LG Display Co., Ltd.
Form 6-K
August 13, 2012
Table of Contents

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 6-K

REPORT OF FOREIGN PRIVATE ISSUER

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

THE SECURITIES EXCHANGE ACT OF 1934

For the month of August 2012

LG Display Co., Ltd.

(Translation of Registrant s name into English)

LG Twin Towers, 128 Yeoui-daero, Yeongdeungpo-gu, Seoul 150-721, 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.

Form 20-F x 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 x

Table of Contents

SEMIANNUAL REPORT

(From January 1, 2012 to June 30, 2012)

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

IN THE TRANSLATION PROCESS, SOME PARTS OF THE REPORT WERE REFORMATTED, REARRANGED OR SUMMARIZED AND CERTAIN NUMBERS WERE ROUNDED FOR THE CONVENIENCE OF READERS. REFERENCES TO Q1 , Q2 AND Q3 OF A FISCAL YEAR ARE REFERENCES TO THE THREE-MONTH PERIODS ENDED MARCH 31, JUNE 30 AND SEPTEMBER 30, RESPECTIVELY, OF SUCH FISCAL YEAR. REFERENCES TO H1 OF A FISCAL YEAR ARE REFERENCES TO THE SIX-MONTH PERIOD ENDED JUNE 30 OF SUCH FISCAL YEAR.

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

Contents

2

Table of Contents

Table of Contents

1. Company

A. Name and contact information

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

Our principal executive office is located at LG Twin Towers, 128 Yeoui-daero, Yeongdeungpo-gu, Seoul 150-721, Republic of Korea, Republic of Korea, and our telephone number is +82-2-3777-1114. Our website address is http://www.lgdisplay.com.

B. Domestic credit rating

Subject instruments	Month of rating	Credit rating	Rating agency (Rating range)
Commercial Paper	January 2006 June 2006 December 2006 June 2007 December 2007 September 2008 December 2008	A1	NICE Information Service Co., Ltd. (A1 ~ D)
	June 2006 January 2007 June 2007 December 2007 September 2008	A1	Korea Investors Service, Inc. (A1 ~ D)
Corporate Debenture	June 2006	AA-	NICE Information Service Co., Ltd. (AAA ~ D)
	December 2006 June 2007 September 2008	A+	
	July 2009	AA-	
	October 2009 February 2010 May 2010 December 2010 August 2011 June 2012	AA-	
	June 2006	AA-	Korea Investors Service, Inc. (AAA ~ D)
	January 2007	A+	

Table of Contents

June 2007 September 2008		
July 2009 December 2009 February 2010 May 2010 August 2010 February 2011 April 2011 August 2011 October 2011 June 2012	AA-	
October 2009 December 2009 August 2010 December 2010 February 2011 April 2011 July 2011 October 2011 June 2012	AA-	Korea Ratings Corporation (AAA ~ D)

C. Capitalization

(1) Change in capital stock (as of June 30, 2012)

(Unit: Won, Share)

Date	Description	Change in number of common shares	Face amount per share
July 23, 2004	Offering [(1)]	33,600,000	5,000
September 8, 2004	Follow-on offering [(2)]	1,715,700	5,000
July 27, 2005	Follow-on offering [(3)]	32,500,000	5,000

(1) ADSs offering: 24,960,000 shares (US$30 per share, US$15 per ADS) / Initial public offering in Korea: 8,640,000 shares ((Won)34,500 per share)
(2) ADSs offering: 1,715,700 shares ((Won)34,500 per share) pursuant to the exercise of greenshoe option by the underwriters
(3) ADSs offering: 32,500,000 shares (US$42.64 per share, US$21.32 per ADS)

Table of Contents

(2) Convertible bonds (as of June 30, 2012)

(Unit: In millions of Won, Share)

Issue date:		April 18, 2007
Maturity:		April 18, 2012 [3]
Face amount: [1]		(Won)513,480
Conversion shares:		Registered common shares
Conversion period:		Convertible into shares of common stock during the period from April 19, 2008 to April 3, 2012
Conversion price: [2]		(Won)47,892 per share
Outstanding [3]	Face amount:	
	Number of convertible shares: [2]	
Remarks:		- Registered form
		- Listed on Singapore Exchange

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

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

(3) The remaining US$66 million of these convertible bonds were repaid in full upon their maturity on April 18, 2012 at 116.77% of their principal amount.

D. Voting rights (as of June 30, 2012)

(Unit: share)

Description	Number of shares
A. Total shares issued:	357,815,700
B. Shares without voting rights:	
C. Shares subject to restrictions on voting rights pursuant to our articles of incorporation:	
D. Shares subject to restrictions on voting rights pursuant to regulations:	
E. Shares with restored voting rights:	
Total number of issued shares with voting rights (=A B C D + E):	357,815,700

E. Dividends

At the annual general meeting of shareholders on March 9, 2012, we did not declare a cash dividend to our shareholders.

6

Table of Contents

Dividends during the recent three fiscal years

Description (unit)	2011	2010	2009
Par value (Won)	5,000	5,000	5,000
Profit (loss) for the period / Net income (million Won)	(991,032)[3]	1,002,648[3]	1,067,947[4]
Earnings per share (Won) [1]	(2,770)	2,802	2,985
Total cash dividend amount (million Won)		178,908	178,908
Total stock dividend amount (million Won)			
Cash dividend payout ratio (%)		17.8	16.8
Cash dividend yield (%) [2]		1.3	1.3
Stock dividend yield (%)			
Cash dividend per share (Won)		500	500
Stock dividend per share (share)			

(1) Earnings per share is based on par value of (Won)5,000 per share and is calculated by dividing net income by weighted average number of common stock.
(2) Cash dividend yield is the percentage that is derived by dividing cash dividend by the arithmetic average of the daily closing prices of our common stock during the one-week period ending two trading days prior to the closing of the register of shareholders for the purpose of determining the shareholders entitled to receive annual dividends.
(3) Profit for the period based on separate K-IFRS.
(4) Net income based on non-consolidated Korean GAAP.

2. Business

A. Business overview

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

As of June 30, 2012, we operated TFT-LCD and OLED production facilities in Paju and Gumi, Korea and a LCD research center in Paju, Korea. We have also established subsidiaries in the Americas, Europe and Asia.

As of June 30, 2012, our business consisted of the manufacture and sale of LCD and OLED panels and monitor products. Because our non-LCD business represented an extremely small portion of our assets and revenues as of and for the six months ended June 30, 2012, we have included them as part of our LCD reporting business segment.

2012 (H1) Financial highlights by business (based on K-IFRS)

(Unit: In billions of Won)

2012 (H1)	LCD business
Sales Revenue	13,094
Gross Profit	1,098
Operating Profit (Loss)	(204)

Table of Contents

B. Industry

(1) Industry characteristics and growth potential

TFT-LCD technology is one of the widely used technologies in the manufacture of flat panel displays, and the demand for flat panel displays is growing. The flat panel display industry is characterized by entry barriers due to rapidly evolving technology, capital-intensive characteristics, and the significant investments required to achieve economies of scale, among other factors. There is intense competition among the players in the industry, and the industry as a whole has experienced continued growth in its production capacity in response to growth in demand for flat panel displays.

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

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

(2) Cyclicality

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

Macroeconomic factors and other causes of business cycles can affect the rate of growth in demand for display panels. Accordingly, if supply exceeds demand, average selling prices of display panels may decrease. Conversely, if growth in demand outpaces growth in supply, average selling prices may increase.

(3) Market conditions

Since 2011, due to a general overcapacity in the TFT-LCD industry, TFT-LCD panel makers have slowed their respective rates of production capacity growth, while a number of them are pursuing other strategic alternatives such as mergers or formation of new alliances.

Most TFT-LCD panel makers are located in Asia.

a. Korea: LG Display, Samsung Display, Hydis Technologies, etc.

b. Taiwan: AU Optronics, Chimei Innolux, CPT, HannStar, etc.

c. Japan: Japan Display, Sharp, Panasonic LCD, etc.

d. China: BOE, CSOT, etc.

(4) Market shares

Our worldwide market share of large-sized TFT-LCD panels (i.e., TFT-LCD panels that are 9 inches or larger) based on revenue is as follows:

	2012 (H1) [1]	2011[2]	2010 [3]
Panels for Notebook Computers [4]	32.7%	34.9%	33.2%
Panels for Monitors	31.8%	28.3%	26.5%
Panels for Televisions	25.7%	24.7%	23.4%
Total	28.3%	27.3%	25.4%

Table of Contents

(1) Source: 2012 Q2 DisplaySearch Quarterly Large-Area TFT LCD Shipment Report.
(2) Source: 2011 Q4 DisplaySearch Quarterly Large-Area TFT LCD Shipment Report (advanced version with LED backlight).
(3) Source: 2010 Q4 DisplaySearch Large-Area TFT LCD Shipment Report (advanced version with LED backlight).
(4) Includes panels for netbooks.

(5) Competitiveness

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

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

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

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

As a leading technology innovator in the display industry, we continue to focus on delivering differentiated value to our customers by developing new technologies and products, including in the categories of 3D, touch screens and next generation displays. With respect to 3D technology, we have commenced mass production of high definition 3D panels with reduced degrees of crosstalk, or the degree of 3D image overlapping, of less than 1% (which is less than what the human eye can perceive). We have also acquired the technical skills and have established a supply chain management system that enables us to provide one-stop solutions to our customers with respect to touch module products. In addition, we have shown that we are technologically a step ahead of the competition by developing products such as 10.1-inch flexible LCDs, 2.6 mm thin televisions (the thinnest in the world at the time) and 19-inch flexible e-papers. We are a leader in large OLED panel display technology, as demonstrated by our 55-inch OLED display panel unveiled at the Consumer Electronics Show in Las Vegas in January 2012, which was the largest OLED panel at the time.

Moreover, we entered into long-term sales contracts with major global firms to secure customers and expand partnerships for technology development.

C. New businesses

In order to meet the rapidly increasing market demand for large TFT-LCD panels, we commenced mass production at P83, an eighth generation fabrication line located in our P8 facility, and P98, a new eighth generation production facility, in March 2011 and June 2012, respectively.

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

Table of Contents

We are making an effort to increase our competitiveness, including in the LCD component parts market, by forming cooperative relationships with suppliers and purchasers of our products. As part of this effort, in March 2005, we established a joint venture company, Paju Electric Glass Co., Ltd., with Nippon Electric Glass Co., Ltd. We invested (Won)14.4 billion in return for a 40% interest in Paju Electric Glass Co., Ltd. In November 2010 and April 2011, we invested an additional (Won)14.8 billion and (Won)4.4 billion, respectively, in Paju Electric Glass Co., Ltd. but the additional investments did not change our percentage interest in Paju Electric Glass Co., Ltd. In July 2008, we purchased 6,850,000 shares of common stock of New Optics Ltd. at a purchase price of (Won)9.7 billion, and in February 2010, we purchased an additional 1,000,000 shares of common stock of New Optics at a purchase price of (Won)2.5 billion. In January 2010, we purchased 10.8 million shares of Can Yang Investment Limited representing a 15% interest at a purchase price of US$10.8 million. In October 2010, we invested an additional US$4.5 million and acquired 4.8 million additional shares of Can Yang Investment Limited.

In October 2008, we established a joint venture company, Suzhou Raken Technology Ltd., with AmTRAN Technology Co., Ltd., a Taiwan corporation. We invested US$10.4 million in return for a 51% interest in Suzhou Raken Technology Ltd. Suzhou Raken Technology Ltd. will supply both parties with TFT-LCD modules and TFT-LCD televisions. Through the establishment of this joint venture, we are able to further expand our customer base by securing a stable long-term panel dealer. In 2009 and 2010, we invested an additional US$58.7 million and US$14.5 million, respectively, in Suzhou Raken Technology Ltd., but the additional investments did not change our percentage interest in Suzhou Raken Technology Ltd.

As part of our strategy to expand our production capacity overseas, we signed an investment agreement and a joint venture agreement in November 2009 with the City of Guangzhou, China, to build an eighth-generation panel fabrication facility in China and held a groundbreaking ceremony in May 2012.

