

LG Electronics

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

LG Electronics

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September 30, 2013 and 2012

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Report on Review of Interim Financial Statements

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

Reviewed Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to issue a report on these interim consolidated financial statements based on our reviews. We did not review the financial statements of certain consolidated subsidiaries, whose financial statements represent 31% of the Group's consolidated total assets as of September 30, 2013, and 41% of the Group's consolidated total sales for the nine-month periods ended September 30, 2013 and 2012. These financial statements were reviewed by other auditors whose reports have been furnished to us and our report, insofar as it relates to the amounts included for those consolidated subsidiaries, is based solely on the reports of the other auditors.

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

Conclusion

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

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

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

Seoul, Korea
November 8, 2013

This interim report is effective as of November 8, 2013, the review report date. Certain subsequent events or circumstances, which may occur between the review report date and the time of reading this report, could have a material impact on the accompanying interim consolidated financial statements and notes thereto. Accordingly, the readers of the review report should understand that there is a possibility that the above review report may have to be revised to reflect the impact of such subsequent events or circumstances, if any.

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Interim Consolidated Statements of Financial Position

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

<i>(in millions of Korean won)</i>	Notes	September 30, 2013	December 31, 2012	January 1, 2012
Assets				
Current assets				
Cash and cash equivalents	5,30	2,339,108	2,185,000	2,781,069
Financial deposits	5,30	65,202	54,000	180,000
Trade receivables	5,6	7,388,089	7,332,761	7,338,759
Loans and other receivables	5,30	671,879	498,615	529,510
Other financial assets	5,7,30	19,219	56,486	1,677
Inventories	8	5,857,087	5,074,500	5,321,845
Current income tax assets		145,959	225,659	198,897
Other current assets		937,277	864,477	920,882
Assets classified as held for sale		2,995	19,980	10,535
		<u>17,426,815</u>	<u>16,311,478</u>	<u>17,283,174</u>
Non-current assets				
Financial deposits	5,30	120,159	121,036	136,108
Loans and other receivables	5,30	592,639	603,233	629,703
Other financial assets	5,7,30	55,619	67,001	145,787
Property, plant and equipment	9	10,221,224	9,889,204	9,593,424
Intangible assets	9	1,283,882	1,222,302	1,167,567
Deferred income tax assets		1,592,582	1,511,462	1,444,208
Investments in associates and joint ventures	10	4,311,173	4,182,878	4,252,408
Investment property		6,959	7,218	7,239
Other non-current assets		802,276	850,238	859,520
		<u>18,986,513</u>	<u>18,454,572</u>	<u>18,235,964</u>
Total assets		<u>36,413,328</u>	<u>34,766,050</u>	<u>35,519,138</u>
Liabilities				
Current liabilities				
Trade payables	5,30	6,533,084	5,626,571	5,750,549
Borrowings	5,11,30	2,739,322	2,715,041	3,871,889
Other payables	5,30	4,564,191	4,483,415	4,028,907
Other financial liabilities	5,7,30	7,386	321	13,860
Current income tax liabilities		86,035	114,728	85,651
Provisions	13	643,752	644,282	734,848
Other current liabilities	5	873,477	928,140	970,029
Liabilities related to assets held for sale		-	1,794	-
		<u>15,447,247</u>	<u>14,514,292</u>	<u>15,455,733</u>
Non-current liabilities				
Borrowings	5,11,30	6,234,995	5,923,346	5,808,491
Other payables	5	32,845	29,169	20,892
Other financial liabilities	5,7	5,378	16,621	378
Deferred income tax liabilities		8,050	10,568	15,237
Net defined benefit liability	12	812,079	630,138	483,125
Provisions	13	983,118	932,871	575,632
Other non-current liabilities	5	11,272	3,298	3,238
		<u>8,087,737</u>	<u>7,546,011</u>	<u>6,906,993</u>
Total liabilities		<u>23,534,984</u>	<u>22,060,303</u>	<u>22,362,726</u>
Equity attributable to owners of the Parent Company				
Paid-in capital:				
Capital stock	14	904,169	904,169	904,169
Share premium		3,088,179	3,088,179	3,088,179
Retained earnings	15	8,941,330	8,723,950	8,792,879
Accumulated other comprehensive loss	16	(782,913)	(675,098)	(327,469)
Other components of equity	17	(231,230)	(242,111)	(242,223)
		<u>11,919,535</u>	<u>11,799,089</u>	<u>12,215,535</u>
Non-controlling interests		<u>958,809</u>	<u>906,658</u>	<u>940,877</u>
Total equity		<u>12,878,344</u>	<u>12,705,747</u>	<u>13,156,412</u>
Total liabilities and equity		<u>36,413,328</u>	<u>34,766,050</u>	<u>35,519,138</u>

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

LG Electronics

Interim Consolidated Statements of Income

Three-Month and Nine-Month Periods Ended September 30, 2013 and 2012

<i>(in millions of Korean won, except per share amounts)</i>	Notes	2013		2012	
		Three months	Nine months	Three months	Nine months
Net sales	18	13,892,152	43,225,067	13,282,152	40,321,492
Cost of sales	19	10,599,295	33,116,561	10,032,564	30,586,806
Gross profit		3,292,857	10,108,506	3,249,588	9,734,686
Selling and marketing expenses	19,20	1,770,759	5,185,748	1,837,136	5,102,376
Administrative expenses	19,20	331,167	1,017,350	319,453	982,018
Research and development expenses	19,20	587,229	1,781,595	561,186	1,576,851
Service costs	19,20	385,907	1,077,252	360,339	973,579
Operating income		217,795	1,046,561	171,474	1,099,862
Financial income	21	75,505	311,606	67,988	357,018
Financial expenses	22	190,201	612,682	183,092	662,511
Profit(loss) from equity method	10	85,867	95,225	61,811	(21,667)
Other non-operating income	23	339,886	943,793	274,089	1,027,892
Other non-operating expenses	24	389,562	1,235,993	205,699	921,380
Profit before income tax		139,290	548,510	186,571	879,214
Income tax expense		30,745	262,359	22,037	298,214
Profit for the period		108,545	286,151	164,534	581,000
Profit for the period attributable to:					
Equity holders of the Parent Company		83,992	240,196	156,677	564,319
Non-controlling interests		24,553	45,955	7,857	16,681
Earnings per share attributable to the equity holders of the Parent Company during the period (in won):	25				
Earnings per share for profit attributable to the common equity holders of the Parent Company		465	1,330	869	3,130
Earnings per share for profit attributable to the preferred equity holders of the Parent Company		478	1,368	882	3,168

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

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Interim Consolidated Statements of Comprehensive Income

Three-Month and Nine-Month Periods Ended September 30, 2013 and 2012

	Notes	2013		2012	
		Three months	Nine months	Three months	Nine months
<i>(in millions of Korean won)</i>					
Profit for the period		108,545	286,151	164,534	581,000
Other comprehensive income					
Items that will not be reclassified subsequently to profit or loss:					
Remeasurements of the net defined benefit liability	12	2,045	14,881	(65,879)	(113,128)
Share of remeasurements for the net defined benefit liability of associates	10	(29)	82	(20,416)	(20,362)
Items that will be reclassified subsequently to profit or loss:					
Share of other comprehensive loss of associates and joint ventures	10	(66,705)	(3,314)	(12,297)	(7,660)
Cash flow hedges	11	11,597	7,404	1,371	2,520
Available-for-sale financial assets	7	93	2,773	1,970	1,052
Currency translation differences		(352,524)	(107,997)	(34,686)	(114,664)
Other comprehensive loss for the period, net of tax		<u>(405,523)</u>	<u>(86,171)</u>	<u>(129,937)</u>	<u>(252,242)</u>
Total comprehensive income(loss) for the period, net of tax		<u>(296,978)</u>	<u>199,980</u>	<u>34,597</u>	<u>328,758</u>
Comprehensive income(loss) for the period, net of tax, attributable to:					
Equity holders of the Parent Company		(295,161)	146,437	40,406	327,622
Non-controlling interests		<u>(1,817)</u>	<u>53,543</u>	<u>(5,809)</u>	<u>1,136</u>
Total comprehensive income(loss) for the period, net of tax		<u>(296,978)</u>	<u>199,980</u>	<u>34,597</u>	<u>328,758</u>

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

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

		Attributable to equity holders of the Parent Company							
				Accumulated Other	Other				
		Paid-in	Retained	Comprehensive	Components		Non-controlling	Total	
		Capital	Earnings	Income(loss)	of Equity	Total	Interest	Equity	
(in millions of Korean won)	Notes								
Balance at January 1, 2012		3,992,348	9,499,534	(326,584)	(271,339)	12,893,959	254,289	13,148,248	
Effect of changes in accounting policies	2	-	(706,655)	(885)	29,116	(678,424)	686,588	8,164	
Restated amount		3,992,348	8,792,879	(327,469)	(242,223)	12,215,535	940,877	13,156,412	
Comprehensive income:									
Profit for the period		-	564,319	-	-	564,319	16,681	581,000	
Remeasurements of the net defined benefit liability	12	-	(107,833)	-	-	(107,833)	(5,295)	(113,128)	
Share of remeasurements for the net defined benefit liability of associates	10	-	(20,362)	-	-	(20,362)	-	(20,362)	
Share of other comprehensive loss of associates and joint ventures	10	-	-	(7,660)	-	(7,660)	-	(7,660)	
Cash flow hedges	11	-	-	2,520	-	2,520	-	2,520	
Available-for-sale financial assets	7	-	-	711	-	711	341	1,052	
Currency translation differences		-	-	(104,073)	-	(104,073)	(10,591)	(114,664)	
Total comprehensive income		-	436,124	(108,502)	-	327,622	1,136	328,758	
Transactions with equity holders:									
Dividends		-	(36,872)	-	-	(36,872)	(21,961)	(58,833)	
Changes in ownership interest over subsidiaries		-	-	-	157	157	(157)	-	
Issuance of common shares of subsidiaries		-	-	-	-	-	8,820	8,820	
Conversion rights and stock warrants of subsidiaries exercised		-	-	-	-	-	1,085	1,085	
Others		-	(10)	-	(9)	(19)	-	(19)	
Total transactions with equity holders		-	(36,882)	-	148	(36,734)	(12,213)	(48,947)	
Balance at September 30, 2012		3,992,348	9,192,121	(435,971)	(242,075)	12,506,423	929,800	13,436,223	
Balance at January 1, 2013		3,992,348	9,407,667	(674,221)	(271,382)	12,454,412	249,805	12,704,217	
Effect of changes in accounting policies	2	-	(683,717)	(877)	29,271	(655,323)	656,853	1,530	
Restated amount		3,992,348	8,723,950	(675,098)	(242,111)	11,799,089	906,658	12,705,747	
Comprehensive income:									
Profit for the period		-	240,196	-	-	240,196	45,955	286,151	
Remeasurements of the net defined benefit liability	12	-	13,974	-	-	13,974	907	14,881	
Share of remeasurements for the net defined benefit liability of associates	10	-	82	-	-	82	-	82	
Share of other comprehensive loss of associates and joint ventures	10	-	-	(3,314)	-	(3,314)	-	(3,314)	
Cash flow hedges	11	-	-	7,404	-	7,404	-	7,404	
Available-for-sale financial assets	7	-	-	2,848	-	2,848	(75)	2,773	
Currency translation differences		-	-	(114,753)	-	(114,753)	6,756	(107,997)	
Total comprehensive income		-	254,252	(107,815)	-	146,437	53,543	199,980	
Transactions with equity holders:									
Dividends		-	(36,872)	-	-	(36,872)	(13,208)	(50,080)	
Issuance of convertible bonds by subsidiary		-	-	-	10,886	10,886	11,861	22,747	
Changes in ownership interest over subsidiaries		-	-	-	(5)	(5)	6	1	
Return of investments in subsidiary		-	-	-	-	-	(51)	(51)	
Total transactions with equity holders		-	(36,872)	-	10,881	(25,991)	(1,392)	(27,383)	
Balance at September 30, 2013		3,992,348	8,941,330	(782,913)	(231,230)	11,919,535	958,809	12,878,344	

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

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Interim Consolidated Statements of Cash Flows

Nine-Month Periods Ended September 30, 2013 and 2012

<i>(in millions of Korean won)</i>	Note	Nine-Month Period Ended September 30	
		2013	2012
Cash flows from operating activities			
Cash generated from operations	26	2,104,005	2,422,882
Interest received		55,751	66,714
Interest paid		(284,543)	(318,048)
Dividend received		10,577	36,640
Income tax paid		(331,583)	(329,475)
Net cash generated from operating activities		1,554,207	1,878,713
Cash flows from investing activities			
Decrease in financial deposits		14,040	43,207
Decrease in loans and other receivables		177,832	228,636
Proceeds from disposal of other financial assets		81,383	37,292
Proceeds from disposal of property, plant and equipment		50,400	96,149
Proceeds from disposal of intangible assets		2,824	8,335
Proceeds from disposal of investments in associates and joint ventures		-	214,757
Proceeds from disposal of assets held for sale		16,015	8,282
Proceeds from disposal of investment property		262	120
Increase in financial deposits		(22,569)	(371)
Increase in loans and other receivables		(147,095)	(197,901)
Acquisition of other financial assets		(17,734)	(39,914)
Acquisition of property, plant and equipment		(1,622,076)	(1,147,424)
Acquisition of intangible assets		(310,045)	(250,353)
Acquisition of investments in associates and joint ventures		(46,628)	(26,098)
Decrease in cash and cash equivalents due to changes in scope of subsidiaries		(3,822)	-
Acquisition of other assets		(75)	(217)
Net cash used in investing activities		(1,827,288)	(1,025,500)
Cash flows from financing activities			
Proceeds from borrowings		3,005,224	2,144,584
Issuance of common shares of subsidiaries		-	8,820
Stock warrants exercised		-	394
Repayments of borrowings		(2,516,446)	(2,605,203)
Dividends paid		(50,131)	(59,065)
Net cash provided by(used in) financing activities		438,647	(510,470)
Exchange losses on cash and cash equivalents		(11,458)	(19,513)
Net increase in cash and cash equivalents		154,108	323,230
Cash and cash equivalents at the beginning of period		2,185,000	2,781,069
Cash and cash equivalents at the end of period		2,339,108	3,104,299

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

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Notes to the Interim Consolidated Financial Statements

September 30, 2013 and 2012, and December 31, 2012

1. General Information

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

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

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

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Notes to the Interim Consolidated Financial Statements
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(a) Consolidated subsidiaries as of September 30, 2013, are as follows:

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

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

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

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

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

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

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

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

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

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

⁴ In the preparation of consolidated financial statements, the financial statements for the nine-month period ended September 30, 2013 were used for those subsidiaries with different fiscal year ends.

