

LG Display Co., Ltd.
Form 6-K
February 22, 2019

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 6-K

REPORT OF FOREIGN PRIVATE ISSUER

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

UNDER THE SECURITIES EXCHANGE ACT OF 1934

For the month of February 2019

LG Display Co., Ltd.

(Translation of Registrant's name into English)

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

(Address of principal executive offices)

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

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Form 20-F

Form 40-F

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

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

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

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

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

Yes

No

I. Activities and Remuneration of Outside Directors, etc.

1. Attendance and Voting Record of Outside Directors, etc.

| Date | Agenda | Remark | Name of Outside Directors | | | | Byoun gho Lee (Attendance rate: 100%) | Non- standing Director Hyun- Hwoi Ha (Attendance rate: 88%) |
|--------------|--|----------|--|--|---|--|--|---|
| | | | Jin Jang (Attendance rate: 100%) | Joon Park (Attendance rate: 88%) | Sung Sik Hwang (Attendance rate: 100%) | Kun Tai Han (Attendance rate: 100%) | | |
| | Report on resolutions passed by the management committee | Reported | | | | | | |
| | Report on 2017 Q4 financial and operating results | Reported | | | | | | |
| | Report on operation of internal accounting controls | Reported | | | | | | |
| 1 2018.01.22 | Approval of FY2017 financial statements | Approved | For | Absent | For | For | For | |
| | Approval of FY2017 annual business report | Approved | For | Absent | For | For | For | |
| | Approval of change in composition of Outside Director Nomination Committee | Approved | For | Absent | For | For | For | |
| | Report on operation and evaluation of internal accounting control system | Reported | | | | | Newly appointed at FY2017 AGM | |
| | Report on operation of the compliance system | Reported | | | | | | |
| | Approval of convening of the FY2017 Annual General Meeting of shareholders | Approved | For | For | For | For | For | |
| 2 2018.02.20 | Approval of FY2017 AGM agenda items | Approved | For | For | For | For | For | |
| | | Approved | For | For | For | For | For | |

| | | | | | | | | |
|---|---|----------|-----|---------|-----|-----|-----|-----|
| | 1) Approval of Consolidated & Separate Financial Statements of FY2017 | | | | | | | |
| | 2) Appointment of Directors | Approved | For | For | For | For | For | For |
| | 3) Appointment of Audit Committee Member | Approved | For | For | For | For | For | For |
| | 4) Approval of Remuneration Limit for Directors in 2018 | Approved | For | For | For | For | For | For |
| | Approval of Chairman of Board of Directors election | Approved | | For | For | For | For | For |
| | Approval of representative director nomination | Approved | | For | For | For | For | For |
| | Approval of internal transaction | Approved | | For | For | For | For | For |
| | Approval of remuneration for executive officers & other agenda | Approved | | For | For | For | For | For |
| | 1) Approval of remuneration for executive officers | Approved | | Retired | For | For | For | For |
| | 2) Approval of HR personnel policy revision for executive officers | Approved | | at | For | For | For | For |
| 3 | 2018.03.15 | | | FY2017 | | | | |
| | 3) Approval of company advisor compensation to the retired executive officers who are outplaced in 2018 | Approved | | AGM | For | For | For | For |
| | 4) Approval of the remuneration for board directors in 2017 | Approved | | | For | For | For | For |
| | 5) Approval of the performance-based bonus targets for executive officers in 2018 | Approved | | | For | For | For | For |

| | | | | | | | | | |
|---|------------|---|----------|-----|-----|-----|-----|-----|--------|
| 4 | 2018.04.24 | Report on 2018 Q1 financial and operating results | Reported | | | | | | |
| | | Approval of transactions with significant shareholders | Approved | For | For | For | For | For | |
| 5 | 2018.07.24 | Report on 2018 Q2 financial and operating results | Reported | | | | | | |
| | | Report on resolutions passed by the management committee | Reported | | | | | | |
| | | Approval of long-term debt | Approved | For | For | For | For | For | |
| 6 | 2018.10.23 | Report on 2018 Q3 financial and operating results | Reported | | | | | | |
| | | Report on issuance of bonds in 2nd half of 2018 | Reported | | | | | | |
| | | Approval of executive officer appointments | Approved | For | For | For | For | For | |
| | | Approval of FY2019 limits on issuance of bonds | Approved | For | For | For | For | For | |
| | | Review of FY2018 achievement and approval of FY2019 business plan | Approved | For | For | For | For | For | |
| | | Approval of transactions with the largest shareholder and | Approved | For | For | For | For | For | |
| 7 | 2018.11.28 | special persons concerned | | | | | | | |
| | | Approval of transaction limit with major shareholders and other related parties | Approved | For | For | For | For | For | |
| | | Re-approval of facility sales contract to offshore subsidiaries | Approved | For | For | For | For | For | |
| | | Approval of license agreement for LG brand | Approved | For | For | For | For | For | |
| | | Approval of LG Twin Tower lease agreement | Approved | For | For | For | For | For | |
| | | Approval of change in composition of Audit Committee | Approved | For | For | For | For | For | |
| 8 | 2018.12.20 | Approval of executive officer appointments | Approved | For | For | For | For | For | Absent |

2. Activities of Outside Directors, etc. in Committees of the Board of Directors

| | Date | Agenda | Remarks |
|---|------------|--|----------|
| | | The independent auditor's report on audit progress | Reported |
| | | Report of 2017 Q4 financial statements | Reported |
| | | Report on FY2017 financial statements | Reported |
| 1 | 2018.01.22 | Report on the actual status regarding operation of the internal accounting management system | Reported |
| | | Report on review of 2017 Q4 financial statements | Reported |
| | | Report on internal audit | Reported |
| | | Report on Audit Committee self-evaluation | Reported |
| | | Report on FY2017 annual business report | Reported |

| | | | |
|---|------------|---|----------|
| 2 | 2018.02.20 | Evaluation on the actual status of the internal accounting management system | Approved |
| | | Evaluation on the current status regarding operation of the internal monitoring system | Approved |
| | | Drafting and submission of FY2017 audit report | Approved |
| | | Approval of audit and relevant audit-services by the independent auditor | Approved |
| | | Report on operation of the compliance system | Reported |
| | | Report on review of AGM agenda and documents | Reported |
| | | Report on review of FY2017 financial statements | Reported |
| 3 | 2018.03.15 | Approval of appointment of Chairman of Audit Committee | Approved |
| | | The independent auditors report on audit progress | Reported |
| 4 | 2018.04.24 | Report on 2018 Q1 financial statements | Reported |
| | | Report on review of 2018 Q1 financial statements | Reported |
| | | Report on internal audit | Reported |
| | | Approval of non-audit security related services | Approved |
| | | The independent auditors report on audit progress | Reported |
| 5 | 2018.07.24 | Report on 2017 Q2 financial statements | Reported |
| | | Report on review of 2017 Q2 financial statements | Reported |
| | | Report on internal audit | Reported |
| | | Approval of audit and relevant audit-services of overseas subsidiary by the independent auditor | Approved |
| 6 | 2018.10.23 | The independent auditors report on audit progress | Reported |
| | | Report on internal audit | Reported |
| | | Report on review of 2018 Q3 financial statements | Reported |
| | | Report on 2018 Q3 financial statements | Reported |
| 7 | 2018.11.28 | Report on internal audit | Reported |
| 8 | 2018.12.20 | Approval of audit and relevant audit-services by the independent auditor | Approved |

3. Remuneration of Outside Directors & Non-Standing Directors

| | | | | | (KRW Million) |
|-----------------------|-----------|--------------|---------|----------------------------|---------------|
| | Number of | Remuneration | Results | Average Payment per Person | Remarks |
| | Persons | Limit* | | | |
| Outside Director | 4 | | 319 | 79.8 | |
| Non-standing Director | 1 | 8,500 | | | |

* Remuneration limit for the total 7 directors, including 2 standing directors & 1 non-standing director.

II. Accumulated Transaction Amount of LG Display Co., Ltd with each of its Major Shareholders or their Affiliates, which was equivalent to [5]% or more of 2018 Total Assets or Revenue in Separate Financial Statement.

| Transaction Type | Counterpart (Relationship) | Transaction Period | Transaction Amount | (KRW Million) | |
|------------------|---|------------------------------|--------------------|---------------|-------------------|
| | | | | Assets Ratio* | Revenue Ratio*(%) |
| Sales/Purchase | LG Display America Inc. (Subsidiary) | Jan. 1, 2018 ~ Dec. 31, 2018 | 8,944,630 | 33% | 40% |
| Sales/Purchase | LG Display Japan Co., Ltd. (Subsidiary) | Jan. 1, 2018 ~ Dec. 31, 2018 | 2,415,595 | 9% | 11% |
| Sales/Purchase | LG Display Germany GmbH (Subsidiary) | Jan. 1, 2018 ~ Dec. 31, 2018 | 1,802,037 | 7% | 8% |
| Sales/Purchase | LG Display Taiwan Co., Ltd. (Subsidiary) | Jan. 1, 2018 ~ Dec. 31, 2018 | 1,489,015 | 6% | 7% |
| Sales/Purchase | LG Display Nanjing Co., Ltd. (Subsidiary) | Jan. 1, 2018 ~ Dec. 31, 2018 | 1,368,719 | 5% | 6% |
| Sales/Purchase | LG Display Guangzhou Co., Ltd. (Subsidiary) | Jan. 1, 2018 ~ Dec. 31, 2018 | 2,010,518 | 7% | 9% |
| Sales/Purchase | LG Display Shenzhen Co., Ltd. (Subsidiary) | Jan. 1, 2018 ~ Dec. 31, 2018 | 1,312,092 | 5% | 6% |
| Sales/Purchase | LG Display Yantai Co., Ltd. (Subsidiary) | Jan. 1, 2018 ~ Dec. 31, 2018 | 1,420,876 | 5% | 6% |
| Sales/Purchase | LG Display (China) Co., Ltd. (Subsidiary) | Jan. 1, 2018 ~ Dec. 31, 2018 | 1,411,534 | 5% | 6% |
| Sales/Purchase | LG Electronics Inc.(Largest Shareholder) | Jan. 1, 2018 ~ Dec. 31, 2018 | 1,800,949 | 7% | 8% |
| Sales/Purchase. | Serve one Co., Ltd. (Affiliate) | Jan. 1, 2018 ~ Dec. 31, 2018 | 1,129,063 | 4% | 5% |

* Ratio in comparison with total assets or revenue, as applicable, in FY 2018

II-I. Individual Transactions of LG Display Co., Ltd with each of its Major Shareholders or their Affiliates, which was equivalent to 1% or more of 2018 Total Assets.

(KRW 100 Million)

| Transaction Type | Counterpart (Relationship) | Transaction Period | Transaction Amount | Ratio*(%) |
|------------------|----------------------------|--------------------|--------------------|-----------|
|------------------|----------------------------|--------------------|--------------------|-----------|

III. Reference Relating to AGM

1. Matters Relating to the Annual General Meeting

A. Date and Time: 9:30 A.M., March 15, 2019 (Friday)

B. Venue : Guest House, LG Display Paju Display Cluster. 245, LG-ro, Wollong-myeon, Paju-si, Gyeonggi-do, Republic of Korea

2. Agenda for Meeting

A. For Reporting

- (1) Audit Committee's Audit Report
- (2) Fiscal Year 2018 Business Report
- (3) Report on operation of internal accounting controls

B. For Approval

- (1) Consolidated and Separate the Financial Statements as of and for the fiscal year ended December 31, 2018
- (2) Amendment to the Articles of Incorporation
- (3) Appointment of Directors
 - 3-1: Appointment of non-standing director (Young Soo Kwon)
 - 3-2: Appointment of outside director (Kun Tai Han)
 - 3-3: Appointment of outside director (Chang-Yang Lee)

3-4: Appointment of standing director (Dong Hee Suh)

(4) Appointment of Audit Committee Member

4-1: Appointment of Audit Committee Member (Kun Tai Han)

4-2: Appointment of Audit Committee Member (Chang-Yang Lee)

(5) Remuneration Limit for Directors in 2018 (KRW 8.5 billion)

3. Details of Agenda for Approval

A. Agenda 1: Consolidated and Separate the Financial Statements as of and for the fiscal year ended December 31, 2018

(1) Business Performance in FY 2018

A. Business overview

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

As of December 31, 2018, in Korea we operated TFT-LCD and OLED production facilities and a research center in Paju and TFT-LCD production facilities in Gumi. We have also established subsidiaries in the Americas, Europe and Asia.

As of December 31, 2018, our business consisted of the manufacture and sale of display and display related products utilizing TFT-LCD, OLED and other technologies under a single reporting business segment.

2018 Financial highlights by business (based on K-IFRS)

| | <u>(Unit: In 100 millions of Won)</u> |
|-------------------------|---------------------------------------|
| 2018 | Display Business |
| Sales | 243,336 |
| Gross Profit | 30,853 |
| Operating Profit (Loss) | 929 |

B. Major products

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

(Unit: In billions of Won, except percentages)

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| Business area | Sales Type | Items (Market) | Usage | Major trademark | Sales in 2018 (%) |
|---------------|----------------------|--|--|-----------------|-------------------|
| Display | Product/ | Display Panel (Overseas ⁽¹⁾) | Panels for notebook computers, monitors, televisions, smartphones, tablets, etc. | LG Display | 22,747 (93%) |
| | Service/ Other Sales | Display Panel (Korea ⁽¹⁾) | Panels for notebook computers, monitors, televisions, smartphones, tablets, etc. | LG Display | 1,590 (7%) |
| Total | | | | | 24,336 (100%) |

(1) Based on ship-to-party.

(C) Consolidated Financial Statements

LG DISPLAY CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Financial Position

As of December 31, 2018 and 2017

| <i>(In millions of won)</i> | Note | December 31, 2018 | December 31, 2017 |
|--|--------------|---------------------|-------------------|
| Assets | | | |
| Cash and cash equivalents | 4, 26 | ₩ 2,365,022 | 2,602,560 |
| Deposits in banks | 4, 26 | 78,400 | 758,078 |
| Trade accounts and notes receivable, net | 5, 14, 26 28 | 2,829,163 | 4,325,120 |
| Other accounts receivable, net | 5, 26 | 169,313 | 164,827 |
| Other current financial assets | 6, 26 | 46,301 | 27,252 |
| Inventories | 7 | 2,691,203 | 2,350,084 |
| Prepaid income taxes | | 4,516 | 3,854 |
| Other current assets | 5 | 546,048 | 241,928 |
| Non-current Assets Held for Sale | | 70,161 | |
| Total current assets | | 8,800,127 | 10,473,703 |
| Deposits in banks | 4, 26 | 11 | 11 |
| Investments in equity accounted investees | 8 | 113,989 | 122,507 |
| Other non-current accounts receivable, net | | 11,448 | 8,738 |
| Other non-current financial assets | 6, 26 | 144,214 | 59,836 |
| Property, plant and equipment, net | 9 | 21,600,130 | 16,201,960 |
| Intangible assets, net | 10 | 987,642 | 912,821 |
| Deferred tax assets | 24 | 1,136,166 | 985,352 |
| Other non-current assets | 5 | 381,983 | 394,759 |
| Total non-current assets | | 24,375,583 | 18,685,984 |
| Total assets | | ₩ 33,175,710 | 29,159,687 |
| Liabilities | | | |
| Trade accounts and notes payable | 26, 28 | ₩ 3,087,461 | 2,875,090 |
| Current financial liabilities | 11, 26 | 1,553,907 | 1,452,926 |
| Other accounts payable | 26 | 3,566,629 | 3,169,937 |
| Accrued expenses | | 633,346 | 812,615 |
| Income tax payable | | 105,900 | 321,978 |
| Provisions | 13 | 98,254 | 76,016 |
| Advances received | 14 | 834,010 | 194,129 |
| Other current liabilities | 13 | 74,976 | 75,991 |

| | | | |
|---|--------|--------------|------------|
| Total current liabilities | | 9,954,483 | 8,978,682 |
| Non-current financial liabilities | 11, 26 | 7,030,628 | 4,150,192 |
| Non-current provisions | 13 | 32,764 | 28,312 |
| Defined benefit liabilities, net | 12 | 45,360 | 95,447 |
| Long-term advances received | 14 | 1,114,316 | 830,335 |
| Deferred tax liabilities | 24 | 15,087 | 24,646 |
| Other non-current liabilities | 13 | 96,826 | 70,563 |
| Total non-current liabilities | | 8,334,981 | 5,199,495 |
| Total liabilities | | 18,289,464 | 14,178,177 |
| Equity | | | |
| Share capital | 15 | 1,789,079 | 1,789,079 |
| Share premium | | 2,251,113 | 2,251,113 |
| Retained earnings | | 10,239,965 | 10,621,571 |
| Reserves | 15 | (300,968) | (288,280) |
| Total equity attributable to owners of the Controlling Company | | 13,979,189 | 14,373,483 |
| Non-controlling interests | | 907,057 | 608,027 |
| Total equity | | 14,886,246 | 14,981,510 |
| Total liabilities and equity | | ₩ 33,175,710 | 29,159,687 |

See accompanying notes to the consolidated financial statements.

b. Consolidated Statements of Comprehensive Income

For the years ended December 31, 2018 and 2017

| <i>(In millions of won, except earnings per share)</i> | Note | 2018 | 2017 |
|--|-------------|--------------------|------------------|
| Revenue | 16, 17, 28 | ₩ 24,336,571 | 27,790,216 |
| Cost of sales | 7, 28 | (21,251,305) | (22,424,661) |
| Gross profit | | 3,085,266 | 5,365,555 |
| Selling expenses | 19 | (832,963) | (994,483) |
| Administrative expenses | 19 | (938,214) | (696,022) |
| Research and development expenses | | (1,221,198) | (1,213,432) |
| Operating profit | | 92,891 | 2,461,618 |
| Finance income | 22 | 254,131 | 279,019 |
| Finance costs | 22 | (326,893) | (268,856) |
| Other non-operating income | 21 | 1,003,038 | 1,081,746 |
| Other non-operating expenses | 21 | (1,115,233) | (1,230,455) |
| Equity in income of equity accounted investees, net | 8 | 700 | 9,560 |
| Profit before income tax | | (91,366) | 2,332,632 |
| Income tax expense | 23 | (88,077) | (395,580) |
| Profit for the year | | (179,443) | 1,937,052 |
| Other comprehensive income (loss) | | | |
| Items that will never be reclassified to profit or loss | | | |
| Remeasurements of net defined benefit liabilities | 12, 23 | 5,690 | (16,260) |
| Other comprehensive income from associates and joint ventures | | 20 | 441 |
| Related income tax | 12, 23 | (1,169) | 9,259 |
| | | 4,541 | (6,560) |
| Items that are or may be reclassified to profit or loss | | | |
| Net change in fair value of available-for-sale financial assets | 22, 23 | | |
| Foreign currency translation differences for foreign operations | 22, 23 | (19,987) | (231,738) |
| Other comprehensive income (loss) from associates and joint ventures | 23 | 37 | 905 |
| Related income tax | 23 | | |
| | | (19,950) | (230,833) |
| Other comprehensive income (loss) for the year, net of income tax | | (15,409) | (237,393) |
| Total comprehensive income for the year | | ₩ (194,852) | 1,699,659 |
| Profit attributable to: | | | |
| Owners of the Controlling Company | | (207,239) | 1,802,756 |
| Non-controlling interests | | 27,796 | 134,296 |

| | | | | |
|--|----|---|-----------|-----------|
| Profit for the year | | ₩ | (179,443) | 1,937,052 |
| Total comprehensive income attributable to: | | | | |
| Owners of the Controlling Company | | | (215,386) | 1,596,394 |
| Non-controlling interests | | | 20,534 | 103,265 |
| Total comprehensive income for the year | | ₩ | (194,852) | 1,699,659 |
| Earnings per share (In won) | | | | |
| Basic earnings per share | 25 | ₩ | (579) | 5,038 |
| Diluted earnings per share | 25 | ₩ | (579) | 5,038 |

See accompanying notes to the consolidated financial statements.

C. Consolidated Statements of Changes in Equity (Appendix-1)**D. Consolidated Statements of Cash Flows**

For the years ended December 31, 2018 and 2017

| <i>(In millions of won)</i> | Note | 2018 | 2017 |
|--|-------------|-------------|-------------|
| Cash flows from operating activities: | | | |
| Profit for the year | | ₩ (179,443) | 1,937,052 |
| Adjustments for: | | | |
| Income tax expense | 23 | 88,077 | 395,580 |
| Depreciation | 9,18 | 3,123,659 | 2,791,883 |
| Amortization of intangible assets | 10,18 | 430,906 | 422,693 |
| Gain on foreign currency translation | | (84,643) | (187,558) |
| Loss on foreign currency translation | | 138,452 | 174,919 |
| Expenses related to defined benefit plans | 12,20 | 179,880 | 198,241 |
| Gain on disposal of property, plant and equipment | | (6,620) | (101,227) |
| Loss on disposal of property, plant and equipment | | 15,048 | 20,030 |
| Impairment loss on property, plant and equipment | | 43,601 | |
| Gain on disposal of intangible assets | | (239) | (308) |
| Loss on disposal of intangible assets | | | 30 |
| Impairment loss on intangible assets | | 82 | 1,809 |
| Reversal of impairment loss on intangible assets | | (348) | (35) |
| Warranty expense | | 234,928 | 251,131 |
| Finance income | | (101,313) | (202,591) |
| Finance costs | | 173,975 | 142,591 |
| Equity in income of equity method accounted investees, net | 8 | (701) | (9,560) |
| Other income | | (3,310) | (16,812) |
| Other expenses | | 593 | 1,870 |
| | | 4,232,027 | 3,882,686 |
| Changes in | | | |
| Trade accounts and notes receivable | | 1,304,963 | 484,592 |
| Other accounts receivable | | (56,870) | (3,004) |
| Inventories | | (449,901) | (55,979) |
| Other current assets | | (249,968) | 180,844 |
| Other non-current assets | | (61,164) | (119,002) |
| Trade accounts and notes payable | | 267,358 | 113,590 |

| | | |
|--|-------------------|------------------|
| Other accounts payable | (111,053) | 106,930 |
| Accrued expenses | (194,394) | 181,509 |
| Provisions | (217,984) | (210,973) |
| Other current liabilities | 78,849 | (585) |
| Defined benefit liabilities, net | (224,335) | (261,966) |
| Long-term advances received | 948,276 | 1,020,470 |
| Other non-current liabilities | 24,510 | 5,974 |
| | 1,058,287 | 1,442,400 |
| Cash generated from operating activities | 5,110,871 | 7,262,138 |
| Income taxes paid | (486,549) | (416,794) |
| Interests received | 71,819 | 55,340 |
| Interests paid | (212,019) | (136,483) |
| Net cash provided by operating activities | ₩4,484,122 | 6,764,201 |

Consolidated Statements of Cash Flows, Continued

For the years ended December 31, 2018 and 2017

| <i>(In millions of won)</i> | Note | 2018 | 2017 |
|---|------|--------------------|--------------------|
| Cash flows from investing activities: | | | |
| Dividends received | | ₩ 5,272 | 8,639 |
| Proceeds from withdrawal of deposits in banks | | 1,454,561 | 2,206,148 |
| Increase in deposits in banks | | (775,239) | (1,803,718) |
| Acquisition of available-for-sale financial assets | | | (273) |
| Proceeds from disposal of available-for-sale financial assets | | | 917 |
| Acquisition of financial assets at fair value through profit or loss | | (431) | |
| Proceeds from disposal of financial assets at fair value through other comprehensive income | | 6 | |
| Acquisition of investments in equity accounted investees | | (14,732) | (20,309) |
| Proceeds from disposal of investments in equity accounted investees | | 4,527 | 13,128 |
| Acquisition of property, plant and equipment | | (7,942,209) | (6,592,435) |
| Proceeds from disposal of property, plant and equipment | | 142,088 | 160,252 |
| Acquisition of intangible assets | | (480,607) | (454,448) |
| Proceeds from disposal of intangible assets | | 960 | 1,674 |
| Government grants received | | 1,210 | 1,859 |
| Receipt from settlement of derivatives | | 2,026 | 2,592 |
| Increase in short-term loans | | (7,700) | |
| Proceeds from collection of short-term loans | | 15,968 | 1,118 |
| Increase in long-term loans | | (36,580) | (13,930) |
| Decrease in deposits | | 4,136 | 4,272 |
| Increase in deposits | | (58,794) | (2,648) |
| Proceeds from disposal of emission rights | | 10,200 | 6,090 |
| Net cash used in investing activities | | (7,675,338) | (6,481,072) |
| Cash flows from financing activities: | | | |
| | 27 | | |
| Proceeds from short-term borrowings | | 552,163 | |
| Repayments of short-term borrowings | | (552,884) | (105,864) |
| Proceeds from issuance of debentures | | 828,169 | 497,959 |
| Proceeds from long-term debt | | 3,882,959 | 1,195,415 |
| Repayments of long-term debt | | | |
| Repayments of current portion of long-term debt and debentures | | (1,859,098) | (544,731) |
| Capital contribution from non-controlling interests | | 331,603 | 4,300 |
| Subsidiaries dividends distributed to non-controlling interests | | (51,085) | (5,929) |
| Dividends paid | | (178,908) | (178,908) |
| Net cash provided by financing activities | | 2,952,919 | 862,242 |
| Net increase in cash and cash equivalents | | (238,297) | 1,145,371 |
| Cash and cash equivalents at January 1 | | 2,602,560 | 1,558,696 |

| | | |
|---|--------------------|------------------|
| Effect of exchange rate fluctuations on cash held | 759 | (101,507) |
| Cash and cash equivalents at December 31 | ₩ 2,365,022 | 2,602,560 |

See accompanying notes to the consolidated financial statements.

e. Notes to the Consolidated Financial Statements

1. Reporting Entity

(a) Description of the Controlling Company

LG Display Co., Ltd. (the Controlling Company) was incorporated in February 1985 and the Controlling Company is a public corporation listed in the Korea Exchange since 2004. The main business of the Controlling Company and its subsidiaries (the Group) is to manufacture and sell displays and its related products. As of December 31, 2018, the Group is operating Thin Film Transistor Liquid Crystal Display (TFT-LCD) and Organic Light Emitting Diode (OLED) panel manufacturing plants in Gumi, Paju and China and TFT-LCD and OLED module manufacturing plants in Gumi, Paju, China, Poland and Vietnam. The Controlling Company is domiciled in the Republic of Korea with its address at 128 Yeouidae-ro, Yeongdeungpo-gu, Seoul, the Republic of Korea. As of December 31, 2018, LG Electronics Inc., a major shareholder of the Controlling Company, owns 37.9% (135,625,000 shares) of the Controlling Company's common stock.

The Controlling Company's common stock is listed on the Korea Exchange under the identifying code 034220. As of December 31, 2018, there are 357,815,700 shares of common stock outstanding. The Controlling Company's common stock is also listed on the New York Stock Exchange in the form of American Depositary Shares (ADSs) under the symbol LPL. One ADS represents one-half of one share of common stock. As of December 31, 2018, there are 20,890,926 ADSs outstanding.

1. Reporting Entity, Continued(b) Consolidated Subsidiaries as of December 31, 2017*(In millions)*

| Subsidiaries | Location | Percentage of ownership | Fiscal year end | Date of incorporation | Business | Capital stocks | |
|---|-------------------|--------------------------------|------------------------|------------------------------|--|-----------------------|-------|
| LG Display America, Inc. | San Jose, U.S.A. | 100% | December 31 | September 24, 1999 | Sell Display products | USD | 411 |
| LG Display Japan Co., Ltd. | Tokyo, Japan | 100% | December 31 | October 12, 1999 | Sell Display products | JPY | 95 |
| LG Display Germany GmbH | Eschborn, Germany | 100% | December 31 | November 5, 1999 | Sell Display products | EUR | 1 |
| LG Display Taiwan Co., Ltd. | Taipei, Taiwan | 100% | December 31 | April 12, 1999 | Sell Display products | NTD | 116 |
| LG Display Nanjing Co., Ltd. | Nanjing, China | 100% | December 31 | July 15, 2002 | Manufacture Display products | CNY | 3,020 |
| LG Display Shanghai Co., Ltd. | Shanghai, China | 100% | December 31 | January 16, 2003 | Sell Display products | CNY | 4 |
| LG Display Poland Sp. z o.o. | Wroclaw, Poland | 100% | December 31 | September 6, 2005 | Manufacture Display products | PLN | 511 |
| LG Display Guangzhou Co., Ltd. | Guangzhou, China | 100% | December 31 | June 30, 2006 | Manufacture Display products | CNY | 1,655 |
| LG Display Shenzhen Co., Ltd. | Shenzhen, China | 100% | December 31 | August 28, 2007 | Sell Display products | CNY | 4 |
| LG Display Singapore Pte. Ltd. | Singapore | 100% | December 31 | January 12, 2009 | Sell Display products | USD | 1.1 |
| L&T Display Technology (Fujian) Limited | Fujian, China | 51% | December 31 | January 5, 2010 | Manufacture and sell LCD module and LCD monitor sets | CNY | 116 |
| LG Display Yantai Co., Ltd. | Yantai, China | 100% | December 31 | April 19, 2010 | Manufacture Display products | CNY | 1,008 |
| Nanumnuri Co., Ltd. | Gumi, South Korea | 100% | December 31 | March 21, 2012 | Janitorial services | KRW | 800 |
| LG Display (China) Co., Ltd. | Guangzhou, China | 70% | December 31 | December 10, 2012 | Manufacture and sell Display products | CNY | 8,232 |
| | | 100% | December 31 | March 12, | | USD | 9 |

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| | | | | | | | |
|---|--------------------|------|-------------|-------------------|--|-----|--------|
| Unified Innovative Technology, LLC | Wilmington, U.S.A. | | | 2014 | Manage intellectual property | | |
| LG Display Guangzhou Trading Co., Ltd. | Guangzhou, China | 100% | December 31 | April 28, 2015 | Sell Display products | CNY | 1.2 |
| Global OLED Technology, LLC | Herndon, U.S.A. | 100% | December 31 | December 18, 2009 | Manage OLED intellectual property | USD | 138 |
| LG Display Vietnam Haiphong Co., Ltd.(*1) | Haiphong, Vietnam | 100% | December 31 | May 5, 2016 | Manufacture Display products | USD | 100 |
| Suzhou Lehui Display Co., Ltd. | Suzhou, China | 100% | December 31 | July 1, 2016 | Manufacture and sell LCD module and LCD monitor sets | CNY | 637 |
| LG DISPLAY FUND I LLC(*2) | Wilmington, U.S.A. | 100% | December 31 | May 1, 2018 | Invest in venture business and obtain technologies | USD | 2- |
| LG Display High-Tech (China) Co., Ltd. (*3) | Guangzhou, China | 69% | December 31 | July 11, 2018 | Manufacture Display products | CNY | 6,517 |
| Money Market Trust(*4) | Seoul, South Korea | 100% | December 31 | | Money market trust | KRW | 24,501 |

1. Reporting Entity, Continued(b) Consolidated Subsidiaries as of December 31, 2018, Continued

(*1) For the year ended December 31, 2018, the Controlling Company contributed ₩212,600 million in cash for the capital increase of LG Display Vietnam Haiphong Co., Ltd. (LGDVN). There was no change in the Controlling Company's ownership percentage in LGDVN as a result of this additional investment.

(*2) For the year ended December 31, 2018, the Controlling Company established LG DISPLAY FUND I LLC in Wilmington, U.S.A. to invest in venture business and the Controlling Company has a 100% equity interest of this subsidiary.

(*3) For the year ended December 31, 2018, the Controlling Company established LG Display High-Tech (China) Co., Ltd. in Guangzhou China to manufacture Display products and the Group has a 69% equity interest of this subsidiary.

(*4) For the year ended December 31, 2018, the Controlling Company acquired and disposed interests in Money Market Trust (MMT) and the MMT amount as of December 31, 2018 is ₩24,501 million.

₩90,281 million and ₩603,493 million, respectively, are attributable to the Controlling Company over the distributed dividends from consolidated subsidiaries for the years ended December 31, 2018 and 2017.

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

(In millions of won)

| Subsidiaries | December 31, 2018 | | | 2018 | |
|---|-------------------|-------------------|---------------------------|-----------|-------------------|
| | Total assets | Total liabilities | Total shareholders equity | Sales | Net income (loss) |
| LG Display America, Inc. | 1,048,112 | 1,035,975 | 12,137 | 8,985,127 | 7,268 |
| LG Display Japan Co., Ltd. | 374,356 | 370,860 | 3,496 | 2,388,644 | 2,359 |
| LG Display Germany GmbH | 451,328 | 444,676 | 6,653 | 1,780,233 | 4,322 |
| LG Display Taiwan Co., Ltd. | 294,103 | 280,794 | 13,308 | 1,558,166 | 2,653 |
| LG Display Nanjing Co., Ltd. | 1,397,886 | 758,499 | 639,387 | 1,738,895 | 55,623 |
| LG Display Shanghai Co., Ltd. | 931,773 | 921,289 | 10,483 | 994,258 | 5,977 |
| LG Display Poland Sp. z o.o. | 165,079 | 5,308 | 159,771 | 38,437 | 249 |
| LG Display Guangzhou Co., Ltd. | 2,689,670 | 1,860,804 | 828,866 | 2,366,355 | 293,222 |
| LG Display Shenzhen Co., Ltd. | 50,337 | 43,636 | 6,701 | 1,370,364 | 3,386 |
| LG Display Singapore Pte. Ltd. | 152,768 | 149,405 | 3,363 | 1,099,288 | 2,471 |
| L&T Display Technology (Fujian) Limited | 293,025 | 231,955 | 61,070 | 1,156,111 | (1,937) |
| LG Display Yantai Co., Ltd. | 1,336,692 | 989,121 | 347,570 | 1,459,165 | 53,480 |
| Nanumnuri Co., Ltd. | 5,171 | 3,757 | 1,414 | 22,964 | 295 |
| LG Display (China) Co., Ltd. | 2,780,364 | 932,526 | 1,847,838 | 2,573,254 | 106,269 |
| Unified Innovative Technology, LLC | 4,898 | 3 | 4,895 | | (986) |
| LG Display Guangzhou Trading Co., Ltd. | 485,800 | 483,502 | 2,298 | 807,536 | 1,266 |
| Global OLED Technology, LLC | 81,922 | 18,537 | 63,386 | 7,962 | (5,232) |
| LG Display Vietnam Haiphong Co., Ltd. | 2,342,774 | 1,963,922 | 378,852 | 871,755 | 60,923 |
| Suzhou Lehui Display Co., Ltd | 212,138 | 95,359 | 116,779 | 365,914 | 5,018 |
| LG DISPLAY FUND I LLC | 7 | | 7 | | (2,242) |
| LG Display High-Tech (China) Co., Ltd. | 3,258,830 | 2,208,244 | 1,050,585 | | (10,152) |

| | | | | |
|------------|------------|-----------|------------|---------|
| 18,357,033 | 12,798,172 | 5,558,859 | 29,584,428 | 584,232 |
|------------|------------|-----------|------------|---------|

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

| | December 31, 2017 | | | 2017 | |
|---|-------------------|----------------------|---------------------------------|------------|----------------------|
| | Total assets | Total liabilities | Total shareholders equity | Sales | Net income (loss) |
| Subsidiaries | | | | | |
| LG Display America, Inc. | 1,805,429 | 1,801,175 | 4,254 | 11,000,647 | 268 |
| LG Display Japan Co., Ltd. | 245,128 | 244,041 | 1,087 | 2,484,558 | 263 |
| LG Display Germany GmbH | 519,989 | 517,559 | 2,430 | 1,846,424 | 1,441 |
| LG Display Taiwan Co., Ltd. | 450,202 | 439,753 | 10,449 | 1,699,164 | 2,303 |
| LG Display Nanjing Co., Ltd. | 690,353 | 101,291 | 589,062 | 527,566 | 45,649 |
| LG Display Shanghai Co., Ltd. | 723,893 | 719,200 | 4,693 | 1,334,361 | 3,288 |
| LG Display Poland Sp. z o.o. | 173,243 | 8,419 | 164,825 | 35,722 | 1,228 |
| LG Display Guangzhou Co., Ltd. | 1,864,870 | 1,321,134 | 543,735 | 2,544,600 | 143,402 |
| LG Display Shenzhen Co., Ltd. | 230,670 | 227,288 | 3,383 | 1,870,152 | 2,384 |
| LG Display Singapore Pte. Ltd. | 365,426 | 364,604 | 822 | 968,583 | 1,082 |
| L&T Display Technology (Fujian) Limited | 322,684 | 259,558 | 63,126 | 1,348,391 | (6,912) |
| LG Display Yantai Co., Ltd. | 1,239,341 | 944,190 | 295,152 | 2,212,055 | 102,017 |
| Nanumnuri Co., Ltd. | 5,659 | 4,540 | 1,119 | 21,530 | 109 |
| LG Display (China) Co., Ltd. | 3,395,779 | 1,473,781 | 1,921,998 | 2,922,116 | 458,940 |
| Unified Innovative Technology, LLC | 5,664 | 14 | 5,650 | | (1,025) |
| LG Display Guangzhou Trading Co., Ltd. | 98,079 | 97,038 | 1,041 | 626,322 | 852 |
| Global OLED Technology, LLC | 79,429 | 13,616 | 65,813 | 8,160 | (4,779) |
| LG Display Vietnam Haiphong Co., Ltd. | 1,066,218 | 976,339 | 89,879 | 148,725 | (14,543) |
| Suzhou Lehui Display Co., Ltd | 202,661 | 90,123 | 112,538 | 408,797 | 3,721 |
| | 13,484,717 | 9,603,663 | 3,881,056 | 32,007,873 | 739,688 |

2. Basis of Presenting Financial Statements(a) Statement of Compliance

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

The consolidated financial statements were authorized for issuance by the Board of Directors on January 19, 2019, which will be submitted for approval to the shareholders meeting to be held on March 15, 2018.

2. Basis of Presenting Financial Statements, Continued

(b) Basis of Measurement

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

derivative instruments, financial assets at fair value through profit or loss and available-for-sale financial assets are measured at fair value, and

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

(c) Functional and Presentation Currency

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

(d) Use of Estimates and Judgments

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

In preparing these condensed consolidated interim financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied in the last annual financial statements, except for new significant judgments and key sources of estimation uncertainty related to the application of K-IFRS No. 1109, K-IFRS No. 1115 in Note 3 and the change in useful life of Mask and Mold.

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

Classification of financial instruments (note 3.(d))

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

Recognition and measurement of provisions (note 3.(j), 13 and 14(a))

Measurement of defined benefit obligations (note 12)

Deferred tax assets and liabilities (note 24)

3. Summary of Significant Accounting Policies

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

(a) Consolidation

(i) Business Combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognized in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities in accordance with K-IFRS No. 1032 and K-IFRS No. 1109. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in profit or loss.

