

**LG Electronics Inc.**  
**Interim Separate Financial Statements**  
**March 31, 2014 and 2013**

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## Report on Review of Interim Financial Statements

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

### ***Reviewed Financial Statements***

We have reviewed the accompanying interim separate financial statements of LG Electronics Inc. (the "Company"). These financial statements consist of the separate statement of financial position of the Company as of March 31, 2014, and the related separate statements of income, comprehensive income, changes in equity and cash flows for the three-month periods ended March 31, 2014 and 2013, and a summary of significant accounting policies and other explanatory notes, expressed in Korean won.

### ***Management' Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these separate 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 separate 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 separate 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 auditing standards generally accepted in the Republic of Korea and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Conclusion**

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

**Other matters**

We have audited the accompanying separate statement of financial position of the Company as of December 31, 2013, and the related separate statements of income, comprehensive income, changes in equity and cash flows for the year then ended, in accordance with auditing standards generally accepted in the Republic of Korea. We expressed an unqualified opinion on those separate financial statements in our audit report dated February 25, 2014. These separate financial statements are not included in this review report. The separate statement of financial position as of December 31, 2013, presented herein for comparative purposes, is consistent, in all material respects, with the above audited statement of financial position as of December 31, 2013.

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

Seoul, Korea  
May 9, 2014

This interim report is effective as of May 9, 2014, 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 separate 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.

# LG Electronics Inc.

## Interim Separate Statements of Financial Position

March 31, 2014 and December 31, 2013

<i>(in millions of Korean won)</i>	Note	March 31, 2014	December 31, 2013
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	4,30	1,071,321	1,298,349
Financial deposits	4,30	65,000	65,000
Trade receivables	4,5,30	6,030,074	4,697,202
Other financial assets	4,30	328,021	433,888
Inventories	7	1,143,168	916,581
Current income tax assets		2,446	2,446
Other current assets		562,351	439,757
		<u>9,202,381</u>	<u>7,853,223</u>
<b>Non-current assets</b>			
Financial deposits	4,30	3,351	4,759
Loans and other receivables	4,30	395,609	410,385
Other financial assets	4,6,30	34,741	31,823
Property, plant and equipment	8	6,044,082	6,045,037
Intangible assets	8	1,058,227	1,085,867
Deferred income tax assets	24	791,378	875,503
Investments in subsidiaries, associates and joint ventures	9	8,002,594	8,006,190
Investment property		2,962	2,979
Other non-current assets		644,882	655,316
		<u>16,977,826</u>	<u>17,117,859</u>
<b>Total assets</b>		<u>26,180,207</u>	<u>24,971,082</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade payables	4,30	5,231,115	4,327,403
Borrowings	4,10,30	1,184,620	1,391,805
Other payables	4,30	1,648,582	1,798,292
Other financial liabilities	4,6,30	5,157	9,090
Provisions	12	218,346	212,710
Other current liabilities		1,780,642	1,607,031
		<u>10,068,462</u>	<u>9,346,331</u>
<b>Non-current liabilities</b>			
Borrowings	4,10,30	5,068,007	4,550,437
Other financial liabilities	4,6,30	8,625	9,891
Net defined benefit liability	11	468,728	413,825
Provisions	12	828,913	817,778
		<u>6,374,273</u>	<u>5,791,931</u>
<b>Total liabilities</b>		<u>16,442,735</u>	<u>15,138,262</u>
<b>Equity</b>			
Paid-in capital:	13		
Capital stock		904,169	904,169
Share premium		3,088,179	3,088,179
Retained earnings	14	5,763,860	5,857,083
Accumulated other comprehensive income	15	14,083	16,208
Other components of equity	16	(32,819)	(32,819)
<b>Total equity</b>		<u>9,737,472</u>	<u>9,832,820</u>
<b>Total liabilities and equity</b>		<u>26,180,207</u>	<u>24,971,082</u>

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

## LG Electronics Inc.

### Interim Separate Statements of Income

#### Three-Month Periods Ended March 31, 2014 and 2013

<i>(in millions of Korean won, except per share amounts)</i>	Note	Three-Month Periods Ended March 31	
		2014	2013
<b>Net sales</b>	17	7,335,215	6,898,006
<b>Cost of sales</b>	18	5,983,613	5,568,034
<b>Gross profit</b>		1,351,602	1,329,972
Selling and marketing expenses	18,19	608,931	607,418
Administrative expenses	18,19	122,628	140,106
Research and development expenses	18,19	461,150	478,175
Service costs	18,19	109,292	124,590
<b>Operating income(loss)</b>		49,601	(20,317)
Financial income	20	40,839	56,186
Financial expenses	21	97,418	91,025
Other non-operating income	22	140,010	281,082
Other non-operating expenses	23	123,757	192,847
Profit before income tax		9,275	33,079
Income tax expense	24	81,588	1,333
<b>Profit(loss) for the period</b>		(72,313)	31,746
<b>Earnings(loss) per share during the period (in won):</b>	25		
Earnings(loss) per share for profit attributable to the common equity holders of the Company		(403)	175
Earnings(loss) per share for profit attributable to the preferred equity holders of the Company		(390)	188

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

**LG Electronics Inc.**  
**Interim Separate Statements of Comprehensive Income**  
**Three-Month Periods Ended March 31, 2014 and 2013**

<i>(in millions of Korean won)</i>	<b>Note</b>	<b>Three-Month Periods Ended March 31</b>	
		<b>2014</b>	<b>2013</b>
<b>Profit(loss) for the period</b>		<u>(72,313)</u>	<u>31,746</u>
<b>Other comprehensive income(loss), net of tax</b>			
Items that will not be reclassified subsequently to profit or loss:			
Remeasurements of the net defined benefit liability	11	15,962	(54,564)
Items that will be reclassified subsequently to profit or loss:			
Cash flow hedges	10	(2,518)	(747)
Available-for-sale financial assets	6	<u>393</u>	<u>2,340</u>
<b>Other comprehensive income(loss) for the period, net of tax</b>		<u>13,837</u>	<u>(52,971)</u>
<b>Total comprehensive loss for the period, net of tax</b>		<u>(58,476)</u>	<u>(21,225)</u>

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

**LG Electronics Inc.**

**Interim Separate Statements of Changes in Equity**

**Three-Month Periods Ended March 31, 2014 and 2013**

<i>(in millions of Korean won)</i>	Note	Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income	Other Components of Equity	Total
<b>Balance at January 1, 2013</b>		3,992,348	6,059,062	4,364	(32,819)	10,022,955
<b>Comprehensive income:</b>						
Profit for the period		-	31,746	-	-	31,746
Remeasurements of the net defined benefit liability	11	-	(54,564)	-	-	(54,564)
Cash flow hedges	10	-	-	(747)	-	(747)
Available-for-sale financial assets	6	-	-	2,340	-	2,340
<b>Total comprehensive income</b>		<u>-</u>	<u>(22,818)</u>	<u>1,593</u>	<u>-</u>	<u>(21,225)</u>
<b>Transactions with equity holders:</b>						
Dividends	14	-	(36,872)	-	-	(36,872)
<b>Total transactions with equity holders</b>		<u>-</u>	<u>(36,872)</u>	<u>-</u>	<u>-</u>	<u>(36,872)</u>
<b>Balance at March 31, 2013</b>		<u>3,992,348</u>	<u>5,999,372</u>	<u>5,957</u>	<u>(32,819)</u>	<u>9,964,858</u>
<b>Balance at January 1, 2014</b>		3,992,348	5,857,083	16,208	(32,819)	9,832,820
<b>Comprehensive income:</b>						
Loss for the period		-	(72,313)	-	-	(72,313)
Remeasurements of the net defined benefit liability	11	-	15,962	-	-	15,962
Cash flow hedges	10	-	-	(2,518)	-	(2,518)
Available-for-sale financial assets	6	-	-	393	-	393
<b>Total comprehensive loss</b>		<u>-</u>	<u>(56,351)</u>	<u>(2,125)</u>	<u>-</u>	<u>(58,476)</u>
<b>Transactions with equity holders:</b>						
Dividends	14	-	(36,872)	-	-	(36,872)
<b>Total transactions with equity holders</b>		<u>-</u>	<u>(36,872)</u>	<u>-</u>	<u>-</u>	<u>(36,872)</u>
<b>Balance at March 31, 2014</b>		<u>3,992,348</u>	<u>5,763,860</u>	<u>14,083</u>	<u>(32,819)</u>	<u>9,737,472</u>

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



**LG Electronics Inc.****Interim Separate Statements of Cash Flows****Three-Month Periods Ended March 31, 2014 and 2013**

<i>(in millions of Korean won)</i>	<b>Note</b>	<b>Three-Month Period Ended March 31</b>	
		<b>2014</b>	<b>2013</b>
<b>Cash flows from operating activities</b>			
Cash generated from operations	26	(176,715)	158,611
Interest received		7,779	7,077
Interest paid		(58,801)	(55,863)
Dividends received		3,953	55,416
Income tax paid		(1,882)	(20,723)
<b>Net cash generated from operating activities</b>		<u>(225,666)</u>	<u>144,518</u>
<b>Cash flows from investing activities</b>			
Decrease in financial deposits		1,408	3,495
Decrease in loans and other receivables		57,103	22,709
Proceeds from disposal and recovery of other financial assets		-	58,435
Proceeds from disposal of property, plant and equipment		3,869	2,931
Proceeds from disposal of intangible assets		15,567	300
Proceeds from disposal of investments in subsidiaries, associates and joint ventures		3,713	550
Decrease in others		-	17
Increase in loans and other receivables		(40,374)	(16,396)
Acquisition of property, plant and equipment		(195,828)	(424,216)
Acquisition of intangible assets		(142,119)	(122,006)
Acquisition of investments in subsidiaries, associates and joint ventures		-	(3,700)
<b>Net cash used in investing activities</b>		<u>(296,661)</u>	<u>(477,881)</u>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		706,902	299,400
Repayments of borrowings		(411,603)	(102,077)
<b>Net cash provided by financing activities</b>		<u>295,299</u>	<u>197,323</u>
<b>Net decrease in cash and cash equivalents</b>		(227,028)	(136,040)
Cash and cash equivalents at the beginning of period		<u>1,298,349</u>	<u>1,114,246</u>
<b>Cash and cash equivalents at the end of period</b>		<u>1,071,321</u>	<u>978,206</u>

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

**LG Electronics Inc.**  
**Notes to the Interim Separate Financial Statements**  
**March 31, 2014 and 2013, and December 31, 2013**

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**1. General Information**

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

As of March 31, 2014, LG Corp. owns 33.7% of the Company's total shares, excluding preferred shares, while financial institutions, foreign investors and others own the rest.

The Company is engaged in the manufacture and sale of electronic products including mobile phones, TV, air conditioners, refrigerators, washing machines and personal computers and of core parts. As of March 31, 2014, the Company operates manufacturing facilities mainly in Pyeongtaek, Changwon and Gumi in the Republic of Korea.

**2. Significant Accounting Policies**

**Basis of Preparation**

The attached statements are the separate financial statements subject to Korean IFRS 1027, 'Separate Financial Statements'. The interim separate financial statements for the three-month period ended March 31, 2014, have been prepared in accordance with Korean IFRS 1034, 'Interim Financial Reporting'. These interim separate financial statements have been prepared in accordance with the Korean IFRS standards and interpretations effective at March 31, 2014.

**Changes in Accounting Policy and Disclosures**

i. New standards, amendments, and interpretations effective for the financial year beginning January 1, 2014.

The new and amended standards early adopted by the Company during 2013

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

Amendment to Korean IFRS 1032, provides that the right to offset must not be contingent on a future event and must be legally enforceable in all of circumstances; and if an entity can settle amounts in a manner such that outcome is, in effect, equivalent to net settlement, the entity will meet the net settlement criterion. The amendments of Korean IFRS 1032 do not have a significant impact on these separate financial statements.

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ii. New standards, amendments, and interpretations effective for the financial year beginning January 1, 2014

- Korean IFRS 1036(Amendment): 'Impairment of Assets'

Amendments to Korean IFRS 1036, 'Impairment of Assets', clarify the facts that it shall disclose the recoverable amount of an individual asset (including goodwill) or a cash-generating unit for which an impairment loss is recognized or reversed. These amendments also prescribe disclosures in case the recoverable amount of an individual asset (including goodwill) or a cash-generating unit for which an impairment loss is recognized or reversed is the fair value less costs to sell. The amendments do not have a significant impact on its separate financial statements.

- Korean IFRS 1039(Amendment): 'Financial Instruments: Recognition and Measurement'

Amendments to Korean IFRS 1039, 'Financial Instruments: Recognition and Measurement', allows the continuation of hedge accounting for a derivative that has been designated as a hedging instrument in a circumstance in which that derivative is novated to a central counterparty (CCP) as a consequence of laws or regulations. The amendments do not have a significant impact on these separate financial statements.

- Korean IFRS 2121(Enactment): 'Levies'

Korean IFRS 2121, Levies, are applied to a liability to pay a levy imposed by a government in accordance with the legislation. The interpretation requires that the liability to pay a levy is recognized when the activity that triggers the payment of the levy occurs, as identified by the legislation. The enactments do not have a significant impact on these separate financial statements.