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

In December 2009, we acquired a 30.6% limited partnership interest in LB Gemini New Growth Fund No. 16. Under the limited partnership agreement, we agreed to invest a total amount of (Won)30 billion in the fund, and as of December 31, 2010, we had invested (Won)8.3 billion in the fund. By becoming a limited partner of this fund, our aim is to seek direct investment opportunities as well as to receive benefits from the investment. In February 2011, we received a distribution of (Won)1.4 billion from the fund, and in March and April 2011, we invested an additional (Won)1.9 billion and (Won)3.1 billion, respectively, in the fund. In June 2011, we received a further distribution of (Won)0.7 billion as return of principal and (Won)0.9 billion as dividends and we invested an additional (Won)1.2 billion in the fund. In December 2011, we invested an additional (Won)2.0 billion in the fund. In April and July 2012, we received distributions of (Won)1.0 billion and (Won)0.8 billion from the fund, respectively. The additional investments did not change our investment commitment amount of (Won)30 billion or our limited partnership interest in the fund, which remained at 30.6%.

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

Table of Contents

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

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

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

In November 2010, in order to strengthen our e-book business, we acquired a 100% equity interest in Image & Materials, Inc., a company that develops and manufactures e-book deposition equipment components, at a purchase price of (Won)35 billion. In each of June 2011, September 2011 and February 2012, we invested an additional (Won)3.0 billion in Image & Materials, Inc.

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

In November 2010, in order to build Backlight-Module-System (BMS) lines that would help differentiate our technical skills from those of our competitors and increase our cost competitiveness, we entered into a joint venture with Compal Electronics, Inc., a Taiwanese company, and established LUCOM Display Technology (Kunshan) Ltd. in Kunshan, China. We invested US$2.3 million and acquired a 51% equity interest in LUCOM Display Technology (Kunshan) Ltd. In February and April 2011, we invested an additional US$ 3.1 million and US$2.3 million, respectively, in LUCOM Display Technology (Kunshan) Ltd., but the additional investments did not change our percentage interest in LUCOM Display Technology (Kunshan) Ltd.

In April 2011, in order to enhance the product quality and assist the local development of coaters, a component used in our TFT-LCD products, we invested (Won)20 billion and acquired a 16.6% interest in Narae Nanotech Corporation, a Korean equipment manufacturer. In June 2011, we invested an additional (Won)10.0 billion and acquired a further 7.7% interest in Narae Nanotech Corporation. As of June 30, 2012, we held a 23% equity interest in Narae Nanotech Corporation.

In November 2011, in order to improve our cost competitiveness with respect to the glass substrate etching stage of our TFT-LCD panel manufacturing process, we invested (Won)10.6 billion and acquired a 20.3% interest in Avatec Co., Ltd., a third party glass substrate etching processor.

In November 2011, in order to expand our module production capacity, we established LG Display U.S.A. Inc. in Texas, United States, and LG Display Reynosa S.A. de C.V. in Reynosa, Mexico. We invested in the form of paid-in capital (Won)12.4 billion and (Won)9.2 billion in LG Display U.S.A. Inc. and LG Display Reynosa S.A. de C.V., respectively. We currently own a 100% interest in LG Display U.S.A. Inc. and a 99% interest in LG Display Reynosa S.A. de C.V. LG Display U.S.A. Inc. owns the remaining 1% interest in LG Display Reynosa S.A. de C.V.

In April 2012, in order to improve our cost competitiveness with respect to tempered glass used for touch screens, we invested (Won)2.0 billion and acquired a 19.8% interest in Glonix Co., Ltd.

In June 2012, in order to ensure a stable supply of driver integrated circuits and other component parts and to jointly develop new technologies, we invested (Won)52.5 billion and acquired a 13% interest in Silicon Works Co., Ltd.

Table of Contents

3. Major Products and Raw Materials

A. Major products

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

(Unit: In billions of Won, except percentages)

Business area	Sales Type	Items (Market)	Usage	Major trademark	Sales in 2012 H1 (%)
TFT-LCD	Product/ Service/ Other Sales	TFT-LCD (Overseas [1])	Panels for Notebook Computer, Monitor, Television, etc	LG Display	12,092 (92.3%)
		TFT-LCD (Korea [1])	Panels for Notebook Computer, Monitor, Television, etc	LG Display	1,002 (7.7%)
Total					13,094 (100%)

(1) Based on ship-to-party.

B. Average selling price trend of major products

The average selling price of LCD panels per square meter of net display area shipped in the second quarter of 2012 increased by 5% from the first quarter of 2012. There is no assurance that the average selling prices of LCD panels will not fluctuate in the future due to changes in supply and demand.

(Unit: US$ / m^2)

Description	2012 Q2	2012 Q1	2011 Q4	2011 Q3
TFT-LCD panel [1][2]	701	669	684	705

(1) Quarterly average selling price per square meter of net display area shipped.
(2) Excludes semi-finished products in the cell process.

C. Major raw materials

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

(Unit: In billions of Won, except percentages)

Business	Purchase	Items	Usage	Cost [1]	Ratio (%)	Suppliers

Area	type					
TFT-LCD	Raw Materials	Glass	LCD panel manufacturing	1,730	20.6%	Samsung Corning Precision Glass Co., Ltd., Nippon Electric Glass Co., Ltd., etc.
		Backlight		2,712	32.3%	Heesung Electronics Ltd., etc.
		Polarizer		1,305	15.5%	LG Chem, etc.
		Others		2,658	31.6%	
Total				8,405	100.0%	

Table of Contents

Period: January 1, 2012 ~ June 30, 2012.

(1) Based on total cost for purchase of raw materials which includes manufacturing and development costs, etc.

4. Production and Equipment

A. Production capacity and output

(1) Production capacity

The table below sets forth the production capacity of our Gumi and Paju facilities in the periods indicated.

(Unit: 1,000 Glass sheets)

Business area	Items	Location of facilities	2012 (H1) (1)	2011 (2)	2010 (2)
TFT-LCD	TFT-LCD	Gumi, Paju	4,231	8,376	7,509

(1) Calculated based on the maximum monthly input capacity (based on glass input substrate size for eighth generation glass sheets) during the period multiplied by the number of months in the period (i.e., 6 months).

(2) Calculated based on the maximum monthly input capacity (based on glass input substrate size for eighth generation glass sheets) during the year multiplied by the number of months in a year (i.e., 12 months).

(2) Production output

The table below sets forth the production output of our Gumi and Paju facilities in the periods indicated.

(Unit: 1,000 Glass sheets)

Business area	Items	Location of facilities	2012 (H1)	2011	2010
TFT-LCD	TFT-LCD	Gumi, Paju	3,740	6,850	6,490

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

B. Production performance and utilization ratio

(Unit: Hours, except percentages)

Business place (area)	Available working hours of 2012 (H1)	Actual working hours of 2012 (H1)	Average utilization ratio
Gumi	4,368 (1)	4,234 (1)	
(TFT-LCD)	(182 days) (2)	(176 days) (2)	96.9%
Paju	3,619 (1)	3,619 (1)	100.0%

(TFT-LCD)	(151 days) [2]	(151 days) [2]

(1) Based on the assumption that all 24 hours in a day have been fully utilized.
(2) Number of days is calculated by averaging the number of working days for each facility.

C. Investment plan

In connection with our strategy to expand our TFT-LCD production capacity, we estimate that we will incur capital expenditures on a cash out basis of approximately (Won)4 trillion in 2012. Such amount is subject to change depending on business conditions and market environment.

Table of Contents

5. Sales

A. Sales performance

(Unit: In billions of Won)

Business area	Sales types		Items (Market)	2012 (H1)	2011	2010
TFT-LCD	Products, etc.	TFT-LCD	Overseas [1]	12,092	22,328	23,806
			Korea [1]	1,002	1,963	1,706
			Total	13,094	24,291	25,512

(1) Based on ship-to-party.

B. Sales route and sales method

(1) Sales organization

As of June 30, 2012, each of our Television Business Unit and IT/Mobile Business Unit had individual sales and customer support functions.

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

(2) Sales route

Sales of our products take place through one of the following two routes:

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

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

(3) Sales methods and sales terms

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

(4) Sales strategy

To secure stable sales to major personal computer makers and leading consumer electronics makers globally. To increase sales of high-end notebook computer products (including smartbooks, IPS and slim and narrow bezel notebook computer products), to strengthen sales of the high-end monitor segment (such as IPS, slim and narrow bezel and 3D monitors), to lead in the large and wide television market (including the LED television market) and to continually increase our market share in the 3D television market by utilizing film patterned retarder technology.

In the small- to medium-sized products segment, which is centered on high-end products applying IPS technology, to strengthen our business portfolio by developing a diverse range of products, such as mobile phone (including smartphone), smartbook, car navigation, industrial products (including aviation and medical equipment), etc.

Table of Contents

(5) Purchase orders

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

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

6. Market Risks and Risk Management

A. Market risks

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

The TFT-LCD industry is highly competitive. We have experienced pressure on the prices and margins of our major products due largely to additional industry capacity from panel makers in Korea, Taiwan, China and Japan. Our main competitors in the industry include Samsung Display, Hydis Technologies, AU Optronics, Chimei Innolux, CPT, HannStar, Japan Display, Sharp, Panasonic LCD, BOE and CSOT.

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

Our results of operations are subject to exchange rate fluctuations. To the extent that we incur costs in one currency and generate sales in a different currency, our profit margins may be affected by changes in the exchange rates between the two currencies. Our sales of display panels are denominated mainly in U.S. dollars, whereas our purchases of raw materials are denominated mainly in U.S. dollars and Japanese Yen. Our risk management policy regarding foreign currency risk is to minimize the impact of foreign currency fluctuations on our foreign currency denominated assets and liabilities. For additional information, see Note 9 of the notes to our unaudited consolidated interim financial statements as of and for the six months ended June 30, 2012 attached hereto.

B. Risk management

The average selling prices of display panels have declined in general and could continue to decline with time irrespective of industry-wide cyclical fluctuations. Certain contributing factors for this decline will be beyond our ability to control and manage. However, in anticipation of such price decline we have continued to develop new technologies and have implemented various cost reduction measures. In addition, in order to manage our risk against foreign currency fluctuations, we may from time to time enter into cross-currency interest rate swap contracts and foreign currency forward contracts. For additional information, see Note 9 of the notes to our unaudited consolidated interim financial statements as of and for the six months ended June 30, 2012 attached hereto.

7. Derivative Contracts

A. Currency risks

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

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

Table of Contents

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

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

B. Interest rate risks

Our exposure to interest rate risks relates primarily to our long term debt obligations. As of June 30, 2012, we had no interest swap contracts outstanding.

8. Major contracts

Our material contracts, other than contracts entered into in the ordinary course of business, are set forth below:

Type of agreement	Name of party	Term	Content
Technology licensing agreement	Semiconductor Energy Laboratory	October 2005 ~	Patent licensing of LCD and OLED related technology
	Fergason Patent Properties	October 2007 ~	Patent licensing of LCD driving technology
	Hewlett-Packard	January 2011 ~	Patent licensing of semi-conductor device technology
Technology licensing/supply agreement	Chunghwa Picture Tubes	November 2007 ~	Patent cross-licensing of LCD technology
	HannStar Display Corporation	November 2009 ~	Patent cross-licensing of LCD technology
	AU Optronics Corporation	August 2011~	Patent cross-licensing of LCD technology

9. Research & Development

A. Summary of R&D-related expenditures

(Unit: In millions of Won, except percentages)

Items		2012 (H1)	2011	2010
Material Cost		252,508	550,200	616,072
Labor Cost		208,932	365,375	285,212
Depreciation Expense		111,348	217,874	93,365
Others		95,420	180,582	122,619
Total R&D-Related Expenditures		668,208	1,314,031	1,117,268
Accounting Treatment	Selling & Administrative Expenses	148,999	248,328	264,073
	Manufacturing Cost	413,018	942,015	717,848
	Development Cost (Intangible Assets)	106,191	123,688	135,347
R&D-Related Expenditures / Revenue Ratio (Total R&D-Related Expenditures ÷ Revenue for the period × 100)		5.1%	5.4%	4.4%

Table of Contents

B. R&D achievements

Achievements in 2010

1) Development of 9.7-inch AH-IPS model for Apple s i-Pad.