(ii) Subsidiaries

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

(iii) Non-controlling interests

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

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

(iv) Loss of Control

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

3. Summary of Significant Accounting Policies, Continued

(a) Consolidation, Continued

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

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

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

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

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

(vi) Transactions eliminated on consolidation

Intra-group balances and transactions, including income and expenses and any unrealized income and expenses and balance of trade accounts and notes receivable and payable arising from intra-group transactions, are eliminated. Unrealized gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

3. Summary of Significant Accounting Policies, Continued

(b) Foreign Currency Transactions and Translation

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

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

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

(c) Cash and cash equivalents

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

3. Summary of Significant Accounting Policies, Continued

(d) Inventories

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

(e) Financial Instruments

(i) Non-derivative financial assets

Under K-IFRS No. 1109, on initial recognition, a financial asset is classified as measured at: amortized cost; FVOCI-debt investment; FVOCI-equity investment; or FVTPL. The classification of financial assets under K-IFRS 1109 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

It is held within a business model whose objective is to hold assets to collect contractual cash flow; and

its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

3. Summary of Significant Accounting Policies, Continued

(e) Financial Instruments, Continued

The following accounting policies apply to the subsequent measurement of financial assets.

| | |
|------------------------------------|--|
| Financial assets at FVTPL | These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss. |
| Financial assets at amortized cost | These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss. |
| Debt investments at FVOCI | These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss. |

(ii) Non-derivative financial liabilities

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

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

Non-derivative financial liabilities other than financial liabilities classified as FVTPL are classified as other financial liabilities and measured initially at fair value minus transaction costs that are directly attributable to the issuance of financial liabilities. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method. As of December 31, 2017, non-derivative financial liabilities comprise borrowings, bonds and others.

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

(iii) Share Capital

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

(iv) Derivative financial instruments

Derivatives are initially recognized at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

3. Summary of Significant Accounting Policies, Continued

(e) Financial Instruments, Continued

(iv) Derivative financial instruments, Continued

Hedge Accounting

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

On initial designation of the hedge, the Group's management formally designates and documents the relationship between the hedging instrument(s) and hedged item(s), including the risk management objectives and strategy in undertaking the hedge transaction, together with the methods that will be used to assess the effectiveness of the hedging relationship, both at the inception of the hedge relationship as well as on an ongoing basis.

i) Fair value hedges

Change in the fair value of a derivative hedging instrument designated as a fair value hedge and the hedged item is recognized in profit or loss, respectively. The gain or loss from remeasuring the hedging instrument at fair value and the gain or loss on the hedged item attributable to the hedged risk are recognized in profit or loss in the same line item of the statement of comprehensive income. The Group discontinues fair value hedge accounting if it does not designate the derivative hedging instrument and the hedged item as the hedge relationship between them anymore or if the hedging instrument expires or is sold, terminated or exercised, or if the hedge no longer meets the criteria for hedge accounting. Any adjustment arising from gain or loss on the hedged item attributable to the hedged risk is amortized to profit or loss from the date the hedge accounting is discontinued.

ii) Cash flow hedges

When a derivative designated as a cash flow hedging instrument meets the criteria of cash flow hedge accounting, the effective portion of changes in the fair value of the derivative is recognized in other comprehensive income and the ineffective portion of changes in the fair value of the derivative is recognized in profit or loss. The Group discontinues cash flow hedge accounting if it does not designate the derivative hedging instrument and the hedged item as the hedge relationship between them any more or if the hedging instruments expires or is sold, terminated or exercised, or if the hedge no longer meets the criteria for hedge accounting. The cumulative gain or loss on the hedging instrument that has been recognized in other comprehensive income is reclassified to profit or loss in the periods during which the forecasted transaction occurs. If the forecasted transaction is no longer expected to occur, then the balance in other comprehensive income is recognized immediately in profit or loss.

Embedded derivative

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

3. Summary of Significant Accounting Policies, Continued

Other derivative financial instruments

Derivative financial instruments are measured at fair value and changes of them not designated as a hedging instrument or not effective for hedging are recognized in profit or loss.

(f) Property, Plant and Equipment

(i) Recognition and measurement

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

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

(ii) Subsequent costs

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

(iii) Depreciation

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

Estimated useful lives of the assets are as follows:

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

Depreciation methods, useful lives and residual values are reviewed at each financial yearend and adjusted if appropriate and any changes are accounted for as changes in accounting estimates. There were no such changes for all periods presented.

Based on the review of the past accumulated usage information that became available, the Group management reassessed the economic useful life of the Mask and Mold which had previously been classified as inventory. The balances of such Mask and Mold inventories amounted to ₩111,456 million as of December 31, 2017. Based on the results of the reassessment, the Group changed useful lives of Mask and Mold to two years and accounted for the change as a change in accounting estimate. The Group also changed the classification of Mask and Mold to property, plant and equipment

3. Summary of Significant Accounting Policies, Continued

(g) Borrowing Costs

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

(h) Government Grants

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

(i) Grants related to the purchase or construction of assets

A government grant related to the purchase or construction of assets is deducted in calculating the carrying amount of the asset. The grant is recognized in profit or loss over the life of a depreciable asset as a reduced depreciation expense and cash related to grant received is presented in investing activities in the statement of cash flows.

(ii) Grants for compensating the Group's expenses incurred

A government grant that compensates the Group for expenses incurred is recognized in profit or loss as a deduction from relevant expenses on a systematic basis in the periods in which the expenses are recognized.

(iii) Other government grants

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

(i) Intangible Assets

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

(i) Goodwill

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

3. Summary of Significant Accounting Policies, Continued

(i) Intangible Assets, Continued

(ii) Research and development

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

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

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

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

its ability to use or sell the intangible asset,

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

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

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

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

(iii) Other intangible assets

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

(iv) Subsequent costs

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

3. Summary of Significant Accounting Policies, Continued

(i) Intangible Assets, Continued

(v) Amortization

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

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

(*) Capitalized development costs are amortized over the useful life considering the life cycle of the developed products. Amortization of capitalized development costs is recognized in research and development expenses in the consolidated statement of comprehensive income.

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

(j) Impairment

(i) Financial assets

The Group recognized loss allowances for an expected credit loss as below .

Financial assets at amortized cost

Financial assets at fair value through other comprehensive income

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

At each reporting date, the Group assesses whether financial assets carried at amortized cost and debt instruments at FVOCI are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt instruments at FVOCI, the loss allowance is recognized in OCI, instead of reducing the carrying amount of the asset.

3. Summary of Significant Accounting Policies, Continued

(j) Impairment, Continued

(ii) Non-financial assets

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

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

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

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

3. Summary of Significant Accounting Policies, Continued

(k) Provisions

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

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

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

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

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

(l) Employee Benefits

(i) Short-term employee benefits

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

(ii) Other long-term employee benefits

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

3. Summary of Significant Accounting Policies, Continued

(l) Employee Benefits, Continued

(iii) Defined contribution plan

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

(iv) Defined benefit plan

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

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

The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Consequently, the net interest on the net defined benefit liability (asset) now comprises: interest cost on the defined benefit obligation, interest income on plan assets, and interest on the effect on the asset ceiling.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(m) Revenue

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of estimated returns, earned trade discounts, volume rebates and other cash incentives paid to customers.

The Group adopted K-IFRS No. 1115, Revenue from contracts with customers, as of January 1, 2018. K-IFRS No. 1115 establishes a single new revenue recognition standard for contracts with customers and introduces a five-step model as below.

The steps in five-step model are as follows:

- a) Identify the contract with a customer.
- b) Identify the performance obligations in the contract.
- c) Determine the transaction price.
- d) Allocate the transaction price to the performance obligations in the contract.
- e) Recognize revenue when (or as) the entity satisfies a performance obligation.

The consideration received from customers may be variable as the Group allows its customers to return of the Display Panel product.

The Group recognized refund liabilities as substantial amount compare to gross sales profit for expected return of goods until the end of December 31, 2018.

The Group shall estimate an amount of variable consideration by using the expected value or the most likely amount, depending on which method the entity expects to better predict the amount of consideration to which it will be entitled and include in the transaction price some or all of an amount of variable consideration estimated only to the extent that is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when return period expires.

The Group shall recognize refund liability measured at the amount of consideration received (or receivable) to which the Group does not expect to be entitled and a new asset for the right to recover returned goods.

On the other hand, VAT received from customers and paid to the government is not recognized as gain comprehensive income statement

3. Summary of Significant Accounting Policies, Continued

(n) Operating Segments

An operating segment is a component of the Group that: 1) engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with other components of the group, 2) whose operating results are reviewed regularly by the Group's chief operating decision maker (CODM) in order to allocate resources and assess its performance, and 3) for which discrete financial information is available. Management has determined that the CODM of the Group is the Board of Directors. The CODM does not receive and therefore does not review discrete financial information for any component of the Group. Consequently, no operating segment information is included in these consolidated financial statements. Entity wide disclosures of geographic and product revenue information are provided in note 17 to these consolidated financial statements.

(o) Finance Income and Finance Costs

Financial income and financial expenses of the Group consist of the following:

interest income

Interest expenses

Dividend income

Other comprehensive income net profit or loss on disposal of investment assets on debt instruments measured at fair value

Profit or loss Net profit or loss on financial assets measured at fair value

Foreign exchange gains and losses on financial assets and financial liabilities

Amortized cost or other comprehensive income impairment loss (or reversal of impairment loss) arising on investments in debt instruments measured at fair value

Interest income or expense is recognized using the effective interest method. Dividend income is recognized when the Group's right to receive dividends is established. Interest expense on borrowings directly related to the acquisition, construction or production of qualifying assets is included in the acquisition cost of the related assets.

(p) Income Tax

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

comprehensive income.

(i) Current tax

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

3. Summary of Significant Accounting Policies, Continued

(p) Income Tax, Continued

(ii) Deferred tax

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

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

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

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

(q) Earnings Per Share

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

3. Summary of Significant Accounting Policies, Continued(r) Change in Accounting Policies

The Group has consistently applied the accounting policies to the consolidated financial statements for 2018 and 2017 except for the new amendment effective for annual periods beginning on or after January 1, 2018 as mentioned below.

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

K-IFRS No. 1109 set out requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standards replaces K-IFRS No. 1039 *Financial Instruments: Recognition and Measurement*. The Group adopted K-IFRS No. 1109, *Financial Instruments*, from January 1, 2018, and the Group has taken an exemption not to restate the financial statements for prior years with respects to transition requirements.

The details of new significant accounting policies and the nature and effect of the changes to previous accounting policies are set out below. There is no impact on the opening balance of retained earnings at January 1, 2018.

i) Classification and measurement of financial assets and financial liabilities

K-IFRS No. 1109 largely retains the existing requirements in K-IFRS No. 1039 for the classification and measurement of financial liabilities. However, it eliminates the previous K-IFRS No. 1039 categories for financial assets of held to maturity, loans and receivables and available for sale.

The adoption K-IFRS No. 1109 has not had a significant effect on the Group's accounting policies related to financial liabilities and derivative financial instruments. The following table below explain the original measurement categories under K-IFRS No. 1039 and the changes in measurement categories under K-IFRS No. 1109 for each class of the Group's financial assets as at January 1, 2018 are as below.

| <i>(In millions of won)</i> | Classification under K-IFRS No. 1039 | Classification under K-IFRS No. 1109 | Carrying amount under K-IFRS No. 1039 | Carrying amount under K-IFRS No. 1109 | Difference |
|-----------------------------|--|--|--|--|------------|
| Financial assets | | | | | |
| Cash and cash equivalents | Loans and receivables | Amortized cost | ₩ 2,602,560 | 2,602,560 | |
| Deposits | Loans and receivables | Amortized cost | 758,089 | 758,089 | |
| Trade receivables | Loans and receivables | Amortized cost | 4,325,120 | 4,325,120 | |
| Other receivables | Loans and receivables | Amortized cost | 173,565 | 173,565 | |
| Debt instrument | | FVOCI-debt | | | |
| | Available-for-sale | instrument | 162 | 162 | |
| Equity instrument | | Mandatorily at | | | |
| | Available-for-sale | FVTPL | 4,980 | 4,980 | |
| Convertible bonds | | Mandatorily at | | | |
| | Designated as at FVTPL | FVTPL | 1,552 | 1,552 | |
| Derivatives | | Mandatorily at | | | |
| | Designated as at FVTPL | FVTPL | 842 | 842 | |

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| | | | | |
|------------------------|-----------------------|----------------|------------------------|-----------|
| Others | Loans and receivables | Amortized cost | 79,552 | 79,552 |
| Total financial assets | | | ₩ 7,946,422 | 7,946,422 |

As of January 1, 2018, there were no financial liabilities measured at FVTPL.

ii) Impairment of financial assets

K-IFRS No. 1109 replaces the incurred loss model in K-IFRS No. 1039 with an expected credit loss (ECL) model. The new impairment model applies to financial assets measured at amortized cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Under K-IFRS No. 1109, credit losses are recognized earlier than under K-IFRS No. 1039.

As a result of applying the loss allowances model under K-IFRS No. 1109, as of January 1, 2018, there are no additional loss allowances as compared with the loss allowances under K-IFRS No. 1039.

iii) Hedge Accounting

When initially applying K-IFRS No. 1109, the Group elected as its accounting policy to continue to apply hedge accounting requirements under K-IFRS No. 1039 instead of the requirements in K-IFRS No. 1109. As of January 1, 2018, there is no impact on the condensed consolidated interim financial statement of the Group resulting from the application of the requirements in K-IFRS No. 1109.

(ii) K-IFRS No. 1115, Revenue from Contracts with Customers

K-IFRS No. 1115, *Revenue from contracts with customers*, establishes a comprehensive framework for determining whether, how much and when revenue is recognized. K-IFRS No. 1115 replaces existing revenue recognition guidance, including K-IFRS No. 1018 *Revenue*, K-IFRS No. 1011, *Construction Contracts*, K-IFRS No. 2031, *Revenue: Barter Transactions Involving Advertising Services*, K-IFRS No. 2113, *Customer Loyalty Programmes*, K-IFRS No. 2115, *Agreements for the Construction of Real Estate* and K-IFRS No. 2118, *Transfers of Assets from Customers*.

The Group has initially applied K-IFRS No. 1115, *Revenue from contracts with customers*, from January 1, 2018. Regarding transition to K-IFRS No. 1115, the Group has decided to apply the cumulative effect method, i.e. recognizing the cumulative effect of applying K-IFRS No. 1115 at the date of initial application, which is January 1, 2018, without restatement of the comparative periods presented. The impact on its condensed consolidated interim financial statements resulting from the application of the new standard is as follows.

(i) Variable Consideration

The consideration received from customers may be variable as the Group allows its customers to return their products according to the contracts. For the year-ended December 31, 2018, the Group recognizes a provision measured at the gross profit for products sold which are expected to be returned. Under K-IFRS No. 1115, the Group shall estimate an amount of variable consideration by using the expected value or the most likely amount, depending on which method the entity expects to better predict the amount of consideration to which it will be entitled and include in the transaction price some or all of an amount of variable consideration estimated only to the extent that is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when return period expires. The Group shall recognize refund liability measured at the amount of consideration received (or receivable) to which the Group does not expect to be entitled and a new asset for the right to recover returned goods. As a result of this change, the refund liability and a new asset for the right to recover returned goods increased by ₩9,789 million, respectively, as of January 1, 2018. There is no impact on the opening balance of retained earnings at January 1, 2018. (Note 5(d), 13(a))

The effect of the application of K-IFRS No. 1115 on the Group's consolidated interim statement of financial position as of December 31, 2018 is as follows. There is no impact on the condensed consolidated interim statement of comprehensive income and the cash flows for the year ended December 31, 2018.

(in millions won)

| Categories | Adoption of K-IFRS No. 1115 | Adjustments | Adoption of K-IFRS No. 1018 |
|----------------------------|--|--------------------|--|
| Current Assets | | | |
| Other current assets | ₩ 616,209 | (7,489) | 608,720 |
| Current Liabilities | | | |
| Provisions | ₩ 98,254 | (7,489) | 90,765 |

(ii) K-IFRS No. 2122, *Foreign Currency Transactions and Advance Consideration*

According to the new interpretation, K-IFRS No. 2122, *Foreign Currency Transactions and Advance Consideration*, the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) is the date on which an entity initially recognizes the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration. If there are multiple payments or receipts in advance, the entity shall determine a date of the transaction for each payment or receipt of advance consideration. There is no significant impact on the condensed consolidated interim financial statements of the Group.

3. Summary of Significant Accounting Policies, Continued

(b) New Standards and Amendments Not Yet Adopted

The following new standard is effective for annual periods beginning after January 1, 2018 and earlier application is permitted; however, the Group has not early adopted the following new standard in preparing these condensed consolidated interim financial statements.

(i) K-IFRS No. 1116, Leases

The Group plans to adopt K-IFRS No. 1116, *Leases*, in its consolidated financial statements for annual period beginning on January 1, 2019, assess the financial impact of the adoption of K-IFRS No. 1116 and disclose the results in its consolidated financial statements for the year ending December 31, 2018. As of September 30, 2018, other than the potential impacts described in the consolidated financial statements as of and for the year ended December 31, 2017, there are no significant changes in relation to preparation for the adoption of this new standard.

The Controlling Company will apply K-IFRS No. 1116 from the beginning of the fiscal year starting on January 1, 2019. At the date of commitment, the Controlling Company determines whether the contract is a lease or whether the contract includes a lease, and identifies whether the contract includes a lease or lease in accordance with the standard on the date of initial application. However, the Controlling Company may not re-judge all contracts by applying the simplified method for contracts before the first application date. Under the simplified method, the Group recognizes lease assets as January 1, 2019 amounting to ₩168,439 million.

4. Cash and Cash Equivalents and Deposits in Banks

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

(In millions of won)

| | December 31, 2018 | December 31, 2017 |
|----------------------------------|-------------------|-------------------|
| Current assets | | |
| Cash and cash equivalents | | |
| Demand deposits | ₩ 2,365,022 | 2,602,560 |
| Deposits in banks | | |
| Time deposits | ₩ 4,318 | 685,238 |
| Restricted cash (*) | 74,082 | 72,840 |
| | ₩ 78,400 | 758,078 |
| Non-current assets | | |
| Deposits in banks | | |
| Restricted cash (*) | ₩ 11 | 11 |
| | ₩ 2,443,433 | 3,360,649 |

(*) Restricted cash includes mutual growth fund to aid LG Group's second and third-tier suppliers, pledge to enforce investment plans according to the receipt of subsidies from Gumi city and Gyeongsangbuk-do and others.

5. Receivables and Other Current Assets

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

(In millions of won)

| | December 31, 2018 | December 31, 2017 |
|--------------------------|-------------------|-------------------|
| Trade, net | ₩ 2,305,368 | 3,275,902 |
| Due from related parties | 523,795 | 1,049,218 |
| | ₩ 2,829,163 | 4,325,120 |

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

(In millions of won)

| | December 31, 2018 | December 31, 2017 |
|---------------------------|-------------------|-------------------|
| Current assets | | |
| Non-trade receivable, net | ₩ 159,238 | 150,554 |

| | | |
|----------------|-----------|---------|
| Accrued income | 10,075 | 14,273 |
| | ₩ 169,313 | 164,827 |

Due from related parties included in other accounts receivable, as of December 31, 2018 and 2017 are ₩39,092 million and ₩10,821 million, respectively.

5. Receivables and Other Current Assets, Continued

(c) The aging of trade accounts and note receivable, other accounts receivable and long-term non-trade receivable at the reporting date are as follows:

(In millions of won)

| | December 31, 2018 | | | |
|----------------------------|-------------------------------------|---------------------------|----------------------|---------------------------|
| | Book value | | Impairment loss | |
| | | | Trade accounts | |
| | Trade accounts and notes receivable | Other accounts receivable | and notes receivable | Other accounts receivable |
| Not past due | ₩ 2,807,598 | 177,689 | (473) | (816) |
| Past due 1-15 days | 21,558 | 3,148 | (4) | (26) |
| Past due 16-30 days | 454 | 441 | | (4) |
| Past due 31-60 days | 30 | 96 | | (1) |
| Past due more than 60 days | | 668 | | (434) |
| | ₩ 2,829,640 | 182,042 | (477) | (1,281) |

(In millions of won)

| | December 31, 2017 | | | |
|----------------------------|-------------------------------------|---------------------------|----------------------|---------------------------|
| | Book value | | Impairment loss | |
| | | | Trade accounts | |
| | Trade accounts and notes receivable | Other accounts receivable | and notes receivable | Other accounts receivable |
| Not past due | ₩ 4,323,465 | 173,493 | (1,631) | (905) |
| Past due 1-15 days | 2,652 | 488 | (1) | (3) |
| Past due 16-30 days | 631 | 65 | | (1) |
| Past due 31-60 days | | 208 | | (2) |
| Past due more than 60 days | 4 | 622 | | (400) |
| | ₩ 4,326,752 | 174,876 | (1,632) | (1,311) |

The movement in the allowance for impairment in respect of trade accounts and notes receivable, other accounts receivable and long-term non-trade receivable for the years ended December 31, 2018 and 2017 are as follows:

(In millions of won)

| | 2018 | | 2017 | |
|--|-------------------------------------|---------------------------|-------------------------------------|---------------------------|
| | Trade accounts and notes receivable | Other accounts receivable | Trade accounts and notes receivable | Other accounts receivable |
| Balance at the beginning of the period | ₩ 1,632 | 1,311 | 1,488 | 1,116 |
| (Reversal of) bad debt expense | (1,155) | (30) | 144 | 195 |

| | | | | | |
|-------------------------------|---|-----|-------|-------|-------|
| Balance at the reporting date | ₩ | 477 | 1,281 | 1,632 | 1,311 |
|-------------------------------|---|-----|-------|-------|-------|

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

| <i>(In millions of won)</i> | December 31, 2018 | December 31, 2017 |
|---------------------------------|--------------------------|--------------------------|
| Current assets | | |
| Advance payments | ₩ 13,259 | 7,973 |
| Prepaid expenses | 89,110 | 83,626 |
| Value added tax refundable | 436,190 | 148,351 |
| Emission rights | | 1,978 |
| Right to recover returned goods | 7,489 | |
| | ₩ 70,161 | 241,928 |
| Non-current assets | | |
| Long-term prepaid expenses | ₩ 381,983 | 394,759 |
| | ₩ 381,983 | 394,759 |

6. Other Financial Assets

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

| <i>(In millions of won)</i> | December 31, 2018 | |
|---|--------------------------|--------|
| Current assets | | |
| Financial asset at fair value through profit or loss | | |
| Derivatives(*1) | ₩ | 13,059 |
| Financial asset at fair value through other comprehensive income | | |
| Debt instrument | | |
| Government bonds | ₩ | 106 |
| Financial asset carried at amortized cost | | |
| Deposits | ₩ | 17,020 |
| Short-term loans | | 16,116 |
| | ₩ | 46,301 |
| Non-current assets | | |
| Financial asset at fair value through profit or loss | | |
| Equity instrument | | |
| Intellectual Discovery, Ltd. | ₩ | 4,598 |
| Kyulux, Inc. | | 2,460 |
| Fineeva Co., Ltd. | | 286 |
| ARCH Venture Fund Vill, L.P. | | 6,338 |
| | ₩ | 13,682 |

| | | |
|---|---|---------|
| Convertible bonds | ₩ | 1,327 |
| Derivatives(*2) | | |
| Financial asset at fair value through other comprehensive income | | |
| Debt instrument | | |
| Government bonds | ₩ | 54 |
| Financial asset carried at amortized cost | | |
| Deposits | ₩ | 74,103 |
| Long-term loans | | 55,048 |
| | ₩ | 144,214 |

(*1) Represents exchange rate swap contracts related to foreign currency denominated borrowings.

(*2) Represents interest rate swap contracts related to borrowings with variable interest rate.

(b) Other financial assets as of December 31, 2017 are as follows:

| <i>(In millions of won)</i> | December 31, 2017 | |
|--|--------------------------|--------|
| Current assets | | |
| Available-for-sale financial assets | | |
| Debt instrument | | |
| Government bonds | ₩ | 6 |
| Deposits | | 10,480 |
| Short-term loans | | 16,766 |
| | ₩ | 27,252 |
| Non-current assets | | |
| Financial asset at fair value through profit or loss | ₩ | 1,552 |
| Available-for-sale financial assets | | |
| Debt instrument | | |
| Government bonds | ₩ | 156 |
| Equity instrument | | |
| Intellectual Discovery, Ltd. | ₩ | 729 |
| Kyulux, Inc. | | 1,968 |
| ARCH Venture Fund Vill, LP. | | 2,283 |
| | ₩ | 4,980 |
| Deposits | ₩ | 19,898 |
| Long-term loans | | 32,408 |
| Derivatives(*) | | 842 |
| | ₩ | 59,836 |

(*) Represents interest rate swap contracts related to borrowings with variable interest rate.

Other financial assets of related parties as of December 31, 2018 and December 31, 2017 are ₩2,000 million and ₩2,750 million, respectively.

7. Inventories

Inventories as of December 31, 2018 and December 31, 2017 are as follows:

| <i>(In millions of won)</i> | December 31, 2018 | December 31, 2017 |
|-----------------------------|--------------------------|--------------------------|
| Finished goods | ₩ 1,084,297 | 965,643 |
| Work-in-process | 856,388 | 748,592 |
| Raw materials | 554,720 | 344,997 |
| Supplies | 195,798 | 290,852 |
| | ₩ 2,691,203 | 2,350,084 |

For the years ended December 31, 2018 and 2017, the amount of inventories recognized as cost of sales, inventory write-downs and reversal and usage of inventory write-downs included in cost of sales are as follows:

| <i>(In millions of won)</i> | 2018 | 2017 |
|--|--------------|-------------|
| Inventories recognized as cost of sales | ₩ 21,251,305 | 22,424,661 |
| Including: inventory write-downs | 313,180 | 206,127 |
| Including: reversal and usage of inventory write-downs | (206,127) | (204,123) |

There were no significant reversals of inventory write-downs recognized during 2018 and 2017.

8. Investments in Equity Accounted Investees

(a) Associates as of December 31, 2018 are as follows:

(In millions of won)

| Associates | Location | Fiscal year end | Date of incorporation | Business | 2018 | | 2017 | |
|---------------------------------------|-----------------------|-----------------|-----------------------|---|-------------------------|-----------------|-------------------------|-----------------|
| | | | | | Percentage of ownership | Carrying amount | Percentage of ownership | Carrying amount |
| Paju Electric Glass Co., Ltd. | Paju, South Korea | December 31 | January 2005 | Manufacture electric glass for FPDs | 40% | ₩ 47,823 | 40% | ₩ 46,511 |
| INVENIA Co., Ltd. | Seongnam, South Korea | December 31 | January 2001 | Develop and manufacture equipment for FPDs | 13% | 4,167 | 13% | 2,887 |
| WooRee E&L Co., Ltd. (*4) | Ansan, South Korea | December 31 | June 2008 | Manufacture LED back light unit packages | 14% | 4,746 | 14% | 7,270 |
| LB Gemini New Growth Fund No. 16 (*1) | Seoul, South Korea | December 31 | December 2009 | Invest in small and middle sized companies and benefit from M&A opportunities | | | 31% | 5,910 |
| YAS Co., Ltd. | Paju, South Korea | December 31 | April 2002 | Develop and manufacture deposition equipment for OLEDs | 15% | 16,308 | 15% | 15,888 |
| AVATEC Co., Ltd. | Daegu, South Korea | December 31 | August 2000 | Process and sell electric glass for FPDs | 17% | 23,441 | 17% | 23,732 |
| Arctic Sentinel, Inc. | Los Angeles, U.S.A. | March 31 | June 2008 | Develop and manufacture tablet for kids | 10% | | 10% | |
| CYNORA GmbH(*5) | Bruchsal, Germany | December 31 | March 2003 | Develop organic emitting materials for displays and lighting devices | 14% | 8,667 | 14% | 20,309 |

8. Investments in Equity Accounted Investees, Continued*(In millions of won)*

| Associates | Location | Fiscal year end | Date of incorporation | Business | 2018 Percentage of ownership | 2018 Carrying amount | 2017 Percentage of ownership | 2017 Carrying amount |
|---------------------------------|--------------------|------------------------|------------------------------|--|---|---------------------------------|---|---------------------------------|
| Material Science Co., Ltd. (*2) | Seoul, South Korea | December 31 | January 2014 | Develop, manufacture, and sell materials for display | 10% | ₩ 3,346 | | ₩ |
| Nanosys Inc. (*3) | Milpitas, U.S.A. | December 31 | July 2001 | Develop, manufacture, and sell materials for display | 4% | 5,491 | | |
| | | | | | | ₩ 113,989 | | ₩ 122,507 |

Although the Controlling Company's share interests in INVENIA Co., Ltd., WooRee E&L Co., Ltd., YAS Co., Ltd., AVATEC Co., Ltd., Arctic Sentinel, Inc., Cynora GmbH, Material Science Co., Ltd and Nanosys Inc. are below 20%, the Controlling Company is able to exercise significant influence through its right to appoint a director to the board of directors of each investee and the transactions between the Controlling Company and the investees are significant. Accordingly, the investments in these investees have been accounted for using the equity method.

8. Investments in Equity Accounted Investees, Continued

(*1) For the year ended December 31, 2018, the Controlling Company disposed of the entire investments in LB Gemini New Growth Fund No. 16. The Controlling Company recovered ₩1,545 million and recognized ₩385 million as finance cost for the difference between the carried amount and the recovered amount of investments in LB Gemini New Growth Fund No. 16.

(*2) In March 2018, the Controlling Company invested ₩4,000 million and acquired 10,767 shares of common stock with voting rights in Material Science Co., Ltd. Ownership percentage is 10% and the Controlling Company is able to exercise significant influence through its right to appoint a director to the board of directors of each investee. The Controlling Company recognized an impairment loss of ₩671 million as finance cost for the difference between the carrying amount and the recoverable amount of investments in Material Science Co., Ltd..

(*3) In May 2018, the Controlling Company invested ₩10,732 million and acquired 5,699,954 shares of common stock with voting rights in Nanosys Inc.. Ownership percentage is 4% and the Controlling Company is able to exercise significant influence through its right to appoint a director to the board of directors of each investee. The Controlling Company recognized an impairment loss of ₩5,085 million as finance cost for the difference between the carrying amount and the recoverable amount of investments in Nanosys Inc..

(*4) The Controlling Company recognized a recovery on impairment loss of ₩802 million as finance income for the difference between the carrying amount and the recoverable amount of investments in WooRee E&L Co., Ltd..

(*5) The Controlling Company recognized an impairment loss of ₩11,641 million as finance cost for the difference between the carrying amount and the recoverable amount of investments in CYNORA GmbH.

As of December 31, 2018, the market value for the Controlling Company's investments in INVENIA Co., Ltd., WooRee E&L Co., Ltd., YAS Co., Ltd., and AVATEC Co., Ltd., all of which are listed in KOSDAQ, are ₩8,850 million, ₩4,746 million, ₩31,200 million and ₩14,151 million, respectively.

Dividends received from related parties for the years ended December 31, 2018 and 2017 amounted to ₩5,272 million and ₩8,639 million, respectively.

8. Investments in Equity Accounted Investees, Continued

(b) Summary of financial information as of and for the years ended December 31, 2018 and 2017 of a major associate is as follows:

(i) Paju Electric Glass Co., Ltd.

| <i>(In millions of won)</i> | December 31, 2018 | December 31, 2017 |
|-----------------------------|--------------------------|--------------------------|
| Total assets | ₩ 194,020 | 193,584 |
| Current assets | 128,788 | 146,702 |
| Non-current assets | 65,233 | 46,882 |
| Total liabilities | 72,686 | 77,174 |
| Current liabilities | 66,797 | 71,973 |
| Non-current liabilities | 5,889 | 5,201 |

| <i>(In millions of won)</i> | 2018 | 2017 |
|-----------------------------------|-------------|-------------|
| Revenue | ₩ 384,144 | 408,846 |
| Profit for the year | 12,744 | 12,132 |
| Other comprehensive income (loss) | 2,612 | (9,171) |
| Total comprehensive income | 15,356 | 2,961 |

(c) Reconciliation from financial information of a major associate to their carrying value in the consolidated financial statements as of December 31, 2018 and 2017 is as follows:

(i) As of December 31, 2018

(In millions of won)

| Company | Net asset | Ownership interest | Net asset (applying ownership interest) | Goodwill transaction | Intra-group | Book value |
|-------------------------------|------------------|---------------------------|--|-----------------------------|--------------------|-------------------|
| Paju Electric Glass Co., Ltd. | ₩ 121,334 | 40% | 48,534 | (710) | | 47,824 |

(ii) As of December 31, 2017

(In millions of won)

| Company | Net asset | Ownership interest | Net asset (applying ownership interest) | Goodwill transaction | Intra-group | Book value |
|-------------------------------|------------------|---------------------------|--|-----------------------------|--------------------|-------------------|
| Paju Electric Glass Co., Ltd. | ₩ 116,410 | 40% | 46,564 | (53) | | 46,511 |

8. Investments in Equity Accounted Investees, Continued

(d) Book value of other associates, in aggregate, as of December 31, 2018 and 2017 is as follows:

(i) As of December 31, 2018

(In millions of won)

| | | Net profit (loss) of associates (applying ownership interest) | | |
|------------------|-------------------|--|--------------------------|--|
| | | Other | | |
| | Book value | Profit (loss) for comprehensive the year | income (loss) | Total comprehensive income (loss) |
| Other associates | ₩ 66,166 | (3,739) | (988) | (4,727) |

(ii) As of December 31, 2017

(In millions of won)

| | | Net profit (loss) of associates (applying ownership interest) | | |
|------------------|-------------------|--|--------------------------|--|
| | | Other | | |
| | Book value | Profit (loss) for comprehensive the year | income (loss) | Total comprehensive income (loss) |
| Other associates | 75,996 | 3,943 | 5,093 | 9,036 |

8. Investments in Equity Accounted Investees, Continued

- (e) Reconciliation from financial information of significant joint venture and associates to their carrying value in the consolidated financial statements for the years ended December 31, 2018 and 2017 is as follows:

(In millions of won)

| Company | 2018 | | | | | | December 31 |
|--|-----------|-----------------------|-----------------------------------|----------------------|-----------------------------------|-------------------|-------------|
| | January 1 | Acquisition/Disposals | Dividends received on investments | Equity income (loss) | Other comprehensive income (loss) | Other gain (loss) | |
| Associates Paju Electric Glass Co., Ltd. | | | | | | | |
| Others | ₩ 46,511 | | (4,172) | 4,440 | 1,044 | | 47,823 |
| | 75,997 | 12,592 | (1,100) | (3,739) | (988) | (16,596) | 66,166 |
| | ₩ 122,508 | 12,592 | (5,272) | 701 | 56 | (16,596) | 113,989 |

(In millions of won)

| Company | 2017 | | | | | | December 31 |
|--|-----------|-----------------------|-----------------------------------|----------------------|-----------------------------------|-------------------|-------------|
| | January 1 | Acquisition/Disposals | Dividends received on investments | Equity income (loss) | Other comprehensive income (loss) | Other gain (loss) | |
| Associates Paju Electric Glass Co., Ltd. | | | | | | | |
| Others | 52,750 | | (8,109) | 5,617 | (3,747) | | 46,511 |
| | 119,933 | (48,209) | (530) | 3,943 | 5,093 | (4,234) | 75,996 |
| | ₩ 172,683 | (48,209) | (8,639) | 9,560 | 1,346 | (4,234) | 122,507 |

LG DISPLAY CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2018 and 2017

9. Property, Plant and Equipment

Changes in property, plant and equipment for the year ended December 31, 2018 are as follows:

(In millions of won)

| | Land | Buildings and structures | Machinery and equipment | Furniture and fixtures | Construction-in-progress (*1) | Others | Total |
|--|----------|--------------------------|-------------------------|------------------------|-------------------------------|-----------|--------------|
| Acquisition cost as of January 1, 2018 | ₩460,511 | 6,539,506 | 38,901,158 | 772,824 | 5,971,856 | 205,475 | 52,851,330 |
| Accumulated depreciation as of January 1, 2018 | | (2,678,970) | (33,186,118) | (631,482) | | (148,753) | (36,645,323) |
| Accumulated impairment loss as of January 1, 2018 | | (1,757) | (2,290) | | | | (4,047) |
| Book value as of January 1, 2018 | ₩460,511 | 3,858,779 | 5,712,750 | 141,342 | 5,971,856 | 56,722 | 16,201,960 |
| Additions | | | | | 8,605,551 | | 8,605,551 |
| Depreciation | | (318,311) | (2,568,335) | (67,274) | | (169,739) | (3,123,659) |
| Disposals | (15) | (161) | (112,752) | (311) | | (2,971) | (116,210) |
| Impairment loss | | | (25,711) | | (17,890) | | (43,601) |
| Others (*2) | 1,332 | 55,430 | 1,959,645 | 68,177 | (2,357,412) | 18,160 | 107,450 |
| Effect of movements in exchange rates | | 9,809 | 14,520 | 359 | 15,010 | 312 | 40,010 |
| Government grants Received Classified Assets Held for Sale | | (69,758) | (1) | (37) | (181) | (365) | (70,161) |
| Book value as of December 31, 2018 | ₩461,828 | 3,535,788 | 4,979,087 | 142,256 | 12,216,934 | 264,237 | 21,600,130 |

| | | | | | | | |
|---|-----------|-------------|--------------|-----------|------------|-----------|--------------|
| Acquisition cost as of December 31, 2018 | ₩ 461,828 | 6,528,939 | 39,825,070 | 834,628 | 12,234,824 | 633,220 | 60,518,509 |
| Accumulated depreciation as of December 31, 2018 | ₩ | (2,991,445) | (34,817,982) | (692,372) | | (368,983) | (38,870,782) |
| Accumulated impairment loss as of December 31, 2018 | ₩ | (1,706) | (28,001) | | (17,890) | | (47,597) |

(*1) As of December 31, 2018, construction-in-progress mainly relates to construction of manufacturing facilities.

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

LG DISPLAY CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2018 and 2017

9. Property, Plant and Equipment, Continued

Changes in property, plant and equipment for the year ended December 31, 2017 are as follows:

(In millions of won)

| | Land | Buildings and structures | Machinery and equipment | Furniture and fixtures | Construction-in- progress (*1) | Others | Total |
|--|-----------|--------------------------------|-------------------------------|------------------------------|--------------------------------------|-----------|--------------|
| Acquisition cost as of January 1, 2017 | ₩ 461,484 | 6,284,778 | 37,472,177 | 775,682 | 2,981,964 | 202,306 | 48,178,391 |
| Accumulated depreciation as of January 1, 2017 | | (2,397,967) | (32,947,359) | (651,424) | | (146,251) | (36,143,001) |
| Accumulated impairment loss as of January 1, 2017 | | (1,651) | (2,290) | | | | (3,941) |
| Book value as of January 1, 2017 | ₩ 461,484 | 3,885,160 | 4,522,528 | 124,258 | 2,981,964 | 56,055 | 12,031,449 |
| Additions | | | | | 7,272,476 | | 7,272,476 |
| Depreciation | | (295,045) | (2,416,202) | (66,963) | | (13,673) | (2,791,883) |
| Disposals | (1,042) | (7,206) | (75,275) | (52) | | (3,133) | (86,708) |
| Others (*2) | 69 | 339,640 | 3,825,155 | 87,186 | (4,270,210) | 18,160 | |
| Effect of movements in exchange rates | | (63,222) | (140,306) | (3,087) | (14,213) | (687) | (221,515) |
| Government grants received | | (548) | (3,150) | | 1,839 | | (1,859) |
| Book value as of December 31, 2017 | ₩ 460,511 | 3,858,779 | 5,712,750 | 141,342 | 5,971,856 | 56,722 | 16,201,960 |
| Acquisition cost as of December 31, | ₩ 460,511 | 6,539,506 | 38,901,158 | 772,824 | 5,971,856 | 205,475 | 52,851,330 |

2017

| | | | | | | |
|--|---|-------------|--------------|-----------|-----------|--------------|
| Accumulated depreciation as of December 31, 2017 | ₩ | (2,678,970) | (33,186,118) | (631,482) | (148,753) | (36,645,323) |
|--|---|-------------|--------------|-----------|-----------|--------------|

| | | | | | | |
|---|---|---------|---------|--|--|---------|
| Accumulated impairment loss as of December 31, 2017 | ₩ | (1,757) | (2,290) | | | (4,047) |
|---|---|---------|---------|--|--|---------|

(*1) As of December 31, 2017, construction-in-progress mainly relates to construction of manufacturing facilities.

