

LG Electronics
Interim Consolidated Financial Statements
September 30, 2015 and 2014

LG Electronics

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September 30, 2015 and 2014

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Report on Review of Interim Financial Statements

(English Translation of a Report Originally Issued in Korean)

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 interim financial statements consist of the interim consolidated statement of financial position of the Group as of September 30, 2015, and the related interim consolidated statements of income and comprehensive income for the three-month and nine-month periods ended September 30, 2015 and 2014, and interim consolidated statements of changes in equity and cash flows for the nine-month periods ended September 30, 2015 and 2014, and a summary of significant accounting policies and other explanatory notes, expressed in Korean won.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these interim 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 interim consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to issue a report on these interim consolidated financial statements based on our reviews.

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



Conclusion

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

Other matters

We have audited the accompanying consolidated statement of financial position of the Group as of December 31, 2014, and the related consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended, in accordance with the Korean Standards on Auditing. We expressed an unqualified opinion on those consolidated financial statements in our audit report dated March 11, 2015. These consolidated financial statements are not included in this review report. The consolidated statement of financial position as of December 31, 2014, presented herein for comparative purposes, is consistent, in all material respects, with the above audited statement of financial position as of December 31, 2014.

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.

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

Seoul, Korea
November 13, 2015

This interim report is effective as of November 13, 2015, 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, 2015 and December 31, 2014

<i>(in millions of Korean won)</i>	Note	September 30, 2015 (Unaudited)	December 31, 2014
Assets			
Current assets			
Cash and cash equivalents	5,30	2,961,321	2,244,406
Financial deposits	5,30	74,184	67,700
Trade receivables	5,6,30	8,034,725	7,683,915
Loans and other receivables	5,6,30	599,970	633,219
Other financial assets	5,7,30	92,147	11,193
Inventories	8	5,880,268	5,711,273
Current income tax assets		187,701	246,878
Other current assets		988,603	884,114
Assets classified as held for sale	32	12,163	-
		<u>18,831,082</u>	<u>17,482,698</u>
Non-current assets			
Financial deposits	5,30	78,840	94,323
Loans and other receivables	5,6,30	548,450	548,564
Other financial assets	5,7,30	88,432	56,775
Property, plant and equipment	9	10,496,884	10,596,853
Intangible assets	9	1,417,083	1,394,336
Deferred income tax assets		1,799,779	1,573,395
Investments in associates and joint ventures	10	4,951,258	4,594,461
Investment property		23,452	2,699
Other non-current assets		712,157	724,316
		<u>20,116,335</u>	<u>19,585,722</u>
Total assets		<u>38,947,417</u>	<u>37,068,420</u>
Liabilities			
Current liabilities			
Trade payables	5,30	7,219,792	6,741,710
Borrowings	5,11,30	2,912,130	2,575,550
Other payables	5,30	2,428,647	3,020,870
Other financial liabilities	5,7,30	3,561	6,528
Current income tax liabilities		92,118	95,963
Provisions	13	601,131	710,764
Other current liabilities		3,010,589	2,602,964
		<u>16,267,968</u>	<u>15,754,349</u>
Non-current liabilities			
Borrowings	5,11,30	6,861,801	6,426,881
Other payables	5,30	12,725	14,320
Other financial liabilities	5,7,30	75,694	62,574
Deferred income tax liabilities		4,438	6,012
Net defined benefit liability	12	1,180,996	798,450
Provisions	13	1,110,576	1,004,940
Other non-current liabilities		9,645	9,797
		<u>9,255,875</u>	<u>8,322,974</u>
Total liabilities		<u>25,523,843</u>	<u>24,077,323</u>
Equity attributable to owners of the Parent Company			
Paid-in capital:	14		
Capital stock		904,169	904,169
Share premium		3,088,179	3,088,179
Retained earnings	15	9,185,720	9,081,044
Accumulated other comprehensive loss	16	(927,947)	(1,143,557)
Other components of equity	17	(210,343)	(210,412)
		<u>12,039,778</u>	<u>11,719,423</u>
Non-controlling interests		<u>1,383,796</u>	<u>1,271,674</u>
Total equity		<u>13,423,574</u>	<u>12,991,097</u>
Total liabilities and equity		<u>38,947,417</u>	<u>37,068,420</u>

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Interim Consolidated Statements of Income
Three-Month and Nine-Month Periods Ended September 30, 2015 and 2014

<i>(in millions of Korean won, except per share amounts)</i>	Note	2015 (Unaudited)		2014 (Unaudited)	
		Three months	Nine months	Three months	Nine months
Continuing operations					
Net sales	18	14,028,794	41,948,901	14,712,976	43,768,707
Cost of sales	19	10,769,940	32,408,743	11,150,268	33,313,312
Gross profit		3,258,854	9,540,158	3,562,708	10,455,395
Selling and marketing expenses	19,20	1,666,653	4,896,345	1,814,435	5,220,232
Administrative expenses	19,20	359,351	1,072,191	336,327	979,339
Research and development expenses	19,20	599,481	1,811,551	578,622	1,709,824
Service costs	19,20	339,387	916,777	368,337	992,574
Operating income		293,982	843,294	464,987	1,553,426
Financial income	21	168,264	409,686	123,192	290,621
Financial expenses	22	233,291	675,661	191,221	557,150
Gain from equity method valuation	10	69,963	361,691	120,663	164,368
Other non-operating income	23	666,419	1,467,562	249,808	860,928
Other non-operating expenses	24	854,450	1,934,100	496,216	1,151,243
Profit before income tax		110,887	472,472	271,213	1,160,950
Income tax expense(benefit)		(14,173)	80,324	51,722	440,538
Profit for the period from continuing operations		125,060	392,148	219,491	720,412
Discontinued operations					
Loss for the period from discontinued operations	33	(310)	(2,575)	(16,842)	(13,363)
Profit for the period		124,750	389,573	202,649	707,049
Profit(loss) for the period attributable to:					
Equity holders of the Parent Company					
Continuing operations		84,014	275,622	176,400	617,057
Discontinued operations		(310)	(2,581)	(16,716)	(13,373)
		83,704	273,041	159,684	603,684
Non-controlling interests					
Continuing operations		41,046	116,526	43,091	103,355
Discontinued operations		-	6	(126)	10
		41,046	116,532	42,965	103,365
Earnings per share attributable to the equity holders of the Parent Company during the period (in won):					
25					
Earnings (loss) per share for profit attributable to the common equity holders of the Parent Company					
From continuing operations		464	1,513	886	3,349
From discontinued operations		(1)	(14)	(93)	(74)
Earnings (loss) per share for profit attributable to the preferred equity holders of the Parent Company					
From continuing operations		477	1,551	899	3,387
From discontinued operations		478	1,565	992	3,461
		(1)	(14)	(93)	(74)

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Interim Consolidated Statements of Comprehensive Income
Three-Month and Nine-Month Periods Ended September 30, 2015 and 2014

(in millions of Korean won)

	Note	2015 (Unaudited)		2014 (Unaudited)	
		Three months	Nine months	Three months	Nine months
Profit for the period		124,750	389,573	202,649	707,049
Other comprehensive income(loss), net of tax					
Items that will not be reclassified subsequently to profit or loss:					
Remeasurements of the net defined benefit liability	12	(65,730)	(101,889)	(47,700)	(76,841)
Share of remeasurements for the net defined benefit liability of associates	10	(200)	(1,107)	(101)	(1,054)
Items that will be reclassified subsequently to profit or loss:					
Other comprehensive income(loss) (excluding remeasurements) from associates and joint ventures	10	67,126	99,508	42,646	(32,620)
Cash flow hedges	30	(33,675)	(37,785)	(11,884)	(25,851)
Available-for-sale financial assets	7	(2,142)	(203)	(512)	(1,216)
Currency translation differences		167,776	192,826	13,739	(215,566)
Other comprehensive income(loss) for the period, net of tax		133,155	151,350	(3,812)	(353,148)
Total comprehensive income for the period, net of tax		257,905	540,923	198,837	353,901
Comprehensive income for the period, net of tax, attributable to:					
Equity holders of the Parent Company		196,966	393,171	140,822	267,028
Non-controlling interests		60,939	147,752	58,015	86,873
Total comprehensive income for the period, net of tax		257,905	540,923	198,837	353,901

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Interim Consolidated Statements of Changes in Equity
Nine-Month Periods Ended September 30, 2015 and 2014

Attributable to equity holders of the Parent Company								
<i>(in millions of Korean won)</i>	Note	Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income(loss)	Other Components of Equity	Total	Non-controlling Interests	Total Equity
Balance at January 1, 2014		3,992,348	8,885,523	(907,440)	(231,229)	11,739,202	950,167	12,689,369
Comprehensive income(loss):								
Profit for the period		-	603,684	-	-	603,684	103,365	707,049
Remeasurements of the net defined benefit liability	12	-	(70,735)	-	-	(70,735)	(6,106)	(76,841)
Share of remeasurements for the net defined benefit liability of associates	10	-	(1,054)	-	-	(1,054)	-	(1,054)
Share of other comprehensive income (excluding remeasurements) of associates and joint ventures	10	-	-	(32,620)	-	(32,620)	-	(32,620)
Cash flow hedges	30	-	-	(25,851)	-	(25,851)	-	(25,851)
Available-for-sale financial assets	7	-	-	(1,115)	-	(1,115)	(101)	(1,216)
Currency translation differences		-	-	(205,281)	-	(205,281)	(10,285)	(215,566)
Total comprehensive income		-	531,895	(264,867)	-	267,028	86,873	353,901
Transactions with equity holders:								
Dividends	15	-	(36,872)	-	-	(36,872)	(28,555)	(65,427)
Changes in controlling interests in subsidiaries		-	-	-	20,980	20,980	256,768	277,748
Total transactions with equity holders		-	(36,872)	-	20,980	(15,892)	228,213	212,321
Balance at September 30, 2014 (Unaudited)		3,992,348	9,380,546	(1,172,307)	(210,249)	11,990,338	1,265,253	13,255,591
Balance at January 1, 2015		3,992,348	9,081,044	(1,143,557)	(210,412)	11,719,423	1,271,674	12,991,097
Comprehensive income(loss):								
Profit for the period		-	273,041	-	-	273,041	116,532	389,573
Remeasurements of the net defined benefit liability	12	-	(94,373)	-	-	(94,373)	(7,516)	(101,889)
Share of remeasurements for the net defined benefit liability of associates	10	-	(1,107)	-	-	(1,107)	-	(1,107)
Share of other comprehensive loss (excluding remeasurements) of associates and joint ventures	10	-	-	99,508	-	99,508	-	99,508
Cash flow hedges	30	-	-	(37,785)	-	(37,785)	-	(37,785)
Available-for-sale financial assets	7	-	-	(202)	-	(202)	(1)	(203)
Currency translation differences		-	-	154,089	-	154,089	38,737	192,826
Total comprehensive income(loss)		-	177,561	215,610	-	393,171	147,752	540,923
Transactions with equity holders:								
Dividends	15	-	(72,885)	-	-	(72,885)	(36,284)	(109,169)
Issuance of common shares of subsidiaries		-	-	-	69	69	654	723
Total transactions with equity holders		-	(72,885)	-	69	(72,816)	(35,630)	(108,446)
Balance at September 30, 2015 (Unaudited)		3,992,348	9,185,720	(927,947)	(210,343)	12,039,778	1,383,796	13,423,574

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Interim Consolidated Statements of Cash Flows
Nine-Month Periods Ended September 30, 2015 and 2014

<i>(in millions of Korean won)</i>	Note	Nine-Month Period Ended September 30	
		2015 (Unaudited)	2014 (Unaudited)
Cash flows from operating activities			
Cash generated from operations	26	1,996,786	2,323,091
Interest received		56,202	57,343
Interest paid		(346,020)	(330,477)
Dividend received		71,897	17,359
Income tax paid		(279,292)	(391,784)
Net cash generated from operating activities		<u>1,499,573</u>	<u>1,675,532</u>
Cash flows from investing activities			
Decrease in financial deposits		44,481	31,467
Decrease in loans and other receivables		126,718	161,153
Proceeds from redemption and disposal of other financial assets		49,718	31,917
Proceeds from disposal of property, plant and equipment		64,503	82,887
Proceeds from disposal of intangible assets		1,822	16,687
Proceeds from redemption and disposal of investments in associates and joint ventures		54,050	680
Transfer of Business	26	22,010	-
Decrease in others		1,230	3,948
Increase in financial deposits		(32,359)	(17,715)
Increase in loans and other receivables		(122,752)	(125,203)
Acquisition of other financial assets		(29,691)	(38,307)
Acquisition of property, plant and equipment		(1,283,363)	(1,580,895)
Acquisition of intangible assets		(357,416)	(330,115)
Acquisition of investments in associates and joint ventures		-	(7,782)
Business combination	31	(14,603)	-
Increase in others		-	(414)
Net cash used in investing activities		<u>(1,475,652)</u>	<u>(1,771,692)</u>
Cash flows from financing activities			
Proceeds from borrowings		2,240,893	2,123,836
Issuance of common shares of subsidiaries		723	-
Repayments of borrowings		(1,499,424)	(1,558,906)
Dividends paid		(90,186)	(65,621)
Net cash provided by financing activities		<u>652,006</u>	<u>499,309</u>
Exchange gains(losses) on cash and cash equivalents		<u>40,988</u>	<u>(98,710)</u>
Net increase in cash and cash equivalents		716,915	304,439
Cash and cash equivalents at the beginning of period		2,244,406	2,645,270
Cash and cash equivalents at the end of period		<u>2,961,321</u>	<u>2,949,709</u>

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Notes to the Interim Consolidated Financial Statements

September 30, 2015 and 2014(unaudited), and December 31, 2014

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 the form of global depositary receipts (“GDRs”), 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, 2015, 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 Parent Company and its subsidiaries (the “Group”) operate the following business segments: Home Entertainment segment manufactures and sells TVs, monitors, and digital media products, Mobile Communications segment manufactures and sells mobile communications equipment, Home Appliance & Air Solution segment manufactures and sells refrigerators, washing machines, vacuum cleaners, residential air conditioners and commercial air conditioners, Vehicle Components segment designs and manufactures automobile parts, and LG Innotek Co., Ltd. manufactures and sells LED, optics solutions, substrate materials, and automotive components businesses. The Parent Company has 141 subsidiaries as of September 30, 2015, which are as follows:

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Notes to the Interim Consolidated Financial Statements
September 30, 2015 and 2014(unaudited), and December 31, 2014

(a) Consolidated subsidiaries as of September 30, 2015 and December 31, 2014, are as follows:

Territory	Location	Subsidiaries	September 30, 2015		December 31, 2014		Closing month	Major business	Basis of control
			Percentage of ownership		Percentage of ownership				
			Controlling interest	Non-controlling interest	Controlling interest	Non-controlling interest			
The Republic of Korea	Korea	Hiplaza Co., Ltd.	100.0%	-	100.0%	-	December	Wholesale and Retail of Electronic products	More than half of voting rights
	Korea	Hi Logistics Co., Ltd.	100.0%	-	100.0%	-	December	Logistics Services	More than half of voting rights
	Korea	Hi Entech Co., Ltd.	100.0%	-	100.0%	-	December	Water engineering	More than half of voting rights
	Korea	LG Hitachi Water Solution Co., Ltd.	51.0%	49.0%	51.0%	49.0%	December	Water treatment	More than half of voting rights
	Korea	ACE R&A Co., Ltd.	100.0%	-	100.0%	-	December	Production and Sale of air conditioner	More than half of voting rights
	Korea	Hi M Solutek	100.0%	-	100.0%	-	December	Maintenance	More than half of voting rights
	Korea	Hi Teleservice Co., Ltd.	100.0%	-	100.0%	-	December	Marketing Services	More than half of voting rights
	Korea	LGE Alliance Fund	96.2%	3.8%	96.2%	3.8%	December	Investment	More than half of voting rights
	Korea	Innovation Investment Fund	83.3%	16.7%	83.3%	16.7%	December	Investment	More than half of voting rights
	Korea	LG Innotek Co., Ltd. ¹	40.8%	59.2%	40.8%	59.2%	December	Production and Sale of Electronic materials	De-facto control
	Korea	LG Innotek Alliance Fund ¹	40.4%	59.6%	40.4%	59.6%	December	Investment	De-facto control
	Korea	Innowith Co., Ltd. ¹	40.8%	59.2%	40.8%	59.2%	December	Cleaning Services	De-facto control
	Korea	Hanuri Co., Ltd.	100.0%	-	100.0%	-	December	Cleaning Services	More than half of voting rights
	Korea	LGE Alliance Fund II	98.7%	1.3%	98.7%	1.3%	December	Investment	More than half of voting rights

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Territory	Location	Subsidiaries	September 30, 2015		December 31, 2014		Closing month	Major business	Basis of control
			Percentage of ownership		Percentage of ownership				
			Controlling interest	Non-controlling interest	Controlling interest	Non-controlling interest			
China	China	Hi Logistics (China) Co., Ltd.	100.0%	-	100.0%	-	December	Logistics Services	More than half of voting rights
	China	Inspur LG Digital Mobile Communications Co., Ltd.(LGEYT)	70.0%	30.0%	70.0%	30.0%	December	Production of Electronic products	More than half of voting rights
	China	LG Electronics (China) Co., Ltd.(LGECH)	100.0%	-	100.0%	-	December	Sale of Electronic products	More than half of voting rights
	China	LG Electronics (China) Research and Development Center Co., Ltd.(LGERD)	100.0%	-	100.0%	-	December	R&D	More than half of voting rights
	China	LG Electronics (Hangzhou) Co., Ltd.(LGEHN)	70.0%	30.0%	70.0%	30.0%	December	Production of Electronic products	More than half of voting rights
	China	LG Electronics (Kunshan) Computer Co., Ltd.(LGEKS)	100.0%	-	100.0%	-	December	Production of Electronic products	More than half of voting rights
	China	LG Electronics (Shanghai) Research and Development Center Co., Ltd.(LGCRC)	100.0%	-	100.0%	-	December	R&D	More than half of voting rights
	China	LG Electronics Air-Conditioning(Shandong) Co., Ltd.(LGEQA)	100.0%	-	100.0%	-	December	Production and Sale of Electronic products	More than half of voting rights
	China	LG Electronics HK Ltd.(LGEHK)	100.0%	-	100.0%	-	December	Sale of Electronic products	More than half of voting rights
	China	LG Electronics Huizhou Ltd.(LGEHZ)	80.0%	20.0%	80.0%	20.0%	December	Production of Electronic products	More than half of voting rights
	China	LG Electronics Nanjing New Technology co.,LTD(LGENT)	70.0%	30.0%	70.0%	30.0%	December	Production of Electronic products	More than half of voting rights
	China	LG Electronics Qinhuangdao Inc.(LGEQH)	100.0%	-	100.0%	-	December	Production of Casting	More than half of voting rights
	China	LG Electronics Shenyang Inc.(LGESY)	78.9%	21.1%	78.9%	21.1%	December	Production of Electronic products	More than half of voting rights