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

<i>(in millions of Korean won)</i>	September 30, 2013			2013					
	Assets	Liabilities	Equity	Three months			Nine months		
				Sales	Net Income (loss)	Total Comprehensive Income(loss)	Sales	Net Income (loss)	Total Comprehensive Income(loss)
LG Innotek Co., Ltd.	4,591,626	3,345,036	1,246,590	1,386,341	(8,009)	(7,803)	4,144,795	(15,588)	(14,433)
LG Electronics U.S.A., Inc.(LGEUS)	1,964,808	1,684,094	280,714	1,457,676	2,634	2,290	4,523,079	2,139	1,765
LG Electronics do Brasil Ltda.(LGEBR)	1,890,321	1,431,242	459,079	992,091	48,195	38,355	2,743,239	147,100	135,807
LG Electronics European Shared Service Center B.V.(LGESC)	1,052,787	1,022,250	30,537	53,790	841	672	159,034	5,879	6,021
Zenith Electronics Corporation(Zenith)	1,034,849	68,111	966,738	45,616	7,662	5,908	117,019	29,050	32,640
LG Electronics RUS, LLC(LGERA)	1,014,999	639,518	375,481	737,554	56,068	53,740	2,059,507	89,639	90,757
LG Electronics (China) Co. Ltd.(LGECH)	764,538	740,900	23,638	409,258	(6,715)	(7,100)	1,046,975	3,404	3,603
LG Electronics Tianjin Appliances Co., Ltd.(LGETA)	613,990	327,402	286,588	220,399	(4,730)	(6,181)	970,369	19,631	21,112
LG Electronics Mobilecomm U.S.A., Inc.(LGEMU)	597,716	531,947	65,769	924,372	(4,796)	(4,451)	2,860,049	(6,438)	(5,440)
LG Electronics Reynosa S.A. DE C.V.(LGERS)	586,464	342,030	244,434	552,081	(1,516)	(436)	1,539,361	(1,888)	1,557
LG Electronics Nanjing Display Co., Ltd.(LGEND)	552,156	375,828	176,328	397,458	5,136	3,305	1,213,693	33,707	33,291
P.T. LG Electronics Indonesia(LGEIN)	548,103	333,932	214,171	471,663	(8,123)	(8,156)	1,542,868	2,447	4,868
LG Electronics India Pvt. Ltd.(LGEIL)	537,665	259,997	277,668	457,102	25,073	18,329	1,685,229	85,052	85,723
LG Electronics Mlawa Sp. z o.o(LGEMA)	529,396	228,184	301,212	266,120	1,879	1,759	917,611	17,701	18,834
Inspur LG Digital Mobile Communications Co., Ltd.(LGEYT)	524,475	459,962	64,513	548,764	8,528	9,714	1,648,799	(14,073)	(14,115)
LG Electronics Wroclaw Sp.z.o.o(LGEWR)	507,489	339,107	168,382	372,113	9,307	9,274	1,285,376	18,049	18,094
Nanjing LG-Panda Appliances Co., Ltd.(LGEPN)	445,326	318,631	126,695	311,070	12,216	10,756	858,914	29,402	29,780
Hiplaza Co., Ltd.	432,619	284,959	147,660	402,053	(466)	(697)	1,122,579	3,622	3,086
LG Electronics Mexico S.A. DE C.V.(LGEMS)	390,355	318,114	72,241	322,509	15,906	16,057	1,087,053	6,041	5,801
LG Electronics Thailand Co.Ltd.(LGETH)	367,253	210,816	156,437	264,851	936	(1,077)	906,200	27,282	25,450
LG Electronics Monterrey Mexico S.A.de C.V.(LGEMM)	345,333	298,928	46,405	168,362	3,386	2,743	479,082	8,479	8,570

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<i>(in millions of Korean won)</i>	December 31, 2012			2012					
	Assets	Liabilities	Equity	Three months			Nine months		
				Sales	Net Income (loss)	Total Comprehensive Income(loss)	Sales	Net Income (loss)	Total Comprehensive Income(loss)
LG Innotek Co., Ltd.	4,668,318	3,430,042	1,238,276	1,154,811	(16,657)	(26,781)	3,539,888	2,059	(8,023)
LG Electronics U.S.A., Inc.(LGEUS)	1,882,404	1,604,377	278,027	1,542,383	(24,973)	(25,221)	4,388,091	(6,758)	(6,847)
LG Electronics do Brasil Ltda.(LGEBR)	1,330,108	971,404	358,704	718,550	52,728	51,844	2,105,988	48,961	47,570
LG Electronics European Shared Service Center B.V.(LGESC)	1,095,692	1,071,664	24,028	43,313	2,047	2,118	130,693	4,863	4,852
Zenith Electronics Corporation(Zenith)	973,707	39,427	934,280	44,915	26,073	24,661	107,863	61,646	57,094
LG Electronics RUS, LLC(LGERA)	1,063,036	643,253	419,783	682,412	57,539	60,947	1,873,979	126,024	129,072
LG Electronics (China) Co. Ltd.(LGECH)	636,428	616,983	19,445	316,256	(7,537)	(7,689)	820,705	504	975
LG Electronics Tianjin Appliances Co., Ltd.(LGETA)	647,211	362,324	284,887	318,800	5,330	4,776	1,100,522	27,945	25,954
LG Electronics Mobilecomm U.S.A., Inc.(LGEMU)	411,997	340,570	71,427	844,376	(1,320)	(1,564)	2,747,893	10,295	9,231
LG Electronics Reynosa S.A. DE C.V.(LGERES)	526,829	281,719	245,110	791,694	4,417	5,448	2,110,627	59,566	56,327
LG Electronics Nanjing Display Co., Ltd.(LGEND)	423,710	279,980	143,730	327,796	560	428	755,697	6,051	2,806
P.T. LG Electronics Indonesia(LGEIN)	545,659	334,843	210,816	562,277	10,787	9,943	1,572,388	34,273	31,445
LG Electronics India Pvt. Ltd.(LGEIL)	564,329	218,670	345,659	557,823	25,169	28,787	1,886,314	104,988	111,081
LG Electronics Mlawa Sp. z o.o(LGEMA)	563,481	276,155	287,326	317,286	(1,525)	(1,044)	1,027,270	14,975	16,233
Inspur LG Digital Mobile Communications Co., Ltd.(LGEYT)	418,758	341,217	77,541	383,407	4,498	4,326	1,044,923	11,115	10,951
LG Electronics Wroclaw Sp.z.o.o(LGEWR)	518,020	365,612	152,408	389,308	(4,195)	(3,580)	1,189,207	10,877	13,238
NanJing LG-Panda Appliances Co., Ltd.(LGEPN)	391,388	288,848	102,540	215,350	4,828	4,530	556,099	12,557	11,444
Hiplaza Co., Ltd.	398,974	254,400	144,574	380,140	4,529	4,572	970,582	(4,521)	(4,119)
LG Electronics Mexico S.A. DE C.V.(LGEMS)	456,972	391,074	65,898	264,437	(1,430)	(2,903)	793,368	(50,170)	(51,230)
LG Electronics Thailand Co.Ltd.(LGETH)	350,146	215,993	134,153	251,382	(2,785)	(2,789)	836,804	13,712	13,910
LG Electronics Monterrey Mexico S.A.de C.V.(LGEMM)	358,914	320,062	38,852	158,348	237	715	471,477	15,466	16,187

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

i) Subsidiaries held at less than 100% of interest

Subsidiaries	Location	Controlling interest	Non-controlling interest
LG Innotek Co., Ltd. and its subsidiaries ¹	Korea	47.9%	52.1%
LG Hitachi Water Solution Co., Ltd.	Korea	51.0%	49.0%
LGE Alliance Fund	Korea	96.2%	3.8%
Innovation Investment Fund	Korea	83.3%	16.7%
Inspur LG Digital Mobile Communications Co., Ltd.(LGEYT)	China	70.0%	30.0%
LG Electronics (Hangzhou) Co., Ltd.(LGEHN)	China	70.0%	30.0%
LG Electronics Huizhou Ltd.(LGEHZ)	China	80.0%	20.0%
LG Electronics Nanjing Display Co., Ltd.(LGEND)	China	70.0%	30.0%
LG Electronics Shenyang Inc.(LGESY)	China	78.9%	21.1%
LG Electronics Tianjin Appliances Co., Ltd.(LGETA)	China	80.0%	20.0%
NanJing LG-Panda Appliances Co., Ltd.(LGEPN)	China	70.0%	30.0%
Qingdao LG Inspur Digital Communication Co., Ltd.(LGEQD)	China	70.0%	30.0%
Shanghai LG Electronics Co., Ltd.(LGESH)	China	70.0%	30.0%
Tianjin Lijie cartridge heater Co., Ltd.(LGETL)	China	66.7%	33.3%
LG Electronics Pasig Inc.	Philippines	38.0%	62.0%
LG Electronics Honduras S.de R.L.	Honduras	20.0%	80.0%
LG Electronics Algeria SARL(LGEAS)	Algeria	70.0%	30.0%
LG-Shaker Co., Ltd.(LGESR)	Saudi Arabia	49.0%	51.0%
LG Alina Electronics(LGERI)	Russia	95.0%	5.0%
P.T. LG Electronics Indonesia(LGEIN) ²	Indonesia	100.0%	0.0%

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

² The Group disposed of four shares out of 51,920 total issued shares of P.T. LG Electronics Indonesia(LGEIN) held by LG Electronics Inc., resulting in an increase in non-controlling interests of 0.01%.

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

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

<i>(in millions of Korean won)</i>	September 30, 2013	December 31, 2012
LG Innotek Co., Ltd. and its subsidiaries	687,202	659,171
LG Electronics Tianjin Appliances Co., Ltd.(LGETA)	54,912	53,910
LG Electronics Nanjing Display Co., Ltd.(LGEND)	51,119	42,251
LG-Shaker Co., Ltd.(LGESR)	37,361	27,529
NanJing LG-Panda Appliances Co., Ltd.(LGEPN)	32,482	27,272
LG Electronics Huizhou Ltd.(LGEHZ)	17,606	18,228
LG Electronics Shenyang Inc.(LGESY)	25,116	19,603
Inspur LG Digital Mobile Communications Co., Ltd.(LGEYT)	17,918	21,507
Qingdao LG Inspur Digital Communication Co., Ltd.(LGEQD)	12,417	11,909
Shanghai LG Electronics Co., Ltd.(LGESH)	8,141	7,503
LG Electronics (Hangzhou) Co., Ltd.(LGEHN)	7,355	7,281
LG Hitachi Water Solution Co., Ltd.	5,752	6,664
Innovation Investment Fund	5,994	6,120
LG Alina Electronics(LGERI)	118	767
LGE Alliance Fund	362	386
Tianjin Lijie cartridge heater Co., Ltd.(LGETL)	78	116
Triveni Digital Inc.	-	169
LG Electronics Algeria SARL(LGEAS)	(2,779)	(1,411)
LG Electronics Pasig Inc.	(2,351)	(2,317)
P.T. LG Electronics Indonesia(LGEIN)	6	-
Total	958,809	906,658