Development of the world s first IPS Tablet

Achieving the following viewing angles by applying AH-IPS: top (80°) / bottom (80°) / left (80°) / right (80°)

2) Development of second Green PC products (13.3-inch, 14.0-inch and 15.6-inch in high-definition (HD))

Thin and light; low electricity consumption thereby increasing battery life

Development of Company-led flat product market

3) Development of world s first TruMotion 480Hz product (47-inch and 55-inch in full high-definition (FHD))

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

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

4) World s first FHD 47-inch three-dimensional (3D) display panels using Glass Patterned Retarder (GPR) technology

Achieving FHD for 3D display panels using GPR technology

5) Development of our first large-sized display panels viewable in 3D using shutter glasses (42-inch, 47-inch, 55-inch in FHD)

Achieving high aperture ratio by applying S-IPS V technology

Removal of gate driver integrated circuits by applying GIP technology

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

6)

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

Removal of the television set back cover by replacing it with the LCD monitor s bottom cover. Co-designed with a third party

7) Development of 42-inch and 47-inch FHD display panels for television to be sold in emerging markets

Focusing on basic functions and removing functions that are costly

Achieving cost reduction by applying GIP technology

Table of Contents

8) Development of intra interface technology for large-sized, high resolution, high frequency display panels

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

Developing slim PCBs by decreasing the number of transmission lines

9) Development of our first 21.5-inch and 26-inch FHD Edge LED products

Application of 21.5-inch, 26-inch FHD TV LED BL and mid-sized FHD model Slim TCON (176Pin ® 88Pin)

10) Development of our first 32 HD Edge LED product

Application of 32-inch HD TV Edge LED BL

11) Development of our first 37-inch FHD M240Hz product

Development of 37-inch FHD 240Hz panel. Development and mass production of MEMC 240Hz with TCON model.

12) Development of 240Hz panel for LG Electronics Borderless TV

Development of Narrow Bezel 240Hz panel (Bezel 14mm ® 7mm) for LG Electronics Borderless TV

13) Development of the world s first slim 23W FHD monitor in IPS mode

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

Cost saving by applying low voltage liquid crystal

Removal of gate driver integrated circuits by applying GIP technology

14) Development of the world s first slim 185W HD monitor in TN mode

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

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

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

Removal of gate driver integrated circuits by applying GIP technology

15) Development of 42-inch, 47-inch and 55-inch FHD monitors applying low cell gap (3.1 ® 2.8um) technology

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

World s first application of this technology in 42-inch, 47 inch and 55-inch FHD products

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

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

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

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

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

Elimination of gate driver integrated circuits by applying GIP technology

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

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

Table of Contents

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

Elimination of gate driver integrated circuits by applying GIP technology

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

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

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

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

Elimination of gate driver integrated circuits by applying GIP technology

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

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

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

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

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

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

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

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

21) Development of the world s first 3D FPR type 42-inch, 47-inch and 55-inch FHD panels

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

22) Development of our first 42-inch, 47-inch and 55-inch FHD panels with built-in 3D formatters

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

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

First to develop real 240Hz applying GIP driving technology

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

24) Development of panels for Macbook Air

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

Application of Z-inversion technology for low energy consumption

25) Introduction of the world s first HD shutter glasses type 3D notebook product (17.3 inch FHD)

Development of 172Hz high recharging speed notebook LCD panel

Development of Timing Controller (TC) driving technology

26) The first all-in-one touch panel notebook from an LCD panel manufacturer (15.6 inch HD add-on touch notebook)

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

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

Table of Contents

27) Introduction of the world s first Micro Film 3D notebook (15.6-inch FHD)

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

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

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

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

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

Realization of thin LCM (20.5t) by application of the world s first add-on infrared camera

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

Touch location auto correction by applying auto calibration

30) Development of 20-inch HD and 23-inch FHD e-IPS monitor products applying widescreen LED PKG

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

Elimination of gate driver integrated circuits by applying GIP technology

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

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

31) Development of 20-inch HD and 23-inch FHD TN monitor products applying widescreen LED PKG

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

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

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

Elimination of gate driver integrated circuits by applying GIP technology

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

Achievements in 2011

1) Introduction of glass-free mobile 3D product (4.3-inch WVGA)

Development and preparation for mass production of our first glass-free 3D product (utilizing barrier cell)

2) Introduction of the world s first 12.5-inch AH-IPS notebook product

Development of the world s first 12.5-inch notebook utilizing AH-IPS technology

Achievement of a maximum circuit logic power of 1.0W

Development of a slim and light AH-IPS model (development of a model that utilizes IPS and flat PCB)

3) Introduction of an integrated 14.0-inch touch panel notebook product

Development of a 14.0-inch touch panel notebook product as part of our plan to develop and expand our integrated touch panel products portfolio

Table of Contents

4) Introduction of our 15.6-inch dream color IPS notebook product

Development of a notebook utilizing H-IPS technology

Realization of a 100% color reproduction rate by applying RGB LED technology

Realization of 1.073G color by applying 10-bit color depth technology

5) Development and mass production of 9.7-inch LCD panels for i-Pad 2

Application of AH-IPS and slim LCD technology

Decreased thickness by 20% and weight by 7% compared to LCD panel for i-Pad 1

6) Development of the world s first 3D FPR 23-inch FHD TN monitor product

Minimization of flicker / crosstalk by applying FPR technology

Minimization of cost increase by applying one layer 3D film

Realization of high luminance 3D images (two times the luminance compared to images from monitors utilizing shutter glass technology)

7) Introduction of our first 50-inch Cinema TV product

Application of 21:9 screen display ratio (2560 x 1080 resolution)

Application of 960ch + EPI source driver integrated circuits for optimal high-resolution

Application of scanning technology under the Horizontal 2Edge structure

8) Development of the world s first 3D FPR 23-inch IPS FHD monitor product

Minimization of flicker / crosstalk by applying FPR technology

Minimization of cost increase by applying one layer 3D film

Realization of high luminance 3D images (two times the luminance compared to images from monitors utilizing shutter glass technology)

9) Development and introduction of the world s first 15.6-inch HD FPR 3D notebook product

Realization of the world s first 15.6-inch HD FPR 3D product

Realization of high luminance 3D images (two times the luminance compared to images from notebooks utilizing shutter glass technology)

Minimization of cost increase by applying one layer 3D film

10) Development and introduction of the world s first 17.3-inch Dream Color AH-IPS notebook product

Development of the world s first 17.3-inch notebook computer applying AH-IPS

Realization of Dream Color (100% color reproduction rate) by applying RGB LED

Realization of 1.073G color by applying Color Depth 10-bit technology

Realization of 89 degrees viewing angle (up/down/left/right) by applying IPS technology

11) Development and introduction of a 15.6-inch HD product with the world s lowest (at the time) power consumption from logic circuit (0.5W).

Application of DRD Z-inversion, HVDD and low voltage process

Application of high intensity LED (2.3cd) and Vcut light guide plate

Increase in battery life due to logic circuit power consumption reduction

Table of Contents

12) Development of the world s smallest (at the time) Narrow Bezel Notebook Model

The first in the world to apply 4.5 mm narrow bezel

Formation of camera hole by B/M mask patterning

13) Development of a new 10.1-inch WX smartbook LCD

Development of the our first 10.1-inch WXGA LCD following in the footsteps of our 9.7-inch XGA model

Realization of reduced power consumption, high permeability and increased viewing angle by application of IPS technology.

14) Development of a 42-inch FHD product applying COT technology

Simplifying panel production process by applying COT (Color Filter on TFT) technology

Luminance increased by 10%

15) Development of 42-inch, 47-inch and 55-inch direct slim LCD TV

Development of the world s first direct-mounted 11.0 mm depth ultra-slim LCM model

Application of 96 block local dimming and M240Hz technology

16) Development of a 47-inch super narrow public display panel

Development of our first super narrow bezel (seam 6.9mm) product for application in public display panels

17) Introduction of the world s first 15.6-inch FHD AH-IPS notebook product

Development of the world s first 15.6-inch FHD model applying AH-IPS technology

Development of slim & light AH-IPS model (thickness: 3.4mm; weight: 330g)

Achieving the following viewing angles by applying IPS technology; 178º from top to bottom; 178º from left to right

18) Development of a 15.6-inch FHD notebook applying a new backlight arrangement

Optimization of light placement by application of New Concept LED Backlight

Reduction in the number of LED integrated circuits (78ea ® 10ea) by application of mid-power LED

Reduced energy consumption pursuant to a reduction in the number of LED integrated circuits (7.4W ® 5.9W)

19) Development of the world s first 215/25/27 FHD TN and 215 FHD IPS 3D monitor

Minimization of flicker/crosstalk by application of FPR technology

Minimization of cost increase by applying one-layered 3D film

Realization of high luminance 3D images (two times the luminance compared to images from monitors utilizing shutter glass technology)

20) Development of a 4.5-inch true HD AH-IPS display smartphone product

For 4G LTE smartphones (introduced by LG Electronics in September 2011)

Application of true HD720 resolution and AH-IPS technology

21) Development of the world s first 14.0-inch HD 3D FPR notebook product

Realization of the world s first 14.0-inch 3D FPR display

Realization of high luminance 3D images (two times the luminance compared to images from notebook panels utilizing shutter glass technology)

Table of Contents

22) Development of the world s first AH-IPS GIP / DRD column inversion technology

Development of AH-IPS GIP / DRD by application of shrink GIP technology

Realization of TN-equivalent panel size through reduced panel load

Achieved TN-equivalent logic energy consumption levels

Achievements in 2012

1) Introduction of the world s first 13.3-inch high definition plus (HD+) AH-IPS notebook product

Development of the world s first 13.3-inch HD+ model applying AH-IPS technology

2) Development and introduction of a 14.0-inch HD product with the world s lowest (at the time) rate of logic circuit energy consumption (0.4W)

Application of DRD Z-inversion, HVDD and low voltage process

Application of high intensity LED (2.3cd) and Vcut light guiding plate

Increase in battery life due to reduced logic circuit energy consumption

3) Introduction of a 14.0-inch HD+ notebook product with a high color reproduction rate

Development of a 14.0-inch HD+ 72% color reproduction rate model

Development of a slim model applying 0.3 mm glass etching

4) Introduction of a 15.6-inch FHD glasses-free 3D notebook product

Development of the first notebook product applying switchable barrier type 3D technology that does not require the use of glasses

5) Development of the world s first 23-inch FHD monitor product applying AH-IPS 4Mask technology

Increased display panel luminance by application of AH-IPS technology (20% more luminance compared to display panels applying conventional IPS technology)

Simplified panel production process by application of AH-IPS 4Mask technology

30% reduction in energy consumption resulting from increased efficiency of LED and circuit components

Increased productivity in the manufacture of circuit and mechanical components resulting from increased standardization

6) Development of TN monitor products (20-inch HD+, 21.5-inch FHD and 23-inch FHD) applying new LED

20% reduction in energy consumption resulting from increased efficiency of LED and circuit components (based on 23W power consumption models)

Increased productivity in the manufacture of circuit and mechanical components resulting from increased standardization

7) Development of products with new edge backlight (32-inch, 37-inch and 42-inch FHD)

Vertical 2Bar LED backlight unit ® Vertical 1Bar LED backlight unit

Reduced energy consumption by 25% resulting from a reduction in the number of LED integrated (based on 32-inch display panel)

8) Development of 42-inch FHD product with new direct backlight unit

Development of LED Lens through the improvement of LED Beam spread angle (72ea based on 42-inch display panel)

Same thickness as conventional edge LED lighting lamp (35.5 mm)

Table of Contents

9) Development of products with the world s narrowest bezels of 3.5 mm (47-inch and 55-inch FHD)

Narrow set design possible using 3.5 mm bezel

10) Development of the world s first panel products without borders on three sides (32-inch, 42-inch, 47-inch and 55-inch FHD)

Made possible by removing the forward-facing case top, resulting in zero bezel on three sides

11) Development of monitor products without borders on three sides (21.5-inch, 23-inch and 27-inch FHD)

Made possible by removing the forward-facing case top, resulting in zero bezel on three sides, and application of double-sided adhesive to secure the position of the panel and backlight

Used double guide panels to reduce light leakage issues in IPS panels

12) Development of 12.5-inch HD AH-IPS slim and light notebook display panels

Achieved thickness of 2.85t

Reduced the number of LEDs required by using high intensity LEDs (2.5cd)

13) The world s first GF2 Touch Tablet Product Development (10.1WXGA LCM + Touch)

Touch Concept: GF2, Touch IC In-House

Reduced cost by applying TMIC

Reduced power consumption by applying 6 in 1 (Buck version) PMIC

Reduced cost and power consumption by applying AH-IPS + DRD-Z

Reduced cost by applying Taper LGP

14) Development of Automotive 9.2WV product that applies wide temperature AH5-IPS technology

For use in Center Information Displays and Rear Seat Entertainment Displays mounted on K9 model Kia cars

Wide temperature materials/components used and AH5-IPS technology applied

15) Application and introduction of the world s first large multi-model on a glass (MMG) type product (60-inch FHD and 32-inch HD)

Increased glass efficiency by successfully applying large MMG technology for the first time in the industry

Developed three sided and six sided chamfers for eighth generation 60-inch FHD panels and 32-inch HD panels, respectively

10. Intellectual Property

As of June 30, 2012, our cumulative patent portfolio (including patents that have already expired) included a total of 18,301 patents, consisting of 8,218 in Korea and 10,083 in other countries.