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

The capitalized borrowing costs and capitalization rate for the years ended December 31, 2018 and 2017 are as follows:

(In millions of won)

| | 2018 | 2017 |
|-----------------------------|-----------|--------|
| Capitalized borrowing costs | ₩ 146,607 | 47,686 |
| Capitalization rate | 2.80% | 1.92% |

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LG DISPLAY CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2018 and 2017

10. Intangible Assets

(a) Changes in intangible assets for the year ended December 31, 2018 are as follows:

| (Millions of won) | Intellectual property rights | Software | Member- ships | Development costs | Construction-in- progress (software) | Customer relationships | Technology | Good- will | Others (*2) | Total |
|--|------------------------------------|-----------|------------------|----------------------|--|---------------------------|------------|---------------|----------------|-------------|
| Acquisition cost as of December 31, 2018 | ₩ 895,721 | 898,278 | 54,985 | 1,769,998 | 30,933 | 59,176 | 11,074 | 103,048 | 13,077 | 3,832,212 |
| Amortization as of December 31, 2018 | (648,755) | (736,788) | | (1,473,237) | | (31,338) | (8,490) | | (13,076) | (2,910,346) |
| Accumulated impairment of January 1, | | | (11,785) | | | | | | | (11,785) |
| Carrying value as of December 31, 2018 | ₩ 246,966 | 161,490 | 43,200 | 296,760 | 30,933 | 27,839 | 2,584 | 103,048 | 1 | 915,011 |
| Intangible assets - internally developed | | | | 372,835 | | | | | | 372,835 |
| Intangible assets - external acquisitions | 26,312 | | 3,290 | | 101,244 | | | 1,263 | | 132,109 |
| Amortization (*1) | (43,437) | (80,159) | | (302,685) | | (3,517) | (1,107) | | (1) | (430,306) |
| Impairment loss | | | (721) | | | | | | | (721) |
| Reversal of Impairment | | | (47) | | | | | | | (47) |
| Transfer from Construction-in-progress | | 96,632 | | | (96,632) | | | | | |
| Exchange rate movements in exchange rates | 182 | (364) | 3 | | 1,417 | | | | | 1,238 |
| Carrying value as of December 31, 2018 | ₩ 230,023 | 177,598 | 46,038 | 366,910 | 36,962 | 24,322 | 1,477 | 104,310 | | 983,630 |
| Acquisition cost as of December 31, 2018 | ₩ 926,971 | 992,138 | 57,557 | 2,142,832 | 36,962 | 59,176 | 11,074 | 104,310 | 13,077 | 4,340,919 |
| | ₩ (696,948) | (814,540) | | (1,775,922) | | (34,854) | (9,598) | | (13,077) | (3,340,919) |

ulated
zation as of
ber 31, 2018

ulated impairment
of December 31,

₩

(11,519)

(1

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

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

LG DISPLAY CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2018 and 2017

10. Intangible Assets, Continued

(b) Changes in intangible assets for the year ended December 31, 2017 are as follows:

| | Intellectual property rights | Software | Member- ships | Development costs | Construction-in- progress (software) | Customer relationships | Technology | Good- will(*2) | Others (*3) | Total |
|---|------------------------------------|-----------|------------------|----------------------|--|---------------------------|------------|-------------------|----------------|-------------|
| Acquisition cost as of December 31, 2017 | ₩ 904,664 | 806,835 | 51,564 | 1,433,791 | 18,738 | 59,176 | 11,074 | 110,072 | 13,077 | 3,400,000 |
| Amortization as of December 31, 2017 | (618,398) | (661,063) | | (1,177,451) | | (26,678) | (7,382) | | (13,071) | (2,503,543) |
| Amortization as of January 1, | | | (10,011) | | | | | | | (10,011) |
| Value as of December 31, 2017 | ₩ 286,266 | 145,772 | 41,553 | 256,340 | 18,738 | 32,498 | 3,692 | 110,072 | 6 | 894,037 |
| Acquisitions - internally developed | | | | 336,207 | | | | | | 336,207 |
| Acquisitions - external purchases | 22,746 | | 4,819 | | 108,761 | | | | | 136,326 |
| Amortization (*1) | (42,195) | (78,939) | | (295,787) | | (4,659) | (1,108) | | (5) | (422,093) |
| Impairment loss | (4) | | (1,392) | | | | | | | (1,396) |
| Reversal of Impairment | | | 35 | | | | | | | 35 |
| Transfer from Construction-in-progress | | 98,989 | | | (98,989) | | | (3,218) | | (3,218) |
| Exchange rate movements in foreign currencies | (19,847) | (4,332) | (6) | | 2,423 | | | (3,806) | | (25,568) |
| Value as of December 31, 2017 | ₩ 246,966 | 161,490 | 43,200 | 296,760 | 30,933 | 27,839 | 2,584 | 103,048 | 1 | 910,511 |
| Acquisition cost as of December 31, 2017 | ₩ 895,721 | 898,278 | 54,985 | 1,769,998 | 30,933 | 59,176 | 11,074 | 103,048 | 13,077 | 3,833,212 |

| | | | | | | | |
|---------------------------------------|-------------|-----------|-------------|----------|---------|----------|-------|
| ulated ation as of ber 31, 2017 | ₩ (648,755) | (736,788) | (1,473,238) | (31,337) | (8,490) | (13,076) | (2,91 |
| ulated impairment of December 31, | ₩ | (11,785) | | | | | (1 |

LG DISPLAY CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2018 and 2017

10. Intangible Assets, Continued

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

(*2) As of December 31, 2017, the book value of goodwill decreased by ₩3,218 million as the Group completed the fair value measurement of land use right, acquired from business combination during the year ended December 31, 2016.

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

(c) Development of new projects are divided into research activities and development activities. Expenditures on research activities are recognized in profit or loss and qualifying development expenditures are capitalized, respectively.

(d) Development costs for the year ended December 31, 2018 and 2017 are as follows:

(i) As of December 31, 2018

(In millions of won and in years)

| Classification | Product | Book Value | Remaining Useful life |
|------------------------|----------------|-------------------|------------------------------|
| Development completed | Mobile | ₩ 108,467 | 0.5 |
| | TV | 28,001 | 0.5 |
| | Notebook | 4,458 | 0.5 |
| | Others | 9,475 | 0.4 |
| | Sub-Total | ₩ 150,402 | |
| Development in process | Mobile | ₩ 144,679 | |
| | TV | 55,580 | |
| | Notebook | 9,639 | |
| | Others | 6,611 | |
| | Sub-Total | ₩ 216,508 | |
| | Total | ₩ 366,910 | |

LG DISPLAY CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2018 and 2017

(ii) As of December 31, 2017

(In millions of won and in years)

| Classification | Product | Book Value | Remaining Useful life |
|------------------------|----------------|-------------------|------------------------------|
| Development completed | Mobile | ₩ 79,372 | 0.6 |
| | TV | 36,038 | 0.6 |
| | Notebook | 14,311 | 0.5 |
| | Others | 12,444 | 0.4 |
| | Sub-Total | ₩ 142,165 | |
| Development in process | Mobile | ₩ 117,222 | |
| | TV | 30,670 | |
| | Notebook | 2,356 | |
| | Others | 4,347 | |
| | Sub-Total | ₩ 154,595 | |
| | Total | ₩ 296,760 | |

LG DISPLAY CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2018 and 2017

11. Financial Liabilities

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

(In millions of won)

| | December 31, 2018 | December 31, 2017 |
|---|----------------------|----------------------|
| Current | | |
| Short-term borrowings | ₩ | |
| Current portion of long-term debt | 1,553,907 | 1,452,926 |
| | ₩ 1,553,907 | 1,452,926 |
| Non-current | | |
| Won denominated borrowings | ₩ 2,700,608 | 1,251,258 |
| Foreign currency denominated borrowings | 2,531,664 | 1,392,931 |
| Bonds | 1,772,599 | 1,506,003 |
| Derivatives(*) | 25,758 | |
| | ₩ 7,030,629 | 4,150,192 |

(*) Represents interest rate swap contracts related to borrowings with variable interest rate.

(b) Won denominated long-term borrowings at the reporting date is as follows:

(In millions of won)

| Lender | Annual interest rate | | December 31, 2018 | December 31, 2017 |
|-----------------------------------|--------------------------|--|----------------------|----------------------|
| | as of | | | |
| | December 31, 2018 (%) | | | |
| Woori Bank | 0.0275 | | ₩ 1,258 | 1,922 |
| Shinhan Bank | CD rate (91days) + 0.30% | | | 200,000 |
| Korea Development Bank and others | CD rate (91days) + 0.64% | | | |
| | 2.43~3.25% | | 2,850,000 | 1,250,000 |

| | | |
|--|--------------------|------------------|
| Less current portion of long-term borrowings | (150,651) | (200,664) |
| | ₩ 2,700,608 | 1,251,258 |

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

(In millions of won and USD, CNY)

| Lender | Annual interest rate | | |
|--|-----------------------------|------------------------|------------------------|
| | as of | | |
| | December 31, 2018 (%)(*) | December 31, 2018 | December 31, 2017 |
| The Export Import Bank of Korea | 3ML+0.75~1.70 | ₩ 955,976 | 755,337 |
| China Construction Bank and others | USD: 3ML+0.80~2.00 | | |
| | CNY: PBOC*(0.90~1.05) | 2,419,286 | 1,385,097 |
| Foreign currency equivalent | | USD 2,262 CNY 5,198 | USD 1,500 CNY 3,263 |
| Less current portion of long-term borrowings | | ₩ (843,598) | (747,503) |
| | | ₩ 2,531,664 | 1,392,931 |

(*) ML represents Month LIBOR (London Inter-Bank Offered Rates) and PBOC represents the base rate of People's Bank of China.

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

LG DISPLAY CO., LTD. AND SUBSIDIARIES

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For the years ended December 31, 2018 and 2017

(In millions of won)

| | | Annual interest rate | | |
|---|-----------------|----------------------------------|------------------------------|------------------------------|
| | | as of | | |
| | Maturity | December 31, 2018 (%) | December 31, 2018 | December 31, 2017 |
| Won denominated bonds (*) | | | | |
| Publicly issued bonds | April 2019 ~ | 1.80~3.45 | | |
| | February 2023 | | ₩ 2,015,000 | 2,015,000 |
| Privately issued bonds | May 2025 ~ | 3.25~4.25 | | |
| | May 2033 | | 110,000 | |
| Less discount on bonds | | | (3,949) | (4,238) |
| Less current portion | | | (559,658) | (504,759) |
| | | | ₩ 1,446,393 | 1,506,003 |
| Foreign currency denominated bonds (*) | | | | |
| Publicly issued bonds | November 2021 | 3.875 | ₩ 335,430 | |
| Foreign currency equivalent | | | USD 300 | |
| Less discount on bonds | | | (9,224) | |
| Less current portion | | | | |
| | | | ₩ 326,206 | |
| | | | ₩ 1,772,599 | 1,506,003 |

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

(*) Principal of the foreign currency denominated bonds is to be repaid at maturity and interests are paid half-yearly in arrears.

LG DISPLAY CO., LTD. AND SUBSIDIARIES

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For the years ended December 31, 2018 and 2017

12. Employee Benefits

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

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

(a) Net defined benefit liabilities recognized at the reporting date are as follows:

(In millions of won)

| | December 31, 2018 | December 31, 2017 |
|---|--------------------------|--------------------------|
| Present value of partially funded defined benefit obligations | ₩ 1,595,423 | 1,562,424 |
| Fair value of plan assets | (1,550,063) | (1,466,977) |
| | ₩ 45,360 | 95,447 |

(b) Changes in the present value of the defined benefit obligations for the years ended December 31, 2018 and 2017 are as follows:

(In millions of won)

| | 2018 | 2017 |
|-------------------------------------|-------------|-------------|
| Opening defined benefit obligations | ₩ 1,562,424 | 1,401,396 |
| Current service cost | 204,667 | 195,850 |
| Past service cost | (25,749) | |
| Interest cost | 49,145 | 40,844 |
| Remeasurements (before tax) | (27,886) | (114) |
| Benefit payments | (88,560) | (76,011) |
| Transfers from (to) related parties | (4,217) | 534 |
| Liquidation of plans | (74,459) | |
| Others | 58 | (75) |
| Closing defined benefit obligations | ₩ 1,595,423 | 1,562,424 |

Weighted average remaining maturity of defined benefit obligations as of December 31, 2018 and 2017 are 14.4 years and 14.0 years, respectively.

(c) Changes in fair value of plan assets for the years ended December 31, 2018 and 2017 are as follows:

(In millions of won)

| | 2018 | 2017 |
|---|-------------|-------------|
| Opening fair value of plan assets | ₩ 1,466,977 | 1,258,409 |
| Expected return on plan assets | 48,183 | 38,453 |
| Remeasurements (before tax) | (22,195) | (16,374) |
| Contributions by employer directly to plan assets | 212,246 | 250,998 |
| Benefit payments | (80,689) | (64,509) |
| Liquidation of plans | (74,459) | |
| Closing fair value of plan assets | ₩ 1,550,063 | 1,466,977 |

LG DISPLAY CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2018 and 2017

12. Employee Benefits, Continued

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

(In millions of won)

| | December 31, 2018 | December 31, 2017 |
|------------------------------|--------------------------|--------------------------|
| Guaranteed deposits in banks | ₩ 1,550,063 | 1,466,977 |

As of December 31, 2018, the Controlling Company maintains the plan assets with Mirae Asset Securities Co., Ltd., KB Insurance Co., Ltd. and others.

A reasonable estimate of the plan assets expected to be paid by the Controlling Company in 2019 related to the defined benefit plan is ₩ 69,134 million.

(e) Expenses recognized in profit or loss for the years ended December 31, 2018 and 2017 are as follows:

(In millions of won)

| | 2018 | 2017 |
|----------------------|-------------|-------------|
| Current service cost | ₩ 204,667 | 195,850 |
| Past service cost | (25,749) | |
| Net interest cost | 962 | 2,391 |
| | ₩ 179,880 | 198,241 |

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

(In millions of won)

| | 2018 | 2017 |
|-----------------------------------|-------------|-------------|
| Cost of sales | ₩ 134,728 | 158,418 |
| Selling expenses | 11,097 | 11,114 |
| Administrative expenses | 19,531 | 16,287 |
| Research and development expenses | 14,524 | 12,422 |
| | ₩ 179,880 | 198,241 |

- (f) Remeasurements of net defined benefit liabilities (assets) included in other comprehensive income (loss) for the years ended December 31, 2018 and 2017 are as follows:

| <i>(In millions of won)</i> | 2018 | 2017 |
|--|-------------|-------------|
| Balance at January 1 | ₩ (170,510) | (163,950) |
| Remeasurements | | |
| Actuarial profit or loss arising from: | | |
| Experience adjustment | 56,224 | (48,890) |
| Demographic assumptions | (15,379) | (7,702) |
| Financial assumptions | (12,961) | 56,706 |
| Return on plan assets | (22,195) | (16,374) |
| Share of associates regarding remeasurements | 20 | 441 |
| | ₩ 5,709 | (15,819) |
| Income tax | ₩ (1,169) | 9,259 |
| Balance at December 31 | ₩ (165,970) | (170,510) |

LG DISPLAY CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2018 and 2017

12. Employee Benefits, Continued

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

| | December 31, 2018 | December 31, 2017 |
|---|-------------------|-------------------|
| Expected rate of salary increase | 4.7% | 4.7% |
| Discount rate for defined benefit obligations | 2.8% | 3.2% |

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

| | | December 31, 2018 | December 31, 2017 |
|----------|---------|-------------------|-------------------|
| Teens | Males | 0.01% | 0.01% |
| | Females | 0.00% | 0.00% |
| Twenties | Males | 0.01% | 0.01% |
| | Females | 0.00% | 0.00% |
| Thirties | Males | 0.01% | 0.01% |
| | Females | 0.01% | 0.01% |
| Forties | Males | 0.03% | 0.03% |
| | Females | 0.02% | 0.02% |
| Fifties | Males | 0.05% | 0.05% |
| | Females | 0.02% | 0.02% |

(h) Reasonably possible changes to respective relevant actuarial assumptions would have affected the defined benefit obligations by the amounts as of December 31, 2018 are as follows:

| <i>In millions of won)</i> | Defined benefit obligation | |
|---|-----------------------------------|--------------------|
| | 1% increase | 1% decrease |
| Discount rate for defined benefit obligations | ₩ (199,750) | 241,608 |
| Expected rate of salary increase | 236,002 | (199,363) |

LG DISPLAY CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2018 and 2017

13. Provisions and Other Liabilities

(a) Changes in provisions for the year ended December 31, 2018 are as follows:

(In millions of won)

| | Litigations and claims | Warranties (*) | Others | Total |
|--|---------------------------------------|-----------------------|---------------|--------------|
| Balance at January 1, 2018 | ₩ 43 | 102,450 | 1,835 | 104,328 |
| Effect of Accounting policy changes in K-IFRS No. 1115 | | | 9,789 | 9,789 |
| Additions | | 234,928 | (2,694) | 232,234 |
| Usage and reclassification | (43) | (215,290) | | (215,333) |
| Balance at December 31, 2018 | ₩ | 122,088 | 8,930 | 131,018 |
| Current | ₩ | 89,324 | 8,930 | 98,254 |
| Non-current | ₩ | 32,764 | | 32,764 |

(*) The provision for warranties covers defective products and is normally applicable for 18 months from the date of purchase. The warranty liability is calculated by using historical and anticipated rates of warranty claims, and costs per claim to satisfy the Group's warranty obligation.

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

(In millions of won)

| | December 31, 2018 | December 31, 2017 |
|--------------------------------|--------------------------|--------------------------|
| Current liabilities | | |
| Withholdings | ₩ 30,970 | 60,766 |
| Unearned revenues | 43,841 | 12,225 |
| Rent Deposits | 165 | |
| | ₩ 74,976 | 75,991 |
| Non-current liabilities | | |
| Long-term accrued expenses | ₩ 80,816 | 70,561 |
| Long-term Unearned Income | 2,117 | |

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| | | |
|----------------------------------|----------|--------|
| Long-term other accounts payable | 3,103 | 2 |
| Rent Deposits | 10,790 | |
| | ₩ 96,826 | 70,563 |

LG DISPLAY CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2018 and 2017

14. Contingent Liabilities and Commitments

(a) Legal Proceedings

Anti-trust litigations

In December 2016, Argos Limited and affiliated companies (Argos) filed a Notice of Claim against the Company and LG Display Taiwan Co., Ltd. in the High Court of Justice in London alleging infringement of Treaty on the Functioning of the European Union and Agreement on the European Economic Area. The parties reached settlement and executed a settlement agreement in November 2018

Others

The Group is defending against various claims in addition to pending proceedings described above. The Group does not have a present obligation for these matters and has not recognized any provision at December 31, 2018.

LG DISPLAY CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2018 and 2017

14. Contingent Liabilities and Commitments, Continued**(b) Commitments****Factoring and securitization of accounts receivable**

The Controlling Company has agreements with Korea Development Bank and several other banks for accounts receivable sales negotiating facilities of up to an aggregate of USD 1,670 million (~~₩~~1,867,227 million) in connection with the Controlling Company's export sales transactions with its subsidiaries. As of December 31, 2018, no short-term borrowings were outstanding in connection with these agreements. In connection with all of the contracts in this paragraph, the Controlling Company has sold its accounts receivable with recourse.

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

(In millions of USD and KRW)

| Classification | Financial institutions | Maximum | | Not yet due | |
|--------------------------------|-------------------------------------|--------------------|----------------|--------------------|----------------|
| | | Contractual amount | KRW equivalent | Contractual amount | KRW equivalent |
| Controlling | | KRW 90,000 | 90,000 | | |
| | Shinhan Bank | USD 25 | 27,953 | USD 12 | 13,286 |
| Company | Sumitomo Mitsui Banking Corporation | USD 20 | 22,362 | | |
| | Bank of Tokyo-Mitsubishi | KRW 130,000 | 130,000 | KRW 36,089 | 36,089 |
| | UFJ | USD 40 | 44,724 | USD 40 | 44,516 |
| | BNP Paribas | USD 200 | 223,620 | USD 12 | 13,630 |
| | ING Bank | USD 150 | 167,715 | USD 31 | 35,554 |
| | | USD 435 | | USD 95 | |
| | | KRW 220,000 | 706,374 | KRW 36,089 | 143,075 |
| Subsidiaries | | | | | |
| LG Display Singapore Pte. Ltd. | Standard Chartered Bank | USD 300 | 335,430 | USD 209 | 233,364 |
| LG Display Taiwan | BNP Paribas | USD 52 | 58,141 | USD 9 | 10,063 |

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Co., Ltd.

| | | | | | | | |
|----------------------------|--|-----|---------|-----------|-----|--------|-----------|
| | Australia and New Zealand Banking Group Ltd. | USD | 70 | 78,267 | USD | 52 | 58,142 |
| | Taishin International Bank | USD | 289 | 323,131 | USD | 86 | 96,157 |
| LG Display Germany GmbH | Citibank | USD | 160 | 178,896 | USD | 0 | 0 |
| | BNP Paribas | USD | 75 | 83,858 | USD | 75 | 83,767 |
| LG Display America, Inc. | Hongkong & Shanghai Banking Corp. | USD | 400 | 447,240 | USD | 230 | 257,164 |
| | Standard Chartered Bank | USD | 600 | 670,860 | USD | 515 | 575,823 |
| | Sumitomo Mitsui Banking Corporation | USD | 80 | 89,448 | USD | 67 | 74,915 |
| LG Display Japan Co., Ltd. | Sumitomo Mitsui Banking Corporation | USD | 20 | 22,362 | USD | 0 | 0 |
| | | USD | 2,046 | 2,287,633 | USD | 1,243 | 1,389,396 |
| | | USD | 2,481 | | USD | 1,338 | |
| | | KRW | 220,000 | 2,994,006 | KRW | 36,089 | 1,532,470 |

LG DISPLAY CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2018 and 2017

14. Contingent Liabilities and Commitments, Continued

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

Letters of credit

As of December 31, 2018, the Controlling Company has agreements in relation to the opening of letters of credit up to USD 30 million (~~₩~~33,543 million) with KEB Hana Bank, USD 80 million (~~₩~~89,448 million) with Bank of China and USD 50 million (~~₩~~55,905 million) with Sumitomo Mitsui Banking Corporation.

Payment guarantees

The Controlling Company obtained payment guarantees amounting to USD 1,538 million (~~₩~~1,719,079 million) from KEB Hana Bank and others for advance received related to the long-term supply agreements and USD 306 million (~~₩~~341,929 million) from Korea Development Bank related to Foreign currency denominated bonds. USD 8.5 million (~~₩~~9,504 million) from Shinhan Bank for value added tax payments in Poland.

LG Display (China) Co., Ltd. and other subsidiaries are provided with payment guarantees from the China Construction Bank Corporation and other various banks amounting to CNY 1,989 million (~~₩~~323,730 million), JPY 900 million (~~₩~~9,119 million), EUR 2.5 million (~~₩~~3,198 million), VND 40,498 million (~~₩~~1,952 million), USD 0.5 million (~~₩~~559 million), and PLN 0.1 million (~~₩~~30 million) respectively, for their local tax payments and utility payments.

License agreements

As of December 31, 2018, in relation to its LCD business, the Group has technical license agreements with Hitachi Display, Ltd. and others and has a trademark license agreement with LG Corp.

Long-term supply agreement

As of December 31, 2018, in connection with long-term supply agreements with customers, the Controlling Company recognized USD 1,475 million (~~₩~~1,649,198 million) in advances received. The advance received will be offset against outstanding accounts receivable balances after a given period of time, as well as those arising from the supply of products thereafter. The Controlling Company received payment guarantees amounting to USD 1,538 million (~~₩~~1,719,079 million) from KEB Hana Bank and other various banks relating to advance received.

Pledged Assets

Regarding the secured bank loan amounting to USD 240 million (~~₩~~268,093 million) from China Construction Bank, as of December 31, 2018, the Group provided its property, plant and equipment and others with carrying amount of

₩146,262 million as pledged assets.

LG DISPLAY CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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15. Capital and Reserves**(a) Share capital**

The Controlling Company is authorized to issue 500,000,000 shares of capital stock (par value ₩5,000), and as of December 31, 2018 and December 31, 2017, the number of issued common shares is 357,815,700. There have been no changes in the capital stock from January 1, 2018 to December 31, 2018.

(b) Reserves

Reserves consist mainly of the following:

Translation reserve

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

Other comprehensive income (loss) from associates

The other comprehensive income (loss) from associates comprises the amount related to change in equity of investments in equity accounted investees.

Reserves as of December 31, 2018 and 2017 are as follows:

(In millions of won)

| | December 31, 2018 | December 31, 2017 |
|---|--------------------------|--------------------------|
| Foreign currency translation differences for foreign operations | ₩ (272,474) | (259,749) |
| Other comprehensive loss from associates (excluding remeasurements) | (28,494) | (28,531) |
| | ₩ (300,968) | (288,280) |

LG DISPLAY CO., LTD. AND SUBSIDIARIES

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For the years ended December 31, 2018 and 2017

15. Capital and Reserves, Continued

The movement in reserves for the years ended December 31, 2018 and 2017 are as follows:

(In millions of won)

| | Net change in fair value of available-for-sale financial assets | Foreign currency translation differences for foreign operations | Other comprehensive income (loss) from associates (excluding remeasurements) | Total |
|--------------------|--|--|---|--------------|
| January 1, 2017 | ₩ | (59,042) | (29,436) | (88,478) |
| Change in reserves | | (200,707) | 905 | (199,802) |
| December 31, 2017 | | (259,749) | (28,531) | (288,280) |
| January 1, 2018 | | (259,749) | (28,531) | (288,280) |
| Change in reserves | | (12,725) | 37 | (12,688) |
| December 31, 2018 | | (272,474) | (28,494) | (300,968) |

LG DISPLAY CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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16. Revenue

Details of revenue for the years ended December 31, 2018 and 2017 are as follows:

(In millions of won)

| | 2018 | 2017 |
|----------------|--------------|-------------|
| Sales of goods | ₩ 24,293,798 | 27,745,047 |
| Royalties | 17,513 | 20,175 |
| Others | 25,260 | 24,994 |
| | ₩ 24,336,571 | 27,790,216 |

17. Geographic and Other Information

The following is a summary of sales by region based on the location of the customers for the years ended December 31, 2018 and 2017.

(a) Revenue by geography

(In millions of won)

| Region | 2018 | 2017 |
|---------------------------|--------------|-------------|
| Domestic | ₩ 1,589,452 | 1,996,183 |
| Foreign | | |
| China | 15,242,533 | 18,090,974 |
| Asia (excluding China) | 2,481,112 | 2,383,390 |
| United States | 2,462,918 | 2,724,714 |
| Europe (excluding Poland) | 1,496,138 | 1,433,126 |
| Poland | 1,064,418 | 1,161,829 |
| | ₩ 22,747,119 | 25,794,033 |
| | ₩ 24,336,571 | 27,790,216 |

Sales to Company A and Company B amount to ₩7,262,255 million and ₩5,171,354 million, respectively, for the year ended December 31, 2018 (2017: ₩9,027,165 million and ₩6,511,961 million). The Group's top ten end-brand customers together accounted for 77% of sales for the year ended December 31, 2018 (2017: 81%).

(b) Non-current assets by geography

(In millions of won)

| Region | December 31, 2018 | | December 31, 2017 | |
|---------------|--|------------------------------|--|------------------------------|
| | Property, plant and equipment | Intangible assets | Property, plant and equipment | Intangible assets |
| Domestic | ₩ 14,991,090 | 816,808 | 12,487,111 | 731,373 |
| Foreign | | | | |
| China | 5,037,472 | 12,332 | 2,929,739 | 17,244 |
| Others | 1,571,568 | 158,502 | 785,110 | 164,204 |
| | ₩ 6,609,040 | 170,834 | 3,714,849 | 181,448 |
| | ₩ 21,600,130 | 987,642 | 16,201,960 | 912,821 |

LG DISPLAY CO., LTD. AND SUBSIDIARIES

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17. Geographic and Other Information, Continued**(c) Revenue by product and services***(In millions of won)*

| | 2018 | 2017 |
|--------------------|--------------|-------------|
| Televisions | ₩ 9,727,260 | 11,717,982 |
| Desktop monitors | 4,040,025 | 4,393,482 |
| Tablet products | 1,990,766 | 2,369,634 |
| Notebook computers | 2,836,888 | 2,244,088 |
| Mobile and others | 5,741,632 | 7,065,030 |
| | ₩ 24,336,571 | 27,790,216 |

18. The Nature of Expenses and Others

The classification of expenses by nature for the years ended December 31, 2018 and 2017 are as follows:

(In millions of won)

| | 2018 | 2017 |
|--|-------------|-------------|
| Changes in inventories | ₩ (341,120) | (62,298) |
| Purchases of raw materials, merchandise and others | 12,837,908 | 13,548,847 |
| Depreciation and amortization | 3,554,565 | 3,214,576 |
| Outsourcing fees | 825,393 | 771,697 |
| Labor costs | 3,248,014 | 3,258,427 |
| Supplies and others | 1,010,352 | 1,239,915 |
| Utility | 899,075 | 865,347 |
| Fees and commissions | 722,134 | 692,125 |
| Shipping costs | 240,288 | 249,820 |
| Advertising | 112,400 | 236,440 |
| Warranty expenses | 234,928 | 251,131 |
| Travel | 123,210 | 92,976 |
| Taxes and dues | 104,009 | 91,806 |
| Others | 757,673 | 919,051 |

| | |
|--------------|------------|
| ₩ 24,328,829 | 25,369,860 |
|--------------|------------|

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

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19. Selling and Administrative Expenses

Details of selling and administrative expenses for the years ended December 31, 2018 and 2017 are as follows:

(In millions of won)

| | 2018 | 2017 |
|---|-------------|-------------|
| Salaries | ₩ 315,669 | 327,288 |
| Expenses related to defined benefit plans | 215,665 | 27,401 |
| Other employee benefits | 90,348 | 94,740 |
| Shipping costs | 200,434 | 214,866 |
| Fees and commissions | 221,050 | 197,070 |
| Depreciation | 174,575 | 138,711 |
| Taxes and dues | 65,621 | 46,317 |
| Advertising | 112,400 | 236,440 |
| Warranty expenses | 234,928 | 251,131 |
| Rent | 26,691 | 26,711 |
| Insurance | 11,584 | 12,459 |
| Travel | 24,659 | 27,879 |
| Training | 13,309 | 16,311 |
| Others | 64,245 | 73,181 |
| | ₩ 1,771,178 | 1,690,505 |

20. Personnel Expenses

Details of personnel expenses for the years ended December 31, 2018 and 2017 are as follows:

(In millions of won)

| | 2018 | 2017 |
|--|-------------|-------------|
| Salaries and wages | ₩ 2,720,010 | 2,704,217 |
| Other employee benefits | 500,168 | 483,704 |
| Contributions to National Pension plan | 75,667 | 73,061 |
| Expenses related to defined benefit plan | 180,741 | 198,241 |
| | ₩ 3,476,586 | 3,459,223 |

LG DISPLAY CO., LTD. AND SUBSIDIARIES

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

(a) Details of other non-operating income for the years ended December 31, 2018 and 2017 are as follows:

(In millions of won)

| | 2018 | 2017 |
|---|-------------|-------------|
| Foreign currency gain | ₩ 970,306 | 969,425 |
| Gain on disposal of property, plant and equipment | 6,620 | 101,227 |
| Gain on disposal of intangible assets | 239 | 308 |
| Reversal of impairment loss on intangible assets | 348 | 35 |
| Rental income | 3,584 | 2,212 |
| Others | 21,942 | 8,539 |
| | ₩ 1,003,038 | 1,081,746 |

(b) Details of other non-operating expenses for the years ended December 31, 2018 and 2017 are as follows:

(In millions of won)

| | 2018 | 2017 |
|--|-------------|-------------|
| Foreign currency loss | ₩ 1,030,084 | 1,189,193 |
| Loss on disposal of property, plant and equipment | 15,048 | 20,030 |
| Impairment loss on property, plant, and equipment | 43,601 | |
| Loss on disposal of intangible assets | | 30 |
| Impairment loss on intangible assets | 82 | 1,809 |
| Donations | 7,698 | 17,152 |
| Expenses related to legal proceedings or claims and others | 4 | 1,798 |
| Others | 18,716 | 443 |
| | ₩ 1,115,233 | 1,230,455 |

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22. Finance Income and Finance Costs

- (a) Finance income and costs recognized in profit or loss for the years ended December 31, 2018 and 2017 are as follows:

(In millions of won)

| | 2018 | 2017 |
|---|-------------|-------------|
| Finance income | | |
| Interest income | ₩ 69,020 | 60,106 |
| Foreign currency gain | 160,989 | 210,890 |
| Gain on disposal of investments in equity accounted investees | | 3,669 |
| Reversal of loss on impairment of investments in equity accounted investees | 802 | |
| Gain on transaction of derivatives | 2,075 | 3,106 |
| Gain on valuation of derivatives | 13,059 | 1,070 |
| Gain on disposal of available-for-sales financial assets | | 8 |
| Gain on valuation of financial asset at fair value through profit or loss | | 170 |
| Gain on valuation of financial asset at fair value through profit or loss | 8,186 | |
| | ₩ 254,131 | 279,019 |
| Finance costs | | |
| Interest expense | ₩ 80,517 | 90,538 |
| Foreign currency loss | 184,309 | 126,642 |
| Loss on disposal of investments in equity accounted investees | 595 | 42,112 |
| Loss on impairment of investments in equity accounted investees | 17,398 | 4,234 |
| Loss on impairment of available-for-sale financial assets | | 1,948 |
| Loss on valuation of financial asset at fair value through profit or loss | 225 | |
| Loss on sale of trade accounts and notes receivable | 13,361 | 784 |
| Loss on transaction of derivatives | 49 | 514 |
| Loss on valuation of derivatives | 26,600 | |
| Others | 3,839 | 2,084 |

₩ 326,893 268,856

- (b) Finance income and costs recognized in other comprehensive income or loss for the years ended December 31, 2018 and 2017 are as follows:

(In millions of won)

| | 2018 | 2017 |
|---|-------------|-------------|
| Foreign currency translation differences for foreign operations | ₩ (19,987) | (231,738) |
| Net change in fair value of available-for-sale financial assets | | |
| Tax effect | | |
| Finance income (costs) recognized in other comprehensive income or loss after tax | ₩ (19,987) | (231,738) |

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23. Income Taxes

(a) Details of income tax expense for the years ended December 31, 2018 and 2017 are as follows:

(In millions of won)

| | 2018 | 2017 |
|---|-----------------|----------------|
| Current tax expense | | |
| Current year | ₩ 249,619 | 512,123 |
| Deferred tax expense (benefit) | | |
| Origination and reversal of temporary differences | (218,959) | (104,835) |
| Change in unrecognized deferred tax assets | 57,417 | (11,708) |
| | ₩ (161,542) | (116,543) |
| Income tax expense | ₩ 88,077 | 395,580 |

(b) Income taxes recognized directly in other comprehensive income or loss for the years ended December 31, 2018 and 2017 are as follows:

(In millions of won)

| | 2018 | | | 2017 | | |
|---|-------------------|--------------------|-------------------|-------------------|------------------------------|-------------------|
| | Before tax | Tax benefit | Net of tax | Before tax | Tax benefit (expense) | Net of tax |
| Net change in fair value of available-for-sale financial assets | ₩ | | | | | |
| Remeasurements of net defined benefit liabilities (assets) | 5,690 | (1,169) | 4,521 | (16,260) | 9,259 | (7,001) |
| Foreign currency translation differences for foreign operations | (19,987) | | (19,987) | (231,738) | | (231,738) |
| Change in equity of equity method investee | 57 | | 57 | 1,346 | | 1,346 |
| | ₩ (14,240) | (1,169) | (15,409) | (246,652) | 9,259 | (237,393) |

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For the years ended December 31, 2018 and 2017

23. Income Taxes, Continued

(c) Reconciliation of the actual effective tax rate for the years ended December 31, 2018 and 2017 is as follows:

| <i>(In millions of won)</i> | 2018 | | 2017 | |
|---|-------------|-----------------|-------------|------------------|
| Profit for the year | ₩ | (179,443) | | 1,937,052 |
| Income tax expense | | 88,077 | | 395,580 |
| Profit before income tax | | (91,366) | | 2,332,632 |
| Income tax expense using the statutory tax rate of each country | (33.60%) | 30,695 | 28.54% | 665,733 |
| Non-deductible expenses | (40.07%) | 36,608 | 2.72% | 63,416 |
| Tax credits | 117.27% | (107,147) | (10.64%) | (248,191) |
| Change in unrecognized deferred tax assets | (70.94%) | 64,818 | (0.50%) | (11,708) |
| Adjustment of income tax related to prior period | (81.90%) | 74,824 | | |
| Effect on change in tax rate | 2.20% | (2,009) | (3.10%) | (72,376) |
| Others | 10.63% | (9,712) | (0.06%) | (1,294) |
| Actual income tax expense | ₩ | 88,077 | | 395,580 |
| Actual effective tax rate | | (96.40%) | | 16.96% |

24. Deferred Tax Assets and Liabilities

(a) Unrecognized deferred tax liabilities

As of December 31, 2018, in relation to the temporary differences on investments in subsidiaries amounting to ₩85,368 million, the Controlling Company did not recognize deferred tax liabilities since the Controlling Company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary differences will not reverse in the foreseeable future.