As of March 31, 2014, there are no new and amended standards effective for the financial period beginning January 1, 2015. Accordingly, there are no new and amended standards early adopted in this period.

#### **Application of Accounting Policies**

The significant accounting policies and computation method used in the preparation of these interim separate financial statements are the same as the policies and methods adopted for the preparation of the financial statements for the year ended December 31, 2013, 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.

**LG Electronics Inc.**  
**Notes to the Interim Separate Financial Statements**  
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**3. Critical Accounting Estimates and Assumptions**

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

(a) Revenue Recognition

The Company recognizes revenue using the percentage of completion method for the rendering of service such as installation. When using the percentage of completion method, revenue shall be recognized by estimating revenue is 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 Company tests goodwill regularly for impairment. The recoverable amounts of cash-generating units have been determined based on net fair value and value-in-use calculations. These calculations require the use of estimates.

(c) Income Taxes

The Company recognizes assets and liabilities for anticipated tax audit issues based on the best estimates of whether additional taxes will be due. Income tax expense in each interim period is recognized based on the best estimate of the weighted average annual income tax rate expected for the full financial year as explained in Note 2. Where final tax obligation is different from the amount that was initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period when tax obligation is finalized.

(d) Fair Value of Financial Instruments

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Company 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 Company recognizes provisions for product warranties and sales returns based on their historical data.

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(f) Net defined Benefit Obligation

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 Company determines the appropriate discount rate at the end of each year. 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 Company 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.

**4. Financial Instruments by Category and Offsetting Financial Assets and Financial Liabilities**

(a) Categorizations of financial instruments as of March 31, 2014 and December 31, 2013, are as follows:

<i>(in millions of Korean won)</i>	March 31, 2014					Total
	Assets at fair value through profit or loss	Loans and receivables	Assets classified as available-for-sale	Held-to-maturity financial assets	Other	
Cash and cash equivalents	-	1,071,321	-	-	-	1,071,321
Financial deposits	-	68,351	-	-	-	68,351
Trade receivables	-	6,030,074	-	-	-	6,030,074
Loans and other receivables	-	723,630	-	-	-	723,630
Other financial assets	-	-	32,230	-	2,511	34,741
<b>Total</b>	-	<b>7,893,376</b>	<b>32,230</b>	-	<b>2,511</b>	<b>7,928,117</b>

<i>(in millions of Korean won)</i>	March 31, 2014			
	Liabilities at fair value through profit or loss	Liabilities carried at amortized cost	Other	Total
Trade payables	-	5,231,115	-	5,231,115
Borrowings	-	6,252,627	-	6,252,627
Other payables	-	1,648,582	-	1,648,582
Other financial liabilities	-	-	13,782	13,782
<b>Total</b>	-	<b>13,132,324</b>	<b>13,782</b>	<b>13,146,106</b>

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<i>(in millions of Korean won)</i>	December 31, 2013					Total
	Assets at fair value through profit or loss	Loans and receivables	Assets classified as available-for-sale	Held-to-maturity financial assets	Other	
Cash and cash equivalents	-	1,298,349	-	-	-	1,298,349
Financial deposits	-	69,759	-	-	-	69,759
Trade receivables	-	4,697,202	-	-	-	4,697,202
Loans and other receivables	-	844,273	-	-	-	844,273
Other financial assets	-	-	31,729	-	94	31,823
<b>Total</b>	-	<b>6,909,583</b>	<b>31,729</b>	-	<b>94</b>	<b>6,941,406</b>

<i>(in millions of Korean won)</i>	December 31, 2013				Total
	Liabilities at fair value through profit or loss	Liabilities carried at amortized cost	Other		
Trade payables	-	4,327,403	-	-	4,327,403
Borrowings	-	5,942,242	-	-	5,942,242
Other payables	-	1,798,292	-	-	1,798,292
Other financial liabilities	-	-	18,981	-	18,981
<b>Total</b>	-	<b>12,067,937</b>	<b>18,981</b>	-	<b>12,086,918</b>

(b) Income and expenses by category of financial instruments for the three-month periods ended March 31, 2014 and 2013, are as follows:

<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	-	9,178	-	-	-	9,178
Exchange differences	-	45,070	-	-	-	45,070
Bad debts expense	-	(17,269)	-	-	-	(17,269)
Gain on valuation of available-for-sale financial assets, net of tax (through other comprehensive income)	-	-	393	-	-	393
Impairment loss of available-for-sale financial assets	-	-	(17)	-	-	(17)
Dividend income	-	-	299	-	-	299
Loss on derivatives, net of tax (through other comprehensive income)	-	-	-	-	(63)	(63)

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<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	-	(64,143)	-	(64,143)
Exchange differences	-	(55,829)	-	(55,829)
Loss on derivatives, net of tax (through other comprehensive income)	-	-	(2,455)	(2,455)

<i>(in millions of Korean won)</i>	2013					
	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	-	9,037	-	-	-	9,037
Exchange differences	-	112,869	-	-	-	112,869
Bad debt expense	-	(20,035)	-	-	-	(20,035)
Gain on valuation of available-for-sale financial assets, net of tax (through other comprehensive loss)	-	-	2,340	-	-	2,340
Impairment loss of available-for-sale financial assets	-	-	(453)	-	-	(453)
Dividend income	-	-	295	-	-	295

<i>(in millions of Korean won)</i>	2013			
	Liabilities at fair value through profit or loss	Liabilities carried at amortized cost	Other	Total
Interest expenses	-	(56,358)	-	(56,358)
Exchange differences	-	(146,869)	-	(146,869)
Loss on derivatives (through profit or loss)	-	-	(747)	(747)

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

<i>(in millions of Korean won)</i>	March 31, 2014		December 31, 2013	
	Trade receivables	Trade payables	Trade receivables	Trade payables
Gross amounts subject to arrangement	113,080	164,298	63,883	84,795
Offset	(113,080)	(113,080)	(63,883)	(63,883)
Net amounts presented	-	51,218	-	20,912
Related amounts not offset	-	-	-	-
Net amount	-	51,218	-	20,912

**LG Electronics Inc.**  
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**5. Trade Receivables**

(a) Carrying amounts of trade receivables, and allowance for doubtful accounts, as of March 31, 2014 and December 31, 2013, are as follows:

<i>(in millions of Korean won)</i>	<b>March 31, 2014</b>	<b>December 31, 2013</b>
Trade receivables	6,109,841	4,760,190
Less: allowance for doubtful accounts	(79,767)	(62,988)
<b>Carrying amount</b>	<b>6,030,074</b>	<b>4,697,202</b>

(b) The aging analysis as of March 31, 2014 and December 31, 2013, is as follows:

<i>(in millions of Korean won)</i>	<b>March 31, 2014</b>	<b>December 31, 2013</b>
Current	5,766,071	4,391,130
Past due : Up to 6 months	197,262	257,961
Past due : 7 to 12 months	109,937	80,592
Past due : Over one year	23,344	14,556
Defaulted	13,227	15,951
<b>Total</b>	<b>6,109,841</b>	<b>4,760,190</b>

(c) Movements in allowance for doubtful accounts for the three-month periods ended March 31, 2014 and 2013, are as follows

<i>(in millions of Korean won)</i>	<b>2014</b>	<b>2013</b>
<b>At January 1</b>	62,988	43,652
Addition	16,779	20,204
Write-off	-	-
<b>At March 31</b>	<b>79,767</b>	<b>63,856</b>

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

Trade receivables have been discounted through collateralized borrowing agreements with financial institutions at the end of the reporting period. In case the customers default, the Company has an obligation to pay the related amounts to the financial institution. As a result, this transaction has been accounted for as a collateralized borrowing (Note 10).

<i>(in millions of Korean won)</i>	<b>March 31, 2014</b>	<b>December 31, 2013</b>
<b>Carrying amount of asset<sup>1</sup></b>		
Trade receivables	28,689	19,689
<b>Carrying amount of associated liability<sup>1</sup></b>		
Short-term borrowings	28,689	19,689
<b>Net position<sup>2</sup></b>	<b>-</b>	<b>-</b>

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

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



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**6. Other Financial Assets and Liabilities**

(a) Details of other financial assets and liabilities as of March 31, 2014 and December 31, 2013, are as follows:

<i>(in millions of Korean won)</i>	<b>March 31, 2014</b>	<b>December 31, 2013</b>
<b>Other financial assets</b>		
Derivatives	2,511	94
Available-for-sale	32,230	31,729
<b>Total</b>	<b>34,741</b>	<b>31,823</b>
Current	-	-
Non-current	34,741	31,823
<b>Other financial liabilities</b>		
Derivatives	13,183	18,356
Financial guarantee liability	599	625
<b>Total</b>	<b>13,782</b>	<b>18,981</b>
Current	5,157	9,090
Non-current	8,625	9,891

(b) Available-for-sale financial assets

i) Changes in available-for-sale financial assets for the three-month periods ended March 31, 2014 and 2013, are as follows:

<b>2014</b>							
<i>(in millions of Korean won)</i>	<b>Beginning</b>	<b>Acquisition</b>	<b>Disposal and others</b>	<b>Valuation</b>	<b>Reclassification<sup>1</sup></b>	<b>Impairment</b>	<b>Ending</b>
Listed equity securities	15,114	-	-	501	17	(17)	15,615
Unlisted equity securities	16,615	-	-	-	-	-	16,615
<b>Total</b>	<b>31,729</b>	<b>-</b>	<b>-</b>	<b>501</b>	<b>17</b>	<b>(17)</b>	<b>32,230</b>
<b>2013</b>							
<i>(in millions of Korean won)</i>	<b>Beginning</b>	<b>Acquisition</b>	<b>Disposal and others</b>	<b>Valuation</b>	<b>Reclassification</b>	<b>Impairment</b>	<b>Ending</b>
Listed equity securities	7,636	-	-	3,087	-	-	10,723
Unlisted equity securities	24,894	-	(4,880)	-	-	(453)	19,561
<b>Total</b>	<b>32,530</b>	<b>-</b>	<b>(4,880)</b>	<b>3,087</b>	<b>-</b>	<b>(453)</b>	<b>30,284</b>

<sup>1</sup>The amount has been reclassified from other comprehensive income to profit and loss for the period. Losses reclassified from equity to profit and loss for the period amount to ₩17 million (2013: nil) and the entire amount is attributable to impairment loss of available-for-sale equity securities.

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

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- iii) During the reporting period, available-for-sale equity securities amounting to ₩ 4,880 million, whose fair value could not be measured reliably and therefore measured at cost, have been derecognized as a result of repayment of capital investments. The Company did not recognize profit or loss in relation to the derecognition.

**7. Inventories**

- (a) Inventories as of March 31, 2014 and December 31, 2013, consist of:

<i>(in millions of Korean won)</i>	March 31, 2014			December 31, 2013		
	Acquisition cost	Valuation allowance	Carrying amount	Acquisition cost	Valuation allowance	Carrying amount
Finished products and merchandise	448,461	(18,225)	430,236	400,399	(19,973)	380,426
Half-finished products and work-in-process	142,713	(1,444)	141,269	106,848	(1,243)	105,605
Raw materials and supplies	470,032	(15,931)	454,101	329,491	(16,560)	312,931
Other	147,684	(30,122)	117,562	147,748	(30,129)	117,619
<b>Total</b>	<b>1,208,890</b>	<b>(65,722)</b>	<b>1,143,168</b>	<b>984,486</b>	<b>(67,905)</b>	<b>916,581</b>

- (b) The loss on valuation of inventories recognized for the three-month period ended March 31, 2014, amounts to ₩11,912 million (2013: ₩19,865 million).

**8. Property, Plant and Equipment, and Intangible Assets**

- (a) Changes in property, plant and equipment for the three-month periods ended March 31, 2014 and 2013, are as follows:

<i>(in millions of Korean won)</i>	2014	2013
<b>At January 1</b>	6,045,037	5,437,210
Acquisitions	149,000	431,973
Disposals and others	(3,943)	(3,518)
Decrease due to business transfer	-	(4,103)
Depreciation	(145,775)	(129,444)
Impairment <sup>1</sup>	(237)	(277)
<b>At March 31</b>	<b>6,044,082</b>	<b>5,731,841</b>

<sup>1</sup>The Company recognized impairment by measuring the recoverable amount of individual assets due to various reasons, including disuse.

- (b) Changes in intangible assets for the three-month periods ended March 31, 2014 and 2013, are as follows:

<i>(in millions of Korean won)</i>	2014	2013
<b>At January 1</b>	1,085,867	962,002
Acquisitions	14,200	13,001
Acquisitions by internal development	45,502	48,548
Transfer-in	14,970	21,900

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<i>(in millions of Korean won)</i>	<b>2014</b>	<b>2013</b>
Disposals and others	(7,122)	(5,799)
Decrease due to business transfer	-	(645)
Amortization	(95,190)	(80,323)
Impairment <sup>1</sup>	-	(11)
<b>At March 31</b>	<b>1,058,227</b>	<b>958,673</b>

<sup>1</sup>The Company recognized impairment by measuring the recoverable amount of individual assets due to various reasons, including disuse.

