

LG Electronics
Interim Consolidated Financial Statements
March 31, 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 March 31, 2015, and the related interim consolidated statements of income, comprehensive income, changes in equity and cash flows for the three-month periods ended March 31, 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 do not present fairly, in all material respects, in conformity with the Korean IFRS 1034, 'Interim Financial Reporting'.

Other matters

We have audited the accompanying consolidated statement of financial position of the Group as of December 31, 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.

Seoul, Korea
May 15, 2015

This interim report is effective as of May 15, 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

March 31, 2015 and December 31, 2014

<i>(in millions of Korean won)</i>	Note	March 31, 2015 (Unaudited)	December 31, 2014
Assets			
Current assets			
Cash and cash equivalents	5,30	2,034,258	2,244,406
Financial deposits	5,30	66,300	67,700
Trade receivables	5,6,30	7,867,692	7,683,915
Loans and other receivables	5,6,30	566,284	633,219
Other financial assets	5,7,30	39,619	11,193
Inventories	8	5,828,691	5,711,273
Current income tax assets		213,248	246,878
Other current assets		974,590	884,114
Non-current assets classified as held for sale	32	58,758	-
		<u>17,649,440</u>	<u>17,482,698</u>
Non-current assets			
Financial deposits	5,30	93,687	94,323
Loans and other receivables	5,6,30	533,627	548,564
Other financial assets	5,7,30	60,674	56,775
Property, plant and equipment	9	10,475,011	10,596,853
Intangible assets	9	1,386,611	1,394,336
Deferred income tax assets		1,672,302	1,573,395
Investments in associates and joint ventures	10	4,662,623	4,594,461
Investment property		695	2,699
Other non-current assets		719,008	724,316
		<u>19,604,238</u>	<u>19,585,722</u>
Total assets		<u>37,253,678</u>	<u>37,068,420</u>
Liabilities			
Current liabilities			
Trade payables	5,30	6,958,191	6,741,710
Borrowings	5,11,30	2,366,820	2,575,550
Other payables	5,30	2,518,548	3,020,870
Other financial liabilities	5,7,30	2,168	6,528
Current income tax liabilities		85,889	95,963
Provisions	13	702,475	710,764
Other current liabilities		2,593,979	2,602,964
		<u>15,228,070</u>	<u>15,754,349</u>
Non-current liabilities			
Borrowings	5,11,30	7,201,579	6,426,881
Other payables	5,30	9,623	14,320
Other financial liabilities	5,7,30	69,473	62,574
Deferred income tax liabilities		5,288	6,012
Net defined benefit liability	12	997,206	798,450
Provisions	13	978,839	1,004,940
Other non-current liabilities		9,410	9,797
		<u>9,271,418</u>	<u>8,322,974</u>
Total liabilities		<u>24,499,488</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	8,924,078	9,081,044
Accumulated other comprehensive loss	16	(1,250,105)	(1,143,557)
Other components of equity	17	(210,412)	(210,412)
		<u>11,455,909</u>	<u>11,719,423</u>
Non-controlling interests		<u>1,298,281</u>	<u>1,271,674</u>
Total equity		<u>12,754,190</u>	<u>12,991,097</u>
Total liabilities and equity		<u>37,253,678</u>	<u>37,068,420</u>

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Interim Consolidated Statements of Income
Three-Month Periods Ended March 31, 2015 and 2014

<i>(in millions of Korean won, except per share amounts)</i>	Note	Three-Month Period Ended March 31	
		2015 (Unaudited)	2014 (Unaudited)
Continuing operations			
Net sales	18	13,994,449	13,988,785
Cost of sales	19	10,906,191	10,763,758
Gross profit		3,088,258	3,225,027
Selling and marketing expenses	19,20	1,541,019	1,575,407
Administrative expenses	19,20	354,510	316,016
Research and development expenses	19,20	616,071	557,297
Service costs	19,20	271,413	297,548
Operating income		305,245	478,759
Financial income	21	189,917	103,578
Financial expenses	22	292,816	204,504
Gain(loss) from equity method valuation	10	168,340	(54,695)
Other non-operating income	23	435,141	228,473
Other non-operating expenses	24	756,119	282,477
Profit before income tax		49,708	269,134
Income tax expense		11,241	191,945
Profit for the period from continuing operations		38,467	77,189
Discontinued operations			
Profit(loss) for the period from discontinued operations	33	(32)	15,377
Profit for the period		38,435	92,566
Profit(loss) for the period attributable to:			
Equity holders of the Parent Company			
Continuing operations		2,281	59,489
Discontinued operations		(38)	15,374
		2,243	74,863
Non-controlling interests			
Continuing operations		36,186	17,700
Discontinued operations		6	3
		36,192	17,703
Earnings per share attributable to the equity holders of the Parent Company during the period (in won):			
Earnings per share for profit attributable to the common equity holders of the Parent Company			
From continuing operations		11	415
From discontinued operations		-	85
Earnings per share for profit attributable to the preferred equity holders of the Parent Company			
From continuing operations		24	427
From discontinued operations		-	85

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Interim Consolidated Statements of Comprehensive Income
Three-Month Periods Ended March 31, 2015 and 2014

<i>(in millions of Korean won)</i>	Note	Three-Month Period Ended March 31	
		2015	2014
		(Unaudited)	(Unaudited)
Profit for the period		38,435	92,566
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	(92,662)	17,148
Share of remeasurements for the net defined benefit liability of associates	10	(624)	(766)
Items that will be reclassified subsequently to profit or loss:			
Other comprehensive income(loss) from associates and joint ventures	10	74	(7,748)
Cash flow hedges	30	(12,306)	(1,238)
Available-for-sale financial assets	7	1,710	(212)
Currency translation differences		(91,857)	32,004
Other comprehensive income(loss) for the period, net of tax		(195,665)	39,188
Total comprehensive income(loss) for the period, net of tax		(157,230)	131,754
Comprehensive income(loss) for the period, net of tax, attributable to:			
Equity holders of the Parent Company		(190,629)	117,016
Non-controlling interests		33,399	14,738
Total comprehensive income(loss) for the period, net of tax		(157,230)	131,754

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Interim Consolidated Statements of Changes in Equity

Three-Month Periods Ended March 31, 2015 and 2014

		Attributable to equity holders of the Parent Company						
				Accumulated Other Comprehensive Income(loss)	Other Components of Equity			
		Paid-in Capital	Retained Earnings			Total	Non-controlling Interests	Total Equity
<i>(in millions of Korean won)</i>	Note							
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		-	74,863	-	-	74,863	17,703	92,566
Remeasurements of the net defined benefit liability	12	-	16,578	-	-	16,578	570	17,148
Share of remeasurements for the net defined benefit liability of associates	10	-	(766)	-	-	(766)	-	(766)
Share of other comprehensive income (excluding remeasurements) of associates and joint ventures	10	-	-	(7,748)	-	(7,748)	-	(7,748)
Cash flow hedges	30	-	-	(1,238)	-	(1,238)	-	(1,238)
Available-for-sale financial assets	7	-	-	(111)	-	(111)	(101)	(212)
Currency translation differences		-	-	35,438	-	35,438	(3,434)	32,004
Total comprehensive income		-	90,675	26,341	-	117,016	14,738	131,754
Transactions with equity holders:								
Dividends		-	(36,872)	-	-	(36,872)	(2,787)	(39,659)
Changes in controlling interests in subsidiaries		-	-	-	797	797	7,964	8,761
Total transactions with equity holders		-	(36,872)	-	797	(36,075)	5,177	(30,898)
Balance at March 31, 2014 (Unaudited)		3,992,348	8,939,326	(881,099)	(230,432)	11,820,143	970,082	12,790,225
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		-	2,243	-	-	2,243	36,192	38,435
Remeasurements of the net defined benefit liability	12	-	(85,700)	-	-	(85,700)	(6,962)	(92,662)
Share of remeasurements for the net defined benefit liability of associates	10	-	(624)	-	-	(624)	-	(624)
Share of other comprehensive loss (excluding remeasurements) of associates and joint ventures	10	-	-	74	-	74	-	74
Cash flow hedges	30	-	-	(12,306)	-	(12,306)	-	(12,306)
Available-for-sale financial assets	7	-	-	1,710	-	1,710	-	1,710
Currency translation differences		-	-	(96,026)	-	(96,026)	4,169	(91,857)
Total comprehensive income(loss)		-	(84,081)	(106,548)	-	(190,629)	33,399	(157,230)
Transactions with equity holders:								
Dividends		-	(72,885)	-	-	(72,885)	(6,792)	(79,677)
Total transactions with equity holders		-	(72,885)	-	-	(72,885)	(6,792)	(79,677)
Balance at March 31, 2015 (Unaudited)		3,992,348	8,924,078	(1,250,105)	(210,412)	11,455,909	1,298,281	12,754,190

LG Electronics**Interim Consolidated Statements of Cash Flows****Three-Month Periods Ended March 31, 2015 and 2014**

<i>(in millions of Korean won)</i>	Note	Three-Month Period Ended March 31	
		2015 (Unaudited)	2014 (Unaudited)
Cash flows from operating activities			
Cash generated from operations	26	59,088	343,579
Interest received		19,918	20,593
Interest paid		(116,628)	(103,904)
Dividend received		3,292	36
Income tax paid		(83,705)	(121,468)
Net cash generated from(used in) operating activities		<u>(118,035)</u>	<u>138,836</u>
Cash flows from investing activities			
Decrease in financial deposits		10,655	7,318
Decrease in loans and other receivables		58,597	92,441
Proceeds from redemption and disposal of other financial assets		21,206	22,492
Proceeds from disposal of property, plant and equipment		8,517	22,471
Proceeds from disposal of intangible assets		712	15,624
Proceeds from redemption and disposal of investments in associates and joint ventures		-	680
Decrease in others		765	1,581
Increase in financial deposits		(8,395)	(48)
Increase in loans and other receivables		(44,558)	(64,718)
Acquisition of other financial assets		(13,851)	(4,934)
Acquisition of property, plant and equipment		(484,353)	(433,341)
Acquisition of intangible assets		(168,634)	(155,409)
Business combination	31	(7,691)	-
Increase in others		-	(413)
Net cash used in investing activities		<u>(627,030)</u>	<u>(496,256)</u>
Cash flows from financing activities			
Proceeds from borrowings		1,129,576	1,129,279
Repayments of borrowings		(538,113)	(707,105)
Net cash provided by financing activities		<u>591,463</u>	<u>422,174</u>
Exchange gains(losses) on cash and cash equivalents		<u>(56,546)</u>	<u>3,818</u>
Net increase(decrease) in cash and cash equivalents		<u>(210,148)</u>	<u>68,572</u>
Cash and cash equivalents at the beginning of period		<u>2,244,406</u>	<u>2,645,270</u>
Cash and cash equivalents at the end of period		<u>2,034,258</u>	<u>2,713,842</u>

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Notes to the Interim Consolidated Financial Statements

March 31, 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 depository 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 March 31, 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 140 subsidiaries as of March 31, 2015, which are as follows:

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

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

Territory	Location	Subsidiaries	March 31, 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	Wholesales and Retails of Electronic products	More than half of voting rights
	Korea	Hi Logistics Co., Ltd.	100.0%	-	100.0%	-	December	Services of Logistics	More than half of voting rights
	Korea	Hi Entech Co., Ltd.	100.0%	-	100.0%	-	December	Water engineering	More than half of voting rights
	Korea	LG Hitachi Water Solution Co., Ltd.	51.0%	49.0%	51.0%	49.0%	December	Water treatment	More than half of voting rights
	Korea	ACE R&A Co., Ltd.	100.0%	-	100.0%	-	December	Production and Sales of Air conditioner	More than half of voting rights
	Korea	Hi M Solutek	100.0%	-	100.0%	-	December	Maintenance	More than half of voting rights
	Korea	Hi Teleservice Co., Ltd.	100.0%	-	100.0%	-	December	Marketing Services	More than half of voting rights
	Korea	LGE Alliance Fund	96.2%	3.8%	96.2%	3.8%	December	Investment	More than half of voting rights
	Korea	Innovation Investment Fund	83.3%	16.7%	83.3%	16.7%	December	Investment	More than half of voting rights
	Korea	LG Innotek Co., Ltd. ¹	40.8%	59.2%	40.8%	59.2%	December	Production and Sales 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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March 31, 2015 and 2014(unaudited), and December 31, 2014

Territory	Location	Subsidiaries	March 31, 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	Services of Logistics	More than half of voting rights
	China	Inspur LG Digital Mobile Communications Co., Ltd.(LGEYT)	70.0%	30.0%	70.0%	30.0%	December	Production of Electronic products	More than half of voting rights
	China	LG Electronics (China) Co., Ltd.(LGECH)	100.0%	-	100.0%	-	December	Sales of Electronic products	More than half of voting rights
	China	LG Electronics (China) Research and Development Centre Co., Ltd.(LGERD)	100.0%	-	100.0%	-	December	R&D	More than half of voting rights
	China	LG Electronics (Hangzhou) Co., Ltd.(LGEHN)	70.0%	30.0%	70.0%	30.0%	December	Production of Electronic products	More than half of voting rights
	China	LG Electronics (Kunshan) Computer Co., Ltd.(LGEKS)	100.0%	-	100.0%	-	December	Production of Electronic products	More than half of voting rights
	China	LG Electronics (Shanghai) Research and Development Center Co., Ltd.(LGCRC)	100.0%	-	100.0%	-	December	R&D	More than half of voting rights
	China	LG Electronics Air-Conditioning(Shandong) Co., Ltd.(LGEQA)	100.0%	-	100.0%	-	December	Production and Sales of Electronic products	More than half of voting rights
	China	LG Electronics HK Ltd.(LGEHK)	100.0%	-	100.0%	-	December	Sales of Electronic products	More than half of voting rights
	China	LG Electronics Huizhou Ltd.(LGEHZ)	80.0%	20.0%	80.0%	20.0%	December	Production of Electronic products	More than half of voting rights
	China	LG Electronics Nanjing Display Co., Ltd.(LGEND)	70.0%	30.0%	70.0%	30.0%	December	Production of Electronic products	More than half of voting rights
	China	LG Electronics Qinhuangdao Inc.(LGEQH)	100.0%	-	100.0%	-	December	Production of Casting	More than half of voting rights
	China	LG Electronics Shenyang Inc.(LGESY)	78.9%	21.1%	78.9%	21.1%	December	Production of Electronic products	More than half of voting rights