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

Realization of deferred tax assets related to tax credit carryforwards is dependent on whether sufficient taxable income will be generated prior to their expiration. As of December 31, 2018, the Controlling Company recognized deferred tax assets of ₩308,303 million, in relation to tax credit carryforwards, to the extent that management believes the realization is probable. The amount of unused tax credit carryforwards for which no deferred tax asset is recognized and their expiration dates are as follows:

| <i>(In millions of won)</i> | December 31, 2019 | December 31, 2020 | December 31, 2021 | December 31, 2022 | December 31, 2023 |
|-----------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| Tax credit carryforwards | ₩ | | 58,391 | 91,862 | |

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24. Deferred Tax Assets and Liabilities, Continued

(c) Deferred tax assets and liabilities are attributable to the following:

| | Assets | | Liabilities | | Total | |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| | December, 31, 2018 | December, 31, 2017 | December, 31, 2018 | December, 31, 2017 | December, 31, 2018 | December, 31, 2017 |
| <i>(In millions of won)</i> | | | | | | |
| Other accounts receivable, net | ₩ | | (1,013) | (1,441) | (1,013) | (1,441) |
| Inventories, net | 60,606 | 34,550 | | | 60,606 | 34,550 |
| Defined benefit liabilities, net | | 2,375 | | | | 2,375 |
| Investments in subsidiaries and associates | 13,404 | 29,061 | | | 13,404 | 29,061 |
| Accrued expenses | 126,072 | 183,903 | | | 126,072 | 183,903 |
| Property, plant and equipment | 444,226 | 409,928 | | | 444,226 | 409,928 |
| Intangible assets | 3,468 | 3,457 | (14,588) | (24,646) | (11,120) | (21,189) |
| Provisions | 32,468 | 27,018 | | | 32,468 | 27,018 |
| Gain or loss on foreign currency translation, net | 13 | 13 | | | 13 | 13 |
| Others | 13,185 | 27,562 | | | 13,185 | 27,562 |
| Deficit loss carried forward | 134,845 | | | | 134,845 | |
| Tax credit carryforwards | 308,393 | 268,926 | | | 308,393 | 268,926 |
| Deferred tax assets (liabilities) | ₩ 1,136,680 | 986,793 | (15,601) | (26,087) | 1,121,079 | 960,706 |

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24. Deferred Tax Assets and Liabilities, Continued

(d) Changes in deferred tax assets and liabilities for the years ended December 31, 2018 and 2017 are as follows:

| <i>(In millions of won)</i> | January 1, 2017 | Profit or loss | Other comprehensive income (loss) | December 31, 2017 | Profit or loss | Other comprehensive income | December 31, 2018 |
|--|--------------------------------|-------------------------------|--|------------------------------|-------------------------------|---|------------------------------|
| Other accounts receivable, net | ₩ (1,190) | (251) | | (1,441) | 428 | | (1,013) |
| Inventories, net | 35,771 | (1,221) | | 34,550 | 26,056 | | 60,606 |
| Available-for-sale financial assets | | | | | | | |
| Defined benefit liabilities, net | 10,817 | (17,701) | 9,259 | 2,375 | (1,206) | (1,169) | |
| Investments in equity accounted investees and subsidiaries | 34,777 | (5,716) | | 29,061 | (15,657) | | 13,404 |
| Accrued expenses | 122,998 | 60,905 | | 183,903 | (57,831) | | 126,072 |
| Property, plant and equipment | 338,860 | 71,068 | | 409,928 | 34,298 | | 444,226 |
| Intangible assets | (31,027) | 9,838 | | (21,189) | 10,069 | | (11,120) |
| Provisions | 15,051 | 11,967 | | 27,018 | 5,450 | | 32,468 |
| Gain or loss on foreign currency translation, net | 11 | 2 | | 13 | | | 13 |
| Others | 21,435 | 6,127 | | 27,562 | (14,377) | | 13,185 |
| Deficit loss carried forward | | | | | 134,845 | | 134,845 |
| Tax credit carryforwards | 287,400 | (18,474) | | 268,926 | 39,467 | | 308,393 |
| Deferred tax assets (liabilities) | ₩ 834,903 | 116,544 | 9,259 | 960,706 | 161,542 | (1,169) | 1,121,079 |

Statutory tax rate applicable to the Controlling Company is 24.2% for the year ended December 31, 2018. During the year ended December 31, 2018, certain corporate income tax rules in Korea were amended and effective on January 1, 2018 that resulted in application of 27.5% for taxable income in excess of ₩300,000 million. Accordingly, the Controlling Company applied such amendment when measuring the deferred tax. The effective tax rate for the year

ended December 31, 2018, is different from the statutory tax rate due to the change in the realization possibility of deferred income tax including the lump sum payment.

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For the years ended December 31, 2018 and 2017

25. Earnings per Share

(a) Basic earnings per share for the years ended December 31, 2018 and 2017 are as follows:

| <i>(In won and No. of shares)</i> | 2018 | 2017 |
|---|---------------------|-------------------|
| Profit attributable to owners of the Controlling Company | ₩ (207,239,484,774) | 1,802,756,119,275 |
| Weighted-average number of common stocks outstanding | 357,815,700 | 357,815,700 |
| Earnings per share | ₩ (579) | 5,038 |

For the years ended December 31, 2018 and 2017, there were no events or transactions that resulted in changes in the number of common stocks used for calculating earnings per share.

(b) Diluted earnings per share for the years ended December 31, 2018 and 2017 are not calculated since there was no potential common stock.

26. Financial Risk Management

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

(a) Market Risk

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

(i) Currency Risk

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

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

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

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26. Financial Risk Management, Continued

i) Exposure to currency risk

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

| <i>(In millions)</i> | December 31, 2018 | | | | | | |
|---|--------------------------|------------|------------|------------|------------|------------|-------------|
| | USD | JPY | CNY | TWD | EUR | PLN | VND |
| Cash and cash equivalents | 790 | 83 | 5,515 | 121 | 8 | 206 | 2,070,889 |
| Trade accounts and notes receivable | 2,175 | 7 | 1,098 | | | | |
| Non-trade receivable | 21 | 852 | 201 | 3 | 4 | | 23,182 |
| Other assets denominated in foreign currencies | 33 | 220 | 11,157 | 108 | 12 | 23 | 2,782 |
| Trade accounts and notes payable | (863) | (12,501) | (2,862) | | | | (355,390) |
| Other accounts payable | (928) | (20,326) | (4,762) | (6) | (3) | (4) | (1,585,130) |
| Debt | (2,571) | | (5,198) | | | | |
| Aggregate notional amounts in financial positions | (1,343) | (31,665) | 5,149 | 226 | 21 | 225 | 156,333 |
| Currency swap contracts | 780 | | | | | | |
| Net exposure | (563) | (31,665) | 5,149 | 226 | 21 | 225 | 156,333 |

| <i>(In millions)</i> | December 31, 2017 | | | | | | |
|--|--------------------------|------------|------------|------------|------------|------------|-------------|
| | USD | JPY | CNY | TWD | EUR | PLN | VND |
| Cash and cash equivalents | 1,228 | 152 | 6,940 | 16 | 3 | 165 | 342,063 |
| Deposits in banks | | | 750 | | | | |
| Trade accounts and notes receivable | 3,316 | 11 | 1,453 | | | | |
| Non-trade receivable | 62 | 1,340 | 136 | 2 | 9 | | 13,405 |
| Other assets denominated in foreign currencies | 1 | 206 | 596 | 7 | | | 1,882 |
| Trade accounts and notes payable | (1,345) | (14,898) | (2,843) | | | | (102,398) |
| Other accounts payable | (285) | (14,653) | (2,403) | (11) | (8) | (4) | (2,138,370) |
| Debt | (1,500) | | (3,263) | | | | |
| Net exposure | 1,477 | (27,842) | 1,366 | 14 | 4 | 161 | (1,883,418) |

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26. Financial Risk Management, Continued

Average exchange rates applied for the years ended December 31, 2018 and 2017 and the exchange rates at December 31, 2018 and December 31, 2017 are as follows:

| <i>(In won)</i> | Average rate | | Reporting date spot rate | |
|-----------------|--------------|----------|--------------------------|-------------------|
| | 2018 | 2017 | December 31, 2018 | December 31, 2017 |
| USD | ₩ 1,100.21 | 1,131.08 | 1,118.10 | 1,071.40 |
| JPY | 9.96 | 10.09 | 10.13 | 9.49 |
| CNY | 166.41 | 167.52 | 162.76 | 163.65 |
| TWD | 36.51 | 37.16 | 36.58 | 35.92 |
| EUR | 1,298.53 | 1,277.01 | 1,279.16 | 1,279.25 |
| PLN | 304.87 | 299.98 | 297.33 | 306.07 |
| VND | 0.0478 | 0.0498 | 0.0482 | 0.0472 |

ii) Sensitivity analysis

A weaker won, as indicated below, against the following currencies which comprise the Group's assets or liabilities denominated in a foreign currency as of December 31, 2018 and 2017, would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considers to be reasonably possible as of the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, would remain constant. The changes in equity and profit or loss would have been as follows:

| <i>(In millions of won)</i> | December 31, 2018 | | December 31, 2017 | |
|-----------------------------|-------------------|----------------|-------------------|----------------|
| | Equity | Profit or loss | Equity | Profit or loss |
| USD (5 percent weakening) | ₩ (46,136) | 38,725 | 50,040 | 91,238 |
| JPY (5 percent weakening) | (12,060) | (10,497) | (10,294) | (9,141) |
| CNY (5 percent weakening) | 41,779 | 318 | 13,212 | (6,396) |
| TWD (5 percent weakening) | 413 | 1 | 23 | 1 |
| EUR (5 percent weakening) | 1,197 | 390 | 16 | 594 |
| PLN (5 percent weakening) | 3,451 | (236) | 2,515 | (120) |
| VND (5 percent weakening) | 273 | 273 | (4,445) | |

A stronger won against the above currencies as of December 31, 2018 and 2017 would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

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26. Financial Risk Management, Continued**(ii) Interest Rate Risk****i) Profile**

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

| <i>(In millions of won)</i> | December 31, 2018 | December 31, 2017 |
|----------------------------------|--------------------------|--------------------------|
| Fixed rate instruments | | |
| Financial assets | ₩ 2,443,583 | 3,360,800 |
| Financial liabilities | (5,033,515) | (2,962,671) |
| | ₩ (2,589,932) | 398,129 |
| Variable rate instruments | | |
| Financial liabilities | ₩ (3,525,262) | (2,640,447) |

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

For the years ended December 31, 2018 and 2017 a change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below for the respective following years. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

| <i>(In millions of won)</i> | Equity | | Profit or loss | |
|------------------------------|------------------------|------------------------|------------------------|------------------------|
| | 1% increase | 1% decrease | 1% increase | 1% decrease |
| December 31, 2018 | | | | |
| Variable rate instruments(*) | ₩ (25,558) | 25,558 | (25,558) | 25,558 |
| December 31, 2017 | | | | |
| Variable rate instruments(*) | ₩ (17,362) | 17,362 | (17,362) | 17,362 |

(*) Financial instruments subject to interest rate swap not qualified for hedging are excluded.

(b) Credit risk

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

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

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

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26. Financial Risk Management, Continued**(b) Credit risk, Continued**

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

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk as of December 31, 2018 and December 31, 2017 are as follows:

i) As of December 31, 2018

| <i>(In millions of won)</i> | December 31, 2018 | |
|--|--------------------------|-----------|
| Financial assets carried at amortized cost | | |
| Cash and cash equivalents | ₩ | 2,365,022 |
| Deposits in banks | | 78,411 |
| Trade accounts and notes receivable | | 2,829,163 |
| Non-trade receivable | | 159,238 |
| Accrued income | | 10,075 |
| Deposits | | 91,123 |
| Short-term loans | | 16,116 |
| Long-term loans | | 55,048 |
| Long-term non-trade receivable | | 5,604,196 |
| | ₩ | 2,365,022 |
| Financial assets at fair value through profit or loss | | |
| Convertible bonds | ₩ | 1,327 |
| Derivatives | | 13,059 |
| | ₩ | 14,386 |
| Financial assets at fair value through other comprehensive income | | |
| Debt instrument | ₩ | 161 |

₩ 5,618,743

ii) As of December 31, 2017

| <i>(In millions of won)</i> | December 31, 2017 | |
|--|--------------------------|-----------|
| Cash and cash equivalents | ₩ | 2,602,560 |
| Deposits in banks | | 758,089 |
| Trade accounts and notes receivable, net | | 4,325,120 |
| Non-trade receivable, net | | 150,554 |
| Accrued income | | 14,273 |
| Available-for-sale financial assets | | 162 |
| Financial assets at fair value through profit or | | |
| Loss | | 1,552 |
| Deposits | | 30,378 |
| Short-term loans | | 16,766 |
| Long-term loans | | 32,408 |
| Long-term non-trade receivable | | 8,738 |
| Derivatives | | 842 |
| | ₩ | 7,941,442 |

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises primarily from the sales and investing activities. Trade accounts and notes receivables are insured in order to manage credit risk and uninsured trade accounts and notes receivables are managed in accordance with the Group's management policy.

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26. Financial Risk Management, Continued**(c) Liquidity Risk**

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

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

The following are the contractual maturities of financial liabilities, including estimated interest payments, as of December 31, 2018.

| <i>(In millions of won)</i> | Carrying amount | Total | Contractual cash flows | | | | More than 5 years |
|---|-----------------|------------|------------------------|-------------|-----------|-----------|-------------------|
| | | | 6 months or less | 6-12 months | 1-2 years | 2-5 years | |
| Non-derivative financial liabilities | | | | | | | |
| Secured bank loans | ₩ 268,093 | 268,190 | 268,190 | | | | |
| Unsecured bank loans | 5,958,427 | 6,588,503 | 565,832 | 356,688 | 973,297 | 4,169,682 | 523,003 |
| Unsecured bond issues | 2,332,257 | 2,537,553 | 291,738 | 328,400 | 456,990 | 1,320,248 | 140,177 |
| Trade accounts and notes payable | 3,087,461 | 3,087,461 | 3,087,461 | | | | |
| Other accounts payable | 3,566,629 | 3,566,629 | 3,566,629 | | | | |
| Long-term other accounts payable | 3,103 | 3,103 | | | 3,103 | | |
| Rental deposit | 10,955 | 10,955 | | 165 | 10,790 | | |
| Derivative financial liabilities | | | | | | | |
| Derivatives | 25,758 | (35,140) | (6,742) | (6,728) | (12,517) | (9,153) | |
| | ₩ 15,252,683 | 16,027,254 | 7,773,108 | 678,525 | 1,431,663 | 5,480,777 | 663,180 |

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

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26. Financial Risk Management, Continued

(d) Capital Management

Management's policy is to maintain a capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Liabilities to equity ratio, net borrowings to equity ratio and other financial ratios are used by management to achieve an optimal capital structure. Management also monitors the return on capital as well as the level of dividends to ordinary shareholders.

| <i>(In millions of won)</i> | December 31, 2018 | December 31, 2017 |
|-------------------------------------|--------------------------|--------------------------|
| Total liabilities | ₩ 18,289,464 | 14,178,177 |
| Total equity | 14,886,246 | 14,981,510 |
| Cash and deposits in banks (*1) | 2,443,422 | 3,360,638 |
| Borrowings (including bonds) | 8,558,778 | 5,603,118 |
| Total liabilities to equity ratio | 123% | 95% |
| Net borrowings to equity ratio (*2) | 41% | 15% |

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

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

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26. Financial Risk Management, Continued

(e) Determination of fair value

(i) Measurement of fair value

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

i) Current Assets and Liabilities

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

ii) Trade Receivables and Other Receivables

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

iii) Investments in Equity and Debt Securities

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

iv) Non-derivative Financial Liabilities

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

LG DISPLAY CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2018 and 2017

26. Financial Risk Management, Continued

(e) Determination of fair value, Continued

(ii) Fair values versus carrying amounts

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

i) As of December 31, 2018

| <i>(In millions of won)</i> | December 31, 2018 | |
|--|--------------------------|--------------------|
| | Carrying amounts | Fair values |
| Financial assets carried at amortized cost | | |
| Cash and cash equivalents | ₩ 2,365,022 | (*) |
| Deposits in banks | 78,411 | (*) |
| Trade accounts and notes receivable | 2,829,163 | (*) |
| Non-trade receivable | 159,238 | (*) |
| Accrued income | 10,075 | (*) |
| Deposits | 91,123 | (*) |
| Short-term loans | 16,116 | (*) |
| Long-term loans | 55,048 | (*) |
| Financial assets at fair value through profit or loss | | |
| Equity instrument | ₩ 13,682 | 13,682 |
| Convertible bonds | 1,327 | 1,327 |
| Derivatives | 13,059 | 13,059 |
| Financial assets at fair value through other comprehensive income | | |
| Debt instrument | ₩ 161 | 161 |
| Financial liabilities at fair value through profit or loss | | |
| Derivatives | ₩ 25,758 | 7,080 |
| Liabilities carried at amortized cost | | |
| Secured bank borrowings | ₩ 268,093 | 268,093 |
| Unsecured bank borrowings | 5,958,427 | 5,958,427 |
| Unsecured bond issues | 2,332,257 | 2,332,257 |
| Trade accounts and notes payable | 3,087,461 | (*) |

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| | | |
|----------------------------------|-----------|-----|
| Other accounts payable | 3,566,629 | (*) |
| Long-term other accounts payable | 3103 | (*) |
| Security deposits | 10,955 | (*) |

LG DISPLAY CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2018 and 2017

26. Financial Risk Management, Continued

ii) As of December, 2017

| <i>(In millions of won)</i> | December 31, 2017 | |
|--|-----------------------------|------------------------|
| | Carrying amounts | Fair values |
| Assets carried at fair value | | |
| Available-for-sale financial assets | ₩ 162 | 162 |
| Financial asset at fair value through profit or loss | 1,552 | 1,552 |
| Derivatives | 842 | 842 |
| Assets carried at amortized cost | | |
| Cash and cash equivalents | ₩ 2,602,560 | (*) |
| Deposits in banks | 758,089 | (*) |
| Trade accounts and notes receivable | 4,325,120 | (*) |
| Non-trade receivable | 150,554 | (*) |
| Accrued income | 14,273 | (*) |
| Deposits | 30,378 | (*) |
| Short-term loans | 16,766 | (*) |
| Long-term loans | 32,408 | (*) |
| Long-term non-trade receivable | 8,738 | (*) |
| Liabilities carried at fair value | | |
| Derivatives | ₩ | |
| Liabilities carried at amortized cost | | |
| Secured bank loans | ₩ 642,172 | 642,172 |
| Unsecured bank loans | 2,950,184 | 2,956,970 |
| Unsecured bond issues | 2,010,762 | 2,018,946 |
| Trade accounts and notes payable | 2,875,090 | (*) |
| Other accounts payable | 3,169,937 | 3,170,147 |
| Long-term other accounts payable | 2 | (*) |

(*) Excluded from disclosures as the carrying amount approximates fair value.

LG DISPLAY CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2018 and 2017

26. Financial Risk Management, Continued

(iii) Financial Instruments measured at cost

Available-for-sale financial assets measured at cost as of December 31, 2018 and 2017 are as follows:

| <i>(In millions of won)</i> | December 31, 2018 | December 31, 2017 |
|----------------------------------|--------------------------|--------------------------|
| Intellectual Discovery Co., Ltd. | ₩ 729 | 729 |
| Kyulux, Inc. | 1,968 | 1,968 |
| Fineeva Co., Ltd. | 286 | |
| ARCH Venture Fund Vill, L.P. | 2,283 | 2,283 |
| | 4,980 | 4,980 |

LG DISPLAY CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2018 and 2017

26. Financial Risk Management, Continued

The movement in the available-for-sale financial assets for the years ended December 31, 2018 and 2017 is as follows:

| <i>(In millions of won)</i> | December 31, 2018 | | | | | | |
|----------------------------------|----------------------------|--------------------|--------------------------------|------------------------------------|-----------------------|--|------------------------------|
| | January 1, 2018 | Acquisition | Disposal and others | Impairment measurements | Fair value | Effect of movements in exchange rates | December 31, 2018 |
| Intellectual Discovery Co., Ltd. | ₩ 729 | | | | 3,869 | | 4,598 |
| Kyulux Inc. | 1,968 | | | | 492 | | 2,460 |
| Fineeva Co., Ltd. | | 286 | | | | | 286 |
| ARCH Venture Fund Vill, L.P | 2,283 | 146 | | | 3,824 | 85 | 6,338 |
| | ₩4,980 | 432 | | | 8,185 | 85 | 13,682 |

| <i>(In millions of won)</i> | December 31, 2017 | | | | | |
|----------------------------------|----------------------------|--------------------|--------------------------------|-------------------|--|------------------------------|
| | January 1, 2017 | Acquisition | Disposal and others | Impairment | Effect of movements in exchange rates | December 31, 2017 |
| Intellectual Discovery Co., Ltd. | ₩ 729 | | | | | 729 |
| Kyulux Inc. | 3,266 | | | (1,298) | | 1,968 |
| Henghao Technology Co., Ltd. | 1,559 | | (909) | (650) | | |
| ARCH Venture Fund Vill, L.P | 2,285 | 266 | | | (268) | 2,283 |
| | ₩7,839 | 266 | (909) | (1,948) | (268) | 4,980 |

Available-for-sale-financial assets consist of investments in equity securities and the fair value of some investments in equity securities are measured at cost because the range of reasonable fair value measurements is significant and the probabilities of the various estimates cannot be reasonably assessed since they do not have a quoted price in an active market for an identical instruments.

LG DISPLAY CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2018 and 2017

26. Financial Risk Management, Continued

(iv) Fair values of financial assets and liabilities

i) Fair value hierarchy

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

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

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

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

ii) Financial instruments measured at fair value

Fair value hierarchy classifications of the financial instruments that are measured at fair value as of December 31, 2018 and 2017 are as follows:

| <i>(In millions of won)</i> | Level 1 | Level 2 | Level 3 | Total |
|---|----------------|----------------|----------------|--------------|
| December 31, 2018 | | | | |
| Financial asset at fair value through profit or loss | | | | |
| Equity securities | | | 13,682 | 13,682 |
| Convertible bond | | | 1,327 | 1,327 |
| Derivatives | | | 13,059 | 13,059 |
| Financial asset at fair value through other comprehensive income | | | | |
| Debt securities | 161 | | | 161 |
| Financial liabilities at fair value through profit or loss | | | | |
| Derivatives | | | 25,758 | 25,758 |

| <i>(In millions of won)</i> | Level 1 | Level 2 | Level 3 | Total |
|--|----------------|----------------|----------------|--------------|
| December 31, 2017 | | | | |
| Assets | | | | |
| Available-for-sale financial assets | 162 | | | 162 |
| Financial asset at fair value through profit or loss | | | 1,552 | 1,552 |
| Derivatives | | | 842 | 842 |

LG DISPLAY CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2018 and 2017

26. Financial Risk Management, Continued

iii) Financial instruments not measured at fair value but for which the fair value is disclosed
 Fair value hierarchy classifications, valuation technique and inputs for fair value measurements of the financial instruments not measured at fair value but for which the fair value is disclosed as of December 31, 2018 and December 31, 2017 are as follows:

| <i>(In millions of won)</i> Classification | December 31, 2018 | | | Valuation technique | Input |
|---|-------------------|---------|-----------|----------------------|---------------|
| | Level 1 | Level 2 | Level 3 | | |
| Liabilities | | | | | |
| Secured bank loans | ₩ | | 268,093 | Discounted cash flow | Discount rate |
| Unsecured bank loans | | | 5,987,155 | Discounted cash flow | Discount rate |
| Unsecured bond issues | | | 2,384,987 | Discounted cash flow | Discount rate |
| Other accounts payable | | | 3,566,629 | Discounted cash flow | Discount rate |

| <i>(In millions of won)</i> Classification | December 31, 2017 | | | Valuation technique | Input |
|---|-------------------|---------|-----------|----------------------|---------------|
| | Level 1 | Level 2 | Level 3 | | |
| Liabilities | | | | | |
| Secured bank loans | ₩ | | 642,172 | Discounted cash flow | Discount rate |
| Unsecured bank loans | | | 2,956,970 | Discounted cash flow | Discount rate |
| Unsecured bond issues | | | 2,016,086 | Discounted cash flow | Discount rate |
| Other accounts payable | | | 3,170,147 | Discounted cash flow | Discount rate |

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

| | December 31, 2018 | December 31, 2017 |
|------------------------------|-------------------|-------------------|
| Debentures, loans and others | 2.09~3.37% | 1.57~2.85% |

LG DISPLAY CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2018 and 2017

27. Changes in liabilities arising from financing activities

Changes in liabilities arising from financing activities for the year ended December 31, 2018 are as follows:

| <i>(In millions of won)</i> | January 1, 2018 | Cash flows from financing activities | Reclassification | Non-cash transactions | | December 31, 2018 |
|-----------------------------------|-----------------|---|------------------|---|----------------------------------|----------------------|
| | | | | Gain or loss on foreign currency translation | Effective interest adjustment | |
| Short-term borrowings | ₩ | (721) | | 721 | | |
| Current portion of long-term debt | 1,452,926 | (1,859,098) | 1,904,888 | 54,660 | 531 | 1,553,907 |
| Long-term borrowings | 2,644,189 | 3,882,959 | (1,345,520) | 50,642 | | 5,232,271 |
| Bonds | 1,506,003 | 828,169 | (559,368) | (4,172) | 1,967 | 1,772,599 |
| | ₩ 5,603,118 | 2,851,309 | | 101,851 | 2,498 | 8,558,777 |

LG DISPLAY CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2018 and 2017

28. Related Parties and Others

(a) Related parties

Related parties for the year ended December 31, 2017 are as follows:

| Classification | Description |
|--|--|
| Associates(*) | Paju Electric Glass Co., Ltd. and others |
| Entity that has significant influence over the Controlling Company | LG Electronics Inc. |
| Subsidiaries of the entity that has significant influence over the Controlling Company | Subsidiaries of LG Electronics Inc. |

(*) Details of associates are described in note 8.

LG DISPLAY CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2018 and 2017

28. Related Parties and Others, Continued

- (b) Significant transactions such as sales of goods and purchases of raw material and outsourcing service and others, which occurred in the normal course of business with related parties for the years ended December 31, 2018 and 2017 are as follows:

| <i>(In millions of won)</i> | 2018 | | | | | |
|---|-----------------------------|----------------------------|-----------------------|--|-----------------------------|--------------------|
| | Sales and others | Dividend income | and others | and acquisition of material property, plant and equipment | Outsourcing fees | Other costs |
| Associates and their subsidiaries | | | | | | |
| INVENIA Co., Ltd. | | 30 | 1,608 | 58,111 | | 896 |
| AVATEC Co., Ltd. | | 530 | | | 71,403 | 905 |
| Paju Electric Glass Co., Ltd. | | 4,172 | 364,183 | | | 4,411 |
| WooRee E&L Co., Ltd. | | | 58 | | | 144 |
| YAS Co., Ltd. | | | 5,281 | 143,192 | | 3,391 |
| LB Gemini New Growth Fund No. 16(*) | 1,112 | 540 | | | | |
| | ₩ 1,112 | 5,272 | 371,130 | 201,303 | 71,403 | 9,747 |
| Entity that has significant influence over the Controlling Company | | | | | | |
| LG Electronics Inc. | ₩ 1,215,153 | | 36,522 | 1,041,563 | | 127,775 |
| Subsidiaries of the entity that has significant influence over the Controlling Company | | | | | | |
| LG Electronics India Pvt. Ltd. | ₩ 71,798 | | | | | 103 |
| LG Electronics Vietnam Haiphong Co., Ltd. | 173,051 | | | 4,541 | | 166 |

LG DISPLAY CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2018 and 2017

| <i>(In millions of won)</i> | 2018 | | | | | |
|--|-------------------------|------------------------|----------------------------|--|-------------------------|--------------------|
| | Sales and others | Dividend income | material and others | Purchase of property, plant and equipment | Outsourcing fees | Other costs |
| LG Electronics Nanjing New Technology Co., Ltd. | ₩ 223,524 | | | 424 | | 1,528 |
| LG Electronics RUS, LLC | 106,631 | | | | | 2,673 |
| LG Electronics do Brasil Ltda. | 192,775 | | | | | 350 |
| LG Innotek Co., Ltd. | 29,267 | | 147,453 | | | 39,136 |
| Qingdao LG Inspur Digital Communication Co., Ltd. | 37,738 | | | | | |
| Inspur LG Digital Mobile Communications Co., Ltd. | 131,970 | | | | | 1 |
| LG Electronics Mexicali, S.A. DE C.V. | 187,844 | | | | | 210 |
| LG Electronics Mlawa Sp. z o.o. | 740,784 | | | | | 631 |
| LG Hitachi Water Solutions Co., Ltd. | 9,100 | | | 304,365 | | 8,980 |
| LG Electronics Reynosa, S.A. DE C.V. | 1,030,414 | | | | | 2,021 |
| HiEntech Co., Ltd. | | | | 22,378 | | 29,215 |
| Hientech (Tianjin) Co., Ltd. | | | | 92,900 | | 23,880 |
| LG Electronics Air-Conditioning (Shandong) Co., Ltd. | | | 330 | 26,871 | | 7,264 |
| LG Electronics Almaty Kazakhstan | 3,759 | | | | | 42 |
| LG Electronics Egypt S.A.E. | 25,491 | | | | | 16 |
| LG Electronics S.A. (Pty) Ltd. | 7,244 | | | | | 20 |
| LG Electronics Taiwan Taipei Co., Ltd. | 12,746 | | | | | 330 |
| Others | 5,195 | | 28 | 15 | | 11,480 |
| | ₩ 2,989,331 | | 147,811 | 451,494 | | 128,046 |
| | ₩ 4,205,596 | 5,272 | 555,463 | 1,694,360 | 71,403 | 265,569 |

(*) Represents transactions occurred prior to disposal of the entire investments.

LG DISPLAY CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2018 and 2017

28. Related Parties and Others, Continued

| <i>(In millions of won)</i> | 2017 | | | | | |
|---|-----------------------------|----------------------------|--|---|-------------------------------------|------------------------------------|
| | Sales and others | Dividend income | Purchase of raw material and others | Acquisition of property, plant and equipment | Purchase and others fees | Outsourcing Other costs |
| Associates and their subsidiaries | | | | | | |
| New Optics Ltd. (*) | ₩ 1 | | | | 4 | 6 |
| INVENIA Co., Ltd. | | | 1,862 | 66,548 | | 2,259 |
| AVATEC Co., Ltd. | | 530 | | | 90,785 | 720 |
| Paju Electric Glass Co., Ltd. | | 8,109 | 380,815 | | | 4,225 |
| Shinbo Electric Co., Ltd. (*) | 15,812 | | | | | 21 |
| Narenanotech Corporation (*) | | | 279 | 21,727 | | 244 |
| WooRee E&L Co., Ltd. | | | | | | 175 |
| YAS Co., Ltd. | | | 6,347 | 69,243 | | 2,474 |
| | ₩ 15,813 | 8,639 | 389,303 | 157,518 | 90,789 | 10,124 |
| Entity that has significant influence over the Controlling Company | | | | | | |
| LG Electronics Inc. | ₩ 1,689,381 | | 47,898 | 906,427 | | 109,865 |
| Subsidiaries of the entity that has significant influence over the Controlling Company | | | | | | |
| LG Electronics India Pvt. Ltd. | ₩ 71,597 | | | | | 163 |
| LG Electronics Vietnam Haiphong Co., Ltd. | 205,934 | | | 8,892 | | 198 |

LG DISPLAY CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2018 and 2017

28. Related Parties and Others, Continued

| <i>(In millions of won)</i> | 2017 | | | | | |
|---|---------------------|--------------------|--|---|--|----------------|
| | Sales and others | Dividend income | Purchase of raw material and others | Acquisition of property, plant and equipment | Purchase and others Outsourcing fees | Other costs |
| LG Electronics Nanjing New Technology Co., Ltd. | ₩ 300,785 | | | 245 | | 379 |
| LG Electronics RUS, LLC | 103,479 | | | | | 963 |
| LG Electronics do Brasil Ltda. | 228,821 | | | | | 430 |
| LG Innotek Co., Ltd. | 14,836 | | 199,896 | | | 5,692 |
| Qingdao LG Inspur Digital Communication Co., Ltd. | 77,787 | | | | | |
| Inspur LG Digital Mobile Communications Co., Ltd. | 230,832 | | | | | |
| LG Electronics Mexicali, S.A. DE C.V. | 319,772 | | | | | 186 |
| LG Electronics Mlawa Sp. z o.o. | 847,565 | | | | | 985 |
| LG Electronics Taiwan Taipei Co., Ltd. | 13,693 | | | | | 164 |
| LG Hitachi Water Solutions Co., Ltd. | | | | 318,978 | | 1,532 |
| LG Electronics Reynosa, S.A. DE C.V. | 1,287,340 | | | | | 1,926 |
| LG Electronics Almaty Kazakhstan | 14,079 | | | | | 53 |
| LG Electronics Air-Conditioning (Shandong) Co., Ltd. | | | 255 | 3,744 | | 2,621 |
| HiEntech Co., Ltd. | | | | 6,991 | | 34,432 |
| Hientech (Tianjin) Co., Ltd. | | | | 21,838 | | 11,822 |
| LG Electronics S.A. (Pty) Ltd. | 14,155 | | | | | 25 |
| Others | 857 | | 3 | 14 | | 7,264 |
| | ₩ 3,731,532 | | 200,154 | 360,702 | | 68,835 |
| | ₩ 5,436,726 | 8,639 | 637,355 | 1,424,647 | 90,789 | 188,824 |

(*) Represents transactions occurred prior to disposal of the entire investments.

LG DISPLAY CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2018 and 2017

28. Related Parties and Others, Continued

(c) Trade accounts and notes receivable and payable as of December 31, 2018 and 2017 are as follows:

| <i>(In millions of won)</i> | Trade accounts and notes receivable and others | | Trade accounts and notes payable and others | |
|---|---|--------------------------|--|--------------------------|
| | December 31, 2018 | December 31, 2017 | December 31, 2018 | December 31, 2017 |
| Associates | | | | |
| INVENIA Co., Ltd. | 2,000 | 2,375 | 30,179 | 18,662 |
| AVATEC Co., Ltd. | | | 4,382 | 2,949 |
| Paju Electric Glass Co., Ltd. | | | 60,566 | 60,141 |
| WooRee E&L Co., Ltd. | | | 7 | 61 |
| YAS Co., Ltd. | | 375 | 6,145 | 6,474 |
| | ₩ 2,000 | 2,750 | 101,279 | 88,287 |
| Entity that has significant influence over the Controlling Company | | | | |
| LG Electronics Inc. | ₩ 247,679 | 550,335 | 430,677 | 257,071 |
| Subsidiaries of the entity that has significant influence over the Controlling Company | | | | |
| LG Electronics India Pvt. Ltd. | ₩ 9,047 | 3,030 | 29 | |
| LG Electronics Vietnam Haiphong Co., Ltd. | 25,544 | 36,017 | | 3,917 |
| LG Electronics Nanjing New Technology Co., Ltd. | 43,463 | 46,373 | 139 | 699 |
| LG Electronics RUS, LLC | 22,570 | 25,102 | 90 | 80 |
| LG Electronics do Brasil Ltda. | 15,608 | 19,091 | 62 | 10 |
| LG Innotek Co., Ltd. | 2,885 | 407 | 47,382 | 62,675 |
| Qingdao LG Inspur Digital Communication Co., Ltd. | 3,530 | 13,061 | | |

LG DISPLAY CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2018 and 2017

28. Related Parties and Others, Continued

| <i>(In millions of won)</i> | Trade accounts and notes receivable and others | | Trade accounts and notes payable and others | |
|--|---|--------------------------|--|--------------------------|
| | December 31, 2018 | December 31, 2017 | December 31, 2018 | December 31, 2017 |
| Inspur LG Digital Mobile Communications Co., Ltd. | ₩ 13,172 | 55,278 | | |
| LG Electronics Mexicali, S.A. DE C.V. | 15,305 | 29,440 | | |
| LG Electronics Mlawa Sp. z o.o. | 70,236 | 136,874 | 33 | 25 |
| LG Hitachi Water Solutions Co., Ltd. | 9,100 | | 50,425 | 154,864 |
| LG Electronics Reynosa S.A. DE C.V. | 69,189 | 137,413 | 134 | 82 |
| HiEntech Co., Ltd. | | | 16,816 | 6,679 |
| Hientech (Tianjin) Co., Ltd. | | | 16,345 | 5,600 |
| LG Electronics Egypt S.A.E. | 10,296 | | | 1 |
| Others | 5,263 | 7,618 | 18,900 | 1,714 |
| | ₩ 315,208 | 509,704 | 150,355 | 236,346 |
| | ₩ 564,887 | 1,062,789 | 682,311 | 581,704 |

(*) Represents transactions occurred prior to disposal of the entire investments.

LG DISPLAY CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2018 and 2017

28. Related Parties and Others, Continued

(d) Details of significant cash transactions such as loans and collection of loans, which occurred in the normal course of business with related parties for the years ended December 31, 2018 and 2017 are as follows:

(In millions of won)

| Associates | January 1, 2018 | Loans(*) | | December 31, 2018 |
|-------------------|----------------------------|-----------------|-----------------|------------------------------|
| | | Increase | Decrease | |
| INVENIA Co., Ltd. | 2,375 | | 375 | 2,000 |
| YAS Co., Ltd. | 375 | | 375 | |
| | ₩2,750 | | 750 | 2,000 |

(*) Loans are presented based on nominal amounts.

(In millions of won)

| Associates | January 1, 2017 | Loans(*1) | | December 31, 2017 |
|------------------------------|----------------------------|------------------|-----------------|------------------------------|
| | | Increase | Decrease | |
| New Optics Ltd.(*2) | ₩1,000 | | 125 | 875 |
| INVENIA Co., Ltd. | 833 | 2,000 | 458 | 2,375 |
| Narenanotech Corporation(*2) | 300 | | 75 | 225 |
| YAS Co., Ltd. | 833 | | 458 | 375 |
| | ₩2,966 | 2,000 | 1,116 | 3,850 |

(*1) Loans are presented based on nominal amounts.

(*2) Excluded from related parties due to disposal of equity investments during the year ended December 31, 2017.

LG DISPLAY CO., LTD.

Notes to the Separate Financial Statements

For the years ended December 31, 2018 and 2017

28. Related Parties and Others, Continued

(e) Conglomerate Transactions

Transactions, trade accounts and notes receivable and payable, and others between the Group and certain companies and their subsidiaries, which are included in LG Group, one of conglomerates according to the Monopoly Regulation and Fair Trade Act for the years ended December 31, 2018 and 2017 are as follows. These entities are not affiliates according to K-IFRS No. 1024, *Related Party Disclosures*.

| | For the year ended December 31, 2018 | | December 31, 2018 | |
|---|---|---------------------------|--|--|
| | Sales and others | Purchase and others | Trade accounts and notes receivable and others | Trade accounts and notes payable and others |
| LG Chem Ltd. and its subsidiaries | ₩ 1,648 | 1,233,945 | 173 | 184,357 |
| LG Household & Health Care and its subsidiaries | 1 | 118 | | |
| LG Hausys Ltd | 1,111 | 4 | | 3 |
| Serveone and its subsidiaries | 401 | 1,928,820 | 21,307 | 510,132 |
| Silicon Works Co., Ltd | | 713,093 | | 140,694 |
| LG CNS Co., Ltd. and its subsidiaries | | 278,330 | 1 | 95,703 |
| LG Holdings Japan Co., Ltd. | | 1,836 | 2,037 | |
| LG International Corp. and its subsidiaries(*) | 715,835 | 578,153 | 83,011 | 146,836 |
| LG Management Development Institute | | 9,734 | 3,480 | 441 |
| G2R Inc. and its subsidiaries | | 60,978 | | 19,773 |
| LG Corp. | | 54,434 | 11,246 | |
| LG Uplus Corp. | 21 | 1,745 | | 178 |
| Robostar Co., Ltd. | | 3,616 | | 2,723 |
| | ₩ 719,017 | 4,864,806 | 121,255 | 1,100,840 |

(*) For transactions which LG International and its subsidiaries act as an agent of the Group and receive commission revenue from the Group, above transaction amount only include commission revenue recognized by LG International and its subsidiaries. For prior year comparative purpose, gross sales and others for the year ended December 31, 2018 amount to ₩770,277 million, respectively, and gross purchase and others for the year ended

December 31, 2018 amount to ₩1,140,207 million, respectively.