11. Environmental Matters

We are subject to a variety of environmental regulations and we may be subject to fines or restrictions that could cause our operations to be interrupted. Our manufacturing processes generate worksite waste, including water and air pollutants, at various stages in the manufacturing process, and we are subject to a variety of laws and regulations relating to the use, storage, discharge and disposal of such chemical by-products and waste substances. We have installed various types of anti-pollution equipment, consistent with environmental standards, for the treatment of chemical waste and equipment for the recycling of treated waste water at our various facilities. However,

Table of Contents

we cannot provide assurance that environmental claims will not be brought against us or that the local or national governments will not take steps toward adopting more stringent environmental standards. Any failure on our part to comply with any present or future environmental regulations could result in the assessment of damages or imposition of fines against us, suspension of production or a cessation of operations. In addition, environmental regulations could require us to acquire costly equipment or to incur other significant compliance expenses that may materially and negatively affect our financial condition and results of operations.

We have also voluntarily agreed to reduce emission of greenhouse gases, such as triflouride oxide and perfluoro compounds, or PFCs, including sulfur hexafluoride, or SF6, gases, by installing abatement systems to meet voluntary emissions targets for the TFT-LCD industry for 2010. As part of our voluntary activities to reduce emission of greenhouse gases, we installed triflouride oxide abatement systems at all of our production lines.

We also installed an SF6 abatement system in P1 in April 2005, and have taken steps to install additional SF6 abatement systems through the use of Clean Development Mechanism, or CDM, projects. We manage our CDM projects jointly with LG International Corp. On July 10, 2010, after becoming the first TFT-LCD company to receive the UNFCCC CDM Executive Board s approval of our CDM project, we installed an SF6 abatement system in P6. We received a total of 343,971 tonnes of CO_2 equivalent of certified emission reduction credits, or CERs, from the UN for the reduction of greenhouse gas emissions during the period from August 1, 2010 to December 31, 2010, all of which was sold in December 2011. We also received a total of 197,984 tonnes of CO_2 equivalent of CERs for the reduction of greenhouse gas emissions during the period from January 1, 2011 to April 30, 2011. We were the first TFT-LCD manufacturer to receive CERs pursuant to an SF6 decomposition CDM project. Currently, a third party accreditation agency is also examining the reduction of our greenhouse gas emissions since May 1, 2011 as part of our application for receiving CERs from the UN. In August 2011, we commenced the installation of an SF6 abatement system in P7 through the implementation of CDM projects which became operational in February 2012, which further reduced our greenhouse gas emissions.

Under the Framework Act on Low Carbon, Green Growth, the Korean government has designated us as one of the companies subject to greenhouse gas emission and energy consumption targets. As a result, we may need to invest in additional equipment and there may be other costs associated with meeting the reduction target for 2012, which may have a negative effect on our profitability or production activities. In addition, if we fail to meet our reduction target and are unable to comply with the government s subsequent enforcement notice relating to such failure, we may be subject to fines.

In connection with the greenhouse gas emission reduction target system, we submitted a statement of our domestic emissions and energy usage for the years 2007 through 2010 to the Korean government (i.e., the Ministry of Environment and the Ministry of Knowledge Economy), which was certified by DNV Certification Co., Ltd., a government-designated certification agency. We are currently preparing a statement of our domestic emissions and energy usage for the year 2011, which we submitted to the Ministry of Environment and the Ministry of Knowledge Economy in March 2012 after certification by Lloyd s Register Quality Assurance, another government-designated certification agency. The table below sets forth yearly levels of our greenhouse gases emissions and energy usage in the statement submitted to the Korean government:

(Unit: thousand tonnes of CO_2 equivalent; Tetra Joules)

Category	2011	2010	2009
Greenhouse gases	5,926	5,576	4,755
Energy	55,234	45,850	37,075

In addition, in order to improve the efficiency and reliability of measuring our greenhouse gas emission reduction activities, we have begun implementing improvements in our electronic greenhouse gas inventory system and plan to complete such improvements sometime in 2012.

Table of Contents

Operations at our manufacturing plants are subject to regulation and periodic monitoring by the Korean Ministry of Environment and local environmental protection authorities. We believe that we have adopted adequate anti-pollution measures and have minimized our impact on the environment by improving existing and developing new technologies for the effective maintenance of environmental protection standards consistent with local industry practice. In addition, we have continually monitored, and we believe that we are in compliance in all material respects with, the applicable environmental laws and regulations in Korea. Expenditures related to such compliance may be substantial. Such expenditures are generally included in capital expenditures. As required by Korean law, we employ licensed environmental specialists for each environmental area, including air quality, water quality, toxic materials and radiation. We currently have ISO 14001 certifications with respect to the environmental record for P1 through P8, our OLED production facility in Gumi, Korea, our Gumi module production plant and our Paju module production plant, as well as our module production plants in Nanjing and Guangzhou, China.

In addition, with respect to P1 through P8 and our module production plants in Gumi and Paju, we have established and are currently operating a new green management system, which was certified by BSI Group Korea in November 2011. Furthermore, we have been certified by the Korean Ministry of Environment as a Green Company , with respect to our environmental record for P1 and our module production plant in Gumi since 1997, with respect to our operations at P2 and P3 since 2006, and with respect to our operations at P4, P5 and P6 since 2008, and received commendations from the Prime Minister and the Minister of Environment of Korea for our efforts to promote recycling.

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

In addition, as part of our commitment to purchase environment-friendly raw materials, we have implemented a green purchasing system that prevents the introduction of hazardous materials at the purchasing stage. The green purchasing system has been a key component in our efforts to comply with RoHS and other applicable environmental laws and regulation.

In October 2005, we became the first TFT-LCD company to receive accreditation as an International Accredited Testing Laboratory by the Korea Laboratory Accreditation Scheme, which is operated by the Korean Ministry of Knowledge Economy. In September 2006, we received international accreditation from TUV SUD, EU s German accreditation agency, as a RoHS testing laboratory. Our efforts to keep pace with the increasingly stringent accreditation standards and to receive and maintain such accreditations are part of our on-going efforts to systematically monitor environmentally controlled substances in our component parts inventory. Moreover, we participated in reforming IEC 62321 by 2012, a RoHS international testing standard, by including a halogen-free combustion ion chromatography method in our committee draft that we submitted in June 2010.

Table of Contents

12. Financial Information

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

(Unit: In millions of Won)

Description	As of June 30, 2012	As of December 31, 2011	As of December 31, 2010	As of December 31, 2009[1]
Current assets	8,407,889	7,858,065	8,840,433	8,226,142
Quick assets	5,838,927	5,540,695	6,625,216	6,558,362
Inventories	2,568,962	2,317,370	2,215,217	1,667,780
Non-current assets	17,134,708	17,304,866	15,017,225	11,477,335
Investments in equity accounted investees	411,041	385,145	325,532	282,450
Property, plant and equipment, net	14,407,926	14,696,849	12,815,401	9,596,497
Intangible assets	511,230	535,114	539,901	352,393
Other non-current assets	1,804,511	1,687,758	1,336,391	1,245,995
Total assets	25,542,597	25,162,931	23,857,658	19,703,477
Current liabilities	10,361,819	9,911,434	8,881,829	6,495,071
Non-current liabilities	5,284,848	5,120,469	3,914,862	3,168,657
Total liabilities	15,646,667	15,031,903	12,796,691	9,663,728
Share capital	1,789,079	1,789,079	1,789,079	1,789,079
Share premium	2,251,113	2,251,113	2,251,113	2,251,113
Reserves	18,635	12,181	(35,298)	(51,005)
Retained earnings	5,823,865	6,063,359	7,031,163	6,050,562
Non-controlling interest	13,238	15,296	24,910	0
Total equity	9,895,930	10,131,028	11,060,967	10,039,749

(Unit: In millions of Won, except for per share data and number of consolidated entities)

Description	For the six months ended June 30, 2012	For the six months ended June 30, 2011	For the six months ended June 30, 2010	For the six months ended June 30, 2009[1]
Revenue	13,094,048	11,412,578	12,330,543	8,314,678
Results (loss) from operating activities	(203,708)	(287,548)	1,515,410	34,807
Income (loss) from continuing operation	(241,576)	(94,123)	1,203,413	20,316
Profit (loss) for the period	(241,576)	(94,123)	1,203,413	20,316
Profit (loss) attributable to:				
Owners of the Company	(239,639)	(90,258)	1,204,583	20,316
Non-controlling interest	(1,937)	(3,865)	(1,170)	
Basic earnings (loss) per share	(670)	(252)	3,366	57
Diluted earnings (loss) per share	(670)	(252)	3,277	57
Number of consolidated entities	19	18	16	11

(1) Although our financial statements for the year ended December 31, 2009 were audited by our independent auditors in accordance with K-IFRS, our half-year financial statements were not reviewed by our independent auditors.

27

Table of Contents

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

(Unit: In millions of Won)

Description	As of June 30, 2012	As of December 31, 2011	As of December 31, 2010	As of December 31, 2009[1]
Current assets	8,037,354	7,326,764	8,499,873	7,973,355
Quick assets	5,889,794	5,414,054	6,739,908	6,687,050
Inventories	2,147,560	1,912,710	1,759,965	1,286,305
Non-current assets	16,783,944	16,947,200	14,658,125	11,283,512
Investments	1,404,358	1,386,313	1,279,831	1,075,229
Property, plant and equipment, net	13,222,007	13,522,553	11,688,061	8,730,263
Intangible assets	497,473	479,510	483,260	340,885
Other non-current assets	1,660,106	1,558,824	1,206,973	1,137,135
Total assets	24,821,298	24,273,964	23,157,998	19,256,867
Current liabilities	10,105,129	9,485,333	8,453,869	6,120,663
Non-current liabilities	5,313,506	5,101,714	3,833,454	3,102,006
Total liabilities	15,418,635	14,587,047	12,287,323	9,222,669
Share capital	1,789,079	1,789,079	1,789,079	1,789,079
Share premium	2,251,113	2,251,113	2,251,113	2,251,113
Reserves	1,781	(3,944)	(7,795)	(17,366)
Retained earnings	5,360,690	5,650,669	6,838,278	6,011,372
Total equity	9,402,663	9,686,917	10,870,675	10,034,198

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

Description	For the six months ended June 30, 2012	For the six months ended June 30, 2011	For the six months ended June 30, 2010	For the six months ended June 30, 2009[1]
Revenue	12,722,936	10,950,409	12,379,226	8,234,951
Results (loss) from operating activities	(271,614)	(373,131)	1,407,744	(28,653)
Income (loss) from continuing operation	(290,314)	(100,014)	1,130,351	(8,321)
Profit (loss) for the period	(290,314)	(100,014)	1,130,351	(8,321)
Basic earnings (loss) per share	(811)	(280)	3,159	(23)
Diluted earnings (loss) per share	(811)	(280)	3,072	(23)

(1) Although our financial statements for the year ended December 31, 2009 were audited by our independent auditors in accordance with K-IFRS, our half-year financial statements were not reviewed by our independent auditors.