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Territory	Location	Subsidiaries	September 30, 2015		December 31, 2014		Closing month	Major business	Basis of control
			Percentage of ownership		Percentage of ownership				
			Controlling interest	Non-controlling interest	Controlling interest	Non-controlling interest			
	China	LG Electronics Tianjin Appliances Co., Ltd.(LGETA)	80.0%	20.0%	80.0%	20.0%	December	Production of Electronic products	More than half of voting rights
	China	NanJing LG-Panda Appliances Co., Ltd.(LGEPN)	70.0%	30.0%	70.0%	30.0%	December	Production of Electronic products	More than half of voting rights
	China	Qingdao LG Inspur Digital Communication Co., Ltd.(LGEQD)	70.0%	30.0%	70.0%	30.0%	December	Production of Electronic products	More than half of voting rights
	China	Shanghai LG Electronics Co., Ltd.(LGESH)	70.0%	30.0%	70.0%	30.0%	December	Production of Electronic products	More than half of voting rights
	China	Taizhou LG Electronics Refrigeration Co., Ltd.(LGETR)	100.0%	-	100.0%	-	December	Production of Electronic products	More than half of voting rights
	China	Tianjin Lijie cartridge heater Co., Ltd.(LGETL)	66.7%	33.3%	66.7%	33.3%	December	Production of Heater	More than half of voting rights
	China	LG Innotek (Yantai) Co., Ltd.(LGITYT) ¹	40.8%	59.2%	40.8%	59.2%	December	Production and Sale of Electronic materials	De-facto control
	China	LG INNOTEK HUIZHOU CO.,LTD(LGITHZ) ¹	40.8%	59.2%	40.8%	59.2%	December	Production and Sale of Electronic materials	De-facto control
	China	LG INNOTEK (FUZHOU) CO., LTD.(LGITFZ) ¹	40.8%	59.2%	40.8%	59.2%	December	Production and Sale of Electronic materials	De-facto control
	China	LG Innotek Trading (Shanghai) Co., Ltd(LGITSH) ¹	40.8%	59.2%	40.8%	59.2%	December	Sale of Electronic materials	De-facto control
	China	HiEntech (Tianjin) Co., LTD.	80.0%	20.0%	100.0%	-	December	Water engineering	More than half of voting rights
Asia	Australia	LG Electronics Australia Pty, Ltd.(LGEAP)	100.0%	-	100.0%	-	December	Sale of Electronic products	More than half of voting rights
	India	LG Electronics India Pvt. Ltd.(LGEIL) ⁴	100.0%	-	100.0%	-	March	Production and Sale of Electronic products	More than half of voting rights
	Japan	LG Electronics Japan Lab. Inc.(LGEJL)	100.0%	-	100.0%	-	December	R&D	More than half of voting rights

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Notes to the Interim Consolidated Financial Statements

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Territory	Location	Subsidiaries	September 30, 2015		December 31, 2014		Closing month	Major business	Basis of control
			Percentage of ownership		Percentage of ownership				
			Controlling interest	Non-controlling interest	Controlling interest	Non-controlling interest			
	Japan	LG Electronics Japan, Inc.(LGEJP)	100.0%	-	100.0%	-	December	Sale of Electronic products	More than half of voting rights
	Malaysia	LG Electronics Malaysia SDN. BHD(LGEML)	100.0%	-	100.0%	-	December	Sale of Electronic products	More than half of voting rights
	Philippines	LG Electronics Philippines Inc.(LGEPH)	100.0%	-	100.0%	-	December	Sale of Electronic products	More than half of voting rights
	Singapore	LG Electronics Singapore PTE LTD.(LGESL)	100.0%	-	100.0%	-	December	Sale of Electronic products	More than half of voting rights
	Taiwan	LG Electronics Taiwan Taipei Co., Ltd.(LGETT)	100.0%	-	100.0%	-	December	Sales of Electronic products	More than half of voting rights
	Thailand	LG Electronics Thailand Co., Ltd.(LGETH)	100.0%	-	100.0%	-	December	Production and Sale of Electronic products	More than half of voting rights
	Vietnam	LG Electronics Vietnam Co., Ltd.(LGEVN)	100.0%	-	100.0%	-	December	Production and Sale of Electronic products	More than half of voting rights
	India	LG Soft India Private Limited.(LGS1) ⁴	100.0%	-	100.0%	-	March	R&D	More than half of voting rights
	Indonesia	P.T. LG Electronics Indonesia(LGEIN)	100.0%	-	100.0%	-	December	Production and Sale of Electronic products	More than half of voting rights
	Philippines	LG Electronics Pasig Inc. ³	38.0%	62.0%	38.0%	62.0%	December	Real estates	De-facto control
	India	Hi Logistics India Private Limited ⁴	100.0%	-	100.0%	-	March	Logistics Services	More than half of voting rights
	Malaysia	HI LOGISTICS MALAYSIA SDN BHD	100.0%	-	100.0%	-	December	Logistics Services	More than half of voting rights
	Indonesia	PT. LG INNOTEK INDONESIA(LGITIN) ¹	40.8%	59.2%	40.8%	59.2%	December	Production and Sale of Electronic materials	De-facto control
	Taiwan	LG INNOTEK (TAIWAN) CO.,LTD.(LGITTW) ¹	40.8%	59.2%	40.8%	59.2%	December	Sale of Electronic materials	De-facto control
	Malaysia	V-ENS (M) Sdn. Bhd.	100.0%	-	100.0%	-	December	Automotive engineering	More than half of voting rights

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			Percentage of ownership		Percentage of ownership				
			Controlling interest	Non-controlling interest	Controlling interest	Non-controlling interest			
	Vietnam	LG Electronics Vietnam Haiphong Co., Ltd.(LGEVH)	100.0%	-	100.0%	-	December	Production of Electronic products	More than half of voting rights
	Indonesia	PT.LG Electronics Service Indonesia(LGEID)	99.8%	0.2%	99.8%	0.2%	December	Services	More than half of voting rights
	Vietnam	Hi Logistics Vietnam Co., LTD.	100.0%	-	100.0%	-	December	Logistics Services	More than half of voting rights
Europe	Netherlands	Hi Logistics Europe B.V.	100.0%	-	100.0%	-	December	Logistics Services	More than half of voting rights
	Austria	LG Electronics Austria GmbH(LGEAG)	100.0%	-	100.0%	-	December	Sale of Electronic products	More than half of voting rights
	Netherlands	LG Electronics Benelux Sales B.V.(LGEBN)	100.0%	-	100.0%	-	December	Sale of Electronic products	More than half of voting rights
	Czech Republic	LG Electronics CZ, s.r.o.(LGE CZ)	100.0%	-	100.0%	-	December	Sale of Electronic products	More than half of voting rights
	Germany	LG Electronics Deutschland GmbH(LGEDG)	100.0%	-	100.0%	-	December	Sale of Electronic products	More than half of voting rights
	Spain	LG Electronics Espana S.A.(LGEES)	100.0%	-	100.0%	-	December	Sale of Electronic products	More than half of voting rights
	Netherlands	LG Electronics European Holdings B.V.(LGEEH)	100.0%	-	100.0%	-	December	European Holding	More than half of voting rights
	Netherlands	LG Electronics European Shared Service Center B.V.(LGESC)	100.0%	-	100.0%	-	December	Services	More than half of voting rights
	France	LG Electronics France S.A.S.(LGEFS)	100.0%	-	100.0%	-	December	Sale of Electronic products	More than half of voting rights
	Greece	LG Electronics Hellas S.A.(LGEHS)	100.0%	-	100.0%	-	December	Sale of Electronic products	More than half of voting rights
	Italy	LG Electronics Italia S.p.A(LGEIS)	100.0%	-	100.0%	-	December	Sale of Electronic products	More than half of voting rights
	Latvia	LG Electronics Latvia, LLC(LGELA)	100.0%	-	100.0%	-	December	Sale of Electronic products	More than half of voting rights

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Territory	Location	Subsidiaries	September 30, 2015		December 31, 2014		Closing month	Major business	Basis of control
			Percentage of ownership		Percentage of ownership				
			Controlling interest	Non-controlling interest	Controlling interest	Non-controlling interest			
	Hungary	LG Electronics Magyar KFT(LGEMK)	100.0%	-	100.0%	-	December	Sale of Electronic products	More than half of voting rights
	Poland	LG Electronics Mlawa Sp. z o.o(LGEMA)	100.0%	-	100.0%	-	December	Production of Electronic products	More than half of voting rights
	France	LG Electronics Mobilecomm France(LGEMF)	100.0%	-	100.0%	-	December	R&D	More than half of voting rights
	Sweden	LG Electronics Nordic AB(LGESW)	100.0%	-	100.0%	-	December	Sale of Electronic products	More than half of voting rights
	Norway	LG Electronics Norway AS(LGENO)	100.0%	-	100.0%	-	December	Sale of Electronic products	More than half of voting rights
	Poland	LG Electronics Polska Sp. z o.o(LGEPL)	100.0%	-	100.0%	-	December	Sale of Electronic products	More than half of voting rights
	Portugal	LG Electronics Portugal S.A.(LGEPT)	100.0%	-	100.0%	-	December	Sale of Electronic products	More than half of voting rights
	Romania	LG Electronics Romania S.R.L.(LGERO)	100.0%	-	100.0%	-	December	Sale of Electronic products	More than half of voting rights
	UK	LG Electronics United Kingdom Ltd.(LGEUK)	100.0%	-	100.0%	-	December	Sale of Electronic products	More than half of voting rights
	Poland	LG Electronics Wroclaw Sp.z o.o(LGEWR)	100.0%	-	100.0%	-	December	Production of Electronic products	More than half of voting rights
	Finland	LG Electronics Finland Lab, Oy (LGEFL)	100.0%	-	-	-	December	R&D	More than half of voting rights
	Finland	LPRFIC Oy	100.0%	-	-	-	December	R&D	More than half of voting rights
	Poland	LG Innotek Poland Sp.z.o.o.(LGITPO) ¹	40.8%	59.2%	40.8%	59.2%	December	Production and Sale of Electronic materials	De-facto control
North America	USA	LG Electronics Miami Inc.(LGEMI)	100.0%	-	100.0%	-	December	Sale of Electronic products	More than half of voting rights
	USA	LG Electronics Alabama Inc.(LGEAI)	100.0%	-	100.0%	-	December	Services	More than half of voting rights

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Territory	Location	Subsidiaries	September 30, 2015		December 31, 2014		Closing month	Major business	Basis of control
			Percentage of ownership		Percentage of ownership				
			Controlling interest	Non-controlling interest	Controlling interest	Non-controlling interest			
	Canada	LG Electronics Canada, Inc.(LGECI)	100.0%	-	100.0%	-	December	Sale of Electronic products	More than half of voting rights
	Mexico	LG Electronics Mexicali, S.A. DE C.V.(LGEMX)	100.0%	-	100.0%	-	December	Production of Electronic products	More than half of voting rights
	Mexico	LG Electronics Mexico S.A. DE C.V.(LGEMS)	100.0%	-	100.0%	-	December	Sale of Electronic products	More than half of voting rights
	USA	LG Electronics Mobile Research U.S.A., L.L.C.(LGEMR)	100.0%	-	100.0%	-	December	R&D	More than half of voting rights
	USA	LG Electronics Mobilecomm U.S.A., Inc.(LGEMU)	100.0%	-	100.0%	-	December	Sale of Electronic products	More than half of voting rights
	Mexico	LG Electronics Monterrey Mexico S.A.de C.V.(LGEMM)	100.0%	-	100.0%	-	December	Production of Electronic products	More than half of voting rights
	Mexico	LG Electronics Reynosa S.A. DE C.V.(LGERS)	100.0%	-	100.0%	-	December	Production of Electronic products	More than half of voting rights
	USA	LG Electronics U.S.A., Inc.(LGEUS)	100.0%	-	100.0%	-	December	Sale of Electronic products	More than half of voting rights
	Mexico	Servicios Integrales LG S.A DE C.V	100.0%	-	100.0%	-	December	Services	More than half of voting rights
	Mexico	Servicios LG Monterrey Mexico S.A. de C.V.	100.0%	-	100.0%	-	December	Services	More than half of voting rights
	USA	Zenith Electronics Corporation of Pennsylvania	100.0%	-	100.0%	-	December	Production of Electronic products	More than half of voting rights
	USA	Zenith Electronics Corporation(Zenith)	100.0%	-	100.0%	-	December	R&D	More than half of voting rights
	USA	LG Innotek USA, Inc.(LGITUS) ¹	40.8%	59.2%	40.8%	59.2%	December	Sale of Electronic products	De-facto control
	Mexico	HILOGISTICS MEXICO SA DE CV	100.0%	-	100.0%	-	December	Logistics Services	More than half of voting rights

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Territory	Location	Subsidiaries	September 30, 2015		December 31, 2014		Closing month	Major business	Basis of control
			Percentage of ownership		Percentage of ownership				
			Controlling interest	Non-controlling interest	Controlling interest	Non-controlling interest			
	Mexico	HiLogistics Reynosa	100.0%	-	100.0%	-	December	Logistics Services	More than half of voting rights
	USA	HiLogistics USA	100.0%	-	100.0%	-	December	Logistics Services	More than half of voting rights
	Mexico	LG INNOTEK MEXICO SA DE CV(LGITMX) ¹	40.8%	59.2%	40.8%	59.2%	December	Production and Sale of Automotive materials	De-facto control
South America	Brazil	LG Armagem Geral Ltda.	100.0%	-	100.0%	-	December	Services	More than half of voting rights
	Argentina	LG Electronics Argentina S.A.(LGEAR)	100.0%	-	100.0%	-	December	Sale of Electronic products	More than half of voting rights
	Colombia	LG Electronics Colombia Ltda.(LGECEB)	100.0%	-	100.0%	-	December	Sale of Electronic products	More than half of voting rights
	Brazil	LG Electronics do Brasil Ltda.(LGEBR)	100.0%	-	100.0%	-	December	Production and Sale of Electronic products	More than half of voting rights
	Honduras	LG Electronics Honduras S.de R.L. ²	20.0%	80.0%	20.0%	80.0%	December	Sale of Electronic products	De-facto control
	Chile	LG Electronics Inc Chile Ltda.(LGECL)	100.0%	-	100.0%	-	December	Sale of Electronic products	More than half of voting rights
	Panama	LG Electronics Panama, S.A.(LGEPS)	100.0%	-	100.0%	-	December	Sale of Electronic products	More than half of voting rights
	Peru	LG Electronics Peru S.A.(LGEPR)	100.0%	-	100.0%	-	December	Sale of Electronic products	More than half of voting rights
	Venezuela	LG Electronics Venezuela S.A.(LGEVZ)	100.0%	-	100.0%	-	December	Sale of Electronic products	More than half of voting rights
	Brazil	SOCIO VIP Ltda.	100.0%	-	100.0%	-	December	Services	More than half of voting rights
	Panama	C&S America Solutions	100.0%	-	100.0%	-	December	Services	More than half of voting rights
	Panama	LG Consulting corp.	100.0%	-	100.0%	-	December	Services	More than half of voting rights

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

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Territory	Location	Subsidiaries	September 30, 2015		December 31, 2014		Closing month	Major business	Basis of control
			Percentage of ownership		Percentage of ownership				
			Controlling interest	Non-controlling interest	Controlling interest	Non-controlling interest			
	Turkey	LG Electronics Ticaret A.S.(LGETK)	100.0%	-	100.0%	-	December	Sale of Electronic products	More than half of voting rights
	Saudi Arabia	LG-Shaker Co., Ltd.(LGESR)	51.0%	49.0%	51.0%	49.0%	December	Sale of Electronic products	De-facto control
	Kenya	LG Electronics Service Kenya Limited(LGESK)	100.0%	-	100.0%	-	December	Services	More than half of voting rights
	Saudi Arabia	LG Electronics Saudi Arabia Limited	100.0%	-	100.0%	-	December	Services	More than half of voting rights
	UAE	Hi Logistics Middle East FZE	100.0%	-	100.0%	-	December	Logistics Services	More than half of voting rights
	Egypt	Hi Logistics Egypt	100.0%	-	100.0%	-	December	Logistics Services	More than half of voting rights
Other	Russia	LG Alina Electronics(LGERI)	95.0%	5.0%	95.0%	5.0%	December	Services	More than half of voting rights
	Russia	HI LOGISTICS RUS Limited Liability Company	100.0%	-	100.0%	-	December	Logistics Services	More than half of voting rights
	Kazakhstan	LG Electronics Almaty Kazakhstan(LGEAK)	100.0%	-	100.0%	-	December	Production and Sale of Electronic products	More than half of voting rights
	Russia	LG Electronics RUS, LLC(LGERA)	100.0%	-	100.0%	-	December	Production and Sale of Electronic products	More than half of voting rights
	Ukraine	LG Electronics Ukraine Inc.(LGEUR)	100.0%	-	100.0%	-	December	Sale of Electronic products	More than half of voting rights

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

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

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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, 2015, were used for those subsidiaries with different fiscal year ends.