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

<i>(in millions of Korean won)</i>	2013		2012	
	Three months	Nine months	Three months	Nine months
LG Innotek Co., Ltd. and its subsidiaries	13,729	13,701	2,174	1,734
LG Electronics Tianjin Appliances Co., Ltd.(LGETA)	(204)	4,579	263	3,188
LG Electronics Nanjing Display Co., Ltd.(LGEND)	1,452	8,938	478	768
LG-Shaker Co., Ltd.(LGESR)	910	10,012	2,651	7,842
NanJing LG-Panda Appliances Co., Ltd.(LGEPN)	3,107	6,747	835	269
LG Electronics Huizhou Ltd.(LGEHZ)	1,418	2,196	(12)	1,496
LG Electronics Shenyang Inc.(LGESY)	1,846	5,188	(1,806)	(1,507)
Inspur LG Digital Mobile Communications Co., Ltd.(LGEYT)	1,955	(3,948)	2,356	2,303
Qingdao LG Inspur Digital Communication Co., Ltd.(LGEQD)	709	229	785	981
Shanghai LG Electronics Co., Ltd.(LGESH)	818	1,043	320	481
LG Electronics (Hangzhou) Co., Ltd.(LGEHN)	49	282	740	1,034
LG Hitachi Water Solution Co., Ltd.	(513)	(1,360)	(752)	(1,711)
Innovation Investment Fund	22	(55)	274	1,063
LG Alina Electronics(LGERI)	(5)	6	(13)	(22)
LGE Alliance Fund	(2)	(2)	(1)	(1)
Tianjin Lijie cartridge heater Co., Ltd.(LGETL)	34	(42)	65	37
Triveni Digital Inc.	-	-	-	(10)
LG Electronics Algeria SARL(LGEAS)	(769)	(1,545)	(499)	(1,239)
LG Electronics Pasig Inc. P.T. LG Electronics Indonesia(LGEIN)	(3)	(14)	(1)	(25)
	-	-	-	-
Total	24,553	45,955	7,857	16,681

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

<i>(in millions of Korean won)</i>	2013	2012
Inspur LG Digital Mobile Communications Co., Ltd.(LGEYT)	-	2,029
LG Electronics (Hangzhou) Co., Ltd.(LGEHN)	380	216
LG Electronics Huizhou Ltd.(LGEHZ)	3,397	2,499
LG Electronics Nanjing Display Co., Ltd.(LGEND)	890	684
LG Electronics Shenyang Inc.(LGESY)	-	12,410
LG Electronics Tianjin Appliances Co., Ltd.(LGETA)	5,088	3,596
NanJing LG-Panda Appliances Co., Ltd.(LGEPN)	2,262	-
Shanghai LG Electronics Co., Ltd.(LGESH)	557	527
LG Alina Electronics(LGERI)	634	-
Total	13,208	21,961

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

- LG Innotek Co., Ltd. and its subsidiaries

<i>(in millions of Korean won)</i>	September 30, 2013	December 31, 2012
Current assets	2,269,274	2,073,033
Non-current assets	2,637,444	2,813,252
Total assets	4,906,718	4,886,285
Current liabilities	1,660,145	2,009,225
Non-current liabilities	1,922,520	1,608,753
Total liabilities	3,582,665	3,617,978
Equity of the owners of LG Innotek Co., Ltd.	1,324,050	1,268,253
Non-controlling interest	3	54
Total equity	1,324,053	1,268,307

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

- LG Innotek Co., Ltd. and its subsidiaries

<i>(in millions of Korean won)</i>	2013		2012	
	Three months	Nine months	Three months	Nine months
Net sales	1,595,508	4,667,557	1,219,946	3,689,697
Profit for the period	27,735	28,126	3,587	5,646
Other comprehensive income(loss), net of tax	(18,036)	4,924	(15,675)	(17,022)
Total comprehensive income(loss), net of tax	9,699	33,050	(12,088)	(11,376)

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

- LG Innotek Co., Ltd. and its subsidiaries

<i>(in millions of Korean won)</i>	2013	2012
Cash flows from operating activities	263,936	238,643
Cash flows from investing activities	(365,202)	(153,733)
Cash flows from financing activities	207,861	(77,692)
Exchange gains(losses) on cash and cash equivalents	263	(397)
Net increase in cash and cash equivalents	106,858	6,821
Cash and cash equivalents at the beginning of period	352,808	435,602
Cash and cash equivalents at the end of period	459,666	442,423

(d) Significant restrictions on its subsidiaries

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

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

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

Subsidiaries	The nature and limitation of the protective rights for non-controlling interest
LG Hitachi Water Solution Co., Ltd.	For the following special resolutions of the board of directors, consents from directors who were appointed by non-controlling interest holder are required. <ul style="list-style-type: none"> - Acquisitions and disposals of assets over ₩1,000 million not included in the business plan - Borrowings and issues of debentures over ₩1,000 million not included in the business plan - Expenditures over ₩1,000 million not included in the business plan - Initial agreement, amendment and termination of significant contracts over ₩1,000 million
LG-Shaker Co., Ltd.(LGESR)	Unanimous approval is required for the confirmation of financial statements and dividend declaration.

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

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

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

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

<i>(in millions of Korean won)</i>	2013	2012
LG Innotek Co., Ltd. and its subsidiaries		
Decrease in the Parent Company's interest by exercise of conversion rights (A)	-	157
Consideration received from non-controlling interest (B)	-	-
Changes of the Parent Company's ownership interest (A+B)	-	157
P.T. LG Electronics Indonesia(LGEIN)		
Decrease in the Parent Company's interest by disposal of shares (A)	(6)	-
Consideration received from non-controlling interest (B)	1	-
Changes of the Parent Company's ownership interest (A+B)	(5)	-

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- (g) Subsidiaries newly included in scope of preparation of consolidated financial statements for the nine-month period ended September 30, 2013, are:

Subsidiaries	Reasons	Country	Percentage of ownership	Closing month	Major Business
Hanuri Co., Ltd.	Newly established	Korea	100%	December	Services
HILOGISTICS MEXICO SA DE CV	Newly established	Mexico	100%	December	Logistics
HiEntech (Tianjin) Co., LTD.	Newly established	China	100%	December	Water engineering
V-ENS Co., Ltd. ¹	Acquisition of shares	Korea	100%	December	Automotive engineering
V-ENS (M) Sdn. Bhd.	Acquisition of shares	Malaysia	100%	December	Automotive engineering
VENS BEIJING VEHICLE ENGINEERING CO.,LTD	Acquisition of shares	China	100%	December	Automotive engineering
HiLogistics Reynosa	Newly established	Mexico	100%	December	Logistics
HiLogistics USA	Newly established	USA	100%	December	Logistics
LG Innotek Mexico SA DE CV(LGITMX)	Newly established	Mexico	47.9%	December	Production and sales
Hi Logistics Middle East FZE	Newly established	UAE	100%	December	Logistics
LG Electronics Vietnam Haiphong Co., Ltd.(LGEVH)	Newly established	Vietnam	100%	December	Production

¹ During the reporting period, the Parent Company merged with V-ENS Co., Ltd.

- (h) Subsidiaries excluded from the scope of preparation of consolidated financial statements for the nine-month period ended September 30, 2013, are:

Subsidiaries	Reasons	Country
V-ENS Co., Ltd.	Merger	Korea
Triveni Digital Inc.	Disposal of shares	USA

- (i) Gain or loss related to loss of control for the nine-month period ended September 30, 2013, is:

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

2. Significant Accounting Policies

Basis of Preparation

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

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Changes in Accounting Policy and Disclosures

New and amended standards adopted by the Group

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- Annual improvements to Korean IFRS

Korean IFRS 1001, 'Presentation of Financial Statements'

Korean IFRS 1016, 'Property, Plant and Equipment'

Korean IFRS 1032, 'Financial Instruments: Presentation'

Korean IFRS 1034, 'Interim Financial Reporting'

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

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

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

<i>(in millions of Korean won)</i>	January 1, 2012		
	Before restatement	Effect of changes¹	After restatement
Total assets	32,658,457	2,860,681	35,519,138
Current assets	15,783,126	1,500,048	17,283,174
Non-current assets	16,875,331	1,360,633	18,235,964
Total liabilities	19,510,209	2,852,517	22,362,726
Current liabilities	14,214,522	1,241,211	15,455,733
Non-current liabilities	5,295,687	1,611,306	6,906,993
Total equity	13,148,248	8,164	13,156,412
Equity of the owners of the Parent Company	12,893,959	(678,424)	12,215,535
Non-controlling interest	254,289	686,588	940,877

<i>(in millions of Korean won)</i>	December 31, 2012		
	Before restatement	Effect of changes¹	After restatement
Total assets	31,457,386	3,308,664	34,766,050
Current assets	14,554,289	1,757,189	16,311,478
Non-current assets	16,903,097	1,551,475	18,454,572
Total liabilities	18,753,169	3,307,134	22,060,303
Current liabilities	12,815,912	1,698,380	14,514,292
Non-current liabilities	5,937,257	1,608,754	7,546,011
Total equity	12,704,217	1,530	12,705,747
Equity of the owners of the Parent Company	12,454,412	(655,323)	11,799,089
Non-controlling interest	249,805	656,853	906,658

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

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

<i>(in millions of Korean won)</i>	Before restatement	Effect of changes			After restatement
		Korean IFRS 1001¹	Korean IFRS 1019	Korean IFRS 1110²	
Net sales	37,462,678	-	-	2,858,814	40,321,492
Gross profit	9,297,966	-	1,332	435,388	9,734,686
Operating income	1,017,713	11,088	2,671	68,390	1,099,862
Profit before income tax	864,531	-	2,671	12,012	879,214
Profit for the period	558,620	-	2,025	20,355	581,000
Profit for the period attributable to:					
Equity holders of the Parent Company	543,647	-	2,001	18,671	564,319
Non-controlling interest	14,973	-	24	1,684	16,681
Other comprehensive loss, net of tax	(241,392)	-	(2,025)	(8,825)	(252,242)

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<i>(in millions of Korean won)</i>	Before restatement	Effect of changes			After restatement
		Korean IFRS 1001 ¹	Korean IFRS 1019	Korean IFRS 1110 ²	
Other comprehensive income(loss), net of tax, attributable to:					
Equity holders of the Parent Company	(234,781)	-	(2,001)	85	(236,697)
Non-controlling interest	(6,611)	-	(24)	(8,910)	(15,545)
Total comprehensive income, net of tax	317,228	-	-	11,530	328,758
Total comprehensive income, net of tax, attributable to:					
Equity holders of the Parent Company	308,866	-	-	18,756	327,622
Non-controlling interest	8,362	-	-	(7,226)	1,136
Earnings per share attributable to the equity holders of the Parent Company during the period (in won):					
Earnings per share for profit attributable to the common equity holders of the Parent Company	3,016	-	11	103	3,130
Earnings per share for profit attributable to the preferred equity holders of the Parent Company	3,053	-	11	104	3,168

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

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

iii) The consolidated statement of changes in equity as of January 1 and December 31, 2012, is as follows:

<i>(in millions of Korean won)</i>	January 1, 2012		
	Before restatement	Effect of changes ¹	After restatement
Attributable to equity holders of the Parent Company	12,893,959	(678,424)	12,215,535
Paid-in capital	3,992,348	-	3,992,348
Retained earnings	9,499,534	(706,655)	8,792,879
Accumulated other comprehensive loss	(326,584)	(885)	(327,469)
Other components of equity	(271,339)	29,116	(242,223)
Non-controlling interest	254,289	686,588	940,877

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

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<i>(in millions of Korean won)</i>	December 31, 2012		
	Before restatement	Effect of changes¹	After restatement
Attributable to equity holders of the Parent Company	12,454,412	(655,323)	11,799,089
Paid-in capital	3,992,348	-	3,992,348
Retained earnings	9,407,667	(683,717)	8,723,950
Accumulated other comprehensive loss	(674,221)	(877)	(675,098)
Other components of equity	(271,382)	29,271	(242,111)
Non-controlling interest	249,805	656,853	906,658

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

iv) The consolidated statement of cash flows for the nine-month period ended September 30, 2012, is as follows:

<i>(in millions of Korean won)</i>	Before restatement	Effect of changes¹	After restatement
Cash flows from operating activities	1,640,153	238,560	1,878,713
Cash flows from investing activities	(871,767)	(153,733)	(1,025,500)
Cash flows from financing activities	(432,778)	(77,692)	(510,470)
Exchange losses on cash and cash equivalents	(19,199)	(314)	(19,513)
Net increase in cash and cash equivalents	316,409	6,821	323,230

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

Application of Accounting Policies

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

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

Consolidation

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

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

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

Employee Benefits

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

Income Tax Expenses

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

3. Critical Accounting Estimates and Judgments

The estimates and judgments are reviewed on an ongoing basis and are based on historical experience and various other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical Accounting Estimates and Assumptions

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

(a) Revenue Recognition

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

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(b) Impairment of Goodwill

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

(c) Income Taxes

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

(d) Fair Value of Financial Instruments

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

(e) Provisions

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

(f) Defined Benefit Obligation

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

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

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Significant Judgment on Accounting Policies Adopted by the Group

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

4. Segment Information

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

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

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

Three-month period ended September 30, 2013								
<i>(in millions of Korean won)</i>	HE	MC	HA	AE	Innotek	Other segments ²	Inter-segment transactions ³	Total
Sales	5,006,959	3,045,359	2,967,192	973,204	1,595,508	910,585	(606,655)	13,892,152
External sales	5,004,546	3,045,349	2,967,010	972,106	1,260,442	642,699	-	13,892,152
Internal sales	2,413	10	182	1,098	335,066	267,886	(606,655)	-
Operating income(losses) ⁴	124,444	(79,654)	109,161	19,506	55,748	(11,410)	-	217,795
Depreciation and amortization	134,236	78,631	74,170	21,759	138,861	56,363	-	504,020
Nine-month period ended September 30, 2013								
<i>(in millions of Korean won)</i>	HE	MC	HA	AE	Innotek	Other segments ²	Inter-segment transactions ³	Total
Sales	15,224,465	9,378,206	8,961,687	3,923,222	4,667,557	3,067,061	(1,997,131)	43,225,067
External sales	15,217,588	9,378,169	8,958,749	3,920,843	3,640,650	2,109,068	-	43,225,067
Internal sales	6,877	37	2,938	2,379	1,026,907	957,993	(1,997,131)	-
Operating income(losses) ⁴	230,554	114,300	332,140	272,193	107,256	(9,882)	-	1,046,561
Depreciation and amortization	374,584	217,961	227,285	65,328	395,704	151,112	-	1,431,974

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Three-month period ended September 30, 2012 ¹								
<i>(in millions of Korean won)</i>	HE	MC	HA	AE	Innotek	Other segments ²	Inter-segment transactions ³	Total
Sales	5,383,870	2,447,559	2,867,506	960,526	1,219,946	941,472	(538,727)	13,282,152
External sales	5,383,870	2,447,526	2,866,458	959,845	914,754	709,699	-	13,282,152
Internal sales	-	33	1,048	681	305,192	231,773	(538,727)	-
Operating income(losses) ⁴	29,221	(3,740)	121,977	20,515	26,453	(22,952)	-	171,474
Depreciation and amortization	115,501	75,757	73,105	20,935	119,376	48,095	-	452,769

Nine-month period ended September 30, 2012 ¹								
<i>(in millions of Korean won)</i>	HE	MC	HA	AE	Innotek	Other segments ²	Inter-segment transactions ³	Total
Sales	16,012,260	7,265,876	8,278,554	3,630,020	3,689,697	3,000,340	(1,555,255)	40,321,492
External sales	16,009,288	7,265,762	8,274,071	3,626,607	2,873,448	2,272,316	-	40,321,492
Internal sales	2,972	114	4,483	3,413	816,249	728,024	(1,555,255)	-
Operating income(losses) ⁴	193,632	2,820	448,951	189,005	70,986	194,468	-	1,099,862
Depreciation and amortization	336,588	227,771	209,707	61,099	343,721	141,279	-	1,320,165

¹ The segment information for the three-month and nine-month periods ended September 30, 2013 has been restated based on the division classification at the end of reporting period.