Table of Contents

C. Consolidated subsidiaries (as of June 30, 2012)

Company	Primary Business	Location	Equity Interest
LG Display America, Inc.	Sales	U.S.A.	100%
LG Display Germany GmbH	Sales	Germany	100%
LG Display Japan Co., Ltd.	Sales	Japan	100%
LG Display Taiwan Co., Ltd.	Sales	Taiwan	100%
LG Display Nanjing Co., Ltd.	Manufacturing and sales	China	100%
LG Display Shanghai Co., Ltd.	Sales	China	100%
LG Display Poland Sp. zo.o.	Manufacturing and sales	Poland	80%
LG Display Guangzhou Co., Ltd.	Manufacturing and sales	China	90%
LG Display Shenzhen Co., Ltd.	Sales	China	100%
LG Display Singapore Pte. Ltd.	Sales	Singapore	100%
L&T Display Technology (Xiamen) Co., Ltd.	Manufacturing and sales	China	51%
L&T Display Technology (Fujian) Co., Ltd.	Manufacturing and sales	China	51%
LG Display Yantai Co., Ltd.	Manufacturing and sales	China	100%
L&I Electronic Technology (Dongguan) Limited	Manufacturing and sales	China	51%
Image & Materials, Inc.	Manufacturing and sales	Korea	100%
LUCOM Display Technology (Kunshan) Limited	Manufacturing and sales	China	51%
LG Display U.S.A. Inc.	Manufacturing and sales	U.S.A.	100%
LG Display Reynosa S.A. de C.V.	Manufacturing	Mexico	100%
Nanumnuri Co., Ltd.(1)	Workplace services (2)	Korea	100%

(1) Formed as a wholly owned subsidiary in March 2012 in order to comply with Korean legal requirement for employers with 100 or more employees to employ disabled persons. We made a capital contribution of (Won)800 million.

(2) Includes workplace services such as janitorial, car washing, gym and cafe services.

Table of Contents

D. Status of equity investment (as of June 30, 2012)

Company	Investment Amount	Initial Equity Investment Date	Equity Interest
LG Display America, Inc.	US$260,000,000	September 24, 1999	100%
LG Display Germany GmbH	EUR960,000	November 5, 1999	100%
LG Display Japan Co., Ltd.	¥95,000,000	October 12, 1999	100%
LG Display Taiwan Co., Ltd.	NT$115,500,000	May 19, 2000	100%
LG Display Nanjing Co., Ltd.	CNY2,834,206,315	July 15, 2002	100%
LG Display Shanghai Co., Ltd.	CNY4,138,650	January 16, 2003	100%
LG Display Poland Sp. zo.o.	PLN410,327,700	September 6, 2005	80%
LG Display Guangzhou Co., Ltd.	CNY895,904,754	August 7, 2006	90%
LG Display Shenzhen Co., Ltd.	CNY3,775,250	August 28, 2007	100%
LG Display Singapore Pte. Ltd.	SGD1,400,000	January 12, 2009	100%
L&T Display Technology (Xiamen) Co., Ltd.	CNY41,785,824	January 5, 2010	51%
L&T Display Technology (Fujian) Co., Ltd.	CNY59,197,026	January 5, 2010	51%
LG Display Yantai Co., Ltd.	CNY273,048,000	April 19, 2010	100%
L&I Electronic Technology (Dongguan) Limited	CNY17,062,560	October 25, 2010	51%
Image & Materials, Inc.	(Won)43,999,839,152	November 29, 2010	100%
LUCOM Display Technology (Kunshan) Limited	CNY50,353,677	December 27, 2010	51%
LG Display U.S.A. Inc.	US$10,920,000	December 8, 2011	100%
LG Display Reynosa S.A. de C.V.	MXN111,998,058	December 30, 2011	100%
Nanumnuri Co., Ltd.	(Won)800,000,000	March 19, 2012	100%
Suzhou Raken Technology Co., Ltd.	CNY569,455,395	October 7, 2008	51%
Paju Electric Glass Co., Ltd.	(Won)33,648,000,000	March 25, 2005	40%
TLI Co., Ltd.	(Won)14,073,806,250	May 16, 2008	12%
AVACO Co., Ltd.	(Won)6,172,728,120	June 9, 2008	16%
Guangzhou Vision Display Technology Research and Development Limited	CNY25,000,000	July 11, 2008	50%
NEW OPTICS, Ltd.	(Won)12,199,600,000	July 30, 2008	42%
LIG ADP Co., Ltd.	(Won)6,330,000,000	February 24, 2009	13%
Wooree LED Co., Ltd.	(Won)11,900,000,000	May 22, 2009	30%
Dynamic Solar Design Co., Ltd.	(Won)6,066,658,000	June 24, 2009	40%
RPO, Inc.	US$12,285,022	November 3, 2009	26%
Global OLED Technology LLC	US$45,170,000	December 23, 2009	33%
LB Gemini New Growth Fund No. 16	(Won)13,418,147,109	December 7, 2009	31%
Can Yang Investment Ltd.	US$15,300,000	January 27, 2010	9%
YAS Co., Ltd.	(Won)10,000,000,000	September 16, 2010	19%
Eralite Optoelectronics (Jiangsu) Co., Ltd.	US$4,000,000	September 28, 2010	20%
Narae Nanotech Corporation	(Won)30,000,000,000	April 22, 2011	23%
Avatec Co., Ltd.	(Won)10,600,000,000	December 6, 2011	20%
Glonix Co., Ltd.	(Won)2,000,000,000	April 10, 2012	20%

Table of Contents

13. Audit Information

A. Audit service

(Unit: In millions of Won, hours)

Description	2012 (H1)	2011	2010
Auditor	KPMG Samjong	KPMG Samjong	KPMG Samjong
Activity	Audit by independent auditor	Audit by independent auditor	Audit by independent auditor
Compensation [1]	850 (285) [2]	850 (285) [2]	850 (585) [3]
Time required	5,962	16,154	16,646

(1) Compensation amount is the contracted amount for the full fiscal year.
(2) Compensation amount in ( ) is for Form 20-F filing and SOX 404 audit.
(3) Compensation amount in ( ) is for K-IFRS audit of 2009 financial statements, Form 20-F filing and SOX 404 audit.

B. Non-audit service

Not applicable.

14. Board of Directors

A. Independence of directors

Outside director: Independent

Non-outside director: Not independent

Each of our outside directors meets the applicable independence standards set forth under the applicable laws and regulations. Each of our outside directors was nominated by the Outside Director Nomination and Corporate Governance Committee, was approved by the board of directors and was appointed at the general meeting of shareholders. None of our outside directors has or had any business transaction or any related party transactions with us. Our outside directors are comprised of four persons, three of whom are also members of our audit committee. As of June 30, 2012, our non-outside directors are the chief executive officer, the chief financial officer and a non-standing director.

B. Members of the board of directors

(as of June 30, 2012)

Name	Date of birth	Position	Business experience	First elected
Sang Beom Han	June 18, 1955	Representative		March 9, 2012

		Director, Chief Executive Officer and Executive Vice President	Head of LG Display TV Business Division	
James (Hoyoung) Jeong	November 2, 1961	Director and Chief Financial Officer	Executive Vice President and Chief Financial Officer of LG Electronics	February 29, 2008
Yu Sig Kang	November 3, 1948	Director	Vice Chairman, Representative Director, LG Corp.	March 11, 2011
Tae Sik Ahn	March 21, 1956	Outside Director	Professor, College of Business Administration and Graduate School of Business, Seoul National University	March 12, 2010
William Y. Kim	June 6, 1956	Outside Director	Partner, Ropes & Gray LLP	February 29, 2008
Jin Jang	November 28, 1954	Outside Director	Chair Professor, Department of Information Display, Kyung Hee University	March 11, 2011
Dong Il Kwon	February 5, 1957	Outside Director	Professor, Department of Materials Science and Engineering, Seoul National University	March 9, 2012

Table of Contents

C. Committees of the board of directors

(as of June 30, 2012)

Committee	Composition	Member
Audit Committee	3 outside directors	Tae Sik Ahn, William Y. Kim, Jin Jang
Outside Director Nomination and Corporate Governance Committee	1 non-outside director and 2 outside directors	James (Hoyoung) Jeong, Dong Il Kwon, Jin Jang
Remuneration Committee	1 non-outside director and 2 outside directors	William Y. Kim, James (Hoyoung) Jeong, Tae Sik Ahn
Management Committee	2 non-outside directors	Sang Beom Han, James (Hoyoung) Jeong

15. Information Regarding Shares

A. Total number of shares

(1) Total number of shares authorized to be issued (as of June 30, 2012): 500,000,000 shares.

(2) Total shares issued and outstanding (as of June 30, 2012): 357,815,700 shares.

B. Shareholder list

(1) Largest shareholder and related parties as of June 30, 2012:

Name	Relationship	Number of Shares of Common Stock	Equity Interest
LG Electronics	Largest Shareholder	135,625,000	37.9%
Sang Beom Han	Related Party	930	0.0%

(2) Shareholders who are known to us to own 5% or more of our shares as of June 30, 2012:

Beneficial Owner	Number of Shares of Common Stock	Equity Interest

LG Electronics	135,625,000	37.9%
National Pension Service	21,633,625	6.1%

Table of Contents

16. Directors and Employees

A. Directors

(1) Remuneration for directors in 2012 (H1)

(Unit: person, in millions of Won)

Classification	No. of directors [1]	Amount paid [2]	Per capita average remuneration paid [5]	Remarks
Non-outside directors	3	513 [3][4]	171	
Outside directors who are not audit committee members	1	22	22	
Outside directors who are audit committee members	3	84	28	
Total	7	619		

(1) Number of directors as at June 30, 2012.
(2) Amount paid is calculated on the basis of amount of cash actually paid.
(3) Among the non-outside directors, Yu Sig Kang does not receive any remuneration.
(4) Includes remuneration for Young Soo Kwon whose term as president ended on March 9, 2012.
(5) Per capita average remuneration paid is calculated by dividing total amount paid by the average number of directors for the six months ended June 30, 2012.

(2) Stock option

The following table sets forth certain information regarding our stock options as of June 30, 2012.

(Unit: Won, Stock)

Executive Officers (including Former Officers)	Grant Date	Exercise Period [2] From	To	Exercise Price	Number of Granted Options	Number of Exercised Options	Number of Cancelled Options [1]	Number of Exercisable Options [1]
Ron H.Wirahadiraksa	April 7, 2005	April 8, 2008	April 7, 2012	(Won) 44,050	100,000	0	50,000	50,000
Duke M. Koo	April 7, 2005	April 8, 2008	April 7, 2012	(Won) 44,050	40,000	0	20,000	20,000
Sang Deog Yeo	April 7, 2005	April 8, 2008	April 7, 2012	(Won) 44,050	40,000	0	20,000	20,000
Jae Geol Ju	April 7, 2005	April 8, 2008	April 7, 2012	(Won) 44,050	40,000	0	20,000	20,000
Total					220,000		110,000	110,000

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

(2) On April 7, 2012, all outstanding stock options expired unexercised.

B. Employees

As of June 30, 2012, we had 34,832 employees (excluding our executive officers). The total amount of salary paid to our employees for the six months ended June 2012 based on cash payment (excluding welfare benefits and retirement expenses) was (Won)801,731 million. The following table provides details of our employees as of June 30, 2012:

Table of Contents

(Unit: person, in millions of Won, year)

	Number of Employees	Total Salary in 2012 (H1) (1) (2) (3)	Per Capita Salary (4)	Average Service Year
Male	24,229	615,070	25	5.0
Female	10,603	186,661	18	3.1
Total	34,832	801,731	23	4.4

(1) Welfare benefits and retirement expenses have been excluded. Total welfare benefit provided to our employees for the six months ended June 30, 2012 was (Won)148,986 million and the per capita welfare benefit provided was (Won)4.3 million.
(2) Based on cash payments made in Korea.
(3) Includes incentive payments to employees who have transferred from our affiliated companies.
(4) Per Capita Salary is calculated using the average number of employees (total: 34,994, male: 24,349, female: 10,645) for the six months ended June 30, 2012.

Table of Contents

LG DISPLAY CO., LTD. AND SUBSIDIARIES

Condensed Consolidated Interim Financial Statements

(Unaudited)

June 30, 2012 and 2011

(With Independent Auditors Review Report Thereon)

Table of Contents

Table of Contents

Table of Contents

Independent Auditors Review Report

Based on a report originally issued in Korean

To the Board of Directors and Shareholders

LG Display Co., Ltd.:

Reviewed Financial Statements

We have reviewed the accompanying condensed consolidated interim financial statements of LG Display Co., Ltd. and subsidiaries (the Group) which comprise the condensed consolidated interim statement of financial position as of June 30, 2012, the condensed consolidated statements of comprehensive income (loss) for each of the three-month and six-month periods ended June 30, 2012 and 2011, and statements of changes in equity and cash flows for the six-month periods ended June 30, 2012 and 2011, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management s Responsibility for the Condensed Consolidated Interim Financial Statements

Management is responsible for the preparation and fair presentation of these condensed consolidated interim financial statements in accordance with Korean International Financial Reporting Standards No.1034, *Interim Financial Reporting,* and for such internal controls as management determines necessary to enable the preparation of condensed consolidated interim financial statements that are free from material misstatement, whether due to fraud or error.