(b) Financial information of major subsidiaries as of September 30, 2015 and December 31, 2014, and for the three-month and nine-month periods ended September 30, 2015 and 2014, is as follows (before elimination of intercompany transactions):

<i>(in millions of Korean won)</i>	September 30, 2015			2015			
	Assets	Liabilities	Equity	Three months		Nine months	
				Sales	Net Income (loss)	Sales	Net Income (loss)
LG Innotek Co., Ltd.	3,904,112	2,337,582	1,566,530	1,433,962	12,168	4,200,100	43,969
LG Electronics do Brasil Ltda.(LGEBR)	1,172,877	1,065,300	107,577	554,422	(120,871)	1,878,368	(157,560)
LG Electronics U.S.A., Inc.(LGEUS)	2,787,605	2,395,979	391,626	1,873,481	36,147	4,781,788	56,442
Zenith Electronics Corporation(Zenith)	1,170,951	28,877	1,142,074	44,137	10,400	128,693	26,847
LG Electronics European Shared Service Center B.V.(LGESC)	1,390,516	1,357,862	32,654	61,950	86	177,667	5,210
LG Electronics RUS, LLC(LGERA)	667,283	367,288	299,995	372,024	12,039	996,702	(5,397)
LG Electronics (China) Co. Ltd.(LGECH)	853,024	860,997	(7,973)	324,092	(22,269)	1,007,937	(10,156)
LG Electronics Tianjin Appliances Co., Ltd.(LGETA)	597,837	306,657	291,180	199,734	12,278	893,257	32,444
LG Electronics Mobilecomm U.S.A., Inc.(LGEMU)	1,219,538	1,107,247	112,291	1,539,617	18,376	4,754,616	15,321
LG Electronics India Pvt. Ltd.(LGEIL)	778,002	356,500	421,502	507,507	23,971	1,736,969	106,169
Inspur LG Digital Mobile Communications Co., Ltd.(LGEYT)	776,390	656,754	119,636	849,020	23,881	2,358,631	50,044
LG Electronics Mlawa Sp. z o.o.(LGEMA)	591,757	238,766	352,991	299,491	42,418	1,107,398	55,172
LG Electronics Reynosa S.A. DE C.V.(LGERS)	779,552	470,804	308,748	618,750	11,817	1,479,161	14,908
P.T. LG Electronics Indonesia(LGEIN)	516,274	252,304	263,970	325,315	4,725	1,005,215	7,212
LG Electronics Nanjing New Technology co.,LTD(LGENT)	394,193	226,732	167,461	309,375	15,691	879,664	29,617
LG Electronics Wroclaw Sp.z.o.o(LGEWR)	491,621	317,995	173,626	311,475	2,314	960,298	7,099
Hiplaza Co., Ltd.	495,469	354,468	141,001	407,466	10,338	1,056,659	(737)
LG Electronics Mexico S.A. DE C.V.(LGEMS)	569,062	489,349	79,713	381,373	(9,191)	1,227,668	5,988

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<i>(in millions of Korean won)</i>	September 30, 2015			2015			
	Assets	Liabilities	Equity	Three months		Nine months	
				Sales	Net Income (loss)	Sales	Net Income (loss)
NanJing LG-Panda Appliances Co., Ltd.(LGEPN)	522,684	371,491	151,193	354,278	26,015	975,335	40,777
LG Electronics Thailand Co., Ltd.(LGETH)	429,706	212,826	216,880	253,044	17,001	820,496	30,824
Taizhou LG Electronics Refrigeration Co., Ltd.(LGETR)	426,827	285,852	140,975	238,648	9,542	644,551	25,666
LG Electronics Egypt S.A.E(LGEEG)	508,013	511,485	(3,472)	140,120	(9,081)	417,104	(17,006)
<i>(in millions of Korean won)</i>	December 31, 2014			2014			
	Assets	Liabilities	Equity	Three months		Nine months	
				Sales	Net Income (loss)	Sales	Net Income (loss)
LG Innotek Co., Ltd.	4,104,519	2,563,340	1,541,179	1,502,712	54,673	4,148,626	45,894
LG Electronics do Brasil Ltda.(LGEBR)	1,490,163	1,129,559	360,604	875,291	(566)	2,733,890	53,877
LG Electronics U.S.A., Inc.(LGEUS)	2,219,819	1,913,542	306,277	1,473,180	(14,895)	4,356,798	(5,567)
Zenith Electronics Corporation(Zenith)	1,065,817	41,012	1,024,805	34,241	4,483	108,558	15,197
LG Electronics European Shared Service Center B.V.(LGESC)	1,177,424	1,150,662	26,762	54,142	(592)	164,135	6,295
LG Electronics RUS, LLC(LGERA)	831,398	495,292	336,106	662,589	23,087	1,911,096	105,109
LG Electronics (China) Co. Ltd.(LGECH)	700,743	699,069	1,674	427,335	(184)	1,100,373	2,106
LG Electronics Tianjin Appliances Co., Ltd.(LGETA)	609,917	351,590	258,327	219,764	(2,652)	923,675	15,676
LG Electronics Mobilecomm U.S.A., Inc.(LGEMU)	1,377,154	1,287,733	89,421	1,778,862	(9,406)	4,086,148	3,075
LG Electronics India Pvt. Ltd.(LGEIL)	546,532	247,941	298,591	514,665	22,475	1,711,727	120,075
Inspur LG Digital Mobile Communications Co., Ltd.(LGEYT)	809,792	693,958	115,834	937,976	14,268	2,420,857	34,818
LG Electronics Mlawa Sp. z o.o(LGEMA)	785,962	495,564	290,398	365,327	6,552	1,023,502	17,032
LG Electronics Reynosa S.A. DE C.V.(LGERES)	497,851	223,798	274,053	655,019	11,323	1,732,644	17,847
P.T. LG Electronics Indonesia(LGEIN)	529,226	294,766	234,460	401,819	11,647	1,229,783	21,250
LG Electronics Nanjing New Technology co.,LTD(LGENT)	403,907	270,474	133,433	325,291	4,547	1,115,541	23,017

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<i>(in millions of Korean won)</i>	December 31, 2014			2014			
	Assets	Liabilities	Equity	Three months		Nine months	
				Sales	Net Income (loss)	Sales	Net Income (loss)
LG Electronics Wroclaw Sp.z.o.o(LGEWR)	514,334	350,868	163,466	324,945	3,375	1,150,834	12,346
Hiplaza Co., Ltd.	455,031	310,459	144,572	385,613	(3,819)	1,120,263	(2,300)
LG Electronics Mexico S.A. DE C.V.(LGEMS)	563,773	484,788	78,985	394,643	7,924	1,203,623	16,559
NanJing LG-Panda Appliances Co., Ltd.(LGEPN)	489,848	373,576	116,272	300,185	6,769	906,081	14,366
LG Electronics Thailand Co., Ltd.(LGETH)	405,724	215,503	190,221	255,506	8,873	808,853	24,589
Taizhou LG Electronics Refrigeration Co., Ltd.(LGETR)	429,546	322,366	107,180	235,555	1,225	649,877	9,518
LG Electronics Egypt S.A.E(LGEEG)	388,014	374,279	13,735	83,935	(7,621)	258,312	(8,556)

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(c) Information of subsidiaries with material non-controlling interests is as follows:

- LG Innotek Co., Ltd. and its subsidiaries

i) Non-controlling interest rate and accumulated non-controlling interest

<i>(in millions of Korean won)</i>	September 30, 2015	December 31, 2014
Non-controlling interest rate	59.2%	59.2%
Accumulated non-controlling interest	1,055,298	1,002,971

ii) Profit attributed to non-controlling interest and dividend to non-controlling interest for the three-month and nine-month periods ended September 30, 2015 and 2014, are as follows:

<i>(in millions of Korean won)</i>	2015		2014	
	Three months	Nine months	Three months	Nine months
Profit attributed to non-controlling interest	12,021	47,079	34,733	66,653
Dividend to non-controlling interest	-	3,503	-	-

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

<i>(in millions of Korean won)</i>	September 30, 2015	December 31, 2014
Current assets	2,134,471	2,082,013
Non-current assets	2,135,263	2,346,748
Total assets	4,269,734	4,428,761
Current liabilities	1,552,872	1,646,619
Non-current liabilities	928,398	1,085,652
Total liabilities	2,481,270	2,732,271
Equity attributable to owners of LG Innotek Co., Ltd.	1,788,462	1,696,488
Non-controlling interests	2	2
Total equity	1,788,464	1,696,490

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, 2015 and 2014, is as follows (before elimination of intercompany transactions):

<i>(in millions of Korean won)</i>	2015		2014	
	Three months	Nine months	Three months	Nine months
Net sales	1,558,844	4,547,214	1,649,296	4,651,074
Profit for the period	23,776	83,288	58,354	118,365
Other comprehensive income(loss), net of tax	8,788	14,601	7,586	(17,590)
Total comprehensive income, net of tax	32,564	97,889	65,940	100,775

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- v) Summarized consolidated statements of cash flows of subsidiaries with material non-controlling interests for the nine-month periods ended September 30, 2015 and 2014, is as follows (before elimination of intercompany transactions):

<i>(in millions of Korean won)</i>	2015	2014
Cash flows from operating activities	458,566	593,109
Cash flows from investing activities	(244,310)	(221,509)
Cash flows from financing activities	(267,582)	(263,575)
Exchange gains on cash and cash equivalents	3,281	1,198
Net increase(decrease) in cash and cash equivalents	(50,045)	109,223
Cash and cash equivalents at the beginning of period	396,451	399,610
Cash and cash equivalents at the end of period	346,406	508,833

- (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 and Kazakhstan 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.

- ii) The nature and limitation of the protective rights of non-controlling interest which may restrict the 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.

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

Changes in the Parent Company's interest in the subsidiaries without loss of control for the nine-month periods ended September 30, 2015 and 2014, are as follows:

<i>(in millions of Korean won)</i>	2015	2014
LG Innotek Co., Ltd. and its subsidiaries		
Decrease in the Parent Company's interest by exercise of conversion rights (A)	-	20,180
Consideration received from non-controlling interest (B)	-	-
Changes in the Parent Company's ownership interest (A+B)	-	20,180
LG-Shaker Co., Ltd. (LGESR)		
Increase in the Parent Company's interest by exercise of stock option (A)	-	1,813
Consideration paid to non-controlling interest (B)	-	1,013
Changes in the Parent Company's ownership interest (A-B)	-	800
HiEntech (Tianjin) Co., LTD.		
Decrease in the Parent Company's interest by issuance of common shares (A)	(654)	-
Consideration received from non-controlling interest (B)	723	-
Changes in the Parent Company's ownership interest (A+B)	69	-

(f) Subsidiaries newly included in the scope of preparation of consolidated financial statements during the nine-month period ended September 30, 2015, are:

Subsidiary	Reason	Country	Percentage of ownership	Closing month	Major business
LG Electronics Finland Lab, Oy(LGEFL)	Newly established	Finland	100%	December	R&D
LPRFIC Oy	Acquired	Finland	100%	December	R&D

(g) Subsidiaries excluded from the scope of preparation of consolidated financial statements during the nine-month period ended September 30, 2015, are:

Subsidiary	Reason	Country
LG Innotek (Guangzhou) Co., Ltd.	Merger	China
VENS BEIJING VEHICLE ENGINEERING CO.,LTD	Liquidation	China

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

During the period, no gain or loss was incurred from the loss of control over former subsidiaries of the Group, LG Innotek (Guangzhou) Co., Ltd. and VENS BEIJING VEHICLE ENGINEERING CO.,LTD. resulting from merger and liquidation, respectively.

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2. Significant Accounting Policies

Basis of Preparation

The Group maintains its accounting records in Korean won and prepares statutory financial statements in the Korean language (Hangul) in accordance with the International Financial Reporting Standards as adopted by the Republic of Korea (Korean IFRS). The accompanying interim consolidated financial statements have been condensed, restructured and translated into English from the Korean language financial statements.

Certain information attached to the Korean language financial statements, but not required for a fair presentation of the Group's financial position, financial performance or cash flows, is not presented in the accompanying interim consolidated financial statements.

The interim consolidated financial statements for the nine-month period ended September 30, 2015, 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, 2015.

Changes in Accounting Policy and Disclosures

(a) New and amended standards effective for the financial year beginning January 1, 2015.

i) The new and amended standards and interpretations adopted by the Group from the financial year, 2015:

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

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

- Annual improvements of Korean IFRS

Korean IFRS 1102, 'Share-based Payment'

Korean IFRS 1103, 'Business Combination'

Korean IFRS 1108, 'Operating Segment'

Korean IFRS 1113, 'Fair Value Measurement'

Korean IFRS 1016, 'Property, Plant and Equipment'

Korean IFRS 1038, 'Intangible Assets'

Korean IFRS 1024, 'Related Party Disclosures'

Korean IFRS 1040, 'Investment Property'

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

- (b) New and amended standards effective for the financial year beginning January 1, 2016.
- i) There are no new and amended standards early adopted by the Group from the financial year 2015.
 - ii) The new and amended standards and interpretations not yet adopted by the Group from the financial year, 2015:
 - Korean IFRS 1016(Amendment): 'Property, Plant and Equipment', and Korean IFRS 1038(Amendment): 'Intangible Assets'

Amendments to Korean IFRS 1016 and Korean IFRS 1038 clarify that the use of a revenue-based depreciation and amortization method is not permitted since the method is affected by factors, such as number of units sold and selling price, that are not directly related to the economic consumption of an asset. However, the revenue-based method is acceptable in limited circumstances in which intangible assets are measured based on revenue. The Group is assessing the impact of application of this amendment on its consolidated financial statements.

- Korean IFRS 1111(Amendment): 'Joint Arrangements',

Amendment to Korean IFRS 1111 requires the acquirer of an interest in a joint operation, in which the activity constitutes a business, as defined in Korean IFRS 1103, 'Business Combinations', to apply all of the principles on business combination accounting in Korean IFRS 1103 and other Korean IFRSs, and to disclose the information related to the business combination. The Group is assessing the impact of application of this amendment on its consolidated financial statements.

Application of Accounting Policies

The significant accounting policies and computation method used in the preparation of these interim consolidated financial statements are the same as the policies and methods adopted for the preparation of the financial statements for the year ended December 31, 2014, unless otherwise stated in Note 2.

Income Tax Expense

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

Greenhouse Gas Emission Rights and Obligations

Emission rights are defined as allowed amount of emissions that can be released, allocated by the Korean government as 'Act on the Allocation and Trading of Greenhouse-Gas Emission Permits' takes effect. Emission rights that are received free of charge from the government are measured at

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zero, while the rights purchased additionally from trading market such as the Korea Exchange are measured at acquisition cost. Emission rights are subsequently stated as acquisition cost less accumulated impairment loss. Emission liabilities are measured as the sum of the carrying amount of emission rights to be delivered to the government to settle the obligation for emissions occurred and expected expenditure required at the end of reporting period for any excess emissions. The emission rights and liabilities are classified as 'intangible assets' and 'provisions', respectively, in the consolidated statement of financial position.

3. Critical Accounting Estimates and Assumptions

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

(a) Revenue Recognition

The Group recognizes revenue using the percentage of completion method for the rendering of service such as installation. When using the percentage of completion method, revenue shall be recognized in accordance with the progress of the transaction. It is calculated based on potential economic benefits and the estimated cost for the completion of the transaction. The factors for the estimation of revenue may vary.

(b) Impairment of Goodwill

The Group tests goodwill regularly for impairment. The recoverable amounts of cash-generating units have been determined based on 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 the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

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(d) Fair Value of Financial Instruments

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

(e) Provisions

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

(f) Net Defined Benefit Liability

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

Significant Judgment on Accounting Policies Adopted by the Group

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

4. Segment Information

The segments of the Group are strategic business divisions providing different products and services. They are reported separately because each business division requires different technologies and marketing strategies. The main products of each business division are as follows and the comparative information is presented in conformity with the same classification in the current period.

Divisions	Products
Home Entertainment (HE)	TVs, Monitors, PCs, Security devices, Audio, Video and others
Mobile Communications (MC)	Mobile communications
Home Appliance & Air Solution (H&A)	Refrigerators, Washing machines, Residential air conditioners, Commercial air conditioners, Microwaves, Vacuum cleaners, and others
Vehicle Components (VC)	Vehicle components and others
LG Innotek Co.,Ltd. and its subsidiaries (Innotek)	LED, Display & Network, Substrate & Material, Optics solution, Auto & Motor and others
Other segments	Display materials, Lighting solutions, Solar energy systems and others

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(a) The segment information for sales and operating income(losses) for the three-month and nine-month periods ended September 30, 2015 and 2014, is as follows:

Three-month period ended September 30, 2015								
<i>(in millions of Korean won)</i>	HE	MC	H&A	VC	Innotek	Other segments ¹	Inter-segment transactions ²	Total
Sales	4,286,426	3,377,330	4,153,432	478,603	1,558,844	594,153	(419,994)	14,028,794
External sales	4,284,026	3,377,151	4,152,998	478,603	1,237,258	498,758	-	14,028,794
Internal sales	2,400	179	434	-	321,586	95,395	(419,994)	-
Operating income(loss) ³	37,003	(77,613)	245,615	(849)	60,663	29,163	-	293,982
Depreciation and amortization	96,463	73,932	118,528	25,007	113,144	48,944	-	476,018
Nine-month period ended September 30, 2015								
<i>(in millions of Korean won)</i>	HE	MC	H&A	VC	Innotek	Other segments ¹	Inter-segment transactions ²	Total
Sales	12,657,880	10,622,269	12,701,873	1,312,059	4,547,214	1,484,977	(1,377,371)	41,948,901
External sales	12,654,660	10,621,846	12,699,051	1,312,049	3,561,969	1,099,326	-	41,948,901
Internal sales	3,220	423	2,822	10	985,245	385,651	(1,377,371)	-
Operating income(loss) ³	(51,878)	(4,591)	766,937	(4,733)	178,627	(41,068)	-	843,294
Depreciation and amortization	291,226	226,389	349,480	64,669	357,506	132,921	-	1,422,191
Three-month period ended September 30, 2014								
<i>(in millions of Korean won)</i>	HE	MC	H&A	Innotek	Other segments ¹	Inter-segment transactions ²	Total	
Sales	4,506,974	4,257,673	3,979,215	1,649,296	852,721	(532,903)	14,712,976	
External sales	4,504,055	4,257,577	3,979,029	1,247,454	724,861	-	14,712,976	
Internal sales	2,919	96	186	401,842	127,860	(532,903)	-	
Operating income ³	134,461	168,603	47,098	102,937	11,888	-	464,987	
Depreciation and amortization	96,042	82,911	110,984	120,401	54,553	-	464,891	
Nine-month period ended September 30, 2014								
<i>(in millions of Korean won)</i>	HE	MC	H&A	Innotek	Other segments ¹	Inter-segment transactions ²	Total	
Sales	13,951,608	11,311,430	12,973,697	4,651,074	2,414,220	(1,533,322)	43,768,707	
External sales	13,947,582	11,295,169	12,973,251	3,531,607	2,021,098	-	43,768,707	
Internal sales	4,026	16,261	446	1,119,467	393,122	(1,533,322)	-	
Operating income ³	509,144	248,023	533,124	255,951	7,184	-	1,553,426	
Depreciation and amortization	299,626	247,023	341,514	358,618	152,114	-	1,398,895	

¹ Other segments include operating segments not qualifying as reportable segments, supporting and R&D divisions. VC segment for the three-month and nine-month periods ending September 30, 2014, is included in other segments as it did not qualify as reportable segments as of September 30, 2014.