² Other segments include operating segments not qualifying as reportable segments, supporting and R&D divisions.

³ Accounting of sales between segments are treated at arm's length.

⁴ Non-operating income(losses) are not separately disclosed as the Chief Operating Decision Maker does not review them by segments.

The segment information for assets and liabilities as of September 30, 2013 and December 31, 2012, is as follows:

<i>(in millions of Korean won)</i>	September 30, 2013		December 31, 2012	
	Segment assets	Segment liabilities	Segment assets	Segment liabilities
Home Entertainment	15,078,311	13,347,155	14,391,053	12,230,996
Mobile Communications	7,382,728	5,193,019	6,891,881	4,463,562
Home Appliance	8,673,093	6,536,358	7,855,929	5,728,706
Air Conditioning & Energy Solution	3,337,800	2,087,962	2,972,705	1,900,392
LG Innotek Co., Ltd. and its subsidiaries	4,906,718	3,582,666	4,886,285	3,617,978
Sub-total¹	39,378,650	30,747,160	36,997,853	27,941,634
Other segments and inter-segment elimination	(2,965,322)	(7,212,176)	(2,231,803)	(5,881,331)
Total	36,413,328	23,534,984	34,766,050	22,060,303

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

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External sales by geographic areas for the three-month and nine-month periods ended September 30, 2013 and 2012, and non-current assets by geographic areas are as follows:

<i>(in millions of Korean won)</i>	External sales				Non-current assets ¹	
	2013		2012		September 30, 2013	December 31, 2012
	Three months	Nine months	Three months	Nine months		
Korea	3,657,715	11,115,774	3,129,221	10,112,094	9,105,114	8,799,503
North America	2,675,786	8,194,919	2,697,748	7,955,269	135,599	135,758
Europe	1,316,615	4,517,037	1,221,305	3,776,620	279,066	268,881
Central & South America	2,001,906	5,897,382	1,715,271	4,974,378	452,751	428,613
Middle Asia & Africa	1,079,739	3,491,455	1,019,313	3,254,627	93,965	78,722
Asia	802,768	2,716,181	1,024,639	3,080,183	214,067	199,555
India	435,955	1,606,918	511,819	1,753,648	130,474	143,066
China	979,935	3,040,909	1,063,964	2,958,634	909,420	876,974
Commonwealth of Independent States	941,733	2,644,492	898,872	2,456,039	191,609	187,652
Total	13,892,152	43,225,067	13,282,152	40,321,492	11,512,065	11,118,724

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

There is no external customer contributing to more than 10% of total sales for the nine-month periods ended September 30, 2013 and 2012.

5. Financial Instruments by Category

Categorizations of financial instruments as of September 30, 2013 and December 31, 2012, are as follows:

<i>(in millions of Korean won)</i>	September 30, 2013					
	Assets at fair value through profit or loss	Derivatives for hedging purposes	Loans and receivables	Assets classified as available-for- sale	Held-to- maturity financial assets	Total
Cash and cash equivalents	-	-	2,339,108	-	-	2,339,108
Financial deposits	-	-	185,361	-	-	185,361
Trade receivables	-	-	7,388,089	-	-	7,388,089
Loans and other receivables	-	-	1,264,518	-	-	1,264,518
Other financial assets	19,218	-	-	53,044	2,576	74,838
Total	19,218	-	11,177,076	53,044	2,576	11,251,914

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<i>(in millions of Korean won)</i>	September 30, 2013			Total
	Liabilities at fair value through profit or loss	Derivatives for hedging purposes	Liabilities carried at amortized cost	
Trade payables	-	-	6,533,084	6,533,084
Borrowings	-	-	8,974,317	8,974,317
Other payables	-	-	2,075,552	2,075,552
Other financial liabilities	3,207	9,557	-	12,764
Other liabilities	-	-	576	576
Total	3,207	9,557	17,583,529	17,596,293

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

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

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Income and loss by category of financial instruments for the nine-month periods ended September 30, 2013 and 2012, are as follows:

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

<i>(in millions of Korean won)</i>	2013			
	Liabilities at fair value through profit or loss	Derivatives for hedging purposes	Liabilities carried at amortized cost	Total
Interest expenses	-	-	(305,287)	(305,287)
Exchange differences	-	-	(81,829)	(81,829)
Loss on derivatives (through profit or loss)	(11,749)	-	-	(11,749)
Gain on derivatives, net of tax (through other comprehensive income)	-	7,404	-	7,404

<i>(in millions of Korean won)</i>	2012					
	Assets at fair value through profit or loss	Derivatives for hedging purposes	Loans and receivables	Assets classified as available-for-sale	Held-to-maturity financial assets	Total
Interest income	-	-	78,704	-	2,770	81,474
Exchange differences	-	-	(176,516)	-	(1,735)	(178,251)
Bad debt expense	-	-	(79,380)	-	-	(79,380)
Loss on disposal of trade receivables	-	-	(22,318)	-	-	(22,318)
Gain on valuation of available-for-sale financial assets, net of tax (through other comprehensive income)	-	-	-	1,052	-	1,052
Gain on sale of available-for-sale financial assets (through other	-	-	-	6,538	-	6,538

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<i>(in millions of Korean won)</i>	2013					Total
	Assets at fair value through profit or loss	Derivatives for hedging purposes	Loans and receivables	Assets classified as available-for-sale	Held-to-maturity financial assets	
comprehensive income						
Impairment loss of available-for-sale financial assets	-	-	-	(8,408)	-	(8,408)
Dividend income	-	-	-	289	-	289
Gain on derivatives (through profit or loss)	32,806	-	-	-	-	32,806
Gain on derivatives, net of tax (through other comprehensive income)	-	2,520	-	-	-	2,520

<i>(in millions of Korean won)</i>	2012				Total
	Liabilities at fair value through profit or loss	Derivatives for hedging purposes	Liabilities carried at amortized cost		
Interest expenses	-	-	(327,754)		(327,754)
Exchange differences	-	-	143,348		143,348
Loss on derivatives (through profit or loss)	(29,437)	-	-		(29,437)

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

<i>(in millions of Korean won)</i>	September 30, 2013				
	Gross amounts of recognized financial assets	Gross amounts of recognized financial liabilities offset in the statement of financial position	Net amounts of financial assets presented in the statement of financial position	Related amounts not offset in the statement of financial position	Net amount
Trade receivables	254,008	240,593	13,415	-	13,415

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

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September 30, 2013					
<i>(in millions of Korean won)</i>	Gross amounts of recognized financial liabilities	Gross amounts of recognized financial assets offset in the statement of financial position	Net amounts of financial liabilities presented in the statement of financial position	Related amounts not offset in the statement of financial position	Net amount
Trade payables	485,450	240,593	244,857	-	244,857

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

6. Trade Receivables

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

<i>(in millions of Korean won)</i>	September 30, 2013	December 31, 2012
Trade receivables	7,529,120	7,471,179
Less: allowance for doubtful accounts	(141,031)	(138,418)
Carrying amount	7,388,089	7,332,761

The aging analysis as of September 30, 2013 and December 31, 2012, is as follows:

<i>(in millions of Korean won)</i>	September 30, 2013	December 31, 2012
Current	6,799,413	6,496,531
Up to 6 months	572,544	755,749
7 to 12 months	23,632	71,286
Over one year	18,310	31,594
Defaulted	115,221	116,019
Total	7,529,120	7,471,179

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

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

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

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<i>(in millions of Korean won)</i>	September 30, 2013		December 31, 2012	
	Discounted receivables	Securitized receivables	Discounted receivables	Securitized receivables
Carrying amount of asset¹				
Trade receivables	40,712	290,882	120,630	1,287,241
Carrying amount of associated liability¹				
Short-term borrowings	(40,712)	(162,847)	(120,630)	(247,844)
Net position²	-	128,035	-	1,039,397

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

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

7. Other Financial Assets and Liabilities

Details of other financial assets and liabilities as of September 30, 2013 and December 31, 2012, are as follows:

<i>(in millions of Korean won)</i>	September 30, 2013	December 31, 2012
Other financial assets		
Derivatives	19,218	10,380
Available-for-sale	53,044	54,599
Held-to-maturity	2,576	58,508
Total	74,838	123,487
Current	19,219	56,486
Non-current	55,619	67,001
Other financial liabilities		
Derivatives	12,764	16,942
Total	12,764	16,942
Current	7,386	321
Non-current	5,378	16,621

Changes in available-for-sale financial assets for the nine-month periods ended September 30, 2013 and 2012, are as follows:

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

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<i>(in millions of Korean won)</i>	2012					
	Beginning	Acquisition	Disposal	Valuation	Impairment	Ending
Listed equity securities	8,970	977	-	735	-	10,682
Unlisted equity securities	55,623	248	(3,251)	-	(6,607)	46,013
Debt securities	5,575	17	(921)	-	(1,801)	2,870
Total	70,168	1,242	(4,172)	735	(8,408)	59,565

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

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

<i>(in millions of Korean won)</i>	2013	2012
Valuation:		
Recognition of other comprehensive income, net of tax ¹	2,773	1,052
Recognition of impairment loss	(2,498)	(8,408)
Derecognition of unmarketable equity securities not measured at fair value:		
Carrying amounts of derecognized equity securities	10,006	3,251
Gain on disposal of equity securities	7,118	6,538

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

8. Inventories

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

<i>(in millions of Korean won)</i>	September 30, 2013			December 31, 2012		
	Acquisition cost	Valuation allowance	Carrying amount	Acquisition cost	Valuation allowance	Carrying amount
Finished products and merchandise	3,399,098	(73,559)	3,325,539	3,002,528	(82,103)	2,920,425
Half-finished products and work-in-process	436,783	(8,634)	428,149	339,695	(11,130)	328,565
Raw materials and supplies	1,866,532	(32,979)	1,833,553	1,610,022	(44,863)	1,565,159
Other	308,557	(38,711)	269,846	291,587	(31,236)	260,351
Total	6,010,970	(153,883)	5,857,087	5,243,832	(169,332)	5,074,500

The loss on valuation of inventories recognized for the nine-month period ended September 30, 2013, amounts to ₩110,592 million (2012: ₩55,480 million).