Auditors Responsibility

Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our reviews.

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

Conclusion

Based on our reviews, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial statements referred to above are not presented fairly, in all material respects, in accordance with Korean International Financial Reporting Standards No.1034, *Interim Financial Reporting.*

Emphasis of Matter

As discussed in note 17 to the condensed consolidated interim financial statements, LG Display Co., Ltd., along with its subsidiaries, has been under investigations by antitrust authorities in Brazil and other countries with respect to possible anti-competitive activities in the LCD industry and named as defendants in a number of individual lawsuits and federal class actions in the United States and Canada, respectively, in connection with the alleged antitrust violations concerning the sale of LCD panels. The Group estimated and recognized losses related to these legal proceedings. However, actual losses are subject to change in the future based on new developments in each matter, or changes in circumstances, which could be materially different from those estimated and recognized by the Group.

Table of Contents

Other Matters

The procedures and practices utilized in the Republic of Korea to review such condensed consolidated interim financial statements may differ from those generally accepted and applied in other countries. Accordingly, this report and the accompanying condensed consolidated interim financial statements are for use by those knowledgeable about Korean review standards and their application in practice.

We audited the consolidated statement of financial position as of December 31, 2011 and the related consolidated statements of comprehensive loss, changes in equity and cash flows for the year then ended, which are not accompanying this review report, in accordance with auditing standards generally accepted in the Republic of Korea, and our report thereon, dated February 22, 2012, expressed an unqualified opinion. The accompanying condensed consolidated statement of financial position of the Group as of December 31, 2011, presented for comparative purposes, is not different from that audited by us in all material respects.

/s/ KPMG Samjong Accounting Corp.

Seoul, Korea

August 3, 2012

This report is effective as of August 3, 2012, the review report date. Certain subsequent events or circumstances**,** which may occur between the review report date and the time of reading this report, could have a material impact on the accompanying condensed consolidated interim financial statements and notes thereto. Accordingly, the readers of the review report should understand that the above review report has not been updated to reflect the impact of such subsequent events or circumstances, if any.

Table of Contents

LG DISPLAY CO., LTD. AND SUBSIDIARIES

Condensed Consolidated Interim Statements of Financial Position

(Unaudited)

As of June 30, 2012 and December 31, 2011

(In millions of won)	Note		2012	2011
Assets				
Cash and cash equivalents	9	(Won)	2,292,623	1,517,977
Deposits in banks	9		362,460	815,000
Trade accounts and notes receivable, net	9, 16, 19		2,604,725	2,740,107
Other accounts receivable, net	9, 19		180,353	212,870
Other current financial assets	9		4,046	3,297
Inventories	5		2,568,962	2,317,370
Other current assets			394,720	251,444
Total current assets			8,407,889	7,858,065
Investments in equity accounted investees	6		411,041	385,145
Other non-current financial assets	9		143,554	84,548
Deferred tax assets	21		1,495,096	1,424,005
Property, plant and equipment, net	7, 20		14,407,926	14,696,849
Intangible assets, net	8, 20		511,230	535,114
Other non-current assets			165,861	179,205
Total non-current assets			17,134,708	17,304,866
Total assets		(Won)	25,542,597	25,162,931
Liabilities				
Trade accounts and notes payable	9, 19	(Won)	4,137,098	3,782,627
Current financial liabilities	9, 10		1,467,609	894,972
Other accounts payable	9, 19		3,474,855	3,992,671
Accrued expenses			365,099	267,595
Income tax payable			40,016	58,259
Provisions			345,108	279,403
Advances received			502,564	616,351
Other current liabilities			29,470	19,556
Total current liabilities			10,361,819	9,911,434
Non-current financial liabilities	9, 10		3,290,196	3,722,364
Non-current provisions			5,429	5,400
Deferred tax liabilities	21		174	240
Employee benefits	14		189,141	146,638
Long-term advances received	16		1,361,484	668,914
Other non-current liabilities			438,424	576,913
Total non-current liabilities			5,284,848	5,120,469
Total liabilities			15,646,667	15,031,903

Equity			
Share capital	18	1,789,079	1,789,079
Share premium		2,251,113	2,251,113
Reserves	18	18,635	12,181
Retained earnings		5,823,865	6,063,359
Total equity attributable to equity holders of the Controlling Company		9,882,692	10,115,732
Non-controlling interests		13,238	15,296
Total equity		9,895,930	10,131,028
Total liabilities and equity		(Won) 25,542,597	25,162,931

See accompanying notes to the condensed consolidated interim financial statements.

Table of Contents

LG DISPLAY CO., LTD. AND SUBSIDIARIES

Condensed Consolidated Interim Statements of Comprehensive Income (Loss)

(Unaudited)

For the three-month and six-month periods ended June 30, 2012 and 2011

(In millions of Won, except earnings per share)	Note	For the three-month periods ended June 30		For the six-month periods ended June 30	
		2012	2011	2012	2011
Revenue	19, 20	(Won) 6,910,372	6,047,062	(Won) 13,094,048	11,412,578
Cost of sales	11	(6,140,397)	(5,595,933)	(11,995,847)	(10,728,519)
Gross profit		769,975	451,129	1,098,201	684,059
Other income	13	254,965	292,884	534,575	581,516
Selling expenses	11, 12	(228,977)	(197,163)	(436,771)	(374,479)
Administrative expenses	11, 12	(127,493)	(112,136)	(255,341)	(224,938)
Research and development expenses	11	(174,140)	(219,927)	(378,144)	(417,762)
Other expenses	13	(519,822)	(263,095)	(766,228)	(535,944)
Results from operating activities		(25,492)	(48,308)	(203,708)	(287,548)
Finance income	15	56,828	77,606	100,911	202,399
Finance costs	15	(114,350)	(77,466)	(190,829)	(159,601)
Other non-operating loss, net		(512)	(3,008)	(4,036)	(6,231)
Equity income (loss) on investments, net		5,955	265	23,071	(1,729)
Loss before income tax		(77,571)	(50,911)	(274,591)	(252,710)
Income tax expense (benefit)	21	34,772	(72,214)	(33,015)	(158,587)
Profit (loss) for the period		(112,343)	21,303	(241,576)	(94,123)
Other comprehensive income (loss)					
Net change in fair value of available-for-sale financial assets	15	9,404	3,206	7,334	1,691
Defined benefit plan actuarial gain	14	493	467	251	1,072
Cumulative translation differences		1,042	(5,031)	702	(19,734)
Gain (loss) on sale of own shares of associate accounted for using the equity method		461	(499)	125	(228)
Income taxes on other comprehensive (income) loss items		(1,960)	(896)	(1,934)	(850)
Other comprehensive income (loss) for the period, net of income tax		9,440	(2,753)	6,478	(18,049)
Total comprehensive income (loss) for the period		(Won) (102,903)	18,550	(Won) (235,098)	(112,172)
Profit (loss) attributable to:					
Owners of the Controlling Company		(111,175)	24,931	(239,639)	(90,258)
Non-controlling interests		(1,168)	(3,628)	(1,937)	(3,865)

Profit (loss) for the period		(Won)	(112,343)	21,303	(Won)	(241,576)	(94,123)
Total comprehensive income (loss) attributable to:							
Owners of the Controlling Company			(101,853)	22,541		(233,040)	(107,415)
Non-controlling interests			(1,050)	(3,991)		(2,058)	(4,757)
Total comprehensive income (loss) for the period		(Won)	(102,903)	18,550	(Won)	(235,098)	(112,172)
Earnings (loss) per share							
Basic earnings (loss) per share	22	(Won)	(311)	70		(670)	(252)
Diluted earnings (loss) per share	22	(Won)	(311)	67		(670)	(252)

See accompanying notes to the condensed consolidated interim financial statements.

Table of Contents

LG DISPLAY CO., LTD. AND SUBSIDIARIES

Condensed Consolidated Interim Statements of Changes in Equity

(Unaudited)

For the six-month periods ended June 30, 2012 and 2011

(In millions of won)	Share capital	Share premium	Gain (loss) on sale of own shares of associates	Fair value reserve	Translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
Balances at January 1, 2011	(Won) 1,789,079	2,251,113	810	(5,560)	(30,548)	7,031,163	11,036,057	24,910	11,060,967
Total comprehensive loss for the period									
Loss for the period						(90,258)	(90,258)	(3,865)	(94,123)
Other comprehensive income (loss)									
Net change in fair value of available-for-sale financial assets, net of tax				1,077			1,077		1,077
Defined benefit plan actuarial gain, net of tax						836	836		836
Cumulative translation differences					(18,842)		(18,842)	(892)	(19,734)
Gain on sale of own shares of associates accounted for using the equity method, net of tax			(228)				(228)		(228)
Total other comprehensive loss			(228)	1,077	(18,842)	836	(17,157)	(892)	(18,049)
Total comprehensive loss for the period			(228)	1,077	(18,842)	(89,422)	(107,415)	(4,757)	(112,172)
Transaction with owners, recorded directly in equity									
Dividends to equity holders						(178,908)	(178,908)		(178,908)
Changes in ownership interests in subsidiaries								5,709	5,709
Balances at June 30, 2011	(Won) 1,789,079	2,251,113	582	(4,483)	(49,390)	6,762,833	10,749,734	25,862	10,775,596
Balances at January 1, 2012	(Won) 1,789,079	2,251,113	596	(3,856)	15,441	6,063,359	10,115,732	15,296	10,131,028

Total comprehensive loss for the period									
Loss for the period						(239,639)	(239,639)	(1,937)	(241,576)
Other comprehensive income (loss)									
Net change in fair value of available-for-sale financial assets, net of tax				5,506			5,506		5,506
Defined benefit plan actuarial loss, net of tax						145	145		145
Cumulative translation differences					823		823	(121)	702
Loss on sales of own shares of associates accounted for using the equity method, net of tax			125				125		125
Total other comprehensive income			125	5,506	823	145	6,599	(121)	6,478
Total comprehensive loss for the period			125	5,506	823	(239,494)	(233,040)	(2,058)	(235,098)
Transaction with owners, recorded directly in equity									
Balances at June 30, 2012	(Won) 1,789,079	2,251,113	721	1,650	16,264	5,823,865	9,882,692	13,238	9,895,930

See accompanying notes to the condensed consolidated interim financial statements.

Table of Contents

LG DISPLAY CO., LTD. AND SUBSIDIARIES

Condensed Consolidated Interim Statements of Cash Flows

(Unaudited)

For the six-month periods ended June 30, 2012 and 2011

(In millions of won)	Note	2012	2011
Cash flows from operating activities:			
Loss for the period		(Won) 241,576	94,123
Adjustments for:			
Income tax benefit	21	(33,015)	(158,587)
Depreciation		1,927,478	1,599,474
Amortization of intangible assets		126,979	109,933
Gain on foreign currency translation		(87,238)	(105,698)
Loss on foreign currency translation		118,390	42,472
Expenses related to defined benefit plan	14	69,374	56,944
Impairment loss on intangible assets		37,683	
Gain on disposal of property, plant and equipment		(2,731)	(425)
Loss on disposal of property, plant and equipment		1,906	462
Loss on disposal of intangible assets		610	
Finance income		(22,215)	(129,347)
Finance costs		85,927	85,120
Equity loss (income) on investments, net		(23,071)	1,729
Other income		(5,816)	(18,919)
Other expenses		297,764	34,687
Other non-operating loss			7
		2,250,449	1,423,729
Change in trade accounts and notes receivable		(462,088)	717,383
Change in other accounts receivable		25,557	(97,818)
Change in other current assets		(126,359)	(81,268)
Change in inventories		(251,592)	(606,729)
Change in other non-current accounts receivable		(67)	
Change in other non-current assets		(19,480)	(25,124)
Change in trade accounts and notes payable		355,036	(61,222)
Change in other accounts payable		(124,249)	35,597
Change in accrued expenses		125,461	(34,363)
Change in other current liabilities		347,342	(7,700)
Change in long-term advances received		789,670	281,975
Change in other non-current liabilities		2,480	(3,333)
Change in provisions		(263,416)	(65,613)
Change in defined benefit obligation		(26,431)	(5,618)
Cash generated from operating activities		2,622,313	1,469,896
Income taxes paid		(53,313)	(127,281)
Interest received		22,352	43,744
Interest paid		(97,632)	(69,581)
Net cash from operating activities		(Won) 2,493,720	1,316,778

See accompanying notes to the condensed consolidated interim financial statements.