LG DISPLAY CO., LTD.

Notes to the Separate Financial Statements

For the years ended December 31, 2018 and 2017

| | For the year ended December 31, 2017 | | December 31, 2017 | |
|---|---|------------------------|---|--|
| | Sales and others | Purchase and others | Trade accounts and notes receivable and others | Trade accounts and notes payable and others |
| LG Chem Ltd. and its subsidiaries | ₩ 1,648 | 1,233,945 | 173 | 184,357 |
| LG Household & Health Care and its subsidiaries | 1 | 118 | | |
| LG Hausys Ltd | 1,111 | 4 | | 3 |
| Serveone and its subsidiaries | 401 | 1,928,820 | 21,307 | 510,132 |
| Silicon Works Co., Ltd | | 713,093 | | 140,694 |
| LG CNS Co., Ltd. and its subsidiaries | | 278,330 | 1 | 95,703 |
| LG Holdings Japan Co., Ltd. | | 1,836 | 2,037 | |
| LG International Corp. and its subsidiaries | 715,835 | 578,153 | 83,011 | 146,836 |
| LG Management Development Institute | | 9,734 | 3,480 | 441 |
| G2R Inc. and its subsidiaries | | 60,978 | | 19,773 |
| LG Corp. | | 54,434 | 11,246 | |
| LG Uplus Corp. | 21 | 1,745 | | 178 |
| Lusem Co., Ltd.(*) | | | | |
| SK Siltron Co., Ltd. (formerly, Siltron Co., Ltd.)(*)) | | | | |
| | ₩ 719,017 | 4,861,190 | 121,255 | 1,098,117 |

(*) Represents transactions occurred prior to disposal of the entire investments.

Please refer to the detailed footnotes and final financial statements in the audit report, which will be on the electronic disclosure system (<<http://dart.dss.or.kr>>) on the last week of February

(3) Separate Financial Statements**A. Separate Statements of Financial Position**

As of December 31, 2018 and 2017

LG DISPLAY CO., LTD.

Notes to the Separate Financial Statements

For the years ended December 31, 2018 and 2017

| <i>(In millions of won)</i> | Note | December 31, 2018 | December 31, 2017 |
|--|---------------|----------------------|----------------------|
| Assets | | | |
| Cash and cash equivalents | 4, 26 | ₩ 473,283 | 566,408 |
| Deposits in banks | 4, 26 | 77,200 | 580,770 |
| Trade accounts and notes receivable, net | 5, 14, 26, 28 | 3,389,108 | 4,673,570 |
| Other accounts receivable, net | 5, 26 | 321,963 | 687,109 |
| Other current financial assets | 6, 26 | 29,281 | 13,499 |
| Inventories | 7 | 1,951,155 | 1,682,245 |
| Other current assets | 5 | 136,349 | 177,473 |
| Total current assets | | 6,378,339 | 8,381,074 |
| Deposits in banks | 4, 26 | 11 | 11 |
| Investments | 8 | 3,602,214 | 2,683,941 |
| Other non-current accounts receivable, net | 5, 26 | 25,823 | 15,115 |
| Other non-current financial assets | 6, 26 | 77,192 | 49,657 |
| Property, plant and equipment, net | 9 | 14,984,564 | 12,487,001 |
| Intangible assets, net | 10 | 816,808 | 731,373 |
| Deferred tax assets | 24 | 851,936 | 727,248 |
| Other non-current assets | 5 | 325,219 | 333,995 |
| Total non-current assets | | 20,683,767 | 17,028,341 |
| Total assets | | ₩ 27,062,106 | 25,409,415 |
| Liabilities | | | |
| Trade accounts and notes payable | 26, 28 | ₩ 3,186,123 | 2,391,493 |
| Current financial liabilities | 11, 26 | 1,044,841 | 1,060,735 |
| Other accounts payable | 26 | 1,746,412 | 2,701,823 |
| Accrued expenses | | 516,970 | 755,062 |
| Income tax payable | | 17,404 | 235,593 |
| Provisions | 13 | 96,555 | 73,685 |
| Advances received | 14 | 780,906 | 142,700 |
| Other current liabilities | 13 | 27,419 | 33,514 |
| Total current liabilities | | 7,416,630 | 7,394,605 |
| Non-current financial liabilities | 11, 26 | 5,139,476 | 3,165,413 |
| Non-current provisions | 13 | 32,764 | 28,312 |
| Defined benefit liabilities, net | 12 | 44,187 | 94,535 |
| Long-term advances received | 14 | 1,122,015 | 830,335 |
| Other non-current liabilities | 13 | 94,453 | 66,956 |

| | | | |
|--------------------------------------|----|-------------------------|------------|
| Total non-current liabilities | | 6,432,895 | 4,185,551 |
| Total liabilities | | 13,849,525 | 11,580,156 |
| Equity | | | |
| Share capital | 15 | 1,789,079 | 1,789,079 |
| Share premium | | 2,251,113 | 2,251,113 |
| Retained earnings | 16 | 9,172,389 | 9,789,067 |
| Total equity | | 13,212,581 | 13,829,259 |
| Total liabilities and equity | | ₩ 27,062,106 | 25,409,415 |

See accompanying notes to the separate financial statements.

LG DISPLAY CO., LTD.

Notes to the Separate Financial Statements

For the years ended December 31, 2018 and 2017

B. Separate Statements of Comprehensive Income

For the years ended December 31, 2018 and 2017

| <i>(In millions of won, except earnings per share)</i> | Note | 2018 | 2017 |
|--|-------------|--------------|--------------|
| Revenue | 17, 28 | ₩ 22,371,687 | 25,591,082 |
| Cost of sales | 7, 18, 28 | (20,439,681) | (21,718,047) |
| Gross profit | | 1,932,006 | 3,873,035 |
| Selling expenses | 19 | (519,804) | (666,891) |
| Administrative expenses | 19 | (678,861) | (473,477) |
| Research and development expenses | | (1,206,336) | (1,195,937) |
| Operating profit | | (472,995) | 1,536,730 |
| Finance income | 22 | 148,301 | 763,489 |
| Finance costs | 22 | (129,652) | (119,534) |
| Other non-operating income | 21 | 541,547 | 790,476 |
| Other non-operating expenses | 21 | (577,007) | (931,294) |
| Profit before income tax | | (489,806) | 2,039,867 |
| Income tax expense (Income) | 23 | (47,515) | 260,146 |
| Profit for the year | | (442,291) | 1,779,721 |
| Other comprehensive income (loss) | | | |
| Items that will never be reclassified to profit or loss | | | |
| Remeasurements of net defined benefit liabilities | 12, 23 | 5,690 | (16,260) |
| Related income tax | 12, 23 | (1,169) | 9,259 |
| | | 4,521 | (7,001) |
| Other comprehensive income (loss) for the year, net of income tax | | 4,521 | (7,001) |
| Total comprehensive income (loss) for the year | | ₩ (437,770) | 1,772,720 |
| Earnings per share (In won) | | | |
| Basic earnings per share | 25 | ₩ (1,236) | 4,974 |
| Diluted earnings per share | 25 | ₩ (1,236) | 4,974 |

See accompanying notes to the separate financial statements.

LG DISPLAY CO., LTD.

Notes to the Separate Financial Statements

For the years ended December 31, 2018 and 2017

c. Separate Statements of Changes in Equity (Appendix-2)**d. Separate Statements of Cash Flows**

For the years ended December 31, 2018 and 2017

| <i>(In millions of won)</i> | Note | 2018 | 2017 |
|--|--------|-------------|-----------|
| Cash flows from operating activities: | | | |
| Profit for the year | | ₩ (442,291) | 1,779,721 |
| Adjustments for: | | | |
| Income tax expense | 23 | (47,515) | 260,146 |
| Depreciation | 9, 18 | 1,993,133 | 1,732,901 |
| Amortization of intangible assets | 10, 18 | 399,635 | 391,580 |
| Gain on foreign currency translation | | (38,724) | (143,514) |
| Loss on foreign currency translation | | 102,689 | 143,022 |
| Expenses related to defined benefit plans | 12, 20 | 178,274 | 196,853 |
| Gain on disposal of property, plant and equipment | | (42,864) | (139,053) |
| Loss on disposal of property, plant and equipment | | 8,615 | 11,620 |
| Impairment loss on disposal of property, plant and equipment | | 43,601 | |
| Gain on disposal of intangible assets | | (239) | (308) |
| Loss on disposal of intangible assets | | | 30 |
| Impairment loss on intangible assets | | 82 | 1,809 |
| Reversal of impairment loss on intangible assets | | (348) | (35) |
| Warranty expenses | | 207,892 | 217,198 |
| Finance income | | (145,293) | (761,617) |
| Finance costs | | 119,915 | 80,995 |
| Other income | | (3,400) | (17,127) |
| Other expenses | | 612 | 2,293 |
| | | 2,776,065 | 1,976,793 |
| Changes in | | | |
| Trade accounts and notes receivable | | 1,110,769 | 316,119 |
| Other accounts receivable | | 21,444 | (63,844) |
| Inventories | | (355,858) | 24,738 |
| Other current assets | | 101,812 | 14,807 |
| Other non-current assets | | (65,166) | (112,015) |
| Trade accounts and notes payable | | 828,112 | (272,656) |
| Other accounts payable | | (223,707) | 161,337 |
| Accrued expenses | | (249,579) | 166,035 |
| Provisions | | (190,317) | (177,439) |

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| | | |
|--|--------------------|------------------|
| Other current liabilities | 53,017 | (6,883) |
| Defined benefit liabilities, net | (222,932) | (260,790) |
| Long-term advances received | 957,717 | 1,020,470 |
| Other non-current liabilities | 25,745 | 6,368 |
| | 1,791,057 | 816,247 |
| Cash generated from operating activities | 4,124,831 | 4,572,761 |
| Income taxes paid | (313,867) | (232,477) |
| Interests received | 19,592 | 25,017 |
| Interests paid | (145,082) | (93,487) |
| Net cash provided by operating activities | ₩ 3,685,474 | 4,271,814 |

LG DISPLAY CO., LTD.

Notes to the Separate Financial Statements

For the years ended December 31, 2018 and 2017

Separate Statements of Cash Flows, Continued

For the years ended December 31, 2018 and 2017

| <i>(In millions of won)</i> | Note | 2018 | 2017 |
|---|------|--------------------|--------------------|
| Cash flows from investing activities: | | | |
| Dividends received | | ₩ 24,136 | 409,015 |
| Increase in deposits in banks | | (275,700) | (1,334,015) |
| Proceeds from withdrawal of deposits in banks | | 778,915 | 1,826,523 |
| Acquisition of financial assets at fair value through profit or loss | | | |
| Acquisition of available-for-sale financial assets | | | (7) |
| Proceeds from disposal of available-for-sale financial assets | | | 917 |
| Acquisition of financial asset at fair value through profit or loss | | (286) | |
| Proceeds from disposal of financial assets at fair value through other comprehensive income | | 6 | |
| Acquisition of investments | | (192,611) | (81,780) |
| Proceeds from disposal of investments | | 4,527 | 13,128 |
| Acquisition of property, plant and equipment | | (5,548,289) | (4,859,831) |
| Proceeds from disposal of property, plant and equipment | | 201,222 | 199,769 |
| Acquisition of intangible assets | | (466,496) | (437,290) |
| Proceeds from disposal of intangible assets | | 960 | 1,674 |
| Government grants received | | 1,210 | 1,859 |
| Receipt from settlement of derivatives | | 2,026 | 2,592 |
| Proceeds from collection of short-term loans | | 11,058 | 1,118 |
| Increase in short-term loans | | (7,700) | |
| Increase in long-term loans | | (36,580) | (13,930) |
| Increase in deposits | | (348) | (1,388) |
| Decrease in deposits | | 569 | 1,185 |
| Proceeds from disposal of emission rights | | 10,200 | 6,090 |
| Net cash used in investing activities | | (5,493,181) | (4,264,371) |
| Cash flows from financing activities: | | | |
| | 27 | | |
| Proceeds from short-term borrowings | | 552,164 | |
| Repayments of short-term borrowings | | (552,884) | (105,864) |
| Proceeds from issuance of debentures | | 828,169 | 497,959 |
| Proceeds from long-term debt | | 2,489,560 | 630,000 |
| Repayments of current portion of long-term debt and debentures | | (1,425,395) | (544,557) |

| | | |
|--|------------------|----------------|
| Payment guarantee fee received | 1,876 | 868 |
| Dividends paid | (178,908) | (178,908) |
| Net cash provided by financing activities | 1,714,582 | 299,498 |
| Net increase in cash and cash equivalents | (93,125) | 306,941 |
| Cash and cash equivalents at January 1 | 566,408 | 259,467 |
| Cash and cash equivalents at December 31 | ₩ 473,283 | 566,408 |

See accompanying notes to the separate financial statements.

LG DISPLAY CO., LTD.

Notes to the Separate Financial Statements

For the years ended December 31, 2018 and 2017

e. Notes to the Separate Financial Statements

1. Organization and Description of Business

LG Display Co., Ltd. (the Company) was incorporated in February 1985 and the Company is a public corporation listed in the Korea Exchange since 2004. The main business of the Company is to manufacture and sell displays and its related products. As of December 31, 2018, the Company operates Thin Film Transistor Liquid Crystal Display (TFT-LCD) and Organic Light Emitting Diode (OLED) panel manufacturing plants in Gumi, Paju and China and TFT-LCD and OLED module manufacturing plants in Gumi, Paju, China, Poland and Vietnam. The Company is domiciled in the Republic of Korea with its address at 128 Yeouidae-ro, Yeongdeungpo-gu, Seoul, the Republic of Korea. As of December 31, 2017, LG Electronics Inc., a major shareholder of the Company, owns 37.9% (135,625,000 shares) of the Company's common stock.

LG DISPLAY CO., LTD.

Notes to the Separate Financial Statements

For the years ended December 31, 2018 and 2017

The Company's common stock is listed on the Korea Exchange under the identifying code 034220. As of December 31, 2017, there are 357,815,700 shares of common stock outstanding. The Company's common stock is also listed on the New York Stock Exchange in the form of American Depositary Shares (ADSs) under the symbol LPL . One ADS represents one-half of one share of common stock. As of December 31, 2018, there are 20,890,926 ADSs outstanding.

2. Basis of Presenting Financial Statements

(a) Statement of Compliance

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

These financial statements are separate financial statements prepared in accordance with K-IFRS No.1027, *Separate Financial Statements*, presented by a parent, an investor in an associate or a venture in a joint ventures, in which the investments are accounted for on the basis of the direct equity interest rather than on the basis of the reported results and net assets of the investees.

K-IFRS No. 1109, K-IFRS No. 1115, and K-IFRS No. 2122 have been applied in the condensed separate interim financial statements as of and for the nine-month period ended September 30, 2018. Changes to significant accounting policies are described in Note 3.

The separate financial statements were authorized for issuance by the Board of Directors on January 22, 2018, which will be submitted for approval to the shareholders' meeting to be held on March 15, 2019.

LG DISPLAY CO., LTD.

Notes to the Separate Financial Statements

For the years ended December 31, 2018 and 2017

2. Basis of Presenting Financial Statements, Continued

(b) Basis of Measurement

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

derivative instruments, financial assets at fair value through profit or loss and available-for-sale financial assets are measured at fair value, and

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

(c) Functional and Presentation Currency

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

(d) Use of Estimates and Judgments

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

In preparing these financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those applied in the last annual financial statements, except for new significant judgments and key sources of estimation uncertainty related to the application of K-IFRS No. 1109, K-IFRS No. 1115 in Note 3 and the change in useful life of Mask and Mold.

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

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

Classification of financial instruments (note 3.(e))

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

Recognition and measurement of provisions (note 3.(k), 13 and 14.(a))

Measurement of defined benefit obligations (note 12)

Deferred tax assets and liabilities (note 24)

LG DISPLAY CO., LTD.

Notes to the Separate Financial Statements

For the years ended December 31, 2018 and 2017

3. Summary of Significant Accounting Policies

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

(a) Interest in subsidiaries, associates and joint ventures

These separate financial statements are prepared and presented in accordance with K-IFRS No.1027, *Separate Financial Statements*. The Company applied the cost method to investments in subsidiaries, associates and joint ventures in accordance with K-IFRS No.1027. Dividends from subsidiaries, associates or joint ventures are recognized in profit or loss when the right to receive the dividend is established.

(b) Foreign Currency Transactions and Translation

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

(c) Cash and cash equivalents

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

(d) Inventories

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

LG DISPLAY CO., LTD.

Notes to the Separate Financial Statements

For the years ended December 31, 2018 and 2017

3. Summary of Significant Accounting Policies, Continued

(e) Financial Instruments

(i) Non-derivative financial assets

Under K-IFRS No. 1109, on initial recognition, a financial asset is classified as measured at: amortized cost; FVOCI-debt investment; FVOCI-equity investment; or FVTPL. The classification of financial assets under K-IFRS 1109 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

It is held within a business model whose objective is to hold assets to collect contractual cash flow; and

its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

LG DISPLAY CO., LTD.

Notes to the Separate Financial Statements

For the years ended December 31, 2018 and 2017

3. Summary of Significant Accounting Policies, Continued

(e) Financial Instruments

(i) Non-derivative financial assets

The following accounting policies apply to the subsequent measurement of financial assets.

| | |
|------------------------------------|--|
| Financial assets at FVTPL | These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss. |
| Financial assets at amortized cost | These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss. |
| Debt investments at FVOCI | These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss. |

(ii) Non-derivative financial liabilities

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

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

Non-derivative financial liabilities other than financial liabilities classified as FVTPL are classified as other financial liabilities and measured initially at fair value minus transaction costs that are directly attributable to the issuance of financial liabilities. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method. As of December 31, 2017, non-derivative financial liabilities comprise borrowings, bonds and others.

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

LG DISPLAY CO., LTD.

Notes to the Separate Financial Statements

For the years ended December 31, 2018 and 2017

3. Summary of Significant Accounting Policies, Continued

(e) Financial Instruments, Continued

(iii) Share Capital

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

(iv) Derivative financial instruments

Derivatives are initially recognized at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

Hedge Accounting

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

On initial designation of the hedge, the Company's management formally designates and documents the relationship between the hedging instrument(s) and hedged item(s), including the risk management objectives and strategy in undertaking the hedge transaction, together with the methods that will be used to assess the effectiveness of the hedging relationship, both at the inception of the hedge relationship as well as on an ongoing basis.

i) Fair value hedges

Change in the fair value of a derivative hedging instrument designated as a fair value hedge and the hedged item is recognized in profit or loss, respectively. The gain or loss from remeasuring the hedging instrument at fair value and the gain or loss on the hedged item attributable to the hedged risk are recognized in profit or loss in the same line item of the statement of comprehensive income. The Company discontinues fair value hedge accounting if it does not designate the derivative hedging instrument and the hedged item as the hedge relationship between them anymore or if the hedging instrument expires or is sold, terminated or exercised, or if the hedge no longer meets the criteria for hedge accounting. Any adjustment arising from gain or loss on the hedged item attributable to the hedged risk is amortized to profit or loss from the date the hedge accounting is discontinued.

LG DISPLAY CO., LTD.

Notes to the Separate Financial Statements

For the years ended December 31, 2018 and 2017

3. Summary of Significant Accounting Policies, Continued

(e) Financial Instruments, Continued

(iv) Derivative financial instruments, Continued

ii) Cash flow hedges

When a derivative designated as a cash flow hedging instrument meets the criteria of cash flow hedge accounting, the effective portion of changes in the fair value of the derivative is recognized in other comprehensive income and the ineffective portion of changes in the fair value of the derivative is recognized in profit or loss. The Company discontinues cash flow hedge accounting if it does not designate the derivative hedging instrument and the hedged item as the hedge relationship between them any more or if the hedging instruments expires or is sold, terminated or exercised, or if the hedge no longer meets the criteria for hedge accounting. The cumulative gain or loss on the hedging instrument that has been recognized in other comprehensive income is reclassified to profit or loss in the periods during which the forecasted transaction occurs. If the forecasted transaction is no longer expected to occur, then the balance in other comprehensive income is recognized immediately in profit or loss.

Embedded derivative

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

Other derivative financial instruments

Derivative financial instruments are measured at fair value and changes of them not designated as a hedging instrument or not effective for hedging are recognized in profit or loss.

(f) Property, Plant and Equipment

(i) Recognition and measurement

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

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

(ii) Subsequent costs

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

LG DISPLAY CO., LTD.

Notes to the Separate Financial Statements

For the years ended December 31, 2018 and 2017

3. Summary of Significant Accounting Policies, Continued(f) Property, Plant and Equipment, Continued(iii) Depreciation

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

Estimated useful lives of the assets are as follows:

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

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate and any changes are accounted for as changes in accounting estimates. There were no such changes for all periods presented.

Based on the review of the past accumulated usage information that became available, the Company management reassessed the economic useful life of the Mask and Mold which had previously been classified as inventory. The balances of such Mask and Mold inventories amounted to ₩90,955 million as of December 31, 2017. Based on the results of the reassessment, the Company changed useful lives of Mask and Mold to two years and accounted for the change as a change in accounting estimate. The Company also changed the classification of Mask and Mold to property, plant and equipment.

(g) Borrowing Costs

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

recognizes other borrowing costs as an expense.

(h) Government Grants

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

(i) Grants related to the purchase or construction of assets

A government grant related to the purchase or construction of assets is deducted in calculating the carrying amount of the asset. The grant is recognized in profit or loss over the life of a depreciable asset as a reduced depreciation expense and cash related to grant received is presented in investing activities in the statement of cash flows.

(ii) Grants for compensating the Company's expenses incurred

A government grant that compensates the Company for expenses incurred is recognized in profit or loss as a deduction from relevant expenses on a systematic basis in the periods in which the expenses are recognized.

LG DISPLAY CO., LTD.

Notes to the Separate Financial Statements

For the years ended December 31, 2018 and 2017

3. Summary of Significant Accounting Policies, Continued

(iii) Other government grants

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

(i) Intangible Assets

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

(i) Goodwill

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

(ii) Research and development

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

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

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

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

its ability to use or sell the intangible asset,

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

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

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

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

(iii) Other intangible assets

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

LG DISPLAY CO., LTD.

Notes to the Separate Financial Statements

For the years ended December 31, 2018 and 2017

3. Summary of Significant Accounting Policies, Continued(i) Intangible Assets, Continued(iv) Subsequent costs

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

(v) Amortization

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

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

(*) Capitalized development costs are amortized over the useful life considering the life cycle of the developed products. Amortization of capitalized development costs is recognized in research and development expenses in the separate statement of comprehensive income.

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

(j) Impairment

(i) Financial assets

The Group recognized loss allowances for an expected credit loss as below .

Financial assets at amortized cost

Financial assets at fair value through other comprehensive income.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt instruments at FVOCI are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

LG DISPLAY CO., LTD.

Notes to the Separate Financial Statements

For the years ended December 31, 2018 and 2017

3. Summary of Significant Accounting Policies, Continued

(j) Impairment, Continued

(i) Financial assets, Continued

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt instruments at FVOCI, the loss allowance is recognized in OCI, instead of reducing the carrying amount of the asset.

(ii) Non-financial assets

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

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

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

In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the

asset's carrying amount does not exceed the carrying amount that would have been determined, net of accumulated depreciation or amortization, if no impairment loss had been recognized. An impairment loss in respect of goodwill is not reversed.

LG DISPLAY CO., LTD.

Notes to the Separate Financial Statements

For the years ended December 31, 2018 and 2017

3. Summary of Significant Accounting Policies, Continued

(k) Provisions

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

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

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

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

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

(l) Employee Benefits

(i) Short-term employee benefits

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

(ii) Other long-term employee benefits

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

LG DISPLAY CO., LTD.

Notes to the Separate Financial Statements

For the years ended December 31, 2018 and 2017

3. Summary of Significant Accounting Policies, Continued

(l) Employee Benefits, Continued

(iii) Defined contribution plan

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

(iv) Defined benefit plan

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

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

The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Consequently, the net interest on the net defined benefit liability (asset) now comprises: interest cost on the defined benefit obligation, interest income on plan assets, and interest on the effect on the asset ceiling.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(m) Revenue

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of estimated returns, earned trade discounts, volume rebates and other cash incentives paid

to customers.

The Company adopted K-IFRS No. 1115, Revenue from contracts with customers, as of January 1, 2018. K-IFRS No. 1115 establishes a single new revenue recognition standard for contracts with customers and introduces a five-step model as below.

The steps in five-step model are as follows:

- a) Identify the contract with a customer.
- b) Identify the performance obligations in the contract.
- c) Determine the transaction price.
- d) Allocate the transaction price to the performance obligations in the contract.
- e) Recognize revenue when (or as) the entity satisfies a performance obligation.

LG DISPLAY CO., LTD.

Notes to the Separate Financial Statements

For the years ended December 31, 2018 and 2017

3. Summary of Significant Accounting Policies, Continued

(m) Revenue, Continued

The consideration received from customers may be variable as the Company allows its customers to return their products according to the contracts.

The Company recognized refund liabilities as substantial amount compare to gross sales profit for expected return of goods until the end of December 31, 2018.

The Company shall estimate an amount of variable consideration by using the expected value or the most likely amount, depending on which method the entity expects to better predict the amount of consideration to which it will be entitled and include in the transaction price some or all of an amount of variable consideration estimated only to the extent that is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when return period expires.

The Company shall recognize refund liability measured at the amount of consideration received (or receivable) to which the Company does not expect to be entitled and a new asset for the right to recover returned goods.

On the other hand, VAT received from customers and paid to the government is not recognized as gain comprehensive income statement

(n) Operating Segments

In accordance with K-IFRS No. 1108, *Operating Segments*, entity wide disclosures of geographic and product revenue information are provided in the consolidated financial statements.

(o) Finance Income and Finance Costs

Financial income and financial expenses of the company consist of the following:

interest income

Interest expenses

Dividend income

Other comprehensive income net profit or loss on disposal of investment assets on debt instruments measured at fair value

Profit or loss Net profit or loss on financial assets measured at fair value

Foreign exchange gains and losses on financial assets and financial liabilities

Amortized cost or other comprehensive income impairment loss (or reversal of impairment loss) arising on investments in debt instruments measured at fair value

Interest income or expense is recognized using the effective interest method. Dividend income is recognized when the Company's right to receive dividends is established. Interest expense on borrowings directly related to the acquisition, construction or production of qualifying assets is included in the acquisition cost of the related assets.

LG DISPLAY CO., LTD.

Notes to the Separate Financial Statements

For the years ended December 31, 2018 and 2017

3. Summary of Significant Accounting Policies, Continued

(p) Income Tax

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

(i) Current tax

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

(ii) Deferred tax

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

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

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

The Company offsets deferred tax assets and deferred tax liabilities if, and only if, the Company has a legally enforceable right to set off current tax assets against current tax liabilities and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority.

(q) Earnings Per Share

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

LG DISPLAY CO., LTD.

Notes to the Separate Financial Statements

For the years ended December 31, 2018 and 2017

3. Summary of Significant Accounting Policies, Continued

(r) Business Combinations

The Company accounts for business combinations using the acquisition method when control is transferred to the Company. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognized in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities in accordance with K-IFRS No. 1032 and K-IFRS No. 1039.

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

LG DISPLAY CO., LTD.

Notes to the Separate Financial Statements

For the years ended December 31, 2018 and 2017

3. Summary of Significant Accounting Policies, Continued(s) Changes in Accounting Policies

The Company has initially adopted K-IFRS No. 1115, *Revenue from Contracts with Customers*, K-IFRS No. 1109, *Financial Instruments*, and K-IFRS No. 2122, *Foreign Currency Transactions and Advance Consideration*, from January 1, 2018.

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

K-IFRS No. 1109 set out requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standards replaces K-IFRS No. 1039 *Financial Instruments: Recognition and Measurement*. The Company adopted K-IFRS No. 1109, *Financial Instruments*, from January 1, 2018, and the Company has taken an exemption not to restate the financial statements for prior years with respects to transition requirements.

The details of new significant accounting policies and the nature and effect of the changes to previous accounting policies are set out below. There is no impact on the opening balance of retained earnings at January 1, 2018.

i) Classification and measurement of financial assets and financial liabilities

K-IFRS No. 1109 largely retains the existing requirements in K-IFRS No. 1039 for the classification and measurement of financial liabilities. However, it eliminates the previous K-IFRS No. 1039 categories for financial assets of held to maturity, loans and receivables and available for sale.

The adoption K-IFRS No. 1109 has not had a significant effect on the Company's accounting policies related to financial liabilities and derivative financial instruments. The following table below explain the original measurement categories under K-IFRS No. 1039 and the changes in measurement categories under K-IFRS No. 1109 for each class of the Company's financial assets as at January 1, 2018 are as below.

| | Classification | | Carrying amount | Carrying amount | Difference |
|-----------------------------|--------------------------|---|-----------------------------|-----------------------------|------------|
| | under K-IFRS No. 1039 | Classification under K-IFRS No. 1109 | under K-IFRS No. 1039 | under K-IFRS No. 1109 | |
| <i>(In millions of won)</i> | | | | | |
| Financial assets | | | | | |
| Cash and cash equivalents | Loans and receivables | Amortized cost | ₩ 566,408 | 566,408 | |

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| | | | | |
|------------------------|------------------------|-----------------------|-------------|-----------|
| Deposits | Loans and | | | |
| | receivables | Amortized cost | 580,781 | 580,781 |
| Trade receivables | Loans and | | | |
| | receivables | Amortized cost | 4,673,570 | 4,673,570 |
| Other receivables | Loans and | | | |
| | receivables | Amortized cost | 702,224 | 702,224 |
| Debt instrument | Available-for-sale | FVOCI-debt instrument | 162 | 162 |
| Equity instrument | | Mandatorily at | | |
| | Available-for-sale | FVTPL | 2,697 | 2,697 |
| Convertible bonds | Designated as at FVTPL | Mandatorily at FVTPL | 1,552 | 1,552 |
| Derivatives | Designated as at FVTPL | Mandatorily at FVTPL | 842 | 842 |
| Others | Loans and | | | |
| | receivables | Amortized cost | 57,903 | 57,903 |
| Total financial assets | | | ₩ 6,586,139 | 6,586,139 |

As of January 1, 2018, there was no financial liabilities measured at FVTPL.

LG DISPLAY CO., LTD.

Notes to the Separate Financial Statements

For the years ended December 31, 2018 and 2017

iv) Impairment of financial assets

K-IFRS No. 1109 replaces the incurred loss model in K-IFRS No. 1039 with an expected credit loss (ECL) model. The new impairment model applies to financial assets measured at amortized cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Under K-IFRS No. 1109, credit losses are recognized earlier than under K-IFRS No. 1039.

As a result of applying the loss allowances model under K-IFRS No. 1109, as of January 1, 2018, there are no additional loss allowances as compared with the loss allowances under K-IFRS No. 1039.

v) Hedge Accounting

When initially applying K-IFRS No. 1109, the Company elected as its accounting policy to continue to apply hedge accounting requirements under K-IFRS No. 1039 instead of the requirements in K-IFRS No. 1109. As of January 1, 2018, there is no impact on the condensed consolidated interim financial statement of the Company resulting from the application of the requirements in K-IFRS No. 1109.

(iv) K-IFRS No. 1115, Revenue from Contracts with Customers

K-IFRS No. 1115, *Revenue from contracts with customers*, establishes a comprehensive framework for determining whether, how much and when revenue is recognized. K-IFRS No. 1115 replaces existing revenue recognition guidance, including K-IFRS No. 1018 *Revenue*, K-IFRS No. 1011, *Construction Contracts*, K-IFRS No. 2031, *Revenue: Barter Transactions Involving Advertising Services*, K-IFRS No. 2113, *Customer Loyalty Programmes*, K-IFRS No. 2115, *Agreements for the Construction of Real Estate* and K-IFRS No. 2118, *Transfers of Assets from Customers*.

The Company has initially applied K-IFRS No. 1115, *Revenue from contracts with customers*, from January 1, 2018. Regarding transition to K-IFRS No. 1115, the Company has decided to apply the cumulative effect method, i.e. recognizing the cumulative effect of applying K-IFRS No. 1115 at the date of initial application, which is January 1, 2018, without restatement of the comparative periods presented. As a result of this change, the refund liability and a new asset for the right to recover returned goods increased by ₩9,789 million, respectively, as of January 1, 2018. There is no impact on the opening balance of retained earnings at January 1, 2018. (Note 5(d), 13(a))

The effect of the application of K-IFRS No. 1115 on the Company's separate statement of financial position as of December 31, 2018 is as follows. There is no impact on the condensed separate statement of comprehensive income and the cash flows for year ended December 31, 2018.

(In millions of won)

| Categories | Adoption of K-IFRS No. 1115 | Adjustments | Adoption of K-IFRS No. 1018 |
|------------|--------------------------------|-------------|--------------------------------|
|------------|--------------------------------|-------------|--------------------------------|

| | | | | |
|----------------------------|---|---------|---------|---------|
| Current Assets | | | | |
| Other current assets | ₩ | 136,350 | (7,489) | 128,861 |
| Current Liabilities | | | | |
| Provisions | ₩ | 96,554 | (7,489) | 89,065 |

LG DISPLAY CO., LTD.

Notes to the Separate Financial Statements

For the years ended December 31, 2018 and 2017

3. Summary of Significant Accounting Policies, Continue

(iii) K-IFRS No. 2112, Foreign Currency Transactions and Advance Consideration

According to the new interpretation, K-IFRS No. 2112, Foreign Currency Transactions and Advance Consideration, the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) is the date on which an entity initially recognizes the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration. If there are multiple payments or receipts in advance, the entity shall determine a date of the transaction for each payment or receipt of advance consideration. There is no significant impact on the separate financial statements of the Company.

(t) New Standards and Amendments Not Yet Adopted

The following new standard is effective for annual periods beginning after January 1, 2018 and earlier application is permitted; however, the Group has not early adopted the following new standard in preparing these condensed consolidated interim financial statements.

(ii) K-IFRS No. 1116, Leases

K-IFRS No. 1116, *Leases*, published on May 22, 2017 is effective for annual periods beginning on or after January 1, 2019, with early adoption permitted. K-IFRS No. 1116 replaces existing leases guidance including K-IFRS No. 1017, *Leases*, K-IFRS No. 2014, *Determining whether an Arrangement contains a Lease*, K-IFRS No. 2015, *Operating Leases Incentives* and K-IFRS No. 2027, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

The Company will apply K-IFRS No. 1116 from the beginning of the fiscal year starting on January 1, 2019. At inception of a contract, the Company assesses whether the contract is, or contains, a lease and reassess whether a contract is, or contains, a lease at the date of initial application. However, as a practical expedient, the Company is not required to reassess for contracts entered into, or changed, on or before January 1, 2019.

LG DISPLAY CO., LTD.

Notes to the Separate Financial Statements

For the years ended December 31, 2018 and 2017

4. Cash and Cash Equivalents and Deposits in Banks

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

| <i>(In millions of won)</i> | December 31, 2018 | December 31, 2017 |
|----------------------------------|--------------------------|--------------------------|
| Current assets | | |
| Cash and cash equivalents | | |
| Demand deposits | ₩ 473,283 | 566,408 |
| Deposits in banks | | |
| Time deposits | ₩ 3,118 | 507,930 |
| Restricted cash (*) | 72,082 | 72,840 |
| | ₩ 77,200 | 580,770 |
| Non-current assets | | |
| Deposits in banks | | |
| Restricted cash (*) | ₩ 11 | 11 |
| | ₩ 550,494 | 1,147,189 |

(*) Restricted cash includes mutual growth fund to aid LG Group's second and third-tier suppliers, pledge to enforce investment plans related to received subsidies from Gumi city and Gyeongsangbuk-do and others.

5. Receivables and Other Current Assets

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

| <i>(In millions of won)</i> | December 31, 2018 | December 31, 2017 |
|-----------------------------|--------------------------|--------------------------|
| Trade, net | ₩ 257,038 | 355,332 |
| Due from related parties | 3,132,070 | 4,318,238 |
| | ₩ 3,389,108 | 4,673,570 |

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

| <i>(In millions of won)</i> | December 31, 2018 | December 31, 2017 |
|--------------------------------|--------------------------|--------------------------|
| Current assets | | |
| Non-trade receivable, net | ₩ 316,069 | 678,454 |
| Accrued income | 5,894 | 8,655 |
| | ₩ 321,963 | 687,109 |
| Non-Current assets | | |
| Long-term non-trade receivable | ₩ 25,823 | 15,115 |
| | ₩ 347,786 | 702,224 |

Due from related parties included in other accounts receivable, as of December 31, 2018 and 2017 are ₩247,677 million and ₩567,996 million, respectively.

LG DISPLAY CO., LTD.

Notes to the Separate Financial Statements

For the years ended December 31, 2018 and 2017

5. Receivables and Other Assets, Continued

- (c) The aging of trade accounts and note receivable and other accounts receivable at the reporting date are as follows:

| <i>(In millions of won)</i> | December 31, 2018 | | | |
|-----------------------------|--|---|-------------------------------------|---|
| | Book value | | Impairment loss | |
| | | | Trade accounts | |
| | Trade accounts and notes receivable | Other accounts receivable(*) | and notes receivable | Other accounts receivable(*) |
| Not past due | ₩ 3,387,653 | 347,669 | (5) | (551) |
| Past due 1-15 days | 1,353 | 274 | | (2) |
| Past due 16-30 days | 79 | 69 | | (1) |
| Past due 31-60 days | 28 | 95 | | (1) |
| Past due more than 60 days | | 668 | | (434) |
| | ₩ 3,389,113 | 348,775 | (5) | (989) |

- (*) Other accounts receivable includes non-trade receivable, accrued income and Long-term non-trade receivable.

| <i>(In millions of won)</i> | December 31, 2017 | | | |
|-----------------------------|--|---|-------------------------------------|---|
| | Book value | | Impairment loss | |
| | | | Trade accounts | |
| | Trade accounts and notes receivable | Other accounts receivable(*) | and notes receivable | Other accounts receivable(*) |
| Not past due | ₩ 4,673,660 | 701,952 | (570) | (686) |
| Past due 1-15 days | 341 | 482 | | (3) |
| Past due 16-30 days | 135 | 53 | | (1) |
| Past due 31-60 days | | 207 | | (2) |
| Past due more than 60 days | 4 | 622 | | (400) |
| | ₩ 4,674,140 | 703,316 | (570) | (1,092) |

(*) Other accounts receivable includes non-trade receivable, accrued income and Long-term non-trade receivable. The movement in the allowance for impairment in respect of trade accounts and notes receivable, other accounts receivable for the years ended December 31, 2018 and 2017 are as follows:

| | 2018 | | 2017 | |
|--|-------------------------------------|---------------------------|-------------------------------------|---------------------------|
| | Trade accounts and notes receivable | Other accounts receivable | Trade accounts and notes receivable | Other accounts receivable |
| <i>(In millions of won)</i> | | | | |
| Balance at the beginning of the period | ₩ 570 | 1,092 | 520 | 827 |
| (Reversal of) bad debt expense | (562) | (103) | 50 | 265 |
| Balance at the reporting date | ₩ 5 | 989 | 570 | 1,092 |

LG DISPLAY CO., LTD.