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9. Property, Plant and Equipment, and Intangible Assets

Changes in property, plant and equipment for the nine-month periods ended September 30, 2013 and 2012, are as follows:

<i>(in millions of Korean won)</i>	2013	2012
At January 1	9,889,204	9,593,424
Acquisitions	1,590,972	1,300,441
Transfer-in	4,268	158
Disposals	(46,503)	(84,464)
Decrease due to business transfer	(15,483)	-
Depreciation	(1,154,369)	(1,029,602)
Impairment	(5,215)	(2,926)
Changes in scope of consolidation and others	6,044	33,430
Exchange differences	(47,694)	(44,422)
At September 30	10,221,224	9,766,039

Changes in intangible assets for the nine-month periods ended September 30, 2013 and 2012, are as follows:

<i>(in millions of Korean won)</i>	2013	2012
At January 1	1,222,302	1,167,567
Acquisitions	107,066	88,579
Acquisitions by internal development	172,976	140,127
Transfer-in	72,896	76,675
Disposals	(14,448)	(27,740)
Decrease due to business transfer	(731)	-
Amortization	(277,605)	(290,563)
Impairment	(4,044)	(3,396)
Changes in scope of consolidation and others	5,934	1,478
Exchange differences	(464)	(1,251)
At September 30	1,283,882	1,151,476

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10. Investments in Associates and Joint Ventures

Associates and joint ventures as of September 30, 2013, are as follows:

	<u>Location</u>	<u>Closing month</u>	<u>Percentage of ownership</u>	<u>Type</u>	<u>Nature of relationships with the Group</u>
LG Display Co., Ltd.	Korea	December	37.9%	Associate	Production and supply of display products
Ericsson-LG Co., Ltd	Korea	December	25.0%	Associate	Supply of communication devices and network solution products
Hitachi-LG Data Storage Inc.(HLDS)	Japan	December	49.0%	Associate	Production and supply of data storages
Global OLED Technology LLC.	USA	December	32.7%	Associate	OLED related patent licensing
Korea Information Certificate Authority Inc. ¹	Korea	December	9.3%	Associate	Certificate services
LG Fuel Cell Systems Inc.	USA	December	25.5%	Associate	R&D of fuel cell
SKT Vietnam PTE., Ltd.	Singapore	December	25.4%	Associate	Communication services
One-Red, LLC	USA	March	25.0%	Associate Joint	DVD related patent licensing
LG Holdings(HK) Ltd.	China	December	49.0%	venture Joint	Real estate
Arcelic-LG Klima Sanayi ve Ticarta A.S.(LGEAT)	Turkey	December	50.0%	venture Joint	Production and supply of air conditioning products
EIC PROPERTIES PTE LTD.	Singapore	December	38.2%	venture Joint	Real estate
LG Fund for Enterprises	Korea	December	50.0%	venture Joint	Fund operation relating to new technology business

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

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

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Investments in associates and joint ventures

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

<i>(in millions of Korean won)</i>	September 30, 2013				December 31, 2012			
	Acquisition cost	Net asset amount	Unrealized gain	Carrying amount	Acquisition cost	Net asset amount	Unrealized gain	Carrying amount
LG Display Co., Ltd.	679,218	4,007,291	(53,316)	3,953,975	679,218	3,869,592	(48,548)	3,821,044
Ericsson-LG Co., Ltd	26,629	86,665	(143)	86,522	26,629	91,820	(182)	91,638
Hitachi-LG Data Storage Inc.(HLDS)	51,184	33,696	(2,090)	31,606	7,684	33,125	(169)	32,956
Global OLED Technology LLC.	53,454	32,817	-	32,817	53,454	35,677	-	35,677
Korea Information Certificate Authority Inc.	852	2,775	-	2,775	852	2,516	-	2,516
LG Fuel Cell Systems Inc.	26,098	14,564	-	14,564	26,098	21,937	-	21,937
SKT Vietnam PTE., Ltd. ¹	72,194	7,400	-	-	72,194	7,440	-	-
One-Red, LLC	3,128	3,143	-	3,143	-	-	-	-
Total	912,757	4,188,351	(55,549)	4,125,402	866,129	4,062,107	(48,899)	4,005,768

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

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

<i>(in millions of Korean won)</i>	September 30, 2013				December 31, 2012			
	Acquisition cost	Net asset amount	Unrealized gain	Carrying amount	Acquisition cost	Net asset amount	Unrealized gain	Carrying amount
LG Holdings(HK) Ltd.	115,234	117,669	-	117,669	115,234	112,226	-	112,226
Arcelic-LG Klima Sanayi ve Ticarta A.S.(LGEAT)	14,718	52,106	(560)	51,546	14,718	48,630	(460)	48,170
EIC PROPERTIES PTE LTD.	9,636	14,038	-	14,038	9,636	14,208	-	14,208
LG Fund for Enterprises	3,678	2,518	-	2,518	3,678	2,506	-	2,506
Total	143,266	186,331	(560)	185,771	143,266	177,570	(460)	177,110

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Changes in the carrying amount of investments in associates and joint ventures

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

<i>(in millions of Korean won)</i>	2013	2012
Opening net book amount	4,005,768	4,086,569
Acquisitions	46,628	26,098
Profit(loss) from equity method	80,140	(35,750)
Share of other comprehensive income(loss) (excluding remeasurements) of associates	3,110	(8,506)
Share of remeasurements for the net defined benefit liability of associates	82	(20,362)
Dividends	(10,250)	(18,171)
Recovery of investments	-	(96,534)
Exchange differences	(76)	-
Closing net book amount	4,125,402	3,933,344

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

<i>(in millions of Korean won)</i>	2013	2012
Opening net book amount	177,110	165,839
Profit from equity method	15,085	14,083
Share of other comprehensive income(loss) (excluding remeasurements) of joint ventures	(6,424)	247
Closing net book amount	185,771	180,169

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

- LG Display Co., Ltd. and its subsidiaries (before adjustment)

<i>(in millions of Korean won)</i>	September 30, 2013	December 31, 2012
Current assets	8,017,101	8,914,685
Non-current assets	14,329,101	15,540,826
Total assets	22,346,202	24,455,511
Current liabilities	7,095,355	9,206,158
Non-current liabilities	4,597,856	5,009,173
Total liabilities	11,693,211	14,215,331
Equity of the owners of LG Display Co., Ltd.	10,572,326	10,209,811
Non-controlling interests	80,665	30,369
Total equity	10,652,991	10,240,180

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<i>(in millions of Korean won)</i>	2013		2012	
	Three months	Nine months	Three months	Nine months
Net sales	6,578,735	19,954,023	7,593,045	20,687,093
Profit(loss) for the period	239,417	348,157	158,193	(83,383)
Equity of the owners of LG Display Co., Ltd.				
Profit(loss) for the period	244,997	354,577	158,615	(81,024)
Other comprehensive income(loss), net of tax	(114,164)	11,056	(76,867)	(70,268)
Total comprehensive income(loss), net of tax	130,833	365,633	81,748	(151,292)

- LG Display Co., Ltd. and its subsidiaries (after adjustment)

<i>(in millions of Korean won)</i>	September 30, 2013	December 31, 2012
Current assets	8,017,101	8,914,685
Non-current assets	14,329,101	15,540,054
Total assets	22,346,202	24,454,739
Current liabilities	7,095,355	9,206,158
Non-current liabilities	4,597,856	5,009,173
Total liabilities	11,693,211	14,215,331
Equity of the owners of LG Display Co., Ltd.	10,572,326	10,209,039
Non-controlling interests	80,665	30,369
Total equity	10,652,991	10,239,408

<i>(in millions of Korean won)</i>	2013		2012	
	Three months	Nine months	Three months	Nine months
Net sales	6,578,735	19,954,023	7,593,045	20,687,093
Profit(loss) for the period	239,417	345,811	155,226	(74,080)
Equity of the owners of LG Display Co., Ltd.				
Profit(loss) for the period	244,997	352,231	161,580	(71,722)
Other comprehensive income(loss), net of tax	(114,164)	11,056	(76,867)	(70,268)
Total comprehensive income(loss), net of tax	130,833	363,287	84,713	(141,990)

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

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

- LG Display Co., Ltd. and its subsidiaries

<i>(in millions of Korean won)</i>	Nine-Month Period Ended September 30	
	2013	2012
Opening equity of the owners of LG Display Co., Ltd.	10,209,039	10,102,845
Profit(loss) for the period	352,231	(71,722)
Other comprehensive income(loss), net of tax	11,056	(70,268)
Closing equity of the owners of LG Display Co., Ltd.	10,572,326	9,960,855
The Group's share at the end of the reporting period	4,007,291	3,775,523
Unrealized gain	(53,316)	(48,308)
Carrying amount at the end of the period	3,953,975	3,727,215

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

<i>(in millions of Korean won)</i>	2013				2012			
	Associates		Joint ventures		Associates		Joint ventures	
	Three months	Nine months	Three months	Nine months	Three months	Nine months	Three months	Nine months
Profit(loss) for the period	(7,406)	(46,685)	1,394	15,188	958	3,438	5,696	13,323
Other comprehensive income(loss), net of tax	(7,471)	(1,032)	(16,024)	(6,424)	(2,750)	(2,239)	(1,360)	247
Total comprehensive income(loss), net of tax	(14,877)	(47,717)	(14,630)	8,764	(1,792)	1,199	4,336	13,570

Accumulated comprehensive loss that was not recognized due to discontinuation of the equity method for the nine-month period ended September 30, 2013, is as follows:

<i>(in millions of Korean won)</i>	December 31, 2012	Increase/(decrease)	September 30, 2013
SKT Vietnam PTE., Ltd.	45,393	40	45,433

The fair value and book value of marketable associate securities as of September 30, 2013 and December 31, 2012, are as follows:

	September 30, 2013			
	Shares owned	Price per share	Fair value	Book value
	<i>(Unit: shares)</i>	<i>(Unit: won)</i>	<i>(in millions of Korean won)</i>	
LG Display Co., Ltd.	135,625,000	25,950	3,519,469	3,953,975

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

11. Borrowings

The carrying amounts of borrowings as of September 30, 2013 and December 31, 2012, are as follows:

<i>(in millions of Korean won)</i>	September 30, 2013	December 31, 2012
Current		
Short-term borrowings	1,084,268	1,277,363
Current portion of long-term borrowings	985,241	768,125
Current portion of debentures	669,813	669,553
Sub-total	2,739,322	2,715,041
Non-current		
Long-term borrowings	2,363,524	2,873,857
Debentures	3,399,394	2,852,042
Convertible bonds	472,077	197,447
Sub-total	6,234,995	5,923,346
Total	8,974,317	8,638,387

Details of borrowings are as follows:

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

<i>(in millions of Korean won)</i>	Latest maturity date	Annual interest rate at September 30, 2013	Carrying amount	
			September 30, 2013	December 31, 2012
General loans ¹				
HSBC and others	2014. 8.15	0.83 ~ 9.45	880,709	908,889
Borrowings on negotiated trade bills ²				
Shinhan Bank and others	-	0.48 ~ 0.67	203,559	368,474
Total			1,084,268	1,277,363

¹ The Group entered into a cross-currency swap contract amounting to BRL40 million with Standard Chartered Bank to hedge cash flow risk related to foreign exchange rate of borrowings in foreign currency (USD17 million). At the end of the reporting period, the swap contracts are measured at fair value. Among the loss on valuation of the effective portion amounting to ₩1,039 million, after applying the tax effect, ₩652 million was reclassified from equity to loss and ₩387 million was recognized as the loss on valuation in other comprehensive loss during the nine-month period ended September 30, 2013 (2012: nil).

² At the end of the reporting period, borrowings are collateralized by certain trade receivables of the Group (Note 6).

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

<i>(in millions of Korean won)</i>	Maturity date	Annual interest rate at September 30, 2013	September 30, 2013		
			Total	Current	Non-current
Local currency loans					
Kookmin Bank	2014.11.12	4.62%	150,000	-	150,000
Kookmin Bank	2014.12.10	4.72%	50,000	37,500	12,500
Kookmin Bank	2015.03.04	5.16%	110,000	55,000	55,000
Kookmin Bank	2016.05.24	4.73%	190,000	-	190,000
NH Bank	2014.03.10	4.70%	190,000	190,000	-
Shinhan Bank	2014.09.08	4.78%	30,000	30,000	-
Shinhan Bank	2016.05.22	2.75%	166	66	100
Shinhan Bank	2016.10.19	4.37%	166,250	47,500	118,750
Shinhan Bank	2017.02.16	4.60%	190,000	-	190,000
Shinhan Bank	2017.02.27	3.63%	50,000	-	50,000
Shinhan Bank	2017.09.15	1.75%	895	224	671
IBK Securities Co., Ltd.	2016.10.14	3.35%	80,839	-	80,839
Woori Bank	2015.05.08	3.85%	10,000	-	10,000
Woori Bank	2017.10.28	4.62%	190,000	-	190,000
Small & Medium Business Corporation	2014.11.17	3.99%	85	17	68
Hana Bank	2014.03.28	2.81%	320	320	-
Hana Bank	2015.06.28	2.72%	630	360	270
Hana Bank	2015.09.28	2.72%	480	240	240
Hana Bank	2016.03.28	2.72%	1,650	660	990
Korea Development Bank	2014.04.07	4.45%	190,000	190,000	-
Korea Development Bank	2014.11.24	4.55%	150,000	-	150,000
Korea Development Bank	2014.12.24	4.71%	140,000	-	140,000
Korea Development Bank	2015.03.10	5.06%	90,000	-	90,000
Korea Development Bank	2015.05.04	4.52%	10,000	-	10,000
Korea Development Bank	2018.05.28	3.76%	50,000	-	50,000
Korea EXIM Bank	2014.06.02	4.90%	120,000	120,000	-
Korea Finance Corporation	2014.02.28	4.56%	90,000	90,000	-
Korea Finance Corporation	2015.02.28	4.80%	100,000	-	100,000
Korea Finance Corporation	2015.09.13	4.57%	80,000	-	80,000
Korea Finance Corporation	2015.12.24	4.64%	40,000	-	40,000
Korea Finance Corporation	2016.04.20	4.63%	30,000	-	30,000
Korea Finance Corporation	2016.07.27	3.81%	50,000	-	50,000
Korea Finance Corporation	2016.07.27	3.78%	50,000	-	50,000

