20	4.41	190,000	-	190,000
Fixed rate notes in local currency	Public, non-guaranteed bonds (61 st)	2016. 6.29	4.38	190,000	-	190,000
Fixed rate notes in local currency	Public, non-guaranteed bonds (62-2 nd)	2016. 8. 5	4.34	80,000	-	80,000
Floating rate notes in foreign currency	Private, non-guaranteed bonds(63 rd) ¹	2014. 8.23	3ML+0.70	105,530	105,530	-
Fixed rate notes in local currency	Public, non-guaranteed bonds (64 th)	2016. 9.30	4.32	190,000	-	190,000

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<i>(in millions of Korean won)</i>		Maturity date	Annual interest rate at December 31, 2013(%)	December 31, 2013		
				Total	Current	Non-current
Fixed rate notes in foreign currency	Public, non-guaranteed bonds (65 th) ¹	2016.12. 2	2.00	255,564	-	255,564
Fixed rate notes in local currency	Public, non-guaranteed bonds (66-1 st)	2015. 9.10	3.18	170,000	-	170,000
Fixed rate notes in local currency	Public, non-guaranteed bonds (66-2 nd)	2017. 9.10	3.28	130,000	-	130,000
Fixed rate notes in local currency	Private, non-guaranteed bonds(67 th)	2018. 3.21	3.11	300,000	-	300,000
Fixed rate notes in local currency	Private, non-guaranteed bonds(68-1 st)	2020. 5.23	3.29	100,000	-	100,000
Fixed rate notes in local currency	Private, non-guaranteed bonds(68-2 nd)	2020. 5.24	3.29	20,000	-	20,000
Fixed rate notes in local currency	Private, non-guaranteed bonds(68-3 rd)	2023. 5.22	3.68	50,000	-	50,000
Fixed rate notes in local currency	Private, non-guaranteed bonds(68-4 th)	2023. 5.23	3.68	30,000	-	30,000
Fixed rate notes in local currency	Public, non-guaranteed bonds(69-1 st)	2015. 7.31	2.86	110,000	-	110,000
Fixed rate notes in local currency	Public, non-guaranteed bonds(69-2 nd)	2018. 7.31	3.54	140,000	-	140,000
Fixed rate notes in local currency	Public, non-guaranteed bonds(69-3 rd)	2020. 7.31	3.85	150,000	-	150,000
Floating rate notes in foreign currency	Private, guaranteed bonds(70 th) ¹	2019. 1.31	3ML+1.60	211,060	-	211,060
Fixed rate notes in local currency	Public, non-guaranteed bonds(71-1 st)	2018.10.18	3.55	200,000	-	200,000
Fixed rate notes in local currency	Public, non-guaranteed bonds(71-2 nd)	2020.10.18	3.82	110,000	-	110,000
Fixed rate notes in local currency	Public, non-guaranteed bonds(71-3 rd)	2023.10.18	4.25	90,000	-	90,000
Floating rate notes in foreign currency	Private, non-guaranteed bonds(72 nd) ¹	2017. 6.19	3ML+1.30	211,060	-	211,060
Less: discount on debentures				(13,931)	(335)	(13,596)
Total				4,568,684	564,596	4,004,088

¹ The Group entered into a cross-currency swap contract to hedge cash flow risk related to floating interest rates and foreign exchange rates of debentures (Note 31).

Meanwhile, the Parent Company is provided with payment guarantees from Shinhan Bank for principal and interests of the guaranteed private placement bonds (70th issue) (Note 28).

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iv) Details of LG Innotek's Co., Ltd. convertible bonds as of September 30, 2014 and December 31, 2013, are as follows:

			September 30, 2014		
<i>(in millions of Korean won)</i>	Issue date	Redemption date	Carrying amount	Current	Non-current
Convertible bonds(27 th) ¹	2010.11.11	2014.11.11	199,928	199,928	-
Add: Redemption premium			16,608	16,608	-
Less: Adjustment for conversion right and discount on bonds			(1,205)	(1,205)	-
Total			215,331	215,331	-

			December 31, 2013		
<i>(in millions of Korean won)</i>	Issue date	Redemption date	Carrying amount	Current	Non-current
Convertible bonds(27 th) ¹	2010.11.11	2014.11.11	199,961	199,961	-
Convertible bonds(32 nd) ¹	2013. 9.17	2016. 9.17	299,984	-	299,984
Add: Redemption premium			17,512	16,611	901
Less: Adjustment for conversion right and discount on bonds			(40,097)	(9,064)	(31,033)
Total			477,360	207,508	269,852

¹ Terms and conditions of the 27th issue and 32nd issue convertible bonds, issued by LG Innotek Co., Ltd., a subsidiary, are as follows:

Type	Convertible bonds(27th issue)
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 before 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.

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<u>Type</u>	<u>Convertible bonds(32nd issue)</u>
Coupon rate	0%
Rate of return	0.1% (0.3004% terms of payment for redemption premium)
Exercise period	2013.10.17~2016.08.17
Shares to be issued upon exercise	Registered common shares
Major terms and conditions	1. Exercise price : ₩85,800 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 one month have elapsed from the date of issue (October 17, 2013) until one month before the maturity (August 17, 2016). However, in order to exercise the early redemption, the closing price of the common share of the issuing company must exceed 130% of the conversion price for 15 consecutive trading days since the start of exercise period of the early redemption.

The 32nd issue of convertible bonds at the carrying amount of ₩273,760 million and the 27th issue of convertible bonds at the carrying amount of ₩35 million issued by LG Innotek Co., Ltd. have been converted into shares during the nine-month period ended September 30, 2014. As a result, the equity of LG Innotek Co., Ltd. increased by ₩279,344 million. Accordingly, the controlling interest of the Group decreased from 47.9% to 40.8% during the nine-month period ended September 30, 2014. Equity attributable to owners of the Parent Company increased by ₩20,180 million and non-controlling interests by ₩259,164 million. Unexercised convertible bonds (the 32nd issue) amounting to ₩13 million have been early repaid on June 6, 2014.

The early redemption option embedded in the 27th issue is not separated as the exercise price is approximately equal to the amortized cost of the debt instrument.

(c) Payment schedule of borrowings as of September 30, 2014, is as follows:

<i>(in millions of Korean won)</i>	<u>Total</u>	<u>Less than</u>			<u>Over</u>
		<u>1 year</u>	<u>2 years</u>	<u>5 years</u>	<u>5 years</u>
Short-term borrowings	1,041,265	1,041,265	-	-	-
Current portion of long-term borrowings	882,104	882,104	-	-	-
Current portion of debentures	712,757	712,757	-	-	-
Current convertible bonds	216,536	216,536	-	-	-
Long-term borrowings	2,582,266	93,601	635,410	1,346,680	506,575
Debentures	5,207,215	160,899	1,241,473	2,298,832	1,506,011
Total	10,642,143	3,107,162	1,876,883	3,645,512	2,012,586

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. Post-employment Benefits

Defined Benefit Plan

(a) The amounts recognized in the consolidated statements of financial position as of September 30, 2014 and December 31, 2013, are determined as follows:

<i>(in millions of Korean won)</i>	September 30, 2014	December 31, 2013
Present value of funded obligations	2,162,040	1,849,385
Present value of unfunded obligations	35,158	33,549
Sub-total	2,197,198	1,882,934
Fair value of plan assets	(1,268,678)	(1,302,015)
Net defined benefit liability	928,520	580,919

(b) The amounts recognized in the consolidated statements of income for the three-month and nine-month periods ended September 30, 2014 and 2013, are as follows:

<i>(in millions of Korean won)</i>	2014		2013	
	Three months	Nine months	Three months	Nine months
Current service cost	78,994	239,958	76,354	225,998
Net interest cost	6,462	18,914	5,108	15,383
Past service cost	-	25,592	-	-
Managing cost	335	1,113	343	1,021
Total	85,791	285,577	81,805	242,402

(c) The line items in which expenses are included for the three-month and nine-month periods ended September 30, 2014 and 2013, are as follows:

<i>(in millions of Korean won)</i>	2014		2013	
	Three months	Nine months	Three months	Nine months
Manufacturing costs	39,795	139,136	41,392	121,522
Selling and marketing expenses	15,653	48,088	14,004	39,824
Administrative expenses	7,182	20,638	4,256	14,758
Research and development expenses	20,946	71,100	20,382	60,340
Service costs	2,215	6,615	1,771	5,958
Total	85,791	285,577	81,805	242,402