**9. Investments in Subsidiaries, Associates and Joint Ventures**

(a) Investments in subsidiaries, associates and joint ventures as of March 31, 2014 and December 31, 2013, are as follows:

<i>(in millions of Korean won)</i>	Classification at March 31, 2014	Location	Closing month	Percentage of ownership at March 31, 2014	Carrying amount	
					March 31, 2014	December 31, 2013
LG Display Co., Ltd.	Associate	Korea	December	37.9%	3,480,623	3,480,623
LG Electronics U.S.A., Inc.(LGEUS)	Subsidiary	USA	December	100.0%	955,542	955,542
LG Innotek Co., Ltd.	Subsidiary	Korea	December	47.6%	541,538	541,538
LG Electronics India Pvt. Ltd.(LGEIL)	Subsidiary	India	March	100.0%	311,746	311,746
LG Electronics do Brasil Ltda.(LGEBR)	Subsidiary	Brazil	December	100.0%	270,631	270,631
LG Electronics Mlawa Sp. z o.o(LGEMA)	Subsidiary	Poland	December	100.0%	214,091	214,091
LG Electronics Tianjin Appliances Co., Ltd.(LGETA)	Subsidiary	China	December	70.0%	161,331	161,331
LG Electronics European Holdings B.V.(LGEEH)	Subsidiary	Netherlands	December	100.0%	148,551	148,551
Hiplaza Co., Ltd.	Subsidiary	Korea	December	100.0%	136,459	136,459
LG Holdings(HK) Ltd.	Joint venture	Hong Kong	December	49.0%	129,386	129,386
Taizhou LG Electronics Refrigeration Co., Ltd.(LGETR)	Subsidiary	China	December	88.4%	97,608	97,608
P.T. LG Electronics Indonesia(LGEIN)	Subsidiary	Indonesia	December	100.0%	94,118	94,118
Ericsson-LG Co., Ltd.	Associate	Korea	December	25.0%	81,755	81,755
Hitachi-LG Data Storage Inc. (HLDS)	Associate	Japan	December	49.0%	80,602	80,602
LG Electronics Panama, S.A.(LGEPS)	Subsidiary	Panama	December	100.0%	79,222	79,222
LG Electronics Wroclaw Sp.z o.o(LGEWR)	Subsidiary	Poland	December	100.0%	70,014	70,014
LG Electronics Mexico S.A. DE C.V.(LGEMS)	Subsidiary	Mexico	December	100.0%	68,721	68,721
Hi Entech Co., Ltd.	Subsidiary	Korea	December	100.0%	63,118	63,118
LG Electronics Thailand Co., Ltd.(LGETH)	Subsidiary	Thailand	December	100.0%	55,578	55,578
Global OLED Technology LLC.	Associate	USA	December	32.7%	53,454	53,454
LG Electronics Australia Pty, Ltd.(LGEAP)	Subsidiary	Australia	December	100.0%	50,664	50,664
Arcelic-LG Klima Sanayi ve Ticarta A.S.(LGEAT)	Joint venture	Turkey	December	50.0%	40,844	40,844
LG Electronics Vietnam Haiphong Co., Ltd.(LGEVH)	Subsidiary	Vietnam	December	100.0%	37,698	37,698
LG Fuel Cell Systems Inc.	Associate	USA	December	30.0%	36,784	36,784
LG Electronics Taiwan Taipei Co.,	Subsidiary	Taiwan	December	100.0%	10,865	10,865

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<i>(in millions of Korean won)</i>	Classification at March 31, 2014	Location	Closing month	Percentage of ownership at March 31, 2014	Carrying amount	
					March 31, 2014	December 31, 2013
Ltd.(LGETT)						
LG Hitachi Water Solution Co., Ltd.	Subsidiary	Korea	December	51.0%	9,180	9,180
LGE Alliance Fund	Subsidiary	Korea	December	96.2%	7,910	7,910
EIC PROPERTIES PTE LTD.	Joint venture	Singapore	December	38.2%	7,881	7,881
LGE Alliance Fund II	Subsidiary	Korea	December	98.7%	3,000	3,000
V-ENS (M) Sdn. Bhd.	Subsidiary	Malaysia	December	100.0%	2,832	2,832
Korea Information Certificate Authority Inc. <sup>1</sup>	Associate	Korea	December	7.5%	1,242	1,242
VENS BEIJING VEHICLE ENGINEERING CO.,LTD.	Subsidiary	China	December	100.0%	1,063	1,063
Innovation Investment Fund <sup>2</sup>	Subsidiary	Korea	December	83.3%	1,054	3,970
LG Alina Electronics (LGERI)	Subsidiary	Russia	December	95.0%	470	470
Hanuri Co., Ltd.	Subsidiary	Korea	December	100.0%	360	360
LG Fund for Enterprises <sup>2</sup>	Joint venture	Korea	December	50.0%	60	740
SKT Vietnam PTE., Ltd.	Associate	Singapore	December	25.4%	-	-
Others	Subsidiaries				696,599	696,599
<b>Total</b>					<b>8,002,594</b>	<b>8,006,190</b>

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

<sup>2</sup> Carrying amount decreased due to return of interest in the investment and others during the period.

(b) Changes in investments in subsidiaries, associates and joint ventures for the three-month periods ended March 31, 2014 and 2013, are as follows:

<i>(in millions of Korean won)</i>	2014	2013
<b>Opening net book amount</b>	8,006,190	7,950,178
Acquisitions	-	3,700
Disposals and others	(3,596)	(899)
<b>Closing net book amount</b>	<b>8,002,594</b>	<b>7,952,979</b>

(c) The Company recognizes investments in subsidiaries, associates and joint ventures at cost method indications that an impairment loss may have occurred at the end of each reporting period. On the occasion of the indication, the Company estimates the recoverable amount of the asset using various means including the future cash flow method and recognizes the impairment loss immediately as current loss by decreasing the book value of the asset if the book value exceeds the recoverable amount. The Company did not recognize the impairment loss relating to investments in subsidiaries, associates and joint ventures during the three-month periods ended March 31, 2014 and 2013.

(d) The fair value of marketable subsidiaries, associates, and joint ventures securities as of March 31, 2014 and December 31, 2013, are as follows:

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<b>March 31, 2014</b>					
	<b>Type</b>	<b>Shares owned</b> <i>(Unit: shares)</i>	<b>Price per share</b> <i>(Unit: won)</i>	<b>Fair value</b> <i>(in millions of Korean won)</i>	<b>Book value</b>
LG Display Co., Ltd.	Associate	135,625,000	26,650	3,614,406	3,480,623
LG Innotek Co., Ltd.	Subsidiary	9,653,181	103,000	994,278	541,538
Korea Information Certificate Authority Inc. <sup>1</sup>	Associate	2,000,000	4,025	8,050	1,242

<b>December 31, 2013</b>					
	<b>Type</b>	<b>Shares owned</b> <i>(Unit: shares)</i>	<b>Price per share</b> <i>(Unit: won)</i>	<b>Fair value</b> <i>(in millions of Korean won)</i>	<b>Book value</b>
LG Display Co., Ltd.	Associate	135,625,000	25,350	3,438,094	3,480,623
LG Innotek Co., Ltd.	Subsidiary	9,653,181	83,700	807,971	541,538

<sup>1</sup>During the reporting period, Korea Information Certificate Authority Inc. completed an IPO on KOSDAQ.

**10. Borrowings**

(a) The carrying amounts of borrowings as of March 31, 2014 and December 31, 2013, are as follows:

<i>(in millions of Korean won)</i>	<b>March 31, 2014</b>	<b>December 31, 2013</b>
<b>Current</b>		
Short-term borrowings	28,689	19,689
Current portion of long-term borrowings	867,500	957,500
Current portion of debentures	288,431	414,616
<b>Sub-total</b>	<b>1,184,620</b>	<b>1,391,805</b>
<b>Non-current</b>		
Long-term borrowings	1,205,000	1,195,000
Debentures	3,863,007	3,355,437
<b>Sub-total</b>	<b>5,068,007</b>	<b>4,550,437</b>
<b>Total</b>	<b>6,252,627</b>	<b>5,942,242</b>

(b) Details of borrowings are as follows:

i) Short-term borrowings as of March 31, 2014 and December 31, 2013, consist of:

<i>(in millions of Korean won)</i>	<b>Annual interest rate at March 31, 2014</b>	<b>Carrying amount</b>	
		<b>March 31, 2014</b>	<b>December 31, 2013</b>
Borrowings on negotiated trade bills <sup>1</sup>			
Hana Bank	-	28,689	19,689
<b>Total</b>		<b>28,689</b>	<b>19,689</b>

<sup>1</sup> At the end of the reporting period, borrowings are collateralized by certain trade receivables of the

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Company (Note 5).

- ii) Long-term borrowings as of March 31, 2014 and December 31, 2013, consist of:

<i>(in millions of Korean won)</i>	Maturity date	Annual interest rate at March 31, 2014	March 31, 2014		
			Total	Current	Non-current
<b>Local currency loans</b>					
Kookmin Bank	2014.11.12	4.62%	150,000	150,000	-
Kookmin Bank	2016.05.24	4.73%	190,000	-	190,000
Shinhan Bank	2016.10.19	4.37%	142,500	47,500	95,000
Shinhan Bank	2017.02.16	4.60%	190,000	-	190,000
Woori Bank	2017.10.28	4.62%	190,000	-	190,000
Hana Bank <sup>1</sup>	2024.01.03	3M CD+0.98	200,000	-	200,000
Korea Development Bank	2014.04.05	4.45%	190,000	190,000	-
Korea Development Bank	2014.11.24	4.55%	150,000	150,000	-
Korea Development Bank	2014.12.24	4.71%	140,000	140,000	-
Korea Development Bank	2015.03.10	5.06%	90,000	90,000	-
Korea Finance Corporation	2015.02.28	4.80%	100,000	100,000	-
Korea Finance Corporation	2015.09.13	4.57%	80,000	-	80,000
Korea Finance Corporation	2015.12.24	4.64%	40,000	-	40,000
Korea Finance Corporation	2016.04.20	4.63%	30,000	-	30,000
Korea Finance Corporation	2017.03.29	4.62%	190,000	-	190,000
<b>Total</b>			<b>2,072,500</b>	<b>867,500</b>	<b>1,205,000</b>

<sup>1</sup>The Company entered into an interest rate swap contract amounting to ₩200,000 million with Hana Bank to hedge cash flow risk related to foreign exchange rate fluctuation. At the end of the reporting period, the swap contracts are measured at fair value and loss on valuation of the effective portion amounting to ₩3,873 million (2013: nil), after applying the tax effect, was recognized as other comprehensive income during the three-month period ended March 31, 2014. Loss for the period applying after tax effect, which was reclassified from other comprehensive income to profit and loss for the period, amounts to ₩325 million (2013: nil). Accordingly, loss on valuation in other comprehensive income, after applying tax effect, amounts to ₩3,548 million during the three-month period ended March 31, 2014 (2013: nil).

<i>(in millions of Korean won)</i>	Maturity date	Annual interest rate at December 31, 2013	December 31, 2013		
			Total	Current	Non-current
<b>Local currency loans</b>					
Kookmin Bank	2014.11.12	4.62%	150,000	150,000	-
Kookmin Bank	2016.05.24	4.73%	190,000	-	190,000
Nonghyup Bank	2014.03.09	4.70%	190,000	190,000	-
Shinhan Bank	2016.10.19	4.37%	142,500	47,500	95,000
Shinhan Bank	2017.02.16	4.60%	190,000	-	190,000

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<i>(in millions of Korean won)</i>	<b>Maturity date</b>	<b>Annual interest rate at December 31, 2013</b>	<b>December 31, 2013</b>		
			<b>Total</b>	<b>Current</b>	<b>Non-current</b>
Woori Bank	2017.10.28	4.62%	190,000	-	190,000
Korea Development Bank	2014.04.05	4.45%	190,000	190,000	-
Korea Development Bank	2014.11.24	4.55%	150,000	150,000	-
Korea Development Bank	2014.12.24	4.71%	140,000	140,000	-
Korea Development Bank	2015.03.10	5.06%	90,000	-	90,000
Korea Finance Corporation	2014.02.28	4.56%	90,000	90,000	-
Korea Finance Corporation	2015.02.28	4.80%	100,000	-	100,000
Korea Finance Corporation	2015.09.13	4.57%	80,000	-	80,000
Korea Finance Corporation	2015.12.24	4.64%	40,000	-	40,000
Korea Finance Corporation	2016.04.20	4.63%	30,000	-	30,000
Korea Finance Corporation	2017.03.29	4.62%	190,000	-	190,000
<b>Total</b>			<b>2,152,500</b>	<b>957,500</b>	<b>1,195,000</b>

iii) Debentures as of March 31, 2014 and December 31, 2013, consist of:

<i>(in millions of Korean won)</i>		<b>Maturity date</b>	<b>Annual interest rate at March 31, 2014</b>	<b>March 31, 2014</b>		
				<b>Total</b>	<b>Current</b>	<b>Non-current</b>
Fixed rate notes in local currency	Public, non-guaranteed bonds (56 <sup>th</sup> )	2015.09.09	4.63%	190,000	-	190,000
Fixed rate notes in local currency	Public, non-guaranteed bonds (57 <sup>th</sup> )	2015.10.22	4.30%	190,000	-	190,000
Fixed rate notes in local currency	Public, non-guaranteed bonds (58-2 <sup>nd</sup> )	2016.02.16	4.91%	60,000	-	60,000
Floating rate notes in foreign currency	Public, non-guaranteed bonds (59 <sup>th</sup> ) <sup>1</sup>	2014.04.28	3ML+1.00%	181,696	181,696	-
Fixed rate notes in local currency	Public, non-guaranteed bonds (60 <sup>th</sup> )	2016.05.20	4.41%	190,000	-	190,000
Fixed rate notes in local currency	Public, non-guaranteed bonds (61 <sup>st</sup> )	2016.06.29	4.38%	190,000	-	190,000
Fixed rate notes in local currency	Public, non-guaranteed bonds (62-2 <sup>nd</sup> )	2016.08.05	4.34%	80,000	-	80,000
Floating rate notes in foreign currency	Private, non-guaranteed bonds (63 <sup>rd</sup> ) <sup>1</sup>	2014.08.23	3ML+0.70%	106,880	106,880	-
Fixed rate notes in local currency	Public, non-guaranteed bonds (64 <sup>th</sup> )	2016.09.30	4.32%	190,000	-	190,000
Fixed rate notes in foreign currency	Public, non-guaranteed bonds (65 <sup>th</sup> ) <sup>1</sup>	2016.12.02	2.00%	258,978	-	258,978
Fixed rate notes in local currency	Public, non-guaranteed bonds (66-1 <sup>st</sup> )	2015.09.10	3.18%	170,000	-	170,000
Fixed rate notes in local currency	Public, non-guaranteed bonds (66-2 <sup>nd</sup> )	2017.09.10	3.28%	130,000	-	130,000
Fixed rate notes in local currency	Private, non-guaranteed bonds (67 <sup>th</sup> )	2018.03.21	3.11%	300,000	-	300,000
Fixed rate notes in local currency	Private, non-guaranteed bonds (68-1 <sup>st</sup> )	2020.05.23	3.29%	100,000	-	100,000
Fixed rate notes in local currency	Private, non-guaranteed bonds (68-2 <sup>nd</sup> )	2020.05.24	3.29%	20,000	-	20,000
Fixed rate notes in local currency	Private, non-guaranteed bonds (68-3 <sup>rd</sup> )	2023.05.22	3.68%	50,000	-	50,000
Fixed rate notes in local currency	Private, non-guaranteed bonds (68-4 <sup>th</sup> )	2023.05.23	3.68%	30,000	-	30,000
Fixed rate notes in local currency	Public, non-guaranteed bonds (69-1 <sup>st</sup> )	2015.07.31	2.86%	110,000	-	110,000
Fixed rate notes in local currency	Public, non-guaranteed bonds (69-2 <sup>nd</sup> )	2018.07.31	3.54%	140,000	-	140,000
Fixed rate notes in local currency	Public, non-guaranteed bonds (69-3 <sup>rd</sup> )	2020.07.31	3.85%	150,000	-	150,000
Floating rate notes in foreign currency	Private, guaranteed bonds (70 <sup>th</sup> ) <sup>1</sup>	2019.01.31	3ML+1.60%	213,760	-	213,760
Fixed rate notes in local currency	Public, non-guaranteed bonds(71-1st)	2018.10.18	3.55%	200,000	-	200,000

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<i>(in millions of Korean won)</i>		Maturity date	Annual interest rate at March 31, 2014	March 31, 2014		
				Total	Current	Non-current
Fixed rate notes in local currency	Public, non-guaranteed bonds(71-2nd)	2020.10.18	3.82%	110,000	-	110,000
Fixed rate notes in local currency	Public, non-guaranteed bonds(71-3rd)	2023.10.18	4.25%	90,000	-	90,000
Floating rate notes in foreign currency	Private, non-guaranteed bonds(72nd) <sup>1</sup>	2017.06.19	3ML+1.30%	213,760	-	213,760
Fixed rate notes in local currency	Public, non-guaranteed bonds(73-1st)	2017.01.24	3.16%	100,000	-	100,000
Fixed rate notes in local currency	Public, non-guaranteed bonds(73-2nd)	2019.01.24	3.60%	120,000	-	120,000
Fixed rate notes in local currency	Public, non-guaranteed bonds(73-3rd)	2021.01.24	3.95%	160,000	-	160,000
Fixed rate notes in local currency	Public, non-guaranteed bonds(73-4th)	2024.01.24	4.44%	120,000	-	120,000
Less: discount on debentures				(13,636)	(145)	(13,491)
<b>Total</b>				<b>4,151,438</b>	<b>288,431</b>	<b>3,863,007</b>

<i>(in millions of Korean won)</i>		Maturity date	Annual interest rate at December 31, 2013	December 31, 2013		
				Total	Current	Non-current
Fixed rate notes in local currency	Public, non-guaranteed bonds (56 <sup>th</sup> )	2015.09.09	4.63%	190,000	-	190,000
Fixed rate notes in local currency	Public, non-guaranteed bonds (57 <sup>th</sup> )	2015.10.22	4.30%	190,000	-	190,000
Fixed rate notes in local currency	Public, non-guaranteed bonds (58-1 <sup>st</sup> )	2014.02.16	4.44%	130,000	130,000	-
Fixed rate notes in local currency	Public, non-guaranteed bonds (58-2 <sup>nd</sup> )	2016.02.16	4.91%	60,000	-	60,000
Floating rate notes in foreign currency	Public, non-guaranteed bonds (59 <sup>th</sup> ) <sup>1</sup>	2014.04.28	3ML+1.00%	179,401	179,401	-
Fixed rate notes in local currency	Public, non-guaranteed bonds (60 <sup>th</sup> )	2016.05.20	4.41%	190,000	-	190,000
Fixed rate notes in local currency	Public, non-guaranteed bonds (61 <sup>st</sup> )	2016.06.29	4.38%	190,000	-	190,000
Fixed rate notes in local currency	Public, non-guaranteed bonds (62-2 <sup>nd</sup> )	2016.08.05	4.34%	80,000	-	80,000
Floating rate notes in foreign currency	Private, non-guaranteed bonds (63 <sup>rd</sup> ) <sup>1</sup>	2014.08.23	3ML+0.70%	105,530	105,530	-
Fixed rate notes in local currency	Public, non-guaranteed bonds (64 <sup>th</sup> )	2016.09.30	4.32%	190,000	-	190,000
Fixed rate notes in foreign currency	Public, non-guaranteed bonds (65 <sup>th</sup> ) <sup>1</sup>	2016.12.02	2.00%	255,564	-	255,564
Fixed rate notes in local currency	Public, non-guaranteed bonds (66-1 <sup>st</sup> )	2015.09.10	3.18%	170,000	-	170,000
Fixed rate notes in local currency	Public, non-guaranteed bonds (66-2 <sup>nd</sup> )	2017.09.10	3.28%	130,000	-	130,000
Fixed rate notes in local currency	Private, non-guaranteed bonds(67th)	2018.03.21	3.11%	300,000	-	300,000
Fixed rate notes in local currency	Private, non-guaranteed bonds(68-1st)	2020.05.23	3.29%	100,000	-	100,000
Fixed rate notes in local currency	Private, non-guaranteed bonds(68-2nd)	2020.05.24	3.29%	20,000	-	20,000
Fixed rate notes in local currency	Private, non-guaranteed bonds(68-3rd)	2023.05.22	3.68%	50,000	-	50,000
Fixed rate notes in local currency	Private, non-guaranteed bonds(68-4th)	2023.05.23	3.68%	30,000	-	30,000
Fixed rate notes in local currency	Public, non-guaranteed bonds(69-1st)	2015.07.31	2.86%	110,000	-	110,000
Fixed rate notes in local currency	Public, non-guaranteed bonds(69-2nd)	2018.07.31	3.54%	140,000	-	140,000
Fixed rate notes in local currency	Public, non-guaranteed bonds(69-3rd)	2020.07.31	3.85%	150,000	-	150,000
Floating rate notes in foreign currency	Private, guaranteed bonds(70th) <sup>1</sup>	2019.01.31	3ML+1.60%	211,060	-	211,060
Fixed rate notes in local currency	Public, non-guaranteed bonds(71-1st)	2018.10.18	3.55%	200,000	-	200,000
Fixed rate notes in local currency	Public, non-guaranteed bonds(71-2nd)	2020.10.18	3.82%	110,000	-	110,000
Fixed rate notes in local currency	Public, non-guaranteed bonds(71-3rd)	2023.10.18	4.25%	90,000	-	90,000
Floating rate notes in foreign currency	Private, non-guaranteed bonds(72nd) <sup>1</sup>	2017.06.19	3ML+1.30%	211,060	-	211,060
Less: discount on debentures				(12,562)	(315)	(12,247)
<b>Total</b>				<b>3,770,053</b>	<b>414,616</b>	<b>3,355,437</b>



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<sup>1</sup> The Company entered into a cross-currency swap contract amounting to USD670 million with Shinhan Bank and others, and up to CHF215 million with Union Bank of Switzerland and others to hedge cash flow risk related to floating interest rates and foreign exchange rates of debentures. At the end of the reporting period, the swap contracts are measured at fair value and gain on valuation of the effective portion amounting to ₩6,938 million (2013: ₩5,172 million), after applying the tax effect, was recognized as other comprehensive income during the three-month period ended March 31, 2014. Profit for the period after applying tax effect, which was reclassified from accumulated other comprehensive income to profit and loss for the period, amounts to ₩5,908 million (2013: ₩5,919 million). Accordingly, gain on valuation in other comprehensive income, after applying the tax effect, amounts to ₩1,030 million during the three-month period ended March 31, 2014 (2013: ₩747 million).

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

(c) Payment schedule of borrowings as of March 31, 2014, is as follows:

<i>(in millions of Korean won)</i>	<b>Total</b>	<b>Less than 1 year</b>	<b>Less than 2 years</b>	<b>Less than 5 years</b>	<b>Over 5 years</b>
Short-term borrowings	28,689	28,689	-	-	-
Current portion of long-term borrowings	894,690	894,690	-	-	-
Current portion of debentures	289,635	289,635	-	-	-
Long-term borrowings	1,403,447	53,616	217,786	895,645	236,400
Debentures	4,427,261	134,701	843,984	2,527,679	920,897
<b>Total</b>	<b>7,043,722</b>	<b>1,401,331</b>	<b>1,061,770</b>	<b>3,423,324</b>	<b>1,157,297</b>

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

## 11. Post-employment Benefits

### Defined Benefit Plan

(a) The amounts recognized in the statements of financial position as of March 31, 2014 and December 31, 2013, are determined as follows:

<i>(in millions of Korean won)</i>	<b>March 31, 2014</b>	<b>December 31, 2013</b>
Present value of funded obligations	1,586,567	1,547,342
Fair value of plan assets	(1,117,839)	(1,133,517)
<b>Net defined benefit liability</b>	<b>468,728</b>	<b>413,825</b>

(b) The amounts recognized in the statements of income for the three-month periods ended March 31, 2014 and 2013, are as follows:

<i>(in millions of Korean won)</i>	<b>2014</b>	<b>2013</b>
Current service cost	60,500	56,811
Net interest expense	4,210	3,545

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<i>(in millions of Korean won)</i>	<b>2014</b>	<b>2013</b>
Past service cost	20,467	-
Managing cost	314	311
<b>Total</b>	<b>85,491</b>	<b>60,667</b>

(c) The line items in which expenses are included for the three-month periods ended March 31, 2014 and 2013, are as follows:

<i>(in millions of Korean won)</i>	<b>2014</b>	<b>2013</b>
Manufacturing cost	44,096	31,437
Selling and marketing expenses	11,431	8,449
Administrative expenses	4,699	3,393
Research and development expenses	23,994	16,479
Service costs	1,271	909
<b>Total</b>	<b>85,491</b>	<b>60,667</b>

(d) Changes in the defined benefit obligations for the three-month periods ended March 31, 2014 and 2013, are as follows:

<i>(in millions of Korean won)</i>	<b>2014</b>	<b>2013</b>
<b>At January 1</b>	1,547,342	1,365,526
Current service cost	60,500	56,811
Interest expense	15,209	12,299
Past service cost	20,467	-
Remeasurements for:		
- Actuarial gain(loss) arising from changes in financial assumptions	(1,909)	71,711
- Actuarial gain (loss) arising from experience adjustments	(21,432)	-
Benefits paid	(33,610)	(25,613)
Decrease due to business transfer	-	(4,251)
<b>At March 31</b>	<b>1,586,567</b>	<b>1,476,483</b>

(e) Changes in the fair value of plan assets for the three-month periods ended March 31, 2014 and 2013, are as follows:

<i>(in millions of Korean won)</i>	<b>2014</b>	<b>2013</b>
<b>At January 1</b>	1,133,517	897,928
Interest income	10,999	8,754
Remeasurements for:		
- Return on plan assets	(2,283)	(272)
Benefits paid	(24,080)	(16,357)
Decrease due to business transfer	-	(2,939)
Managing cost	(314)	(311)
<b>At March 31</b>	<b>1,117,839</b>	<b>886,803</b>

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- (f) The principal actuarial assumptions used as of March 31, 2014 and December 31, 2013, are as follows:

	<b>March 31, 2014</b>	<b>December 31, 2013</b>
Discount rate	4.0%	4.1%
Future salary increase	6.0%	6.0%

- (g) The sensitivity analysis of defined benefit obligation to changes in principal assumptions as of March 31, 2014, and December 31, 2013, is as follows:

<i>(in millions of Korean won)</i>	<b>1% increase</b>	<b>1% decrease</b>
Discount rate	(128,014)	147,459
Future salary increase	143,666	(127,422)

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.