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Territory	Location	Subsidiaries	March 31, 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 Sales 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 Sales 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 Sales of Electronic materials	De-facto control
	China	LG Innotek Trading (Shanghai) Co., Ltd.(LGITSH) ¹	40.8%	59.2%	40.8%	59.2%	December	Sales of Electronic materials	De-facto control
	China	HiEntech (Tianjin) Co., LTD.	100.0%	-	100.0%	-	December	Water engineering	More than half of voting rights
	China	VENS BEIJING VEHICLE ENGINEERING CO.,LTD	100.0%	-	100.0%	-	December	Automotive engineering	More than half of voting rights
Asia	Australia	LG Electronics Australia Pty, Ltd.(LGEAP)	100.0%	-	100.0%	-	December	Sales of Electronic products	More than half of voting rights
	India	LG Electronics India Pvt. Ltd.(LGEIL) ⁴	100.0%	-	100.0%	-	March	Production and Sales of Electronic products	More than half of voting rights

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Territory	Location	Subsidiaries	March 31, 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 Lab. Inc.(LGEJL)	100.0%	-	100.0%	-	December	R&D	More than half of voting rights
	Japan	LG Electronics Japan, Inc.(LGEJP)	100.0%	-	100.0%	-	December	Sales of Electronic products	More than half of voting rights
	Malaysia	LG Electronics Malaysia SDN. BHD(LGEML)	100.0%	-	100.0%	-	December	Sales of Electronic products	More than half of voting rights
	Philippines	LG Electronics Philippines Inc.(LGEPH)	100.0%	-	100.0%	-	December	Sales of Electronic products	More than half of voting rights
	Singapore	LG Electronics Singapore PTE LTD.(LGESL)	100.0%	-	100.0%	-	December	Sales of Electronic products	More than half of voting rights
	Taiwan	LG Electronics Taiwan Taipei Co., Ltd.(LGETT)	100.0%	-	100.0%	-	December	Sales of Electronic products	More than half of voting rights
	Thailand	LG Electronics Thailand Co., Ltd.(LGETH)	100.0%	-	100.0%	-	December	Production and Sales of Electronic products	More than half of voting rights
	Vietnam	LG Electronics Vietnam Co., Ltd.(LGEVN)	100.0%	-	100.0%	-	December	Production and Sales of Electronic products	More than half of voting rights
	India	LG Soft India Private Limited.(LGSJ) 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 Sales of Electronic products	More than half of voting rights
	Philippines	LG Electronics Pasig Inc. ³	38.0%	62.0%	38.0%	62.0%	December	Real estates	De-facto control
	India	Hi Logistics India Private Limited ⁴	100.0%	-	100.0%	-	March	Services of Logistics	More than half of voting rights
	Malaysia	HI LOGISTICS MALAYSIA SDN BHD	100.0%	-	100.0%	-	December	Services of Logistics	More than half of voting rights
	Indonesia	PT LG Innotek Indonesia(LGITIN) ¹	40.8%	59.2%	40.8%	59.2%	December	Production and Sales of Electronic materials	De-facto control
	Taiwan	LG Innotek (Taiwan) Ltd.(LGITTW) ¹	40.8%	59.2%	40.8%	59.2%	December	Sales of Electronic materials	De-facto control

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Territory	Location	Subsidiaries	March 31, 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			
	Malaysia	V-ENS (M) Sdn. Bhd.	100.0%	-	100.0%	-	December	Automotive engineering	More than half of voting rights
	Vietnam	LG Electronics Vietnam Haiphong Co., Ltd.(LGEVH)	100.0%	-	100.0%	-	December	Production of Electronic products	More than half of voting rights
	Indonesia	PT.LG Electronics Service Indonesia(LGEID)	99.8%	0.2%	99.8%	0.2%	December	Services	More than half of voting rights
	Vietnam	Hi Logistics Vietnam Co., LTD.	100.0%	-	100.0%	-	December	Services of logistics	More than half of voting rights
Europe	Netherlands	Hi Logistics Europe B.V.	100.0%	-	100.0%	-	December	Services of Logistics	More than half of voting rights
	Austria	LG Electronics Austria GmbH(LGEAG)	100.0%	-	100.0%	-	December	Sales of Electronic products	More than half of voting rights
	Netherlands	LG Electronics Benelux Sales B.V.(LGEBN)	100.0%	-	100.0%	-	December	Sales of Electronic products	More than half of voting rights
	Czech Republic	LG Electronics CZ, s.r.o.(LGE CZ)	100.0%	-	100.0%	-	December	Sales of Electronic products	More than half of voting rights
	Germany	LG Electronics Deutschland GmbH(LGEDG)	100.0%	-	100.0%	-	December	Sales of Electronic products	More than half of voting rights
	Spain	LG Electronics Espana S.A.(LGEES)	100.0%	-	100.0%	-	December	Sales of Electronic products	More than half of voting rights
	Netherlands	LG Electronics European Holdings B.V.(LGEEH)	100.0%	-	100.0%	-	December	European Holding	More than half of voting rights
	Netherlands	LG Electronics European Shared Service Center B.V.(LGESC)	100.0%	-	100.0%	-	December	Services	More than half of voting rights
	France	LG Electronics France S.A.S.(LGEFS)	100.0%	-	100.0%	-	December	Sales of Electronic products	More than half of voting rights
	Greece	LG Electronics Hellas S.A.(LGEHS)	100.0%	-	100.0%	-	December	Sales of Electronic products	More than half of voting rights
	Italy	LG Electronics Italia S.p.A(LGEIS)	100.0%	-	100.0%	-	December	Sales of Electronic products	More than half of voting rights

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Territory	Location	Subsidiaries	March 31, 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			
	Latvia	LG Electronics Latvia, LLC(LGELA)	100.0%	-	100.0%	-	December	Sales of Electronic products	More than half of voting rights
	Hungary	LG Electronics Magyar KFT(LGEMK)	100.0%	-	100.0%	-	December	Sales of Electronic products	More than half of voting rights
	Poland	LG Electronics Mlawa Sp. z o.o(LGEMA)	100.0%	-	100.0%	-	December	Production of Electronic products	More than half of voting rights
	France	LG Electronics Mobilecomm France(LGEMF)	100.0%	-	100.0%	-	December	R&D	More than half of voting rights
	Sweden	LG Electronics Nordic AB(LGESW)	100.0%	-	100.0%	-	December	Sales of Electronic products	More than half of voting rights
	Norway	LG Electronics Norway AS(LGENO)	100.0%	-	100.0%	-	December	Sales of Electronic products	More than half of voting rights
	Poland	LG Electronics Polska Sp. z o.o(LGEPL)	100.0%	-	100.0%	-	December	Sales of Electronic products	More than half of voting rights
	Portugal	LG Electronics Portugal S.A.(LGEPT)	100.0%	-	100.0%	-	December	Sales of Electronic products	More than half of voting rights
	Romania	LG Electronics Romania S.R.L.(LGERO)	100.0%	-	100.0%	-	December	Sales of Electronic products	More than half of voting rights
	UK	LG Electronics United Kingdom Ltd.(LGEUK)	100.0%	-	100.0%	-	December	Sales of Electronic products	More than half of voting rights
	Poland	LG Electronics Wroclaw Sp.z o.o(LGEWR)	100.0%	-	100.0%	-	December	Production of Electronic products	More than half of voting rights
	Poland	LG Innotek Poland Sp z o.o.(LGITPO) ¹	40.8%	59.2%	40.8%	59.2%	December	Production and Sales of Electronic materials	De-facto control
North America	USA	LG Electronics Miami Inc.(LGEMI)	100.0%	-	100.0%	-	December	Sales of Electronic products	More than half of voting rights
	USA	LG Electronics Alabama Inc.(LGEAI)	100.0%	-	100.0%	-	December	Services	More than half of voting rights
	Canada	LG Electronics Canada, Inc.(LGECI)	100.0%	-	100.0%	-	December	Sales of Electronic products	More than half of voting rights

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Territory	Location	Subsidiaries	March 31, 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	LG Electronics Mexicali, S.A. DE C.V.(LGEMX)	100.0%	-	100.0%	-	December	Production of Electronic products	More than half of voting rights
	Mexico	LG Electronics Mexico S.A. DE C.V.(LGEMS)	100.0%	-	100.0%	-	December	Sales of Electronic products	More than half of voting rights
	USA	LG Electronics Mobile Research U.S.A., L.L.C.(LGEMR)	100.0%	-	100.0%	-	December	R&D	More than half of voting rights
	USA	LG Electronics Mobilecomm U.S.A., Inc.(LGEMU)	100.0%	-	100.0%	-	December	Sales of Electronic products	More than half of voting rights
	Mexico	LG Electronics Monterrey Mexico S.A.de C.V.(LGEMM)	100.0%	-	100.0%	-	December	Production of Electronic products	More than half of voting rights
	Mexico	LG Electronics Reynosa S.A. DE C.V.(LGERS)	100.0%	-	100.0%	-	December	Production of Electronic products	More than half of voting rights
	USA	LG Electronics U.S.A., Inc.(LGEUS)	100.0%	-	100.0%	-	December	Sales of Electronic products	More than half of voting rights
	Mexico	Servicios Integrales LG S.A DE C.V	100.0%	-	100.0%	-	December	Services	More than half of voting rights
	Mexico	Servicios LG Monterrey Mexico S.A. de C.V.	100.0%	-	100.0%	-	December	Services	More than half of voting rights
	USA	Zenith Electronics Corporation of Pennsylvania	100.0%	-	100.0%	-	December	Production of Electronic products	More than half of voting rights
	USA	Zenith Electronics Corporation(Zenith)	100.0%	-	100.0%	-	December	R&D	More than half of voting rights
	USA	LG Innotek USA, Inc.(LGITUS) ¹	40.8%	59.2%	40.8%	59.2%	December	Sales of Electronic products	De-facto control
	Mexico	HILOGISTICS MEXICO SA DE CV	100.0%	-	100.0%	-	December	Services of Logistics	More than half of voting rights
	Mexico	HiLogistics Reynosa	100.0%	-	100.0%	-	December	Services of Logistics	More than half of voting rights

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Territory	Location	Subsidiaries	March 31, 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			
	USA	HiLogistics USA	100.0%	-	100.0%	-	December	Services of Logistics	More than half of voting rights
	Mexico	LG Innotek Mexico SA DE CV(LGITMX) ¹	40.8%	59.2%	40.8%	59.2%	December	Production and Sales of Automotive materials	De-facto control
South America	Brazil	LG Armagem Geral Ltda.	100.0%	-	100.0%	-	December	Services	More than half of voting rights
	Argentina	LG Electronics Argentina S.A.(LGEAR)	100.0%	-	100.0%	-	December	Sales of Electronic products	More than half of voting rights
	Colombia	LG Electronics Colombia Ltda.(LGECEB)	100.0%	-	100.0%	-	December	Sales of Electronic products	More than half of voting rights
	Brazil	LG Electronics do Brasil Ltda.(LGEBR)	100.0%	-	100.0%	-	December	Production and Sales of Electronic products	More than half of voting rights
	Honduras	LG Electronics Honduras S.de R.L. ²	20.0%	80.0%	20.0%	80.0%	December	Sales of Electronic products	De-facto control
	Chile	LG Electronics Inc Chile Ltda.(LGECL)	100.0%	-	100.0%	-	December	Sales of Electronic products	More than half of voting rights
	Panama	LG Electronics Panama, S.A.(LGEPS)	100.0%	-	100.0%	-	December	Sales of Electronic products	More than half of voting rights
	Peru	LG Electronics Peru S.A.(LGEPR)	100.0%	-	100.0%	-	December	Sales of Electronic products	More than half of voting rights
	Venezuela	LG Electronics Venezuela S.A.(LGEVZ)	100.0%	-	100.0%	-	December	Sales of Electronic products	More than half of voting rights
	Brazil	SOCIO VIP Ltda.	100.0%	-	100.0%	-	December	Services	More than half of voting rights
	Panama	C&S America Solutions	100.0%	-	100.0%	-	December	Services	More than half of voting rights
	Panama	LG Consulting corp.	100.0%	-	100.0%	-	December	Services	More than half of voting rights
	Guatemala	LG Electronics Guatemala S.A.	100.0%	-	100.0%	-	December	Sales of Electronic products	More than half of voting rights

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Territory	Location	Subsidiaries	March 31, 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			
Middle East and Africa	Nigeria	Easytec Global Services Innovation Limited	100.0%	-	100.0%	-	December	Services	More than half of voting rights
	Angola	LG Electronics Angola Limitada(LGEOA)	100.0%	-	100.0%	-	December	Sales and Services of Electronic products	More than half of voting rights
	Jordan	LG Electronics (Levant) Jordan(LGELF)	100.0%	-	100.0%	-	December	Sales of Electronic products	More than half of voting rights
	UAE	LG Electronics Africa Logistics FZE(LGEAF)	100.0%	-	100.0%	-	December	Sales of Electronic products	More than half of voting rights
	Algeria	LG Electronics Algeria SARL(LGEAS)	70.0%	30.0%	70.0%	30.0%	December	Sales of Electronic products	More than half of voting rights
	UAE	LG Electronics Dubai FZE(LGEDF)	100.0%	-	100.0%	-	December	Sales of Electronic products	More than half of voting rights
	Egypt	LG Electronics Egypt S.A.E(LGEEG)	100.0%	-	100.0%	-	December	Production and Sales of Electronic products	More than half of voting rights
	UAE	LG Electronics Gulf FZE(LGEGF)	100.0%	-	100.0%	-	December	Sales of Electronic products	More than half of voting rights
	UAE	LG Electronics Middle East Co., Ltd.(LGEME)	100.0%	-	100.0%	-	December	Services	More than half of voting rights
	Morocco	LG Electronics Morocco S.A.R.L(LGEMC)	100.0%	-	100.0%	-	December	Sales of Electronic products	More than half of voting rights
	Nigeria	LG Electronics Nigeria Limited(LGENI)	100.0%	-	100.0%	-	December	Sales of Electronic products	More than half of voting rights
	Tunisia	LG Electronics North Africa Service Company S.A.R.L	100.0%	-	100.0%	-	December	Sales of Electronic products	More than half of voting rights
	UAE	LG Electronics Overseas Trading FZE(LGEOT)	100.0%	-	100.0%	-	December	Sales of Electronic products	More than half of voting rights
	South Africa	LG Electronics S.A. (Pty) Ltd.(LGESA)	100.0%	-	100.0%	-	December	Production and Sales of Electronic products	More than half of voting rights
	Turkey	LG Electronics Ticaret A.S.(LGETK)	100.0%	-	100.0%	-	December	Sales of Electronic products	More than half of voting rights

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Territory	Location	Subsidiaries	March 31, 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			
	Saudi Arabia	LG-Shaker Co., Ltd.(LGESR)	51.0%	49.0%	51.0%	49.0%	December	Production 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	Services of Logistics	More than half of voting rights
	Egypt	Hi Logistics Egypt	100.0%	-	100.0%	-	December	Services of logistics	More than half of voting rights
Other	Russia	LG Alina Electronics(LGERI)	95.0%	5.0%	95.0%	5.0%	December	Services	More than half of voting rights
	Russia	HI LOGISTICS RUS Limited Liability Company	100.0%	-	100.0%	-	December	Services	More than half of voting rights
	Kazakhstan	LG Electronics Almaty Kazakhstan(LGEAK)	100.0%	-	100.0%	-	December	Production and Sales of Electronic products	More than half of voting rights
	Russia	LG Electronics RUS, LLC(LGERA)	100.0%	-	100.0%	-	December	Production and Sales of Electronic products	More than half of voting rights
	Ukraine	LG Electronics Ukraine Inc.(LGEUR)	100.0%	-	100.0%	-	December	Sales of Electronic products	More than half of voting rights

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

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

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

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⁴ In the preparation of consolidated financial statements, the financial statements for the three-month period ended March 31, 2015, were used for those subsidiaries with different fiscal year ends.