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(d) Changes in the defined benefit obligations for the nine-month periods ended September 30, 2014 and 2013, are as follows:

<i>(in millions of Korean won)</i>	2014	2013
At January 1	1,882,934	1,648,334
Current service cost	239,958	225,998
Interest expense	55,880	44,826
Past service cost	25,592	-
Remeasurements for:		
- Actuarial gain(loss) arising from changes in financial assumptions	117,050	(23,374)
- Actuarial gain (loss) arising from experience adjustments	(22,365)	-
Benefits paid	(100,797)	(66,009)
Decrease due to business transfer	-	(4,251)
Business combinations and changes in scope of consolidation	-	1,521
Others	(1,054)	(2,278)
At September 30	2,197,198	1,824,767

(e) Changes in the fair value of plan assets for the nine-month periods ended September 30, 2014 and 2013, are as follows:

<i>(in millions of Korean won)</i>	2014	2013
At January 1	1,302,015	1,018,196
Interest income	36,966	29,443
Remeasurements for:		
- Return on plan assets	(6,669)	(1,749)
Employer contributions	6,393	8,517
Benefits paid	(68,908)	(38,213)
Decrease due to business transfer	-	(2,939)
Business combinations and changes in scope of consolidation	-	979
Managing cost	(1,113)	(1,021)
Others	(6)	(525)
At September 30	1,268,678	1,012,688

(f) The principal actuarial assumptions used as of September 30, 2014 and December 31, 2013, are as follows:

	September 30, 2014	December 31, 2013
Weighted average of discount rate	3.4%	4.1%
Weighted average of future salary increase	6.1%	6.1%

The discount rates applied to the Parent Company and subsidiaries are between 0.9%~9.5% (2013: 0.9%~9.5%), and the expected rates of future salary increase are between 4.0%~13.0% (2013: 4.0%~13.0%).

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(g) The sensitivity analysis of the defined benefit obligation to changes in principal assumptions as of September 30, 2014 and December 31, 2013, is as follows:

<i>(in millions of Korean won)</i>	1% increase	1% decrease
Discount rate	(173,550)	199,816
Future salary increase	189,857	(175,973)

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

(h) Plan assets as of September 30, 2014 and December 31, 2013, consist of:

<i>(in millions of Korean won)</i>	September 30, 2014		December 31, 2013	
	Amount	Composition(%)	Amount	Composition(%)
Securities combined with derivatives (principal and interest protected)	907,985	71.6	897,349	68.9
Time deposits and others	360,693	28.4	404,666	31.1
Total	1,268,678	100.0	1,302,015	100.0

Defined Contribution Plan

Recognized expense related to the defined contribution plan during the nine-month period ended September 30, 2014, amounts to ₩ 6,533 million (2013: ₩ 6,293 million).

13. Provisions

Changes in provisions for the nine-month periods ended September 30, 2014 and 2013, are as follows:

<i>(in millions of Korean won)</i>	2014				
	Warranty	Sales returns	Restoration	Litigation and others	Total
At January 1, 2014	612,101	63,183	11,265	975,947	1,662,496
Additions	648,613	195,136	2,831	3,164	849,744
Utilizations	(605,553)	(189,644)	(1,066)	(21,555)	(817,818)
Exchange differences	(21,631)	(2,728)	(145)	(10,761)	(35,265)
At September 30, 2014	633,530	65,947	12,885	946,795	1,659,157
Current	577,251	65,947	-	41,380	684,578
Non-current	56,279	-	12,885	905,415	974,579

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(in millions of Korean won)	2013				
	Warranty	Sales returns	Restoration	Litigation and others	Total
At January 1, 2013	598,329	61,498	8,882	908,444	1,577,153
Additions	721,539	196,180	2,521	107,642	1,027,882
Utilizations	(717,463)	(193,667)	(835)	(46,873)	(958,838)
Exchange differences	(8,863)	(1,331)	61	(9,325)	(19,458)
Increase due to business combination	131	-	-	-	131
At September 30, 2013	593,673	62,680	10,629	959,888	1,626,870
Current	539,830	62,680	-	41,242	643,752
Non-current	53,843	-	10,629	918,646	983,118

14. Paid-in Capital

(a) As of September 30, 2014 and December 31, 2013, the number of shares authorized is 600 million.

	Par value per share (in won)	September 30, 2014		December 31, 2013	
		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 the 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:

(in millions of Korean won)	September 30, 2014	December 31, 2013
Share premium	3,088,179	3,088,179

Share premium includes the amount of ₩1,876,153 million, less capital stock amounting to ₩783,961 million and capital adjustment amounting to ₩155,593 million from net book amount of net assets amounting to ₩2,815,707 million taken over upon the split-off on April 1, 2002. In addition, the amount of ₩331,766 million paid in excess of par value at the issuance of common shares (merged with LG IBMPC Co., Ltd.) and the exercise of conversion right and warrants in 2005 and 2006 are included. The excess in paid-in capital amounting to ₩880,260 million over the par value was recognized as share premium at the issuance of common shares in 2011.

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15. Retained Earnings

Retained earnings as of September 30, 2014 and December 31, 2013, consist of:

<i>(in millions of Korean won)</i>	September 30, 2014	December 31, 2013
Legal reserve ¹	153,190	149,503
Discretionary reserve ²	5,666,922	5,872,588
Unappropriated retained earnings	3,560,434	2,863,432
Total	9,380,546	8,885,523

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. When the accumulated legal reserves (the sum of capital reserves and earned profit reserves) are greater than 1.5 times the paid-in capital amount, the excess legal reserves may be distributed.

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. If reserves are reversed, the amount may be distributed in accordance with the terms of related tax laws.

16. Accumulated Other Comprehensive Income (loss)

Details of accumulated other comprehensive income (loss) as of September 30, 2014 and December 31, 2013, consist of:

<i>(in millions of Korean won)</i>	September 30, 2014	December 31, 2013
Accumulated other comprehensive income(loss) of associates and joint ventures	(125,376)	(92,756)
Cash flow hedge	(20,817)	5,034
Available-for-sale financial assets	10,151	11,266
Currency translation differences	(1,036,265)	(830,984)
Total	(1,172,307)	(907,440)

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17. Other Components of Equity

Details of other components of equity as of September 30, 2014 and December 31, 2013, consist of:

<i>(in millions of Korean won)</i>	September 30, 2014	December 31, 2013
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	(177,430)	(198,410)
Total	(210,249)	(231,229)

1 The Parent Company has treasury shares consisting of 763,168 common shares (2013: 763,168 common shares) and 4,690 preferred shares (2013: 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 interests and other reserves of subsidiaries, net of related deferred tax. Changes during the period are due to the conversion of the convertible bonds issued by LG Innotek Co., Ltd., amounting to ₩20,180 million, and due to the exercise of appraisal rights for the shares of a subsidiary, LG-Shaker Co., Ltd., amounting to ₩800 million (Note 1).

18. Net Sales

Details of net sales for the three-month and nine-month periods ended September 30, 2014 and 2013, are as follows:

<i>(in millions of Korean won)</i>	2014		2013	
	Three months	Nine months	Three months	Nine months
Sales of goods	14,737,783	44,029,215	13,734,723	42,767,038
Sales of services	116,747	330,018	91,610	258,549
Royalty income	61,836	206,419	65,819	199,480
Total	14,916,366	44,565,652	13,892,152	43,225,067

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19. Expenses by Nature

Expenses that are recorded by nature for the three-month and nine-month periods ended September 30, 2014 and 2013, consist of:

<i>(in millions of Korean won)</i>	2014		2013	
	Three months	Nine months	Three months	Nine months
Changes in finished products, work-in-process and others	(212,949)	(346,661)	(211,326)	(239,779)
Usage of raw materials, merchandise and other	9,472,056	28,077,791	8,837,328	27,435,409
Employee benefit expense	1,639,078	4,882,729	1,638,075	4,891,390
Depreciation and amortization	474,357	1,428,816	498,930	1,416,922
Advertising expense	334,390	839,239	295,847	814,054
Promotion expense	226,120	597,604	192,930	532,499
Transportation expense	401,311	1,235,606	416,657	1,273,389
Commission expense	687,571	2,067,240	691,632	1,966,094
Other expenses	1,433,161	4,211,804	1,314,284	4,088,528
Total ¹	14,455,095	42,994,168	13,674,357	42,178,506

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

20. Selling and Marketing Expenses, Administrative Expenses

Details of general operating expenses for the three-month and nine-month periods ended September 30, 2014 and 2013, are as follows:

<i>(in millions of Korean won)</i>	2014		2013	
	Three months	Nine months	Three months	Nine months
Wages and salaries	690,441	2,040,728	694,246	2,094,556
Severance benefits	51,609	160,118	40,940	122,597
Welfare expense	145,164	431,700	144,380	434,433
Transportation expense	395,959	1,216,494	410,514	1,253,504
Rental expense	104,824	318,988	107,831	325,660
Commission expense	497,839	1,478,780	489,504	1,391,968
Depreciation	65,083	190,896	65,420	192,517
Amortization	45,758	139,969	45,861	174,028
Taxes and dues	46,122	118,685	61,631	150,724
Advertising expense	334,390	839,239	295,847	814,054
Promotion expense	226,120	597,604	192,930	532,499
R&D expense	80,708	242,149	91,039	300,277
Service related expense	235,391	607,046	237,540	642,500
Bad debt expense	633	26,175	(18,441)	12,174
Other	209,850	602,771	215,820	620,454

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<i>(in millions of Korean won)</i>	2014		2013	
	Three months	Nine months	Three months	Nine months
Total	3,129,891	9,011,342	3,075,062	9,061,945

21. Financial Income

Financial income for the three-month and nine-month periods ended September 30, 2014 and 2013, consists of:

<i>(in millions of Korean won)</i>	2014		2013	
	Three months	Nine months	Three months	Nine months
Interest income	22,578	69,809	20,783	66,551
Foreign exchange gain	97,967	208,901	53,761	227,802
Gain on derivatives	4,404	17,125	960	17,252
Other	25	107	1	1
Total	124,974	295,942	75,505	311,606

22. Financial Expenses

Financial expenses for the three-month and nine-month periods ended September 30, 2014 and 2013, consist of:

<i>(in millions of Korean won)</i>	2014		2013	
	Three months	Nine months	Three months	Nine months
Interest expense	113,427	342,588	102,578	305,287
Foreign exchange loss	77,057	210,160	79,589	284,064
Loss on derivatives	5,615	22,204	2,695	7,190
Loss on disposal of trade receivables	5,987	13,962	4,989	14,860
Other	336	1,932	350	1,281
Total	202,422	590,846	190,201	612,682

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23. Other Non-operating Income

Other non-operating income for the three-month and nine-month periods ended September 30, 2014 and 2013, consists of:

<i>(in millions of Korean won)</i>	2014		2013	
	Three months	Nine months	Three months	Nine months
Dividend income	5	322	-	327
Exchange differences	205,473	742,408	320,276	895,463
Gain on derivatives	4,732	10,253	2,451	3,229
Gain on disposal of property, plant and equipment	8,089	24,973	9,625	17,257
Gain on disposal of intangible assets	11	14,902	1,073	1,338
Gain on disposal of investments in associates and joint ventures	-	386	-	-
Other	33,516	82,737	6,461	26,179
Total	251,826	875,981	339,886	943,793

24. Other Non-operating Expenses

Other non-operating expenses for the three-month and nine-month periods ended September 30, 2014 and 2013, consist of:

<i>(in millions of Korean won)</i>	2014		2013	
	Three months	Nine months	Three months	Nine months
Exchange differences	404,254	963,052	360,607	1,097,955
Loss on derivatives	853	14,335	3,066	4,558
Loss on disposal of property, plant and equipment	15,662	25,320	2,317	11,672
Loss on disposal of intangible assets	2,352	16,926	3,814	13,603
Impairment loss on available-for-sale financial assets	-	1,114	45	2,498
Other	83,501	151,457	19,713	105,707
Total	506,622	1,172,204	389,562	1,235,993

25. Income Tax Expense

In accordance with the Local Tax Act which was amended and announced on January 1, 2014, tax credit carryforwards amounting to ₩84,776 million recognized as deferred tax assets of the Parent Company and subsidiaries domiciled in the Republic of Korea at December 31, 2013, was expensed during the reporting period.

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26. 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 nine-month periods ended September 30, 2014 and 2013, is as follows:

	2014		2013	
	Three months	Nine months	Three months	Nine months
Profit attributable to common shares ¹ (in millions of won)	144,254	545,500	75,784	216,695
Weighted average number of common shares outstanding (unit: shares) ²	162,884,646	162,884,646	162,884,646	162,884,646
Basic earnings per common share (in won)	886	3,349	465	1,330

(b) Basic earnings per preferred share for the three-month and nine-month periods ended September 30, 2014 and 2013, is as follows:

	2014		2013	
	Three months	Nine months	Three months	Nine months
Profit attributable to preferred shares ¹ (in millions of won)	15,430	58,184	8,208	23,501
Weighted average number of preferred shares outstanding (unit: shares) ²	17,181,302	17,181,302	17,181,302	17,181,302
Basic earnings per preferred share (in won)	899	3,387	478	1,368

¹ Profit attributable to common and preferred shares for the three-month and nine-month periods ended September 30, 2014 and 2013, is as follows:

<i>(in millions of Korean won)</i>	2014		2013	
	Three months	Nine months	Three months	Nine months
Profit for the year attributable to the Parent Company(A)	159,684	603,684	83,992	240,196
Common share dividends(B)	8,145	24,433	8,145	24,433
Preferred share dividends(C)	1,073	3,221	1,073	3,221
Undistributed earnings (D=A-B-C)	150,466	576,030	74,774	212,542
Undistributed earnings available for common shares(E)	136,109	521,067	67,639	192,262
Undistributed earnings available for preferred shares (F)	14,357	54,963	7,135	20,280
Profit attributable to common shares(G=B+E)	144,254	545,500	75,784	216,695
Profit attributable to preferred shares(H=C+F)	15,430	58,184	8,208	23,501

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²Weighted average numbers of shares for the three-month and nine-month periods ended September 30, 2014 and 2013, are calculated as follows:

<i>(in millions of Korean won)</i>	2014		2013	
	Three months	Nine months	Three months	Nine months
Common shares outstanding	163,647,814	163,647,814	163,647,814	163,647,814
Common treasury shares	(763,168)	(763,168)	(763,168)	(763,168)
Common shares	162,884,646	162,884,646	162,884,646	162,884,646
Weighted average number of common shares outstanding	162,884,646	162,884,646	162,884,646	162,884,646
Preferred shares outstanding	17,185,992	17,185,992	17,185,992	17,185,992
Preferred treasury shares	(4,690)	(4,690)	(4,690)	(4,690)
Preferred shares	17,181,302	17,181,302	17,181,302	17,181,302
Weighted average number of preferred shares outstanding	17,181,302	17,181,302	17,181,302	17,181,302

27. Information on Cash Flow

Cash flows from operating activities are prepared using the indirect method. Details of cash generated from operating activities are as follows:

<i>(in millions of Korean won)</i>	2014	2013
Profit for the period	707,049	286,151
Adjustments:		
Interest expense, net	272,779	238,736
Foreign exchange loss, net	115,375	51,702
Loss(gain) on derivatives, net	9,161	(8,733)
Depreciation	1,155,025	1,154,369
Amortization	323,643	277,605
Loss on disposal of property, plant and equipment and intangible assets, net	2,371	6,680
Provisions for severance benefits	285,577	242,402
Provisions	849,744	1,027,882
Income tax expense	437,676	262,359
Gain from equity method	(164,368)	(95,225)
Other	207,861	195,282
	3,494,844	3,353,059
Changes in operating assets and liabilities:		
Increase in trade receivables	(1,491,422)	(332,437)
Decrease(increase) in loans and other receivables	45,831	(169,595)
Increase in inventories	(1,733,904)	(1,065,669)
Increase in other assets	(88,234)	(119,521)

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<i>(in millions of Korean won)</i>	2014	2013
Increase in trade payables	1,916,690	1,056,083
Increase(decrease) in other payables	426,484	(357,117)
Decrease in provisions	(817,818)	(958,838)
Increase(decrease) in other liabilities	(68,963)	474,875
Payment of defined benefit liability	(31,889)	(27,796)
Deposit in plan assets, net	(35,577)	(35,190)
	<u>(1,878,802)</u>	<u>(1,535,205)</u>
Cash generated from operating activities	<u>2,323,091</u>	<u>2,104,005</u>

Significant transactions not affecting cash flows for the nine-month periods ended September 30, 2014 and 2013, are as follows:

<i>(in millions of Korean won)</i>	2014	2013
Reclassification of construction-in-progress of property, plant and equipment	618,066	805,196
Reclassification of intangible assets in progress	174,866	168,028
Reclassification of long-term prepayment to intangible assets	67,937	71,447
Reclassification of current maturities of borrowings and debentures	1,111,971	1,509,379
Other payables to acquire property, plant and equipment	125,628	114,391
Other payables to acquire intangible assets	2,546	31,948
Conversion of subsidiaries' convertible bonds	273,795	-

The assets and liabilities of the transferred 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 of the transferred business are as follows:

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<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
Net defined benefit liabilities	1,312

¹ This total consideration has been collected as of December 31, 2013.