- (h) Plan assets as of March 31, 2014 and December 31, 2013, consist of:

<i>(in millions of Korean won)</i>	<b>March 31, 2014</b>		<b>December 31, 2013</b>	
	<b>Amount</b>	<b>Composition(%)</b>	<b>Amount</b>	<b>Composition(%)</b>
Securities combined with derivatives (guaranteed)	795,935	71.2	793,530	70.0
Time deposits and others	321,904	28.8	339,987	30.0
<b>Total</b>	<b>1,117,839</b>	<b>100.0</b>	<b>1,133,517</b>	<b>100.0</b>

**Defined Contribution Plan**

Recognized expense related to the defined contribution plan for the three-month period ended March 31, 2014, is ₩ 827 million (2013: ₩ 753 million).

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**12. Provisions**

Changes in provisions during the three-month periods ended March 31, 2014 and 2013, are as follows:

<b>2014</b>					
<i>(in millions of Korean won)</i>	<b>Warranty</b>	<b>Sales returns</b>	<b>Restoration</b>	<b>Litigation and others</b>	<b>Total</b>
<b>At January 1</b>	218,968	790	5,458	805,272	1,030,488
Additional provisions	65,415	968	-	11,395	77,778
Amounts used during the period	(59,310)	(790)	(134)	(773)	(61,007)
<b>At March 31</b>	<b>225,073</b>	<b>968</b>	<b>5,324</b>	<b>815,894</b>	<b>1,047,259</b>
Current	217,378	968	-	-	218,346
Non-current	7,695	-	5,324	815,894	828,913

  

<b>2013</b>					
<i>(in millions of Korean won)</i>	<b>Warranty</b>	<b>Sales returns</b>	<b>Restoration</b>	<b>Litigation and others</b>	<b>Total</b>
<b>At January 1</b>	199,470	1,103	5,651	746,115	952,339
Additional provisions	82,312	1,392	-	10,506	94,210
Amounts used during the period	(71,395)	(1,103)	-	(623)	(73,121)
<b>At March 31</b>	<b>210,387</b>	<b>1,392</b>	<b>5,651</b>	<b>755,998</b>	<b>973,428</b>
Current	200,976	1,392	-	-	202,368
Non-current	9,411	-	5,651	755,998	771,060

**13. Paid-in Capital**

(a) As of March 31, 2014 and December 31, 2013, the number of shares authorized is 600 million.

	<b>Par value per share (in won)</b>	<b>March 31, 2014</b>		<b>December 31, 2013</b>	
		<b>Number of shares issued</b>	<b>Amount (in millions)</b>	<b>Number of shares issued</b>	<b>Amount (in millions)</b>
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
<b>Total</b>		<b>180,833,806</b>	<b>904,169</b>	<b>180,833,806</b>	<b>904,169</b>

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

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(b) Share premium balances are ₩3,088,179 million as of March 31, 2014. Share premium includes the following three amounts: (i) the amount of ₩1,876,153 million, which is the net book amount of net assets amounting to ₩2,815,707 million taken over upon the split-off on April 1, 2002, less capital stock amounting to ₩783,961 million and capital adjustment amounting to ₩155,593 million; (ii) the amount of ₩331,766 million paid in excess of par value at the issuance of common shares (upon merger with LG IBMPC Co., Ltd.), and the exercise of conversion right and warrants in 2005 and 2006; and (iii) the excess in paid-in capital amounting to ₩880,260 million over the par value was recognized as share premium at the issuance of common shares in 2011.

**14. Retained Earnings**

Retained earnings as of March 31, 2014 and December 31, 2013, consist of:

<i>(in millions of Korean won)</i>	<b>March 31, 2014</b>	<b>December 31, 2013</b>
Legal reserve <sup>1</sup>	153,190	149,503
Discretionary reserve <sup>2</sup>	5,666,922	5,872,588
Accumulated deficit <sup>3</sup>	(56,252)	(165,008)
<b>Total</b>	<b>5,763,860</b>	<b>5,857,083</b>

<sup>1</sup> 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. When the accumulated legal reserves (the sum of capital reserves and earned profit reserves) are greater than 1.5 times the paid-in capital amount, the excess legal reserves may be distributed.

<sup>2</sup> The Company separately accumulates a discretionary reserve for research and human resource development through appropriation of retained earnings, which has been included as deductible expense for the corporate income tax return according to the Special Tax Treatment Law. If reserves are reversed, the amount may be distributed in accordance with the terms of related tax laws.

<sup>3</sup> Dividend for the year ended 31 December, 2013, ₩36,872 million was approved at the General Shareholders' Meeting held on March 14, 2014 and paid in April 2014, as approved (2013 payments: ₩36,872 million).

**15. Accumulated Other Comprehensive Income(loss)**

Details of accumulated other comprehensive income(loss) as of March 31, 2014 and December 31, 2013, consist of:

<i>(in millions of Korean won)</i>	<b>March 31, 2014</b>	<b>December 31, 2013</b>
Cash flow hedge	2,918	5,436
Available-for-sale financial assets	11,165	10,772
<b>Total</b>	<b>14,083</b>	<b>16,208</b>

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**16. Other Components of Equity**

Details of other components of equity as of March 31, 2014 and December 31, 2013, consist of:

<i>(in millions of Korean won)</i>	<b>March 31, 2014</b>	<b>December 31, 2013</b>
Treasury shares <sup>1</sup>	(44,893)	(44,893)
Consideration for conversion rights	9,891	9,891
Gain on disposal of treasury shares	2,183	2,183
<b>Total</b>	<b>(32,819)</b>	<b>(32,819)</b>

<sup>1</sup> The Company has treasury shares consisting of 763,168 shares (2013: 763,168 shares) of common shares and 4,690 shares (2013: 4,690 shares) of preferred shares at the reporting date. The Company intends to either grant these treasury shares to employees and directors as compensation, or to sell them in the future.

**17. Net Sales**

Details of net sales for the three-month periods ended March 31, 2014 and 2013, are as follows:

<i>(in millions of Korean won)</i>	<b>2014</b>	<b>2013</b>
Sales of goods	7,075,687	6,684,144
Sales of services	77,893	44,420
Royalty income	88,089	84,304
Other	93,546	85,138
<b>Total</b>	<b>7,335,215</b>	<b>6,898,006</b>

**18. Expenses by Nature**

Expenses that are recorded by nature for the three-month periods ended March 31, 2014 and 2013, consist of:

<i>(in millions of Korean won)</i>	<b>2014</b>	<b>2013</b>
Changes in inventories	(226,587)	(148,506)
Purchase of raw materials and merchandise	5,300,997	4,892,656
Employee benefits expense	855,284	835,437
Depreciation and amortization	239,390	209,319
Advertising expense	80,380	101,819
Promotion expense	41,698	37,155
Transportation expense	160,300	163,262
Commission expense	355,680	322,416
Other expenses	478,472	504,765
<b>Total<sup>1</sup></b>	<b>7,285,614</b>	<b>6,918,323</b>

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

**19. 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, 2014 and 2013, are as follows:

<i>(in millions of Korean won)</i>	<b>2014</b>	<b>2013</b>
Wages and salaries	308,520	324,753
Severance benefits	44,576	30,031
Welfare expense	50,009	47,388
Transportation expense	155,008	160,845
Rental expense	38,964	37,996
Commission expense	234,085	219,947
Depreciation	32,020	30,259
Amortization	39,552	61,052
Taxes and dues	3,806	3,446
Advertising expense	80,380	101,819
Promotion expense	41,698	37,155
Direct R&D costs	100,168	103,174
Direct service costs	65,702	82,303
Bad debt expense	16,720	20,203
Other	90,793	89,918
<b>Total</b>	<b>1,302,001</b>	<b>1,350,289</b>

**20. Financial Income**

Financial income for the three-month periods ended March 31, 2014 and 2013, consists of:

<i>(in millions of Korean won)</i>	<b>2014</b>	<b>2013</b>
Interest income	9,178	9,037
Exchange differences	31,016	46,983
Other	645	166
<b>Total</b>	<b>40,839</b>	<b>56,186</b>

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**21. Financial Expenses**

Financial expenses for the three-month periods ended March 31, 2014 and 2013, consist of:

<i>(in millions of Korean won)</i>	<b>2014</b>	<b>2013</b>
Interest expense	64,143	56,358
Exchange differences	33,274	34,650
Other	1	17
<b>Total</b>	<b>97,418</b>	<b>91,025</b>

**22. Other Non-operating Income**

Other non-operating income for the three-month periods ended March 31, 2014 and 2013, consists of:

<i>(in millions of Korean won)</i>	<b>2014</b>	<b>2013</b>
Dividend income	27,114	144,415
Exchange differences	92,210	129,655
Gain on disposal of property, plant and equipment	953	1,171
Gain on disposal of intangible assets	14,791	263
Gain on disposal of investments in subsidiaries, associates and joint ventures	-	2,574
Other	4,942	3,004
<b>Total</b>	<b>140,010</b>	<b>281,082</b>

**23. Other Non-operating Expenses**

Other non-operating expenses for the three-month periods ended March 31, 2014 and 2013, consist of:

<i>(in millions of Korean won)</i>	<b>2014</b>	<b>2013</b>
Exchange differences	100,711	175,988
Loss on disposal of property, plant and equipment	1,160	1,036
Loss on disposal of intangible assets	6,346	5,762
Impairment loss on available-for-sale financial assets	17	453
Other	15,523	9,608
<b>Total</b>	<b>123,757</b>	<b>192,847</b>



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**24. Income Tax**

In accordance with Local Tax Act, which was amended and announced on January 1, 2014, tax credit carryforwards amounting to ₩ 57,387 million recognized as deferred tax assets recognized at December 31, 2013, was expensed during the reporting period.

**25. Earnings(loss) per Share**

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

	<b>Three-month period ended March 31</b>	
	<b>2014</b>	<b>2013</b>
Profit(loss) attributable to common shares (in millions of won) <sup>1</sup>	(65,607)	28,522
Weighted average number of common shares outstanding (unit: shares) <sup>2</sup>	162,884,646	162,884,646
Basic earnings(loss) per common share (in won)	(403)	175
	<b>2014</b>	<b>2013</b>
Profit(loss) attributable to preferred shares (in millions of won) <sup>1</sup>	(6,706)	3,224
Weighted average number of preferred shares outstanding (unit: shares) <sup>2</sup>	17,181,302	17,181,302
Basic earnings(loss) per preferred share (in won)	(390)	188

<sup>1</sup> Profit (loss) attributable to common and preferred shares are as follows:

<i>(in millions of Korean won)</i>	<b>2014</b>	<b>2013</b>
<b>Profit (loss) for the year (A)</b>	(72,313)	31,746
Common share dividends (B)	8,144	8,144
Preferred share dividends (C)	1,074	1,074
<b>Undistributed earnings (loss) (D=A-B-C)</b>	(81,531)	22,528
Undistributed earnings (loss) available for common shares (E)	(73,751)	20,378
Undistributed earnings (loss) available for preferred shares (F)	(7,780)	2,150
<b>Profit(loss) attributable to common shares (G=B+E)</b>	(65,607)	28,522
<b>Profit(loss) attributable to preferred shares (H=C+F)</b>	(6,706)	3,224

<sup>2</sup> Weighted average numbers of shares are calculated as follows:

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<i>(unit: shares)</i>	<b>2014</b>	<b>2013</b>
Common shares outstanding	163,647,814	163,647,814
Common treasury shares	(763,168)	(763,168)
Common shares	162,884,646	162,884,646
<b>Weighted average number of common shares outstanding</b>	<b>162,884,646</b>	<b>162,884,646</b>
Preferred shares outstanding	17,185,992	17,185,992
Preferred treasury shares	(4,690)	(4,690)
Preferred shares	17,181,302	17,181,302
<b>Weighted average number of preferred shares outstanding</b>	<b>17,181,302</b>	<b>17,181,302</b>

**26. Information on Cash Flow**

Cash flows from operating activities are prepared using the indirect method. Details of cash generated from operations are as follows:

(a) Cash generated from operation

<i>(in millions of Korean won)</i>	<b>2014</b>	<b>2013</b>
Profit(loss) for the period	(72,313)	31,746
Adjustments:		
Interest expense, net	54,965	47,321
Exchange differences, net	(5,873)	38,288
Depreciation	145,775	129,444
Amortization	95,190	80,323
Loss (gain) on disposal of property, plant and equipment and intangible assets, net	(8,238)	5,364
Provisions for severance benefits	85,491	60,667
Provisions	77,778	94,210
Dividend income	(27,114)	(144,415)
Income tax expense	81,588	1,333
Impairment loss on available-for-sale financial assets	17	453
Gain on disposal of investments in subsidiaries, associates and joint ventures	-	(2,574)
Other	39,861	51,036
	<b>539,440</b>	<b>361,450</b>
Changes in operating assets and liabilities:		
Increase in trade receivables	(1,334,314)	(977,966)
Decrease (increase) in loans and other receivables	128,576	(1,343)
Increase in inventories	(238,499)	(168,371)

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<i>(in millions of Korean won)</i>	<b>2014</b>	<b>2013</b>
Increase in other assets	(130,040)	(42,845)
Increase in trade payables	907,426	1,020,690
Decrease in other payables	(71,662)	(85,171)
Decrease in provisions	(61,007)	(73,121)
Increase in other liabilities	173,610	110,969
Payment of defined benefit liability	(9,530)	(9,256)
Payment of plan assets	(8,402)	(8,171)
	<u>(643,842)</u>	<u>(234,585)</u>
<b>Cash generated from (used in) operations</b>	<u>(176,715)</u>	<u>158,611</u>

(b) Significant transactions not affecting cash flows for the three-month periods ended March 31, 2014 and 2013, are as follows:

<i>(in millions of Korean won)</i>	<b>2014</b>	<b>2013</b>
Reclassification of construction-in-progress of property, plant and equipment	17,186	352,425
Reclassification of intangible assets in progress	79,747	44,278
Reclassification of long-term prepayment to intangible assets	15,631	21,900
Reclassification of current maturities of borrowings	190,000	409,774
Other payables to acquire property, plant and equipment	14,149	65,847
Other payables to acquire intangible assets	16,689	4,645

(c) The assets and liabilities arising from the transfer of business

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

<i>(in millions of Korean won)</i>	<b>Amount</b>
Total consideration <sup>1</sup>	3,436
Assets of the transferred business:	
Property, plant and equipment	4,103
Intangible assets	645
Liabilities of the transferred business:	
Net defined benefit liabilities	1,312

<sup>1</sup> This total consideration has been collected as of December 31, 2013.

## 27. Contingencies

(a) At the end of the reporting period, the Company is provided with a performance guarantee of ₩138,882 million (2013: ₩140,606 million) from Seoul Guarantee Insurance and two other banks relating to the sales contracts. The Company is also provided with guarantee of

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principal US\$ 200 million (2013: US\$ 200 million) and interests from Shinhan Bank for the guaranteed bond.

(b) At the end of the reporting period, the Company is contingently liable for guarantees amounting to ₩3,258,665 million (2013: ₩3,146,814 million) on the indebtedness of its subsidiaries. Details are as follows:

<i>(in millions of Korean won)</i>	<b>Beneficiary</b>	<b>March 31, 2014</b>	<b>December 31, 2013</b>
LG Electronics European Shared Service Center B.V.(LGESC)	Citibank and others	629,187	586,625
LG Electronics U.S.A., Inc.(LGEUS)	J.P.Morgan and others	454,240	448,503
LG Electronics Ticaret A.S.(LGETK)	HSBC and others	277,027	277,615
LG Electronics (China) Co., Ltd.(LGECH)	HSBC and others	227,813	213,143
LG Electronics do Brasil Ltda.(LGEBR)	Standard Chartered Bank and others	226,853	200,177
LG Electronics Algeria SARL(LGEAS)	HSBC and others	125,038	123,494
LG Electronics Inc Chile Ltda.(LGECL)	Scotiabank and others	123,720	147,989
LG Electronics Argentina S.A.(LGEAR)	Citibank and others	107,945	107,928
LG-Shaker Co., Ltd.(LGESR)	Banque Saudi Fransi and others	102,863	105,007
LG Electronics Thailand Co., Ltd.(LGETH)	Citibank and others	83,448	82,362
LG Electronics Vietnam Co., Ltd.(LGEVN)	HSBC and others	74,640	74,260
LG Electronics Peru S.A.(LGEPR)	Banco Bilbao Vizcaya Argentaria and others	69,162	67,436
LG Electronics Philippines Inc.(LGEPH)	Citibank and others	64,186	63,563
LG Electronics Morocco S.A.R.L (LGEMC)	Citibank and others	58,477	57,833
LG Electronics Almaty Kazakhstan(LGEAK)	Citibank and others	44,890	44,323
LG Electronics RUS, LLC (LGERA)	Citibank and others	42,752	42,212
LG Electronics S.A. (Pty) Ltd.(LGESA)	Standard Bank and others	39,769	39,919
Other	Citibank and others	506,655	464,425
<b>Total</b>		<b>3,258,665</b>	<b>3,146,814</b>

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The maturities of the above limited guarantees provided by the 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>
3,174,887	7,643	76,135	-	3,258,665

As of the reporting date, the financial guarantee for performance of guaranteed obligation provided by the Parent Company to external parties other than related parties amounts to USD 8 million (2013: USD 8 million).

(c) In December 2012, the European Commission imposed a penalty on the Company for anti-competitive activities among CRT (Cathode Ray Tube) manufacturers as a result of an investigation. The Company recognized such penalty amounting to EUR 491,567 thousand as expected loss. However, the 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 the amount could be material. The Company is provided with a performance guarantee of EUR 513,688 thousand from Shinhan Banks and others for the above.

In addition, the Company is under investigation and has been named as defendants in class actions in countries, including the United States, Canada, Brazil and Hungary, 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. Details of relevant provisions are not disclosed as such information could affect the outcome of the legal actions and investigations. The management believes that the consequences of those lawsuits would not have material impact on the financial position of the Company.

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

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**28. Commitments**

(a) At the end of the reporting period, the Company has overdraft facility agreements with various banks, including Shinhan Bank, with a limit of ₩195,500 million (2013: ₩195,500 million).

(b) At the end of the reporting period, the Company has sales agreements for export trade receivables with Shinhan Bank and 25 other banks amounting to ₩3,920,358 million (2013: ₩4,066,071 million). The Company has corporate electronic settlement services contracts for collection of trade receivables with Hana Bank of up to ₩126,000 million (2013: ₩126,000 million).

(c) At the end of the reporting period, the Company has corporate electronic settlement services contracts with Shinhan Bank and seven other banks for up to ₩895,450 million (2013: ₩895,450 million) which guarantee the payment of trade accounts payable in case the suppliers sell their trade receivables.

(d) At the end of the reporting period, the Company has other trade financing agreements and loan commitments with financial institutions, including Industrial Bank of Korea.

(e) Contractual commitments for the acquisition of assets

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

<i>(in millions of Korean won)</i>	<b>March 31, 2014</b>	<b>December 31, 2013</b>
Property, plant and equipment	10,334	15,110
Intangible assets	4,337	8,344
<b>Total</b>	<b>14,671</b>	<b>23,454</b>

(f) Operating lease commitments – the Company 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>	<b>March 31, 2014</b>			
	<b>No later than 1 year</b>	<b>Later than 1 year and no later than 5 years</b>	<b>Over 5 years</b>	<b>Total lease payments</b>
Buildings and offices	59,395	81,231	269	140,895
Vehicles	6,431	7,046	-	13,477
Equipment	14,640	11,424	-	26,064
<b>Total</b>	<b>80,466</b>	<b>99,701</b>	<b>269</b>	<b>180,436</b>

Lease payment under operating lease recognized in the statement of income for the three-month period ended March 31, 2014, is ₩22,368 million (2013: ₩21,020 million).

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(g) Operating lease commitments – the Company as lessor

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

<i>(in millions of Korean won)</i>	March 31, 2014			
	No later than 1 year	Later than 1 year and no later than 3 years	Over 3 years	Total lease receipts
Healthcare rental	84,504	139,688	48,099	272,291

The Company recognized ₩21,558 million (2013: ₩17,811 million) in lease income for the three-month period ended March 31, 2014.

At the end of reporting period, acquisition cost of operating lease assets amounts to ₩76,045 million (2013: ₩73,910 million) and their accumulated depreciation and impairment amounts to ₩32,590 million (2013: ₩29,780 million).

(h) Trademark license commitments

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

Purpose	Related products	Provided by	Used by
Use of license	Mobile	QUALCOMM Incorporated and others	LG Electronics Inc. and others
Provision of license	Home appliance	LG Electronics Inc.	Panasonic Corporation and others

**29. Related Party Transactions**

(a) Subsidiaries as of March 31, 2014 and December 31, 2013, are as follows:

Territory	Location	Subsidiaries	Percentage of ownership	
			Mar. 31, 2014	Dec. 31, 2013
Korea	Korea	Hiplaza Co., Ltd.	100.0%	100.0%
	Korea	Hi Business Logistics Co., Ltd.	100.0%	100.0%
	Korea	Hi Entech Co., Ltd.	100.0%	100.0%
	Korea	LG Hitachi Water Solution Co., Ltd.	51.0%	51.0%
	Korea	ACE R&A Co., Ltd.	100.0%	100.0%
	Korea	Hi M Solutek	100.0%	100.0%
	Korea	Hi Teleservice Co., Ltd.	100.0%	100.0%
	Korea	LGE Alliance Fund	96.2%	96.2%
	Korea	Innovation Investment Fund	83.3%	83.3%
	Korea	LG Innotek Co., Ltd. <sup>1</sup>	47.6%	47.9%
	Korea	LG Innotek Alliance Fund <sup>1</sup>	47.1%	47.4%

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Territory	Location	Subsidiaries	Percentage of ownership	
			Mar. 31, 2014	Dec. 31, 2013
	Korea	Innowith Co., Ltd. <sup>1</sup>	47.6%	47.9%
	Korea	Hanuri Co., Ltd.	100.0%	100.0%
	Korea	LGE Alliance Fund II	98.7%	98.7%
China	China	Hi Logistics (China) Co., Ltd.	100.0%	100.0%
	China	Inspur LG Digital Mobile Communications Co., Ltd.(LGEYT)	70.0%	70.0%
	China	LG Electronics (China) Co., Ltd.(LGECH)	100.0%	100.0%
	China	LG Electronics (China) Research and Development Centre Co., Ltd.(LGERD)	100.0%	100.0%
	China	LG Electronics (Hangzhou) Co., Ltd.(LGEHN)	70.0%	70.0%
	China	LG Electronics (Kunshan) Computer Co., Ltd.(LGEKS)	100.0%	100.0%
	China	LG Electronics (Shanghai) Research and Development Center Co., Ltd.(LGCRC)	100.0%	100.0%
	China	LG Electronics Air-Conditioning(Shandong) Co., Ltd.(LGEQA)	100.0%	100.0%
	China	LG Electronics HK Ltd.(LGEHK)	100.0%	100.0%
	China	LG Electronics Huizhou Ltd.(LGEHZ)	80.0%	80.0%
	China	LG Electronics Nanjing Display Co., Ltd.(LGEND)	70.0%	70.0%
	China	LG Electronics Qinhuangdao Inc.(LGEQH)	100.0%	100.0%
	China	LG Electronics Shenyang Inc.(LGESY)	78.9%	78.9%
	China	LG Electronics Tianjin Appliances Co., Ltd.(LGETA)	80.0%	80.0%
	China	NanJing LG-Panda Appliances Co., Ltd.(LGEPN)	70.0%	70.0%
	China	Qingdao LG Inspur Digital Communication Co., Ltd.(LGEQD)	70.0%	70.0%
	China	Shanghai LG Electronics Co., Ltd.(LGESH)	70.0%	70.0%
	China	Taizhou LG Electronics Refrigeration Co., Ltd.(LGETR)	100.0%	100.0%
	China	Tianjin Lijie cartridge heater Co., Ltd.(LGETL)	66.7%	66.7%
	China	LG Innotek (Yantai) Co., Ltd.(LGITYT) <sup>1</sup>	47.6%	47.9%
	China	LG Innotek (Huizhou) Co., Ltd.(LGITHZ) <sup>1</sup>	47.6%	47.9%
	China	LG Innotek (Fuzhou) Co., Ltd.(LGITFZ) <sup>1</sup>	47.6%	47.9%
	China	LG Innotek (Guangzhou) Co., Ltd.(LGITGZ) <sup>1</sup>	47.6%	47.9%
	China	LG Innotek Trading (Shanghai) Co., Ltd.(LGITSH) <sup>1</sup>	47.6%	47.9%
	China	HiEntech (Tianjin) Co., LTD.	100.0%	100.0%
	China	VENS BEIJING VEHICLE ENGINEERING CO.,LTD	100.0%	100.0%
Asia	Australia	LG Electronics Australia Pty, Ltd.(LGEAP)	100.0%	100.0%
	India	LG Electronics India Pvt. Ltd.(LGEIL)	100.0%	100.0%
	Japan	LG Electronics Japan Lab. Inc.(LGEJL)	100.0%	100.0%
	Japan	LG Electronics Japan, Inc.(LGEJP)	100.0%	100.0%
	Malaysia	LG Electronics Malaysia SDN. BHD(LGEML)	100.0%	100.0%
	Philippines	LG Electronics Philippines Inc.(LGEPH)	100.0%	100.0%
	Singapore	LG Electronics Singapore PTE LTD.(LGESL)	100.0%	100.0%