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<i>(in millions of Korean won)</i>	Maturity date	Annual interest rate at September 30, 2013	September 30, 2013		
			Total	Current	Non-current
Korea Finance Corporation	2016.07.27	3.71%	30,000	-	30,000
Korea Finance Corporation	2016.07.27	3.75%	20,000	-	20,000
Korea Finance Corporation	2017.02.28	3.58%	70,000	-	70,000
Korea Finance Corporation	2017.02.28	3.76%	30,000	-	30,000
Korea Finance Corporation	2017.02.28	4.01%	40,000	-	40,000
Korea Finance Corporation	2017.03.29	4.62%	190,000	-	190,000
Foreign currency loans					
HSBC and others	-	1.98 ~ 9.19%	367,450	223,354	144,096
Total			3,348,765	985,241	2,363,524

<i>(in millions of Korean won)</i>	Maturity date	Annual interest rate at December 31, 2012	December 31, 2012		
			Total	Current	Non-current
Local currency loans					
Kookmin Bank	2013.05.14	4.67%	190,000	190,000	-
Kookmin Bank	2014.11.12	4.62%	150,000	-	150,000
Kookmin Bank	2014.12.10	4.72%	50,000	-	50,000
Kookmin Bank	2015.03.04	5.16%	110,000	-	110,000
Kookmin Bank	2016.05.24	4.73%	190,000	-	190,000
NH Bank	2014.03.10	4.70%	190,000	-	190,000
Shinhan Bank	2014.09.08	4.78%	52,500	30,000	22,500
Shinhan Bank	2016.05.22	2.75%	216	66	150
Shinhan Bank	2016.10.19	4.37%	190,000	47,500	142,500
Shinhan Bank	2017.02.16	Financial bond 6M+0.94%	190,000	-	190,000
Shinhan Bank	2017.09.15	1.75%	1,063	224	839
IBK Securities Co., Ltd.	2016.10.14	3.35%	90,000	-	90,000
Woori Bank	2014.02.18	5.67%	10,000	-	10,000
Woori Bank	2017.10.28	4.62%	190,000	-	190,000
Hana Bank	2013.03.28	2.81%	120	120	-
Hana Bank	2013.09.15	1.75%	157	157	-
Hana Bank	2014.03.28	2.81%	800	640	160
Hana Bank	2015.06.28	3.04%	900	360	540
Hana Bank	2015.09.28	3.04%	660	240	420
Hana Bank	2016.03.28	3.04%	2,145	660	1,485
Small & Medium Business Corporation	2014.11.17	3.80%	136	68	68
Korea EXIM Bank	2013.06.29	5.50%	50,000	50,000	-

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<i>(in millions of Korean won)</i>	Maturity date	Annual interest rate at December 31, 2012	December 31, 2012		
			Total	Current	Non-current
Korea EXIM Bank	2014.06.02	4.90%	120,000	60,000	60,000
Korea Development Bank	2013.03.11	4.59%	100,000	100,000	-
Korea Development Bank	2014.04.07	4.45%	190,000	-	190,000
Korea Development Bank	2014.06.24	5.56%	8,000	-	8,000
Korea Development Bank	2014.06.24	5.68%	6,000	-	6,000
Korea Development Bank	2014.06.24	5.31%	6,000	-	6,000
Korea Development Bank	2014.11.24	4.55%	150,000	-	150,000
Korea Development Bank	2014.12.24	4.71%	140,000	-	140,000
Korea Development Bank	2015.03.10	5.06%	90,000	-	90,000
Korea Development Bank	2015.05.04	5.24%	16,000	-	16,000
Korea Development Bank	2015.05.04	4.52%	4,000	-	4,000
Korea Finance Corporation	2013.05.31	4.91%	90,000	90,000	-
Korea Finance Corporation	2013.09.30	4.42%	90,000	90,000	-
Korea Finance Corporation	2014.02.28	4.56%	90,000	-	90,000
Korea Finance Corporation	2015.02.28	4.80%	100,000	-	100,000
Korea Finance Corporation	2015.09.13	4.57%	80,000	-	80,000
Korea Finance Corporation	2015.12.24	4.64%	40,000	-	40,000
Korea Finance Corporation	2016.04.20	4.63%	30,000	-	30,000
Korea Finance Corporation	2016.07.27	3.81%	50,000	-	50,000
Korea Finance Corporation	2016.07.27	3.78%	50,000	-	50,000
Korea Finance Corporation	2016.07.27	3.71%	30,000	-	30,000
Korea Finance Corporation	2017.03.29	4.62%	190,000	-	190,000
Foreign currency loans					
HSBC and others	-	1.31 ~ 9.19%	313,285	108,090	205,195
Total			3,641,982	768,125	2,873,857

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

<i>(in millions of Korean won)</i>		Maturity date	Annual interest rate at September 30, 2013	September 30, 2013		
				Total	Current	Non-current
Fixed rate notes in local currency	Public, non-guaranteed bonds(24 th)	2013.10.06	5.88%	100,000	100,000	-
Fixed rate notes in local currency	Public, non-guaranteed bonds(25-2 nd)	2014.02.09	5.70%	150,000	150,000	-
Fixed rate notes in local currency	Public, non-guaranteed bonds(28 th)	2015.11.29	5.10%	200,000	-	200,000
Fixed rate notes in local currency	Public, non-guaranteed bonds(29 th)	2015.02.24	5.01%	200,000	-	200,000
Fixed rate notes in local currency	Public, non-guaranteed bonds(30-1 st)	2015.02.09	4.32%	50,000	-	50,000
Fixed rate notes in local currency	Public, non-guaranteed bonds(30-2 nd)	2017.02.09	4.90%	50,000	-	50,000
Fixed rate notes in local currency	Public, non-guaranteed bonds(31-1 st)	2016.11.12	3.61%	70,000	-	70,000
Fixed rate notes in local currency	Public, non-guaranteed bonds(31-2 nd)	2017.11.12	3.73%	80,000	-	80,000
Fixed rate notes in local currency	Public, non-guaranteed bonds (56 th)	2015.09.09	4.63%	190,000	-	190,000
Fixed rate notes in local currency	Public, non-guaranteed bonds (57 th)	2015.10.22	4.30%	190,000	-	190,000
Fixed rate notes in local currency	Public, non-guaranteed bonds (58-1 st)	2014.02.16	4.44%	130,000	130,000	-
Fixed rate notes in local currency	Public, non-guaranteed bonds (58-2 nd)	2016.02.16	4.91%	60,000	-	60,000
Floating rate notes in foreign currency	Public, non-guaranteed bonds (59 th) ¹	2014.04.28	3ML+1.00%	182,852	182,852	-
Fixed rate notes in local currency	Public, non-guaranteed bonds (60 th)	2016.05.20	4.41%	190,000	-	190,000
Fixed rate notes in local currency	Public, non-guaranteed bonds (61 st)	2016.06.29	4.38%	190,000	-	190,000
Fixed rate notes in local currency	Public, non-guaranteed bonds (62-2 nd)	2016.08.05	4.34%	80,000	-	80,000
Floating rate notes in foreign currency	Private, non-guaranteed bonds(63 rd) ¹	2014.08.23	3ML+0.70%	107,560	107,560	-
Fixed rate notes in local currency	Public, non-guaranteed bonds (64 th)	2016.09.30	4.32%	190,000	-	190,000
Fixed rate notes in foreign currency	Public, non-guaranteed bonds (65 th) ¹	2016.12.02	2.00%	255,347	-	255,347
Fixed rate notes in local currency	Public, non-guaranteed bonds (66-1 st)	2015.09.10	3.18%	170,000	-	170,000
Fixed rate notes in local currency	Public, non-guaranteed bonds (66-2 nd)	2017.09.10	3.28%	130,000	-	130,000
Fixed rate notes in local currency	Private, non-guaranteed bonds(67 th)	2018.03.21	3.11%	300,000	-	300,000
Fixed rate notes in local currency	Private, non-guaranteed bonds(68-1 st)	2020.05.23	3.29%	100,000	-	100,000
Fixed rate notes in local currency	Private, non-guaranteed bonds(68-2 nd)	2020.05.24	3.29%	20,000	-	20,000
Fixed rate notes in local currency	Private, non-guaranteed bonds(68-3 rd)	2023.05.22	3.68%	50,000	-	50,000
Fixed rate notes in local currency	Private, non-guaranteed bonds(68-4 th)	2023.05.23	3.68%	30,000	-	30,000
Fixed rate notes in local currency	Private, non-guaranteed bonds(69-1 st)	2015.07.31	2.86%	110,000	-	110,000
Fixed rate notes in local currency	Private, non-guaranteed bonds(69-2 nd)	2018.07.31	3.54%	140,000	-	140,000
Fixed rate notes in local currency	Private, non-guaranteed bonds(69-3 rd)	2020.07.31	3.85%	150,000	-	150,000
Floating rate notes in foreign currency	Foreign currency, guaranteed bonds(70 th) ¹	2019.01.31	3ML+1.60%	215,120	-	215,120
Less: discount on debentures				(11,672)	(599)	(11,073)
Total				4,069,207	669,813	3,399,394

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

¹ The Group entered into a cross-currency swap contract amounting to USD470 million with Bank of Tokyo-Mitsubishi UFJ and others, and up to CHF215 million with Union Bank of Switzerland and others to hedge cash flow risk related to floating interest rates and foreign exchange rates of debentures. At the end of the reporting period, the swap contracts are measured at fair value. Among the loss on valuation of the effective portion amounting to ₩1,624 million (2012: loss on valuation amounting to ₩12,337 million), after applying the tax effect, ₩9,415 million was reclassified from equity to loss (2012: loss ₩14,857 million) and ₩7,791million (2012: gain on valuation amounting to ₩2,520 million) was recognized as the gain on valuation in other comprehensive income during the nine-month period ended September 30, 2013.

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

<i>(in millions of Korean won)</i>	Issue date	Redemption date	Amount	
			September 30, 2013	December 31, 2012
Convertible bonds(27 th) ¹	2010.11.11	2014.11.11	200,000	200,000
Convertible bonds(32 nd) ¹	2013. 9.17	2016. 9.17	300,000	-
Add: Redemption premium			17,473	16,572
Less: Adjustment for conversion right and discount on bonds			(45,396)	(19,125)
Total			472,077	197,447

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

Type	Convertible bonds(27 th)
Coupon rate	0%
Rate of return	2% (8.3071% terms of payment for redemption premium)
Exercise period	2010.12.11 ~ 2014.10.11
Shares to be issued upon exercise	Registered common shares
Major terms and conditions	1. Exercise price : ₩150,000 per share 2. Right of claim for early redemption: The early redemption of the bonds to repay the outstanding balance can be exercised from when three years have elapsed from the date of issue (November 11, 2013) until one month ahead from the maturity (October 11, 2014). However, in order to exercise the early redemption, the closing price of the common share of the issuing company must exceed 140% of the conversion price for 20 consecutive trading days since the start of exercise period of the early redemption.
Type	Convertible bonds(32 nd)
Coupon rate	0%
Rate of return	0.1% (3.0040% terms of payment for redemption premium)
Exercise period	2013.10.17 ~ 2016.08.17
Shares to be issued upon exercise	Registered common shares
Major terms and conditions	1. Exercise price : ₩85,800 per share 2. Right of claim for early redemption: The early redemption of the bonds to repay the outstanding balance can be exercised from when one month have elapsed from the date of issue (October 17, 2013) until one month ahead from the maturity (August 17, 2016). However, in order to exercise the early redemption, the closing price of the common share of the issuing company must exceed 130% of the conversion price for 15 consecutive trading days since the start of exercise period of the early redemption.

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The liability components of the 27th and 32nd convertible bonds are calculated initially at the fair value of similar financial liabilities that do not have an equity conversion option, using the discount rate of 4.51% and 3.65%, respectively. The equity components are recognized initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component, amounting to ₩18,218 million and ₩30,009 million, respectively. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

The early redemption option embedded in the 27th and 32nd convertible bonds is not separated as the exercise price is approximately equal to the amortized cost of the debt instrument.