Notes to the Separate Financial Statements

For the years ended December 31, 2018 and 2017

5. Receivables and Other Assets, Continued

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

| <i>(In millions of won)</i> | December 31, 2018 | December 31, 2017 |
|------------------------------------|--------------------------|--------------------------|
| Current assets | | |
| Advance payments | ₩ 3,354 | 3,597 |
| Prepaid expenses | 73,255 | 76,129 |
| Value added tax refundable | 52,252 | 95,769 |
| Emission rights | | 1,978 |
| Right to recover returned goods(*) | 7,489 | |
| | ₩ 136,350 | 177,473 |
| Non-current assets | | |
| Long-term prepaid expenses | ₩ 325,220 | 333,995 |

(*) As a result from the initial application of K-IFRS No. 1115, the Company recognized an asset for right to recover returned goods returned by the customer.

LG DISPLAY CO., LTD.

Notes to the Separate Financial Statements

For the years ended December 31, 2018 and 2017

6. Other Financial Assets

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

| <i>(In millions of won)</i> | December 31, 2018 | |
|---|--------------------------|--------|
| Current assets | | |
| Financial asset at fair value through profit or loss | | |
| Derivatives(*) | ₩ | 13,059 |
| Financial asset at fair value through other comprehensive income | | |
| Debt instrument | | |
| Government bonds | ₩ | 106 |
| Financial asset carried at amortized cost | | |
| Short-term loans | ₩ | 16,116 |
| | ₩ | 29,281 |
| Non-current assets | | |
| Financial asset at fair value through profit or loss | | |
| Equity instrument | | |
| Intellectual Discovery, Ltd. | ₩ | 4,598 |
| Kyulux, Inc. | | 2,460 |
| Fineeva Co., Ltd. | | 286 |
| | ₩ | 7,344 |
| Convertible bonds | ₩ | 1,327 |
| Financial asset at fair value through other comprehensive income | | |
| Debt instrument Government bonds | ₩ | 54 |
| Financial asset carried at amortized cost | | |
| Deposits | ₩ | 13,418 |
| Long-term loans | | 55,048 |
| | ₩ | 77,191 |

(*) Represents interest rate swap contracts related to borrowings with variable interest rate.

LG DISPLAY CO., LTD.

Notes to the Separate Financial Statements

For the years ended December 31, 2018 and 2017

6. Other Financial Assets, Continued

(b) Other financial assets as of December 31, 2017 are as follows:

| <i>(In millions of won)</i> | December 31, 2017 | |
|---|--------------------------|--------|
| Current assets | | |
| Available-for-sale financial assets | | |
| Debt instrument | | |
| Government bonds | ₩ | 6 |
| Short-term loans | | 13,493 |
| | ₩ | 13,499 |
| Non-current assets | | |
| Financial asset at fair value through profit or loss | | |
| Available-for-sale financial assets | | |
| Debt instrument | | |
| Government bonds | ₩ | 156 |
| Equity instrument | | |
| Intellectual Discovery, Ltd. | ₩ | 729 |
| Kyulux, Inc. | | 1,968 |
| | ₩ | 2,697 |
| Deposits | ₩ | 13,638 |
| Long-term loans | | 30,772 |
| Derivatives(*) | | 842 |
| | ₩ | 49,657 |

(*) Represents interest rate swap contracts related to borrowings with variable interest rate. Other financial assets of related parties as of December 31, 2018 and 2017 are ₩2,000 million and ₩2,750 million, respectively.

LG DISPLAY CO., LTD.

Notes to the Separate Financial Statements

For the years ended December 31, 2018 and 2017

7. Inventories

Inventories at the reporting date are as follows:

| <i>(In millions of won)</i> | December 31, 2018 | December 31, 2017 |
|-----------------------------|--------------------------|--------------------------|
| Finished goods | ₩ 539,859 | 491,330 |
| Work-in-process | 791,395 | 675,324 |
| Raw materials | 500,413 | 286,934 |
| Supplies | 119,487 | 228,657 |
| | ₩ 1,951,155 | 1,682,245 |

For the years ended December 31, 2018 and 2017, the amount of inventories recognized as cost of sales, inventory write-downs and reversal and usage of inventory write-downs included in cost of sales are as follows:

| <i>(In millions of won)</i> | 2018 | 2017 |
|--|--------------|-------------|
| Inventories recognized as cost of sales | ₩ 20,439,681 | 21,718,047 |
| Including: inventory write-downs | 280,323 | 184,139 |
| Including: reversal and usage of inventory write-downs | (184,139) | (185,454) |

There were no significant reversals of inventory write-downs recognized during 2018 and 2017.

LG DISPLAY CO., LTD.

Notes to the Separate Financial Statements

For the years ended December 31, 2018 and 2017

8. Investments

(a) Investments in subsidiaries consist of the following:

(In millions of won)

| Overseas Subsidiaries | Location | Business | December 31, 2018 | | December 31, 2017 | |
|--------------------------------|----------------------|---------------------------------|-------------------------|------------|-------------------------|------------|
| | | | Percentage of ownership | Book value | Percentage of ownership | Book Value |
| LG Display America, Inc. | San Jose, U.S.A. | Sell Display products | 100% | ₩ 36,815 | 100% | ₩ 36,815 |
| LG Display Germany GmbH | Eschborn, Germany | Sell Display products | 100% | 19,373 | 100% | 19,373 |
| LG Display Japan Co., Ltd. | Tokyo, Japan | Sell Display products | 100% | 15,686 | 100% | 15,686 |
| LG Display Taiwan Co., Ltd. | Taipei, Taiwan | Sell Display products | 100% | 35,230 | 100% | 35,230 |
| LG Display Nanjing Co., Ltd. | Nanjing, China | Manufacture Display products | 100% | 593,726 | 100% | 593,726 |
| LG Display Shanghai Co., Ltd. | Shanghai, China | Sell Display products | 100% | 9,093 | 100% | 9,093 |
| LG Display Poland Sp. z o.o. | Wroclaw, Poland | Manufacture Display products | 100% | 194,992 | 100% | 194,992 |
| LG Display Guangzhou Co., Ltd. | Guangzhou, China | Manufacture Display products | 100% | 293,557 | 100% | 293,557 |
| LG Display Shenzhen Co., Ltd. | Shenzhen, China | Sell Display products | 100% | 3,467 | 100% | 3,467 |
| LG Display Singapore Pte. Ltd. | Singapore Fujian, | Sell Display products | 100% | 1,250 | 100% | 1,250 |
| | | | 51% | 10,123 | 51% | 10,123 |

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| | | | | | | |
|--|-------------------------------|--|------|------------|------|------------|
| L&T Display Technology (Fujian) Limited | China | Manufacture LCD module and LCD monitor sets | | | | |
| LG Display Yantai Co., Ltd. | Yantai, | Manufacture | | | | |
| Nanumnuri Co., Ltd. | China Gumi, South Korea | Display products | 100% | 169,195 | 100% | 169,195 |
| LG Display (China) Co., Ltd. | | Janitorial services | 100% | 800 | 100% | 800 |
| Unified Innovative Technology, LLC | Guangzhou, China | Manufacture and Sell Display products | 51% | 723,086 | 51% | 723,086 |
| LG Display Guangzhou Trading Co., Ltd. | Wilmington, U.S.A. | Manage intellectual property | 100% | 9,489 | 100% | 9,489 |
| Global OLED Technology LLC | Guangzhou, China | Sell Display products | 100% | 218 | 100% | 218 |
| LG Display Vietnam Haiphong Co., Ltd>(*1). | Herndon, U.S.A | Manage OLED intellectual property | 100% | 164,322 | 100% | 164,322 |
| Suzhou Lehui Display Co., Ltd. | Haiphong, Vietnam | Manufacture Display Products | 100% | 329,978 | 100% | 117,378 |
| LG DISPLAY FUND I LLC(*2) | Suzhou, China | Manufacture and sell LCD module and LCD monitor sets | 100% | 121,640 | 100% | 121,640 |
| LG Display High-Tech (China) Co., Ltd.(*3) | Wilmington, U.S.A. | Invest in venture business and obtain technologies | 100% | 2,249 | | |
| MMT(*4) | Guangzhou, China | Manufacture Display Products | 69% | 749,154 | | |
| | Seoul, Korea | Money Market Trust | 100% | 24,501 | 100% | 61,471 |
| | | | | ₩3,507,944 | | ₩2,580,911 |

LG DISPLAY CO., LTD.

Notes to the Separate Financial Statements

For the years ended December 31, 2018 and 2017

8. Investments, Continued.

- (*1) For the year ended December 31, 2018, the Company contributed ₩212,600 million in cash for the capital increase of LG Display Vietnam Haiphong Co., Ltd. (LGDVN). There was no change in the Company's ownership percentage in LGDVN as a result of this additional investment.
- (*2) For the year ended December 31, 2018, the Company established LG DISPLAY FUND I LLC in Wilmington, U.S.A. to invest in venture business and the Company has a 100% equity interest of this subsidiary.
- (*3) For the year ended December 31, 2018, the Company established LG Display High-Tech (China) Co., Ltd. in Guangzhou China to manufacture Display products and the Company has a 69% equity interest of this subsidiary.
- (*4) For the year ended December 31, 2018, the Company acquired ₩24,501 million of Money Market Trust.

LG DISPLAY CO., LTD.

Notes to the Separate Financial Statements

For the years ended December 31, 2018 and 2017

8. Investments, Continued.

(b) Investments in associates consist of the following:

| <i>(In millions of won)</i> | | | December 31, 2017 | | December 31, 2016 | |
|-----------------------------------|--------------------------|---|------------------------------------|-----------------------|------------------------------------|-----------------------|
| Associates | Location | Business | Percentage of ownership | Book Value | Percentage of ownership | Book Value |
| Paju Electric Glass Co., Ltd. | Paju, South Korea | Manufacture electric glass for FPDs | 40% | ₩ 45,089 | 40% | ₩ 45,089 |
| IINVENIA Co., Ltd. | Seongnam, South Korea | Develop and manufacture the equipment for FPDs | 13% | 6,330 | 13% | 6,330 |
| WooRee E&L Co., Ltd.(*4) | Ansan, South Korea | Manufacture LED back light unit packages | 14% | 4,746 | 14% | 10,268 |
| LB Gemini New Growth Fund | Seoul, South Korea | Invest in small and middle sized companies and benefit from M&A opportunities | | | | |
| No.16 (*1) YAS Co., Ltd. | Paju, South Korea | Develop and manufacture deposition equipment for OLEDs | 15% | 10,000 | 15% | 10,000 |
| AVATEC Co., Ltd. | Daegu, South Korea | Process and sell electric glass for FPDs | 17% | 10,600 | 17% | 10,600 |
| Arctic Sentinel, Inc. | Los Angeles U.S.A. | Develop and manufacture tablet for kids | 10% | | 10% | |
| CYNORA GmbH(*5) | Bruchsal Germany | Develop organic emitting materials for displays and lighting devices | 14% | 8,668 | 14% | 20,309 |
| Material Science Co., Ltd.(*2) | Seoul, South Korea | Develop, manufacture and sell material for display | 10% | 3,346 | | |

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| | | | | | |
|------------------|---------------------|---|----|----------|-----------|
| Nanosys Inc.(*3) | Milpitas, U.S.A. | Develop, manufacture and sell material for display | 4% | 5,491 | |
| | | | | ₩ 94,270 | ₩ 103,030 |

LG DISPLAY CO., LTD.

Notes to the Separate Financial Statements

For the years ended December 31, 2018 and 2017

8. Investments, Continued.

- (*1) In 2018, The LB Gemini New Growth Fund No.16 (the Fund). which the Company was a member of a limited partnership, was approved resolution to dissolve the fund at the general meeting and the fund completed liquidation. In December 2018, the Company received ₩1,545 million from the Fund and recognized a finance income of ₩1,112 million for the difference with carrying amount.
- (*2) In March 2018, the Company invested ₩4,000 million and acquired 10,767 shares of common stock with voting rights in Material Science Co., Ltd. In 2018, the Company recognized an impairment loss of ₩654 million as finance cost for the recoverable amount of investments in Material Science Co., Ltd.. As of December 31, 2018, the Company's ownership percentage in Material Science Co., Ltd. is 10% and the Company has the right to appoint a director to the board of directors of the investee.
- (*3) In May 2018, the Company invested ₩10,732 million and acquired 5,699,954 shares of preferred stock with voting rights in Nanosys Inc. In 2018, the Company recognized an impairment loss of ₩5,241 million as finance cost for the recoverable amount of investments in Nanosys Inc.. As of December 31, 2018, the Company's ownership percentage in Nanosys Inc. is 4% and the Company has the right to appoint a director to the board of directors of the investee.
- (*4) In 2018, the Company recognized an impairment loss of ₩5,522 million as finance cost for the difference between the carrying amount and the recoverable amount of investments in WooRee E&L Co., Ltd. which Manufacture LED back light unit packages.
- (*5) In 2018, the Company recognized an impairment loss of ₩11,641 million as finance cost for the difference between the carrying amount and the recoverable amount of investments in CYNORA GmbH which Develop organic emitting materials for displays and lighting devices.
- For the year ended December 31, 2018 and 2017, the aggregate amount of received dividends from subsidiaries and associates are ₩95,553 million and ₩612,132 million, respectively.

LG DISPLAY CO., LTD.

Notes to the Separate Financial Statements

For the years ended December 31, 2018 and 2017

9. Property, Plant and Equipment

(a) Changes in property, plant and equipment for the year ended December 31, 2018 are as follows:

| <i>(In millions of won)</i> | Land | Buildings and structures | Machinery and equipment | Furniture and fixtures | Construction-in-progress (*1) | Others | Total |
|---|-------------|---------------------------------|--------------------------------|-------------------------------|--------------------------------------|---------------|--------------|
| Acquisition cost as of January 1, 2018 | ₩460,511 | 4,857,328 | 33,969,092 | 622,955 | 5,586,631 | 139,774 | 45,636,291 |
| Accumulated depreciation as of January 1, 2018 | | (2,218,404) | (30,303,595) | (531,316) | | (93,685) | (33,147,000) |
| Accumulated impairment loss as of January 1, 2018 | | | (2,290) | | | | (2,290) |
| Book value as of January 1, 2018 | ₩460,511 | 2,638,924 | 3,663,207 | 91,639 | 5,586,631 | 46,089 | 12,487,001 |
| Additions | | | | | 4,943,986 | | 4,943,986 |
| Depreciation | | (225,710) | (1,584,542) | (39,522) | | (143,359) | (1,993,133) |
| Disposals | (15) | (22) | (147,490) | (305) | | (4,434) | (152,266) |
| Impairment loss | | | (25,711) | | (17,890) | | (43,601) |
| Others (*2) | 1,332 | 3,216 | 1,438,365 | 31,088 | (2,060,535) | 330,321 | (256,213) |
| Government grants received | | | (1,029) | | (181) | | (1,210) |
| Book value as of December 31, 2018 | ₩461,828 | 2,416,408 | 3,342,800 | 82,900 | 8,452,011 | 228,617 | 14,984,564 |
| Acquisition cost as of December 31, 2018 | ₩461,828 | 4,860,942 | 34,433,030 | 652,723 | 8,469,902 | 479,594 | 49,358,019 |
| Accumulated depreciation as of December 31, 2018 | ₩ | (2,444,534) | (31,062,229) | (59,823) | | (250,977) | (34,327,563) |

| | | | | |
|--|---|----------|----------|----------|
| Accumulated impairment loss as of December 31, 2018 | ₩ | (28,001) | (17,890) | (45,891) |
|--|---|----------|----------|----------|

(*1) As of December 31, 2018, construction-in-progress mainly relates to construction of manufacturing facilities.

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

LG DISPLAY CO., LTD.

Notes to the Separate Financial Statements

For the years ended December 31, 2018 and 2017

9. Property, Plant and Equipment, Continued

(b) Changes in property, plant and equipment for the year ended December 31, 2017 are as follows:

| <i>(In millions of won)</i> | Land | Buildings and structures | Machinery and equipment | Furniture and fixtures | Construction-in-progress (*1) | Others | Total |
|---|-------------|---------------------------------|--------------------------------|-------------------------------|--------------------------------------|---------------|--------------|
| Acquisition cost | | | | | | | |
| as of January 1, 2017 | ₩ 461,483 | 4,730,093 | 33,536,183 | 637,918 | 2,680,073 | 134,488 | 42,180,238 |
| Accumulated depreciation | | | | | | | |
| as of January 1, 2017 | | (1,999,023) | (30,772,830) | (560,513) | | (87,609) | (33,419,975) |
| Accumulated impairment loss as of January 1, 2017 | | | (2,290) | | | | (2,290) |
| Book value as of January 1, 2017 | ₩ 461,483 | 2,731,070 | 2,761,063 | 77,405 | 2,680,073 | 46,879 | 8,757,973 |
| Additions | | | | | 5,544,771 | | 5,544,771 |
| Depreciation | | (222,663) | (1,460,085) | (40,484) | | (9,669) | (1,732,901) |
| Disposals | (1,042) | (6,727) | (70,068) | (24) | | (3,122) | (80,983) |
| Others (*2) | 70 | 137,792 | 2,435,447 | 54,742 | (2,640,052) | 12,001 | |
| Government grants received | | (548) | (3,150) | | 1,839 | | (1,859) |
| Book value as of December 31, 2017 | ₩ 460,511 | 2,638,924 | 3,663,207 | 91,639 | 5,586,631 | 46,089 | 12,487,001 |
| Acquisition cost as of December 31, 2017 | ₩ 460,511 | 4,857,328 | 33,969,092 | 622,955 | 5,586,631 | 139,774 | 45,636,291 |

| | | | | | | |
|---|---|-------------|--------------|-----------|----------|--------------|
| Accumulated depreciation as of December 31, 2017 | ₩ | (2,218,404) | (30,303,595) | (531,316) | (93,685) | (33,147,000) |
| Accumulated impairment loss as of December 31, 2017 | ₩ | | (2,290) | | | (2,290) |

(*1) As of December 31, 2017, construction-in-progress mainly relates to construction of manufacturing facilities.

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

LG DISPLAY CO., LTD.

Notes to the Separate Financial Statements

For the years ended December 31, 2018 and 2017

9. Property, Plant and Equipment, Continued

- (c) Capitalized borrowing costs and capitalization rate for the years ended December 31, 2017 and 2016 are as follows:

| <i>(In millions of won)</i> | 2018 | 2017 |
|-----------------------------|-------------|-------------|
| Capitalized borrowing costs | ₩ 121,441 | 46,033 |
| Capitalization rate | 2.74% | 1.91% |

LG DISPLAY CO., LTD.

Notes to the Separate Financial Statements

For the years ended December 31, 2018 and 2017

10. Intangible Assets

(a) Changes in intangible assets for the year ended December 31, 2018 are as follows:

| (in billions of won) | Intellectual property rights | Software | Member- ships | Develop- ment costs | Construction- in-progress (software) | Customer relation-ships | Tech- nology | Goodwill | Others (*2) | Total |
|--|---------------------------------|-----------|------------------|------------------------|--|----------------------------|-----------------|----------|----------------|-------------|
| Acquisition cost as of January 1, 2018 | ₩ 665,645 | 810,270 | 54,834 | 1,769,998 | 30,722 | 59,176 | 11,074 | 72,588 | 13,077 | 3,487,506 |
| Accumulated amortization | | | | | | | | | | |
| January 1, 2018 | (546,105) | (671,980) | | (1,473,238) | | (31,338) | (8,489) | | (13,076) | (2,744,146) |
| Accumulated impairment | | | | | | | | | | |
| January 1, 2018 | | | (11,785) | | | | | | | (11,785) |
| Carrying value as of January 1, 2018 | ₩ 119,540 | 138,290 | 43,049 | 296,760 | 30,722 | 27,838 | 2,585 | 72,588 | 1 | 731,575 |
| Increases - internally developed | | | | 372,835 | | | | | | 372,835 |
| Increases - external acquisitions | 21,061 | | 2,843 | | 88,785 | | | | | 112,694 |
| Amortization (*1) | (24,370) | (67,955) | | (302,685) | | (3,516) | (1,108) | | (1) | (399,535) |
| Impairment loss | | | (721) | | | | | | | (721) |
| Reversal of impairment | | | (82) | | | | | | | (82) |
| Transfer from construction-in-progress | | 85,640 | | | (85,640) | | | | | |
| Carrying value as of December 31, 2018 | ₩ 116,231 | 155,975 | 45,437 | 366,910 | 33,867 | 24,322 | 1,477 | 72,588 | | 816,330 |
| Acquisition cost as of December 31, 2018 | ₩ 686,707 | 895,186 | 56,956 | 2,142,832 | 33,867 | 59,176 | 11,075 | 72,588 | 13,077 | 3,971,381 |
| Accumulated amortization | ₩ (570,476) | (739,211) | | (1,775,922) | | (34,854) | (9,598) | | (13,077) | (3,143,068) |

December 31, 2018

Accumulated impairment

December 31, 2018 ₩

(11,519)

(11,519)

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

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

LG DISPLAY CO., LTD.

Notes to the Separate Financial Statements

For the years ended December 31, 2018 and 2017

10. Intangible Assets, Continued

(b) Changes in intangible assets for the year ended December 31, 2017 are as follows:

| (Millions of won) | Intellectual property rights | Software | Member- ships | Develop- ment costs | Construction- in-progress (software) | Customer relation-ships | Tech- nology | Goodwill | Others (*2) | Total |
|--|---------------------------------|-----------|------------------|------------------------|--|----------------------------|-----------------|----------|----------------|-------------|
| Acquisition cost as of January 1, 2017 | ₩ 627,998 | 733,030 | 51,407 | 1,433,791 | 17,782 | 59,176 | 11,074 | 72,588 | 13,077 | 3,019,835 |
| Accumulated amortization as of January 1, 2017 | (506,117) | (605,247) | | (1,177,451) | | (26,678) | (7,382) | | (13,071) | (2,335,639) |
| Accumulated impairment losses as of January 1, | | | (10,011) | | | | | | | (10,011) |
| Carrying value as of January 1, 2017 | ₩ 12,881 | 127,783 | 41,396 | 256,340 | 17,782 | 32,498 | 3,692 | 72,588 | 6 | 673,435 |
| Increases - internally developed | | | | 336,208 | | | | | | 336,208 |
| Increases - external acquisitions (*1) | 20,295 | | 4,819 | | 90,835 | | | | | 115,949 |
| Decreases - amortization (*1) | (22,632) | (67,388) | | (295,788) | | (4,660) | (1,107) | | (5) | (391,572) |
| Decreases - disposals | (4) | | (1,392) | | | | | | | (1,396) |
| Decreases - impairment loss | | | (1,809) | | | | | | | (1,809) |
| Transfer from Construction-in-progress | | 77,895 | | | (77,895) | | | | | |
| Carrying value as of December 31, 2017 | ₩ 119,540 | 138,290 | 43,049 | 296,760 | 30,722 | 27,838 | 2,585 | 72,588 | 1 | 731,573 |
| Acquisition cost as of December 31, 2017 | ₩ 665,645 | 810,270 | 54,834 | 1,769,998 | 30,722 | 59,176 | 11,074 | 72,588 | 13,077 | 3,487,304 |
| Accumulated amortization as of December 31, 2017 | ₩ (546,105) | (671,980) | | (1,473,238) | | (31,338) | (8,489) | | (13,076) | (2,744,136) |

Accumulated impairment
as of December 31,

₩

(11,785)

(11,785)

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

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

LG DISPLAY CO., LTD.

Notes to the Separate Financial Statements

For the years ended December 31, 2018 and 2017

10. Intangible Assets, Continued

(c) Development of new projects are divided into research activities and development activities. Expenditures on research activities are recognized in profit or loss and development expenditures are capitalized, respectively.

(d) Development costs as of December 31, 2018 and 2017 are as follows:

(i) As of December 31, 2018

(In millions of won and in years)

| Classification | Product | Book Value | Remaining Useful life |
|------------------------|----------------|-------------------|------------------------------|
| Development completed | Mobile | ₩ 108,467 | 0.5 |
| | TV | 28,001 | 0.6 |
| | Notebook | 4,458 | 0.6 |
| | Others | 9,475 | 0.5 |
| | Sub-Total | ₩ 150,402 | |
| Development in process | Mobile | ₩ 144,679 | |
| | TV | 55,580 | |
| | Notebook | 9,639 | |
| | Others | 6,611 | |
| | Sub-Total | ₩ 216,508 | |
| Total | | ₩ 366,910 | |

(ii) As of December 31, 2017

(In millions of won and in years)

| Classification | Product | Book Value | Remaining Useful |
|-----------------------|----------------|-------------------|-------------------------|
|-----------------------|----------------|-------------------|-------------------------|

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| | | | life |
|------------------------|-----------|-----------|-------------|
| Development completed | Mobile | ₩ 79,372 | 0.6 |
| | TV | 36,038 | 0.6 |
| | Notebook | 14,311 | 0.5 |
| | Others | 12,444 | 0.4 |
| | Sub-Total | ₩ 142,165 | |
| Development in process | Mobile | ₩ 117,222 | |
| | TV | 30,670 | |
| | Notebook | 2,356 | |
| | Others | 4,347 | |
| | Sub-Total | ₩ 154,595 | |
| Total | | ₩ 296,760 | |

LG DISPLAY CO., LTD.

Notes to the Separate Financial Statements

For the years ended December 31, 2018 and 2017

11. Financial Liabilities

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

| <i>(In millions of won)</i> | December 31, 2018 | December 31, 2017 |
|--|--------------------------|--------------------------|
| Current | | |
| Current portion of long-term debt | 1,058,985 | 1,058,985 |
| Current portion of Payment guarantee Liabilities | 4,693 | 1,750 |
| | ₩ 1,044,841 | 1,060,735 |
| Non-current | | |
| Won denominated borrowings | ₩ 2,700,608 | 1,251,258 |
| Foreign currency denominated borrowings | 626,136 | 401,775 |
| Bonds | 1,772,599 | 1,506,003 |
| Payment guarantee Liabilities | 14,375 | 6,377 |
| Derivatives(*) | 25,758 | |
| | ₩ 5,139,476 | 3,165,413 |

(*) Represents interest rate swap contracts related to borrowings with variable interest rate.

(b) Won denominated long-term borrowings at the reporting date are as follows:

| <i>(In millions of won)</i> | Annual interest rate as of | December 31, 2018 | December 31, 2017 |
|-----------------------------------|---|--------------------------------------|--------------------------------------|
| Lender | December 31, 2017 (%) | | |
| Woori Bank | 2.75 | ₩ 1,259 | 1,922 |
| Shinhan Bank | | | 200,000 |
| Korea Development Bank and others | CD rate (91days) + 0.64~ 0.74, 2.43 ~ 3.25 | 2,850,000 (150,651) | 1,250,000 (200,664) |

Less current portion of long-term
borrowings

| | | |
|--|-------------|-----------|
| | ₩ 2,700,608 | 1,251,258 |
|--|-------------|-----------|

LG DISPLAY CO., LTD.

Notes to the Separate Financial Statements

For the years ended December 31, 2018 and 2017

11. Financial Liabilities, Continued

(c) Foreign currency denominated long-term borrowings at the reporting date are as follows:

(In millions of won)

| Lender | Annual interest rate as of | | |
|--|---|--------------------------|--------------------------|
| | December 31, 2017 (%) ^(*) | December 31, 2018 | December 31, 2017 |
| The Export-Import Bank and Others | 3ML+0.75 ~1.70 | ₩ 955,976 | 755,337 |
| Foreign currency equivalent | | USD 855 | USD 705 |
| Less current portion of long-term borrowings | | (329,839) | (353,562) |
| | | ₩ 626,137 | 401,775 |

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

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

(In millions of won)

| | Maturity | Annual interest rate as of | | |
|----------------------------------|--------------------|-----------------------------------|--------------------------|--------------------------|
| | | December 31, 2017 (%) | December 31, 2018 | December 31, 2017 |
| Won denominated bonds(*1) | | | | |
| Publicly issued bonds | Apr 2019~ Feb 2023 | 1.80~3.45 | ₩ 1,900,000 | 2,015,000 |
| Privately placed bonds | May 2025~ May 2033 | 3.25~4.25 | 110,000 | |
| Less discount on bonds | | | (3,949) | (4,238) |
| Less current portion | | | (559,658) | (504,759) |
| | | | ₩ 1,446,393 | 1,506,003 |

| | | | | |
|---|----------|------|---|-----------|
| Foreign currency denominated bonds(*2) | | | | |
| Publicly issued bonds | Nov 2021 | 3.88 | ₩ | 335,430 |
| Foreign currency equivalent | | | | USD 300 |
| Less discount on bonds | | | | (9,224) |
| | | | ₩ | 326,206 |
| | | | ₩ | 1,772,599 |
| | | | | 1,506,003 |

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

(*2) Principal of the foreign currency denominated bonds is to be repaid at maturity and interests are paid half yearly in arrears.

LG DISPLAY CO., LTD.

Notes to the Separate Financial Statements

For the years ended December 31, 2018 and 2017

12. Employee Benefits

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

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

(a) Net defined benefit liabilities recognized at the reporting date are as follows:

| <i>(In millions of won)</i> | December 31, 2018 | December 31, 2017 |
|---|------------------------------|------------------------------|
| Present value of partially funded defined benefit obligations | ₩ 1,592,366 | 1,560,525 |
| Fair value of plan assets | (1,548,179) | (1,465,990) |
| | ₩ 44,187 | 94,535 |

(b) Changes in the present value of the defined benefit obligations for the years ended December 31, 2018 and 2017 are as follows:

| <i>(In millions of won)</i> | 2018 | 2017 |
|-------------------------------------|-------------|-------------|
| Opening defined benefit obligations | ₩ 1,560,525 | 1,400,621 |
| Current service cost | 203,062 | 194,462 |
| Past service cost | (25,749) | |
| Interest cost | 49,146 | 40,844 |
| Remeasurements (before tax) | (27,886) | (114) |
| Benefit payments | (88,056) | (75,822) |
| Transfers from (to) related parties | (4,217) | 534 |
| Liquidation system | (74,459) | |
| Closing defined benefit obligations | ₩ 1,592,366 | 1,560,525 |

Weighted average remaining maturity of defined benefit obligations as of December 31, 2018, and 2017 are 14.4 years and 14.0 years, respectively.

(c) Changes in fair value of plan assets for the years ended December 31, 2018 and 2017 are as follows:

(In millions of won)

| | 2017 | 2016 |
|---|-------------|-------------|
| Opening fair value of plan assets | ₩ 1,465,990 | 1,258,409 |
| Expected return on plan assets | 48,184 | 38,453 |
| Remeasurements (before tax) | (22,195) | (16,374) |
| Contributions by employer directly to plan assets | 211,006 | 250,000 |
| Benefit payments | (80,369) | (64,498) |
| | (74,437) | |
| Closing fair value of plan assets | ₩ 1,548,179 | 1,465,990 |

LG DISPLAY CO., LTD.

Notes to the Separate Financial Statements

For the years ended December 31, 2018 and 2017

12. Employee Benefits, Continued

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

(In millions of won)

| | December 31, 2018 | December 31, 2017 |
|------------------------------|--------------------------|--------------------------|
| Guaranteed deposits in banks | ₩ 1,548,179 | 1,465,990 |

As of December 31, 2018, the Company maintains the plan assets with Mirae Asset Securities Co., Ltd., KB Insurance Co., Ltd. and others.

The Company's estimated additional contribution to the plan assets for the year ending December 31, 2019 is ₩63,688 million.

(e) Expenses recognized in profit or loss for the years ended December 31, 2018 and 2017 is as follows:

(In millions of won)

| | 2018 | 2017 |
|----------------------|-------------|-------------|
| Current service cost | ₩ 203,062 | 194,462 |
| Past service cost | (25,749) | |
| Net interest cost | 962 | 2,391 |
| | ₩ 178,275 | 196,853 |

Expenses are recognized in the following line items in the separate statements of comprehensive income.

(In millions of won)

| | 2018 | 2017 |
|-----------------------------------|-------------|-------------|
| Cost of sales | ₩ 134,880 | 158,419 |
| Selling expenses | 10,719 | 10,810 |
| Administrative expenses | 18,193 | 15,202 |
| Research and development expenses | 14,483 | 12,422 |
| | ₩ 178,275 | 196,853 |

LG DISPLAY CO., LTD.

Notes to the Separate Financial Statements

For the years ended December 31, 2018 and 2017

12. Employee Benefits, Continued

- (f) Remeasurements of net defined benefit liabilities (assets) included in other comprehensive income for the years ended December 31, 2018 and 2017 are as follows:

(In millions of won)

| | 2018 | 2017 |
|--|-------------|-------------|
| Included in other comprehensive income | | |
| Balance at January 1 | ₩ (170,134) | (163,133) |
| Remeasurements | | |
| Actuarial profit or loss arising from: | | |
| Experience adjustment | 56,224 | (48,890) |
| Demographic assumptions | (15,379) | (7,702) |
| Financial assumptions | (12,961) | 56,706 |
| Return on plan assets | (22,195) | (16,374) |
| | ₩ 5,689 | (16,260) |
| Income tax | ₩ (1,169) | 9,259 |
| Balance at December 31 | ₩ (165,613) | (170,134) |

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

| | December 31, 2018 | December 31, 2017 |
|---|--------------------------|--------------------------|
| Expected rate of salary increase | 4.3% | 4.7% |
| Discount rate for defined benefit obligations | 2.8% | 3.2% |

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

| | | December 31, 2018 | December 31, 2017 |
|----------|---------|--------------------------|--------------------------|
| Teens | Males | 0.01% | 0.01% |
| | Females | 0.00% | 0.00% |
| Twenties | Males | 0.01% | 0.01% |

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| | | | |
|----------|---------|-------|-------|
| | Females | 0.00% | 0.00% |
| Thirties | Males | 0.01% | 0.01% |
| | Females | 0.01% | 0.01% |
| Forties | Males | 0.03% | 0.03% |
| | Females | 0.02% | 0.02% |
| Fifties | Males | 0.05% | 0.05% |
| | Females | 0.02% | 0.02% |

LG DISPLAY CO., LTD.

Notes to the Separate Financial Statements

For the years ended December 31, 2018 and 2017

12. Employee Benefits, Continued

- (h) Reasonably possible changes to respective relevant actuarial assumptions would have affected the defined benefit obligations by the following amounts as of December 31, 2018:

| <i>(In millions of won)</i> | Defined benefit obligation | |
|---|-----------------------------------|--------------------|
| | 1% increase | 1% decrease |
| Discount rate for defined benefit obligations | ₩ (199,750) | 241,608 |
| Expected rate of salary increase | 236,002 | (199,363) |

13. Provisions and Other Liabilities

- (a) Changes in provisions for the year ended December 31, 2018 are as follows:

(In millions of won)

| | Litigations and claims | Warranties(*) | Others | Total |
|--|-----------------------------------|----------------------|---------------|--------------|
| Balance at January 1, 2018 | ₩ 43 | 100,119 | 1,835 | 101,997 |
| Adjustment from adoption of K-IFRS No. 1115 | | | 9,789 | 9,789 |
| Additions (reversals) | | 207,892 | (2,694) | 205,198 |
| Usage | (43) | (187,623) | | (187,666) |
| Balance at September 30, 2018 | ₩ | 120,388 | 8,930 | 129,318 |
| Current | ₩ | 87,624 | 8,930 | 96,554 |
| Non-current | ₩ | 32,764 | | 32,764 |

- (*) The provision for warranties covers defective products and is normally applicable for 18 months from the date of purchase. The warranty liability is calculated by using historical and anticipated rates of warranty claims, and costs per claim to satisfy the Company's warranty obligation.

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

(In millions of won)

| | December 31, 2018 | December 31, 2017 |
|----------------------------------|--------------------------|--------------------------|
| Current liabilities | | |
| Withholdings | ₩ 16,181 | 23,948 |
| Unearned revenues | 11,074 | 9,566 |
| Security deposits | 165 | |
| | ₩ 27,420 | 33,514 |
| Non-current liabilities | | |
| Long-term accrued expenses | ₩ 78,466 | 66,956 |
| Long-term other accounts payable | 3,081 | |
| Long-term unearned revenues | 2,116 | |
| Security deposits | 10,790 | |
| | ₩ 94,453 | 66,956 |

LG DISPLAY CO., LTD.

Notes to the Separate Financial Statements

For the years ended December 31, 2018 and 2017

14. Contingent Liabilities and Commitments

(a) Legal Proceedings

Anti-trust litigations

In December 2016, Argos Limited and affiliated companies (Argos) filed a Notice of Claim against the Company and LG Display Taiwan Co., Ltd. in the High Court of Justice in London alleging infringement of Treaty on the Functioning of the European Union and Agreement on the European Economic Area. The parties reached settlement and executed a settlement agreement in November 2018.

Others

The Company is defending against various claims in addition to pending proceedings described above. The Company does not have a present obligation for these matters and has not recognized any provision at December 31, 2018.

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Notes to the Separate Financial Statements

For the years ended December 31, 2018 and 2017

14. Contingent Liabilities and Commitments, Continued

(b) Commitments

Factoring and securitization of accounts receivable

The Company has agreements with Korea Development Bank and several other banks for accounts receivable sales negotiating facilities of up to an aggregate of USD 1,670 million (₩1,867,227 million) in connection with the Company's export sales transactions with its subsidiaries. As of December 31, 2018, no short-term borrowings were outstanding in connection with these agreements. In connection with all of the contracts mentioned about, the Company has sold its accounts receivable with recourse.

The Company has a credit facility agreement with Shinhan Bank and several other banks pursuant to which the Company could sell its accounts receivables up to an aggregate of ₩706,374 million in connection with its domestic and export sales transactions and, as of December 31, 2018, ₩143,075 million were outstanding in connection with the agreement. In connection with the contract above, the Company has sold its accounts receivable without recourse.

Letters of credit

As of December 31, 2018, the Company has agreements in relation to the opening of letters of credit up to USD 30 million (₩33,543 million) with KEB Hana Bank, USD 80 million (₩89,448 million) with Bank of China and USD 50 million (₩55,905 million) with Sumitomo Mitsui Banking Corporation.

Payment guarantees

The Company provides a payment guarantee in connection with the term loan credit facilities of LG Display Vietnam Haiphong, Co., Ltd. amounting to USD 1,167 million (₩1,305,167 million) for principals.

In addition, the Company obtained payment guarantees amounting to USD 1,538 million (₩1,719,079 million) from KEB Hana Bank and others for advance received related to the long-term supply agreements, USD 306 million (₩341,929 million) from Korea development Bank for foreign currency denominated bonds and USD 8.5 million (₩9,504 million) from Shinhan bank for value added tax payments in Poland.

License agreements

As of December 31, 2018, in relation to its LCD business, the Company has technical license agreements with Hitachi Display, Ltd. and others and has a trademark license agreement with LG Corp.