28. 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 with maximum value of ₩213,853 million (2013: ₩338,726 million) and the book value of ₩264,196 million (2013: ₩654,711 million). In addition, buildings held by the Group are provided to Industrial Bank of Korea and others, as creditors of land, in order to guarantee obligations of landlords with maximum value of ₩8,020 million (2013: ₩8,860 million) and the book value of ₩1,334 million (2013: ₩1,833 million).

(b) At the end of the reporting period, the Parent Company and domestic subsidiaries are provided with guarantees of ₩146,482 million (2013: ₩146,332 million) from Seoul Guarantee Insurance and three other banks relating to the performance guarantees and others. The Parent Company is provided with guarantee of principal USD 200 million (2013: USD 200 million) and interests from Shinhan Bank for the guaranteed private placement bonds.

(c) At the end of the reporting period, the financial guarantee provided by the Parent Company to external parties other than related parties amounts to USD 16 million (2013: USD 8 million).

(d) In December 2012, the European Commission imposed a penalty on the Parent Company for anti-competitive activities among CRT (Cathode Ray Tube) manufacturers as a result of an investigation. The Parent Company recognized such penalty amounting to EUR 491,567 thousand as expected loss. However, the Parent Company appealed against the decision of the European Commission. The ultimate amount of loss resulting from the investigation may differ from the amount of penalty imposed and could be material. The Parent Company is provided with a performance guarantee of EUR 513,688 thousand from Shinhan bank and others for the above.

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In addition, the Parent Company is under investigation and has been named as defendants in class actions in countries including the United States and Canada, in connection with the alleged anti-competitive activities among CRT manufacturers. There are also a number of other legal actions, disputes, and investigations that remain pending at the end of the reporting period. Details of relevant provisions are not disclosed as such information could affect the outcome of the legal actions and investigations. The management believes that the consequences of those lawsuits would not have material impact on the financial position of the Group.

As of the reporting date, LG Display Co., Ltd., one of the associates, has been named as a defendant in a case related to the infringement of patents. In addition, 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.

At the end of the reporting period, Hitachi-LG Data Storage Inc. (HLDS), an associate of the Group, is currently under the investigation from the European Commission in connection with the alleged anti-competitive activities among Optical Disk Drive (ODD) manufactures. The outcome of the investigation may affect gain or loss from equity method valuation. The Group does not have responsibility in the investigation above.

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

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29. 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 ₩195,500 million (2013: ₩195,500 million).

Its overseas subsidiaries, including LG Electronics European Shared Service Center B.V., have overdraft facility agreements with a limit of ₩1,155,296 million (2013: ₩1,140,667 million) with various banks, including Citibank and others.

In addition, LG Innotek Co., Ltd. and its subsidiaries and other three subsidiaries, have overdraft facility agreements with various banks, including Hana Bank, with a limit of ₩116,932 million (2013: ₩129,013 million).

(b) At the end of the reporting period, the Parent Company has sales agreements for export trade receivables with Shinhan Bank and other 25 banks amounting to ₩3,401,843 million (2013: ₩4,066,071 million). The Parent Company has corporate electronic settlement services contracts for collection of trade receivables with Hana Bank for up to ₩126,000 million (2013: ₩126,000 million).

In addition, LG Innotek Co., Ltd. and its subsidiaries have trade receivables transfer agreements with Hana Bank and others amounting to ₩339,537 million (2013: ₩413,110 million) at the end of the reporting period.

In addition, the European subsidiaries, including LG Electronics European Shared Service Center B.V., transfer their trade receivables to Societe Generale Bank on a revolving basis, for up to USD 228 million (2013: USD 434 million).

(c) At the end of the reporting period, the Parent Company has corporate electronic settlement services contracts with Shinhan Bank and other seven banks for up to ₩840,000 million (2013: ₩895,450 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 other four domestic subsidiaries, provided payment guarantees to financial institutions, including Woori Bank, amounting to ₩221,304 million (2013: ₩291,332 million) in connection with the discounting of notes which are paid to their suppliers.

(d) LG Innotek Co., Ltd. has an agreement for underwriting commercial paper amounting to ₩34,000 million (2013: ₩34,000 million). In addition, 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.

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(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>	September 30, 2014	December 31, 2013
Property, plant and equipment	36,410	16,772
Intangible assets	2,687	13,627
Total	39,097	30,399

(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>	September 30, 2014			Total
	No later than 1 year	Later than 1 year and no later than 5 years	Over 5 years	
Buildings and offices	190,755	360,598	29,007	580,360
Vehicles	26,983	39,894	-	66,877
Equipment	22,281	21,641	-	43,922
Total	240,019	422,133	29,007	691,159

Lease payment under operating lease recognized in the statement of income during the nine-month period ended September 30, 2014, amounts to ₩218,876 million (2013: ₩194,473 million).

(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 minimum lease receipts under operating leases at the end of the reporting period are as follows:

<i>(in millions of Korean won)</i>	September 30, 2014		Total
	No later than 1 year	Later than 1 year and no later than 3 years	
Healthcare rental	90,320	144,620	234,940

The Group recognized ₩66,690 million (2013: ₩56,399 million) in lease income during the nine-month period ended September 30, 2014.

At the end of reporting period, acquisition cost of operating lease assets amounts to ₩79,729 million (2013: ₩73,910 million) and their accumulated depreciation amounts to ₩36,294 million (2013: ₩29,780 million).

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(h) Trademark license commitments

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

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

30. Related Party Transactions

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

<u>Classification</u>	<u>Name</u>		<u>Note</u>
	<u>September 30, 2014</u>	<u>December 31, 2013</u>	
Significantly influencing the Group	LG Corp.	LG Corp.	-
Associates	LG Display Co., Ltd., and subsidiaries	LG Display Co., Ltd., and subsidiaries	-
	LG Display Co., Ltd.	LG Display Co., Ltd.	-
	LG Display Germany GmbH	LG Display Germany GmbH	-
	LG Display Shanghai Co.,Ltd.	LG Display Shanghai Co.,Ltd.	-
	LG Display Yantai Co.,Ltd.	LG Display Yantai Co.,Ltd.	-
	LG Display America,Inc.	LG Display America,Inc.	-
	LG Display Japan Co., Ltd.	LG Display Japan Co., Ltd.	-
	LG Display Taiwan Co., Ltd.	LG Display Taiwan Co., Ltd.	-
	LG Display Nanjing Co., Ltd.	LG Display Nanjing Co., Ltd.	-
	LG Display Poland Sp. zo.o.	LG Display Poland Sp. zo.o.	-
	LG Display Guangzhou Co., Ltd	LG Display Guangzhou Co., Ltd	-
	LG Display Shenzhen Co., Ltd.	LG Display Shenzhen Co., Ltd.	-
	LG Display Singapore Pte. Ltd.	LG Display Singapore Pte. Ltd.	-
	LG Display U.S.A Inc	LG Display U.S.A Inc	-
	L&T Display Technology (Xiamen) Limited	L&T Display Technology (Xiamen) Limited	-
	L&T Display Technology (Fujian) Limited	L&T Display Technology (Fujian) Limited	-
		LUCOM Display Technology (Kunshan) Limited	-
	LG Display Reynosa S.A. de C.V.	LG Display Reynosa S.A. de C.V.	-
	Nanumnuri Co., Ltd.	Nanumnuri Co., Ltd.	-
	LG Display (China) Co., Ltd.	LG Display (China) Co., Ltd.	-
	Unified Innovative Technology, LLC	-	-
	Ericsson-LG Co., Ltd., and subsidiaries	Ericsson-LG Co., Ltd., and subsidiaries	-
	Ericsson-LG Co., Ltd.	Ericsson-LG Co., Ltd.	-
	LN Srithai Com Co., Ltd.	LN Srithai Com Co., Ltd.	-