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

<i>(in millions of Korean won)</i>	March 31, 2015			2015	
	Assets	Liabilities	Equity	Sales	Net Income (loss)
LG Innotek Co., Ltd.	3,848,979	2,300,180	1,548,799	1,430,527	25,291
LG Electronics do Brasil Ltda.(LGEBR)	1,464,238	1,173,945	290,293	795,728	(4,110)
LG Electronics U.S.A., Inc.(LGEUS)	2,197,094	1,891,898	305,196	1,273,196	(2,159)
Zenith Electronics Corporation(Zenith)	1,075,175	28,234	1,046,941	54,349	16,636
LG Electronics European Shared Service Center B.V.(LGESC)	1,054,500	1,029,007	25,493	55,423	1,591
LG Electronics RUS, LLC(LGERA)	714,616	407,107	307,509	334,241	(16,406)
LG Electronics (China) Co. Ltd.(LGECH)	685,591	671,774	13,817	361,960	11,976
LG Electronics Tianjin Appliances Co., Ltd.(LGETA)	679,498	417,653	261,845	378,763	18,557
LG Electronics Mobilecomm U.S.A., Inc.(LGEMU)	1,301,283	1,208,699	92,584	1,649,356	2,575
LG Electronics India Pvt. Ltd.(LGEIL)	706,330	365,933	340,397	567,811	35,918
Inspur LG Digital Mobile Communications Co., Ltd.(LGEYT)	619,243	487,198	132,045	722,360	15,271
LG Electronics Mlawa Sp. z o.o.(LGEMA)	645,034	359,671	285,363	477,377	13,716
LG Electronics Reynosa S.A. DE C.V.(LGERES)	538,470	258,787	279,683	431,736	4,987
P.T. LG Electronics Indonesia(LGEIN)	511,361	278,045	233,316	347,991	(1,519)
LG Electronics Nanjing Display Co., Ltd.(LGEND)	359,260	220,290	138,970	320,836	4,613
LG Electronics Wroclaw Sp.z.o.o.(LGEWR)	453,975	288,826	165,149	358,026	12,294
Hiplaza Co., Ltd.	499,323	363,626	135,697	298,192	(8,813)
LG Electronics Mexico S.A. DE C.V.(LGEMS)	510,785	419,699	91,086	376,213	14,689
Nanjing LG-Panda Appliances Co., Ltd.(LGEPN)	468,377	341,795	126,582	309,918	9,492
LG Electronics Thailand Co., Ltd.(LGETH)	444,923	242,311	202,612	300,599	9,619

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<i>(in millions of Korean won)</i>	March 31, 2015			2015	
	Assets	Liabilities	Equity	Sales	Net Income (loss)
Taizhou LG Electronics Refrigeration Co., Ltd.(LGETR)	414,723	300,383	114,340	206,144	6,393
LG Electronics Egypt S.A.E(LGEEG)	435,165	435,113	52	129,274	(13,373)

<i>(in millions of Korean won)</i>	December 31, 2014			2014	
	Assets	Liabilities	Equity	Sales	Net Income (loss)
LG Innotek Co., Ltd.	4,104,519	2,563,340	1,541,179	1,288,473	(23,213)
LG Electronics do Brasil Ltda.(LGEBR)	1,490,163	1,129,559	360,604	892,411	29,903
LG Electronics U.S.A., Inc.(LGEUS)	2,219,819	1,913,542	306,277	1,341,094	13,881
Zenith Electronics Corporation(Zenith)	1,065,817	41,012	1,024,805	33,100	2,062
LG Electronics European Shared Service Center B.V.(LGESC)	1,177,424	1,150,662	26,762	53,289	3,474
LG Electronics RUS, LLC(LGERA)	831,398	495,292	336,106	621,966	31,941
LG Electronics (China) Co. Ltd.(LGECH)	700,743	699,069	1,674	347,169	(2,214)
LG Electronics Tianjin Appliances Co., Ltd.(LGETA)	609,917	351,590	258,327	378,820	12,425
LG Electronics Mobilecomm U.S.A., Inc.(LGEMU)	1,377,154	1,287,733	89,421	1,076,016	5,443
LG Electronics India Pvt. Ltd.(LGEIL)	546,532	247,941	298,591	531,027	40,063
Inspur LG Digital Mobile Communications Co., Ltd.(LGEYT)	809,792	693,958	115,834	612,328	7,740
LG Electronics Mlawa Sp. z o.o(LGEMA)	785,962	495,564	290,398	330,931	8,620
LG Electronics Reynosa S.A. DE C.V.(LGERES)	497,851	223,798	274,053	453,746	10,022
P.T. LG Electronics Indonesia(LGEIN)	529,226	294,766	234,460	414,145	11,962
LG Electronics Nanjing Display Co., Ltd.(LGEND)	403,907	270,474	133,433	426,825	14,100
LG Electronics Wroclaw Sp.z.o.o(LGEWR)	514,334	350,868	163,466	432,757	8,467
Hiplaza Co., Ltd.	455,031	310,459	144,572	329,056	(3,071)
LG Electronics Mexico S.A. DE C.V.(LGEMS)	563,773	484,788	78,985	334,996	2,970
NanJing LG-Panda Appliances Co., Ltd.(LGEPN)	489,848	373,576	116,272	294,187	3,062
LG Electronics Thailand Co., Ltd.(LGETH)	405,724	215,503	190,221	291,227	11,096

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<i>(in millions of Korean won)</i>	December 31, 2014			2014	
	Assets	Liabilities	Equity	Sales	Net Income (loss)
Taizhou LG Electronics Refrigeration Co., Ltd.(LGETR)	429,546	322,366	107,180	185,237	(946)
LG Electronics Egypt S.A.E(LGEEG)	388,014	374,279	13,735	93,940	2,154

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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>	March 31, 2015	December 31, 2014
Non-controlling interest rate	59.2%	59.2%
Accumulated non-controlling interest	1,010,529	1,002,971

ii) Profit attributed to non-controlling interest and dividend to non-controlling interest for the three-month periods ended March 31, 2015 and 2014, are as follows:

<i>(in millions of Korean won)</i>	2015	2014
Profit attributed to non-controlling interest	15,963	7,247
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>	March 31, 2015	December 31, 2014
Current assets	1,918,375	2,082,013
Non-current assets	2,259,534	2,346,748
Total assets	4,177,909	4,428,761
Current liabilities	1,288,393	1,646,619
Non-current liabilities	1,179,164	1,085,652
Total liabilities	2,467,557	2,732,271
Equity attributable to owners of LG Innotek Co., Ltd.	1,710,350	1,696,488
Non-controlling interests	2	2
Total equity	1,710,352	1,696,490

iv) Summarized consolidated statements of comprehensive income of subsidiaries with material non-controlling interests for the three-month periods ended March 31, 2015 and 2014, is as follows (before elimination of intercompany transactions):

<i>(in millions of Korean won)</i>	2015	2014
Net sales	1,541,267	1,458,829
Profit for the period	28,123	16,428
Other comprehensive loss, net of tax	(8,346)	(1,345)
Total comprehensive income, net of tax	19,777	15,083

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- v) Summarized consolidated statements of cash flows of subsidiaries with material non-controlling interests for the three-month periods ended March 31, 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	242,043	195,831
Cash flows from investing activities	(111,313)	(54,452)
Cash flows from financing activities	(112,247)	(84,101)
Exchange gains on cash and cash equivalents	31	274
Net increase in cash and cash equivalents	18,514	57,552
Cash and cash equivalents at the beginning of period	396,451	399,610
Cash and cash equivalents at the end of period	414,965	457,162

(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 three-month periods ended March 31, 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)	-	797
Consideration received from non-controlling interest (B)	-	-
Changes in the Parent Company's ownership interest (A+B)	-	797

(f) Subsidiary excluded from the scope of preparation of consolidated financial statements for the three-month period ended March 31, 2015, is:

Subsidiary	Reason	Country
LG Innotek (Guangzhou) Co., Ltd.	Merger	China

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

During the period, no gain or loss occurred due to the loss of control over LG Innotek (Guangzhou) Co., Ltd. which was a former subsidiary of the Group.

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 three-month period ended March 31, 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 March 31, 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:

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

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

- Annual improvements of Korean IFRS

Korean IFRS 1102, 'Share-based Payment'

Korean IFRS 1103, 'Business Combination'

Korean IFRS 1108, 'Operating Segment'

Korean IFRS 1113, 'Fair Value Measurement'

Korean IFRS 1016, 'Property, Plant and Equipment'

Korean IFRS 1038, 'Intangible Assets'

Korean IFRS 1024, 'Related Party Disclosures'

Korean IFRS 1040, 'Investment Property'

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

- (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 are 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

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Combinations', to apply all of the principles on business combinations 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 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

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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.

(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.

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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

(a) The segment information for sales and operating income(losses) for the three-month periods ended March 31, 2015 and 2014, is as follows:

		2015						
<i>(in millions of Korean won)</i>	HE	MC	H&A	VC	Innotek	Other segments ¹	Inter-segment transactions ²	Total
Sales	4,436,709	3,596,512	4,064,437	382,621	1,541,267	414,732	(441,829)	13,994,449
External sales	4,436,529	3,596,332	4,062,499	382,615	1,206,603	309,871	-	13,994,449
Internal sales	180	180	1,938	6	334,664	104,861	(441,829)	-
Operating income(loss) ³	(6,156)	72,867	229,250	(2,417)	69,036	(57,335)	-	305,245
Depreciation and amortization	102,592	77,802	119,478	18,952	114,376	44,131	-	477,331
		2014						
<i>(in millions of Korean won)</i>	HE	MC	H&A	Innotek	Other segments ¹	Inter-segment transactions ²	Total	
Sales	4,661,447	3,422,597	4,129,723	1,458,829	750,753	(434,564)	13,988,785	
External sales	4,661,414	3,409,760	4,127,090	1,118,034	672,487	-	13,988,785	
Internal sales	33	12,837	2,633	340,795	78,266	(434,564)	-	
Operating income(loss) ³	216,130	(7,283)	210,994	63,093	(4,175)	-	478,759	
Depreciation and amortization	103,124	82,683	116,440	118,873	46,890	-	468,010	

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

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

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

(b) The segment information for assets and liabilities for the three-month periods ended March 31, 2015 and 2014, is as follows:

2015							
<i>(in millions of Korean won)</i>	HE	MC	H&A	VC	Innotek	Other segments and inter-segment transactions ¹	Total
Segment assets	13,078,404	7,891,568	12,659,511	1,269,779	4,177,909	(1,823,493)	37,253,678
Segment liabilities	12,767,807	5,873,886	8,989,503	1,048,487	2,467,557	(6,647,752)	24,499,488

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	12,230,944	4,428,761	(1,866,055)	37,068,420
Segment liabilities	12,878,052	6,466,785	8,603,506	2,732,271	(6,603,291)	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 periods ended March 31, 2015 and 2014 and non-current assets by geographic areas as of March 31, 2015 and December 31, 2014, are as follows:

<i>(in millions of Korean won)</i>	External sales		Non-current assets²	
	2015	2014	March 31, 2015	December 31, 2014
Geographic areas¹				
Korea	3,615,543	3,683,656	9,274,389	9,330,933
North America	3,647,532	3,009,244	342,919	353,937
Asia	1,451,248	1,466,966	590,430	577,036
Europe	1,380,182	1,584,851	249,628	265,938
South America	1,278,091	1,364,966	204,902	240,977
Middle East & Africa	1,268,180	1,180,081	181,577	186,277
China	890,392	906,703	868,686	888,236
Others	463,281	792,318	149,786	150,554
Total	13,994,449	13,988,785	11,862,317	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 three-month periods ended March 31, 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>	March 31, 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	-	2,034,258	-	-	-	2,034,258
Financial deposits	-	159,987	-	-	-	159,987
Trade receivables	-	7,867,692	-	-	-	7,867,692
Loans and other receivables	-	1,099,911	-	-	-	1,099,911
Other financial assets	2,846	-	51,020	2,647	43,780	100,293
Non-current assets held for sale	-	-	1,369	-	-	1,369
Total	2,846	11,161,848	52,389	2,647	43,780	11,263,510

<i>(in millions of Korean won)</i>	March 31, 2015			
	Liabilities at fair value through profit or loss	Liabilities carried at amortized cost	Other	Total
Trade payables	-	6,958,191	-	6,958,191
Borrowings	-	9,568,399	-	9,568,399
Other payables	-	2,528,171	-	2,528,171
Other financial liabilities	2,062	-	69,579	71,641
Total	2,062	19,054,761	69,579	19,126,402

<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 three-month periods ended March 31, 2015 and 2014, are as follows:

<i>(in millions of Korean won)</i>	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
Interest income	-	23,061	29	21	-	23,111
Exchange differences	-	(90,877)	-	-	-	(90,877)
Bad debt expenses	-	(23,493)	-	-	-	(23,493)
Loss on disposal of trade receivables	-	(6,128)	-	-	-	(6,128)
Gain on disposal of available-for-sale financial assets	-	-	521	-	-	521
Dividend income	-	-	284	-	-	284
Gain on derivatives (through profit or loss)	19,060	-	-	-	-	19,060
Gain for the period from discontinued operations	4	1,426	-	-	-	1,430
Gain on valuation of available-for-sale financial assets, net of tax (through other comprehensive income)	-	-	1,710	-	-	1,710
Gain on derivatives, net of tax (through other comprehensive income)	-	-	-	-	1,169	1,169

<i>(in millions of Korean won)</i>	2015			
	Liabilities at fair value through profit or loss	Liabilities carried at amortized cost	Other	Total
Interest expenses	-	(99,070)	(10,040)	(109,110)
Exchange differences	-	(288,256)	69,196	(219,060)
Loss on derivatives (through profit or loss)	(10,358)	-	-	(10,358)
Loss for the period from discontinued operations	(5)	(386)	-	(391)
Loss on derivatives, net of tax (through other comprehensive income)	-	-	(13,475)	(13,475)

<i>(in millions of Korean won)</i>	2014					
	Assets at fair value through profit or loss	Loans and receivables	Assets classified as available-for-sale	Held-to-maturity financial assets	Other	Total
Interest income	-	24,271	-	19	-	24,290
Exchange differences	-	72,142	-	-	-	72,142
Bad debt expenses	-	(19,257)	-	-	-	(19,257)
Loss on disposal of trade receivables	-	(3,855)	-	-	-	(3,855)
Gain on disposal of available-for-sale financial assets	-	-	865	-	-	865
Impairment loss of available-for-sale financial assets	-	-	(1,114)	-	-	(1,114)

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<i>(in millions of Korean won)</i>	2014					
	Assets at fair value through profit or loss	Loans and receivables	Assets classified as available-for-sale	Held-to-maturity financial assets	Other	Total
Dividend income	-	-	306	-	-	306
Gain on derivatives (through profit or loss)	10,969	-	-	-	-	10,969
Gain(loss) for the period from discontinued operations	(84)	5,653	3	-	-	5,572
Loss on valuation of available-for-sale financial assets, net of tax (through other comprehensive income)	-	-	(212)	-	-	(212)
Gain on derivatives, net of tax (through other comprehensive income)	-	-	-	-	539	539

<i>(in millions of Korean won)</i>	2014			
	Liabilities at fair value through profit or loss	Liabilities carried at amortized cost	Other	Total
Interest expenses	-	(96,296)	(7,728)	(104,024)
Exchange differences	-	(136,635)	14,755	(121,880)
Loss on derivatives (through profit or loss)	(18,897)	-	-	(18,897)
Loss for the period from discontinued operations	(192)	(8,697)	-	(8,889)
Loss on derivatives, net of tax (through other comprehensive income)	-	-	(1,777)	(1,777)

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>	March 31, 2015			December 31, 2014		
	Original amount	Less : allowance for doubtful accounts	Carrying amount	Original amount	Less : allowance for doubtful accounts	Carrying amount
Trade receivables	8,010,092	(142,400)	7,867,692	7,811,780	(127,865)	7,683,915
Loans and other receivables						
Current	584,427	(18,143)	566,284	652,399	(19,180)	633,219
Non-current	533,679	(52)	533,627	548,624	(60)	548,564

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(b) Movements in allowance for doubtful accounts for the three-month periods ended March 31, 2015 and 2014, are as follows

<i>(in millions of Korean won)</i>	2015				
	At January 1	Addition (reversal)	Write-off	Other	At March 31
Trade receivables	127,865	22,766	(7,088)	(1,143)	142,400
Loans and other receivables					
Current	19,180	(185)	(67)	(785)	18,143
Non-current	60	(8)	-	-	52

<i>(in millions of Korean won)</i>	2014				
	At January 1	Addition (reversal)	Write-off	Other	At March 31
Trade receivables	114,361	17,643	(928)	(375)	130,701
Loans and other receivables					
Current	20,438	(13)	(12)	63	20,476
Non-current	71	(6)	-	1	66

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

<i>(in millions of Korean won)</i>	March 31, 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	7,254,948	503,097	527,266	8,285,311	7,062,715	592,987	539,939	8,195,641
Past due but not impaired								
Up to 6 months	589,477	57,149	5,270	651,896	529,886	33,809	5,240	568,935
7 to 12 months	46,267	1,325	1	47,593	99,275	2,802	304	102,381
Over 1 year	11,713	4,247	1,142	17,102	14,579	2,939	3,141	20,659
Subtotal	647,457	62,721	6,413	716,591	643,740	39,550	8,685	691,975
Impaired	107,687	18,609	-	126,296	105,325	19,862	-	125,187
Total	8,010,092	584,427	533,679	9,128,198	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>	March 31, 2015	December 31, 2014
Other financial assets		
Derivatives	46,626	16,421
Available-for-sale	51,020	48,885
Held-to-maturity	2,647	2,662
Total	100,293	67,968
Current	39,619	11,193
Non-current	60,674	56,775

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<i>(in millions of Korean won)</i>	March 31, 2015	December 31, 2014
Other financial liabilities		
Derivatives	71,147	68,582
Financial guarantee liability	494	520
Total	71,641	69,102
Current	2,168	6,528
Non-current	69,473	62,574

(b) Details of derivatives are as follows:

<i>(in millions of Korean won)</i>	March 31, 2015		December 31, 2014	
	Assets	Liabilities	Assets	Liabilities
Current				
Currency Forward	2,846	2,062	5,654	3,409
Currency Swap	36,749	-	5,515	3,013
Subtotal	39,595	2,062	11,169	6,422
Non- current				
Currency Swap	7,031	19,444	5,252	28,352
Interest Rate Swap	-	49,641	-	33,808
Subtotal	7,031	69,085	5,252	62,160
Total	46,626	71,147	16,421	68,582

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

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

(c) Changes in carrying amounts of available-for-sale financial assets for the three-month periods ended March 31, 2015 and 2014, are as follows:

<i>(in millions of Korean won)</i>	2015							
	At Jan. 1	Acquisitions	Disposals	Valuation (OCI)	Reclassification¹	Impairment	Others	At Mar. 31
Listed equity securities	13,107	-	-	2,261	(1,369)	-	-	13,999
Unlisted equity securities	34,356	1,321	(7)	-	-	-	(5)	35,665
Debt securities	1,422	-	(87)	(4)	-	-	25	1,356
Total	48,885	1,321	(94)	2,257	(1,369)	-	20	51,020

<i>(in millions of Korean won)</i>	2014							
	At Jan. 1	Acquisitions	Disposals	Valuation (OCI)	Reclassification	Impairment	Others	At Mar. 31
Listed equity securities	17,720	-	(1,000)	(87)	-	(17)	-	16,616
Unlisted equity securities	33,515	475	(152)	-	-	(797)	12	33,053
Debt securities	1,840	-	(30)	-	-	(300)	-	1,510
Total	53,075	475	(1,182)	(87)	-	(1,114)	12	51,179

¹ Listed equity securities amounting to ₩1,369 million have been reclassified as non-current assets held for sale for the three-month period ended March 31, 2015.

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

<i>(in millions of Korean won)</i>	March 31, 2015	December 31, 2014
Maturity		
Within 1 year	24	24
1 to 5 years	2,623	2,638

The amount recognized as interest income in relation to held-to-maturity financial assets for the three-month period ended March 31, 2015, is ₩21 million (2014: ₩19 million). No impairment losses were recognized in relation to held-to-maturity financial assets for the three-month periods ended March 31, 2015 and 2014.

8. Inventories

Inventories consist of:

<i>(in millions of Korean won)</i>	March 31, 2015			December 31, 2014		
	Cost	Valuation allowance	Carrying amount	Cost	Valuation allowance	Carrying amount
Finished products and merchandise	3,428,021	(73,581)	3,354,440	3,407,608	(87,153)	3,320,455
Work-in-process	355,219	(3,543)	351,676	328,100	(6,044)	322,056
Raw materials and supplies	1,844,037	(24,904)	1,819,133	1,802,905	(29,362)	1,773,543
Other	333,388	(29,946)	303,442	327,951	(32,732)	295,219
Total	5,960,665	(131,974)	5,828,691	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 three-month periods ended March 31, 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	376,058	361,948
Acquisitions due to business combination	2,513	-
Transfer-in(out)	1,282	(562)
Reclassification to non-current assets held for sale	(25,201)	-
Disposals and others	(14,669)	(12,011)
Depreciation	(387,173)	(387,500)
Impairment	(11,264)	(1,940)
Exchange differences	(63,388)	4,895
At March 31	10,475,011	10,306,823

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(b) Changes in intangible assets for the three-month periods ended March 31, 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	15,459	25,029
Acquisitions through internal development	61,380	47,963
Acquisitions due to business combination	5,121	-
Transfer-in	23,557	15,753
Disposals and others	(7,296)	(7,732)
Amortization	(103,304)	(107,626)
Impairment	(1,317)	(1,892)
Exchange differences	(1,325)	(19)
At March 31	1,386,611	1,335,166

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>	March 31, 2015	December 31, 2014
Associates	4,478,415	4,408,091
Joint ventures	184,208	186,370
Total	4,662,623	4,594,461

ii) Investments in associates are as follows:

<i>(in millions of Korean won)</i>	March 31, 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	4,441,623	(56,271)	4,385,352	679,218	4,332,916	(49,765)	4,283,151
Ericsson-LG Co., Ltd	26,629	76,971	(64)	76,907	26,629	77,419	(69)	77,350
Hitachi-LG Data Storage Inc.(HLDS)	51,184	(4,401)	(1,563)	-	51,184	(2,121)	(1,456)	-
Global OLED Technology LLC. ¹	-	-	-	-	53,454	28,598	-	28,598
Korea Information Certificate Authority Inc.	852	3,306	-	3,306	852	3,240	-	3,240
LG Fuel Cell Systems Inc.	44,051	9,679	-	9,679	44,051	12,818	-	12,818
SKT Vietnam PTE., Ltd. ²	72,194	752	-	-	72,194	717	-	-
One-Red, LLC ³	3,128	3,171	-	3,171	3,128	2,934	-	2,934
Total	877,256	4,531,101	(57,898)	4,478,415	930,710	4,456,521	(51,290)	4,408,091

¹ Reclassified as non-current assets held for sale for the three-month period ended March 31, 2015.

² Impairment losses were recognized in full during 2009.

³ The financial statements as of February 28, 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>	March 31, 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	130,452	-	130,452	115,234	127,256	-	127,256
Arcelic-LG Klima Sanayi ve Ticarta A.S.(LGEAT)	14,718	40,767	(1,034)	39,733	14,718	44,908	(345)	44,563
EIC PROPERTIES PTE LTD.	9,636	13,402	-	13,402	9,636	13,912	-	13,912
LG-MRI LLC	516	621	-	621	516	639	-	639
Total	140,104	185,242	(1,034)	184,208	140,104	186,715	(345)	186,370

(b) Associates and joint ventures

i) Associates as of March 31, 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
Global OLED Technology LLC.	USA	December	32.7%	OLED related patent licensing
Korea Information Certificate Authority Inc. ¹	Korea	December	7.5%	Certificate services
LG Fuel Cell Systems Inc.	USA	December	29.2%	R&D of fuel cell
SKT Vietnam PTE., Ltd.	Singapore	December	25.4%	Communication services
One-Red, LLC	USA	March	25.0%	DVD related patent licensing

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

ii) Joint ventures as of March 31, 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 three-month periods ended March 31, 2015 and 2014, are as follows:

<i>(in millions of Korean won)</i>	2015	2014
Opening carrying amount	4,408,091	4,149,345
Gain (loss) from equity method	166,409	(55,454)
Share of remeasurements for the net defined benefit liability of associates	(624)	(766)
Share of other comprehensive income(loss) (excluding remeasurements) of associates	4,260	(6,597)
Dividend/ recovery	(71,123)	(17,060)
Exchange differences	-	25
Changes in ownership interest over associates	-	133
Reclassification to non-current assets held for sale	(28,598)	-
Closing carrying amount	4,478,415	4,069,626

- ii) Changes in the carrying amounts of investments in joint ventures for the three-month periods ended March 31, 2015 and 2014, are as follows:

<i>(in millions of Korean won)</i>	2015	2014
Opening carrying amount	186,370	180,238
Gain from equity method	1,931	759
Share of other comprehensive loss (excluding remeasurements) of joint ventures	(4,093)	(1,151)
Dividend/ recovery	-	(680)
Closing carrying amount	184,208	179,166

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

- LG Display Co., Ltd. and its subsidiaries

<i>(in millions of Korean won)</i>	March 31, 2015	December 31, 2014
Current assets	9,224,466	9,240,629
Non-current assets	13,248,115	13,726,394
Total assets	22,472,581	22,967,023
Current liabilities	7,164,054	7,549,556
Non-current liabilities	3,115,945	3,634,057
Total liabilities	10,279,999	11,183,613
Equity of the owners of LG Display Co., Ltd.	11,718,212	11,431,412
Non-controlling interests	474,370	351,998
Total equity	12,192,582	11,783,410

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<i>(in millions of Korean won)</i>	2015	2014
Net sales	7,022,349	5,587,698
Profit (loss) for the period	475,751	(81,968)
Equity of the owners of LG Display Co., Ltd.		
Profit (loss) for the period	458,224	(79,951)
Other comprehensive income (loss), net of tax	7,485	(22,306)
Total comprehensive income (loss), net of tax	465,709	(102,257)
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 three-month periods ended March 31, 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	10,611,174
Profit (loss) for the period	458,224	(79,951)
Other comprehensive income(loss), net of tax	7,485	(22,306)
Dividends	(178,909)	-
Closing equity attributable to owners of LG Display Co., Ltd.	11,718,212	10,508,917
Group ownership(%)	37.9	37.9
The Group's share at the end of the reporting period	4,441,623	3,983,257
Unrealized gain	(56,271)	(47,471)
Carrying amount at the reporting date	4,385,352	3,935,786

- (f) The Group's share in the operating results in the individually insignificant associates and joint ventures for the three-month periods ended March 31, 2015 and 2014, is as follows:

<i>(in millions of Korean won)</i>	2015		2014	
	Associates	Joint ventures	Associates	Joint ventures
Profit(loss) for the period	(2,373)	2,623	(24,725)	1,001
Other comprehensive income (loss), net of tax	119	(4,092)	1,172	(1,151)
Total comprehensive loss, net of tax	(2,254)	(1,469)	(23,553)	(150)

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

<i>(in millions of Korean won)</i>	March 31, 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)	2,387	5,964	3,577	3,577

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

March 31, 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	31,300	4,245,063	4,385,352
Korea Information Certificate Authority Inc.	Associate	2,000,000	11,300	22,600	3,306

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>	March 31, 2015	December 31, 2014
Current		
Short-term borrowings	1,206,281	1,164,790
Current portion of long-term borrowings	241,105	331,569
Current portion of debentures	919,434	1,079,191
Subtotal	2,366,820	2,575,550
Non-Current		
Long-term borrowings	2,109,680	2,131,877
Debentures	5,091,899	4,295,004
Subtotal	7,201,579	6,426,881
Total	9,568,399	9,002,431

(b) Details of borrowings are as follows:

i) Short-term borrowings consist of:

<i>(in millions of Korean won)</i>	Annual interest rate at March 31, 2015(%)	Carrying amount	
		March 31, 2015	December 31, 2014
General loans ¹			
HSBC and others	0.8 ~ 11.8	1,206,281	1,164,790
Total		1,206,281	1,164,790

¹ The Group entered into a cross-currency swap contract to hedge cash flow risk related to foreign exchange rates of borrowings in foreign currency (Note 30).