² Accounting of sales between segments are treated at arm's length.

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

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(b) The segment information for assets and liabilities as of September 30, 2015 and December 31, 2014, is as follows:

September 30, 2015							
<i>(in millions of Korean won)</i>	HE	MC	H&A	VC	Innotek	Other segments and inter-segment transactions ¹	Total
Segment assets	13,423,687	8,100,946	13,075,794	1,463,199	4,269,734	(1,385,943)	38,947,417
Segment liabilities	13,229,313	6,308,911	9,030,529	1,265,390	2,481,270	(6,791,570)	25,523,843

December 31, 2014							
<i>(in millions of Korean won)</i>	HE	MC	H&A	Innotek		Other segments and inter-segment transactions ¹	Total
Segment assets	13,681,965	8,592,805	12,193,598	4,428,761		(1,828,709)	37,068,420
Segment liabilities	12,878,052	6,466,785	8,596,783	2,732,271		(6,596,568)	24,077,323

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

(c) External sales by geographic areas for the three-month and nine-month periods ended September 30, 2015 and 2014, and non-current assets by geographic areas as of September 30, 2015 and December 31, 2014, are as follows:

<i>(in millions of Korean won)</i>	External sales				Non-current assets²	
	2015		2014		September 30, 2015	December 31, 2014
	Three months	Six months	Three months	Six months		
Geographic areas¹						
Korea	3,632,061	10,772,703	3,644,628	11,354,064	9,334,227	9,330,933
North America	4,176,235	11,804,094	3,989,087	10,507,635	346,374	353,937
Asia	1,359,471	4,377,165	1,399,037	4,408,437	629,117	577,036
Europe	1,344,736	4,024,147	1,463,821	4,617,242	266,618	265,938
South America	1,079,597	3,420,700	1,383,783	4,282,020	166,382	240,977
Middle East & Africa	1,192,421	3,757,477	1,094,841	3,524,824	194,893	186,277
China	773,486	2,503,920	941,453	2,737,759	854,960	888,236
Others	470,787	1,288,695	796,326	2,336,726	144,848	150,554
Total	14,028,794	41,948,901	14,712,976	43,768,707	11,937,419	11,993,888

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

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

(d) There is no external customer contributing to more than 10% of net sales for the nine-month periods ended September 30, 2015 and 2014.

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5. Financial Instruments by Category

(a) Categorizations of financial instruments are as follows:

<i>(in millions of Korean won)</i>	September 30, 2015					
	Assets at fair value through profit or loss	Loans and receivables	Assets classified as available-for-sale	Held-to-maturity financial assets	Other	Total
Cash and cash equivalents	-	2,961,321	-	-	-	2,961,321
Financial deposits	-	153,024	-	-	-	153,024
Trade receivables	-	8,034,725	-	-	-	8,034,725
Loans and other receivables	-	1,148,420	-	-	-	1,148,420
Other financial assets	21,080	-	49,355	2,643	107,501	180,579
Total	21,080	12,297,490	49,355	2,643	107,501	12,478,069

<i>(in millions of Korean won)</i>	September 30, 2015			
	Liabilities at fair value through profit or loss	Liabilities carried at amortized cost	Other	Total
Trade payables	-	7,219,792	-	7,219,792
Borrowings	-	9,773,931	-	9,773,931
Other payables	-	2,441,372	-	2,441,372
Other financial liabilities	2,699	-	76,556	79,255
Total	2,699	19,435,095	76,556	19,514,350

<i>(in millions of Korean won)</i>	December 31, 2014					
	Assets at fair value through profit or loss	Loans and receivables	Assets classified as available-for-sale	Held-to-maturity financial assets	Other	Total
Cash and cash equivalents	-	2,244,406	-	-	-	2,244,406
Financial deposits	-	162,023	-	-	-	162,023
Trade receivables	-	7,683,915	-	-	-	7,683,915
Loans and other receivables	-	1,181,783	-	-	-	1,181,783
Other financial assets	5,654	-	48,885	2,662	10,767	67,968
Total	5,654	11,272,127	48,885	2,662	10,767	11,340,095

<i>(in millions of Korean won)</i>	December 31, 2014			
	Liabilities at fair value through profit or loss	Liabilities carried at amortized cost	Other	Total
Trade payables	-	6,741,710	-	6,741,710
Borrowings	-	9,002,431	-	9,002,431
Other payables	-	3,035,190	-	3,035,190
Other financial liabilities	3,409	-	65,693	69,102
Total	3,409	18,779,331	65,693	18,848,433

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(b) Income and expenses by category of financial instruments for the nine-month periods ended September 30, 2015 and 2014, are as follows:

<i>(in millions of Korean won)</i>	2015					Total
	Assets at fair value through profit or loss	Loans and receivables	Assets classified as available-for-sale	Held-to-maturity financial assets	Other	
Interest income	-	68,757	83	64	-	68,904
Exchange differences	-	592,936	-	-	-	592,936
Bad debt expenses	-	(24,068)	-	-	-	(24,068)
Loss on disposal of trade receivables	-	(17,700)	-	-	-	(17,700)
Gain on disposal of available-for-sale financial assets	-	-	7,297	-	-	7,297
Impairment loss of available-for-sale financial assets	-	-	(3,776)	-	-	(3,776)
Dividend income	-	-	775	-	-	775
Gain on derivatives (through profit or loss)	61,220	-	-	-	-	61,220
Gain for the period from discontinued operations	4	2,170	-	-	-	2,174
Loss on valuation of available-for-sale financial assets, net of tax (through other comprehensive income)	-	-	(203)	-	-	(203)
Gain on derivatives, net of tax (through other comprehensive income)	-	-	-	-	2,624	2,624

<i>(in millions of Korean won)</i>	2015			Total
	Liabilities at fair value through profit or loss	Liabilities carried at amortized cost	Other	
Interest expenses	-	(301,970)	(40,327)	(342,297)
Exchange differences	-	(1,145,214)	236,351	(908,863)
Loss on derivatives (through profit or loss)	(23,441)	-	-	(23,441)
Loss for the period from discontinued operations	(4)	(678)	-	(682)
Loss on derivatives, net of tax (through other comprehensive income)	-	-	(40,409)	(40,409)

<i>(in millions of Korean won)</i>	2014					Total
	Assets at fair value through profit or loss	Loans and receivables	Assets classified as available-for-sale	Held-to-maturity financial assets	Other	
Interest income	-	69,592	195	54	-	69,841
Exchange differences	-	(114,752)	-	-	-	(114,752)
Bad debt expenses	-	(26,528)	-	-	-	(26,528)
Loss on disposal of trade receivables	-	(13,962)	-	-	-	(13,962)
Gain on disposal of available-for-sale financial assets	-	-	1,510	-	-	1,510

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<i>(in millions of Korean won)</i>	2014					Total
	Assets at fair value through profit or loss	Loans and receivables	Assets classified as available-for-sale	Held-to-maturity financial assets	Other	
Impairment loss of available-for-sale financial assets	-	-	(1,114)	-	-	(1,114)
Dividend income	-	-	322	-	-	322
Gain on derivatives (through profit or loss)	27,341	-	-	-	-	27,341
Profit(loss) for the period from discontinued operations	38	(4,035)	-	-	-	(3,997)
Loss on valuation of available-for-sale financial assets, net of tax (through other comprehensive income)	-	-	(1,216)	-	-	(1,216)
Loss on derivatives, net of tax (through other comprehensive income)	-	-	-	-	(43)	(43)

<i>(in millions of Korean won)</i>	2014				Total
	Liabilities at fair value through profit or loss	Liabilities carried at amortized cost	Other		
Interest expenses	-	(285,074)	(27,774)		(312,848)
Exchange differences	-	(97,007)	(6,808)		(103,815)
Loss on derivatives (through profit or loss)	(36,060)	-	-		(36,060)
Loss for the period from discontinued operations	(480)	(28,310)	-		(28,790)
Loss on derivatives, net of tax (through other comprehensive income)	-	-	(25,808)		(25,808)

6. Trade Receivables, and Loans and Other Receivables

- (a) Trade receivables, and loans and other receivables, net of allowance for doubtful accounts, are as follows:

<i>(in millions of Korean won)</i>	September 30, 2015			December 31, 2014		
	Original amount	Less : allowance for doubtful accounts	Carrying amount	Original amount	Less : allowance for doubtful accounts	Carrying amount
Trade receivables	8,188,668	(153,943)	8,034,725	7,811,780	(127,865)	7,683,915
Loans and other receivables						
Current	618,298	(18,328)	599,970	652,399	(19,180)	633,219
Non-current	548,496	(46)	548,450	548,624	(60)	548,564

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(b) Movements in allowance for doubtful accounts for the nine-month periods ended September 30, 2015 and 2014, are as follows:

<i>(in millions of Korean won)</i>	2015				
	At January 1	Addition (reversal)	Write-off	Other	At June 30
Trade receivables	127,865	22,669	(9,432)	12,841	153,943
Loans and other receivables					
Current	19,180	(119)	(263)	(470)	18,328
Non-current	60	(15)	-	1	46

<i>(in millions of Korean won)</i>	2014				
	At January 1	Addition (reversal)	Write-off	Other	At June 30
Trade receivables	114,361	26,175	(2,918)	(5,239)	132,379
Loans and other receivables					
Current	20,438	(205)	(480)	47	19,800
Non-current	71	(5)	-	(1)	65

(c) The aging analysis of trade receivables and loans and other receivables is as follows:

<i>(in millions of Korean won)</i>	September 30, 2015				December 31, 2014			
	Trade receivables	Loans and other receivables		Total	Trade receivables	Loans and other receivables		Total
		Current	Non-current			Current	Non-current	
Current	7,053,788	532,523	542,066	8,128,377	7,062,715	592,987	543,077	8,198,779
Past due but not impaired								
Up to 6 months	973,560	63,935	5,575	1,043,070	529,886	33,809	5,240	568,935
7 to 12 months	15,169	2,368	851	18,388	99,275	2,802	304	102,381
Over 1 year	16,307	2,380	4	18,691	14,579	2,939	3	17,521
Subtotal	1,005,036	68,683	6,430	1,080,149	643,740	39,550	5,547	688,837
Impaired	129,844	17,092	-	146,936	105,325	19,862	-	125,187
Total	8,188,668	618,298	548,496	9,355,462	7,811,780	652,399	548,624	9,012,803

7. Other Financial Assets and Liabilities

(a) Details of other financial assets and liabilities are as follows:

<i>(in millions of Korean won)</i>	September 30, 2015	December 31, 2014
Other financial assets		
Derivatives	128,581	16,421
Available-for-sale	49,355	48,885
Held-to-maturity	2,643	2,662
Total	180,579	67,968
Current	92,147	11,193
Non-current	88,432	56,775

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<i>(in millions of Korean won)</i>	September 30, 2015	December 31, 2014
Other financial liabilities		
Derivatives	78,799	68,582
Financial guarantee liability	456	520
Total	79,255	69,102
Current	3,561	6,528
Non-current	75,694	62,574

(b) Details of derivatives are as follows:

<i>(in millions of Korean won)</i>	September 30, 2015		December 31, 2014	
	Assets	Liabilities	Assets	Liabilities
Current				
Currency Forward	21,080	2,699	5,654	3,409
Currency Swap	68,541	740	5,515	3,013
Subtotal	89,621	3,439	11,169	6,422
Non-current				
Currency Swap	38,960	-	5,252	28,352
Interest Rate Swap	-	75,360	-	33,808
Subtotal	38,960	75,360	5,252	62,160
Total	128,581	78,799	16,421	68,582

The details of major derivative contracts as of the reporting date are presented in Note 30.

(c) Changes in carrying amounts of available-for-sale financial assets for the nine-month periods ended September 30, 2015 and 2014, are as follows:

<i>(in millions of Korean won)</i>	2015						At Sep. 30
	At Jan. 1	Acquisitions	Disposals and others ¹	Valuation (OCI)	Impairment	Others	
Listed equity securities	13,107	-	(1,369)	1,119	-	(1,000)	11,857
Unlisted equity securities	34,356	4,827	(570)	-	(3,776)	1,279	36,116
Debt securities	1,422	-	(87)	(14)	-	61	1,382
Total	48,885	4,827	(2,026)	1,105	(3,776)	340	49,355

<i>(in millions of Korean won)</i>	2014						At Sep. 30
	At Jan. 1	Acquisitions	Disposals	Valuation (OCI)	Impairment	Others	
Listed equity securities	17,720	-	(1,000)	(1,427)	(17)	-	15,276
Unlisted equity securities	33,515	1,907	(765)	-	(797)	(8)	33,852
Debt securities	1,840	-	(191)	13	(300)	169	1,531
Total	53,075	1,907	(1,956)	(1,414)	(1,114)	161	50,659

¹ Others include reclassification to assets held for sale.

As of September 30, 2015, there are no available-for-sale financial assets to be disposed of.

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(d) Held-to-maturity financial assets

i) Held-to-maturity financial assets consist of:

<i>(in millions of Korean won)</i>	September 30, 2015	December 31, 2014
Maturity		
Within 1 year	2,526	24
1 to 5 years	117	2,638

ii) The amount recognized as interest income in relation to held-to-maturity financial assets for the nine-month period ended September 30, 2015, is ₩64 million (2014: ₩54 million). No impairment losses were recognized in relation to held-to-maturity financial assets for the nine-month periods ended September 30, 2015 and 2014.

8. Inventories

Inventories consist of:

<i>(in millions of Korean won)</i>	September 30, 2015			December 31, 2014		
	Cost	Valuation allowance	Carrying amount	Cost	Valuation allowance	Carrying amount
Finished products and merchandise	3,407,311	(87,047)	3,320,264	3,407,608	(87,153)	3,320,455
Work-in-process	429,855	(4,580)	425,275	328,100	(6,044)	322,056
Raw materials and supplies	1,889,237	(42,679)	1,846,558	1,802,905	(29,362)	1,773,543
Other	317,059	(28,888)	288,171	327,951	(32,732)	295,219
Total	6,043,462	(163,194)	5,880,268	5,866,564	(155,291)	5,711,273

9. Property, Plant and Equipment, and Intangible Assets

(a) Changes in property, plant and equipment for the nine-month periods ended September 30, 2015 and 2014, are as follows:

<i>(in millions of Korean won)</i>	2015	2014
At January 1	10,596,853	10,341,993
Acquisitions	1,161,960	1,517,296
Acquisitions due to business combination	2,513	-
Transfer-out	(23,194)	(507)
Disposals and others ¹	(79,650)	(81,470)
Depreciation	(1,140,123)	(1,155,025)
Impairment	(29,140)	(19,297)
Exchange differences	7,665	(98,894)
At September 30	10,496,884	10,504,906

¹ Others include decrease due to transfer of business and reclassification to assets held for sale.

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(b) Changes in intangible assets for the nine-month periods ended September 30, 2015 and 2014, are as follows:

<i>(in millions of Korean won)</i>	2015	2014
At January 1	1,394,336	1,363,690
Acquisitions	152,697	142,010
Acquisitions through internal development	192,414	160,610
Acquisitions due to business combination	15,183	-
Transfer-out	-	(735)
Disposals and others ¹	(23,383)	(19,447)
Amortization	(308,927)	(323,643)
Impairment	(5,355)	(11,570)
Exchange differences	118	(1,486)
At September 30	1,417,083	1,309,429

¹ Others include decrease due to transfer of business and reclassification to assets held for sale.

10. Investments in Associates and Joint Ventures

(a) Investments in associates and joint ventures

i) Carrying amounts of investments in associates and joint ventures, are as follows:

<i>(in millions of Korean won)</i>	September 30, 2015	December 31, 2014
Associates	4,751,985	4,408,091
Joint ventures	199,273	186,370
Total	4,951,258	4,594,461

ii) Investments in associates are as follows:

<i>(in millions of Korean won)</i>	September 30, 2015				December 31, 2014			
	Acquisition cost	Net asset amount	Unrealized gain	Carrying amount	Acquisition cost	Net asset amount	Unrealized gain	Carrying amount
LG Display Co., Ltd.	679,218	4,729,571	(63,250)	4,666,321	679,218	4,332,916	(49,765)	4,283,151
Ericsson-LG Co., Ltd	26,629	76,125	(54)	76,071	26,629	77,419	(69)	77,350
Hitachi-LG Data Storage Inc.(HLDS)	51,184	(5,811)	(1,594)	-	51,184	(2,121)	(1,456)	-
Global OLED Technology LLC.	-	-	-	-	53,454	28,598	-	28,598
Korea Information Certificate Authority Inc.	852	3,505	-	3,505	852	3,240	-	3,240
LG Fuel Cell Systems Inc.	44,051	3,163	-	3,163	44,051	12,818	-	12,818
SKT Vietnam PTE., Ltd.	72,194	810	-	-	72,194	717	-	-
One-Red, LLC ¹	3,128	2,925	-	2,925	3,128	2,934	-	2,934
Total	877,256	4,810,288	(64,898)	4,751,985	930,710	4,456,521	(51,290)	4,408,091

¹The financial statements as of August 31, 2015, were used due to a different closing date.