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Classification	Name		Note
	September 30, 2014	December 31, 2013	
	-	Nexer Inc.	-
	-	Ericsson-LG Europe B.V.	-
	-	Ericsson-LG Canada Inc.	-
	Novera Optics Inc.	Novera Optics Inc.	-
	Ericsson-LG Enterprise Co., Ltd.	Ericsson-LG Enterprise Co., Ltd.	-
	Hitachi LG Data Storage Inc.(HLDS), and subsidiaries	Hitachi LG Data Storage Inc.(HLDS), and subsidiaries	-
	Hitachi-LG Data Storage Inc.(HLDS)	Hitachi-LG Data Storage Inc.(HLDS)	-
	Hitachi-LG Data Storage Korea, Inc.	Hitachi-LG Data Storage Korea, Inc.	-
	Hitachi-LG Data Storage(Huizhou), Ltd.	Hitachi-LG Data Storage(Huizhou), Ltd.	-
	Hitachi Electronic Products (Malaysia) Sdn. Bhd.	Hitachi Electronic Products (Malaysia) Sdn. Bhd.	-
	LG Fuel Cell Systems Inc., and subsidiaries	LG Fuel Cell Systems Inc., and subsidiaries	-
	LG Fuel Cell Systems Inc.	LG Fuel Cell Systems Inc.	-
	LG Fuel Cell Systems Korea Inc.	LG Fuel Cell Systems Korea Inc.	-
	Korea Information Certificate Authority Inc.	Korea Information Certificate Authority Inc.	-
	Global OLED Technology LLC	Global OLED Technology LLC	-
	SKT Vietnam PTE., Ltd.	SKT Vietnam PTE., Ltd.	-
	One-Red, LLC	One-Red, LLC	-
Joint ventures	Arcelik-LG Klima Sanayi ve Ticaret A.S.(LGEAT)	Arcelik-LG Klima Sanayi ve Ticaret A.S. (LGEAT)	-
	LG Holdings(HK) Ltd. and subsidiaries	LG Holdings(HK) Ltd. and subsidiaries	-
	LG Holdings(HK) Ltd.	LG Holdings(HK) Ltd.	-
	Beijing LG Building Development Company	Beijing LG Building Development Company	-
	EIC PROPERTIES PTE LTD.	EIC PROPERTIES PTE LTD.	-
	-	LG Fund for Enterprises	-
	LG-MRI LLC	-	-
Other related parties	LG CNS Co., Ltd., and subsidiaries	LG CNS Co., Ltd., and subsidiaries	LG Corp.'s Subsidiary
	LG CNS Co., Ltd.	LG CNS Co., Ltd.	-
	LG N-Sys Inc.	LG N-Sys Inc.	-
	BNE PARTNERS, Inc.	BNE PARTNERS, Inc.	-
	Ucess Partners Co.,Ltd.	Ucess Partners Co.,Ltd.	-
	KOREA ELECOM Ltd.	KOREA ELECOM Ltd.	-
	Ever On Co., Ltd.	Ever On Co., Ltd.	-
	LG System Philippines Inc.	LG System Philippines Inc.	-
	LG CNS China Inc.	LG CNS China Inc.	-
	LG CNS Europe B.V	LG CNS Europe B.V	-
	LG CNS Japan Co., Ltd.	LG CNS Japan Co., Ltd.	-
	LG CNS America Inc.	LG CNS America Inc.	-

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Classification	Name		Note
	September 30, 2014	December 31, 2013	
	LG CNS India Pvt. Ltd.	LG CNS India Pvt. Ltd.	-
	PT LG CNS Indonesia	PT LG CNS Indonesia	-
	Entrue Brasil Servicos de T.I. Ltda.	Entrue Brasil Servicos de T.I. Ltda.	-
	LG CNS Shenyang Inc.	LG CNS Shenyang Inc.	-
	LG CNS Tianjin Inc.	LG CNS Tianjin Inc.	-
	SBI-LG Systems Co., Ltd.	SBI-LG Systems Co., Ltd.	-
	LG CNS Colombia S.A.S	LG CNS Colombia S.A.S	-
	Ucess Philippines, Inc.	Ucess Philippines, Inc.	-
	Oneseen Skytech Co., Ltd.	Oneseen Skytech Co., Ltd.	-
	LG CNS Malaysia Sdn. Bhd.	LG CNS Malaysia Sdn. Bhd.	-
	LG CNS Saudi Arabia LLC	LG CNS Saudi Arabia LLC	-
	TXCNS Healthcare, LLC	TXCNS Healthcare, LLC	-
	LG CNS GB Ltd.	LG CNS GB Ltd.	-
	LG CNS Smart Green Co.,Ltd.	LG CNS Smart Green Co.,Ltd.	-
	LLC LG CNS RUS	LLC LG CNS RUS	-
	-	LG N-Sys China, Inc	-
	-	LG CNS UK Limited	-
	Collain Healthcare, LLC	-	-
	SERVEONE Co., Ltd., and subsidiaries	SERVEONE Co., Ltd., and subsidiaries	LG Corp.'s subsidiary
	SERVEONE Co., Ltd.	SERVEONE Co., Ltd.	-
	LG-TOYO Engineering	LG-TOYO Engineering	-
	Konjiam Yewon	Konjiam Yewon	-
	Serveone(Nanjing).Co.,LTD	Serveone(Nanjing).Co.,LTD	-
	Serveone Construction(Nanjing) Co.,Ltd.	Serveone Construction(Nanjing) Co.,Ltd.	-
	Serveone(Guangzhou).Co.,LTD	-	-
	SERVEONE VIETNAM Co.,Ltd	-	-
	LG Siltron Incorporated and subsidiaries	LG Siltron Incorporated and subsidiaries	LG Corp.'s subsidiary
	LG Siltron Incorporated	LG Siltron Incorporated	-
	LG Siltron America, Inc.	LG Siltron America, Inc.	-
	LG Siltron JAPAN Inc.	LG Siltron JAPAN Inc.	-
	LUSEM CO., LTD.	LUSEM CO., LTD.	LG Corp.'s subsidiary
	LG Management Development Institute	LG Management Development Institute	LG Corp.'s subsidiary
	LG SPORTS Ltd.	LG SPORTS Ltd.	LG Corp.'s subsidiary
	LG Solar Energy Inc.	LG Solar Energy Inc.	LG Corp.'s subsidiary
	LG Holdings Japan Co.,Ltd.	-	LG Corp.'s subsidiary
	LG MMA Ltd.	LG MMA Ltd.	LG Corp.'s joint venture

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(b) Major balances and transactions

- i) Major transactions for the nine-month periods ended September 30, 2014 and 2013, are as follows:

(in millions of Korean won)

Classification	Name	2014					Total Purchases
		Sales ¹	Raw materials	Fixed and intangible assets	General Operating Expenses	Others	
Significantly influencing the Group	LG Corp.	402	-	-	114,940	-	114,940
Associates	LG Display Co., Ltd., and subsidiaries	760,533	4,859,325	-	9,723	-	4,869,048
	Ericsson-LG Co., Ltd., and subsidiaries	7,070	4,407	-	-	-	4,407
	Hitachi LG Data Storage Inc., and subsidiaries	57,483	461,206	-	-	-	461,206
	LG Fuel Cell Systems Inc., and subsidiaries	25	-	-	-	-	-
	Korea Information Certificate Authority Inc.	-	-	-	21	-	21
	Subtotal	825,111	5,324,938	-	9,744	-	5,334,682
Joint ventures	Arcelik-LG Klima Sanayi ve Ticaret A.S.	46,359	91,348	-	-	-	91,348
	LG HOLDINGS (HK) LIMITED and subsidiaries	-	-	-	2,179	-	2,179
	EIC PROPERTIES PTE LTD.	-	-	-	640	-	640
	Subtotal	46,359	91,348	-	2,819	-	94,167
Other related parties	SERVEONE Co., Ltd., and subsidiaries	16,063	853,536	8,814	96,001	3,563	961,914
	LG Siltron Incorporated	3,469	1,649	-	24	-	1,673
	LG CNS Co., Ltd., and subsidiaries	22,992	47,478	26,744	310,299	-	384,521
	LG SPORTS Ltd.	403	-	-	10,119	-	10,119
	LG Management Development Institute	12	327	-	19,553	-	19,880
	LUSEM CO., LTD.	42,287	22,504	-	411	-	22,915
	LG MMA Ltd.	1,198	36	-	-	-	36
	LG Holdings Japan Co., Ltd.	9	-	-	1,542	-	1,542
	Subtotal	86,433	925,530	35,558	437,949	3,563	1,402,600
	Total	958,305	6,341,816	35,558	565,452	3,563	6,946,389