42

Table of Contents

LG DISPLAY CO., LTD. AND SUBSIDIARIES

Condensed Consolidated Interim Statements of Cash Flows, Continued

(Unaudited)

For the six-month periods ended June 30, 2012 and 2011

(In millions of won)	Note	2012	2011
Cash flows from investing activities:			
Dividends received		(Won) 204	6,130
Proceeds from withdrawal of deposits in banks		812,000	2,300,000
Increase in deposits in banks		(359,460)	(912,080)
Acquisition of investments in equity accounted investees		(2,000)	(40,610)
Proceeds from disposal of investments in equity accounted investees		1,409	2,045
Acquisition of property, plant and equipment		(2,126,347)	(1,989,295)
Proceeds from disposal of property, plant and equipment		7,830	678
Acquisition of intangible assets		(161,222)	(113,128)
Grants received		2,173	1,560
Proceeds from (payment upon) settlement of derivatives		(1,156)	26,797
Proceeds from collection of short-term loans			64
Increase in short-term loans		(24)	
Acquisition of other non-current financial assets		(53,580)	(29,533)
Proceeds from disposal of other non-current financial assets		8,169	123,286
Net cash used in investing activities		(1,872,004)	(624,086)
Cash flows from financing activities:			
Proceeds from short-term borrowings		2,686,094	937,044
Repayments of short-term borrowings		(2,670,238)	(1,193,235)
Issuance of debentures			597,453
Proceeds from long-term debt		494,000	219,014
Repayments of current portion of long-term debt		(362,105)	(472,027)
Increase in non-controlling interest			5,709
Payment of cash dividend			(178,908)
Net cash provided by (used in) financing activities		147,751	(84,950)
Net increase in cash and cash equivalents		769,467	607,742
Cash and cash equivalents at January 1		1,517,977	1,631,009
Effect of exchange rate fluctuations on cash held		5,179	9,944
Cash and cash equivalents at June 30		(Won) 2,292,623	2,248,695

See accompanying notes to the condensed consolidated interim financial statements.

Table of Contents

1. Reporting Entity

(a) Description of the Controlling Company

LG Display Co., Ltd. (the Controlling Company) was incorporated in February 1985 under its original name of LG Soft, Ltd. as a wholly owned subsidiary of LG Electronics Inc. In 1998, LG Electronics Inc. and LG Semicon Co., Ltd. transferred their respective Thin Film Transistor Liquid Crystal Display (TFT-LCD) related business to the Controlling Company. The main business of the Controlling Company and its subsidiaries is to manufacture and sell TFT-LCD panels. The Controlling Company is a stock company (Jusikhoesa) domiciled in the Republic of Korea with its address at 128 Yeouidae-ro, Yeongdeungpo-gu, Seoul, the Republic of Korea. In July 1999, LG Electronics Inc. and Koninklijke Philips Electronics N.V. (Philips) entered into a joint venture agreement. Pursuant to the agreement, the Controlling Company changed its name to LG.Philips LCD Co., Ltd. However, on February 29, 2008, the Controlling Company changed its name to LG Display Co., Ltd. based upon the approval of shareholders at the general shareholders meeting on the same date as a result of the decrease in Philips s share interest in the Controlling Company and the possibility of its business expansion to Organic Light Emitting Diode (OLED) and Flexible Display products. As of June 30, 2012, LG Electronics Inc. owns 37.9% (135,625,000 shares) of the Controlling Company s common shares.

As of June 30, 2012, the Controlling Company has its TFT-LCD manufacturing plants, OLED manufacturing plant and LCD Research & Development Center in Paju and TFT-LCD manufacturing plants and OLED manufacturing plant in Gumi. The Controlling Company has overseas subsidiaries located in the Americas, Europe and Asia.

The Controlling Company s common stock is listed on the Korea Exchange under the identifying code 034220. As of June 30, 2012, 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 Depository Shares (ADSs) under the symbol LPL. One ADS represents one-half of one share of common stock. As of June 30, 2012, there are 21,272,438 ADSs outstanding.

Table of Contents

1. Reporting Entity, Continued

(b) Consolidated Subsidiaries as of June 30, 2012

(In millions)

Subsidiaries	Location	Percentage of ownership	Date of incorporation	Fiscal year end	Business	Capital stocks
LG Display America, Inc. (*1)	California, U.S.A.	100%	September 24, 1999	December 31	Sell TFT-LCD products	USD260
LG Display Japan Co., Ltd.	Tokyo, Japan	100%	October 12, 1999	December 31	Sell TFT-LCD Products	JPY95
LG Display Germany GmbH	Dusseldorf, Germany	100%	November 5, 1999	December 31	Sell TFT-LCD products	EUR1
LG Display Taiwan Co., Ltd.	Taipei, Taiwan	100%	April 12, 1999	December 31	Sell TFT-LCD products	NTD116
LG Display Nanjing Co., Ltd. (*2)	Nanjing, China	100%	July 15, 2002	December 31	Manufacture and sell TFT-LCD products	CNY2,834
LG Display Shanghai Co., Ltd.	Shanghai, China	100%	January 16, 2003	December 31	Sell TFT-LCD products	CNY4
LG Display Poland Sp. zo. o.	Wroclaw, Poland	80%	September 6, 2005	December 31	Manufacture and sell TFT-LCD products	PLN511
LG Display Guangzhou Co., Ltd.	Guangzhou, China	90%	June 30, 2006	December 31	Manufacture and sell TFT-LCD products	CNY992
LG Display Shenzhen Co., Ltd.	Shenzhen, China	100%	August 28, 2007	December 31	Sell TFT-LCD products	CNY4
LG Display Singapore Pte. Ltd.	Singapore	100%	January 12, 2009	December 31	Sell TFT-LCD products	SGD1.4
L&T Display Technology (Xiamen) Limited	Xiamen, China	51%	January 5, 2010	December 31	Manufacture LCD module and TV sets	CNY82
L&T Display Technology (Fujian) Limited	Fujian, China	51%	January 5, 2010	December 31	Manufacture LCD Module and monitor sets	CNY116
LG Display Yantai Co., Ltd.	Yantai, China	100%	April 19, 2010	December 31	Manufacture and sell TFT-LCD products	CNY273
L&I Electronic Technology (Dongguan) Limited	Dongguan, China	51%	September 26, 2010	December 31	Manufacture and Sell e-Book devices	CNY33
Image & Materials, Inc.(*3)	Domestic	100%	May 17, 2006	December 31	Manufacture EPD materials	KRW1,008
LUCOM Display Technology (Kunshan) Limited	Kunshan, China	51%	December 15, 2010	December 31	Manufacture Notebook Borderless Hinge-up	CNY99
LG Display U.S.A. Inc.	Texas, U.S.A.	100%	October 26, 2011	December 31	Manufacture TFT-LCD products	USD11
LG Display Reynosa S.A. de C.V.	Reynosa, Mexico	100%	November 4,	December 31	Manufacture TFT-LCD products	MXN112

Nanumnuri Co., Ltd.(*4)	Domestic	100%	2011 March 21, 2012	December 31	Cleaning, Washing, Cafe	KRW800

(*1) In June 2012, the Controlling Company invested (Won) 88,380 million in cash for the capital increase of LG Display America, Inc. (LGDUS.) There were no changes in the Controlling Company s ownership percentage in LGDUS, as a result of this additional investment.

(*2) In May 2012, the Controlling Company invested (Won) 52,358 million in cash for the capital increase of LG Display Nanjing Co., Ltd. (LGDNJ.) There were no changes in the Controlling Company s ownership percentage in LGDNJ as a result of this additional investment

Table of Contents

1. Reporting Entity, Continued

(*3) In February 2012, the Controlling Company invested (Won) 3,000 million in cash for the capital increase of Image & Materials, Inc. (I&M .) There were no changes in the Controlling Company s ownership percentage in I&M, as a result of this additional investment.
(*4) In March 2012, the Controlling Company established Nanumnuri Co., Ltd., a wholly owned subsidiary of the Controlling Company was established as a Standard Workplace for the Disabled under Act on Employment Promotion and Vocational Rehabilitation for Disabled Persons, with investment of (Won) 800 million in cash.

2. Basis of Presenting Financial Statements

(a) Statement of Compliance

The condensed consolidated interim financial statements have been prepared in accordance with Korean International Financial Reporting Standards (K-IFRSs) 1034, *Interim Financial Reporting*. They do not include all of the information required for full annual consolidated financial statements and should be read in conjunction with the consolidated financial statements of the Group as of and for the year ended December 31, 2011.

The condensed consolidated interim financial statements were authorized for issuance by the Board of Directors on July 25, 2012.

(b) Basis of Measurement

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

derivative financial instruments measured at fair value;

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

available-for-sale financial assets measured at fair value; and

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

(c) Functional and Presentation Currency

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

(d) Use of Estimates and Judgments

The preparation of the 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.

46

Table of Contents

2. Basis of Presenting Financial Statements, Continued

(d) Use of Estimates and Judgments, Continued

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 its financial statements as of and for the year ended December 31, 2011.

3. Summary of Significant Accounting Policies

The significant accounting policies followed by the Group in the preparation of its condensed consolidated interim financial statements are the same as those followed by the Group in its preparation of the consolidated financial statements as of and for the year ended December 31, 2011, except for the application of K-IFRS No. 1034, *Interim Financial Reporting,* and the amendments to K-IFRS No. 1107, *Financial Instruments: Disclosures*, as explained below:

The Group has applied the amendments to K-IFRS No. 1107, *Financial Instruments: Disclosures,* effective January 1, 2012, by prospectively disclosing the nature of transferred assets, their carrying amount, and the description of risks and rewards for each class of transferred financial assets that are not derecognized in their entirety.

4. Financial Risk Management

The objectives and policies on financial risk management followed by the Group are consistent with those disclosed in the consolidated financial statements as of and for the year ended December 31, 2011.

5. Inventories

Inventories as of June 30, 2012 and December 31, 2011 are as follows:

(In millions of won)	**2012**			**2011**		
	Acquisition cost	**Inventory reserve**	**Book value**	**Acquisition cost**	**Inventory reserve**	**Book value**
Finished goods	(Won) 1,197,349	(25,139)	1,172,210	947,046	(25,110)	921,936
Work-in-process	815,848	(45,233)	770,615	818,666	(46,460)	772,206
Raw materials	423,450	(17,866)	405,584	475,378	(17,293)	458,085
Supplies	267,316	(46,763)	220,553	209,621	(44,478)	165,143
	(Won) 2,703,963	(135,001)	2,568,962	2,450,711	(133,341)	2,317,370

Table of Contents

6. Investments in Equity Accounted Investees

Associates and jointly controlled entities (equity method investees) as of June 30, 2012 are as follows:

(In millions of won)