Long-term supply agreement

As of December 31, 2018, in connection with long-term supply agreements with customers, the Company recognized USD 1,475 million (₩1,649,198 million) in advances received. The advances received will be offset against

outstanding accounts receivable balances after a given period of time, as well as those arising from the supply of products thereafter. The Company received payment guarantees amounting to USD 1,538 million (~~₩~~1,719,079 million) from KEB Hana Bank and other various banks relating to advance received.

LG DISPLAY CO., LTD.

Notes to the Separate Financial Statements

For the years ended December 31, 2018 and 2017

15. Share Capital

The Company is authorized to issue 500,000,000 shares of capital stock (par value ₩5,000), and as of December 31, 2018 and December 31, 2017, the number of issued common shares is 357,815,700. There have been no changes in the capital stock from January 1, 2018 to December 31, 2018.

16. Retained earnings

(a) Retained earnings at the reporting date is as follows:

(In millions of won)

| | 2018 | 2017 |
|-------------------------------------|-------------------|------------------|
| Legal reserve | ₩ 212,158 | 194,267 |
| Other reserve | 68,251 | 68,251 |
| Defined benefit plan actuarial loss | (165,614) | (170,134) |
| Retained earnings | 9,057,594 | 9,696,683 |
| | ₩9,172,389 | 9,789,067 |

(b) For the years ended December 31, 2017 and 2016, details of the Company's appropriations of retained earnings are as follows:

(In millions of won, except for cash dividend per common stock)

| | 2017 | 2016 |
|---|-------------|-------------|
| Retained earnings before appropriations | | |
| Unappropriated retained earnings carried over from prior year | ₩9,499,884 | 7,916,962 |
| Profit for the year | (442,291) | 1,779,721 |
| | 9,057,594 | 9,696,683 |
| Appropriation of retained earnings (*) | | |
| Earned surplus reserve | | 17,891 |
| Cash dividend | | |
| (Dividend per common stock (%): 2017: ₩500 (10%)) | | 178,908 |

| | | |
|---|-------------------|------------------|
| | | 196,799 |
| Unappropriated retained earnings carried forward to the following year | ₩9,057,594 | 9,499,884 |

(*) For the years ended December 31, 2018 and 2017, the date of appropriation is March 15, 2019 and March 15, 2018, respectively.

LG DISPLAY CO., LTD.

Notes to the Separate Financial Statements

For the years ended December 31, 2018 and 2017

17. Revenue

Details of revenue for the years ended December 31, 2018 and 2017 are as follows:

(In millions of won)

| | 2018 | 2017 |
|----------------|--------------|-------------|
| Sales of goods | ₩ 22,324,003 | 25,541,281 |
| Royalties | 20,970 | 17,236 |
| Others | 26,714 | 32,565 |
| | ₩22,371,687 | 25,591,082 |

18. The Nature of Expenses and Others

The classification of expenses by nature for the years ended December 31, 2018 and 2017 are as follows:

(In millions of won)

| | 2018 | 2017 |
|--|-------------|-------------|
| Changes in inventories | ₩ (268,910) | 24,738 |
| Purchases of raw materials, merchandise and others | 8,875,141 | 10,140,086 |
| Depreciation and amortization | 2,392,768 | 2,124,481 |
| Outsourcing fees | 6,012,740 | 5,372,293 |
| Labor costs | 2,592,716 | 2,696,869 |
| Supplies and others | 795,935 | 1,011,035 |
| Utility | 728,166 | 716,354 |
| Fees and commissions | 522,328 | 486,939 |
| Shipping costs | 102,913 | 124,303 |
| Advertising | 111,972 | 230,453 |
| Warranty expenses | 207,892 | 217,198 |
| Travel | 95,003 | 81,731 |
| Taxes and dues | 59,207 | 48,043 |
| Others | 694,166 | 812,902 |
| | ₩22,922,037 | 24,087,425 |

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

LG DISPLAY CO., LTD.

Notes to the Separate Financial Statements

For the years ended December 31, 2018 and 2017

19. Selling and Administrative Expenses

Details of selling and administrative expenses for the years ended December 31, 2018 and 2017 are as follows:

(In millions of won)

| | 2018 | 2017 |
|--|-------------------|------------------|
| Salaries(*1) | ₩ 396,223 | 220,300 |
| Expenses related to defined benefit plans (*2) | 29,023 | 26,012 |
| Other employee benefits | 42,987 | 49,769 |
| Shipping costs | 72,876 | 97,666 |
| Fees and commissions | 136,417 | 112,035 |
| Depreciation | 111,133 | 88,665 |
| Taxes and dues | 4,777 | 2,449 |
| Advertising | 111,972 | 230,453 |
| Warranty expenses | 207,892 | 217,198 |
| Rent | 10,597 | 10,004 |
| Insurance | 6,175 | 6,620 |
| Travel | 18,197 | 19,812 |
| Training | 10,910 | 13,862 |
| Others | 39,486 | 45,523 |
| | ₩1,198,665 | 1,140,368 |

(*1) ₩184,941 million increased for retirement bonus payment.

(*2) ₩110 million increased for additional accumulation on defined contribution.

20. Personnel Expenses

Details of personnel expenses for the years ended December 31, 2018 and 2017 are as follows:

(In millions of won)

| | 2018 | 2017 |
|--------------------|-------------|-------------|
| Salaries and wages | ₩ 2,280,341 | 2,314,935 |

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| | | |
|--|------------|-----------|
| Other employee benefits | 312,050 | 312,816 |
| Contributions to National Pension plan | 75,668 | 73,061 |
| Expenses related to defined benefit plan (*) | 179,137 | 196,853 |
| | ₩2,847,196 | 2,897,665 |

(*) ₩862 million increased for additional accumulation on defined contribution.

LG DISPLAY CO., LTD.

Notes to the Separate Financial Statements

For the years ended December 31, 2018 and 2017

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

(a) Details of other non-operating income for the years ended December 31, 2018 and 2017 are as follows:

(In millions of won)

| | 2018 | 2017 |
|---|-----------------|----------------|
| Foreign currency gain | ₩483,160 | 642,208 |
| Gain on disposal of property, plant and equipment | 42,864 | 139,053 |
| Gain on disposal of intangible assets | 239 | 308 |
| Reversal of impairment loss on intangible assets | 348 | 35 |
| Rental income | 1,764 | 3,514 |
| Others | 13,172 | 5,358 |
| | ₩541,547 | 790,476 |

(b) Details of other non-operating expenses for the years ended December 31, 2018 and 2017 are as follows:

(In millions of won)

| | 2018 | 2017 |
|---|-----------------|----------------|
| Foreign currency loss | ₩499,652 | 898,221 |
| Loss on disposal of property, plant and equipment | 8,615 | 11,620 |
| Impairment loss on property, plant and equipment | 43,601 | |
| Loss on disposal of intangible assets | | 30 |
| Impairment loss on intangible assets | 82 | 1,809 |
| Donations | 7,294 | 16,991 |
| Other bad debt expense | 23 | 2,180 |
| Others | 17,740 | 443 |
| | ₩577,007 | 931,294 |

LG DISPLAY CO., LTD.

Notes to the Separate Financial Statements

For the years ended December 31, 2018 and 2017

22. Finance Income and Finance Costs

(a) Finance income and costs recognized in profit or loss for the years ended December 31, 2018 and 2017 are as follows:

(In millions of won)

| | 2018 | 2017 |
|--|-------------|-------------|
| Finance income | | |
| Interest income | ₩ 17,938 | 25,561 |
| Dividend income | 95,553 | 612,132 |
| Foreign currency gain | 10,170 | 116,085 |
| Gain on disposal of investments | 1,112 | 4,203 |
| Gain on transaction of derivatives | 2,075 | 3,106 |
| Gain on valuation of derivatives | 13,059 | 1,070 |
| Gain on disposal of available-for-sale financial assets | | 8 |
| Gain on valuation of financial asset at fair value through profit or loss | | 170 |
| Gain on valuation of financial assets at fair value through profit or loss | 4,362 | |
| Others | 4,032 | 1,154 |
| | ₩ 148,301 | 763,489 |
| Finance costs | | |
| Interest expense | ₩ 35,108 | 47,294 |
| Foreign currency loss | 39,869 | 39,639 |
| Loss on disposal of investments | | 22,490 |
| Loss on impairment of investments | 23,059 | 5,505 |
| Loss on sale of trade accounts and notes receivable | 875 | 46 |
| Loss on valuation of financial assets at fair value through profit or loss | 225 | |
| Loss on impairment of available-for-sale financial assets | | 1,948 |
| Loss on transaction of derivatives | 49 | 514 |
| Loss on valuation of derivatives | 26,600 | |
| Others | 3,867 | 2,098 |
| | ₩ 129,652 | 119,534 |

LG DISPLAY CO., LTD.

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For the years ended December 31, 2018 and 2017

23. Income Taxes

(a) Details of income tax expense for the years ended December 31, 2018 and 2017 are as follows:

(In millions of won)

| | 2018 | 2017 |
|---|-------------|-------------|
| Current tax expense | | |
| Current year | ₩ (3,883) | 324,522 |
| Adjustment of income tax related to prior period | 82,225 | |
| | ₩ 78,342 | 324,522 |
| Deferred tax expense (benefit) | | |
| Origination and reversal of temporary differences | ₩ (190,675) | (52,668) |
| Change in unrecognized deferred tax assets | 64,818 | (11,708) |
| | ₩ (125,857) | (64,376) |
| Income tax expense | ₩ (47,515) | 260,146 |

(b) Income taxes recognized directly in other comprehensive income or loss for the years ended December 31, 2018 and 2017 are as follows:

(In millions of won)

| | 2018 | | | 2017 | | |
|--|-------------------|----------------------------------|-------------------|-------------------|----------------------------------|-------------------|
| | Before tax | Tax benefit (expense) | Net of tax | Before tax | Tax benefit (expense) | Net of tax |
| Remeasurements of net defined benefit liabilities (assets) | ₩ 5,690 | (1,169) | 4,521 | (16,260) | 9,259 | (7,001) |

(c) Reconciliation of the actual effective tax rate for the years ended December 31, 2018 and 2017 is as follows:

(In millions of won)

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| | | 2018 | | 2017 |
|---|----------|------------------|--------------|------------------|
| Profit for the year | ₩ | (442,291) | | 1,779,721 |
| Income tax expense | | (47,515) | | 260,146 |
| Profit before income tax | | (489,806) | | 2,039,867 |
| Income tax expense using the Company's statutory tax rate | | 26.65% (130,533) | 24.20% | 493,648 |
| Non-deductible expenses | | (6.76)% 33,112 | 2.63% | 53,671 |
| Tax credits | | 19.97% (97,822) | (11.81)% | (240,788) |
| Change in unrecognized deferred tax assets | | (13.23)% 64,818 | (0.57)% | (11,708) |
| Adjustment of income tax related to prior period | | (15.28%) 82,225 | | |
| Effect on change in tax rate (Note 24(d)) | | 0.41% (2,007) | (1.69)% | (34,455) |
| Others | | (2.06)% 2,692 | (0.01)% | (222) |
| Actual income tax expense | ₩ | (47,515) | | 260,146 |
| Actual effective tax rate | | | 9.70% | 12.75% |

LG DISPLAY CO., LTD.

Notes to the Separate Financial Statements

For the years ended December 31, 2018 and 2017

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

As of December 31, 2018, in relation to the temporary differences on investments in subsidiaries amounting to ₩211,264 million, the Company did not recognize deferred tax liabilities since the Company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary differences will not reverse in the foreseeable future.

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

Realization of deferred tax assets related to tax credit carryforwards is dependent on whether sufficient taxable income will be generated prior to their expiration. As of December 31, 2018, the Company recognized deferred tax assets of ₩308,393 million, in relation to tax credit carryforwards, to the extent that management believes the realization is probable.

(In millions of won)

| | December 31, 2019 | December 31, 2020 | December 31, 2021 | December 31, 2022 | December 31, 2023 |
|--------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| Tax credit carryforwards | ₩ | | 58,391 | 91,862 | |

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

| | Assets | | Liabilities | | Total | |
|---|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| | December 31, 2018 | December 31, 2017 | December 31, 2018 | December 31, 2017 | December 31, 2018 | December 31, 2017 |
| Other accounts receivable, net | ₩ | | (1,013) | (1,378) | (1,013) | (1,378) |
| Inventories, net | 53,882 | 30,688 | | | 53,882 | 30,688 |
| Defined benefit liabilities, net | | 2,375 | | | | 2,375 |
| Accrued expenses | 121,508 | 179,112 | | | 121,508 | 179,112 |
| Property, plant and equipment | 191,073 | 206,900 | | | 191,073 | 206,900 |
| Intangible assets | 925 | 1,249 | | | 925 | 1,249 |
| Provisions | 32,468 | 27,018 | | | 32,468 | 27,018 |
| Gain or loss on foreign currency translation, net | 13 | 13 | | | 13 | 13 |
| Others | 17,932 | 12,345 | | | 17,932 | 12,345 |
| Tax losses carryforwards | 126,755 | | | | 126,755 | |
| Tax credit carryforwards | 308,393 | 268,926 | | | 308,393 | 268,926 |

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| | | | | | | |
|-----------------------------------|----------------------|---------|---------|---------|---------|---------|
| Deferred tax assets (liabilities) | ₩ 852,949 | 728,626 | (1,013) | (1,378) | 851,936 | 727,248 |
|-----------------------------------|----------------------|---------|---------|---------|---------|---------|

LG DISPLAY CO., LTD.

Notes to the Separate Financial Statements

For the years ended December 31, 2018 and 2017

24. Deferred Tax Assets and Liabilities, Continued

(d) Changes in deferred tax assets and liabilities for the years ended December 31, 2018 and 2017 are as follows:

(In millions of won)

| | January 1, 2017 | Profit or loss | Other compre- hensive income | December 31, 2017 | Profit or loss | Other compre- hensive income | December 31, 2018 |
|---|----------------------------|-------------------------------|---|------------------------------|-------------------------------|---|------------------------------|
| Other accounts receivable, net | ₩ (1,190) | (188) | | (1,378) | 365 | | (1,013) |
| Inventories, net | 32,150 | (1,462) | | 30,688 | 23,194 | | 53,882 |
| Defined benefit liabilities, net | 10,817 | (17,701) | 9,259 | 2,375 | (1,206) | (1,169) | |
| Accrued expenses | 119,952 | 59,160 | | 179,112 | (57,604) | | 121,508 |
| Property, plant and equipment | 177,833 | 29,067 | | 206,900 | (15,827) | | 191,073 |
| Intangible assets | 744 | 505 | | 1,249 | (324) | | 925 |
| Provisions | 15,051 | 11,967 | | 27,018 | 5,450 | | 32,468 |
| Gain or loss on foreign currency translation, net | 11 | 2 | | 13 | | | 13 |
| Others | 10,845 | 1,500 | | | 5,587 | | 17,932 |
| Tax losses carryforwards | | | | 12,345 | 126,755 | | 126,755 |
| Tax credit carryforwards | 287,400 | (18,474) | | 268,926 | 39,467 | | 308,393 |
| Deferred tax assets (liabilities) | ₩ 653,613 | 64,376 | 9,259 | 727,248 | 125,857 | (1,169) | 851,936 |

Statutory tax rate applicable to the Company is 24.2% for the year-ended December 31, 2017. During the year ended December 31, 2018, certain amendments to corporate income tax rules in Korea were enacted and effective on January 1, 2018 that resulted in application of 27.5% for taxable income in excess of ₩300,000 million. Accordingly, the Company recorded the impact from the amendment when measuring the deferred tax.

The effective tax rate for the year ended December 31, 2018, is different from the statutory tax rate due to the change in the realization possibility of deferred income tax including the lump sum payment.

25. Earnings per Share

(a) Basic earnings per share for the years ended December 31, 2018 and 2017 are as follows:

(In won and No. of shares)

| | 2018 | 2017 |
|---|---------------------|-------------------|
| Profit for the period | ₩ (442,291,281,486) | 1,779,721,318,741 |
| Weighted-average number of common stocks outstanding | 357,815,700 | 357,815,700 |
| Earnings per share | ₩ (1,236) | 4,974 |

For the years ended December 31, 2018 and 2017, there were no events or transactions that resulted in changes in the number of common stocks used for calculating earnings per share.

LG DISPLAY CO., LTD.

Notes to the Separate Financial Statements

For the years ended December 31, 2018 and 2017

25. Earnings per Share, Continued

(b) Diluted earnings per share for the years ended December 31, 2018 and 2017 are not calculated since there was no potential common stock.

26. Financial Risk Management

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

(a) Market risk

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

(i) Currency risk

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

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

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

LG DISPLAY CO., LTD.

Notes to the Separate Financial Statements

For the years ended December 31, 2018 and 2017

26. Financial Risk Management, Continued

i) Exposure to currency risk

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

(In millions)

| | December 31, 2018 | | | | |
|---|-------------------|----------|-------|------|-----|
| | USD | JPY | CNY | PLN | EUR |
| Cash and cash equivalents | 66 | | 54 | 1 | 7 |
| Trade accounts and notes receivable | 2,809 | 2,937 | | | |
| Non-trade receivable | 48 | 836 | 1,018 | | |
| Trade accounts and notes payable | (1,392) | (11,477) | | | |
| Other accounts payable | (117) | (13,982) | | (18) | (2) |
| Debt | (1,163) | | | | |
| Aggregate notional amounts in financial positions | 238 | (21,686) | 1,072 | (17) | 5 |
| Currency swap contracts | 780 | | | | |
| Net exposure | 1,031 | (21,686) | 1,072 | (17) | 5 |

(In millions)

| | December 31, 2017 | | | | |
|-------------------------------------|-------------------|----------|---------|------|-----|
| | USD | JPY | CNY | PLN | EUR |
| Cash and cash equivalents | 482 | 77 | | 2 | |
| Trade accounts and notes receivable | 3,840 | 1,960 | | | |
| Non-trade receivable | 73 | 1,674 | 1,085 | | 9 |
| Trade accounts and notes payable | (1,337) | (13,659) | | | |
| Other accounts payable | (170) | (12,582) | (1,059) | (10) | (2) |
| Debt | (705) | | | | |
| Net exposure | 2,183 | (22,530) | 26 | (8) | 7 |

LG DISPLAY CO., LTD.

Notes to the Separate Financial Statements

For the years ended December 31, 2018 and 2017

26. Financial Risk Management, Continued

Average exchange rates applied for the years ended December 31, 2018 and 2017 and the exchange rates at December 31, 2018 and December 31, 2017 are as follows:

| <i>(In won)</i> | Average rate | | Reporting date spot rate | |
|-----------------|--------------|----------|--------------------------|-------------------|
| | 2018 | 2017 | December 31, 2018 | December 31, 2017 |
| USD | ₩ 1,100.21 | 1,131.08 | ₩ 1,118.10 | 1,071.40 |
| JPY | 9.96 | 10.09 | 10.13 | 9.49 |
| CNY | 166.41 | 167.52 | 162.76 | 163.65 |
| PLN | 304.87 | 299.98 | 297.33 | 306.07 |
| EUR | 1,298.53 | 1,277.01 | 1,279.16 | 1,279.25 |

ii) Sensitivity analysis

A weaker won, as indicated below, against the following currencies which comprise the Company's assets or liabilities denominated in a foreign currency as of December 31, 2018 and 2017, would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Company considers to be reasonably possible as of the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, would remain constant. The changes in equity and profit or loss would have been as follows:

| <i>(In millions of won)</i> | December 31, 2018 | | December 31, 2017 | |
|-----------------------------|-------------------|----------------|-------------------|----------------|
| | Equity | Profit or loss | Equity | Profit or loss |
| USD (5 percent weakening) | ₩ 41,788 | 41,788 | ₩ 88,643 | 88,643 |
| JPY (5 percent weakening) | (7,965) | (7,965) | (8,104) | (8,104) |
| CNY (5 percent weakening) | 6,325 | 6,325 | 161 | 161 |
| PLN (5 percent weakening) | (183) | (183) | (93) | (93) |
| EUR (5 percent weakening) | 232 | 232 | 339 | 339 |

A stronger won against the above currencies as of December 31, 2018 and 2017 would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

LG DISPLAY CO., LTD.

Notes to the Separate Financial Statements

For the years ended December 31, 2018 and 2017

26. Financial Risk Management, Continued

(ii) Interest rate risk

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

i) Profile

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

(In millions of won)

| | December 31, 2018 | December 31, 2017 |
|----------------------------------|--------------------------|-------------------|
| Fixed rate instruments | | |
| Financial assets | ₩ 550,644 | 1,147,340 |
| Financial liabilities | (5,033,516)) | (2,962,671) |
| | ₩ (4,482,872)) | (1,815,331) |
| Variable rate instruments | | |
| Financial liabilities | ₩ (1,105,976) | (1,255,350) |

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

For the years ended December 31, 2018 and 2017, a change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below for the respective following years. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

(In millions of won)

| | Equity | | Profit or loss | |
|------------------------------|----------------|----------------|-----------------------|----------------|
| | 1% increase | 1% decrease | 1% increase | 1% decrease |
| December 31, 2018 | | | | |
| Variable rate instruments(*) | ₩ (8,018) | 8,018 | (8,018) | 8,018 |

December 31, 2017

| | | | | |
|------------------------------|-----------|-------|---------|-------|
| Variable rate instruments(*) | ₩ (6,863) | 6,863 | (6,863) | 6,863 |
|------------------------------|-----------|-------|---------|-------|

(*) Financial instruments subject to interest rate swap not qualified for hedging are excluded.

LG DISPLAY CO., LTD.

Notes to the Separate Financial Statements

For the years ended December 31, 2018 and 2017

26. Financial Risk Management, Continued

(b) Credit risk

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

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

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

In relation to the impairment of financial assets, the Company recognizes expected credit loss and its changes at each reporting date subsequent to initial recognition of financial asset according to an expected credit loss impairment model.

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

i) As of September 30, 2018

(In millions of won)

| | December 31, 2018 |
|---|--------------------------|
| Financial assets carried at amortized cost | |
| Cash and cash equivalents | 473,283 |
| Deposits in banks | 77,211 |
| Trade accounts and notes receivable | 3,389,108 |
| Non-trade receivable | 316,069 |
| Accrued income | 5,894 |
| Deposits | 13,418 |
| Short-term loans | 16,116 |
| Long-term loans | 55,048 |
| Long-term non-trade receivable | 25,823 |
| | 4,371,970 |

Financial assets at fair value through profit or loss

| | | |
|-------------------|---|--------|
| Convertible bonds | ₩ | 1,327 |
| Derivatives | | 13,059 |
| | ₩ | 14,386 |

Financial assets at fair value through other comprehensive income

| | | |
|-----------------|---|-----------|
| Debt instrument | ₩ | 161 |
| | ₩ | 4,386,517 |

LG DISPLAY CO., LTD.

Notes to the Separate Financial Statements

For the years ended December 31, 2018 and 2017

24. Financial Risk Management, Continued

ii) As of December 31, 2017

(In millions of won)

| | December 31, 2017 |
|---|--------------------------|
| Cash and cash equivalents | ₩ 566,408 |
| Deposits in banks | 580,781 |
| Trade accounts and notes receivable | 4,673,570 |
| Non-trade receivable | 678,454 |
| Accrued income | 8,655 |
| Available-for-sale financial assets | 162 |
| Financial assets at fair value through profit or loss | 1,552 |
| Deposits | 13,638 |
| Short-term loans | 13,493 |
| Long-term loans | 30,772 |
| Long-term non-trade receivable | 15,115 |
| Derivatives | 842 |
| | ₩ 6,583,442 |

In addition to the financial assets above, as of December 31, 2018, the Company provides a payment guarantee of USD 1,167 million (₩1,305,167 million), for its subsidiary.

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises primarily from the sales and investing activities. Trade accounts and notes receivables are insured in order to manage credit risk and uninsured trade accounts and notes receivables are managed in accordance with the Company's management policy.

LG DISPLAY CO., LTD.

Notes to the Separate Financial Statements

For the years ended December 31, 2018 and 2017

26. Financial Risk Management, Continued**(c) Liquidity risk**

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

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

The following are the contractual maturities of financial liabilities, including estimated interest payments, as of December 31, 2018.

(In millions of won)

| | Carrying amount | Total | Contractual cash flows | | | | | |
|---|-----------------|-----------|------------------------|-------------|-----------|-----------|-------------------|--|
| | | | 6 months or less | 6-12 months | 1-2 years | 2-5 years | More than 5 years | |
| Non-derivative financial liabilities | | | | | | | | |
| Unsecured bank loans | ₩ 3,807,234 | 4,148,732 | 503,257 | 85,176 | 802,857 | 2,502,969 | 254,473 | |
| Unsecured bond issues | 2,332,257 | 2,537,553 | 291,738 | 328,400 | 456,990 | 1,320,248 | 140,177 | |
| Trade accounts and notes payable | 3,186,123 | 3,186,123 | 3,186,123 | | | | | |
| Other accounts payable | 1,746,412 | 1,746,412 | 1,745,382 | 1,030 | | | | |
| Long-term other accounts payable | 3,081 | 3,081 | | | 2,055 | 1,026 | | |
| Payment guarantee(*) | 19,068 | 1,493,425 | 41,614 | 41,713 | 137,328 | 1,010,875 | 261,895 | |
| Security deposits | 10,955 | 10,955 | | 165 | 10,790 | | | |
| Derivatives financial liabilities | | | | | | | | |
| Derivatives | ₩ 25,758 | (35,140) | (6,742) | (6,728) | (12,517) | (9,153) | | |

| | | | | | | | |
|---|------------|------------|-----------|---------|-----------|-----------|---------|
| ₩ | 11,130,888 | 13,091,141 | 5,761,372 | 449,756 | 1,397,503 | 4,825,965 | 656,545 |
|---|------------|------------|-----------|---------|-----------|-----------|---------|

(*) Contractual cash flows of payment guarantee is identical to timing of principal payment and represent the maximum amount that the Company could be required to pay the guarantee amount.

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

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For the years ended December 31, 2018 and 2017

26. Financial Risk Management, Continued(d) Capital Management

Management's policy is to maintain a capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Liabilities to equity ratio, net borrowings to equity ratio and other financial ratios are used by management to achieve an optimal capital structure. Management also monitors the return on capital as well as the level of dividends to ordinary shareholders.

(In millions of won)

| | December 31, 2018 | December 31, 2017 |
|-------------------------------------|--------------------------|--------------------------|
| Total liabilities | ₩ 13,849,525 | 11,580,156 |
| Total equity | 13,212,581 | 13,829,259 |
| Cash and deposits in banks (*1) | 550,483 | 1,147,178 |
| Borrowings (including bonds) | 6,139,491 | 4,218,021 |
| Total liabilities to equity ratio | 105% | 84% |
| Net borrowings to equity ratio (*2) | 42% | 22% |

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

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

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Notes to the Separate Financial Statements

For the years ended December 31, 2018 and 2017

26. Financial Risk Management, Continued

(e) Determination of fair value

(i) Measurement of fair value

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

i) Other current financial assets and liabilities

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

ii) Trade Receivables and Other Receivables

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

iii) Investments in Equity and Debt Securities

The fair value of marketable financial assets at fair value through profit or loss and at fair value through other comprehensive income is determined by reference to their quoted closing bid price at the reporting date. The fair value of non-marketable instruments is determined using valuation methods.

iv) Non-derivative Financial Liabilities

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

LG DISPLAY CO., LTD.

Notes to the Separate Financial Statements

For the years ended December 31, 2018 and 2017

26. Financial Risk Management, Continued(e) Determination of fair value, Continued

(ii) Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the separate statement of financial position as of December 31, 2018 and December 31, 2017 are as follows:

i) As of December 31, 2018

(In millions of won)

| | December 31, 2018 | |
|--|--------------------------|--------------------|
| | Carrying amounts | Fair values |
| Financial assets carried at amortized cost | | |
| Cash and cash equivalents | ₩ 473,283 | (*) |
| Deposits in banks | 77,211 | (*) |
| Trade accounts and notes receivable | 3,389,108 | (*) |
| Non-trade receivable | 316,069 | (*) |
| Accrued income | 5,894 | (*) |
| Deposits | 13,418 | (*) |
| Short-term loans | 16,116 | (*) |
| Long-term loans | 55,048 | (*) |
| Long-term non-trade receivable | 25,823 | (*) |
| Financial assets at fair value through profit or loss | | |
| Equity instrument | ₩ 7,344 | 7,344 |
| Convertible bonds | 1,327 | 1,327 |
| Derivatives | 13,059 | 13,059 |
| Financial assets at fair value through other comprehensive income | | |
| Debt instrument | ₩ 161 | 161 |
| Financial liabilities at fair value through profit or loss | | |
| Derivatives | ₩ 25,758 | 25,758 |
| Financial liabilities carried at amortized cost | | |
| Unsecured bank borrowings | ₩ 3,807,234 | 3,862,709 |
| Unsecured bond issues | 2,332,257 | 2,384,987 |

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| | | |
|----------------------------------|-----------|-----|
| Trade accounts and notes payable | 3,186,123 | (*) |
| Other accounts payable | 3,081 | (*) |
| Payment guarantee liabilities | 19,068 | (*) |
| Security deposits | 10,955 | (*) |

(*) Excluded from disclosures as the carrying amount approximates fair value.

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Notes to the Separate Financial Statements

For the years ended December 31, 2018 and 2017

24. Financial Risk Management, Continued

ii) As of December 31, 2017

(In millions of won)

| | December 31, 2017 | |
|--|--------------------------|--------------------|
| | Carrying amounts | Fair values |
| Assets carried at fair value | | |
| Available-for-sale financial assets | ₩ 162 | 162 |
| Financial asset at fair value through profit or loss | 1,552 | 1,552 |
| Derivatives | 842 | 842 |
| Assets carried at amortized cost | | |
| Cash and cash equivalents | ₩ 566,408 | (*) |
| Deposits in banks | 580,781 | (*) |
| Trade accounts and notes receivable | 4,673,570 | (*) |
| Non-trade receivable | 678,454 | (*) |
| Accrued income | 8,655 | (*) |
| Deposits | 13,638 | (*) |
| Short-term loans | 13,493 | (*) |
| Long-term loans | 30,772 | (*) |
| Long-term non-trade receivable | 15,115 | (*) |
| Liabilities carried at amortized cost | | |
| Unsecured bank borrowings | ₩ 2,207,259 | 2,212,474 |
| Unsecured bond issues | 2,010,762 | 2,016,086 |
| Trade accounts and notes payable | 2,391,493 | (*) |
| Other accounts payable | 2,701,823 | 2,702,033 |
| Payment guarantee liabilities | 8,127 | (*) |

(*) Excluded from disclosures as the carrying amount approximates fair value.

LG DISPLAY CO., LTD.

Notes to the Separate Financial Statements

For the years ended December 31, 2018 and 2017

(iii) Financial Instruments measured at cost

Financial assets at fair value through profit or loss measured at cost as of December 31, 2018 and 2017 are as follows:

(In millions of won)

| | December 31, 2018 | December 31, 2017 |
|----------------------------------|--------------------------|--------------------------|
| Intellectual Discovery Co., Ltd. | ₩ 4,598 | 729 |
| Kyulux Inc. | 2,460 | 1,968 |
| Fineeva Co., Ltd. | 286 | |
| | ₩ 7,344 | 2,697 |

LG DISPLAY CO., LTD.

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For the years ended December 31, 2018 and 2017

26. Financial Risk Management, Continued

The movement in the financial assets at fair value through profit or loss for the years ended December 31, 2017 and 2016 is as follows:

(In millions of won)

| | December 31, 2018 | | | | |
|----------------------------------|----------------------------|--------------------|--------------------------------|-------------------------------|---|
| | January 1, 2018 | Acquisition | Disposal and others | Impairment measurement | Fair value December 31, 2018 |
| Intellectual Discovery Co., Ltd. | ₩ 729 | | | 3,869 | 4,598 |
| Kyulux Inc. | 1,968 | | | 492 | 2,460 |
| Fineeva Co., Ltd. | | 286 | | | 286 |
| | ₩ 2,697 | 286 | | 4,361 | 7,344 |

(In millions of won)

| | December 31, 2017 | | | | |
|----------------------------------|--------------------------|--------------------|----------------------------|-------------------|--------------------------|
| | January 1, 2017 | Acquisition | Disposal and others | Impairment | December 31, 2017 |
| Intellectual Discovery Co., Ltd. | ₩ 729 | | | | 729 |
| Kyulux Inc. | 3,266 | | | (1,298) | 1,968 |
| Henghao Technology Co., Ltd. | 1,559 | | (909) | (650) | |
| | ₩ 5,554 | | (909) | (1,948) | 2,697 |

Financial assets at fair value through profit or loss consist of investments in equity securities and the fair value of some investments in equity securities are measured at cost because the range of reasonable fair value measurements is significant and the probabilities of the various estimates cannot be reasonably assessed since they do not have a quoted price in an active market for an identical instruments.

LG DISPLAY CO., LTD.

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For the years ended December 31, 2018 and 2017

26. Financial Risk Management, Continued

(iv) Fair values of financial assets and liabilities

i) Fair value hierarchy

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

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

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

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

ii) Financial instruments measured at fair value

Fair value hierarchy classifications of the financial instruments that are measured at fair value as of December 31, 2018 and 2017 are as follows:

| <i>(In millions of won)</i> | Level 1 | Level 2 | Level 3 | Total |
|---|----------------|----------------|----------------|--------------|
| December 31, 2018 | | | | |
| Financial assets at fair value through profit or loss | | | | |
| Equity instrument | ₩ | | 7,344 | 7,344 |
| Convertible bonds | | | 1,327 | 1,327 |
| Derivatives | | | 13,059 | 13,059 |
| Financial asset at fair value through other comprehensive income | | | | |
| Debt instrument | 161 | | | 161 |
| Financial liabilities at fair value through profit or loss | | | | |
| Derivatives | | | 25,758 | 25,758 |

| <i>(In millions of won)</i> | Level 1 | Level 2 | Level 3 | Total |
|-----------------------------|----------------|----------------|----------------|--------------|
|-----------------------------|----------------|----------------|----------------|--------------|

December 31, 2017

Assets

| | | | |
|--|-------|-------|-------|
| Available-for-sale financial assets | ₩ 162 | | 162 |
| Financial asset at fair value through profit or loss | | 1,552 | 1,552 |
| Derivatives | | 842 | 842 |

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For the years ended December 31, 2018 and 2017

26. Financial Risk Management, Continued

iii) Financial instruments not measured at fair value but for which the fair value is disclosed
Fair value hierarchy classifications, valuation technique and inputs for fair value measurements of the financial instruments not measured at fair value but for which the fair value is disclosed as of December 31, 2018 and December 31, 2017 are as follows:

(In millions of won)

| Classification | December 31, 2018 | | | Valuation technique | Input |
|----------------------------------|-------------------|---------|-----------|----------------------|---------------|
| | Level 1 | Level 2 | Level 3 | | |
| Liabilities | | | | | |
| Unsecured bank loans | | | | Discounted cash flow | Discount rate |
| | ₩ | | 3,835,962 | | |
| Unsecured bond issues | | | | Discounted cash flow | Discount rate |
| | | | 2,384,987 | | |
| Other accounts payable | | | | Discounted cash flow | Discount rate |
| | | | 1,746,412 | | |
| Long-term other accounts payable | | | | Discounted cash flow | Discount rate |
| | | | 3,081 | | |

(In millions of won)

| Classification | December 31, 2017 | | | Valuation technique | Input |
|------------------------|-------------------|---------|-----------|----------------------|---------------|
| | Level 1 | Level 2 | Level 3 | | |
| Liabilities | | | | | |
| Unsecured bank loans | | | | Discounted cash flow | Discount rate |
| | ₩ | | 2,212,474 | | |
| Unsecured bond issues | | | | Discounted cash flow | Discount rate |
| | | | 2,016,086 | | |
| Other accounts payable | | | | Discounted cash flow | Discount rate |
| | | | 2,702,033 | | |

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

| | December 31, 2017 | December 31, 2017 |
|------------------------------|-------------------|-------------------|
| Debentures, loans and others | 2.09~3.37% | 1.57~2.92% |

LG DISPLAY CO., LTD.

Notes to the Separate Financial Statements

For the years ended December 31, 2018 and 2017

27. Changes in liabilities arising from financing activities

Changes in liabilities arising from financing activities for the year ended December 31, 2017 are as follows:

(In millions of won)

| | January 1, 2018 | Cash flows from financing activities | Reclassification | Non-cash transactions | | | December 31, 2018 |
|-----------------------------------|--------------------|---|------------------|-----------------------|----------------------------------|--------|----------------------|
| | | | | Change rate effect | Effective interest adjustment | Others | |
| Short-term borrowings | ₩ | (720) | | | | | |
| Current portion of long-term debt | 1,058,985 | (1,425,395) | 1,376,082 | 531 | 29,945 | | 1,040,148 |
| Payment Guarantee | 8,127 | 1,876 | | | | 9,065 | 19,068 |
| Long-term borrowings | 1,653,033 | 2,489,560 | (816,714) | 864 | | | 3,326,743 |
| Bonds | 1,506,003 | 828,169 | (559,368) | 1,967 | (4,172) | | 1,772,599 |
| | ₩4,226,148 | 1,893,490 | | 4,082 | 25,773 | 9,065 | 6,158,558 |

LG DISPLAY CO., LTD.

Notes to the Separate Financial Statements

For the years ended December 31, 2018 and 2017

28. Related Parties and Others

(a) Related parties

Related parties for the year ended December 31, 2018 are as follows:

| Classification | Description |
|--|--|
| Subsidiaries(*) | LG Display America, Inc. and others |
| Associates(*) | Paju Electric Glass Co., Ltd. and others |
| Entity that has significant influence over the Company | LG Electronics Inc. |
| Subsidiaries of the entity that has significant influence over the Company | Subsidiaries of LG Electronics Inc. |

(*) Details of subsidiaries and associates are described in note 8.

LG DISPLAY CO., LTD.

Notes to the Separate Financial Statements

For the years ended December 31, 2018 and 2017

28. Related Parties and Others, Continued

- (b) Significant transactions such as sales of goods and purchases of raw material and outsourcing service and others, which occurred in the normal course of business with related parties for the years ended December 31, 2017 and 2016 are as follows:

(In millions of won)

| | 2018 | | | | | |
|--|-----------------------------|----------------------------|--|---|-----------------------------|--|
| | Sales and others | Dividend income | Purchase of raw material and others | Acquisition of property, plant and equipment | Outsourcing fees | Purchase and others Other costs |
| Subsidiaries | | | | | | |
| LG Display America, Inc. | ₩ 8,944,621 | | | | | 9 |
| LG Display Japan Co., Ltd. | 2,413,437 | | | | | 2,158 |
| LG Display Germany GmbH | 1,796,479 | | | | | 5,558 |
| LG Display Taiwan Co., Ltd. | 1,488,447 | | | | | 568 |
| LG Display Nanjing Co., Ltd. | 13,840 | | 6,037 | | 1,321,700 | 27,142 |
| LG Display Shanghai Co., Ltd. | 963,865 | | | | | 52 |
| LG Display Poland Sp. z o.o. | 329 | | | | 37,307 | 16 |
| LG Display Guangzhou Co., Ltd. | 52,168 | | 14,043 | | 1,930,113 | 14,194 |
| LG Display Shenzhen Co., Ltd. | 1,312,088 | | | | | 4 |
| LG Display Yantai Co., Ltd. | 23,018 | | 25,759 | | 1,358,502 | 13,597 |
| LG Display (China) Co., Ltd. | 328 | 90,281 | 1,409,953 | | | 1,253 |
| LG Display Singapore Pte LTD. | 1,087,835 | | | | | 38 |
| L&T Display Technology (Fujian) Limited | 392,318 | | | | 8 | 38 |
| Nanumnuri Co., Ltd. | 180 | | | | | 21,356 |
| Global OLED Technology LLC | | | | | | 6,007 |
| LG Display Guangzhou Trading Co., Ltd. | 782,603 | | | | | |
| LG Display Vietnam Haiphong Co., Ltd. | 39,639 | | 36,013 | | 830,170 | 6,175 |
| Suzhou Lehui Display Co., Ltd. | 178,357 | | | | | |
| LG Display High-Tech (China) Co., Ltd. | 12,434 | | | | | |
| | ₩ 19,501,986 | 90,281 | 1,491,805 | | 5,477,800 | 98,165 |

LG DISPLAY CO., LTD.