Payment schedule of borrowings as of September 30, 2013, is as follows:

<i>(in millions of Korean won)</i>	Total	Less than			Over
		1 year	2 years	5 years	5 years
Short-term borrowings	1,088,828	1,088,828	-	-	-
Current portion of long-term borrowings	1,000,550	1,000,550	-	-	-
Current portion of debentures	689,202	689,202	-	-	-
Long-term borrowings	2,641,190	108,286	845,910	1,686,994	-
Debentures	3,832,001	126,878	483,782	2,621,924	599,417
Convertible bonds	517,473	-	216,572	300,901	-
Total	9,769,244	3,013,744	1,546,264	4,609,819	599,417

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

12. Net Defined Benefit Liability

The amounts recognized in the consolidated statements of financial position as of September 30, 2013 and December 31, 2012, are determined as follows:

<i>(in millions of Korean won)</i>	September 30, 2013	December 31, 2012
Present value of funded obligations	1,790,349	1,613,435
Present value of unfunded obligations	34,418	34,899
Sub-total	1,824,767	1,648,334
Fair value of plan assets	(1,012,688)	(1,018,196)
Net defined benefit liability	812,079	630,138

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The amounts recognized in the consolidated statements of income for the three-month and nine-month periods ended September 30, 2013 and 2012, are as follows:

<i>(in millions of Korean won)</i>	2013		2012	
	Three months	Nine months	Three months	Nine months
Current service cost	76,354	225,998	65,070	195,201
Net interest cost	5,108	15,383	4,844	14,557
Managing cost	343	1,021	402	1,204
Total	81,805	242,402	70,316	210,962

The line items in which expenses are included for the three-month and nine-month periods ended September 30, 2013 and 2012, are as follows:

<i>(in millions of Korean won)</i>	2013		2012	
	Three months	Nine months	Three months	Nine months
Cost of sales	41,392	121,522	34,546	105,205
Selling and marketing expenses	14,004	39,824	11,150	38,371
Administrative expenses	4,256	14,758	3,966	11,482
Research and development expenses	20,382	60,340	16,474	49,432
Service costs	1,771	5,958	4,180	6,472
Total	81,805	242,402	70,316	210,962

Changes in the defined benefit obligations for the nine-month periods ended September 30, 2013 and 2012, are as follows:

<i>(in millions of Korean won)</i>	2013	2012
At January 1	1,648,334	1,282,418
Current service cost	225,998	195,201
Interest expense	44,826	42,756
Remeasurements for:		
- Actuarial gain(loss) arising from changes in financial assumptions	(23,374)	148,470
Benefits paid	(66,009)	(77,702)
Decrease due to business transfer	(4,251)	-
Changes in scope for consolidation	1,521	-
Others	(2,278)	(968)
At September 30	1,824,767	1,590,175

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Changes in the fair value of plan assets for the nine-month periods ended September 30, 2013 and 2012, are as follows:

<i>(in millions of Korean won)</i>	2013	2012
At January 1	1,018,196	799,294
Interest income	29,443	28,199
Remeasurements for:		
- Return on plan assets (excluding amounts included in interest income)	(1,749)	(596)
Employer contributions	8,517	98,115
Benefits paid	(38,213)	(50,584)
Decrease due to business transfer	(2,939)	-
Changes in scope for consolidation	979	-
Managing cost	(1,021)	(1,204)
Others	(525)	(111)
At September 30	1,012,688	873,113

The principal actuarial assumptions used as of September 30, 2013 and December 31, 2012, are as follows:

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

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

<i>(in millions of Korean won)</i>	1% increase	1% decrease
Discount rate	(163,687)	191,288
Future salary increase	180,071	(165,579)

Plan assets as of September 30, 2013 and December 31, 2012, consist of:

<i>(in millions of Korean won)</i>	September 30, 2013	December 31, 2012
Securities combined with derivatives ¹ (guaranteed)	694,988	653,570
Time deposits and others	317,700	364,626
Total	1,012,688	1,018,196

¹ All amounts are invested in assets which have the quoted price in active markets

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13. Provisions

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

<i>(in millions of Korean won)</i>	2013				
	Warranty	Sales returns	Restoration	Litigation and others	Total
At January 1	598,329	61,498	8,882	908,444	1,577,153
Additional provisions	721,539	196,180	2,521	107,642	1,027,882
Amounts used during the period	(717,463)	(193,667)	(835)	(46,873)	(958,838)
Exchange differences	(8,863)	(1,331)	61	(9,325)	(19,458)
Acquisitions from changes in scope for consolidation	131	-	-	-	131
At September 30	593,673	62,680	10,629	959,888	1,626,870
Current	539,830	62,680	-	41,242	643,752
Non-current	53,843	-	10,629	918,646	983,118

<i>(in millions of Korean won)</i>	2012				
	Warranty	Sales returns	Restoration	Litigation and others	Total
At January 1	701,743	67,844	6,672	534,221	1,310,480
Additional provisions	634,901	175,593	2,414	97,569	910,477
Amounts used during the period	(714,858)	(186,361)	(568)	(111,810)	(1,013,597)
Exchange differences	(10,928)	(906)	(10)	(10,128)	(21,972)
At September 30	610,858	56,170	8,508	509,852	1,185,388
Current	560,965	56,170	-	35,684	652,819
Non-current	49,893	-	8,508	474,168	532,569

14. Paid-in Capital

As of September 30, 2013 and December 31, 2012, the number of shares authorized is 600 million.

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

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

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the remaining assets as common shareholders. Repayment and conversion are not applicable to preferred shares.

Share premium balances are as follows:

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

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

15. Retained Earnings

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

<i>(in millions of Korean won)</i>	September 30, 2013	December 31, 2012
Legal reserve ¹	149,503	145,816
Discretionary reserve ²	5,872,588	6,351,342
Unappropriated retained earnings	2,919,239	2,226,792
Total	8,941,330	8,723,950

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

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

16. Accumulated Other Comprehensive Income(loss)

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

<i>(in millions of Korean won)</i>	September 30, 2013	December 31, 2012
Share in accumulated other comprehensive loss of associates and joint ventures	(70,760)	(67,446)
Cash flow hedge	6,665	(739)
Available-for-sale financial assets	8,294	5,446
Currency translation differences	(727,112)	(612,359)
Total	(782,913)	(675,098)

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17. Other Components of Equity

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

<i>(in millions of Korean won)</i>	September 30, 2013	December 31, 2012
Treasury shares ¹	(44,893)	(44,893)
Consideration for conversion rights	9,891	9,891
Gain on disposal of treasury shares	2,183	2,183
Capital transactions within the Group ²	(198,411)	(209,292)
Total	(231,230)	(242,111)

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

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

18. Net Sales

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

<i>(in millions of Korean won)</i>	2013		2012	
	Three months	Nine months	Three months	Nine months
Sales of goods	13,620,136	42,451,398	13,006,675	39,557,289
Sales of services	110,735	300,419	122,064	330,171
Royalty income	65,819	199,480	70,272	188,592
Other	95,462	273,770	83,141	245,440
Total	13,892,152	43,225,067	13,282,152	40,321,492

19. Expenses by Nature

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

<i>(in millions of Korean won)</i>	2013		2012	
	Three months	Nine months	Three months	Nine months
Changes in inventories	(633,185)	(934,625)	(931,735)	(776,500)
Purchase of raw materials and merchandise	9,800,987	29,715,108	9,584,877	27,473,076
Employee benefit expense	1,490,754	4,427,141	1,319,584	3,934,599
Depreciation and amortization	498,859	1,416,721	451,781	1,317,306
Advertising expense	295,847	814,054	413,429	909,998
Promotion expense	192,930	532,499	186,017	508,341

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Transportation expense	416,657	1,273,389	427,328	1,212,463
Commission expense	691,632	1,966,094	659,266	1,855,481
Other expenses	919,876	2,968,125	1,000,131	2,786,866
Total ¹	13,674,357	42,178,506	13,110,678	39,221,630

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

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

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

<i>(in millions of Korean won)</i>	2013		2012	
	Three months	Nine months	Three months	Nine months
Wages and salaries	694,246	2,094,556	629,795	1,915,225
Severance benefits	40,940	122,597	35,238	103,003
Welfare expense	144,380	434,433	134,320	402,240
Transportation expense	410,514	1,253,504	422,217	1,185,074
Rental expense	107,831	325,660	106,234	321,335
Commission expense	489,504	1,391,968	481,139	1,334,330
Depreciation	65,420	192,517	57,853	175,601
Amortization	45,861	174,028	74,265	221,979
Taxes and dues	61,631	150,724	39,633	116,855
Advertising expense	295,847	814,054	413,429	909,998
Promotion expense	192,930	532,499	186,017	508,341
Direct R&D costs	91,039	300,277	123,489	307,471
Direct service costs	237,540	642,500	188,087	536,604
Bad debt expense	(18,498)	12,049	6,082	73,709
Other	215,877	620,579	180,316	523,059
Total	3,075,062	9,061,945	3,078,114	8,634,824

21. Financial Income

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

<i>(in millions of Korean won)</i>	2013		2012	
	Three months	Nine months	Three months	Nine months
Interest income	20,783	66,551	27,410	81,474
Exchange differences	53,761	227,802	38,466	246,383
Gain on derivatives	960	17,252	2,112	29,161
Other	1	1	-	-
Total	75,505	311,606	67,988	357,018

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22. Financial Expenses

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

<i>(in millions of Korean won)</i>	2013		2012	
	Three months	Nine months	Three months	Nine months
Interest expense	102,578	305,287	101,790	327,754
Exchange differences	79,589	284,064	73,110	290,060
Loss on derivatives	2,695	7,190	1,440	20,746
Loss on disposal of trade receivables	4,989	14,860	5,872	22,318
Other	350	1,281	880	1,633
Total	190,201	612,682	183,092	662,511

23. Other Non-operating Income

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

<i>(in millions of Korean won)</i>	2013		2012	
	Three months	Nine months	Three months	Nine months
Dividend income	-	327	-	289
Exchange differences	320,276	895,463	249,215	821,747
Gain on derivatives	2,451	3,229	128	3,644
Gain on disposal of property, plant and equipment	9,625	17,257	6,443	14,250
Gain on disposal of intangible assets	1,073	1,338	37	928
Gain on disposal of available-for-sale financial assets	113	7,677	1,619	6,594
Gain on disposal of investments in associates and joint ventures	-	-	-	135,795
Other	6,348	18,502	16,647	44,645
Total	339,886	943,793	274,089	1,027,892

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24. Other Non-operating Expenses

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

<i>(in millions of Korean won)</i>	2013		2012	
	Three months	Nine months	Three months	Nine months
Exchange differences	360,607	1,097,955	182,050	789,614
Loss on derivatives	3,066	4,558	1,369	8,690
Loss on disposal of property, plant and equipment	2,317	11,672	6,422	13,595
Loss on disposal of intangible assets	3,814	13,603	6,604	20,331
Impairment loss on available-for-sale financial assets	45	2,498	-	8,408
Other	19,713	105,707	9,254	80,742
Total	389,562	1,235,993	205,699	921,380

25. Earnings per Share

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

Basic earnings per common share for the three-month and nine-month periods ended September 30, 2013 and 2012, is as follows:

	2013		2012	
	Three months	Nine months	Three months	Nine months
Profit attributable to common shares (in millions of won) ¹	75,784	216,695	141,534	509,891
Weighted average number of common shares outstanding (unit: shares) ²	162,884,646	162,884,646	162,884,648	162,884,649
Basic earnings per common share (in won)	465	1,330	869	3,130

Basic earnings per preferred share for the three-month and nine-month periods ended September 30, 2013 and 2012, is as follows:

	2013		2012	
	Three months	Nine months	Three months	Nine months
Profit attributable to preferred shares (in millions of won) ¹	8,208	23,501	15,143	54,428
Weighted average number of preferred shares outstanding (unit: shares) ²	17,181,302	17,181,302	17,181,303	17,181,304
Basic earnings per preferred share (in won)	478	1,368	882	3,168

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

<i>(in millions of Korean won)</i>	2013		2012	
	Three months	Nine months	Three months	Nine months
Profit for the period attributable to the Parent Company (A)	83,992	240,196	156,677	564,319
Common share dividends (B)	8,145	24,433	8,145	24,433
Preferred share dividends (C)	1,073	3,221	1,073	3,221
Undistributed earnings (D=A-B-C)	74,774	212,542	147,459	536,665
Undistributed earnings available for common shares (E)	67,639	192,262	133,389	485,458
Undistributed earnings available for preferred shares (F)	7,135	20,280	14,070	51,207
Profit attributable to common shares (G=B+E)	75,784	216,695	141,534	509,891
Profit attributable to preferred shares (H=C+F)	8,208	23,501	15,143	54,428

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

<i>(in millions of Korean won)</i>	2013		2012	
	Three months	Nine months	Three months	Nine months
Common shares outstanding	163,647,814	163,647,814	163,647,814	163,647,814
Common treasury shares	(763,168)	(763,168)	(763,166)	(763,166)
Common shares	162,884,646	162,884,646	162,884,648	162,884,648
Weighted average number of common shares outstanding	162,884,646	162,884,646	162,884,648	162,884,649
Preferred shares outstanding	17,185,992	17,185,992	17,185,992	17,185,992
Preferred treasury shares	(4,690)	(4,690)	(4,689)	(4,689)
Preferred shares	17,181,302	17,181,302	17,181,303	17,181,303
Weighted average number of preferred shares outstanding	17,181,302	17,181,302	17,181,303	17,181,304

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26. Information on Cash Flow

A reconciliation between operating profit and net cash inflow from operating activities for the nine-month periods ended September 30, 2013 and 2012, is as follows:

<i>(in millions of Korean won)</i>	2013	2012
Profit for the period	286,151	581,000
Adjustments:		
Interest expense, net	238,736	246,280
Exchange differences, net	51,702	(41,728)
Gain on derivatives, net	(8,733)	(3,369)
Depreciation	1,154,369	1,029,602
Amortization	277,605	290,563
Loss on disposal of property, plant and equipment and intangible assets, net	6,680	18,748
Provisions for severance benefits	270,824	237,957
Provisions	1,027,882	910,477
Income tax expense	262,359	298,214
Loss(profit) from equity method	(95,225)	21,667
Gain on disposal of investments in associates and joint ventures	-	(135,795)
Other	148,157	197,134
	<u>3,334,356</u>	<u>3,069,750</u>
Changes in operating assets and liabilities:		
Increase in trade receivables	(332,437)	(564,294)
Decrease(increase) in loans and other receivables	(169,595)	66,405
Increase in inventories	(1,045,217)	(820,565)
Increase in other assets	(119,521)	(62,480)
Increase in trade payables	1,056,083	911,537
Increase in other payables	168,562	367,535
Decrease in provisions	(958,838)	(1,013,597)
Increase(decrease) in other liabilities	(50,804)	39,819
Payment of defined benefit liability	(27,796)	(27,118)
Deposit in plan assets, net	(36,939)	(125,110)
	<u>(1,516,502)</u>	<u>(1,227,868)</u>
Cash generated from operations	<u>2,104,005</u>	<u>2,422,882</u>

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Significant transactions not affecting cash flows for the nine-month periods ended September 30, 2013 and 2012, are as follows:

<i>(in millions of Korean won)</i>	2013	2012
Reclassification of construction-in-progress of property, plant and equipment	805,191	481,081
Reclassification of intangible assets in progress	168,028	175,735
Reclassification of long-term prepayment to intangible assets	71,447	76,437
Reclassification of current maturities of borrowings	1,509,379	1,212,193

The assets and liabilities arising from the transfer of business

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

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

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

27. Contingencies

(a) At the end of the reporting period, borrowings are collateralized by property, plant and equipment, including land, buildings and machinery, and intangible assets, including land use rights, with the book value of ₩685,402 million (2012: ₩468,828 million).