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iii) Investments in joint ventures are as follows:

<i>(in millions of Korean won)</i>	September 30, 2015				December 31, 2014			
	Acquisition cost	Net asset amount	Unrealized gain	Carrying amount	Acquisition cost	Net asset amount	Unrealized gain	Carrying amount
LG Holdings(HK) Ltd.	115,234	143,639	-	143,639	115,234	127,256	-	127,256
Arcelic-LG Klima Sanayi ve Ticarta A.S.(LGEAT)	14,718	41,125	(379)	40,746	14,718	44,908	(345)	44,563
EIC PROPERTIES PTE LTD.	9,636	14,194	-	14,194	9,636	13,912	-	13,912
LG-MRI LLC	516	694	-	694	516	639	-	639
Total	140,104	199,652	(379)	199,273	140,104	186,715	(345)	186,370

(b) Associates and joint ventures

i) Associates as of September 30, 2015, are as follows:

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

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

ii) Joint ventures as of September 30, 2015, are as follows:

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

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

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

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(c) Valuation of the equity method of accounting on associates and joint ventures

i) Changes in the carrying amounts of investments in associates for the nine-month periods ended September 30, 2015 and 2014, are as follows:

<i>(in millions of Korean won)</i>	2015	2014
Opening carrying amount	4,408,091	4,149,345
Acquisition	-	7,266
Gain from equity method	351,196	158,624
Share of other comprehensive income(loss) of associates	95,989	(27,381)
Dividend/ recovery	(71,123)	(17,060)
Disposal and others ¹	(32,364)	-
Exchange differences	196	(7)
Changes in ownership interest over associates	-	386
Closing carrying amount	4,751,985	4,271,173

¹ Others include reclassification to assets held for sale

ii) Changes in the carrying amounts of investments in joint ventures for the nine-month periods ended September 30, 2015 and 2014, are as follows:

<i>(in millions of Korean won)</i>	2015	2014
Opening carrying amount	186,370	180,238
Acquisition	-	516
Gain from equity method	10,495	5,744
Share of other comprehensive loss of joint ventures	2,412	(6,293)
Dividend/ recovery	-	(686)
Exchange differences	(4)	3
Closing carrying amount	199,273	179,522

(d) Summary of the consolidated financial information on the associate important to the reporting entity as of September 30, 2015 and December 31, 2014, and for the three-month and nine-month periods ended September 30, 2015 and 2014, is as follows:

- LG Display Co., Ltd. and its subsidiaries

<i>(in millions of Korean won)</i>	September 30, 2015	December 31, 2014
Current assets	10,474,775	9,240,629
Non-current assets	13,321,490	13,726,394
Total assets	23,796,265	22,967,023
Current liabilities	7,304,533	7,549,556
Non-current liabilities	3,470,214	3,634,057
Total liabilities	10,774,747	11,183,613
Equity of the owners of LG Display Co., Ltd.	12,477,897	11,431,412
Non-controlling interests	543,621	351,998
Total equity	13,021,518	11,783,410

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<i>(in millions of Korean won)</i>	2015		2014	
	Three months	Nine months	Three months	Nine months
Net sales	7,158,201	20,888,135	6,546,853	18,113,591
Profit for the period	198,632	1,036,959	354,129	528,198
Equity of the owners of LG Display Co., Ltd.				
Profit for the period	189,168	982,388	349,804	528,180
Other comprehensive income (loss), net of tax	165,713	243,005	99,400	(73,170)
Total comprehensive income net of tax	354,881	1,225,393	449,204	455,010
Dividends from associates	-	67,813	-	-

(e) Reconciliations of the summarized financial information of an associate material to the reporting entity to the carrying amount of the Group's interest for the nine-month periods ended September 30, 2015 and 2014, are as follows:

- LG Display Co., Ltd. and its subsidiaries

<i>(in millions of Korean won)</i>	2015	2014
Opening equity attributable to owners of LG Display Co., Ltd.	11,431,412	10,611,173
Profit for the period	982,388	528,180
Other comprehensive income(loss), net of tax	243,005	(73,170)
Dividends	(178,909)	-
Closing equity attributable to owners of LG Display Co., Ltd.	12,477,896	11,066,183
Group ownership(%)	37.9	37.9
The Group's share at the end of the reporting period	4,729,571	4,194,481
Unrealized gain	(63,250)	(55,451)
Carrying amount at the reporting date	4,666,321	4,139,030

(f) 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, 2015 and 2014, is as follows:

<i>(in millions of Korean won)</i>	2015			
	Associates		Joint ventures	
	Three months	Nine months	Three months	Nine months
Profit(loss) for the period	(7,492)	(12,457)	2,647	10,495
Other comprehensive income (loss), net of tax	814	1,066	4,251	4,212
Total comprehensive loss, net of tax	(6,678)	(11,391)	6,898	12,907

<i>(in millions of Korean won)</i>	2014			
	Associates		Joint ventures	
	Three months	Nine months	Three months	Nine months
Profit(loss) for the period	(5,076)	(33,015)	924	5,365
Other comprehensive loss, net of tax	1,307	269	3,653	(6,293)
Total comprehensive loss, net of tax	(3,769)	(32,746)	4,577	(928)

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- (g) Accumulated comprehensive income and loss that were not recognized due to discontinuation of the equity method for the nine-month period ended September 30, 2015, and the year ended December 31, 2014, are as follows:

<i>(in millions of Korean won)</i>	September 30, 2015		December 31, 2014	
	Losses of the equity-method investees	Accumulated losses of the equity-method investees	Losses of the equity-method investees	Accumulated losses of the equity-method investees
Hitachi-LG Data Storage Inc.(HLDS)	3,828	7,405	3,577	3,577

- (h) The fair value and book value of marketable associate securities as of September 30, 2015 and December 31, 2014, are as follows:

September 30, 2015					
Name	Type	Shares held (Unit: shares)	Price per share (Unit: won)	Fair value (in millions of Korean won)	Book value
LG Display Co., Ltd.	Associate	135,625,000	22,650	3,071,906	4,666,321
Korea Information Certificate Authority Inc.	Associate	2,000,000	18,600	37,200	3,505

December 31, 2014					
Name	Type	Shares held (Unit: shares)	Price per share (Unit: won)	Fair value (in millions of Korean won)	Book value
LG Display Co., Ltd.	Associate	135,625,000	33,650	4,563,781	4,283,151
Korea Information Certificate Authority Inc.	Associate	2,000,000	3,475	6,950	3,240

11. Borrowings

- (a) The carrying amounts of borrowings are as follows:

<i>(in millions of Korean won)</i>	September 30, 2015	December 31, 2014
Current		
Short-term borrowings	1,474,807	1,164,790
Current portion of long-term borrowings	337,863	331,569
Current portion of debentures	1,099,460	1,079,191
Subtotal	2,912,130	2,575,550
Non-Current		
Long-term borrowings	2,363,238	2,131,877
Debentures	4,498,563	4,295,004
Subtotal	6,861,801	6,426,881
Total	9,773,931	9,002,431

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(b) Details of borrowings are as follows:

<i>(in millions of Korean won)</i>	Maturity date	Annual interest rate at September 30, 2015(%)	September 30, 2015	December 31, 2014
Short-term borrowings in local currency				
Shinhan Bank and others	-	2.05 ~ 3.84	129,331	111,267
Short-term borrowings in foreign currency				
HSBC and others ¹	-	0.83 ~ 14.22	1,345,476	1,053,523
Long-term borrowings in local currency				
Kookmin Bank and others ²	2030.07.07	1.75 ~ 4.64	2,403,692	2,158,903
Long-term borrowings in foreign currency				
HSBC and others	2019.06.18	1.56 ~ 10.40	297,409	304,543
Local currency loans				
Public, non-guaranteed bonds	2030.02.02	2.28 ~ 5.10	4,070,000	4,010,000
Private, non-guaranteed bonds	2028.11.18	2.48 ~ 3.96	800,000	700,000
Foreign currency loans				
Public, non-guaranteed bonds ¹	2016.12.02	2.00	264,351	238,957
Private, non-guaranteed bonds ¹	2017.06.19	3ML+1.30	238,900	219,840
Private, guaranteed bonds ¹	2019.01.31	3ML+1.60	238,900	219,840
Less: discount on debentures			(14,128)	(14,442)
Total			9,773,931	9,002,431

¹ The Group entered into cross-currency swap contracts to hedge cash flow risk related to floating interest rate and foreign exchange rate of the debenture (Note 30).

² The Company entered into interest rate swap contracts to hedge cash flow risk related to floating interest rates fluctuation (Note 30).

12. Post-employment Benefits

Defined Benefit Plan

(a) The amounts of net defined benefit liabilities are as follows:

<i>(in millions of Korean won)</i>	September 30, 2015	December 31, 2014
Present value of funded obligations	2,648,983	2,307,568
Present value of unfunded obligations	34,045	34,065
Subtotal	2,683,028	2,341,633
Fair value of plan assets	(1,502,032)	(1,543,183)
Net defined benefit liability	1,180,996	798,450

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(b) The amounts recognized in the consolidated statements of income for the three-month and nine-month periods ended September 30, 2015 and 2014, are as follows:

<i>(in millions of Korean won)</i>	2015		2014	
	Three months	Nine months	Three months	Nine months
Current service cost	87,401	265,359	78,994	239,958
Past service cost	184	82	-	25,592
Net interest cost	6,349	19,059	6,462	18,914
Managing cost	378	1,288	335	1,113
Total	94,312	285,788	85,791	285,577

(c) Changes in the present value of defined benefit obligations for the nine-month periods ended September 30, 2015 and 2014, are as follows:

<i>(in millions of Korean won)</i>	2015	2014
At January 1	2,341,633	1,882,934
Current service cost	265,359	239,958
Past service cost	82	25,592
Interest expense	53,904	55,880
Remeasurements for:		
- Actuarial loss arising from changes in financial assumptions	128,725	117,050
- Actuarial gain arising from experience adjustments	-	(22,365)
Increase due to business combination	142	-
Benefits paid	(106,076)	(100,797)
Reclassification to liabilities held for sale	(1,925)	-
Others	1,184	(1,054)
At September 30	2,683,028	2,197,198

(d) Changes in the fair value of plan assets for the nine-month periods ended September 30, 2015 and 2014, are as follows:

<i>(in millions of Korean won)</i>	2015	2014
At January 1	1,543,183	1,302,015
Interest income	34,845	36,966
Remeasurements for:		
- Return on plan assets	(6,668)	(6,669)
Employer contributions	7,741	6,393
Increase due to business combination	133	-
Benefits paid	(74,868)	(68,908)
Managing cost	(1,288)	(1,113)
Decrease due to transfer of business	(1,488)	-
Others	442	(6)
At September 30	1,502,032	1,268,678

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(e) The principal actuarial assumptions used are as follows:

	<u>September 30, 2015</u>	<u>December 31, 2014</u>
Weighted average of discount rate	2.7%	3.2%
Weighted average of expected salary growth rate	6.1%	6.1%

As of September 30, 2015, the discount rates applied to the Parent Company and subsidiaries are between 0.5%~9.2% (2014: 0.5%~9.1%), and the expected salary growth rates are between 1.0%~13.0% (2014: 0.0%~13.0%).

(f) The sensitivity analysis of the defined benefit obligation to changes in principal assumptions as of September 30, 2015 and December 31, 2014, is as follows:

<i>(in millions of Korean won)</i>	<u>1% increase</u>	<u>1% decrease</u>
Discount rate	(228,097)	264,833
Salary growth rate	250,417	(228,118)

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

Defined Contribution Plan

Recognized expense related to the defined contribution plan during the nine-month period ended September 30, 2015, amounts to ₩6,524 million (2014: ₩6,533 million).

13. Provisions

Changes in provisions for the nine-month periods ended September 30, 2015 and 2014, are as follows:

	<u>2015</u>				
<i>(in millions of Korean won)</i>	<u>Warranty</u>	<u>Sales returns</u>	<u>Restoration</u>	<u>Litigation and others</u>	<u>Total</u>
At January 1, 2015	663,239	69,941	13,409	969,115	1,715,704
Additions	548,580	171,256	5,381	129,455	854,672
Utilization	(609,553)	(182,716)	(2,039)	(46,170)	(840,478)
Exchange differences	(6,733)	(164)	136	(11,430)	(18,191)
At September 30, 2015	<u>595,533</u>	<u>58,317</u>	<u>16,887</u>	<u>1,040,970</u>	<u>1,711,707</u>
Current	540,734	58,317	326	1,754	601,131
Non-current	54,799	-	16,561	1,039,216	1,110,576

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<i>(in millions of Korean won)</i>	2014				
	Warranty	Sales returns	Restoration	Litigation and others	Total
At January 1, 2014	612,101	63,183	11,265	975,947	1,662,496
Additions	648,613	176,028	2,831	3,164	830,636
Utilization	(605,553)	(170,536)	(1,066)	(21,555)	(798,710)
Exchange differences	(21,631)	(2,728)	(145)	(10,761)	(35,265)
At June 30, 2014	633,530	65,947	12,885	946,795	1,659,157
Current	577,251	65,947	1,304	41,380	685,882
Non-current	56,279	-	11,581	905,415	973,275

14. Paid-in Capital

- (a) As of September 30, 2015 and December 31, 2014, the number of shares authorized is 600 million.

	Par value per share	September 30, 2015		December 31, 2014	
		Number of shares issued	Amount (in millions of Korean won)	Number of shares issued	Amount (in millions of Korean won)
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

- (b) Share premium balance as of September 30, 2015, is ₩3,088,179 million. The share premium of ₩1,876,153 million was recognized, which is ₩2,815,707 million of the carrying value of net assets acquired from the entity split-off back on April 1, 2002, less the Parent Company's capital of ₩783,961 million and less the Parent Company's capital adjustment of ₩155,593 million. In addition, the amount of ₩331,766 million paid in excess of par value due to issuance of common shares (merger with LG IBMPC Co., Ltd.) and the exercise of conversion right and warrants in 2005 and 2006 are included. The excess in paid-in capital amounting to ₩880,260 million over the par value was recognized as the share premium due to the issuance of common shares in 2011.

15. Retained Earnings

Retained earnings consist of:

<i>(in millions of Korean won)</i>	September 30, 2015	December 31, 2014
Legal reserve	160,478	153,190
Discretionary reserve	5,317,480	5,666,922
Unappropriated retained earnings	3,707,762	3,260,932
Total	9,185,720	9,081,044

The above legal reserve is profit reserve, and the Commercial Code of the Republic of Korea requires the Parent Company to appropriate 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

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accumulated deficit.

Dividend for the year ended December 31, 2014, of ₩72,885 million was approved at the annual general meeting held on March 19, 2015, and paid in April 2015 (2014 payments: ₩36,872 million).

16. Accumulated Other Comprehensive Income(loss)

Details of accumulated other comprehensive income(loss) consist of:

<i>(in millions of Korean won)</i>	September 30, 2015	December 31, 2014
Accumulated other comprehensive loss of associates and joint ventures	19,941	(79,567)
Cash flow hedge	(70,862)	(33,077)
Available-for-sale financial assets	8,312	8,514
Currency translation differences	(885,338)	(1,039,427)
Total	(927,947)	(1,143,557)

17. Other Components of Equity

Details of other components of equity consist of:

<i>(in millions of Korean won)</i>	September 30, 2015	December 31, 2014
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	(177,524)	(177,593)
Total	(210,343)	(210,412)

¹ The Parent Company has treasury shares consisting of 763,171 common shares (2014: 763,170 shares) and 4,690 preferred shares (2014: 4,690 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.

18. Net Sales

Details of net sales for the three-month and nine-month periods ended September 30, 2015 and 2014, are as follows:

<i>(in millions of Korean won)</i>	2015		2014	
	Three months	Nine months	Three months	Nine months
Continuing operations:				
Sales of goods	13,809,623	41,295,999	14,536,141	43,239,288
Sales of services	122,137	341,350	116,039	328,115
Royalty income	97,034	311,552	60,796	201,304
Subtotal	14,028,794	41,948,901	14,712,976	43,768,707
Discontinued operations	4,193	24,638	203,390	796,945
Total	14,032,987	41,973,539	14,916,366	44,565,652

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19. Expenses by Nature

Expenses that are recorded by nature for the three-month and nine-month periods ended September 30, 2015 and 2014, consist of:

<i>(in millions of Korean won)</i>	2015		2014	
	Three months	Nine months	Three months	Nine months
Continuing operations:				
Changes in finished goods and work-in-process	(26,163)	(147,434)	(537,127)	(897,511)
Raw materials and merchandise used	8,860,172	26,697,987	9,640,010	28,021,129
Employee benefit expense	1,553,403	4,824,806	1,607,429	4,839,986
Depreciation and amortization	476,018	1,422,191	464,891	1,398,895
Advertising expense	273,988	763,340	333,744	836,362
Promotion expense	169,587	480,001	225,561	595,978
Transportation expense	370,019	1,084,395	391,236	1,197,468
Commission expense	697,859	2,033,987	680,504	2,043,376
Other expenses	1,359,929	3,946,334	1,441,741	4,179,598
Subtotal¹	13,734,812	41,105,607	14,247,989	42,215,281
Discontinued operations	4,644	27,915	207,106	778,887
Total	13,739,456	41,133,522	14,455,095	42,994,168

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, 2015 and 2014, are as follows:

<i>(in millions of Korean won)</i>	2015		2014	
	Three months	Nine months	Three months	Nine months
Continuing operations:				
Salaries	668,541	2,088,557	686,634	2,028,537
Post-employment benefits	50,304	153,910	51,526	159,780
Employee benefits	155,288	447,049	143,952	428,032
Freight expense	366,215	1,073,968	385,884	1,178,356
Rental expense	110,209	324,778	104,053	316,664
Commission expense	511,664	1,478,982	490,771	1,454,916
Depreciation	68,370	209,134	64,897	190,279
Amortization	50,947	152,076	45,667	139,699
Taxes and dues	44,207	110,341	45,277	116,475
Advertising expense	273,988	763,340	333,744	836,362
Promotional expense	169,587	480,001	225,561	595,978
Direct R&D costs	98,144	288,230	80,636	241,914
Direct service costs	205,666	517,700	230,028	590,653
Bad debts expense	2,576	24,202	834	26,740

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<i>(in millions of Korean won)</i>	2015		2014	
	Three months	Nine months	Three months	Nine months
Other	189,166	584,596	208,257	597,584
Subtotal	2,964,872	8,696,864	3,097,721	8,901,969
Discontinued operations	1,521	4,131	32,170	109,373
Total	2,966,393	8,700,995	3,129,891	9,011,342

21. Financial Income

Financial income for the three-month and nine-month periods ended September 30, 2015 and 2014, consists of:

<i>(in millions of Korean won)</i>	2015		2014	
	Three months	Nine months	Three months	Nine months
Continuing operations:				
Interest income	24,101	68,904	22,610	69,841
Foreign exchange gain	143,777	338,346	96,175	203,430
Gain on derivatives	325	2,357	4,349	17,178
Other	61	79	58	172
Subtotal	168,264	409,686	123,192	290,621
Discontinued operations	-	-	1,782	5,321
Total	168,264	409,686	124,974	295,942

22. Financial Expenses

Financial expenses for the three-month and nine-month periods ended September 30, 2015 and 2014, consist of:

<i>(in millions of Korean won)</i>	2015		2014	
	Three months	Nine months	Three months	Nine months
Continuing operations:				
Interest expense	119,424	342,297	103,426	312,848
Foreign exchange loss	107,470	307,553	76,007	206,434
Loss on derivatives	1,236	1,656	5,461	21,978
Loss on disposal of trade receivables	4,614	17,700	5,987	13,962
Other	547	6,455	340	1,928
Subtotal	233,291	675,661	191,221	557,150
Discontinued operations	-	-	11,201	33,696
Total	233,291	675,661	202,422	590,846

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23. Other Non-operating Income

Other non-operating income for the three-month and nine-month periods ended September 30, 2015 and 2014, consists of:

<i>(in millions of Korean won)</i>	2015		2014	
	Three months	Nine months	Three months	Nine months
Continuing operations:				
Dividend income	-	775	5	322
Exchange differences	637,416	1,324,923	203,564	727,987
Gain on derivatives	38,542	58,863	4,677	10,163
Gain on disposal of property, plant and equipment	6,757	12,781	8,028	24,638
Gain on disposal of intangible assets	-	73	11	14,902
Gain on disposal of available-for-sale financial assets	-	7,297	614	1,510
Gain on disposal of investments in associates and joint ventures	-	21,685	-	386
Gain on transfer of business	13,045	13,045	-	-
Other	(29,341)	28,120	32,909	81,020
Subtotal	666,419	1,467,562	249,808	860,928
Discontinued operations	138	2,028	2,018	15,053
Total	666,557	1,469,590	251,826	875,981

24. Other Non-operating Expenses

Other non-operating expenses for the three-month and nine-month periods ended September 30, 2015 and 2014, consist of:

<i>(in millions of Korean won)</i>	2015		2014	
	Three months	Nine months	Three months	Nine months
Continuing operations:				
Exchange differences	762,478	1,671,643	393,957	943,550
Loss on derivatives	1,994	21,785	813	14,082
Loss on disposal of property, plant and equipment	9,572	24,293	15,676	25,264
Loss on disposal of intangible assets	9,741	21,611	2,349	16,276
Impairment loss of available-for-sale financial assets	3,776	3,776	-	1,114
Other	66,889	190,992	83,421	150,957
Subtotal	854,450	1,934,100	496,216	1,151,243
Discontinued operations	298	2,008	10,406	20,961
Total	854,748	1,936,108	506,622	1,172,204

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25. Earnings per Share

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

(a) Basic earnings per common share for the three-month and nine-month periods ended September 30, 2015 and 2014, is as follows:

	2015		2014	
	Three months	Nine months	Three months	Nine months
Profit(loss) attributable to common shares (in millions of Korean won)	75,522	246,405	144,254	545,500
Continuing operations	75,803	248,740	159,373	557,597
Discontinued operations	(281)	(2,335)	(15,119)	(12,097)
Weighted average number of common shares outstanding	162,884,643 shares	162,884,643 shares	162,884,646 shares	162,884,646 shares
Basic earnings(loss) per common share (in Korean won)	464	1,513	886	3,349
Continuing operations	465	1,527	979	3,423
Discontinued operations	(1)	(14)	(93)	(74)

(b) Basic earnings per preferred share for the three-month and nine-month periods ended September 30, 2015 and 2014, is as follows:

	2015		2014	
	Three months	Nine months	Three months	Nine months
Profit(loss) attributable to preferred shares (in millions of Korean won)	8,182	26,636	15,430	58,184
Continuing operations	8,211	26,882	17,027	59,460
Discontinued operations	(29)	(246)	(1,597)	(1,276)
Weighted average number of preferred shares outstanding	17,181,302 shares	17,181,302 shares	17,181,302 shares	17,181,302 shares
Basic earnings(loss) per preferred share (in Korean won)	477	1,551	899	3,387
Continuing operations	478	1,565	992	3,461
Discontinued operations	(1)	(14)	(93)	(74)

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

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26. Information on Cash Flow

- (a) Cash flows from operating activities are prepared using the indirect method. Details of cash generated from operations for the nine-month periods ended September 30, 2015 and 2014, are as follows:

<i>(in millions of Korean won)</i>	2015	2014
Profit for the period	389,573	707,049
Adjustments:		
Interest expense, net	273,393	243,007
Foreign exchange loss, net	91,017	119,992
Loss(gain) on derivatives, net	(37,779)	8,719
Depreciation	1,140,123	1,127,645
Amortization	308,927	321,296
Loss on disposal of property, plant and equipment, intangible assets, net	33,050	2,000
Provisions for severance benefits	285,788	280,513
Provisions	854,672	830,636
Income tax expense	80,324	440,538
Gain from equity method	(361,691)	(164,368)
Other	214,312	223,913
Loss(profit) from discontinued operations	(1,566)	35,775
	<u>2,880,570</u>	<u>3,469,666</u>
Increase in trade receivables	(194,904)	(1,491,422)
Decrease in loans and other receivables	21,127	45,831
Increase in inventories	(324,608)	(1,727,834)
Increase in other assets	(134,384)	(88,234)
Increase in trade payables	252,521	1,916,690
Increase(decrease) in other payables	(357,777)	426,484
Decrease in provisions	(797,302)	(798,710)
Increase(decrease) in other liabilities	327,808	(68,963)
Payment of defined benefit liability	(31,208)	(31,889)
Deposit in plan assets, net	(34,630)	(35,577)
	<u>(1,273,357)</u>	<u>(1,853,624)</u>
Cash generated from operations	<u>1,996,786</u>	<u>2,323,091</u>

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- (b) Significant transactions not affecting cash flows for the nine-month periods ended September 30, 2015 and 2014, are as follows:

<i>(in millions of Korean won)</i>	2015	2014
Reclassification of construction-in-progress of property, plant and equipment	692,268	618,066
Reclassification of intangible assets in progress	204,139	174,866
Reclassification of other assets to intangible assets	74,813	67,937
Reclassification of current maturities of borrowings and debentures	979,376	1,111,971
Other payables to acquire property, plant and equipment	78,797	125,628
Other payables to acquire intangible assets	7,351	2,546
Conversion of convertible bonds of subsidiaries	-	273,795

- (c) Assets and liabilities arising from the transfer of business

- Transfer of Display Driver-IC design business

- i) On July 1, 2015, the assets and workforce of Display Driver-IC design business were transferred to Silicon Works Co., Ltd.
- ii) Total consideration received and the assets and liabilities of the transferred business are as follows:

<i>(in millions of Korean won)</i>	Amount
Total consideration	22,010
Assets of the transferred business:	
Trade and loans and other receivables	8,199
Inventory	12,276
Property, plant and equipment and intangible assets	670
Other assets	24
Liabilities of the transferred business:	
Trade and other payables	11,760
Other liabilities	7
Defined benefit liabilities	437

27. Contingencies

(a) At the end of the reporting period, borrowings are collateralized by property, plant and equipment, including land, buildings and machinery with maximum value of ₩242,670 million (2014: ₩230,711 million) and the book value of ₩263,792 million (2014: ₩266,973 million). In addition, buildings held by the Group are provided to Nonghyup Bank and others, as creditors of land, in order to guarantee obligations of landlords with maximum value of ₩8,020 million (2014: ₩8,020 million) and the book value of ₩754 million (2014: ₩1,205 million). Furthermore, pledge of ₩834 million is established on available-for-sale financial assets of some of subsidiaries.

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(b) At the end of the reporting period, the Parent Company and domestic subsidiaries are provided with guarantees of ₩228,885 million (2014: ₩258,145 million) from Seoul Guarantee Insurance and others relating to the performance guarantees and others. In addition, the Parent Company is provided with guarantee of principal USD 200 million (2014: USD 200 million) and interests from Shinhan Bank for the guaranteed private placement bonds.

(c) At the end of the reporting period, the financial guarantee provided by the Parent Company to external parties, other than related parties, amounts to USD 16 million (2014: USD 16 million). The Parent Company is providing Hana Bank with a payment guarantee for customers up to ₩66,000 million (2014: ₩126,000 million).

(d) In December 2012, the European Commission imposed a penalty on the Parent Company for anti-competitive activities among CRT (Cathode Ray Tube) manufacturers as a result of an investigation. The Parent Company recognized such penalty amounting to EUR 491,567 thousand as expected loss. However, the Parent Company appealed against the decision of the European Commission. The ultimate amount of loss resulting from the investigation may differ from the amount of penalty imposed and could be material. The Parent Company is provided with a performance guarantee of EUR 524,748 thousand from HSBC and others for the above.

In addition, the Parent Company is under investigation and has been named as a defendant in class actions in countries, including the United States, Canada and Europe, in connection with the alleged anti-competitive activities among CRT manufacturers. There are also a number of other legal actions, disputes, and investigations that remain pending at the end of the reporting period. The ultimate effect of those lawsuits on the financial position of the Group as of the statement of financial position date cannot be presently determined.

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

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

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

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 (2014: ₩195,500 million).

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In addition, LG Innotek Co., Ltd. has overdraft facility agreements with various banks, including Shinhan Bank, with a limit of ₩32,000 million (2014: ₩32,000 million). The total limit of overdrafts and comprehensive limits provided by financial institutions to the overseas subsidiaries of LG Innotek Co., Ltd. is ₩225,967 million (2014: ₩204,565 million).

Other overseas subsidiaries have overdraft facility agreements with a limit of ₩1,647,033 million (2014: ₩1,228,307 million) with various banks, including Citibank.

(b) At the end of the reporting period, the Parent Company has sales agreements for export trade receivables with Shinhan Bank and 23 other banks amounting to ₩3,258,596 million (2014: ₩3,559,210 million) and has sales agreements for domestic trade receivables with BTMU amounting to ₩200,000 million.

In addition, LG Innotek Co., Ltd. has trade receivables transfer agreements with Hana Bank and others amounting to ₩312,621 million (2014: ₩350,618 million) at the end of the reporting period.

In addition, other subsidiaries transfer their trade receivable to Societe Generale Bank on a revolving basis, for up to USD 258 million (2014: USD 280 million) and have sales agreements for trade receivables with BTMU amounting to USD 190 million. In addition, other subsidiaries have entered into corporate electronic settlement services contracts and discount note agreements with Shinhan Bank and others with a limit of ₩26,000 million (2014: ₩26,500 million) in connection with the collection of the trade receivables.

(c) At the end of the reporting period, the Parent Company has corporate electronic settlement services contracts and win-win payment services contracts with Shinhan Bank and eight other banks for up to ₩1,320,000 million (2014: ₩840,000 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, has corporate electronic settlement services contracts and win-win payment services contracts with financial institutions, including Woori Bank, for up to ₩165,167 million (2014: ₩165,595 million) in connection with the discounting of notes which are paid to their suppliers.

In addition, other subsidiaries have contract arrangements such as corporate electronic settlement services contracts and note discount agreements with Shinhan Bank and others banks for up to ₩70,000 million limit (2014: ₩90,000 million) to guarantee the payment of trade accounts payable.

(d) LG Innotek Co., Ltd., a subsidiary, has an agreement for underwriting commercial paper amounting to ₩30,000 million (2014: ₩34,000 million).

In addition, other subsidiaries have commercial paper agreements with Shinhan Bank and others for ₩40,000 million (2014: ₩40,000 million).

(e) At the end of the reporting period, the Group has other trade financing agreements and loan commitments with Hana Bank and others for up to ₩4,272,430 million (2014: ₩3,731,230 million).

(f) Contractual commitments for the acquisition of assets

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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, 2015	December 31, 2014
Property, plant and equipment	633,482	246,175
Intangible assets	3,835	5,012
Total	637,317	251,187

(g) 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, 2015			
	No later than 1 year	Later than 1 year and no later than 5 years	Over 5 years	Total
Land	3,383	1,015	1,656	6,054
Buildings and offices	222,712	363,749	45,557	632,018
Vehicles	30,032	34,428	-	64,460
Equipment	19,963	17,592	-	37,555
Total	276,090	416,784	47,213	740,087

Lease payment under operating lease recognized in the consolidated statement of income for the nine-month period ended September 30, 2015, is ₩239,466 million (2014: ₩231,793 million).

As of September 30, 2015, total future minimum sublease receipts under non-cancellable sublease agreements amount to ₩15,921 million and lease income recognized related to the subleases for the nine-month period ended September 30, 2015, amounts to ₩7,339 million (2014: ₩6,512 million).

(h) Operating lease commitments – the Group as lessor

The Group has non-cancellable operating lease agreements regarding healthcare rental business that lends water purifiers to customers and real estate rental business. 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, 2015			
	No later than 1 year	Later than 1 year and no later than 5 years	Over 5 years	Total
Healthcare rental	98,837	147,983	-	246,820
Real estate rental	1,227	1,024	832	3,083
Total	100,064	149,007	832	249,903

The Group recognized ₩73,759 million (2014: ₩66,614 million) in lease income for the nine-month period ended September 30, 2015.

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(i) Finance lease commitments – the Group as lessee

At the end of the reporting period, the Group has entered into a finance lease agreement for vehicle lease and has recognized related assets and liabilities in the consolidated statements of financial position. Net book value of the leased assets amounts to ₩5,325 million, and the present value of the finance lease liabilities amounts to ₩3,326 million. As of September 30, 2015 and December 31, 2014, future minimum lease payments under the finance lease agreement are as follows:

<i>(in millions of Korean won)</i>	September 30, 2015		December 31, 2014	
	Minimum lease payments	PV of minimum lease payments	Minimum lease payments	PV of minimum lease payments
Within 1 year	1,648	1,530	1,686	1,605
1 to 5 years	1,937	1,796	1,741	1,640
Total	3,585	3,326	3,427	3,245

(j) Trademark license commitments

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

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

29. Related Party

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

Classification	September 30, 2015	December 31, 2014	Note
Significantly influencing the Group	LG Corp.	LG Corp.	-
Associates	LG Display Co., Ltd. and its subs.	LG Display Co., Ltd. and its subs.	-
	LG Display Co., Ltd.	LG Display Co., Ltd.	-
	LG Display Germany GmbH	LG Display Germany GmbH	-
	LG Display Shanghai Co., Ltd.	LG Display Shanghai Co., Ltd.	-
	LG Display Yantai Co., Ltd.	LG Display Yantai Co., Ltd.	-
	LG Display America, Inc.	LG Display America, Inc.	-
	LG Display Japan Co., Ltd.	LG Display Japan Co., Ltd.	-
	LG Display Taiwan Co., Ltd.	LG Display Taiwan Co., Ltd.	-
	LG Display Nanjing Co., Ltd.	LG Display Nanjing Co., Ltd.	-
	LG Display Poland Sp. z o.o.	LG Display Poland Sp. z o.o.	-
	LG Display Guangzhou Co., Ltd.	LG Display Guangzhou Co., Ltd.	-
	LG Display Shenzhen Co., Ltd.	LG Display Shenzhen Co., Ltd.	-
	LG Display Singapore Pte. Ltd.	LG Display Singapore Pte. Ltd.	-
	LG Display U.S.A., Inc.	LG Display U.S.A., Inc.	-

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Classification	September 30, 2015	December 31, 2014	Note
	-	L&T Display Technology (Xiamen) Limited	-
	L&T Display Technology (Fujian) Limited	L&T Display Technology (Fujian) Limited	-
	Nanumnuri Co., Ltd.	Nanumnuri Co., Ltd.	-
	LG Display (China) Co., Ltd.	LG Display (China) Co., Ltd.	-
	Unified Innovative Technology, LLC	Unified Innovative Technology, LLC	-
	LG Display Guangzhou Trading Co., Ltd	-	-
	Global OLED Technology, LLC	-	-
	Ericsson-LG Co., Ltd. and its subs.	Ericsson-LG Co., Ltd. and its subs.	-
	Ericsson-LG Co., Ltd.	Ericsson-LG Co., Ltd.	-
	LN Srithai Com Co., Ltd.	LN Srithai Com Co., Ltd.	-
	Novera Optics Inc.	Novera Optics Inc.	-
	Ericsson-LG Enterprise Co., Ltd.	Ericsson-LG Enterprise Co., Ltd.	-
	Hitachi-LG Data Storage Inc.(HLDS) and its subs.	Hitachi-LG Data Storage Inc.(HLDS) and its subs.	-
	Hitachi-LG Data Storage Inc.(HLDS)	Hitachi-LG Data Storage Inc.(HLDS)	-
	Hitachi-LG Data Storage Korea, Inc.	Hitachi-LG Data Storage Korea, Inc.	-
	Hitachi-LG Data Storage(Huizhou), Ltd.	Hitachi-LG Data Storage(Huizhou), Ltd.	-
	Hitachi Electronic Products (Malaysia) Sdn. Bhd.	Hitachi Electronic Products (Malaysia) Sdn. Bhd.	-
	LG Fuel Cell Systems Inc. and its subs.	LG Fuel Cell Systems Inc. and its subs.	-
	LG Fuel Cell Systems Inc.	LG Fuel Cell Systems Inc.	-
	LG Fuel Cell Systems Korea Inc.	LG Fuel Cell Systems Korea Inc.	-
	Korea Information Certificate Authority Inc.	Korea Information Certificate Authority Inc.	-
	-	Global OLED Technology, LLC	-
	SKT Vietnam PTE., Ltd.	SKT Vietnam PTE., Ltd.	-
	One-Red, LLC	One-Red, LLC	-
Joint ventures	Arcelik-LG Klima Sanayi ve Ticaret A.S.(LGEAT)	Arcelik-LG Klima Sanayi ve Ticaret A.S.(LGEAT)	-
	LG Holdings(HK) Ltd. and its subs.	LG Holdings(HK) Ltd. and its subs.	-
	LG Holdings(HK) Ltd.	LG Holdings(HK) Ltd.	-
	Beijing LG Building Development Company	Beijing LG Building Development Company	-
	EIC PROPERTIES PTE LTD.	EIC PROPERTIES PTE LTD.	-
	LG-MRI LLC	LG-MRI LLC	-
Other related parties	LG CNS Co., Ltd. and its subs.	LG CNS Co., Ltd. and its subs.	LG Corp.'s subsidiary
	LG CNS Co., Ltd.	LG CNS Co., Ltd.	-
	LG N-Sys Inc.	LG N-Sys Inc.	-