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Classification	Name	2013					
		Sales ¹	Purchases				Total Purchases
			Raw materials	Fixed and intangible assets	General Operating Expenses	Others	
Significantly influencing the Group	LG Corp.	1,029	-	-	111,736	-	111,736
Associates	LG Display Co., Ltd., and subsidiaries	665,451	4,791,357	193	24,840	-	4,816,390
	Ericsson-LG Co., Ltd., and subsidiaries	14,668	4,747	-	-	-	4,747
	Hitachi LG Data Storage Inc., and subsidiaries	11,042	334,935	-	-	-	334,935
	LG Fuel Cell Systems Inc., and subsidiaries	36	-	-	-	-	-
	Korea Information Certificate Authority Inc.	-	-	-	1	-	1
	Subtotal	691,197	5,131,039	193	24,841	-	5,156,073
Joint ventures	Arcelik-LG Klima Sanayi ve Ticaret A.S.	35,379	119,365	-	-	-	119,365
	LG HOLDINGS (HK) LIMITED and subsidiaries	-	-	-	2,059	-	2,059
	EIC PROPERTIES PTE LTD.	-	-	-	641	-	641
	Subtotal	35,379	119,365	-	2,700	-	122,065
Other related parties	SERVEONE Co., Ltd., and subsidiaries	10,587	819,041	5,517	151,538	-	976,096
	LG Siltron Incorporated	6,583	8,565	-	3,055	-	11,620
	LG CNS Co., Ltd., and subsidiaries	24,665	87,434	32,085	232,268	-	351,787
	LG SPORTS Ltd.	10	-	-	8,452	-	8,452
	LG Management Development Institute	26	337	-	21,996	-	22,333
	LUSEM CO., LTD.	51,618	18,964	-	8,973	-	27,937
	Subtotal	93,489	934,341	37,602	426,282	-	1,398,225
	Total	821,094	6,184,745	37,795	565,559	-	6,788,099

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

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ii) Major balances as of September 30, 2014 and December 31, 2013, are as follows:

(in millions of Korean won)

		September 30, 2014							
Classification	Name	Receivables				Payables			
		Trade receivables	Loans	Other receivables	Total	Trade payables	Borrowings	Other payables	Total
Significantly influencing the Group	LG Corp.	-	-	22,914	22,914	-	-	2,682	2,682
Associates	LG Display Co., Ltd., and subsidiaries	271,313	-	17,409	288,722	969,948	-	42,937	1,012,885
	Ericsson-LG Co., Ltd., and subsidiaries	322	-	31	353	1,065	-	-	1,065
	Hitachi-LG Data Storage Inc., and subsidiaries	10,199	-	-	10,199	45,781	-	28	45,809
	Korea Information Certificate Authority Inc	-	-	-	-	-	-	21	21
	Subtotal	281,834	-	17,440	299,274	1,016,794	-	42,986	1,059,780
Joint ventures	Arcelik-LG Klima Sanayi ve Ticaret A.S.	4,359	-	-	4,359	2,421	-	-	2,421
	LG HOLDINGS (HK) LIMITED and subs	-	-	-	-	-	-	1,437	1,437
	EIC PROPERTIES PTE LTD.	-	-	-	-	-	-	74	74
	Subtotal	4,359	-	-	4,359	2,421	-	1,511	3,932
Other related parties	SERVEONE Co., Ltd., and subsidiaries	3,491	-	60,757	64,248	241,723	-	40,503	282,226
	LG Siltron Incorporated	1,021	-	-	1,021	887	-	1,541	2,428
	LG CNS Co., Ltd., and subsidiaries	3,284	-	2	3,286	26,092	-	108,058	134,150
	LG SPORTS Ltd.	11	-	4	15	39	-	23	62
	LG Management Development Institute	-	-	17,864	17,864	-	-	2,193	2,193
	LUSEM CO., LTD.	7,945	-	2	7,947	3,931	-	559	4,490
	LG MMA Ltd	975	-	-	975	-	-	-	-
	LG Holdings Japan Co., Ltd.	-	-	309	309	-	-	-	-
	Subtotal	16,727	-	78,938	95,665	272,672	-	152,877	425,549
	Total	302,920	-	119,292	422,212	1,291,887	-	200,056	1,491,943

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		December 31, 2013							
Classification	Name	Receivables				Payables			
		Trade receivables	Loans	Other receivables	Total	Trade payables	Borrowings	Other payables	Total
Significantly influencing the Group	LG Corp.	-	-	22,045	22,045	-	-	8,893	8,893
Associates	LG Display Co., Ltd., and subsidiaries	143,597	-	23,014	166,611	621,040	-	85	621,125
	Ericsson-LG Co., Ltd., and subsidiaries	165	-	45	210	2,222	-	150	2,372
	Hitachi-LG Data Storage Inc., and subsidiaries	11,122	-	586	11,708	49,126	-	84	49,210
	Subtotal	154,884	-	23,645	178,529	672,388	-	319	672,707
Joint ventures	Arcelik-LG Klima Sanayi ve Ticaret A.S.	8,227	-	-	8,227	5,687	-	2	5,689
	LG HOLDINGS (HK) LIMITED and subs	-	-	-	-	-	-	1,460	1,460
	EIC PROPERTIES PTE LTD.	-	-	-	-	-	-	77	77
	Subtotal	8,227	-	-	8,227	5,687	-	1,539	7,226
Other related parties	SERVEONE Co., Ltd., and subsidiaries	1,558	-	60,736	62,294	245,900	-	65,207	311,107
	LG Siltron Incorporated	9,052	-	-	9,052	744	-	3,170	3,914
	LG CNS Co., Ltd., and subsidiaries	7,439	-	663	8,102	24,323	-	238,876	263,199
	LG SPORTS Ltd.	-	-	-	-	121	-	132	253
	LG Management Development Institute	-	-	17,864	17,864	-	-	1,457	1,457
	LUSEM CO., LTD.	9,122	-	30	9,152	4,776	-	475	5,251
	LG MMA Ltd	35	-	-	35	-	-	-	-
	Subtotal	27,206	-	79,293	106,499	275,864	-	309,317	585,181
	Total	190,317	-	124,983	315,300	953,939	-	320,068	1,274,007

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- iii) Major capital transactions for the nine-month periods ended September 30, 2014 and 2013 are as follows:

(in millions of Korean won)

Classification	Name	2014						
		Dividend Income	Cash investments (Recovery)	Disposal of shares	Financing loan transactions		Financing borrowing transactions	
					Loans	Repayments	Borrowings	Repayments
Associates	Ericsson-LG Co., Ltd.	17,000	-	-	-	-	-	-
	LG Fuel Cell Systems	-	7,267	-	-	-	-	-
	Korea Information Certificate Authority Inc.	60	-	-	-	-	-	-
	Subtotals	17,060	7,267	-	-	-	-	-
Joint ventures	LG Fund for Enterprises	6	(680)	-	-	-	-	-
	Totals	17,066	6,587	-	-	-	-	-

(in millions of Korean won)

Classification	Name	2013						
		Dividend Income	Cash investments (recovery)	Disposal of shares	Financing loan transactions		Financing borrowing transactions	
					Loans	Repayments	Borrowings	Repayments
Associates	Ericsson-LG Co., Ltd.	10,250	-	-	-	-	-	-
	Hitachi-LG Data Storage Inc.	-	43,500	-	-	-	-	-
	Subtotals	10,250	43,500	-	-	-	-	-
Other related parties	LG CNS Co., Ltd., ¹	-	17,000	-	-	-	-	-
	Totals	10,250	60,500	-	-	-	-	-

¹The Group acquired 100% of V-ENS Co., Ltd.'s ordinary shares from LG CNS Co., Ltd. in May 2013 (Note 32).

- iv) During the nine-month period ended September 30, 2013, the Group transferred the Data Storage business to Hitachi-LG Data Storage Inc. and its subsidiaries (Note 27).
- (c) The compensation paid or payable to key management of the Group for the nine-month periods ended September 30, 2014 and 2013, consists of:

(in millions of Korean won)	2014	2013
Wages and salaries	10,074	8,609
Severance benefits	3,192	1,245
Total	13,266	9,854

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

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- (d) There is no payment guarantee provided by the Group for the funding sources of the related parties other than subsidiaries at the end of the reporting period.
- (e) There is no collateral provided by the Group for the funding sources of related parties at the end of the reporting period.
- (f) The Group has not recognized any bad debt expense or allowance for trade receivables from related parties at the end of the reporting period.

31. 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 in 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.