(b) At the end of the reporting period, the Group is provided with a performance guarantee of ₩140,027 million (2012: ₩135,754 million) from Seoul Guarantee Insurance relating to the sales contracts.

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

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

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

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

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

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

28. Commitments

(a) At the end of the reporting period, the Parent Company has overdraft facility agreements with various banks, including Shinhan Bank, with a limit of ₩195,500 million (2012: ₩245,500 million). Its overseas subsidiaries, including LG Electronics (China) Co., Ltd., have overdraft facility agreements with a limit of ₩1,178,075 million (2012: ₩1,172,028 million) with various banks including HSBC. In addition, LG Innotek Co., Ltd. and its subsidiaries and three other subsidiaries, have overdraft facility agreements with various banks, including HSBC, with a limit of ₩130,945 million (2012: ₩122,085 million).

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(b) At the end of the reporting period, the Parent Company has sales agreements for export trade receivables with Shinhan Bank and other 28 various banks amounting to ₩4,465,891 million (2012: ₩4,879,932 million). The Parent Company has corporate electronic settlement services contracts for collection of trade receivables with Hana Bank of up to ₩126,000 million (2012: ₩126,000 million).

In addition, LG Innotek Co., Ltd. and its subsidiaries have trade receivables transfer agreements with Standard Chartered Bank Korea and others amounting to ₩427,169 million (2012: ₩354,580 million) at the end of the reporting period.

In addition, the European subsidiaries, including LG Electronics UK., Ltd., LG Electronics Deutschland GmbH, LG Electronics Espana S.A., transfer their accounts receivable to Societe Generale Bank on a revolving basis, for up to USD426 million (2012: USD443 million).

As of December 31, 2012, LG Electronics U.S.A., Inc. and LG Electronics MobileComm U.S.A. Inc., subsidiaries of the Parent Company, transfer their accounts receivable to JP Morgan Chase Bank on a revolving basis, for up to USD200 million.

(c) At the end of the reporting period, the Parent Company has corporate electronic settlement services contracts with Shinhan Bank and seven other banks for up to ₩895,450 million (2012: ₩945,450 million) which guarantee the payment of trade accounts payable in case the suppliers sell their trade receivables.

In addition, LG Innotek Co., Ltd. and its subsidiaries and four other domestic subsidiaries, provided payment guarantees to financial institutions, including Korea Exchange Bank, amounting to ₩291,454 million (2012: ₩281,427 million) in connection with discount of notes which are paid to their suppliers.

(d) LG Innotek Co., Ltd. has an agreement for underwriting commercial papers amounting to ₩34,000 million (2012: ₩34,000 million). In addition, at the end of the reporting period, the Group has other trade financing agreements and loan commitments with financial institutions, including Industrial Bank of Korea.

(e) Contractual commitments for the acquisition of assets

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

<i>(in millions of Korean won)</i>	September 30, 2013	December 31, 2012
Property, plant and equipment	39,224	26,247
Intangible assets	10,346	23,584
Total	49,570	49,831

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(f) Operating lease commitments – the Group as lessee

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

<i>(in millions of Korean won)</i>	September 30, 2013			
	No later than 1 year	Later than 1 year and no later than 5 years	Over 5 years	Total lease payments
Buildings and offices	84,104	121,998	29,618	235,720
Vehicles	18,529	16,495	-	35,024
Equipment	20,710	15,735	-	36,445
Total	123,343	154,228	29,618	307,189

(g) Operating lease commitments – the Group as lessor

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

<i>(in millions of Korean won)</i>	September 30, 2013			
	No later than 1 year	Later than 1 year and no later than 3 years	Over 3 years	Total lease receipts
Healthcare rental	80,133	137,410	52,846	270,389

The Group recognized ₩56,399 million (2012: ₩38,928 million) in lease income for the nine-month period ended September 30, 2013.

At the end of reporting period, acquisition cost of operating lease assets amounts to ₩71,515 million and their accumulated depreciation amounts to ₩26,731 million.

(h) Trademark license commitments

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

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

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29. Related Party Transactions

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

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

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

Significant transactions and balances

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

<i>(in millions of Korean won)</i>	2013		2012	
	Sales	Purchases	Sales	Purchases
LG Corp.	1,029	111,736	2,416	103,178
Associates and joint ventures	726,576	5,278,138	691,547	4,587,944
Other related parties	93,489	1,398,225	132,473	1,263,836
Total	821,094	6,788,099	826,436	5,954,958

<i>(in millions of Korean won)</i>	September 30, 2013		December 31, 2012	
	Receivables	Payables	Receivables	Payables
LG Corp.	22,045	5,745	29,394	2,034
Associates and joint ventures	306,868	763,089	226,243	674,852
Other related parties	99,311	430,463	97,662	580,775
Total	428,224	1,199,297	353,299	1,257,661

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

<i>(in millions of Korean won)</i>	2013	2012
Associates and joint ventures		
Capital investment	43,500	-
Receipt of dividends	10,250	36,341
Other related parties		
Acquisition of shares (Note 32)	17,000	-

- iii) During the reporting period, the Group transferred the Data Storage business to Hitachi-LG Data Storage Inc. and its subsidiaries (Note 26).

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- iv) The Group acquired the business from LG Display Co., Ltd., an associate, for the nine-month period ended September 30, 2012 (Note 32).

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

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

30. Risk Management

Financial Risk Management

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

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

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

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

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

(a) Market risk

i) Foreign exchange risk

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

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

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

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

Speculative foreign exchange trading is strictly prohibited.

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

<i>(in millions of Korean won)</i>	September 30, 2013		December 31, 2012	
	10% increase	10% decrease	10% increase	10% decrease
USD/KRW	(151,013)	151,013	(192,006)	192,006
EUR/KRW	36,637	(36,637)	39,742	(39,742)

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

ii) Interest rate risk

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

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

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

<i>(in millions of Korean won)</i>	2013		2012	
	100bp increase	100bp decrease	100bp increase	100bp decrease
Interest expense	9,053	(9,053)	15,643	(15,643)
Interest income	16,044	(16,044)	23,282	(23,282)

iii) Price risk

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

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

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

<i>(in millions of Korean won)</i>	September 30, 2013		December 31, 2012	
	30% increase	30% decrease	30% increase	30% decrease
KOSPI	1	(1)	1	(1)
KOSDAQ	2,936	(2,936)	1,923	(1,923)

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

(b) Credit risk

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

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

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

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

As of September 30, 2013, trade receivable balance of the Group is ₩7,529,120 million (2012: ₩7,471,179 million) and its risk is managed appropriately with insurer's credit limit of ₩29,733,237 million (2012: ₩30,200,202 million).

(c) Liquidity risk

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

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

In addition, the Group copes with potential financial distress by maintaining adequate amount of cash and committed credit facilities. The balance of cash and cash equivalents, and current-financial deposits at September 30, 2013, is ₩2,404,310 million (2012: ₩2,239,000 million). The Group maintains total committed credit lines of ₩600,000 million (2012: ₩600,000 million) in Woori Bank, Kookmin Bank, and Shinhan Bank in Korea at September 30, 2013.

As of September 30, 2013, the balance of cash and cash equivalents, and current-financial deposits of the Group is about 88% (2012: 82%) of the current borrowings due in 12 months. If committed credit lines are included, the balance covers about 110% (2012: 105%) of short-term borrowings.

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

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

Capital Risk Management

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

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

<i>(in millions of Korean won, except for ratios)</i>	September 30, 2013	December 31, 2012
Liability (A)	23,534,984	22,060,303
Equity (B)	12,878,344	12,705,747
Cash and cash equivalents and current financial deposits (C)	2,404,310	2,239,000
Borrowings (D)	8,974,317	8,638,387
Debt-to-equity ratio (A/B)	183%	174%
Net borrowings ratio (D-C)/B	51%	50%

Fair Value Estimation

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

<i>(in millions of Korean won)</i>	September 30, 2013		December 31, 2012	
	Book amount	Fair value	Book amount	Fair value
Current financial asset items				
[Assets at fair value]				
- Other financial assets				
Financial assets at fair value through profit or loss	19,218	19,218	554	554
[Assets at amortized cost]				
- Cash and cash equivalents	2,339,108	2,339,108	2,185,000	2,185,000
- Financial deposits	65,202	65,202	54,000	54,000
- Trade receivables	7,388,089	7,388,089	7,332,761	7,332,761
- Loans and other receivables	671,879	671,879	498,615	498,615
- Other financial assets				
Held-to-maturity financial assets	1	1	55,932	55,932
Non-current financial asset items				
[Assets at fair value]				
- Other financial assets				
Financial assets at fair value through profit or loss	-	-	9,826	9,826
Available-for-sale financial assets ¹	14,900	14,900	10,839	10,839
[Assets at amortized cost]				
- Financial deposits	120,159	120,159	121,036	121,036
- Loans and other receivables	592,639	572,684	603,233	526,984
- Other financial assets				
Held-to-maturity financial assets	2,575	2,575	2,576	2,576
Total financial assets	11,213,770	11,193,815	10,874,372	10,798,123

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

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<i>(in millions of Korean won)</i>	September 30, 2013		December 31, 2012	
	Book amount	Fair value	Book amount	Fair value
Current financial liability items				
[Liabilities at fair value]				
- Other financial liabilities				
Financial liabilities at fair value through profit or loss	2,685	2,685	321	321
Derivatives for hedging purposes	4,701	4,701	-	-
[Liabilities at amortized cost]				
- Trade payables	6,533,084	6,533,084	5,626,571	5,626,571
- Borrowings	2,739,322	2,739,322	2,715,041	2,715,041
- Other payables	2,042,707	2,042,707	2,552,054	2,552,054
- Other current liabilities	576	576	24	24
Non-current financial liability items				
[Liabilities at fair value]				
- Other financial liabilities				
Financial liabilities at fair value through profit or loss	522	522	2,732	2,732
Derivatives for hedging purposes	4,856	4,856	13,889	13,889
[Liabilities at amortized cost]				
- Borrowings	6,234,995	6,405,217	5,923,346	6,107,218
- Other payables	32,845	32,845	29,169	29,169
Total financial liabilities	17,596,293	17,766,515	16,863,147	17,047,019

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

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

i) Derivatives

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

ii) Available-for-sale financial assets

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

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

iii) Non-current loans and other receivables

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

	September 30, 2013	December 31, 2012
Discount rate	5.01%	5.62%

iv) Non-current borrowings

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

v) Current financial assets and current financial liabilities

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

(c) Methods and Assumptions in Determining Fair Value

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

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly.
- Level 3: inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

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<i>(In millions of Korean won)</i>	September 30, 2013			
	Level 1	Level 2	Level 3	Total
Assets				
Financial assets at fair value through profit or loss				
- Derivatives held for trading	-	19,218	-	19,218
Available-for-sale financial assets				
- Listed securities and debt securities	11,860	-	3,040	14,900
Total	11,860	19,218	3,040	34,118
Liabilities				
Financial liabilities at fair value through profit or loss - Derivatives held for trading	-	3,207	-	3,207
Derivatives for hedging purposes	-	9,557	-	9,557
Total	-	12,764	-	12,764

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

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

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

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

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

These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to measure the fair value of an instrument are observable, the instrument is included in 'level 2'.

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Financial instruments included in 'level 2' are derivative financial instruments. The fair value of derivative financial instruments is measured at discount using forward exchange rate as of the reporting date.

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

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

31. Share-Based Payments

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

32. Business Combinations

(a) LED-related Business of LG Display

- i) On September 1, 2012, LG Innotek (Guangzhou) Co., Ltd., a subsidiary, acquired an LED-related business of LG Display Guangzhou Co., Ltd. and LG Display Nanjing Co., Ltd., subsidiaries of LG Display Co., Ltd., for ₩44,585 million.
- ii) The assets acquired are measured at fair values at the acquisition date in accordance with Korean IFRS 1103, 'Business Combination'. No additional identifiable intangible assets or goodwill arose.
- iii) The following table summarizes the consideration paid and the fair value of assets acquired and liabilities assumed:

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

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

(b) V-ENS Co., Ltd.

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

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

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Net defined benefit liability	(542)
Total identifiable net assets	17,028
Goodwill	-

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

<i>(in millions of Korean won)</i>	Amounts		Amounts	
	<u>before adjustments</u>	<u>Adjustments</u>	<u>after adjustments</u>	
Net sales	43,225,067	37,060	43,262,127	
Loss for the period	286,151	4,642	290,793	

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