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ii) Long-term borrowings consist of:

<i>(in millions of Korean won)</i>	Maturity date	Annual interest rate at March 31, 2015(%)	March 31, 2015		
			Total	Current	Non-current
Local currency loans					
Kookmin Bank ¹	2027.01.28	3M CD+0.91	190,000	-	190,000
Kookmin Bank ¹	2029.04.30	3M CD+1.14	200,000	-	200,000
Shinhan Bank	2016.05.22	2.75	66	66	-
Shinhan Bank	2016.10.19	4.37	95,000	47,500	47,500
Shinhan Bank	2017.02.16	4.60	190,000	-	190,000
Shinhan Bank	2017.02.27	3.63	50,000	-	50,000
Shinhan Bank	2017.09.15	1.75	560	224	336
IBK Securities	2016.10.14	3.35	85,256	-	85,256
Woori Bank	2017.10.28	4.62	190,000	-	190,000
Hana Bank	2015.06.28	2.39	90	90	-
Hana Bank	2015.09.28	2.39	120	120	-
Hana Bank	2016.03.28	2.39	660	660	-
Hana Bank ¹	2024.01.03	3M CD+0.98	200,000	-	200,000
Korea Development Bank	2015.09.13	4.57	80,000	80,000	-
Korea Development Bank	2015.12.24	4.64	40,000	40,000	-
Korea Development Bank	2016.04.20	4.63	30,000	-	30,000
Korea Development Bank	2016.05.09	3.79	30,000	-	30,000
Korea Development Bank	2016.07.27	3.81	50,000	-	50,000
Korea Development Bank	2016.07.27	3.78	50,000	-	50,000
Korea Development Bank	2016.07.27	3.71	30,000	-	30,000
Korea Development Bank	2016.07.27	3.75	20,000	-	20,000
Korea Development Bank	2017.02.28	3.58	70,000	-	70,000
Korea Development Bank	2017.02.28	3.76	30,000	-	30,000
Korea Development Bank	2017.02.28	4.01	40,000	-	40,000
Korea Development Bank	2017.02.29	3.97	130,000	-	130,000
Korea Development Bank	2017.03.29	4.62	190,000	-	190,000
Korea Development Bank	2018.05.28	3.76	50,000	-	50,000
Foreign currency loans					
HSBC and others	2016.03.31 ~ 2019.06.18	1.66 ~ 10.70	309,033	72,445	236,588
Total			2,350,785	241,105	2,109,680

<i>(in millions of Korean won)</i>	Maturity date	Annual interest rate at December 31, 2014(%)	December 31, 2014		
			Total	Current	Non-current
Local currency loans					
Kookmin Bank	2015.03.04	5.16	27,500	27,500	-
Kookmin Bank	2016.05.24	4.73	190,000	-	190,000
Kookmin Bank ¹	2029.04.30	3M CD+1.14	200,000	-	200,000
Shinhan Bank	2016.05.22	2.75	83	66	17

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<i>(in millions of Korean won)</i>	Maturity date	Annual interest rate at December 31, 2014(%)	December 31, 2014		
			Total	Current	Non-current
Shinhan Bank	2016.10.19	4.37	95,000	47,500	47,500
Shinhan Bank	2017.02.16	4.60	190,000	-	190,000
Shinhan Bank	2017.02.27	3.63	50,000	-	50,000
Shinhan Bank	2017.09.15	1.75	615	224	391
IBK Securities	2016.10.14	3.35	84,520	-	84,520
Woori Bank	2017.10.28	4.62	190,000	-	190,000
Hana Bank	2015.06.28	2.77	180	180	-
Hana Bank	2015.09.28	2.77	180	180	-
Hana Bank	2016.03.28	2.77	825	660	165
Hana Bank ¹	2024.01.03	3M CD+0.98	200,000	-	200,000
Korea Development Bank	2015.03.10	5.06	90,000	90,000	-
Korea Development Bank	2015.09.13	4.57	80,000	80,000	-
Korea Development Bank	2015.12.24	4.64	40,000	40,000	-
Korea Development Bank	2016.04.20	4.63	30,000	-	30,000
Korea Development Bank	2016.05.09	3.84	30,000	-	30,000
Korea Development Bank	2016.07.27	3.81	50,000	-	50,000
Korea Development Bank	2016.07.27	3.78	50,000	-	50,000
Korea Development Bank	2016.07.27	3.71	30,000	-	30,000
Korea Development Bank	2016.07.27	3.75	20,000	-	20,000
Korea Development Bank	2017.02.28	3.58	70,000	-	70,000
Korea Development Bank	2017.02.28	4.01	40,000	-	40,000
Korea Development Bank	2017.02.28	3.76	30,000	-	30,000
Korea Development Bank	2017.02.28	3.97	130,000	-	130,000
Korea Development Bank	2017.03.29	4.62	190,000	-	190,000
Korea Development Bank	2018.05.28	3.76	50,000	-	50,000
Foreign currency loans					
HSBC and others	2016.03.31 ~ 2019.06.18	1.66 ~ 10.70	304,543	45,259	259,284
Total			2,463,446	331,569	2,131,877

¹ The Group entered into interest rate swap contracts to hedge cash flow risk related to floating interest rates of these long-term borrowings (Note 30).

iii) Debentures consist of:

<i>(in millions of Korean won)</i>	Maturity date	Annual interest rate at March 31, 2015 (%)	March 31, 2015			
			Total	Current	Non-current	
Fixed rate notes in local currency	Public, non-guaranteed bonds(28 th)	2015.11.29	5.10	200,000	200,000	-
Fixed rate notes in local currency	Public, non-guaranteed bonds(30-2 nd)	2017.02.09	4.90	50,000	-	50,000
Fixed rate notes in local currency	Public, non-guaranteed bonds(31-1 st)	2016.11.12	3.61	70,000	-	70,000
Fixed rate notes in local currency	Public, non-guaranteed bonds(31-2 nd)	2017.11.12	3.73	80,000	-	80,000
Fixed rate notes in local currency	Public, non-guaranteed bonds(33-1 st)	2017.11.10	2.48	30,000	-	30,000
Fixed rate notes in local currency	Public, non-guaranteed bonds(33-2 nd)	2019.11.10	2.98	70,000	-	70,000

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<i>(in millions of Korean won)</i>		Maturity date	Annual interest rate at March 31, 2015 (%)	March 31, 2015		
				Total	Current	Non-current
Fixed rate notes in local currency	Private, non-guaranteed bonds(34-1 st)	2018.02.13	2.48	10,000	-	10,000
Fixed rate notes in local currency	Private, non-guaranteed bonds(34-2 nd)	2020.02.13	2.90	90,000	-	90,000
Fixed rate notes in local currency	Public, non-guaranteed bonds (56 th)	2015.09.09	4.63	190,000	190,000	-
Fixed rate notes in local currency	Public, non-guaranteed bonds (57 th)	2015.10.22	4.30	190,000	190,000	-
Fixed rate notes in local currency	Public, non-guaranteed bonds (58-2 nd)	2016.02.16	4.91	60,000	60,000	-
Fixed rate notes in local currency	Public, non-guaranteed bonds (60 th)	2016.05.20	4.41	190,000	-	190,000
Fixed rate notes in local currency	Public, non-guaranteed bonds (61 st)	2016.06.29	4.38	190,000	-	190,000
Fixed rate notes in local currency	Public, non-guaranteed bonds (62-2 nd)	2016.08.05	4.34	80,000	-	80,000
Fixed rate notes in local currency	Public, non-guaranteed bonds (64 th)	2016.09.30	4.32	190,000	-	190,000
Fixed rate notes in foreign currency ¹	Public, non-guaranteed bonds (65 th)	2016.12.02	2.00	245,696	-	245,696
Fixed rate notes in local currency	Public, non-guaranteed bonds (66-1 st)	2015.09.10	3.18	170,000	170,000	-
Fixed rate notes in local currency	Public, non-guaranteed bonds (66-2 nd)	2017.09.10	3.28	130,000	-	130,000
Fixed rate notes in local currency	Private, non-guaranteed bonds(67 th)	2018.03.21	3.11	300,000	-	300,000
Fixed rate notes in local currency	Private, non-guaranteed bonds(68-1 st)	2020.05.23	3.29	100,000	-	100,000
Fixed rate notes in local currency	Private, non-guaranteed bonds(68-2 nd)	2020.05.24	3.29	20,000	-	20,000
Fixed rate notes in local currency	Private, non-guaranteed bonds(68-3 rd)	2023.05.22	3.68	50,000	-	50,000
Fixed rate notes in local currency	Private, non-guaranteed bonds(68-4 th)	2023.05.23	3.68	30,000	-	30,000
Fixed rate notes in local currency	Public, non-guaranteed bonds(69-1 st)	2015.07.31	2.86	110,000	110,000	-
Fixed rate notes in local currency	Public, non-guaranteed bonds(69-2 nd)	2018.07.31	3.54	140,000	-	140,000
Fixed rate notes in local currency	Public, non-guaranteed bonds(69-3 rd)	2020.07.31	3.85	150,000	-	150,000
Floating rate notes in foreign currency ¹	Private, guaranteed bonds(70 th)	2019.01.31	3ML+1.60	221,000	-	221,000
Fixed rate notes in local currency	Public, non-guaranteed bonds(71-1 st)	2018.10.18	3.55	200,000	-	200,000
Fixed rate notes in local currency	Public, non-guaranteed bonds(71-2 nd)	2020.10.19	3.82	110,000	-	110,000
Fixed rate notes in local currency	Public, non-guaranteed bonds(71-3 rd)	2023.10.18	4.25	90,000	-	90,000
Floating rate notes in foreign currency ¹	Private, non-guaranteed bonds(72 nd)	2017.06.19	3ML+1.30	221,000	-	221,000
Fixed rate notes in local currency	Public, non-guaranteed bonds(73-1 st)	2017.01.24	3.16	100,000	-	100,000
Fixed rate notes in local currency	Public, non-guaranteed bonds(73-2 nd)	2019.01.24	3.60	120,000	-	120,000
Fixed rate notes in local currency	Public, non-guaranteed bonds(73-3 rd)	2021.01.24	3.95	160,000	-	160,000
Fixed rate notes in local currency	Public, non-guaranteed bonds(73-4 th)	2024.01.24	4.44	120,000	-	120,000
Fixed rate notes in local currency	Public, non-guaranteed bonds(74-1 st)	2019.05.29	3.30	200,000	-	200,000
Fixed rate notes in local currency	Public, non-guaranteed bonds(74-2 nd)	2021.05.29	3.52	130,000	-	130,000
Fixed rate notes in local currency	Public, non-guaranteed bonds(74-3 rd)	2024.05.29	4.04	210,000	-	210,000
Fixed rate notes in local currency	Public, non-guaranteed bonds(74-4 th)	2029.05.29	4.44	60,000	-	60,000
Fixed rate notes in local currency	Private, non-guaranteed bonds(75 th)	2026.07.16	3.96	100,000	-	100,000
Fixed rate notes in local currency	Private, non-guaranteed bonds(76-1 st)	2028.11.17	3.79	40,000	-	40,000
Fixed rate notes in local currency	Private, non-guaranteed bonds(76-2 nd)	2028.11.18	3.79	60,000	-	60,000
Fixed rate notes in local currency	Private, non-guaranteed bonds(77-1 st)	2020.02.02	2.28	210,000	-	210,000
Fixed rate notes in local currency	Private, non-guaranteed bonds(77-2 nd)	2022.02.02	2.51	230,000	-	230,000

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<i>(in millions of Korean won)</i>		Maturity date	Annual interest rate at March 31, 2015 (%)	March 31, 2015		
				Total	Current	Non-current
Fixed rate notes in local currency	Private, non-guaranteed bonds(77-3 rd)	2025.02.02	2.97	210,000	-	210,000
Fixed rate notes in local currency	Private, non-guaranteed bonds(77-4 th)	2030.02.02	3.45	100,000	-	100,000
Less: discount on debentures				(16,363)	(566)	(15,797)
Total				6,011,333	919,434	5,091,899