The Group anticipatively and systematically manages the financial risks over global business activities through its four overseas treasury centers in New Jersey(United States), Amsterdam(Netherlands), Beijing(China), and Singapore in coordination with the finance team in the Parent Company. And it also helps to improve overseas subsidiaries' business competitiveness by performing integration of their finance functions.

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

The information of the carrying amount and profit or loss of each category of financial instruments and the details of borrowings related to the financial risk management are presented in Note 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, Brazilian Real, Russian Ruble and Japanese Yen.

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.

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

As of September 30, 2014 and December 31, 2013, 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>	September 30, 2014		December 31, 2013	
	10% increase	10% decrease	10% increase	10% decrease
USD/KRW	(74,248)	74,248	(156,312)	156,312
EUR/KRW	46,961	(46,961)	41,062	(41,062)
Other ¹ /KRW	73,184	(73,184)	81,864	(81,864)

¹ Other currency includes Brazilian Real, Russian Ruble and Japanese Yen.

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 improving corporate value by minimizing uncertainty caused by fluctuations in interest rates and minimizing net interest expense.

Though the Group is exposed to interest rate risk from financial deposits and borrowings held with variable interest rates. The Group periodically establishes countermeasures by the monitoring trends of internal and external interest rates, and minimizes the risk of net interest expense by properly operating short-term borrowings with variable interest rates and deposits.

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At the end of the reporting period, if interest rates fluctuate by 1% without other variables changing, the effects on income and expenses related to borrowings and financial deposits with variable interest rates for the nine-month periods ended September 30, 2014 and 2013, are as follows:

<i>(in millions of Korean won)</i>	2014		2013	
	1% increase	1% decrease	1% increase	1% decrease
Interest expense	4,409	(4,409)	9,053	(9,053)
Interest income	20,150	(20,150)	16,044	(16,044)

iii) Details of derivatives contracts are as follows:

Hedging purposes

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

September 30, 2014	Contractor	Contracted amount <i>(in millions)</i>	Contracted currency rate	Interest rate <i>(received)</i>	Interest rate <i>(paid)</i>	Contract date	Expiration date
USD/KRW CRS	Shinhan Bank	USD200	USD/KRW 1,113.6	3ML +160bp	3.22%	2013.7.11	2019.1.31
	BNP PARIBAS and others	USD200	USD/KRW 1,052.1	3ML +130bp	3.42%	2013.11.28	2017.6.19
CHF/KRW CRS	UBS and others	CHF215	CHF/KRW 1,213.6	2.00%	3.64~3.74%	2012.7.6	2016.12.2
USD/BRL CRS	Standard Chartered	USD25	USD/BRL 2.2170	1.73%	10.90%	2013.10.23	2014.10.27
		USD20	USD/BRL 2.3490	1.70%	10.65%	2013.11.26	2014.12.16
		USD15	USD/BRL 2.4245	1.96%	10.50%	2013.12.20	2015.1.6
		USD25	USD/BRL 2.3835	2.05%	10.95%	2014.2.25	2015.3.17
		USD20	USD/BRL 2.2892	1.35%	11.20%	2014.4.17	2014.12.19
		USD10	USD/BRL 2.2892	1.35%	11.10%	2014.4.17	2014.12.19
		USD20	USD/BRL 2.2892	1.35%	11.02%	2014.4.17	2014.12.19
		USD80	USD/BRL 2.2892	1.30%	10.90%	2014.7.7	2014.12.23
	JP Morgan	USD20	USD/BRL 2.3950	1.61%	10.65%	2013.12.3	2014.12.19

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September 30, 2014	Contractor	Contracted amount (in millions)	Contracted currency rate	Interest rate (received)	Interest rate (paid)	Contract date	Expiration date
	CITIBANK	USD15	USD/BRL 2.3867	1.62%	10.50%	2013.12.20	2015.1.6
	ITAU UNIBANCO	USD25	USD/BRL 2.3334	1.33%	10.95%	2014.2.25	2015.3.5

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

September 30, 2014	Contractor	Contracted amount (in millions of Korean won)	Interest rate (received)	Interest rate (paid)	Contract date	Expiration date
Interest rate swap	Hana Bank	200,000	3M CD+98bp	4.53%	2014. 1. 3	2024. 1. 3
	Kookmin Bank	200,000	3M CD+114bp	4.52%	2014. 4.29	2029.4.30

At the end of the reporting period, the swap contracts are evaluated at fair value and the loss on valuation of the effective portion amounting to ₩51,538 million in 2014 (2013: loss on valuation amounting to ₩2,663 million) after applying the tax effect, is recognized in other comprehensive income(loss). The Group has reclassified ₩25,687 million to loss from equity in 2014 (2013: ₩10,067 million). Therefore, other comprehensive loss from cash flow hedges amounts to ₩25,851 million in 2014 (2013: other comprehensive income of ₩7,404 million) after applying the tax effect.

Trading purposes

The Group entered into the currency forward contracts to hedge against possible future changes in foreign exchange rates. The subsidiaries' currency forward contracts as of September 30, 2014 and related profit or loss for the nine-month periods ended September 30, 2014, are as follows:

(in millions of Korean won)	Purchase	Sale	Gain on valuation	Loss on transaction
Currency forward	170,689	170,601	1,757	(3,920)

iv) 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 open market, and related to KOSDAQ and NASDAQ Indices.

The table below summarizes the impact of increases/decreases of the listed securities on the equity (before applying the tax effect). The analysis is based on the assumption that the equity indexes had increased/decreased by 30% with all other variables held constant and all the

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Group's listed securities moved according to the historical correlation with the index.

<i>(in millions of Korean won)</i>	September 30, 2014		December 31, 2013	
	30% increase	30% decrease	30% increase	30% decrease
KOSPI	-	-	1	(1)
KOSDAQ	3,804	(3,804)	3,095	(3,095)
NASDAQ	599	(599)	1,213	(1,213)

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 31, respectively.

(b) Credit risk

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

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

(c) Liquidity risk

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

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

In addition, the Group is able to source funds any time in the 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 AA, and Standard & Poors and Moody's of BBB and Baa3 respectively, as of October 31, 2014.

Cash flow information on maturity of borrowings and financial guarantee limit are presented in Note 11 and Note 28, respectively.

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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.

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

<i>(in millions of Korean won, except for ratios)</i>	September 30, 2014	December 31, 2013
Liability (A)	25,247,873	22,838,695
Equity (B)	13,255,591	12,689,369
Cash and cash equivalents and current financial deposits (C)	3,017,409	2,713,166
Borrowings (D)	9,429,679	9,211,029
Debt-to-equity ratio (A/B)	190.5%	180.0%
Net borrowings ratio (D-C)/B	48.4%	51.2%

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Fair Value Estimation

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

<i>(in millions of Korean won)</i>	September 30, 2014		December 31, 2013	
	Carrying amount	Fair value	Carrying amount	Fair value
Current financial asset items				
[Assets at fair value]				
Financial assets at fair value through profit or loss				
Other financial assets	3,008	3,008	16,080	16,080
Derivatives for hedging purposes				
Other financial assets	10,484	10,484	1,319	1,319
[Assets at amortized cost]				
Loans and other receivables				
Cash and cash equivalents	2,949,709	1	2,645,270	1
Financial deposits	67,700	1	67,896	1
Trade receivables	8,277,702	1	7,117,402	1
Other receivables	545,112	1	596,505	1
Held-to-maturity financial assets				
Other financial assets	49	1	31	1
Non-current financial asset items				
[Assets at fair value]				
Derivatives for hedging purposes				
Other financial assets	-	-	94	94
Available-for-sale financial assets				
Other financial assets	16,807	16,807	19,560	19,560
[Assets at amortized cost]				
Loans and other receivables				
Financial deposits	81,641	81,641	96,992	96,992
Other receivables	564,494	542,838	601,978	577,737
Held-to-maturity financial assets				
Other financial assets	2,643	1	2,545	1
[Assets at cost]				
Available-for-sale financial assets				
Other financial assets	33,852	2	33,515	2
Total	12,553,201		11,199,187	