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Territory	Location	Subsidiaries	Percentage of ownership	
			Mar. 31, 2014	Dec. 31, 2013
	Taiwan	LG Electronics Taiwan Taipei Co., Ltd.(LGETT)	100.0%	100.0%
	Thailand	LG Electronics Thailand Co., Ltd.(LGETH)	100.0%	100.0%
	Vietnam	LG Electronics Vietnam Co., Ltd.(LGEVN)	100.0%	100.0%
	India	LG Soft India Private Limited.(LGSi)	100.0%	100.0%
	Indonesia	P.T. LG Electronics Indonesia(LGEIN)	100.0%	100.0%
	Philippines	LG Electronics Pasig Inc. <sup>3</sup>	38.0%	38.0%
	India	Hi Logistics India Private Limited	100.0%	100.0%
	Malaysia	HI LOGISTICS MALAYSIA SDN BHD	100.0%	100.0%
	Indonesia	PT LG Innotek Indonesia(LGITIN) <sup>1</sup>	47.6%	47.9%
	Taiwan	LG Innotek (Taiwan) Ltd.(LGITTW) <sup>1</sup>	47.6%	47.9%
	Malaysia	V-ENS (M) Sdn. Bhd.	100.0%	100.0%
	Vietnam	LG Electronics Vietnam Haiphong Co., Ltd.(LGEVH)	100.0%	100.0%
Europe	Netherlands	Hi Logistics Europe B.V.	100.0%	100.0%
	Austria	LG Electronics Austria GmbH(LGEAG)	100.0%	100.0%
	Netherlands	LG Electronics Benelux Sales B.V.(LGEBN)	100.0%	100.0%
	Czech Republic	LG Electronics CZ, s.r.o.(LGE CZ)	100.0%	100.0%
	Germany	LG Electronics Deutschland GmbH(LGEDG)	100.0%	100.0%
	Spain	LG Electronics Espana S.A.(LGEES)	100.0%	100.0%
	Netherlands	LG Electronics European Holdings B.V.(LGEEH)	100.0%	100.0%
	Netherlands	LG Electronics European Shared Service Center B.V.(LGESC)	100.0%	100.0%
	France	LG Electronics France S.A.S.(LGEFS)	100.0%	100.0%
	Greece	LG Electronics Hellas S.A.(LGEHS)	100.0%	100.0%
	Italy	LG Electronics Italia S.p.A(LGEIS)	100.0%	100.0%
	Latvia	LG Electronics Latvia, LLC(LGELA)	100.0%	100.0%
	Hungary	LG Electronics Magyar KFT(LGEMK)	100.0%	100.0%
	Poland	LG Electronics Mlawa Sp. z o.o.(LGEMA)	100.0%	100.0%
	France	LG Electronics Mobilecomm France(LGEMF)	100.0%	100.0%
	Sweden	LG Electronics Nordic AB(LGESW)	100.0%	100.0%
	Norway	LG Electronics Norway AS(LGENO)	100.0%	100.0%
	Poland	LG Electronics Polska Sp. z o.o.(LGEPL)	100.0%	100.0%
	Portugal	LG Electronics Portugal S.A.(LGEPT)	100.0%	100.0%
	Romania	LG Electronics Romania S.R.L.(LGERO)	100.0%	100.0%
	UK	LG Electronics United Kingdom Ltd.(LGEUK)	100.0%	100.0%
	Poland	LG Electronics Wroclaw Sp.z o.o.(LGEWR)	100.0%	100.0%
	Poland	LG Innotek Poland Sp z o.o.(LGITPO) <sup>1</sup>	47.6%	47.9%
North America	USA	LG Electronics Miami Inc.(LGEMI)	100.0%	100.0%
	USA	LG Electronics Alabama Inc.(LGEAI)	100.0%	100.0%

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Territory	Location	Subsidiaries	Percentage of ownership	
			Mar. 31, 2014	Dec. 31, 2013
North America	Canada	LG Electronics Canada, Inc.(LGECI)	100.0%	100.0%
	Mexico	LG Electronics Mexicali, S.A. DE C.V.(LGEMX)	100.0%	100.0%
	Mexico	LG Electronics Mexico S.A. DE C.V.(LGEMS)	100.0%	100.0%
	USA	LG Electronics Mobile Research U.S.A., L.L.C.(LGEMR)	100.0%	100.0%
	USA	LG Electronics Mobilecomm U.S.A., Inc.(LGEMU)	100.0%	100.0%
	Mexico	LG Electronics Monterrey Mexico S.A.de C.V.(LGEMM)	100.0%	100.0%
	Mexico	LG Electronics Reynosa S.A. DE C.V.(LGERS)	100.0%	100.0%
	USA	LG Electronics U.S.A., Inc.(LGEUS)	100.0%	100.0%
	Mexico	Servicios Integrales LG S.A DE C.V	100.0%	100.0%
	Mexico	Servicios LG Monterrey Mexico S.A. de C.V.	100.0%	100.0%
	USA	Zenith Electronics Corporation of Pennsylvania	100.0%	100.0%
	USA	Zenith Electronics Corporation(Zenith)	100.0%	100.0%
	USA	LG Innotek USA, Inc.(LGITUS) <sup>1</sup>	47.6%	47.9%
	Mexico	HILOGISTICS MEXICO SA DE CV	100.0%	100.0%
	Mexico	HiLogistics Reynosa	100.0%	100.0%
	USA	HiLogistics USA	100.0%	100.0%
	Mexico	LG Innotek Mexico SA DE CV(LGITMX) <sup>1</sup>	47.6%	47.9%
	South America	Brazil	LG Armagem Geral Ltda.	100.0%
Argentina		LG Electronics Argentina S.A.(LGEAR)	100.0%	100.0%
Colombia		LG Electronics Colombia Ltda.(LGECEB)	100.0%	100.0%
Brazil		LG Electronics do Brasil Ltda.(LGEBR)	100.0%	100.0%
Honduras		LG Electronics Honduras S.de R.L. <sup>2</sup>	20.0%	20.0%
Chile		LG Electronics Inc Chile Ltda.(LGECL)	100.0%	100.0%
Panama		LG Electronics Panama, S.A.(LGEPS)	100.0%	100.0%
Peru		LG Electronics Peru S.A.(LGEPR)	100.0%	100.0%
Venezuela		LG Electronics Venezuela S.A.(LGEVZ)	100.0%	100.0%
Brazil		SOCIO VIP Ltda.	100.0%	100.0%
Panama		C&S America Solutions	100.0%	100.0%
Panama		LG Consulting corp.	100.0%	100.0%
Guatemala		LG Electronics Guatemala S.A.	100.0%	100.0%
Middle East and Africa	Nigeria	Easytec Global Services Innovation Limited	100.0%	100.0%
	Angola	LG Electronics Angola Limitada(LGEAO)	100.0%	100.0%
	Jordan	LG Electronics (Levant) Jordan(LGELF)	100.0%	100.0%
	UAE	LG Electronics Africa Logistics FZE(LGEAF)	100.0%	100.0%
	Algeria	LG Electronics Algeria SARL(LGEAS)	70.0%	70.0%
	UAE	LG Electronics Dubai FZE(LGEDF)	100.0%	100.0%
	Egypt	LG Electronics Egypt S.A.E(LGEEG)	100.0%	100.0%

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Territory	Location	Subsidiaries	Percentage of ownership	
			Mar. 31, 2014	Dec. 31, 2013
Middle East and Africa	UAE	LG Electronics Gulf FZE(LGEGF)	100.0%	100.0%
	UAE	LG Electronics Middle East Co., Ltd.(LGEME)	100.0%	100.0%
	Morocco	LG Electronics Morocco S.A.R.L(LGEMC)	100.0%	100.0%
	Nigeria	LG Electronics Nigeria Limited(LGENI)	100.0%	100.0%
	Tunisia	LG Electronics North Africa Service Company S.A.R.L	100.0%	100.0%
	UAE	LG Electronics Overseas Trading FZE(LGEOT)	100.0%	100.0%
	South Africa	LG Electronics S.A. (Pty) Ltd.(LGESA)	100.0%	100.0%
	Turkey	LG Electronics Ticaret A.S.(LGETK)	100.0%	100.0%
	Saudi Arabia	LG-Shaker Co., Ltd.(LGESR) <sup>2</sup>	49.0%	49.0%
	Kenya	LG Electronics Service Kenya Limited(LGESK)	100.0%	100.0%
	Saudi Arabia	LG Electronics Saudi Arabia Limited	100.0%	100.0%
	UAE	Hi Logistics Middle East FZE	100.0%	100.0%
Other	Russia	LG Alina Electronics(LGERI)	95.0%	95.0%
	Russia	Hi Logistics RUS Limited Liability Company	100.0%	-
	Kazakhstan	LG Electronics Almaty Kazakhstan(LGEAK)	100.0%	100.0%
	Russia	LG Electronics RUS, LLC(LGERA)	100.0%	100.0%
	Ukraine	LG Electronics Ukraine Inc.(LGEUR)	100.0%	100.0%

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

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

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

(b) The related parties of the Company, other than subsidiaries, as of the end of reporting period are as follows:

Classification	Name		Note
	March 31, 2014	December 31, 2013	
Significantly influencing the Group	LG Corp.	LG Corp.	-
Associates	LG Display Co., Ltd., and subsidiaries	LG Display Co., Ltd., and subsidiaries	-
	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.	-

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Classification	Name		Note
	March 31, 2014	December 31, 2013	
	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	-
	LUCOM Display Technology (Kunshan) Limited	LUCOM Display Technology (Kunshan) Limited	-
	LG Display Reynosa S.A. de C.V. Nanumnuri Co., Ltd.	LG Display Reynosa S.A. de C.V. Nanumnuri Co., Ltd.	-
	LG Display (China) Co., Ltd. Unified Innovative Technology, LLC	LG Display (China) Co., Ltd. -	-
	Ericsson-LG Co., Ltd., and subs Ericsson-LG Co., Ltd.	Ericsson-LG Co., Ltd., and subs Ericsson-LG Co., Ltd.	-
	LN Srithai Com Co., Ltd.	LN Srithai Com Co., Ltd.	-
	Nexer Inc.	Nexer Inc.	-
	Ericsson-LG Europe B.V.	Ericsson-LG Europe B.V.	-
	Ericsson-LG Canada Inc.	Ericsson-LG Canada Inc.	-
	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. (HLDS)	Hitachi-LG Data Storage Inc. (HLDS)	-
	Hitachi-LG Data Storage Korea,Inc.	Hitachi-LG Data Storage Korea,Inc.	-
	Hitachi-LG Data Storage(Huizhou),Ltd.	Hitachi-LG Data Storage(Huizhou),Ltd.	-
	Hitachi Electronic Products (Malaysia) Sdn. Bhd.	Hitachi Electronic Products (Malaysia) Sdn. Bhd.	-
	LG Fuel Cell Systems Inc., and 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.	-

**LG Electronics Inc.**  
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Classification	Name		Note
	March 31, 2014	December 31, 2013	
Joint ventures	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	-
	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 Fund for Enterprises	LG Fund for Enterprises	-
Other related parties	LG-MRI, LLC	-	-
	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.	-
	LG System Philippines Inc.	LG System 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 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	-	
-	LG CNS UK Limited	-	

**LG Electronics Inc.**  
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classification	Name		Note
	March 31, 2014	December 31, 2013	
-		LG N-Sys China, Inc	-
	Collain Healthcare, LLC	-	-
	SERVEONE Co., Ltd., and subs	SERVEONE Co., Ltd., and subs	LG Corp.'s subsidiary
	SERVEONE Co., Ltd.	SERVEONE Co., Ltd.	-
	LG-TOYO Engineering	LG-TOYO Engineering	-
	Konjiam Yewon	Konjiam Yewon	-
	Serveone(Nanjing).Co.,LTD	Serveone(Nanjing).Co.,LTD	-
	Serveone Construction Co.,Ltd.	Serveone Construction 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
	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 Corp.'s subsidiary
	LG MMA Ltd.	LG MMA Ltd.	LG Corp.'s joint venture

(c) Significant transactions and balances

- i) Significant transactions for the three-month periods ended March 31, 2014 and 2013, and balances as of March 31, 2014 and December 31, 2013, are as follows:

(in millions of Korean won)

Classification	Name	Sales <sup>1</sup>	2014				Purchases Total
			Raw materials	Fixed and intangible assets	General Operating Expenses	Others	
Significantly influencing the Group	LG Corp.	13	-	-	34,262	-	34,262
Subsidiaries	LG Innotek Co., Ltd.	5,385	249,445	-	2,352	154	251,951
	LG Electronics Monterrey Mexico S.A.de C.V.	24,207	1,230	-	-	-	1,230
	Taizhou LG Electronics Refrigeration Co., Ltd.	21,095	2,423	-	-	-	2,423
	NanJing LG-Panda Appliances Co., Ltd.	12,757	4,975	-	-	-	4,975