<i>(in millions of Korean won)</i>		Maturity date	Annual interest rate at December 31, 2014(%)	December 31, 2014		
				Total	Current	Non-current
Fixed rate notes in local currency	Public, non-guaranteed bonds(28 th)	2015.11.29	5.10	200,000	200,000	-
Fixed rate notes in local currency	Public, non-guaranteed bonds(29 th)	2015.02.24	5.01	190,000	190,000	-
Fixed rate notes in local currency	Public, non-guaranteed bonds(30-1 st)	2015.02.09	4.32	30,000	30,000	-
Fixed rate notes in local currency	Public, non-guaranteed bonds(30-2 nd)	2017.02.09	4.90	50,000	-	50,000
Fixed rate notes in local currency	Public, non-guaranteed bonds(31-1 st)	2016.11.12	3.61	70,000	-	70,000
Fixed rate notes in local currency	Public, non-guaranteed bonds(31-2 nd)	2017.11.12	3.73	80,000	-	80,000
Fixed rate notes in local currency	Public, non-guaranteed bonds(33-1 st)	2017.11.10	2.48	30,000	-	30,000
Fixed rate notes in local currency	Public, non-guaranteed bonds(33-2 nd)	2019.11.10	2.98	70,000	-	70,000
Fixed rate notes in local currency	Public, non-guaranteed bonds (56 th)	2015.09.09	4.63	190,000	190,000	-
Fixed rate notes in local currency	Public, non-guaranteed bonds (57 th)	2015.10.22	4.30	190,000	190,000	-
Fixed rate notes in local currency	Public, non-guaranteed bonds (58-2 nd)	2016.02.16	4.91	60,000	-	60,000
Fixed rate notes in local currency	Public, non-guaranteed bonds (60 th)	2016.05.20	4.41	190,000	-	190,000
Fixed rate notes in local currency	Public, non-guaranteed bonds (61 st)	2016.06.29	4.38	190,000	-	190,000
Fixed rate notes in local currency	Public, non-guaranteed bonds (62-2 nd)	2016.08.05	4.34	80,000	-	80,000
Fixed rate notes in local currency	Public, non-guaranteed bonds (64 th)	2016.09.30	4.32	190,000	-	190,000
Fixed rate notes in foreign currency ¹	Public, non-guaranteed bonds (65 th)	2016.12.02	2.00	238,957	-	238,957
Fixed rate notes in local currency	Public, non-guaranteed bonds (66-1 st)	2015.09.10	3.18	170,000	170,000	-
Fixed rate notes in local currency	Public, non-guaranteed bonds (66-2 nd)	2017.09.10	3.28	130,000	-	130,000
Fixed rate notes in local currency	Private, non-guaranteed bonds(67 th)	2018.03.21	3.11	300,000	-	300,000
Fixed rate notes in local currency	Private, non-guaranteed bonds(68-1 st)	2020.05.23	3.29	100,000	-	100,000
Fixed rate notes in local currency	Private, non-guaranteed bonds(68-2 nd)	2020.05.24	3.29	20,000	-	20,000
Fixed rate notes in local currency	Private, non-guaranteed bonds(68-3 rd)	2023.05.22	3.68	50,000	-	50,000
Fixed rate notes in local currency	Private, non-guaranteed bonds(68-4 th)	2023.05.23	3.68	30,000	-	30,000
Fixed rate notes in local currency	Public, non-guaranteed bonds(69-1 st)	2015.07.31	2.86	110,000	110,000	-
Fixed rate notes in local currency	Public, non-guaranteed bonds(69-2 nd)	2018.07.31	3.54	140,000	-	140,000
Fixed rate notes in local currency	Private, non-guaranteed bonds(69-3 rd)	2020.07.31	3.85	150,000	-	150,000
Floating rate notes in foreign currency ¹	Private, guaranteed bonds(70 th)	2019.01.31	3ML+1.60	219,840	-	219,840
Fixed rate notes in local currency	Private, non-guaranteed bonds(71-1 st)	2018.10.18	3.55	200,000	-	200,000
Fixed rate notes in local currency	Private, non-guaranteed bonds(71-2 nd)	2020.10.19	3.82	110,000	-	110,000
Fixed rate notes in local currency	Private, non-guaranteed bonds(71-3 rd)	2023.10.18	4.25	90,000	-	90,000

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<i>(in millions of Korean won)</i>		Maturity date	Annual interest rate at December 31, 2014(%)	December 31, 2014		
				Total	Current	Non-current
Floating rate notes in foreign currency ¹	Private, guaranteed bonds(72 nd)	2017.06.19	3ML+1.30	219,840	-	219,840
Fixed rate notes in local currency	Public, non-guaranteed bonds (73-1 st)	2017.01.24	3.16	100,000	-	100,000
Fixed rate notes in local currency	Public, non-guaranteed bonds (73-2 nd)	2019.01.24	3.60	120,000	-	120,000
Fixed rate notes in local currency	Public, non-guaranteed bonds (73-3 rd)	2021.01.24	3.95	160,000	-	160,000
Fixed rate notes in local currency	Public, non-guaranteed bonds (73-4 th)	2024.01.24	4.44	120,000	-	120,000
Fixed rate notes in local currency	Public, non-guaranteed bonds (74-1 st)	2019.05.29	3.30	200,000	-	200,000
Fixed rate notes in local currency	Public, non-guaranteed bonds (74-2 nd)	2021.05.29	3.52	130,000	-	130,000
Fixed rate notes in local currency	Public, non-guaranteed bonds (74-3 rd)	2024.05.29	4.04	210,000	-	210,000
Fixed rate notes in local currency	Public, non-guaranteed bonds (74-4 th)	2029.05.29	4.44	60,000	-	60,000
Fixed rate notes in local currency	Private, non-guaranteed bonds (75 th)	2026.07.16	3.96	100,000	-	100,000
Fixed rate notes in local currency	Private, non-guaranteed bonds (76-1 st)	2028.11.17	3.79	40,000	-	40,000
Fixed rate notes in local currency	Private, non-guaranteed bonds (76-2 nd)	2028.11.18	3.79	60,000	-	60,000
Less: discount on debentures				(14,442)	(809)	(13,633)
Total				5,374,195	1,079,191	4,295,004

¹ The Parent Company entered into a cross-currency swap contract to hedge cash flow risk related to floating interest rates and foreign exchange rate of these debenture (Note 30).

Meanwhile, the Parent Company is provided with payment guarantees from Shinhan Bank for principal and interests of the guaranteed private placement bonds (70th issue) (Note 27).

(c) Payment schedule of borrowings as of March 31, 2015, is as follows:

<i>(in millions of Korean won)</i>	Total	Less than			Over
		1 year	2 years	5 years	5 years
Short-term borrowings	1,245,947	1,245,947	-	-	-
Current portion of long-term borrowings	246,900	246,900	-	-	-
Current portion of debentures	945,398	945,398	-	-	-
Long-term borrowings	2,481,614	85,585	1,155,248	537,989	702,792
Debentures	5,996,628	170,010	1,266,708	2,329,916	2,229,994
Total	10,916,487	2,693,840	2,421,956	2,867,905	2,932,786

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

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12. Post-employment Benefits

Defined Benefit Plan

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

<i>(in millions of Korean won)</i>	March 31, 2015	December 31, 2014
Present value of funded obligations	2,480,860	2,307,568
Present value of unfunded obligations	35,938	34,065
Subtotal	2,516,798	2,341,633
Fair value of plan assets	(1,519,592)	(1,543,183)
Net defined benefit liability	997,206	798,450

(b) The amounts recognized in the consolidated statements of income for the three-month periods ended March 31, 2015 and 2014, are as follows:

<i>(in millions of Korean won)</i>	2015	2014
Current service cost	89,831	79,584
Past service cost	419	24,927
Net interest cost	6,351	5,965
Managing cost	499	433
Total	97,100	110,909

(c) Changes in the present value of defined benefit obligations for the three-month periods ended March 31, 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	89,831	79,584
Past service cost	419	24,927
Interest expense	17,926	18,535
Remeasurements for:		
- Actuarial loss(gain) arising from changes in financial assumptions	119,667	(3,277)
- Actuarial loss(gain) arising from experience adjustments	-	(21,857)
Increase due to business combination	142	-
Benefits paid	(52,128)	(41,347)
Others	(692)	1,057
At March 31	2,516,798	1,940,556

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(d) Changes in the fair value of plan assets for the three-month periods ended March 31, 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	11,575	12,570
Remeasurements for:		
- Return on plan assets	(2,384)	(2,372)
Employer contributions	1,499	1,244
Increase due to business combination	133	-
Benefits paid	(34,002)	(28,155)
Managing cost	(499)	(433)
Others	87	182
At March 31	1,519,592	1,285,051

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

	March 31, 2015	December 31, 2014
Weighted average of discount rate	2.7%	3.2%
Weighted average of future salary increase	6.1%	6.1%

As of March 31, 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 rates of future salary increase 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 March 31, 2015 and December 31, 2014, is as follows:

<i>(in millions of Korean won)</i>	1% increase	1% decrease
Discount rate	(214,068)	248,545
Future salary increase	235,015	(214,087)

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 three-month period ended March 31, 2015, amounts to ₩2,314 million (2014: ₩1,841 million).

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13. Provisions

Changes in provisions for the three-month periods ended March 31, 2015 and 2014, are as follows:

<i>(in millions of Korean won)</i>	2015				
	Warranty	Sales returns	Restoration	Litigation and others	Total
At January 1, 2015	663,239	69,941	13,409	969,115	1,715,704
Additions	147,843	64,557	1,534	52,215	266,149
Utilization	(185,953)	(69,941)	(268)	(1,627)	(257,789)
Exchange differences	(22,937)	(2,710)	(236)	(16,867)	(42,750)
At March 31, 2015	602,192	61,847	14,439	1,002,836	1,681,314
Current	544,972	61,847	-	95,656	702,475
Non-current	57,220	-	14,439	907,180	978,839

<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	187,683	63,057	1,324	20,489	272,553
Utilization	(186,665)	(63,183)	(222)	(5,980)	(256,050)
Exchange differences	1,603	181	95	4,257	6,136
At March 31, 2014	614,722	63,238	12,462	994,713	1,685,135
Current	562,151	63,238	-	43,500	668,889
Non-current	52,571	-	12,462	951,213	1,016,246

14. Paid-in Capital

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

	March 31, 2015			December 31, 2014	
	Par value per share	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 March 31, 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

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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>	March 31, 2015	December 31, 2014
Legal reserve ¹	160,478	153,190
Discretionary reserve	5,317,480	5,666,922
Unappropriated retained earnings ²	3,446,120	3,260,932
Total	8,924,078	9,081,044

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

² 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>	March 31, 2015	December 31, 2014
Accumulated other comprehensive loss of associates and joint ventures	(79,493)	(79,567)
Cash flow hedge	(45,383)	(33,077)
Available-for-sale financial assets	10,224	8,514
Currency translation differences	(1,135,453)	(1,039,427)
Total	(1,250,105)	(1,143,557)

17. Other Components of Equity

Details of other components of equity consist of:

<i>(in millions of Korean won)</i>	March 31, 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	(177,593)	(177,593)
Total	(210,412)	(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.

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18. Net Sales

Details of net sales for the three-month periods ended March 31, 2015 and 2014, are as follows:

<i>(in millions of Korean won)</i>	2015	2014
Continuing operations:		
Sales of goods	13,753,138	13,830,741
Sales of services	100,513	97,081
Royalty income	140,798	60,963
Subtotal	13,994,449	13,988,785
Discontinued operations	18,772	285,872
Total	14,013,221	14,274,657

19. Expenses by Nature

Expenses that are recorded by nature for the three-month periods ended March 31, 2015 and 2014, consist of:

<i>(in millions of Korean won)</i>	2015	2014
Continuing operations:		
Changes in finished goods and work-in-process	(158,473)	(461,830)
Raw materials and merchandise used	9,098,187	9,061,759
Employee benefit expense	1,661,740	1,568,396
Depreciation and amortization	477,331	468,010
Advertising expense	197,421	197,228
Promotion expense	129,716	144,743
Transportation expense	364,216	394,442
Commission expense	645,416	642,012
Other expenses	1,273,650	1,495,266
Subtotal¹	13,689,204	13,510,026
Discontinued operations	19,118	260,638
Total	13,708,322	13,770,664

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

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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 periods ended March 31, 2015 and 2014, are as follows:

<i>(in millions of Korean won)</i>	2015	2014
Continuing operations:		
Wages and salaries	731,424	642,780
Severance benefits	53,000	58,505
Welfare expense	144,239	138,821
Transportation expense	360,822	386,601
Rental expense	105,054	106,867
Commission expense	465,909	453,983
Depreciation	70,720	62,723
Amortization	50,408	48,187
Taxes and dues	30,573	36,776
Advertising expense	197,421	197,228
Promotion expense	129,716	144,743
Direct R&D costs	101,127	86,611
Direct service costs	138,635	167,096
Bad debt expense	23,686	19,255
Other	180,279	196,092
Subtotal	2,783,013	2,746,268
Discontinued operations	1,918	35,982
Total	2,784,931	2,782,250

21. Financial Income

Financial income for the three-month periods ended March 31, 2015 and 2014, consists of:

<i>(in millions of Korean won)</i>	2015	2014
Continuing operations:		
Interest income	23,111	24,290
Foreign exchange gain	165,518	72,964
Gain on derivatives	1,288	6,231
Other	-	93
Subtotal	189,917	103,578
Discontinued operations	-	1,867
Total	189,917	105,445

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22. Financial Expenses

Financial expenses for the three-month periods ended March 31, 2015 and 2014, consist of:

<i>(in millions of Korean won)</i>	2015	2014
Continuing operations:		
Interest expense	109,110	104,024
Foreign exchange loss	172,978	84,702
Loss on derivatives	101	10,878
Loss on disposal of trade receivables	6,128	3,855
Other	4,499	1,045
Subtotal	292,816	204,504
Discontinued operations	-	11,988
Total	292,816	216,492

23. Other Non-operating Income

Other non-operating income for the three-month periods ended March 31, 2015 and 2014, consists of:

<i>(in millions of Korean won)</i>	2015	2014
Continuing operations:		
Dividend income	284	306
Exchange differences	334,390	186,815
Gain on derivatives	17,772	4,737
Gain on disposal of property, plant and equipment	1,692	12,671
Gain on disposal of intangible assets	69	14,820
Gain on disposal of available-for-sale financial assets	521	865
Gain on disposal of investments in associates and joint ventures	-	133
Other	80,413	8,126
Subtotal	435,141	228,473
Discontinued operations	1,766	8,170
Total	436,907	236,643

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24. Other Non-operating Expenses

Other non-operating expenses for the three-month periods ended March 31, 2015 and 2014, consist of:

<i>(in millions of Korean won)</i>	2015	2014
Continuing operations:		
Exchange differences	636,867	224,815
Loss on derivatives	10,257	8,018
Loss on disposal of property, plant and equipment	10,042	3,319
Loss on disposal of intangible assets	6,653	6,281
Impairment loss on disposal of available-for-sale financial assets	-	1,114
Other	92,300	38,930
Subtotal	756,119	282,477
Discontinued operations	1,611	3,384
Total	757,730	285,861

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 periods ended March 31, 2015 and 2014, is as follows:

	2015	2014
Profit attributable to common shares (in millions of Korean won)	1,835	67,525
Continuing operations	1,869	53,619
Discontinued operations	(34)	13,906
Weighted average number of common shares outstanding	162,884,646 shares	162,884,646 shares
Basic earnings per common share (in Korean won)	11	415
Continuing operations	11	330
Discontinued operations	-	85

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(b) Basic earnings per preferred share for the three-month periods ended March 31, 2015 and 2014, is as follows:

	<u>2015</u>	<u>2014</u>
Profit attributable to preferred shares (in millions of Korean won)	408	7,338
Continuing operations	412	5,870
Discontinued operations	(4)	1,468
Weighted average number of preferred shares outstanding	17,181,302 shares	17,181,302 shares
Basic earnings per preferred share (in Korean won)	24	427
Continuing operations	24	342
Discontinued operations	-	85

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

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 three-month periods ended March 31, 2015 and 2014, are as follows:

<i>(in millions of Korean won)</i>	<u>2015</u>	<u>2014</u>
Profit for the period	38,435	92,566
Adjustments:		
Interest expense, net	85,999	89,416
Foreign exchange loss, net	149,570	7,642
Loss(gain) on derivatives, net	(8,702)	8,204
Depreciation	387,173	387,500
Amortization	103,304	107,626
Loss(gain) on disposal of property, plant and equipment, intangible assets, net	14,934	(17,480)
Provisions for severance benefits	97,100	110,909
Provisions	266,149	272,553
Income tax expense	11,082	196,467
Loss(gain) from equity method	(168,340)	54,695
Other	72,279	69,468
	<u>1,010,548</u>	<u>1,287,000</u>
Changes in operating assets and liabilities:		
Increase in trade receivables	(558,277)	(1,028,136)
Decrease in loans and other receivables	80,054	125,894
Increase in inventories	(299,010)	(738,640)

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<i>(in millions of Korean won)</i>	2015	2014
Increase in other assets	(79,947)	(169,657)
Increase in trade payables	458,988	1,184,995
Decrease in other payables	(317,879)	(150,544)
Decrease in provisions	(257,789)	(256,050)
Increase in other liabilities	12,282	20,352
Payment of defined benefit liability	(18,126)	(13,192)
Deposit in plan assets, net	(10,191)	(11,009)
	<u>(989,895)</u>	<u>(1,035,987)</u>
Cash generated from operations	59,088	343,579

(b) Significant transactions not affecting cash flows for the three-month periods ended March 31, 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	228,883	128,301
Reclassification of intangible assets in progress	52,568	85,196
Reclassification of long-term prepayment to intangible assets	23,557	15,727
Reclassification of current maturities of borrowings and debentures	97,582	456,301
Other payables to acquire property, plant and equipment	92,259	119,935
Other payables to acquire intangible assets	1,699	16,689

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 ₩232,604 million (2014: ₩230,711 million) and the book value of ₩266,034 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 ₩1,055 million (2014: ₩1,205 million).

(b) At the end of the reporting period, the Parent Company and domestic subsidiaries are provided with guarantees of ₩239,425 million (2014: ₩258,145 million) from Seoul Guarantee Insurance and others relating to the performance guarantees and others. 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 ₩126,000 million (2014: ₩126,000 million).

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(d) The maturities of the financial guarantees provided by the Parent Company as of the end of the reporting period are as follows:

(in millions of Korean won)

<u>Less than 1 year</u>	<u>Less than 2 years</u>	<u>Less than 5 years</u>	<u>Over 5 years</u>	<u>Total</u>
143,956	-	-	-	143,956

(e) 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 defendants 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 any 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).

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 ₩200,253 million (2014: ₩204,565 million).

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Other overseas subsidiaries have overdraft facility agreements with a limit of ₩1,202,662 million (2014: ₩1,228,307 million) with various banks, including Citibank and others.

(b) At the end of the reporting period, the Parent Company has sales agreements for export trade receivables with Shinhan Bank and 25 other banks amounting to ₩3,550,365 million (2014: ₩3,559,210 million).

In addition, LG Innotek Co., Ltd. has trade receivables transfer agreements with Hana Bank and others amounting to ₩351,940 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 179 million (2014: USD 280 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 with Shinhan Bank and seven other banks for up to ₩840,000 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, provided payment guarantees to financial institutions, including Woori Bank, amounting to ₩165,630 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 other 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 ₩34,000 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 financial institutions, including Industrial Bank of Korea.

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(f) Contractual commitments for the acquisition of assets

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

<i>(in millions of Korean won)</i>	March 31, 2015	December 31, 2014
Property, plant and equipment	179,038	246,175
Intangible assets	3,311	5,012
Total	182,349	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>	March 31, 2015			Total
	No later than 1 year	Later than 1 year and no later than 5 years	Over 5 years	
Land	357	1,417	6,055	7,829
Buildings and offices	226,616	369,727	45,291	641,634
Vehicles	27,894	33,558	-	61,452
Equipment	20,761	17,762	-	38,523
Total	275,628	422,464	51,346	749,438

Lease payment under operating lease recognized in the consolidated statement of income for the three-month period ended March 31, 2015, is ₩80,968 million (2014: ₩80,191 million).

(h) Operating lease commitments – the Group as lessor

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

<i>(in millions of Korean won)</i>	March 31, 2015		Total lease receipts
	No later than 1 year	Later than 1 year and no later than 3 years	
Healthcare rental	92,622	142,923	235,545

- ii) The Group recognized ₩24,022 million (2014: ₩21,588 million) in lease income for the three-month period ended March 31, 2015.

(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 ₩4,841 million, and the present value of the finance lease liabilities amounts to ₩3,211 million. As of March 31, 2015 and December 31, 2014, future minimum lease payments under the finance lease agreement are as

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follows:

<i>(in millions of Korean won)</i>	March 31, 2015		December 31, 2014	
	Minimum lease payments	PV of minimum lease payments	Minimum lease payments	PV of minimum lease payments
Within 1 year	1,638	1,555	1,686	1,605
1 to 5 years	1,772	1,656	1,741	1,640
Total	3,410	3,211	3,427	3,245

(j) Trademark license commitments

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

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

29. Related Party Transactions

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

<u>Classification</u>	<u>Name</u>		<u>Note</u>
	<u>March 31, 2015</u>	<u>December 31, 2014</u>	
Significantly influencing the Group	LG Corp.	LG Corp.	-
Associates	LG Display Co., Ltd., and subs	LG Display Co., Ltd., and 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. zo.o.	LG Display Poland Sp. zo.o.	-
	LG Display Guangzhou Co., Ltd	LG Display Guangzhou Co., Ltd	-
	LG Display Shenzhen Co., Ltd.	LG Display Shenzhen Co., Ltd.	-
	LG Display Singapore Pte. Ltd.	LG Display Singapore Pte. Ltd.	-
	LG Display U.S.A Inc	LG Display U.S.A Inc	-
	L&T Display Technology (Xiamen) Limited	L&T Display Technology (Xiamen) Limited	-
	L&T Display Technology (Fujian) Limited	L&T Display Technology (Fujian) Limited	-

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Classification	Name		Note
	March 31, 2015	December 31, 2014	
	Nanumnuri Co., Ltd.	Nanumnuri Co., Ltd.	-
	LG Display (China) Co., Ltd.	LG Display (China) Co., Ltd.	-
	Unified Innovative Technology, LLC	Unified Innovative Technology, LLC	-
	Ericsson-LG Co., Ltd., and subs	Ericsson-LG Co., Ltd., and 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 subs	Hitachi LG Data Storage Inc.(HLDS), and subs	-
	Hitachi-LG Data Storage Inc.	Hitachi-LG Data Storage Inc.	-
	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 others	LG Fuel Cell Systems Inc., and others	-
	LG Fuel Cell Systems Inc.	LG Fuel Cell Systems Inc.	-
	LG Fuel Cell Systems Korea Inc.	LG Fuel Cell Systems Korea Inc.	-
	Korea Information Certificate Authority Inc.	Korea Information Certificate Authority Inc.	-
	Global OLED Technology LLC	Global OLED Technology LLC	-
	SKT Vietnam PTE., Ltd.	SKT Vietnam PTE., Ltd.	-
	One-Red, LLC	One-Red, LLC	-
Joint ventures	Arcelik-LG Klima Sanayi ve Ticaret A.S.(LGEAT)	Arcelik-LG Klima Sanayi ve Ticaret A.S.(LGEAT)	-
	LG Holdings(HK) Ltd. and subs	LG Holdings(HK) Ltd. and 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 subs	LG CNS Co., Ltd., and subs	LG Corp.'s subsidiary
	LG CNS Co., Ltd.	LG CNS Co., Ltd.	-
	LG N-Sys Inc.	LG N-Sys Inc.	-
	BNE PARTNERS, Inc.	BNE PARTNERS, Inc.	-
	Ucess Partners Co., Ltd.	Ucess Partners Co., Ltd.	-
	KOREA ELECOM Ltd.	KOREA ELECOM Ltd.	-
	Ever On Co., Ltd.	Ever On Co., Ltd.	-

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Classification	Name		Note
	March 31, 2015	December 31, 2014	
	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 Smart Green 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.	-
	SERVEONE Co., Ltd., and subs	SERVEONE Co., Ltd., and 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 Co.,Ltd.	Serveone Construction 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 subs	LG Siltron Incorporated and subs	LG Corp.'s subsidiary
	LG Siltron Incorporated	LG Siltron Incorporated	-
	LG Siltron America, Inc.	LG Siltron America, Inc.	-
	LG Siltron JAPAN Inc.	LG Siltron JAPAN Inc.	-
	LUSEM CO., LTD.	LUSEM CO., LTD.	LG Corp.'s subsidiary

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Classification	Name		Note
	March 31, 2015	December 31, 2014	
	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 balances and transactions

- i) Major transactions for the three-month periods ended March 31, 2015 and 2014, are as follows:

(in millions of Korean won)

Classification	Name	2015					Purchases total
		Sales ¹	Purchases			Others	
			Raw materials	Fixed and intangible assets	General operating expenses		
Significantly influencing the Group	LG Corp.	464	-	-	37,163	-	37,163
Associates	LG Display Co., Ltd., and subs	220,422	1,687,922	-	3,680	-	1,691,602
	Ericsson-LG Co., Ltd., and subs	2,307	1,448	-	-	-	1,448
	Hitachi LG Data Storage Inc., and subs	5,899	37,724	-	-	-	37,724
	Korea Information Certificate Authority Inc.	-	-	-	1	-	1
	Subtotal	228,628	1,727,094	-	3,681	-	1,730,775
Joint ventures	ArceLIK-LG Klima Sanayi ve Ticaret A.S.	19,730	26,337	-	-	-	26,337
	LG HOLDINGS (HK) LIMITED and subs	-	-	-	550	-	550
	EIC PROPERTIES PTE, LTD.	-	-	-	206	-	206
	Subtotal	19,730	26,337	-	756	-	27,093
Other related parties	SERVEONE Co., Ltd., and subs	4,885	254,284	23,215	32,885	-	310,384
	LG Siltron Incorporated	1,497	3	-	-	-	3
	LG CNS Co., Ltd., and subs	29,675	24,523	12,363	68,933	-	105,819
	LG SPORTS Ltd.	-	-	-	168	-	168
	LG Management Development Institute	164	75	-	6,260	-	6,335
	LUSEM CO., LTD.	10,946	3,730	-	78	-	3,808
	LG MMA Ltd.	111	106	-	1	-	107
	LG Holdings Japan Co., Ltd.	4	-	-	807	-	807
	Subtotal	47,282	282,721	35,578	109,132	-	427,431

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		2015					
		Purchases					
Classification	Name	Sales ¹	Raw materials	Fixed and intangible assets	General operating expenses	Others	Purchases total
	Total	296,104	2,036,152	35,578	150,732	-	2,222,462

(in millions of Korean won)

		2014					
		Purchases					
Classification	Name	Sales ¹	Raw materials	Fixed and intangible assets	General operating expenses	Others	Purchases total
Significantly influencing the Group	LG Corp.	16	-	-	37,193	-	37,193
Associates	LG Display Co., Ltd., and subs	195,347	1,586,001	-	3,466	-	1,589,467
	Ericsson-LG Co., Ltd., and subs	2,383	1,527	-	-	-	1,527
	Hitachi LG Data Storage Inc., and subs	10,612	356,150	-	-	-	356,150
	Korea Information Certificate Authority Inc.	-	-	-	1	-	1
	Subtotal	208,342	1,943,678	-	3,467	-	1,947,145
Joint ventures	Arcelik-LG Klima Sanayi ve Ticaret A.S.	20,073	-	49,442	-	-	49,442
	LG HOLDINGS (HK) LIMITED and subs	-	-	-	752	-	752
	EIC PROPERTIES PTE, LTD.	-	-	-	228	-	228
	Subtotal	20,073	-	49,442	980	-	50,422
Other related parties	SERVEONE Co., Ltd., and subs	2,032	290,855	895	28,619	1,000	321,369
	LG Siltron Incorporated	1,130	840	-	18	-	858
	LG CNS Co., Ltd., and subs	7,631	12,682	3,985	70,187	-	86,854
	LG SPORTS Ltd.	389	-	-	1,963	-	1,963
	LG Management Development Institute	4	61	-	5,194	-	5,255
	LUSEM CO., LTD.	14,824	7,750	-	225	-	7,975
	LG MMA Ltd.	107	18	-	-	-	18
	Subtotal	26,117	312,206	4,880	106,206	1,000	424,292
	Total	254,548	2,255,884	54,322	147,846	1,000	2,459,052

¹ Includes disposals of property, plant, and equipment, and others.

ii) The balances of significant transactions are as follows:

(in millions of Korean won)