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<i>(in millions of Korean won)</i>	September 30, 2014		December 31, 2013	
	Carrying amount	Fair value	Carrying amount	Fair value
Current financial liability items				
[Liabilities at fair value]				
Financial liabilities at fair value through profit or loss				
Other financial liabilities	917	917	684	684
Derivatives for hedging purposes				
Other financial liabilities	1,730	1,730	10,100	10,100
[Liabilities at amortized cost]				
Trade payables	7,404,914	¹	5,691,114	¹
Borrowings	2,781,234	¹	3,022,723	¹
Other payables	2,448,853	¹	2,829,686	¹
[Other liabilities]				
Other financial liabilities	106	³	105	³
Non-current financial liability items				
[Liabilities at fair value]				
Financial liabilities at fair value through profit or loss				
Other financial liabilities	-	-	773	773
Derivatives for hedging purposes				
Other financial liabilities	62,807	62,807	9,371	9,371
[Liabilities at amortized cost]				
Borrowings	6,648,445	6,918,924	6,188,306	6,308,304
Other payables	17,162	17,444	27,670	27,670
[Other liabilities]				
Other financial liabilities	441	³	520	³
Total	19,366,609		17,781,052	

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

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

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

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

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(b) Fair value measurements of assets and liabilities

i) Fair value hierarchy and measurement method

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

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

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

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

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

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

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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.

ii) Financial instruments measured at fair value

Fair value hierarchy classifications of the financial assets and financial liabilities that are measured at fair value as of September 30, 2014 and December 31, 2013, are as follows:

		September 30, 2014		
<i>(in millions of Korean won)</i>	Level 1	Level 2	Level 3	Total
Assets				
Other financial assets				
Available-for-sale financial assets				
- Marketable equity securities	15,276	-	-	15,276
- Debt securities	-	-	1,531	1,531
Financial assets at fair value through profit or loss	-	3,008	-	3,008
Derivatives for hedging purposes	-	10,484	-	10,484
Liabilities				
Other financial liabilities				
Financial liabilities at fair value through profit or loss	-	917	-	917
Derivatives for hedging purposes	-	64,537	-	64,537
		December 31, 2013		
<i>(in millions of Korean won)</i>	Level 1	Level 2	Level 3	Total
Assets				
Other financial assets				
Available-for-sale financial assets				
- Marketable equity securities	17,720	-	-	17,720
- Debt securities	-	-	1,840	1,840
Financial assets at fair value through profit or loss	-	16,080	-	16,080
Derivatives for hedging purposes	-	1,413	-	1,413
Liabilities				
Other financial liabilities				
Financial liabilities at fair value through profit or loss	-	1,457	-	1,457
Derivatives for hedging purposes	-	19,471	-	19,471

The above fair value amounts are recurring fair value measurements.

In case of investments in equity instruments that do not have a quoted market price in an active

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market and their fair value cannot be measured reliably, they are measured at cost and not included in the above fair value measurement hierarchy.

① Valuation technique and inputs for fair value measurements categorized within level 2

Valuation technique and inputs for fair value measurements categorized within level 2 as of September 30, 2014 and December 31, 2013, are as follows:

<i>(in millions of Korean won)</i>	Fair value		Valuation techniques	Inputs
	September 30, 2014	December 31, 2013		
Assets				
Other financial assets				
Financial assets at fair value through profit or loss	3,008	16,080	Discounted cash flow	Discount rate and exchange rate
Derivatives for hedging purposes	10,484	1,413	Discounted cash flow	Discount rate and exchange rate
Liabilities				
Other financial liabilities				
Financial liabilities at fair value through profit or loss	917	1,457	Discounted cash flow	Discount rate and exchange rate
Derivatives for hedging purposes	64,537	19,471	Discounted cash flow	Discount rate and exchange rate

② Fair value measurements categorized within level 3

Changes in financial assets and financial liabilities that are measured at fair value and categorized within level 3 for the nine-month periods ended September 30, 2014 and 2013, are as follows:

<i>(in millions of Korean won)</i>	2014	2013
At January 1	1,840	2,670
Total gain(loss) for the period		
Loss included in profit for the period ¹	(131)	-
Gain included in other comprehensive income	13	-
Purchase, issue, sales and settlement		
Purchase	-	1,205
Sale	(191)	(835)
At September 30	1,531	3,040

¹ Gain and loss included in profit for the period are interest income amounting to ₩169 million and impairment loss on available-for-sale financial assets amounting to ₩300 million(2013: nil)

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Valuation technique, inputs, and range of significant but unobservable inputs of financial instruments that are measured at fair value and categorized within level 3 as of September 30, 2014 and December 31, 2013, as of follows:

<i>(in millions of Korean won)</i>	Fair value		Valuation techniques	Inputs	Significant but unobservable inputs	Range of Significant but unobservable inputs
	September 30, 2014	December 31, 2013				
Other financial assets						
Available-for-sale financial assets						
- Debt securities	1,531	1,840	Discounted cash flow	Discount rate	Discount rate (credit spread)	3.7%~8.1%

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

Financial instruments not measured at fair value but for which the fair value is disclosed as of September 30, 2014 and December 31, 2013, are as follows:

<i>(in millions of Korean won)</i>	September 30, 2014			
	Level 1	Level 2	Level 3	Total
Assets				
Non-current financial deposits	-	-	81,641	81,641
Non-current other receivables	-	-	542,838	542,838
Liabilities				
Non-current borrowings	-	-	6,918,924	6,918,924
Non-current other payables	-	-	17,444	17,444
December 31, 2013				
<i>(in millions of Korean won)</i>	Level 1	Level 2	Level 3	Total
Assets				
Non-current financial deposits	-	-	96,992	96,992
Non-current other receivables	-	-	577,737	577,737
Liabilities				
Non-current borrowings	-	-	6,308,304	6,308,304
Non-current other payables	-	-	27,670	27,670

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① Valuation technique and inputs for fair value measurements categorized within level 2

As of September 30, 2014, there are no financial instruments that are not measured at fair value but for which the fair value is disclosed and categorized within level 2.

② Disclosure in relation to fair value measurements categorized within level 3

Valuation technique, inputs and unobservable inputs of financial instruments that are not measured at fair value but for which the fair value is disclosed and categorized within level 3 as of September 30, 2014 and December 31, 2013, are as follows:

<i>(in millions of Korean won)</i>	September 30, 2014		December 31, 2013		Valuation techniques	Inputs	Significant but Unobservable inputs	Range of Significant but unobservable inputs
	Carrying amount	Fair value	Carrying amount	Fair value				
Assets								
Non-current financial deposits	81,641	81,641	96,992	96,992	Discounted cash flow	Discount rate and Exchange rate	Discount rate	0.1% ~ 3.1%
Non-current other receivables	564,494	542,838	601,978	577,737	Discounted cash flow	Discount rate and Exchange rate	Discount rate	3.5% ~ 4.7%
Liabilities								
Non-current borrowings	6,648,445	6,918,924	6,188,306	6,308,304	Discounted cash flow	Discount rate and Exchange rate	Discount rate	2.3% ~ 4.0%
Non-current other payables	17,162	17,444	27,670	27,670	Discounted cash flow	Discount rate and Exchange rate	Discount rate	4.0% ~ 4.7%

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32. Business Combinations

- i) 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 the 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.
- ii) The following table summarizes the consideration paid and the fair value of assets acquired and liabilities assumed:

<i>(in millions of Korean won)</i>	Amount
Consideration	
Cash and cash equivalents	17,028
Total consideration	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	
Net defined benefit liability	(542)
Total identifiable net assets	17,028
Goodwill	-

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- iii) The acquisition-related costs amounting to ₩293 million were all expensed at the time they were incurred.
- iv) The above fair value of trade receivables and other receivables are the same as the gross contractual amounts.
- v) Sales and net loss contributed by V-ENS Co., Ltd. included in the interim consolidated statements of income from May 1, 2013, were ₩49,500 million and ₩5,066 million, respectively. If V-ENS Co., Ltd. had been consolidated from January 1, 2013, sales and profit for the period in the consolidated statement of comprehensive income for the nine-month period ended September 30, 2014, would have been as follows:

<i>(in millions of Korean won)</i>	Before adjustments	Adjustment	After adjustments
Sales	43,225,067	41,362	43,266,429
Profit for the period	286,151	4,226	290,377

- vi) 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 by the board of directors 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 a small scale merger (for the Parent Company) and a simplicity merger (for V-ENS Co., Ltd.), the approval of the 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.

33. Event After the Reporting Period

On October 28, 2014, the Board of Directors of the Parent Company resolved to discontinue production and sales of PDP Module and PDP TV due to the decrease in demand of PDP TV products and the discontinuation of supply from major suppliers. The date of discontinuing the operations is expected to be November 30, 2014, and the sales generated by discontinued operations for the year ended December 31, 2013 and the nine-month period ended September 30, 2014, are ₩1,368,074 million and ₩796,945 million, respectively.