Associates and jointly controlled entities	**Location**	**Percentage of ownership**	**Date of incorporation**	**Fiscal year end**	**Business**	**Carrying Amount**
Suzhou Raken Technology Ltd.	Suzhou, China	51%	October 2008	December 31	Manufacture and sell LCD modules and LCD TV set	(Won) 131,717
Guangzhou New Vision Technology Research and Development Limited	Guangzhou, China	50%	July 2008	December 31	R&D on design of LCD modules and LCD TV set	3,769
Global OLED Technology LLC	Virginia, U.S.A.	33%	December 2009	December 31	Manage and utilize OLED patents	42,194
Paju Electric Glass Co., Ltd.	Domestic	40%	January 2005	December 31	Manufacture electric glass for flat-panel displays	80,962
TLI Inc.	Domestic	12%	October 1998	December 31	Manufacture and sell semiconductor parts	15,999
AVACO Co., Ltd. (*1)	Domestic	16%	January 2001	December 31	Manufacture and sell equipment for flat-panel displays	10,188
New Optics LTD.	Domestic	42%	August 2005	December 31	Manufacture back light parts for TFT-LCDs	21,979
LIG ADP Co., Ltd.	Domestic	13%	January 2001	December 31	Develop and manufacture equipment for flat-panel displays	2,458
WooRee LED Co., Ltd.	Domestic	30%	June 2008	December 31	Manufacture LED back light unit packages	20,765
Dynamic Solar Design Co., Ltd.	Domestic	40%	April 2009	December 31	Develop and manufacture equipment for solar battery and flat-panel displays	1,191
RPO, Inc.	California, U.S.A.	26%	November 2005	December 31	Develop digital waveguide touch technology	
LB Gemini New Growth Fund No. 16 (*2)	Domestic	31%	December 2009	December 31	Invest in small and middle sized companies and benefit from M&A opportunities	13,227
Can Yang Investments Limited (*3)	Hong Kong	9%	January 2010	December 31	Develop, manufacture and sell TFT-OLEDs	12,698
YAS Co., Ltd.	Domestic	19%	April 2002	December 31	Develop and manufacture deposition equipment for OLEDs	9,441
Eralite Optoelectronics (Jiangsu) Co., Ltd.	Suzhou, China	20%	August 2010	December 31	Manufacture LED packages	3,875
Narenanotech Corporation	Domestic	23%	December 1995	December 31	Manufacture and sell equipment for flat-panel displays	27,112
AVATEC. Co., Ltd.	Domestic	20%	August 2000	December 31	Manufacture and sell glass for flat-panel displays	11,587
GLONIX Co., Ltd. (*4)	Domestic	20%	Optober 2006	December 31	Manufacture and sell liquid crystal display	1,879
						(Won) 411,041

48

Table of Contents

6. Investments in Equity Accounted Investees, Continued

(*1) In 2012, the Controlling Company s ownership in AVACO Co., Ltd. was reduced from 20% to 16% because the Controlling Company did not participate in AVACO Co., Ltd. s capital increase. Despite the decrease in ownership, the Controlling Company is still able to exercise significant influence through its right to assign a director to the board of directors of AVACO Co. Ltd.

(*2) In 2012, the Controlling Company is a member of limited partnership in the LB Gemini New Growth Fund No.16 (the Fund). In 2012, the Controlling Company received (Won) 1,043 million from the Fund as capital distribution. Despite the payment from the Fund, there were no changes in the Controlling Company s ownership percentage in the Fund and the Controlling Company is committed to make investment of up to an aggregate of (Won) 30,000 million.

(*3) In 2012, the Controlling Company s ownership in Can Yang Investments Limited was reduced from 12% to 9% because the Controlling Company did not participate in Can Yang Investments Limited s capital increase. Despite the decrease in ownership, the Controlling Company is still able to exercise significant influence through its right to assign a director to the board of directors of Can Yang Investments Limited.

(*4) In April 2012, the Controlling Company acquired 4,000,000 common shares (20%) of GLONIX Co., Ltd., which manufactures liquid crystal display, at (Won) 2,000 million. As of June 30, 2012, 20% of GLONIX Co., Ltd. is owned by the Controlling Company and the Controlling Company has the right to assign a director in the board of directors of GLONIX Co., Ltd.

The dividends received from equity accounted investees for the six-month periods ended June 30, 2012 and 2011 amounted to (Won) 204 million and (Won) 6,130 million, respectively.

7. Property, Plant and Equipment

For the six-month periods ended June 30, 2012 and 2011, the Group purchased property, plant and equipment of (Won) 1,654,468 million and (Won) 3,101,529 million, respectively. The capitalized borrowing costs and capitalization rate are (Won) 23,974 million and 3.90%, and (Won) 8,663 million and 2.26%, for the six-month periods ended June 30, 2012 and 2011, respectively. Also for the six-month periods ended June 30, 2012 and 2011, the Group disposed of property, plant and equipment with carrying amounts of (Won) 7,005 million and (Won) 722 million, respectively and recognized (Won) 2,731 million and (Won) 1,906 million as gain and loss, respectively, on disposal of property, plant and equipment for the six-month period ended June 30, 2012 (gain and loss for the six-month period ended on June 30, 2011: (Won) 425 million and (Won) 462 million, respectively).

8. Intangible Assets

The Group capitalizes the expenditures related to development activities, such as expenditures incurred on designing, manufacturing and testing of products that are ultimately selected for production. The balances of capitalized development costs as of June 30, 2012 and December 31, 2011 are (Won) 153,019 million and (Won) 144,211 million, respectively.

The Group recognized full impairment loss of (Won) 36,574 million for the difference between the carrying amount and the recoverable amount (determined based on value in use) of goodwill and in-process research and development because the economic benefit from these assets are estimated to be less than previously expected.

Table of Contents

9. Financial Instruments

(a) Credit risk

(i) Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk as of June 30, 2012 and December 31, 2011 is as follows:

(In millions of won)

	2012	2011
Cash and cash equivalents	(Won) 2,292,623	1,517,977
Deposits in banks	362,460	815,000
Trade accounts and notes receivable, net	2,604,725	2,740,107
Other accounts receivable, net	180,353	212,870
Available-for-sale financial assets	2,838	2,838
Guarantee deposits	72,461	73,468
Derivatives	236	
Others	695	695
	(Won) 5,516,391	5,362,955

The maximum exposure to credit risk for trade accounts and notes receivable as of June 30, 2012 and December 31, 2011 by geographic region is as follows:

(In millions of won)

	2012	2011
Domestic	(Won) 146,162	56,200
Euro-zone countries	501,072	478,650
Japan	106,406	60,598
United States	680,614	777,292
China	741,291	1,003,650
Taiwan	274,458	279,919
Others	154,722	83,798
	(Won) 2,604,725	2,740,107

Table of Contents

9. Financial Instruments, Continued

(ii) Impairment loss

The aging of trade accounts and notes receivable and the related allowance for impairment losses as of June 30, 2012 and December 31, 2011 are as follows:

(In millions of won)	2012		2011	
	Book Value	Allowance for Impairment Losses	Book Value	Allowance for Impairment Losses
Not past due	(Won) 2,573,279	(2,250)	2,704,076	(654)
Past due 1-15 days	17,351	(11)	7,710	(2)
Past due 16-30 days	9,009	(5)	14,327	(2)
Past due 31-60 days	3,518	(2)	14,252	(3)
More than 60 days	3,837	(1)	405	(2)
	(Won) 2,606,994	(2,269)	2,740,770	(663)

The movement in the allowance for impairment in respect of receivables during the six-month period ended June 30, 2012 and the year ended December 31, 2011 are as follows:

(In millions of won)	2012	2011
Balance at the beginning of the period	(Won) 663	532
Bad debt expense	1,606	131
Balance at the reporting date	(Won) 2,269	663

Table of Contents

9. Financial Instruments, Continued

(b) Liquidity risk

(i) The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements as of June 30, 2012:

(In millions of won)

		Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities								
Secured bank loan	(Won)	57,690	60,227	725	725	58,777		
Unsecured bank loans		1,908,405	2,115,481	121,110	365,254	156,470	1,470,271	2,376
Unsecured bond issues		2,791,586	3,093,889	505,841	652,803	383,907	1,551,338	
Trade accounts and notes payable		4,137,098	4,137,098	4,137,098				
Other accounts payable		3,388,164	3,389,134	3,389,134				
Other non-current accounts payable		15,397	16,112			16,112		
Derivative financial liabilities								
Forward exchange contracts not designated for hedging								
Outflow		124	23,146	23,146				
Inflow			(23,022)	(23,022)				
	(Won)	12,298,464	12,812,065	8,154,032	1,018,782	615,266	3,021,609	2,376

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

(ii) As of June 30, 2012, there is no derivative designated as cash flow hedge.

Table of Contents

9. Financial Instruments, Continued

(c) Currency risk

(i) Exposure to currency risk

The Group s exposure to foreign currency risk based on notional amounts as of June 30, 2012 and December 31, 2011 is as follows:

(In millions)	2012						
	USD	**JPY**	**CNY**	**TWD**	**EUR**	**PLN**	**SGD**
Cash and cash equivalents	1,359	8,446	351	2	36	4	
Deposits in banks	300						
Trade accounts and notes receivable	1,886	6,979	768		67		
Other accounts receivable	88	123	141	12	4		
Available-for-sale financial assets	5			59			
Other assets denominated in foreign currencies	1	184	21	12			1
Trade accounts and notes payable	(1,949)	(38,407)	(1,329)	(435)	(30)		
Other accounts payable	(178)	(13,361)	(391)	(9)	(36)	(6)	
Other non-current accounts payable	(13)						
Debts	(900)	(2,000)	(65)		(16)		
Bonds	(348)	(9,997)					
Gross statement of financial position exposure	251	(48,033)	(504)	(359)	25	(2)	1
Forward exchange contracts	50						
Net exposure	301	(48,033)	(504)	(359)	25	(2)	1

Table of Contents

9. Financial Instruments, Continued

(In millions)	2011						
	USD	**JPY**	**CNY**	**TWD**	**EUR**	**PLN**	**SGD**
Cash and cash equivalents	822	14,286	439	4,543	40	7	
Trade accounts and notes receivable	2,064	645	1,054		42		
Other accounts receivable	80	111	134	222	10		
Available-for-sale financial assets	5			49			
Other assets denominated in foreign currencies	1	182	20	14			1
Trade accounts and notes payable	(1,921)	(39,932)	(1,629)		(25)		
Other accounts payable	(64)	(26,169)	(401)	(166)	(84)	(10)	
Other non-current accounts payable	(13)				(26)		
Debts	(1,044)	(6,000)	(142)		(27)		
Bonds	(347)	(9,987)					
Financial liabilities at fair value through profit or loss	(76)						
Gross statement of financial position exposure	(493)	(66,864)	(525)	4,662	(70)	(3)	1
Forward exchange contracts	(160)						
Net exposure	(653)	(66,864)	(525)	4,662	(70)	(3)	1

Average exchange rates applied for the six-month periods ended June 30, 2012 and 2011 and the exchange rates at June 30, 2012 and December 31, 2011 are as follows:

(In won)	Average rate		Spot rate	
	2012	**2011**	**June 30, 2012**	**December 31, 2011**
USD	(Won) 1,141.80	1,102.28	(Won) 1,153.80	1,153.30
JPY	14.33	13.45	14.54	14.85
CNY	180.65	168.49	181.49	182.51
TWD	38.51	37.92	38.55	38.13
EUR	1,481.47	1,545.96	1,435.04	1,494.10
PLN	349.38	391.08	334.34	338.65
SGD	903.22	875.51	900.53	886.44

Table of Contents

9. Financial Instruments, Continued

(ii) Sensitivity analysis

A weakening of the won, as indicated below, against the following currencies which comprise the Group s financial assets or liabilities denominated in foreign currency as of June 30, 2012 and December 31, 2011 would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of each reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant. The changes in equity and profit or loss are as follows:

(In millions of won)	**2012**		**2011**	
	Equity	**Profit or loss**	**Equity**	**Profit or loss**
USD (5 percent weakening)	(Won) 6,938	32,339	(29,623)	(28,032)
JPY (5 percent weakening)	(27,503)	(23,222)	(40,040)	(35,494)
CNY (5 percent weakening)	(4,568)		(4,830)	
TWD (5 percent weakening)	(671)	(68)	8,974	162
EUR (5 percent weakening)	1,034	2,320	(4,900)	(1,957)
PLN (5 percent weakening)	(37)	23	(85)	128
SGD (5 percent weakening)	32		4	

A strengthening of the won against the above currencies as of June 30, 2012 and December 31, 2011 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.

Table of Contents

9. Financial Instruments, Continued

(d) Interest rate risk

(i) Profile

The interest rate profile of the Group s interest-bearing financial instruments as of June 30, 2012 and December 31, 2011 are as follows:

(In millions of won)

	2012	2011
Fixed rate instruments		
Financial assets	(Won) 2,657,921	2,335,815
Financial liabilities	(3,130,133)	(2,685,175)
	(Won) (472,212)	(349,360)
Variable rate instruments		
Financial assets	(Won) 600	600
Financial liabilities	(1,627,548)	(1,925,192)
	(Won) (1,626,948)	(1,924,592)

(ii) Cash flow sensitivity analysis for variable rate instruments

As of June 30, 2012 and December 31, 2011, 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 each 12-month period following the reporting dates. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

(In millions of won) **Equity**