		March 31, 2015
		Receivables
		Payables

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Classification	Name								
		Trade receivables	Loans	Other receivables	Total	Trade payables	Borrowings	Other payables	Total
Significantly influencing the Group	LG Corp.	-	-	24,040	24,040	-	-	26,844	26,844
Associates	LG Display Co., Ltd., and subsidiaries	224,579	-	67,156	291,735	1,158,450	-	31,220	1,189,670
	Ericsson-LG Co., Ltd., and subsidiaries	320	-	32	352	1,424	-	153	1,577
	Hitachi-LG Data Storage Inc., and subsidiaries	5,397	-	4	5,401	39,629	-	28	36,657
	Korea Information Certificate Authority Inc.	-	-	-	-	-	-	1	1
	Subtotal	230,296	-	67,192	297,488	1,199,503	-	31,402	1,230,905
Joint ventures	Arcelik-LG Klima Sanayi ve Ticaret A.S.	9,760	-	1,588	11,348	23,802	-	30	23,832
	LG HOLDINGS (HK) LIMITED and subs	-	-	-	-	-	-	1,536	1,536
	EIC PROPERTIES PTE LTD.	-	-	-	-	-	-	69	69
	Subtotal	9,760	-	1,588	11,348	23,802	-	1,635	25,437
Other related parties	SERVEONE Co., Ltd., and subsidiaries	4,610	-	61,302	65,912	239,522	-	47,203	286,725
	LG Siltron Incorporated	1,379	-	-	1,379	-	-	1,540	1,540
	LG CNS Co., Ltd., and subsidiaries	3,120	-	934	4,054	58,157	-	61,785	119,942
	LG SPORTS Ltd.	-	-	-	-	110	-	121	231
	LG Management Development Institute	-	-	17,864	17,864	3	-	846	849
	LUSEM CO., LTD.	10,880	-	-	10,880	2,868	-	-	2,868
	LG MMA Ltd	36	-	-	36	54	-	-	54
	LG Holdings Japan Co., Ltd.	2,871	-	637	3,508	-	-	-	-
	Subtotal	22,896	-	80,737	103,633	300,714	-	111,495	412,209
Total		262,952	-	173,557	436,509	1,524,019	-	171,376	1,695,395

(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 subsidiaries	163,868	-	68,333	232,201	797,656	-	29,527	827,183
	Ericsson-LG Co., Ltd., and subsidiaries	267	-	64	331	678	-	150	828
	Hitachi-LG Data Storage Inc., and	26	-	257	283	40,174	-	61	40,235

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		December 31, 2014							
Classification	Name	Receivables				Payables			
		Trade receivables	Loans	Other receivables	Total	Trade payables	Borrowings	Other payables	Total
	subsidiaries								
	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 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 subsidiaries	2,632	-	60,722	63,354	234,069	-	51,934	286,003
	LG Siltron Incorporated	836	-	-	836	28	-	1,540	1,568
	LG CNS Co., Ltd., and 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 three-month periods ended March 31, 2015 and 2014, are as follows:

(in millions of Korean won)

		2015						
Classification	Name	Dividend Income	Cash investment (capital reduction) and more	Disposal of shares	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	-	-	-	-	-	-
	Total	71,123	-	-	-	-	-	-

(in millions of Korean won)

		2014						
Classification	Name	Dividend Income	Cash investment (capital reduction) and more	Disposal of shares	Financing loan transaction		Financing borrowing transaction	
					Loan	Collection	Borrowing	Repayment
	Ericsson-LG Co., Ltd.	17,000	-	-	-	-	-	-
Associates	Korea Information Certificate Authority Inc.	60	-	-	-	-	-	-

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	Subtotal	17,060	-	-	-	-	-	-
Joint ventures	LG Fund for Enterprises	-	(680)	-	-	-	-	-
	Total	17,060	(680)	-	-	-	-	-

- (c) Key management compensation costs of the Group for the three-month periods ended March 31, 2015 and 2014, consist of:

<i>(in millions of Korean won)</i>	2015	2014
Wages and salaries	6,686	3,335
Severance benefits	1,656	465
Total	8,342	3,800

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 cost 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 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 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

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borrowings related to the financial risk management are presented in Note 5 and Note 11, respectively.

(a) Market risk

i) Foreign exchange risk

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

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 March 31, 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>	March 31, 2015		December 31, 2014	
	10% increase	10% decrease	10% increase	10% decrease
USD/KRW	(58,712)	58,712	(88,337)	88,337
EUR/KRW	48,127	(48,127)	50,124	(50,124)
Other ¹ /KRW	42,721	(42,721)	57,892	(57,892)

¹ Other currency includes Brazilian Real and Russian Ruble.

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

ii) Interest rate risk

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

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

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monitoring trends of internal and external interest rates, and minimizes the risk of net interest expense by properly operating short-term borrowings with variable interest rates and deposits.

As of March 31, 2015 and 2014, if interest rates fluctuate by 1% without other variables changing, the effects on income and expenses related to borrowings and financial deposits with variable interest rates for the three-month periods ended March 31, 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	1,638	(1,638)	2,796	(2,796)
Interest income	4,712	(4,712)	6,163	(6,163)

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.

March 31, 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	UBS 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	USD22	USD/BRL 2.6700	1.30%	11.00%	2014.12.15	2015.06.15
		USD27	USD/BRL 2.6700	1.43%	11.30%	2014.12.15	2015.09.15
		USD6	USD/BRL 2.7250	1.30%	11.00%	2014.12.23	2015.06.23
		USD23	USD/BRL 2.7250	1.35%	11.00%	2014.12.23	2015.06.23
		USD27	USD/BRL 2.7250	1.35%	11.30%	2014.12.23	2015.09.23
		USD10	USD/BRL 2.7050	1.50%	11.30%	2015.01.05	2015.08.24
		USD20	USD/BRL 2.7050	1.52%	11.30%	2015.01.05	2015.09.11
		USD50	USD/BRL 2.6850	1.75%	11.45%	2015.01.14	2015.12.14
		USD50	USD/BRL 2.8990	1.47%	11.95%	2015.02.25	2015.09.18
USD/VND CRS	BTMU	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.

March 31, 2015	Contractor	Contracted amount (in millions of Korean won)	Interest rate (received)	Interest rate (paid)	Contract date	Expiration date
KRW Interest rate swap	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
	Kookmin Bank	190,000	3M CD+91bp	3.15%	2015.01.28	2027.01.28

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 ₩27,189 million in 2015 (2014: gain on valuation amounting to ₩4,624 million) after applying the tax effect, is recognized in other comprehensive income(loss). The Group has reclassified ₩39,495 million to gain from equity in 2015 (2014: ₩5,862 million). Therefore, other comprehensive loss from cash flow hedges amounts to ₩12,306 million in 2015 (2014: other comprehensive loss of ₩1,238 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 March 31, 2015, and related profit or loss for the three-month period ended March 31, 2015, are as follows:

<i>(in millions of Korean won)</i>	Purchase	Sale	Gain on valuation	Gain on transaction
Currency forward	203,307	203,617	2,427	6,275

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.

<i>(in millions of Korean won)</i>	March 31, 2015		December 31, 2014	
	30% increase	30% decrease	30% increase	30% decrease
KOSDAQ	3,793	(3,793)	3,001	(3,001)
NASDAQ	-	-	742	(742)

The valuation and the reclassified amounts of the available-for-sale financial assets related to

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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.

(c) Liquidity risk

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

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

In addition, the Group is able to source funds any time in the domestic and international financial markets as of the end of reporting period because it has good investment credit grades from Korea Investors Service, Korea Ratings and NICE Information Service of AA, and Standard & Poors and Moody's of BBB and Baa3, respectively, as of March 31, 2015.

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

Capital Risk Management

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

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

<i>(in millions of Korean won, except for ratios)</i>	March 31, 2015	December 31, 2014
Liability (A)	24,499,488	24,077,323
Equity (B)	12,754,190	12,991,097
Cash and cash equivalents and current financial deposits (C)	2,034,258	2,244,406
Borrowings (D)	9,568,399	9,002,431
Debt-to-equity ratio (A/B)	192.1%	185.3%
Net borrowings ratio (D-C)/B	59.1%	52.0%

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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>	March 31, 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	2,846	2,846	5,654	5,654
Derivatives for hedging purposes				
Other financial assets	36,749	36,749	5,515	5,515
Available-for-sale financial assets				
Non-current assets held for sale	1,369	1,369	-	-
[Assets at amortized cost]				
Loans and other receivables				
Cash and cash equivalents	2,034,258	1	2,244,406	1
Financial deposits	66,300	1	67,700	1
Trade receivables	7,867,692	1	7,683,915	1
Other receivables	566,284	1	633,219	1
Held-to-maturity financial assets				
Other financial assets	24	1	24	1
Non-current financial asset items				
[Assets at fair value]				
Derivatives for hedging purposes				
Other financial assets	7,031	7,031	5,252	5,252
Available-for-sale financial assets				
Other financial assets	15,356	15,356	14,529	14,529
[Assets at amortized cost]				
Loans and other receivables				
Financial deposits	93,687	93,687	94,323	94,323
Other receivables	533,627	517,666	548,564	535,896
Held-to-maturity financial assets				
Other financial assets	2,623	1	2,638	1
[Assets at cost]				
Available-for-sale financial assets				
Other financial assets	35,664	2	34,356	2
Total	11,263,510		11,340,095	

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<i>(in millions of Korean won)</i>	March 31, 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	2,062	2,062	3,409	3,409
Derivatives for hedging purposes				
Other financial liabilities	-	-	3,013	3,013
[Liabilities at amortized cost]				
Trade payables	6,958,191	¹	6,741,710	¹
Borrowings	2,366,820	¹	2,575,550	¹
Other payables	2,518,548	¹	3,020,870	¹
[Other liabilities]				
Other financial liabilities	106	³	106	³
Non-current financial liability items				
[Liabilities at fair value]				
Derivatives for hedging purposes				
Other financial liabilities	69,085	69,085	62,160	62,160
[Liabilities at amortized cost]				
Borrowings	7,201,579	7,553,166	6,426,881	6,783,359
Other payables	9,623	9,729	14,320	14,458
[Other liabilities]				
Other financial liabilities	388	³	414	³
Total	19,126,402		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:

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- 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, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in 'level 1'. Instruments included in 'level 1' comprise primarily equity investments classified as available for sale.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses various valuation techniques and makes judgments based on current market conditions. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to measure the fair value of an instrument are observable, the instrument is included in 'level 2'.

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

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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>	March 31, 2015			Total
	Level 1	Level 2	Level 3	
Assets				
Other financial assets				
Available-for-sale financial assets				
- Marketable equity securities	13,999	-	-	13,999
- Debt securities	-	-	1,356	1,356
Financial assets at fair value through profit or loss	-	2,846	-	2,846
Derivatives for hedging purposes	-	43,780	-	43,780
Non-current assets held for sale				
Available-for-sale financial assets				
- Marketable equity securities	1,369	-	-	1,369
Liabilities				
Other financial liabilities				
Financial liabilities at fair value through profit or loss	-	2,062	-	2,062
Derivatives for hedging purposes	-	69,085	-	69,085

<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.

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- 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
	March 31, 2015	December 31, 2014		
Assets				
Other financial assets				
Financial assets at fair value through profit or loss	2,846	5,654	Discounted cash flow	Discount rate and exchange rate
Derivatives for hedging purposes	43,780	10,767	Discounted cash flow	Discount rate and exchange rate
Liabilities				
Other financial liabilities				
Financial liabilities at fair value through profit or loss	2,062	3,409	Discounted cash flow	Discount rate and exchange rate
Derivatives for hedging purposes	69,085	65,173	Discounted cash flow	Discount rate and exchange rate

- 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 three-month periods ended March 31, 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	25	(300)
Loss included in other comprehensive income	(4)	-
Purchase, issue, sales and settlement		
Purchase	-	-
Sale	(87)	(30)
At March 31	1,356	1,510

¹ Gain and loss included in profit for the period are interest income amounting to ₩25 million (2014: impairment loss amounting to ₩300 million).

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Valuation technique, inputs, and range of significant but unobservable inputs of financial instruments that are measured at fair value and categorized within level 3 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
	March 31, 2015	December 31, 2014				
Other financial assets						
Available-for-sale financial assets						
- Debt securities	1,356	1,422	Discounted cash flow	Discount rate	Discount rate (credit spread)	3.3%-6.4%

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>	March 31, 2015			
	Level 1	Level 2	Level 3	Total
Assets				
Non-current financial deposits	-	-	93,687	93,687
Non-current other receivables	-	-	517,666	517,666
Liabilities				
Non-current borrowings	-	-	7,553,166	7,553,166
Non-current other payables	-	-	9,729	9,729
<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 March 31, 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.

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- 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>	March 31, 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	93,687	93,687	94,323	94,323	Discounted cash flow	Discount rate and exchange rate	Discount rate	0.1% ~ 3.1%
Non-current other receivables	533,627	517,666	548,564	535,896	Discounted cash flow	Discount rate and exchange rate	Discount rate	3.2% ~ 6.1%
Liabilities								
Non-current borrowings	7,201,579	7,553,166	6,426,881	6,783,359	Discounted cash flow	Discount rate and exchange rate	Discount rate	1.9% ~ 3.6%
Non-current other payables	9,623	9,729	14,320	14,458	Discounted cash flow	Discount rate and exchange rate	Discount rate	3.9% ~ 4.3%

31. Business Combinations

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

<i>(in millions of Korean won)</i>	Amount
Consideration 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

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<i>(in millions of Korean won)</i>	Amount
Non-current liabilities	
Net defined benefit liability	9
Total identifiable net assets	6,486
Goodwill	1,214

¹Consideration transferred during the measurement period

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

32. Reclassification to Non-current Asset Held for Sale

Details of assets whose carrying amount is obtained principally through a sale transaction and that their sale is highly probable as of the end of reporting period, are as follows:

<i>(in millions of Korean won)</i>	March 31, 2015
Available-for-sale financial assets	1,369
Investments in associates	28,598
Property, plant and equipment and others	28,791
Total	58,758

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.

- i) Profit(loss) for the period from discontinued operations for the three-month periods ended March 31, 2015 and 2014, consists of:

<i>(in millions of Korean won)</i>	2015	2014
Profit(loss) from ordinary activities of discontinued operations:		
Net sales	18,772	285,872
Operating income(loss)	(346)	25,234
Profit (loss) for the period before tax	(191)	19,899
Income tax expense(benefit)	(159)	4,522
Profit (loss) for the period, net of tax (A)	(32)	15,377

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ii) Cash generated from discontinued operations

<i>(in millions of Korean won)</i>	2015	2014
Net cash flows from operating activities	65,546	21,833
Net cash flows from investing activities	-	(4,919)
Net cash flow from discontinued operations	65,546	16,914

34. Event After the Reporting Period

On April 28, 2015, the Board of Directors of the Parent Company resolved to transfer the assets and workforce of display driver-IC design business to Silicon Works Co., Ltd. for the purpose of efficient operation of the semiconductor design business. The date of transfer is expected to be July 1, 2015, with an amount of ₩21,600 million. The date and the amount are subject to change.