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Classification	September 30, 2015	December 31, 2014	Note
	BNE PARTNERS, Inc.	BNE PARTNERS, Inc.	-
	Ucess Partners Co., Ltd.	Ucess Partners Co., Ltd.	-
	KOREA ELECOM Ltd.	KOREA ELECOM Ltd.	-
	Ever On Co., Ltd.	Ever On Co., Ltd.	-
	LG CNS Philippines Inc.	LG CNS Philippines Inc.	-
	LG CNS China Inc.	LG CNS China Inc.	-
	LG CNS Europe B.V.	LG CNS Europe B.V.	-
	-	LG CNS Japan Co., Ltd.	-
	LG CNS America Inc.	LG CNS America Inc.	-
	LG CNS India Pvt. Ltd.	LG CNS India Pvt. Ltd.	-
	PT. LG CNS Indonesia	PT LG CNS Indonesia	-
	Entrue Brasil Servicos de T.I. Ltda.	Entrue Brasil Servicos de T.I. Ltda.	-
	LG CNS Shenyang Inc.	LG CNS Shenyang Inc.	-
	LG CNS Tianjin Inc.	LG CNS Tianjin Inc.	-
	SBI-LG Systems Co., Ltd.	SBI-LG Systems Co., Ltd.	-
	LG CNS Colombia S.A.S	LG CNS Colombia S.A.S	-
	UCESS PHILIPPINES, INC.	UCESS PHILIPPINES, INC.	-
	Oneseen Skytech Co., Ltd.	Oneseen Skytech Co., Ltd.	-
	LG CNS MALAYSIA SDN BHD	LG CNS MALAYSIA SDN BHD	-
	LG CNS Saudi Arabia LLC	LG CNS Saudi Arabia LLC	-
	TXCNS Healthcare, LLC	TXCNS Healthcare, LLC	-
	LG CNS GB Ltd.	LG CNS GB Ltd.	-
	LG CNS Japan Co., Ltd.	LG CNS Smart Green Co.,Ltd.	-
	LLC LG CNS RUS	LLC LG CNS RUS	-
	Collain Healthcare, LLC	Collain Healthcare, LLC	-
	LG CNS Chile Ltda.	LG CNS Chile Ltda.	-
	LG CNS UZBEKISTAN, LLC	-	-
	SERVEONE Co., Ltd. and its subs.	SERVEONE Co., Ltd. and its subs.	LG Corp.'s subsidiary
	SERVEONE Co., Ltd.	SERVEONE Co., Ltd.	-
	Konjiam Yewon	Konjiam Yewon	-
	LG-TOYO Engineering	LG-TOYO Engineering	-
	Serveone(Nanjing).Co., Ltd	Serveone(Nanjing).Co., Ltd	-
	Serveone Construction (Nanjing) Co., Ltd.	Serveone Construction (Nanjing) Co., Ltd.	-
	Serveone Guangzhou Co., Ltd	Serveone Guangzhou Co., Ltd	-
	SERVEONE VIETNAM Co.,Ltd	SERVEONE VIETNAM Co.,Ltd	-
	-	Gumiochang Photovoltaic Co., Ltd	-
	LG Siltron Incorporated and its subs.	LG Siltron Incorporated and its subs.	LG Corp.'s subsidiary

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Classification	September 30, 2015	December 31, 2014	Note
	LG Siltron Incorporated	LG Siltron Incorporated	-
	LG Siltron America, Inc.	LG Siltron America, Inc.	-
	LG Siltron Japan, Inc.	LG Siltron Japan, Inc.	-
	LUSEM CO., LTD.	LUSEM CO., LTD.	LG Corp.'s subsidiary
	LG Management Development Institute	LG Management Development Institute	LG Corp.'s subsidiary
	LG SPORTS Ltd.	LG SPORTS Ltd.	LG Corp.'s subsidiary
	LG Solar Energy Inc.	LG Solar Energy Inc.	LG Corp.'s subsidiary
	LG Holdings Japan Co., Ltd.	LG Holdings Japan Co., Ltd.	LG Corp.'s subsidiary
	LG MMA Ltd.	LG MMA Ltd.	LG Corp.'s Joint venture

(b) Major transactions for the nine-month periods ended September 30, 2015 and 2014, and balances of receivables and payables from transaction with related parties as of September 30, 2015 and December 31, 2014, are as follows:

i) Major income and expense transactions with related parties

(in millions of Korean won)

Classification	Name	2015					
		Income transactions			Expense transactions		
		Sales	Others	Total	Purchases	Others	Total
Significantly influencing the Group	LG Corp.	834	-	834	1	110,348	110,349
Associates	LG Display Co., Ltd. and its subsidiaries	727,010	54,050	781,060	4,237,949	8,851	4,246,800
	Ericsson-LG Co., Ltd. and its subsidiaries	7,129	-	7,129	3,894	-	3,894
	Hitachi LG Data Storage Inc. and its subsidiaries.	12,986	-	12,986	93,616	74	93,690
	LG Fuel Cell Systems Inc. and its subsidiaries	48	-	48	-	-	-
	Korea Information Certificate Authority Inc.	-	-	-	-	1	1
	Subtotal	747,173	54,050	801,223	4,335,459	8,926	4,344,385
Joint ventures	Arcelik-LG Klima Sanayi ve Ticaret A.S.	46,663	-	46,663	52,593	-	52,593
	LG HOLDINGS (HK) LIMITED and its subsidiaries	-	-	-	-	2,320	2,320
	EIC PROPERTIES PTE LTD.	-	-	-	-	629	629
	Subtotal	46,663	-	46,663	52,593	2,949	55,542
Other related parties	SERVEONE Co., Ltd. and its subsidiaries	31,438	-	31,438	814,575	118,264	932,839
	LG Siltron Incorporated and its subsidiaries	5,232	-	5,232	6	-	6
	LG CNS Co., Ltd. and its subsidiaries	52,531	-	52,531	108,564	290,119	398,683

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(in millions of Korean won)

		2015					
		Income transactions			Expense transactions		
Classification	Name	Sales	Others	Total	Purchases	Others	Total
	LG SPORTS Ltd.	22	-	22	-	9,802	9,802
	LG Management Development Institute	171	-	171	130	22,955	23,085
	LUSEM CO., LTD.	37,902	-	37,902	6,492	268	6,760
	LG MMA Ltd.	591	-	591	156	1	157
	LG Holdings Japan Co., Ltd.	13	-	13	-	2,391	2,391
	Subtotal	127,900	-	127,900	929,923	443,800	1,373,723
	Total	922,570	54,050	976,620	5,317,976	566,023	5,883,999

(in millions of Korean won)

		2014					
		Income transactions			Expense transactions		
Classification	Name	Sales	Others	Total	Purchases	Others	Total
Significantly influencing the Group	LG Corp.	402	-	402	-	114,940	114,940
Associates	LG Display Co., Ltd. and its subsidiaries	760,533	-	760,533	4,859,325	9,723	4,869,048
	Ericsson-LG Co., Ltd. and its subsidiaries	7,070	-	7,070	4,407	-	4,407
	Hitachi LG Data Storage Inc. and its subsidiaries	57,483	-	57,483	461,206	-	461,206
	LG Fuel Cell Systems Inc. and its subsidiaries	25	-	25	-	-	-
	Korea Information Certificate Authority Inc.	-	-	-	-	21	21
	Subtotal	825,111	-	825,111	5,324,938	9,744	5,334,682
Joint ventures	Arcelik-LG Klima Sanayi ve Ticaret A.S.	46,359	-	46,359	91,348	-	91,348
	LG HOLDINGS (HK) LIMITED and its subsidiaries	-	-	-	-	2,179	2,179
	EIC PROPERTIES PTE LTD.	-	-	-	-	640	640
	Subtotal	46,359	-	46,359	91,348	2,819	94,167
Other related parties	SERVEONE Co., Ltd. and its subsidiaries	16,063	-	16,063	853,536	108,378	961,914
	LG Siltron Incorporated and its subsidiaries	3,469	-	3,469	1,649	24	1,673
	LG CNS Co., Ltd. and its subsidiaries	22,992	-	22,992	47,478	337,043	384,521
	LG SPORTS Ltd.	403	-	403	-	10,119	10,119
	LG Management Development Institute	12	-	12	327	19,553	19,880
	LUSEM CO., LTD.	42,287	-	42,287	22,504	411	22,915
	LG MMA Ltd.	1,198	-	1,198	36	-	36
	LG Holdings Japan Co., Ltd.	9	-	9	-	1,542	1,542
	Subtotal	86,433	-	86,433	925,530	477,070	1,402,600
	Total	958,305	-	958,305	6,341,816	604,573	6,946,389

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ii) The balances of receivables from and payables to related parties

(in millions of Korean won)

		September 30, 2015							
Classification	Name	Receivables				Payables			
		Trade receivables	Loans	Other receivables	Total	Trade payables	Borrowings	Other payables	Total
Significantly influencing the Group	LG Corp.	-	-	28,944	28,944	-	-	24	24
Associates	LG Display Co., Ltd. and its subsidiaries	251,359	-	63,994	315,353	1,117,867	-	37,205	1,155,072
	Ericsson-LG Co., Ltd. and its subsidiaries	330	-	66	396	760	-	150	910
	Hitachi LG Data Storage Inc. and its subsidiaries	-	-	147	147	29,727	-	3	29,730
	LG Fuel Cell Systems Inc. and its subs.	-	7,191	-	7,191	-	-	13	13
	Subtotal	251,689	7,191	64,207	323,087	1,148,354	-	37,371	1,185,725
Joint ventures	Arcelik-LG Klima Sanayi ve Ticaret A.S.	642	-	1,605	2,247	2,164	-	-	2,164
	LG HOLDINGS (HK) LIMITED and its subs.	-	-	-	-	-	-	1,606	1,606
	EIC PROPERTIES PTE LTD.	-	-	-	-	-	-	72	72
	Subtotal	642	-	1,605	2,247	2,164	-	1,678	3,842
Other related parties	SERVEONE Co., Ltd. and its subsidiaries	12,418	-	61,304	73,722	282,130	-	46,948	329,078
	LG Siltron Incorporated and its subsidiaries	958	-	-	958	1,086	-	503	1,589
	LG CNS Co., Ltd. and its subsidiaries	9,825	-	715	10,540	55,523	-	83,320	138,843
	LG SPORTS Ltd.	-	-	-	-	-	-	667	667
	LG Management Development Institute	-	-	17,864	17,864	82	-	2,773	2,855
	LUSEM CO., LTD.	11,095	-	3	11,098	380	-	21	401
	LG MMA Ltd.	393	-	-	393	19	-	-	19
	LG Holdings Japan Co., Ltd.	-	-	3,800	3,800	-	-	-	-
	Subtotal	34,689	-	83,686	118,375	339,220	-	134,232	473,452
Total		287,020	7,191	178,442	472,653	1,489,738	-	173,305	1,663,043

(in millions of Korean won)

		December 31, 2014							
Classification	Name	Receivables				Payables			
		Trade receivables	Loans	Other receivables	Total	Trade payables	Borrowings	Other payables	Total
Significantly influencing the Group	LG Corp.	-	-	22,882	22,882	-	-	5,208	5,208
Associates	LG Display Co., Ltd. and its subsidiaries	163,868	-	68,333	232,201	797,656	-	29,527	827,183

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		December 31, 2014							
Classification	Name	Receivables				Payables			
		Trade receivables	Loans	Other receivables	Total	Trade payables	Borrowings	Other payables	Total
	Ericsson-LG Co., Ltd. and its subsidiaries	267	-	64	331	678	-	150	828
	Hitachi LG Data Storage Inc. and its subsidiaries	26	-	257	283	40,174	-	61	40,235
	Subtotal	164,161	-	68,654	232,815	838,508	-	29,738	868,246
Joint ventures	Arcelik-LG Klima Sanayi ve Ticaret A.S.	7,607	-	-	7,607	970	-	-	970
	LG HOLDINGS (HK) LIMITED and its subs.	-	-	-	-	-	-	1,486	1,486
	EIC PROPERTIES PTE LTD.	-	-	-	-	-	-	75	75
	Subtotal	7,607	-	-	7,607	970	-	1,561	2,531
Other related parties	SERVEONE Co., Ltd. and its subsidiaries	2,632	-	60,722	63,354	234,069	-	51,934	286,003
	LG Siltron Incorporated and its subsidiaries	836	-	-	836	28	-	1,540	1,568
	LG CNS Co., Ltd. and its subsidiaries	2,357	-	521	2,878	33,430	-	326,691	360,121
	LG SPORTS Ltd.	2	-	-	2	-	-	231	231
	LG Management Development Institute	-	-	17,864	17,864	11	-	2,658	2,669
	LUSEM CO., LTD.	8,108	-	-	8,108	2,031	-	10	2,041
	LG MMA Ltd.	164	-	-	164	121	-	3	124
	LG Holdings Japan Co., Ltd.	-	-	3,506	3,506	-	-	-	-
	Subtotal	14,099	-	82,613	96,712	269,690	-	383,067	652,757
	Total	185,867	-	174,149	360,016	1,109,168	-	419,574	1,528,742

iii) Significant capital transactions with related parties and others for the nine-month periods ended September 30, 2015 and 2014, are as follows:

(in millions of Korean won)

		2015					
Classification	Name	Dividend Income	Cash investment (capital reduction) and more	Financing loan transaction		Financing borrowing transaction	
				Loan	Collection	Borrowing	Repayment
	LG Display Co., Ltd.	67,813	-	-	-	-	-
Associates	Ericsson-LG Co., Ltd.	3,250	-	-	-	-	-
	Korea Information Certificate Authority Inc.	60	-	-	-	-	-
	LG Fuel Cell Systems Inc. and its subsidiaries	-	-	7,191	-	-	-
	Total	71,123	--	7,191	-	-	-

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(in millions of Korean won)

Classification	Name	2014					
		Dividend Income	Cash investment (capital reduction) and more	Financing loan transaction		Financing borrowing transaction	
				Loan	Collection	Borrowing	Repayment
	Ericsson-LG Co., Ltd.	17,000	-	-	-	-	-
Associates	Korea Information Certificate Authority Inc.	60	-	-	-	-	-
	LG Fuel Cell Systems Inc. and its subsidiaries	-	7,267	-	-	-	-
	Subtotal	17,060	7,267	-	-	-	-
Joint venture	LG Fund for Enterprises	-	(680)	-	-	-	-
	Total	17,060	6,587	-	-	-	-

- (c) Key management compensation costs of the Group for the nine-month periods ended September 30, 2015 and 2014, consist of:

(in millions of Korean won)	2015	2014
Wages and salaries	15,310	10,074
Severance benefits	4,969	3,192
Total	20,279	13,266

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

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

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 by improving financial structure and effective cash management.

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

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

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performing integration of their finance functions.

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

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

(a) Market risk

i) Foreign exchange risk

Due to its multinational business operations, the Group is exposed to foreign exchange risk mainly on the US Dollar and Euro.

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

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

As of September 30, 2015 and December 31, 2014, 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>	<u>September 30, 2015</u>		<u>December 31, 2014</u>	
	10% increase	10% decrease	10% increase	10% decrease
USD/KRW	38,892	(38,892)	(88,337)	88,337
EUR/KRW	44,347	(44,347)	50,124	(50,124)

ii) Interest rate risk

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

The Group minimizes its borrowings from others and optimizes its deposits by expanding internal finance sharing. The Group periodically establishes the plan for reaction by the monitoring trends of internal and external interest rates, and minimizes the risk of net interest expense by properly

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operating short-term borrowings with variable interest rates and deposits.

As of September 30, 2015 and 2014, if interest rates fluctuate by 1% without other variables changing, the effects on income and expenses related to borrowings with variable interest rates and financial deposits for the nine-month periods ended September 30, 2015 and 2014, are as follows:

<i>(in millions of Korean won)</i>	2015		2014	
	1% increase	1% decrease	1% increase	1% decrease
Interest expense	5,351	(5,351)	4,409	(4,409)
Interest income	21,404	(21,404)	20,150	(20,150)

iii) Details of derivatives contracts are as follows:

Hedging purposes

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

September 30, 2015	Contractor	Contracted amount (in millions)	Contracted currency rate	Interest rate (received)	Interest rate (paid)	Starting date	Expiration date
USD/KRW CRS	Shinhan Bank	USD200	USD/KRW 1,113.6	3ML+160bp	3.22%	2013.07.11	2019.01.31
	BNP PARIBAS and others	USD200	USD/KRW 1,052.1	3ML+130bp	3.42%	2013.11.28	2017.06.19
CHF/KRW CRS	BNP PARIBAS and others	CHF215	CHF/KRW 1,213.6	2.00%	3.64% ~ 3.74%	2012.07.06	2016.12.02
USD/BRL CRS	Standard Chartered	USD50	USD/BRL 2.6850	1.75%	11.45%	2015.01.14	2015.12.14
		USD25	USD/BRL 3.1595	1.00%	13.10%	2015.07.02	2015.10.27
		USD20	USD/BRL 3.2350	1.39%	13.11%	2015.07.24	2015.12.28
		USD20	USD/BRL 3.4950	1.30%	13.00%	2015.08.14	2015.11.27
		USD27	USD/BRL 3.9000	1.77%	13.10%	2015.09.15	2016.03.15
		USD50	USD/BRL 3.9100	1.77%	13.40%	2015.09.18	2016.03.21
	Citibank	USD27	USD/BRL 4.0595	1.35%	12.65%	2015.09.23	2016.03.23
		USD15	USD/BRL 3.0310	1.53%	12.20%	2015.04.24	2015.11.16
		USD35	USD/BRL 3.0310	1.53%	12.35%	2015.04.24	2015.11.25
		USD25	USD/BRL 3.1490	1.00%	13.41%	2015.07.02	2015.11.24
		USD35	USD/BRL 3.1400	1.43%	13.60%	2015.07.14	2015.12.28
		BTMU	USD30	USD/BRL 3.1590	1.16%	12.91%	2015.07.02
USD/VND CRS	BTMU	USD20	USD/BRL 3.5000	1.07%	12.08%	2015.08.14	2015.11.27
		USD8	USD/VND 21,240	3ML+0.70	5.50%	2014.10.20	2015.10.19
		USD22	USD/VND 21,345	3ML+0.70	5.40%	2014.11.19	2015.10.19

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

September 30, 2015	Contractor	Contracted amount (in millions of Korean won)	Interest rate (received)	Interest rate (paid)	Contract date	Expiration date
	Hana Bank	200,000	3M CD+98bp	4.53%	2014.01.03	2024.01.03
	Kookmin Bank	200,000	3M CD+114bp	4.52%	2014.04.29	2029.04.30
KRW Interest rate swap	Kookmin Bank	190,000	3M CD+91bp	3.15%	2015.01.28	2027.01.28
	Woori Bank	390,000	3M CD+82bp	3.07%	2015.04.15	2030.04.15
	Nonghyup Bank	190,000	3M CD+105bp	3.39%	2015.07.07	2030.07.07

At the end of the reporting period, the swap contracts are evaluated at fair value and the gain on valuation of the effective portion amounting to ₩96,077 million in 2015 (2014: loss on valuation amounting to ₩51,538 million) after applying the tax effect, is recognized in other comprehensive income(loss). The Group has reclassified ₩133,862 million to gain from equity in 2015 (2014: ₩25,687 million to loss from equity). Therefore, other comprehensive loss from cash flow hedges amounts to ₩37,785 million in 2015 (2014: other comprehensive loss of ₩25,851 million) after applying the tax effect.