Notes to the Separate Financial Statements

For the years ended December 31, 2018 and 2017

28. Related Parties and Others, Continued*(In millions of won)*

| | 2018 | | | | | | | | | |
|---|-------------------------|------------------------|--|----------------------|---|----------------------|-------------------------|----------------------|----------------------|----------------------|
| | | | Purchase of raw material and others | | Purchase and others acquisition of property, plant and equipment | | Outsourcing fees | | Other costs | |
| | Sales and Others | Dividend income | and others | and equipment | and equipment | and equipment | and equipment | and equipment | and equipment | and equipment |
| Associates and their subsidiaries | | | | | | | | | | |
| WooRee E&L Co., Ltd. | | | 50 | | | | | | | 144 |
| INVENIA Co., Ltd. | | 30 | 1,608 | | 28,657 | | | | | 795 |
| AVATEC Co., Ltd. | | 530 | | | | | 71,403 | | | 905 |
| Paju Electric Glass Co., Ltd. | | 4,172 | 364,183 | | | | | | | 4,411 |
| LB Gemini New Growth Fund No. 16 (*) | 1,112 | 540 | | | | | | | | |
| YAS Co., Ltd. | | | 5,281 | | 25,422 | | | | | 3,391 |
| | ₩ 1,112 | 5,272 | 371,122 | | 54,079 | | 71,403 | | | 9,646 |
| Entity that has significant influence over the Company | | | | | | | | | | |
| LG Electronics Inc. | ₩ 1,207,372 | | 31,161 | | 454,555 | | | | | 107,861 |

LG DISPLAY CO., LTD.

Notes to the Separate Financial Statements

For the years ended December 31, 2018 and 2017

28. Related Parties and Others, Continued*(In millions of won)*

| | 2017 | | | | | |
|---|---------------------|--------------------|---|---|---------------------|-------------|
| | Sales and others | Dividend income | Purchase of raw material and others | Acquisition of property, plant and equipment | Outsourcing fees | Other costs |
| Subsidiaries of the entity that has significant influence over the Company | | | | | | |
| LG Electronics India Pvt. Ltd. | ₩ 71,798 | | | | | 103 |
| LG Electronics Vietnam Haiphong Co., Ltd. | 173,051 | | | | | 166 |
| LG Electronics Reynosa S.A. DE C.V. | 33,225 | | | | | 2,021 |
| LG Electronics Almaty Kazakhstan | 3,759 | | | | | 42 |
| LG Electronics S.A. (Pty) Ltd. | 7,244 | | | | | 20 |
| LG Electronics Mexicali, S.A. DE C.V. | 10,296 | | | | | 210 |
| LG Electronics RUS, LLC | 2,201 | | | | | 1,862 |
| LG Electronics Egypt S.A.E | 25,491 | | | | | 16 |
| LG Electronics (Kunshan) Computer Co., Ltd. | 4,804 | | | | | |
| LG Innotek Co., Ltd. | 29,148 | | 137,949 | | | 38,930 |
| LG Hitachi Water Solutions Co., Ltd. | 9,100 | | | 285,514 | | 8,980 |
| Inspur LG Digital Mobile Communications Co., Ltd. | 59,769 | | | | | 1 |
| Qingdao LG Inspur Digital Communication Co., Ltd. | 37,738 | | | | | |
| Hi Entech Co., Ltd. | | | | | | 29,215 |
| Others | 2,185 | | 27 | | | 9,498 |
| | ₩ 479,809 | | 137,976 | 285,514 | | 91,064 |
| | ₩ 21,190,279 | 95,553 | 2,032,064 | 794,148 | 5,549,203 | 306,736 |

(*) Represents transactions occurred prior to disposal of the entire investments

LG DISPLAY CO., LTD.

Notes to the Separate Financial Statements

For the years ended December 31, 2018 and 2017

28. Related Parties and Others, Continued*(In millions of won)*

| | 2017 | | | | | |
|---|-------------------------|------------------------|--|----------------------|--|--------------------|
| | | | Purchase of raw material and others | | Acquisition of property, plant and equipment and Outsourcing fees and Other costs | |
| | Sales and others | Dividend income | and others | and equipment | fees | Other costs |
| Subsidiaries | | | | | | |
| LG Display America, Inc. | ₩ 11,080,713 | 11,060 | | | | 25 |
| LG Display Japan Co., Ltd. | 2,468,424 | 3,438 | | | | 52 |
| LG Display Germany GmbH | 1,804,786 | 4,365 | | | | 7,395 |
| LG Display Taiwan Co., Ltd. | 1,489,786 | 3,161 | | | | 1,031 |
| LG Display Nanjing Co., Ltd. | 17,585 | 60,292 | | | 525,508 | |
| LG Display Shanghai Co., Ltd. | 1,273,823 | 11,783 | | | | 366 |
| LG Display Poland Sp. z o.o. | 314 | | | | 34,540 | 34 |
| LG Display Guangzhou Co., Ltd. | 34,051 | 363,086 | 7,826 | | 2,156,897 | 10,152 |
| LG Display Shenzhen Co., Ltd. | 1,842,778 | 4,988 | | | | 7 |
| LG Display Yantai Co., Ltd. | 36,628 | 128,998 | 15,342 | 373 | 2,027,508 | 25,890 |
| LG Display (China) Co., Ltd. | 68,794 | 10,079 | 1,552,070 | | | |
| LG Display Singapore Pte LTD. | 960,332 | 1,917 | | | | 668 |
| L&T Display Technology (Fujian) Limited | 453,757 | | 15 | | | 793 |
| Nanumnuri Co., Ltd. | 95 | | | | | 18,528 |
| Global OLED Technology LLC | | | | | | 6,030 |
| LG Display Guangzhou Trading Co., Ltd. | 586,062 | 326 | | | | 180 |
| LG Display Vietnam Haiphong Co., Ltd. | 4,321 | | | | 148,758 | |
| Suzhou Lehui Display Co., Ltd. | 207,280 | | | | | |
| | ₩ 22,329,529 | 603,493 | 1,575,253 | 373 | 4,893,211 | 71,151 |

LG DISPLAY CO., LTD.

Notes to the Separate Financial Statements

For the years ended December 31, 2018 and 2017

28. Related Parties and Others, Continued*(In millions of won)*

| | 2017 | | | | | |
|---|-----------------------------|----------------------------|--|---|---|--------------------|
| | Sales and Others | Dividend income | Purchase of raw material and others | Acquisition of property, plant and equipment | Purchase and others Outsourcing fees | Other costs |
| Associates and their subsidiaries | | | | | | |
| New Optics Ltd. (*) | ₩ 1 | | | | 4 | 6 |
| WooRee E&L Co., Ltd. | | | | | | 175 |
| INVENIA Co., Ltd. | | | 1,862 | 37,296 | | 2,255 |
| AVATEC Co., Ltd. | | 530 | | | 90,785 | 720 |
| Paju Electric Glass Co., Ltd. | | 8,109 | 380,815 | | | 4,225 |
| Narenanotech Corporation(*) | | | 279 | 12,251 | | 177 |
| YAS Co., Ltd. | | | 6,347 | 69,242 | | 2,474 |
| | ₩ 1 | 8,639 | 389,303 | 118,789 | 90,789 | 10,032 |
| Entity that has significant influence over the Company | | | | | | |
| LG Electronics Inc. | ₩ 1,677,434 | | 46,765 | 696,628 | | 108,639 |

LG DISPLAY CO., LTD.

Notes to the Separate Financial Statements

For the years ended December 31, 2018 and 2017

28. Related Parties and Others, Continued*(In millions of won)*

| | 2017 | | | | | |
|---|---------------------|--------------------|--|--|---------------------|-------------|
| | Sales and others | Dividend income | Purchase of raw material and others | Acquisition of property, plant and equipment | Outsourcing fees | Other costs |
| Subsidiaries of the entity that has significant influence over the Company | | | | | | |
| LG Electronics India Pvt. Ltd. | ₩ 71,597 | | | | | 163 |
| LG Electronics Vietnam Haiphong Co., Ltd. | 205,934 | | | | | 198 |
| LG Electronics Reynosa S.A. DE C.V. | 76,277 | | | | | 1,926 |
| LG Electronics Almaty Kazakhstan | 14,079 | | | | | 53 |
| LG Electronics S.A. (Pty) Ltd. | 14,155 | | | | | 25 |
| LG Electronics Mexicali, S.A. DE C.V. | 29,115 | | | | | 186 |
| LG Electronics RUS, LLC | 3,941 | | | | | 963 |
| LG Innotek Co., Ltd. | 14,836 | | 185,464 | | | 5,245 |
| LG Hitachi Water Solutions Co., Ltd. | | | | 314,645 | | |
| Inspur LG Digital Mobile Communications Co., Ltd. | 110,310 | | | | | |
| Qingdao LG Inspur Digital Communication Co., Ltd. | 77,355 | | | | | |
| Hi Entech Co., Ltd. | | | | | | 27,449 |
| Others | 3,121 | | 3 | | | 8,252 |
| | ₩ 620,720 | | 185,467 | 314,645 | | 44,460 |
| | ₩ 24,627,684 | 612,132 | 2,196,788 | 1,130,435 | 4,984,000 | 234,282 |

(*) Represents transactions occurred prior to disposal of the entire investments

LG DISPLAY CO., LTD.

Notes to the Separate Financial Statements

For the years ended December 31, 2018 and 2017

28. Related Parties and Others, Continued

(c) Trade accounts and notes receivable and payable as of December 31, 2018 and 2017 are as follows:
(In millions of won)

| | Trade accounts and notes receivable and others | | Trade accounts and notes payable and others | |
|--|---|-------------------|--|-------------------|
| | December 31, 2018 | December 31, 2017 | December 31, 2018 | December 31, 2017 |
| Subsidiaries | | | | |
| LG Display America, Inc. | ₩ 1,031,718 | 1,795,757 | | |
| LG Display Japan Co., Ltd. | 349,814 | 230,804 | 5 | 2 |
| LG Display Germany GmbH | 433,077 | 497,677 | 4,332 | |
| LG Display Taiwan Co., Ltd. | 274,860 | 436,943 | 34 | 106 |
| LG Display Nanjing Co., Ltd. | 2,448 | 176 | 272,991 | 85,646 |
| LG Display Shanghai Co., Ltd. | 168,117 | 176,816 | 1 | 74 |
| LG Display Poland Sp. z o. o | 30 | 73 | 6,849 | 5,480 |
| LG Display Guangzhou Co., Ltd. | 167,814 | 345,212 | 196,070 | 189,996 |
| LG Display Guangzhou Trading Co., Ltd. | 377,145 | 88,876 | | |
| LG Display Shenzhen Co., Ltd. | 32,759 | 217,542 | | |
| LG Display Yantai Co., Ltd. | 115 | 123,059 | 382,448 | 30,397 |
| LG Display (China) Co., Ltd. | | 55,309 | 187,004 | 150,933 |
| LG Display Singapore Pte. Ltd. | 85,680 | 187,420 | 1 | 1 |
| L&T Display Technology (Fujian) Limited | 62,336 | 57,545 | 139,171 | 177,487 |
| Nanumnuri Co., Ltd. | | | 2,065 | 2,453 |
| Global OLED Technology LLC | | | 1,146 | |
| LG Display Vietnam Haiphong Co., Ltd. | 22,113 | 9,119 | 340,780 | 58,666 |
| Suzhou Lehui Display Co., Ltd. | 32,641 | 21,110 | | 36,919 |
| LG Display High-Tech (China) Co., Ltd. | 17,333 | | 3,362 | |

₩ 3,058,000

4,243,438

1,536,259

738,160

LG DISPLAY CO., LTD.

Notes to the Separate Financial Statements

For the years ended December 31, 2018 and 2017

28. Related Parties and Others, Continued*(In millions of won)*

| | Trade accounts and notes receivable and others | | Trade accounts and notes payable and others | |
|---|---|-------------------|--|-------------------|
| | December 31, 2018 | December 31, 2017 | December 31, 2018 | December 31, 2017 |
| Associates and their subsidiaries | | | | |
| WooRee E&L Co., Ltd. | | | 6 | 61 |
| INVENIA Co., Ltd. | 2,000 | 2,375 | 1,671 | 18,523 |
| AVATEC Co., Ltd. | | | 4,382 | 2,949 |
| Paju Electric Glass Co., Ltd. | | | 60,566 | 60,141 |
| YAS Co., Ltd. | | 375 | 2,709 | 6,474 |
| | ₩ 2,000 | 2,750 | 69,334 | 88,148 |
| Entity that has significant influence over the Company | | | | |
| LG Electronics Inc. | ₩ 247,134 | 550,101 | 99,574 | 206,616 |

(*) Excluded from related parties due to disposal of equity investments during period 2017.

LG DISPLAY CO., LTD.

Notes to the Separate Financial Statements

For the years ended December 31, 2018 and 2017

28. Related Parties and Others, Continued*(In millions of won)*

| | Trade accounts and notes receivable and others | | Trade accounts and notes payable and others | |
|---|---|-------------------|--|-------------------|
| | December 31, 2018 | December 31, 2017 | December 31, 2018 | December 31, 2017 |
| Subsidiaries of the entity that has significant influence over the Company | | | | |
| LG Innotek Co., Ltd. | ₩ 2,782 | 407 | 45,815 | 58,741 |
| LG Hitachi Water Solutions Co., Ltd. | 9,100 | | 47,463 | 154,079 |
| Hi Entech Co., Ltd. | | | 4,782 | 4,854 |
| Inspur LG Digital Mobile Communications Co., Ltd | 6,137 | 20,953 | | |
| LG Electronics Reynosa S.A. DE C.V | 2,572 | 11,494 | 134 | 82 |
| LG Electronics India Pvt. Ltd. | 9,047 | 3,030 | 29 | |
| LG Electronics Vietnam Haiphong Co., Ltd. | 25,544 | 36,017 | | 1 |
| LG Electronics S.A. (Pty) Ltd. | 896 | 2,400 | 5 | 4 |
| LG Electronics Egypt S.A.E | 10,296 | | | |
| LG Electronics (Kunshan) Computer Co., Ltd. | 1,370 | | | |
| Qingdao LG Inspur Digital Communication Co., Ltd. | 15 | 9 | 90 | 80 |
| Others | 6,855 | 18,385 | 1,185 | 1,309 |
| | ₩ 74,614 | 92,695 | 99,503 | 219,150 |
| | ₩ 3,381,748 | 4,888,984 | 1,804,670 | 1,252,074 |

LG DISPLAY CO., LTD.

Notes to the Separate Financial Statements

For the years ended December 31, 2018 and 2017

28. Related Parties and Others, Continued

- (d) Details of significant cash transactions such as loans and collection of loans, which occurred in the normal course of business with related parties for the years ended December 31, 2018 and 2017 are as follows:

(In millions of won)

| Associates | January 1, 2018 | Loans(*1) | | December 31, 2018 |
|-------------------|----------------------------|------------------|-----------------|------------------------------|
| | | Increase | Decrease | |
| INVENIA Co., Ltd. | ₩ 2,375 | | 375 | 2,000 |
| YAS Co., Ltd. | 375 | | 375 | |
| | ₩ 2,750 | | 750 | 2,000 |

(*1) Loans are presented based on nominal amounts.

(In millions of won)

| Associates | January 1, 2017 | Loans(*1) | | December 31, 2017 |
|------------------------------|----------------------------|------------------|-----------------|------------------------------|
| | | Increase | Decrease | |
| New Optics Ltd.(*2) | ₩ 1,000 | | 125 | 875 |
| INVENIA Co., Ltd. | 833 | 2,000 | 458 | 2,375 |
| Narenanotech Corporation(*2) | 300 | | 75 | 225 |
| YAS Co., Ltd. | 833 | | 458 | 375 |
| | ₩ 2,966 | 2,000 | 1,116 | 3,850 |

(*1) Loans are presented based on nominal amounts.

(*2) Excluded from related parties due to disposal of equity investments during the year ended December 31, 2017.

LG DISPLAY CO., LTD.

Notes to the Separate Financial Statements

For the years ended December 31, 2018 and 2017

28. Related Parties and Others, Continued

(e) Conglomerate Transactions

Transactions, trade accounts and notes receivable and payable, and others between the Company and certain companies and their subsidiaries, which are included in LG Group, one of conglomerates according to the Monopoly Regulation and Fair Trade Act for the years ended December 31, 2018 and 2017 are as follows. These entities are not affiliates according to K-IFRS No. 1024, *Related Party Disclosures*.

(In millions of won)

| | For the year ended December 31, 2018 | | December 31, 2018 | |
|---|--------------------------------------|---------------------|--|---|
| | Sales and others | Purchase and others | Trade accounts and notes receivable and others | Trade accounts and notes payable and others |
| LG International Corp. and its subsidiaries(*) | ₩ 715,580 | 190,091 | 82,965 | 82,028 |
| LG Uplus Corp. | 21 | 1,739 | | 178, |
| LG Chem Ltd. and its subsidiaries | 1,648 | 776,031 | 14 | 93,274 |
| Serveone and its subsidiaries | 388 | 1,166,309 | 21,307 | 239,091 |
| Silicon Works Co., Ltd | | 713,093 | | 140,694 |
| LG Corp. | | 54,434 | 11,246 | |
| LG Management Development Institute | | 9,734 | 3,480 | 441 |
| LG CNS Co., Ltd. and its subsidiaries | | 210,344 | | 72,694 |
| LG Hausys Ltd | 1,111 | 4 | | 3 |
| G2R Inc. and its subsidiaries | | 57,744 | | 19,773 |
| Robostar | | 1,374 | | 530 |
| | ₩ 718,748 | 3,180,897 | 119,012 | 648,706 |

(*) For transactions which LG International and its subsidiaries act as an agent of the Company and receive commission revenue from the Company, above transaction amount only include commission revenue recognized

by LG International and its subsidiaries. For prior year comparative purpose, gross sales and others for 2018 amount to ₩715,580 million, respectively, and gross purchase and others for 2018 amount to million, respectively.

LG DISPLAY CO., LTD.

Notes to the Separate Financial Statements

For the years ended December 31, 2018 and 2017

28. Related Parties and Others, Continued*(In millions of won)*

| | For the year ended December 31, 2017 | | December 31, 2017 | |
|--|--------------------------------------|---------------------|---|---|
| | Sales and others | Purchase and others | Trade accounts and notes receivable and others | Trade accounts and notes payable and others |
| LG International Corp. and its subsidiaries | ₩ 611,274 | 1,354,039 | 110,786 | 186,799 |
| LG Household & Health Care and its subsidiaries | | 116 | | |
| LG Uplus Corp. | 152 | 1,854 | | 1,505 |
| LG Chem Ltd. and its subsidiaries | 16,915 | 869,579 | 8,659 | 127,416 |
| SK Siltron Co., Ltd. (formerly, Siltron Co., Ltd.)(*)) | 10 | | | |
| Lusem Co., Ltd.(*)) | 13 | 694 | 1 | 53 |
| Serveone and its subsidiaries | 677 | 1,390,323 | 21,565 | 491,719 |
| Silicon Works Co., Ltd | | 624,127 | | 120,031 |
| LG Corp. | | 60,756 | 4,700 | 1,523 |
| LG Management Development Institute | | 10,221 | 3,480 | 699 |
| LG CNS Co., Ltd. and its subsidiaries | 323 | 226,229 | | 90,374 |
| LG Hausys Ltd | 1,673 | 391 | | 374 |
| G2R Inc. and its subsidiaries | | 93,799 | | 14,275 |
| | ₩ 631,037 | 4,632,128 | 149,191 | 1,034,768 |

(*) Represents transactions occurred prior to disposal of the entire investments.

28. Related Parties and Others, Continued

(f) Key management personnel compensation

Compensation costs of key management for the years ended December 31, 2018 and 2017 are as follows:

(In millions of won)

| | 2018 | 2017 |
|--|----------------|--------------|
| Short-term benefits | ₩ 2,622 | 3,724 |
| Expenses related to the defined benefit plan | 794 | 488 |
| | ₩ 3,416 | 4,212 |

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

29. Supplemental Cash Flow Information

Supplemental cash flow information for the years ended December 31, 2018 and 2017 is as follows:

(In millions of won)

| | 2018 | 2017 |
|--|-------------|-------------|
| Non-cash investing and financing activities: | | |
| Changes in other accounts payable arising from the purchase of property, plant and equipment | ₩ (725,744) | 638,907 |
| Changes in other accounts receivable arising from the investment by the subsidiary's dividend. | (405,992) | |

Please refer to the detailed footnotes and final financial statements in the audit report, which will be on the electronic disclosure system (<<http://dart.dss.or.kr>>) on the last week of February

Appendix-1. Consolidated Statements of Changes in Equity
Consolidated Statements of Changes in Equity

For the years ended December 31, 2018 and 2017

| <i>(In millions of won)</i> | Attributable to owners of the Controlling Company | | | | | Non-controlling interests | Total equity |
|---|---|---------------|-------------------|-----------|------------|---------------------------|--------------|
| | Share capital | Share premium | Retained earnings | Reserves | Sub-total | | |
| Balances at January 1, 2017 | ₩ 1,789,079 | 2,251,113 | 9,004,283 | (88,478) | 12,955,997 | 506,391 | 13,462,388 |
| Total comprehensive income (loss) for the year | | | | | | | |
| Profit for the year | | | 1,802,756 | | 1,802,756 | 134,296 | 1,937,052 |
| Other comprehensive income (loss) | | | | | | | |
| Net change in fair value of available-for-sale financial assets, net of tax | | | | | | | |
| Remeasurements of net defined benefit liabilities, net of tax | | | (7,001) | | (7,001) | | (7,001) |
| Foreign currency translation differences for foreign operations, net of tax | | | | (200,707) | (200,707) | (31,031) | (231,738) |
| Other comprehensive income from associates and joint ventures | | | 441 | 905 | 1,346 | | 1,346 |
| Total other comprehensive loss | | | (6,560) | (199,802) | (206,362) | (31,031) | (237,393) |
| Total comprehensive income (loss) for the year | ₩ | | 1,796,196 | (199,802) | 1,596,394 | 103,265 | 1,699,659 |

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

| | | | | | | | |
|---|--|--|-----------|--|-----------|--|-----------|
| Dividends to equity holders | | | (178,908) | | (178,908) | | (178,908) |
| Subsidiaries dividends distributed to non-controlling interests | | | | | (5,929) | | (5,929) |
| Capital contribution from non-controlling interests | | | | | 4,300 | | 4,300 |

Balances at

December 31, 2017 ₩ 1,789,079 2,251,113 10,621,571 (288,280) 14,373,483 608,027 14,981,510

Balances at

January 1, 2018 ₩ 1,789,079 2,251,113 10,621,571 (288,280) 14,373,483 608,027 14,981,510

**Total
comprehensive
income (loss) for
the year**

Profit for the year (207,239) (207,239) 27,796 (179,443)

**Other
comprehensive
income (loss)**

| | | | | | | | |
|---|--|--|-------|----------|----------|---------|-------|
| Net change in fair value of available-for-sale financial assets, net of tax | | | | | | | |
| Remeasurements of net defined benefit liabilities, net of tax | | | 4,521 | | 4,521 | | 4,521 |
| Foreign currency translation differences for foreign operations, net of tax | | | | (12,725) | (12,725) | (7,262) | |
| Other comprehensive income from associates and joint ventures | | | 20 | 37 | 57 | | 57 |

4,541 (12,688) (8,147) (7,262) (15,409)

| | | | | | | | | |
|---|---|-----------|-----------|------------|-----------|------------|-----------|------------|
| Total other comprehensive loss | | | | | | | | |
| Total comprehensive income (loss) for the year | ₩ | | (202,698) | (12,688) | (215,386) | 20,534 | (194,852) | |
| Transaction with owners, recognized directly in equity | | | | | | | | |
| Dividends to equity holders | | | (178,908) | | (178,908) | | (178,908) | |
| Subsidiaries dividends distributed to non-controlling interests | | | | | | (53,107) | (53,107) | |
| Capital contribution from non-controlling interests | | | | | | 331,603 | 331,603 | |
| Balances at December 31, 2018 | ₩ | 1,789,079 | 2,251,113 | 10,239,965 | (300,968) | 13,979,189 | 907,057 | 14,886,246 |

See accompanying notes to the consolidated financial statements.

Appendix-2. Separate Statements of Changes in Equity
Separate Statements of Changes in Equity

For the years ended December 31, 2018 and 2017

(In millions of won)

| | Share capital | Share premium | Retained earnings | Total equity |
|---|------------------|------------------|----------------------|-----------------|
| Balances at January 1, 2017 | ₩ 1,789,079 | 2,251,113 | 8,195,255 | 12,235,447 |
| Total comprehensive income for the year | | | | |
| Profit for the year | | | 1,779,721 | 1,779,721 |
| Other comprehensive income (loss) | | | | |
| Remeasurements of net defined benefit liabilities, net of tax | | | (7,001) | (7,001) |
| Total other comprehensive loss | | | (7,001) | (7,001) |
| Total comprehensive income for the year | ₩ | | 1,772,720 | 1,772,720 |
| Transaction with owners, recognized directly in equity | | | | |
| Dividends to equity holders | | | (178,908) | (178,908) |
| Balances at December 31, 2017 | ₩ 1,789,079 | 2,251,113 | 9,789,067 | 13,829,259 |
| Balances at January 1, 2018 | ₩ 1,789,079 | 2,251,113 | 9,789,067 | 13,829,259 |
| Total comprehensive income (loss) for the year | | | | |
| Profit for the year | | | (442,291) | (442,291) |
| Other comprehensive income (loss) | | | | |
| Remeasurements of net defined benefit liabilities, net of tax | | | 4,521 | 4,521 |
| Total other comprehensive loss (Income) | | | 4,521 | 4,521 |
| Total comprehensive income (loss) for the year | ₩ | | (437,770) | (437,770) |
| Transaction with owners, recognized directly in equity | | | | |
| Dividends to equity holders | | | (178,908) | (178,908) |
| Balances at December 31, 2018 | ₩ 1,789,079 | 2,251,113 | 9,172,389 | 13,212,581 |

See accompanying notes to the separate financial statements.

B. Agenda 2: Amendment to the Articles of Incorporation

- Reasons for amending the Articles of Incorporation:

a. To reflect applicable provisions of the Act on the Electronic Registration of Stocks and Bonds, Etc., which has been enacted in order to improve the efficiency and transparency of securities transactions and is expected to become effective in September 2019.

b. To reflect applicable provisions of the Act on External Audit of Stock Companies, Etc. and the Korean Commercial Code.

| Before Amendment Article 5 (Method of Public Notice) | After Amendment Article 5 (Method of Public Notice) | Purpose of Amendment To reflect applicable provisions of the Korean Commercial Code |
|---|--|---|
| Public notice by the Company shall be given <u>by publication in Maeil Business Newspaper and The Chosun Ilbo, both daily newspapers of general circulation published in Seoul.</u> | Public notice by the Company shall be given <u>on the Company's website (http://www.lgdisplay.com).</u> <u>However, if public notice cannot be given on the Company's website due to technical difficulties or other unavoidable circumstances, it shall be published in Maeil Business Newspaper and The Chosun Ilbo, both daily newspapers of general circulation published in Seoul.</u> | <ul style="list-style-type: none"> - Reflect changes in the method of public notice under the Korean Commercial Code. - Enhance the accessibility of information through announcement via the Company's website. |
| Article 8 (Types of Share Certificates) <u>The share certificates of the Company shall be issued in the following eight (8) denominations: one (1), five (5), ten (10), fifty (50), one hundred (100), five hundred (500), one thousand (1,000), and ten thousand (10,000) shares.</u> | Article 8 (<u>Electronic Registration of Shares and Rights that would otherwise be Indicated on Certificates of Preemptive Rights</u>) <u>In lieu of issuing share certificates or certificates of preemptive rights, the Company shall electronically register the shares and rights that would otherwise be indicated on certificates of preemptive rights on an electronic registry of an electronic registration institution.</u> | <ul style="list-style-type: none"> - To reflect applicable provisions of the Electronic Securities Registration Act - Delete the provision on the types of share certificates of the Company and their denominations. - Establish grounds for electronic registration of shares and preemptive rights that would otherwise be indicated on certificates. |

Article 13 (Transfer Agent)

(1) The Company shall retain a transfer agent for shares.

(2) The transfer agent, the location where its services are rendered and the scope of a transfer agent's duties shall be determined by a resolution of the Board of Directors of the Company and shall be publicly notified.

(3) The Company shall keep the shareholders registry, or a duplicate thereof, at a location where a transfer agent renders its services. In addition, the Company shall cause the transfer agent to handle activities such as **making entries into its shareholders registry, registering the creation and cancellation of pledges over shares, indicating or canceling trust assets, issuing share certificates, receiving reports filed,** and other related businesses.

(4) Those activities of a transfer agent set forth in Paragraph (3) above shall be performed in accordance with the Regulations for Securities Agency Business of the Transfer Agent.

Article 14 (Report of Name, Address and Seal or Signatures of Shareholders and Others)

(1) **Shareholders and registered pledgees shall report their names, addresses and seals or signatures to a transfer agent prescribed by Article**

Article 13 (Transfer Agent)

(1) The Company shall retain a transfer agent for shares.

(2) The transfer agent, the location where its services are rendered and the scope of a transfer agent's duties shall be determined by a resolution of the Board of Directors of the Company and shall be publicly notified.

(3) The Company shall keep the shareholders registry, or a duplicate thereof, at a location where a transfer agent renders its services. In addition, the Company shall cause the transfer agent to handle activities such as **the electronic registration of shares, management of the shareholders registry** and other related businesses.

(4) Those activities of a transfer agent set forth in Paragraph (3) above shall be performed in accordance with the Regulations for Securities Agency Business of the Transfer Agent.

Article 14 [Deleted]

To reflect applicable provisions of the Electronic Securities Registration Act

- Modify the scope of the transfer agent's responsibilities.

To reflect applicable provisions of the Electronic Securities Registration Act

- Delete the requirement for shareholders to report their information to the transfer agent, as such reporting is no longer

13 herein.

necessary when shares are
registered electronically.

(2) Shareholders and registered pledgees who reside in a foreign country shall report their appointed agents and their addresses in Korea to whom notices are to be sent.

(3) The above provisions shall also apply to changes in any item mentioned in Paragraphs (1) and (2).

[N/A]

Article 15-4 (Electronic Registration of Bonds and Warrant Rights that would otherwise be Indicated on Certificates)

To reflect applicable provisions of the Electronic Securities Registration Act

- Establish grounds for electronic registration of bonds and warrant rights that would otherwise be indicated on certificates.

In lieu of issuing bond or warrant certificates, the Company shall electronically register the bonds and warrant rights that would otherwise be indicated on certificates on an electronic registry of an electronic registration institution.

Article 15-4 (Provisions Applicable to Bond Issuance)

Article 15-5 (Provisions Applicable to Bond Issuance)

To reflect applicable provisions of the Electronic Securities Registration Act

Articles 13 **and 14** shall apply *mutatis mutandis* to issuance of bonds.

Article 13 shall apply *mutatis mutandis* to issuance of bonds.

- Reflect the deletion of Article 14.

Article 31 (Resolutions of the Board of Directors)

Article 31 (Resolutions of the Board of Directors)

To reflect applicable provisions of the Korean Commercial Code

(1) The quorum for the Meeting of the Board of Directors of the Company shall require the presence of the majority of Directors in office.

(1) The quorum for the Meeting of the Board of Directors of the Company shall require the presence of the majority of Directors in office.

Reflect revisions relating to the method of participation in resolutions of the board of directors under the Korean Commercial Code.

(2) Resolutions of a meeting of the Board of Directors shall be adopted by the

(2) Resolutions of a meeting of the Board of Directors shall be adopted

affirmative votes of a majority of the
Directors present.

by the affirmative votes of a majority
of the Directors present.

- Reflect permission for a director's
participation in the resolutions of
the board of directors through an
audio conference call without visual
images under the Korean
Commercial Code.

(3) The Board of Directors may allow or part of the Directors in office to exercise his/her and/or their voting rights by telecommunication means through which they may transmit and receive **visual images and** voices at the same time without attending a meeting of the Board of Directors in person. In such case, the concerned Director(s) shall be deemed as having attended the meeting of the Board of Directors in person.

(B) The Board of Directors may allow all or part of the Directors in office to exercise his/her and/or their voting rights by telecommunication means through which they may transmit and receive voices at the same time without attending a meeting of the Board of Directors in person. In such case, the concerned Director(s) shall be deemed as having attended the meeting of the Board of Directors in person.

(4) Each member of the Board of Directors shall have one (1) voting right; provided, however, that any person who has special interests concerning a resolution of the Board of Directors may not exercise his/her voting right.

(4) Each member of the Board of Directors shall have one (1) voting right; provided, however, that any person who has special interests concerning a resolution of the Board of Directors may not exercise his/her voting right.

Article 41-2 (Appointment of **Independent Certified Public Accountant**)

Article 41-2 (Appointment of **External Auditor**)

To reflect applicable provisions of the Act on External Audit of Stock Companies, Etc.

The Company shall appoint an **independent certified public accountant after obtaining an approval of the Company's Audit Committee, and shall report such to the first ordinary General Meeting of Shareholders to be convened after such appointment.**

The Company shall appoint an **external auditor pursuant to the Act on External Audit of Stock Companies, Etc. and shall report such fact at the first ordinary General Meeting of Shareholders to be convened after the appointment or shall otherwise notify or publicly announce such fact to the shareholders as prescribed in the Enforcement Decree of the Act on External Audit of Stock Companies, Etc.**

- Included additional methods of notification or public announcement for notifying the appointment of an external auditor to the shareholders in accordance with the Act on External Audit of Stock Companies, Etc. and the Enforcement Decree thereunder.

C. Agenda 3: Appointment of Directors

- The following 4 candidates were proposed to be reappointed and newly appointed as directors.

3-1) Young Soo Kwon (Non-standing Director)

Date of birth: February, 1957

Candidate for Outside Director: None

Nominator: Board of Directors

Appointment Term: 3 years

Type of appointment: Newly Appointed

Main experience: CEO of LG Display

Present position: CEO & President, LG

Business Transaction with LG Display during the last 3 years: None

Nationality: Korean

3-2) Kun Tai Han (Outside Director)

Date of birth: October, 1956

Candidate for Outside Director: Yes

Nominator: Outside Director Nomination Committee

Appointment Term: 3 years

Type of appointment: Reappointed

Main experience: CEO, Korea Leadership Center

Present position: CEO, Han's Consulting

Business Transaction with LG Display during the last 3 years: None

Nationality: Korean

3-3) Chang-Yang Lee (Outside Director)

Date of birth: September, 1962

Candidate for Outside Director: Yes

Nominator: Outside Director Nomination Committee

Appointment Term: 3 years

Type of appointment: Newly Appointed

Main experience: Policy making at the Ministry of Trade and Industry of Korea

Present position: Professor of Economics and Public Policy, KAIST

Business Transaction with LG Display during the last 3 years: None

Nationality: Korean

3-4) Dong Hee Suh (Standing Director)

Date of birth: February, 1964

Candidate for Outside Director: None

Nominator: Board of Directors

Appointment Term: 1 years

Type of appointment: Newly Appointed

Main experience: Head of Ethical Management Department, LG Household & Health Care

Present position: CFO & Senior Vice President, LG Display

Business Transaction with LG Display during the last 3 years: None

Nationality: Korean

D. Agenda 4: Appointment of Audit Committee Members

- The following 2 candidates were proposed to be reappointed and newly appointed as Audit Committee Member.

4-1) Kun Tai Han (Outside Director)

Date of birth: October, 1956

Candidate for Outside Director: Yes

Nominator: Board of Directors

Appointment Term: 3 years

Type of appointment: Reappointed

Main experience: CEO, Korea Leadership Center

Present position: CEO, Han s Consulting

Business Transaction with LG Display during the last 3 years: None

Nationality: Korean

4-2) Chang-Yang Lee (Outside Director)

Date of birth: September, 1962

Candidate for Outside Director: Yes

Nominator: Board of Directors

Appointment Term: 3 years

Type of appointment: Newly Appointed

Main experience: Policy making at the Ministry of Trade and Industry of Korea

Present position: Professor of Economics and Public Policy, KAIST

Business Transaction with LG Display during the last 3 years: None

Nationality: Korean

E. Agenda 5: Approval of Remuneration Limit for Directors

- Remuneration limit for directors in 2019 is for all 7 directors including 4 outside directors.

The remuneration limit in 2019 is same as that of 2018.

| Category | FY2018 | FY2019 |
|---|-----------------|-----------------|
| Number of Directors (Number of Outside Directors) | 7 (4) | 7 (4) |
| Total Amount of Remuneration Limit | KRW 8.5 billion | KRW 8.5 billion |

IV. Matters Relating to the Solicitor of Proxy**1. Matters Relating to the Solicitor of Proxy**

A. Name of Solicitor: LG Display Co., Ltd.

B. Number of LG Display Shares Held by Solicitor: None

C. The Principal Shareholders of the Solicitor

| Name of principal shareholder | Relationship with LGD | Number of shares held | Ownership ratio |
|--------------------------------------|------------------------------|------------------------------|------------------------|
| LG Electronics Inc. | Largest shareholder | 135,625,000 (common stock) | 37.90% |
| Sang Beom Han | Director (President, CEO) | 48,355 (Common stock) | 0.01% |
| Sang Don Kim | Director | 6,000 (Common stock) | 0.00% |
| Gi Ryun Jung | Others | 400 (Common stock) | 0.00% |
| Young Soon Hong | Others | 400 (Common stock) | 0.00% |
| Total | | 135,680,155 (common stock) | 37.92% |

2. Matters Relating to the Proxy

| Name of Agents for the Proxy | Daniel Kim | Su Yeon Suh | Jee Hae Choi |
|---|------------|-------------|--------------|
| Number of Shares Held by Agents as of 2018 | 155 | | 16 |
| End. | | | |
| Relationship with LGD | Employee | Employee | Employee |

3. Criteria for Shareholders Whom Proxy is Asked to

- All shareholders holding more than 10,000 shares of LGD common stock

4. Others

- The Period of Proxy Instruction: From Feb. 26, 2019 to Mar. 14, 2019 (Prior to the AGM day)

SIGNATURES

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

LG Display Co., Ltd.
(Registrant)

Date: February 22, 2019

By: /s/ Heeyeon Kim
(Signature)

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