Trading purposes

The Group entered into the currency forward contracts to hedge against possible future changes in foreign exchange rates. The subsidiaries' currency forward contracts as of September 30, 2015, and related profit or loss for the nine-month period ended September 30, 2015, are as follows:

(in millions of Korean won)	Purchase	Sale	Gain on valuation	Gain on transaction
Currency forward	417,250	397,788	22,668	15,111

iv) Price risk

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

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

(in millions of Korean won)	September 30, 2015		December 31, 2014	
	30% increase	30% decrease	30% increase	30% decrease
KOSDAQ	2,830	(2,830)	3,001	(3,001)
NASDAQ	-	-	742	(742)

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The valuation and the reclassified amounts of the available-for-sale financial assets related to the market risk above are presented in Note 7.

(b) Credit risk

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

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

At the end of reporting period, trade receivable balance of the Group is ₩8,188,668 million (2014: ₩7,811,780 million) and its risk is managed appropriately with insurer's credit limit of ₩30,541,313 million (2014: ₩30,055,982 million). Therefore, the Group estimates credit risk exposure to itself as limited.

At the end of reporting period, the carrying value of financial assets represents net of impairment loss to reflect Group's maximum exposure to the credit risk.

(c) Liquidity risk

The Group forecasts its cash flow and liquidity status, and sets action plans on a regular basis to manage liquidity risk proactively. The Group systematically works with experts in four RTCs to carry out fund and liquidity management that can react proactively to the changing global financial environment.

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

In addition, the Group is able to source funds any time in the domestic and international financial markets as of the end of reporting period because it has good investment credit grades of AA Stable from Korea Investors Service, Korea Ratings and NICE Information Service, BBB Stable from Standard & Poors, and Baa3 Stable from Moody's, respectively, as of September 30, 2015.

- i) Cash flow information on maturity of financial liabilities as of September 30, 2015, are as follows:

<i>(in millions of Korean won)</i>	Total	Less than 1 year	1 to 2 years	3 to 5 years	Over 5 years
Trade payables	7,219,792	7,219,792	-	-	-
Borrowings	11,162,544	3,237,003	1,762,133	2,750,337	3,413,071
Other payables	2,442,592	2,428,647	10,733	2,384	828
Other financial liabilities	2,699	2,699	-	-	-
Total	20,827,627	12,888,141	1,772,866	2,752,721	3,413,899

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The above cash flows are calculated at nominal value based on the earliest maturity dates and include cash flows of principal and interests. The Group's trading portfolio derivative liabilities that are not qualified for hedge accounting have been included at their fair value of ₩2,699 million within the less than 1-year time bucket. This is because the contractual maturities are not essential for an understanding of the timing of the cash flows. These contracts are managed on a net-fair value basis rather than by maturity date. Derivatives for cash flow hedges from changes in interest rate and exchange rate are reflected in the cash flows of related borrowings.

- ii) The maturity analysis of financial guarantee contracts provided by the Group to third party companies as of September 30, 2015, are as follows:

<i>(in millions of Korean won)</i>	Total	Less than 1 year	1 to 2 years	3 to 5 years	Over 5 years
Financial guarantee contracts	85,112	85,112	-	-	-

The above cash flow is the maximum amount of guarantees allocated to earliest period in which the Group can be required to pay.

Capital Risk Management

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

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

<i>(in millions of Korean won, except for ratios)</i>	September 30, 2015	December 31, 2014
Liability (A)	25,523,843	24,077,323
Equity (B)	13,423,574	12,991,097
Cash and cash equivalents and current financial deposits (C)	2,961,321	2,244,406
Borrowings (D)	9,773,931	9,002,431
Debt-to-equity ratio (A/B)	190.1%	185.3%
Net borrowings ratio (D-C)/B	50.8%	52.0%

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, 2015		December 31, 2014	
	Book amount	Fair value	Book amount	Fair value
Current financial asset items				
[Assets at fair value]				
Financial assets at fair value through profit or loss				
Other financial assets	21,080	21,080	5,654	5,654
Derivatives for hedging purposes				

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<i>(in millions of Korean won)</i>	September 30, 2015		December 31, 2014	
	Book amount	Fair value	Book amount	Fair value
Other financial assets	68,541	68,541	5,515	5,515
[Assets at amortized cost]				
Loans and other receivables				
Cash and cash equivalents	2,961,321	1	2,244,406	1
Financial deposits	74,184	1	67,700	1
Trade receivables	8,034,725	1	7,683,915	1
Other receivables	599,970	1	633,219	1
Held-to-maturity financial assets				
Other financial assets	2,526	1	24	1
Non-current financial asset items				
[Assets at fair value]				
Derivatives for hedging purposes				
Other financial assets	38,960	38,960	5,252	5,252
Available-for-sale financial assets				
Other financial assets	13,239	13,239	14,529	14,529
[Assets at amortized cost]				
Loans and other receivables				
Financial deposits	78,840	78,840	94,323	94,323
Other receivables	548,450	540,244	548,564	535,896
Held-to-maturity financial assets				
Other financial assets	117	1	2,638	1
[Assets at cost]				
Available-for-sale financial assets				
Other financial assets	36,116	2	34,356	2
Total	12,478,069		11,340,095	

<i>(in millions of Korean won)</i>	September 30, 2015		December 31, 2014	
	Book amount	Fair value	Book amount	Fair value
Current financial liability items				
[Liabilities at fair value]				
Financial liabilities at fair value through profit or loss				
Other financial liabilities	2,699	2,699	3,409	3,409
Derivatives for hedging purposes				
Other financial liabilities	740	740	3,013	3,013
[Liabilities at amortized cost]				
Trade payables	7,219,792	1	6,741,710	1
Borrowings	2,912,130	1	2,575,550	1
Other payables	2,428,647	1	3,020,870	1
[Other liabilities]				
Other financial liabilities	122	3	106	3
Non-current financial liability items				
[Liabilities at fair value]				
Derivatives for hedging purposes				

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Other financial liabilities	75,360	75,360	62,160	62,160
[Liabilities at amortized cost]				
Borrowings	6,861,801	7,103,951	6,426,881	6,783,359
Other payables	12,725	12,828	14,320	14,458
[Other liabilities]				
Other financial liabilities	334	³	414	³
Total	19,514,350		18,848,433	

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

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

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

(b) Fair value measurements of assets and liabilities

i) Fair value hierarchy and measurement method

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

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

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

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

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

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, an entity within the same industry,

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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 for financial assets held by the Group is the closing price at the end of the reporting period. 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 fair value of assets or liabilities are either measured through internally developed evaluation model or provided by independent external evaluation agencies. The Group utilizes discounted cash flow method 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'.

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 discounted cash flow method.

ii) Financial instruments measured at fair value

Fair value hierarchy classifications of the financial assets and financial liabilities that are measured at fair value are as follows:

<i>(in millions of Korean won)</i>	September 30, 2015			Total
	Level 1	Level 2	Level 3	
Assets				
Other financial assets				
Available-for-sale financial assets				
- Marketable equity securities	11,857	-	-	11,857
- Debt securities	-	-	1,382	1,382
Financial assets at fair value through profit or loss	-	21,080	-	21,080
Derivatives for hedging purposes	-	107,501	-	107,501
Liabilities				
Other financial liabilities				
Financial liabilities at fair value through profit or loss	-	2,699	-	2,699
Derivatives for hedging purposes	-	76,100	-	76,100

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<i>(in millions of Korean won)</i>	December 31, 2014			Total
	Level 1	Level 2	Level 3	
Assets				
Other financial assets				
Available-for-sale financial assets				
- Marketable equity securities	13,107	-	-	13,107
- Debt securities	-	-	1,422	1,422
Financial assets at fair value through profit or loss	-	5,654	-	5,654
Derivatives for hedging purposes	-	10,767	-	10,767
Liabilities				
Other financial liabilities				
Financial liabilities at fair value through profit or loss	-	3,409	-	3,409
Derivatives for hedging purposes	-	65,173	-	65,173

The above fair value amounts are recurring fair value measurements.

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

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

Valuation technique and inputs for fair value measurements categorized within level 2 are as follows:

<i>(in millions of Korean won)</i>	Fair value		Valuation techniques	Inputs
	September 30, 2015	December 31, 2014		
Assets				
Other financial assets				
Financial assets at fair value through profit or loss	21,080	5,654	Discounted cash flow	Discount rate and exchange rate
Derivatives for hedging purposes	107,501	10,767	Discounted cash flow	Discount rate and exchange rate
Liabilities				
Other financial liabilities				
Financial liabilities at fair value through profit or loss	2,699	3,409	Discounted cash flow	Discount rate and exchange rate
Derivatives for hedging purposes	76,100	65,173	Discounted cash flow	Discount rate and exchange rate

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- Fair value measurements categorized within level 3

Changes in financial assets and financial liabilities that are measured at fair value and categorized within level 3 for the nine-month periods ended September 30, 2015 and 2014, are as follows:

<i>(in millions of Korean won)</i>	2015	2014
At January 1	1,422	1,840
Total gain(loss) for the period		
Gain(loss) included in profit for the period ¹	61	(131)
Gain(loss) included in other comprehensive income	(14)	13
Purchase, issue, sales and settlement		
Purchase	-	-
Sale	(87)	(191)
At September 30	1,382	1,531

¹Gain and loss included in profit for the period are interest income amounting to ₩61 million (2014: interest income amounting to ₩169 million and impairment loss amounting to ₩300 million).

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

<i>(in millions of Korean won)</i>	Fair value		Valuation techniques	Inputs	Significant but unobservable inputs	Range of significant but unobservable inputs
	September 30, 2015	December 31, 2014				
Other financial assets						
Available-for-sale financial assets						
- Debt securities	1,382	1,422	Discounted cash flow	Discount rate	Discount rate (credit spread)	3.2%~7.5%

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

Financial instruments not measured at fair value but for which the fair value is disclosed are as follows:

<i>(in millions of Korean won)</i>	September 30, 2015			
	Level 1	Level 2	Level 3	Total
Assets				
Non-current financial deposits	-	-	78,840	78,840
Non-current other receivables	-	-	540,244	540,244
Liabilities				
Non-current borrowings	-	-	7,103,951	7,103,951
Non-current other payables	-	-	12,828	12,828

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<i>(in millions of Korean won)</i>	December 31, 2014			
	Level 1	Level 2	Level 3	Total
Assets				
Non-current financial deposits	-	-	94,323	94,323
Non-current other receivables	-	-	535,896	535,896
Liabilities				
Non-current borrowings	-	-	6,783,359	6,783,359
Non-current other payables	-	-	14,458	14,458

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

As of September 30, 2015, there are no financial instruments that are not measured at fair value but for which the fair value is disclosed and categorized within level 2.

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

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

<i>(in millions of Korean won)</i>	September 30, 2015		December 31, 2014		Valuation techniques	Inputs	Significant but unobservable inputs	Range of significant but unobservable inputs
	Carrying amount	Fair value	Carrying amount	Fair value				
Assets								
Non-current financial deposits	78,840	78,840	94,323	94,323	Discounted cash flow	Discount rate and exchange rate	Discount rate	0.1% ~ 3.0%
Non-current other receivables	548,450	540,244	548,564	535,896	Discounted cash flow	Discount rate and exchange rate	Discount rate	2.9% ~ 3.8%
Liabilities								
Non-current borrowings	6,861,801	7,103,951	6,426,881	6,783,359	Discounted cash flow	Discount rate and exchange rate	Discount rate	1.6% ~ 3.7%
Non-current other payables	12,725	12,828	14,320	14,458	Discounted cash flow	Discount rate and exchange rate	Discount rate	3.8% ~ 3.9%

31. Business Combinations

- (a) The Parent Company acquired the Power Conditioning System business from LG U plus Co., Ltd. on February 2, 2015, in order to maximize its market responsiveness by enhancing business capabilities in the energy storage system business, the Parent Company's future strategic business.

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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 ¹	
Cash and cash equivalents	7,700
Total consideration	7,700
Recognized amounts of identifiable assets acquired and liabilities assumed	
Current assets	
Cash and cash equivalents	9
Trade receivables	66
Non-current assets	
Property, plant and equipment	2,513
Intangible assets	3,907
Non-current liabilities	
Net defined benefit liability	9
Total identifiable net assets	6,486
Goodwill	1,214

¹Consideration transferred during the measurement period

The acquisition-related cost amounting to ₩147 million was recognized as an expense in the period in which they were incurred. The above fair value of trade receivables are the same as the gross contractual amounts.

- (b) The Group acquired 100% ownership of LPRFIC Oy on July 1, 2015, in order to secure wireless high-frequency integrated circuit technology for modem solutions.

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 ¹	
Cash and cash equivalents	6,915
Contingent consideration ²	3,150
Recognized amounts of identifiable assets acquired and liabilities assumed	
Current assets	
Cash and cash equivalents	3
Non-current assets	
Intangible assets	10,062
Total identifiable net assets	10,065

¹Consideration transferred during the measurement period

²The fair value of consideration, a part of payment for acquisition of shares held by employees of LPRFIC Oy, is contingent on completion of technology and continuous service of its employees, and the nominal amount is ₩3,802 million.

The acquisition-related cost amounting to ₩214 million was recognized as an expense in the

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period in which they were incurred.

32. Reclassification to Assets and Liabilities Held for Sale

- (a) LG Innotek Co., Ltd., a subsidiary of the Group, decided on the sale of 100% ownership of LG Innotek (Fuzhou) Co., Ltd. and carried it out on August 19, 2015 for ₩12,163 million.

According to the above resolution, property, plant and equipment and other non-current assets of ₩12,163 million were stated as held for sale. These assets were measured at the lower of the net fair value and the book value before their classification as held for sale, and recognized an impairment loss of ₩6,071 million.

- (b) Details of assets and liabilities classified as held for sale during the nine-month period ended September 30, 2015, are as follows:

<i>(in millions of Korean won)</i>	September 30, 2015
[Assets]	
At January 1	-
Increase due to reclassification	
Trade and loans and other receivables	11,786
Inventories	12,276
Available-for-sale financial assets	1,369
Property, plant and equipment and intangible assets	37,311
Investments in associates	32,364
Other assets	747
Decrease due to transfer of business ¹	(21,166)
Disposals	(62,524)
At September 30	12,163

<i>(in millions of Korean won)</i>	September 30, 2015
[Liabilities]	
At January 1	-
Increase due to reclassification	
Trade and other payables	12,245
Other liabilities	5
Defined benefit liabilities	1,908
Decrease due to transfer of business ¹	(14,158)
Disposals	-
At September 30	-

¹All sales transactions of assets and liabilities reclassified as held for sale in relation to transfer of display driver-IC design business were completed as of September 30, 2015 (Note 26).

33. Discontinued Operations

As a result of the decreased demand for PDP TV products, the Group discontinued its operations of the PDP modules and PDP TV on November 30, 2014, in order to focus on its OLED TV and LCD TV division going forward.

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- i) Profit(loss) for the period from discontinued operations for the three-month and nine-month periods ended September 30, 2015 and 2014, consists of:

<i>(in millions of Korean won)</i>	2015		2014	
	Three months	Nine months	Three months	Nine months
Net sales	4,193	24,638	203,390	796,945
Operating income(loss)	(451)	(3,277)	(3,716)	18,058
Loss for the period before tax	(664)	(3,257)	(21,523)	(16,225)
Income tax benefit	(354)	(682)	(4,681)	(2,862)
Loss for the period, net of tax	(310)	(2,575)	(16,842)	(13,363)

- ii) Cash generated from discontinued operations for the nine-month periods ended September 30, 2015 and 2014, is as follows:

<i>(in millions of Korean won)</i>	2015	2014
Net cash flows from operating activities	84,526	14,000
Net cash flows from investing activities	30	(2,910)
Net cash flow from discontinued operations	84,556	11,090

34. Events After the Reporting Period

The Parent Company entered into a contract to transfer 100% ownership of Hi Logistics Co., Ltd. to Pantos Logistics Co., LTD. on November 2, 2015, for ₩105,400 million for the purpose of logistics cost reduction and superior customer responsiveness in accordance with the resolution of the Board of Directors dated October 28, 2015.

As of September 30, 2015, assets and liabilities of Hi Logistics Co., Ltd. recognized in the consolidated statement of financial position of the Parent Company amount to ₩97,829 million and ₩19,102 million, respectively. During the nine-month period ended September 30, 2015, revenue of Hi Logistics Co., Ltd. recognized on the consolidated statement of income of the Parent Company amounts to ₩105,141 million, and profit for the period amounts to ₩8,473 million.