**LG Electronics Inc.**  
**Notes to the Interim Separate Financial Statements**  
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		2014					
		(in millions of Korean won)					
Classification	Name	Sales <sup>1</sup>	Purchases				Purchases Total
			Raw materials	Fixed and intangible assets	General Operating Expenses	Others	
	LG Electronics Mexico S.A. DE C.V.	75,365	-	-	-	55	55
	Hiplaza Co., Ltd.	260,648	-	-	3,479	5	3,484
	LG Electronics Wrocław Sp.z.o.o	56,826	28,245	-	-	-	28,245
	LG Electronics Nanjing Display Co., Ltd.	82,296	108,108	-	3	-	108,111
	P.T. LG Electronics Indonesia	61,895	37,877	-	-	16	37,893
	LG Electronics Reynosa S.A. DE C.V.	117,296	355	-	-	-	355
	LG Electronics Mława Sp. z o.o	75,668	164	-	-	-	164
	Inspur LG Digital Mobile Communications Co., Ltd	405,828	14,276	-	2,033	54	16,363
	LG Electronics India Pvt. Ltd.	72,842	-	-	-	-	-
	LG Electronics Mobilecomm U.S.A., Inc.	713,549	-	-	2	80	82
	LG Electronics Tianjin Appliances Co., Ltd.	11,491	8,601	-	-	-	8,601
	LG Electronics (China) Co. Ltd.	501	-	-	93	-	93
	LG Electronics RUS, LLC	141,716	45	-	-	9	54
	LG Electronics European Shared Service Center B.V.	29,374	-	-	-	-	-
	Zenith Electronics Corporation	10,268	-	-	-	-	-
	LG Electronics U.S.A., Inc.	528,403	539	-	5,614	64	6,217
	LG Electronics de Sao Paulo Ltda.	381,956	462	-	-	-	462
	Others	1,888,956	65,457	-	120,295	5,284	191,036
	<b>Subtotals</b>	<b>4,978,322</b>	<b>522,202</b>	<b>-</b>	<b>133,871</b>	<b>5,721</b>	<b>661,794</b>
Associates	LG Display Co., Ltd. and subs	51,438	537,735	-	3,456	95	541,286
	Ericsson-LG Co., Ltd. and subs	1,970	1,527	-	-	-	1,527
	Hitachi-LG Data Storage Inc. and subs	281	20	-	-	-	20

**LG Electronics Inc.**  
**Notes to the Interim Separate Financial Statements**  
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(in millions of Korean won)

		2014					
Classification	Name	Sales <sup>1</sup>	Purchases				Purchases Total
			Raw materials	Fixed and intangible assets	General Operating Expenses	Others	
	<b>Subtotals</b>	53,689	539,282	-	3,456	95	542,833
Other related parties	LG CNS Co., Ltd., and subs	6,710	788	-	46,176	9,044	56,008
	SERVEONE Co., Ltd., and subs	1,762	170,958	-	23,458	29,759	224,175
	LG Siltron Incorporated	38	423	-	-	2	425
	LUSEM CO., LTD.	12	5,956	-	225	-	6,181
	LG Management Development Institute	4	-	-	4,453	61	4,514
	LG SPORTS Ltd.	1	-	-	1,963	-	1,963
	<b>Subtotals</b>	<b>8,527</b>	<b>178,125</b>	<b>-</b>	<b>76,275</b>	<b>38,866</b>	<b>293,266</b>
	<b>Total</b>	<b>5,040,551</b>	<b>1,239,609</b>	<b>-</b>	<b>247,864</b>	<b>44,682</b>	<b>1,532,155</b>

(in millions of Korean won)

		2013					
Classification	Name	Sales <sup>1</sup>	Purchases				Purchases Total
			Raw materials	Fixed and intangible assets	General Operating Expenses	Others	
Significantly influencing the Group	LG Corp.	113	-	-	33,298	-	33,298
Subsidiaries	LG Innotek Co., Ltd.	8,134	256,081	-	1,480	-	257,561
	LG Electronics Monterrey Mexico S.A.de C.V.	10,502	-	-	-	-	-
	Taizhou LG Electronics Refrigeration Co., Ltd.	12,444	693	4	-	-	697
	NanJing LG-Panda Appliances Co., Ltd.	5,445	-	-	-	-	-
	LG Electronics Mexico S.A. DE C.V.	70,104	-	-	-	116	116
	Hiplaza Co., Ltd.	231,737	-	-	4,553	16	4,569
	LG Electronics Wroclaw Sp.z.o.o	72,279	-	-	-	-	-
	LG Electronics Nanjing Display Co., Ltd.	58,729	92,770	-	-	-	92,770
	P.T. LG Electronics Indonesia	55,995	20,759	-	-	59	20,818
	LG Electronics Reynosa S.A. DE C.V.	146,601	154	-	-	-	154
	LG Electronics Mlawa Sp. z o.o	68,697	87	-	-	-	87



**LG Electronics Inc.**  
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		2013					
		(in millions of Korean won)					
Classification	Name	Sales <sup>1</sup>	Purchases				Purchases Total
			Raw materials	Fixed and intangible assets	General Operating Expenses	Others	
	Inspur LG Digital Mobile Communications Co., Ltd	364,861	7,341	-	-	34	7,375
	LG Electronics India Pvt. Ltd.	31,391	59	-	-	-	59
	LG Electronics Mobilecomm U.S.A., Inc.	738,306	-	-	407	89	496
	LG Electronics Tianjin Appliances Co., Ltd.	8,736	7,073	-	-	-	7,073
	LG Electronics (China) Co. Ltd.	1,294	-	-	-	-	-
	LG Electronics RUS, LLC	141,227	-	-	1	-	1
	LG Electronics European Shared Service Center B.V.	36,597	-	-	-	-	-
	Zenith Electronics Corporation	-	-	-	-	-	-
	LG Electronics U.S.A., Inc.	559,060	583	-	6,635	143	7,361
	LG Electronics de Sao Paulo Ltda.	292,252	2,583	-	-	-	2,583
	Others	1,543,424	116,930	-	28,372	305	145,607
	<b>Subtotals</b>	<b>4,457,815</b>	<b>505,113</b>	<b>4</b>	<b>41,448</b>	<b>762</b>	<b>547,327</b>
Associates	LG Display Co., Ltd. and subs	35,751	525,627	-	1,833	19	527,479
	Ericsson-LG Co., Ltd. and subs	9,944	1,689	-	-	-	1,689
	Hitachi-LG Data Storage Inc. and subs	4,303	3,940	-	-	-	3,940
	LG Fuel Cell Systems Inc. and subs	3	-	-	-	-	-
	<b>Subtotals</b>	<b>50,001</b>	<b>531,256</b>	<b>-</b>	<b>1,833</b>	<b>19</b>	<b>533,108</b>
Other related parties	LG CNS Co., Ltd., and subs	7,727	565	-	26,159	24,989	51,713
	SERVEONE Co., Ltd., and subs	2,464	162,184	-	23,561	27,727	213,472
	LG Siltron Incorporated	1,431	3,145	-	-	20	3,165
	LUSEM CO., LTD.	-	5,841	-	-	-	5,841
	LG Management Development Institute	12	-	-	7,153	57	7,210
	LG SPORTS Ltd.	-	-	-	1,727	-	1,727
	<b>Subtotals</b>	<b>11,634</b>	<b>171,735</b>	<b>-</b>	<b>58,600</b>	<b>52,793</b>	<b>283,128</b>

**LG Electronics Inc.**  
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(in millions of Korean won)

		2013					
Classification	Name	Sales <sup>1</sup>	Purchases			Purchases Total	
			Raw materials	Fixed and intangible assets	General Operating Expenses		Others
	<b>Total</b>	4,519,563	1,208,104	4	135,179	53,574	1,396,861

<sup>1</sup> Including disposal of property, plant, and equipment, and others.

ii) The balances of significant transactions as of March 31, 2014 and December 31, 2013, are as follows:

(in millions of Korean won)

		March 31, 2014							
Classification	Name	Receivables				Payables			
		Trade receivables	Loans	Other receivables	Total	Trade payables	Borrowings	Other payables	Total
Significantly influencing the Group	LG Corp.	-	-	22,012	22,012	-	-	18,849	18,849
Subsidiaries	LG Innotek Co., Ltd.	10,682	-	1,978	12,660	267,226	-	526	267,752
	LG Electronics Monterrey Mexico S.A.de C.V.	23,325	-	53	23,378	88,278	-	-	88,278
	Taizhou LG Electronics Refrigeration Co., Ltd.	19,143	-	4,603	23,746	38,660	-	3	38,663
	NanJing LG-Panda Appliances Co., Ltd.	10,026	-	2,041	12,067	63,458	-	810	64,268
	LG Electronics Mexico S.A. DE C.V.	234,231	-	-	234,231	-	-	87	87
	Hiplaza Co., Ltd.	103,376	-	15,090	118,466	-	-	7,735	7,735
	LG Electronics Wroclaw Sp.z.o.o	55,486	-	76	55,562	201,351	-	128	201,479
	LG Electronics Nanjing Display Co., Ltd.	51,972	-	2,259	54,231	89,347	-	5	89,352
	P.T. LG Electronics Indonesia	66,323	-	749	67,072	191,916	-	117	192,033
	LG Electronics Reynosa S.A. DE C.V.	37,098	-	3,361	40,459	86,449	-	8	86,457
	LG Electronics Mlawa Sp. z o.o	47,994	-	51	48,045	223,974	-	38	224,012

**LG Electronics Inc.**  
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(in millions of Korean won)

March 31, 2014

Classification	Name	Receivables				Payables			
		Trade receivables	Loans	Other receivables	Total	Trade payables	Borrowings	Other payables	Total
	Inspur LG Digital								
	Mobile Communications Co., Ltd	265,365	-	97	265,462	346,060	-	720	346,780
	LG Electronics India Pvt. Ltd.	31,224	-	8,295	39,519	146	-	100	246
	LG Electronics Mobilecomm U.S.A., Inc.	157,044	-	-	157,044	-	-	105	105
	LG Electronics Tianjin Appliances Co., Ltd.	10,127	-	10,866	20,993	99,956	-	26	99,982
	LG Electronics (China) Co. Ltd.	254	-	165	419	108	-	194	302
	LG Electronics RUS, LLC	211,501	-	14,439	225,940	186	-	142	328
	LG Electronics European Shared Service Center B.V.	28,973	-	-	28,973	-	-	20	20
	Zenith Electronics Corporation	-	-	10,277	10,277	-	-	-	-
	LG Electronics U.S.A., Inc.	173,372	-	2	173,374	-	-	7,585	7,585
	LG Electronics do Brasil Ltda.	532,946	-	41	532,987	425	-	1,621	2,046
	<b>Others</b>	<b>2,363,113</b>	<b>-</b>	<b>40,941</b>	<b>2,404,054</b>	<b>472,334</b>	<b>-</b>	<b>61,862</b>	<b>534,196</b>
	<b>Subtotals</b>	<b>4,433,575</b>	<b>-</b>	<b>115,384</b>	<b>4,548,959</b>	<b>2,169,874</b>	<b>-</b>	<b>81,832</b>	<b>2,251,706</b>
Associates	LG Display Co., Ltd. and subs	71,381	-	2,282	73,663	383,159	-	25	383,184
	Ericsson-LG Co., Ltd. and subs	30	-	17,049	17,079	1,587	-	-	1,587
	Hitachi-LG Data Storage Inc. and subs	26	-	37	63	11	-	28	39
	Korea Information Certificate Authority Inc.	-	-	60	60	-	-	-	-
	<b>Subtotals</b>	<b>71,437</b>	<b>-</b>	<b>19,428</b>	<b>90,865</b>	<b>384,757</b>	<b>-</b>	<b>53</b>	<b>384,810</b>
Other related parties	LG CNS Co., Ltd., and subs	4,871	-	24	4,895	24,921	-	27,819	52,740

**LG Electronics Inc.**  
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March 31, 2014

Classification	Name	Receivables				Payables			
		Trade receivables	Loans	Other receivables	Total	Trade payables	Borrowings	Other payables	Total
	SERVEONE Co., Ltd., and subs	991	-	54,202	55,193	182,096	-	32,606	214,702
	LG Siltron Incorporated	927	-	-	927	1,822	-	-	1,822
	LUSEM CO., LTD. LG Management Development Institute	12	-	-	12	6,250	-	-	6,250
	LG SPORTS Ltd.	-	-	-	-	-	-	441	441
	<b>Subtotals</b>	<b>6,801</b>	<b>-</b>	<b>69,886</b>	<b>76,687</b>	<b>215,089</b>	<b>-</b>	<b>61,902</b>	<b>276,991</b>
	<b>Total</b>	<b>4,511,813</b>	<b>-</b>	<b>226,710</b>	<b>4,738,523</b>	<b>2,769,720</b>	<b>-</b>	<b>162,636</b>	<b>2,932,356</b>

(in millions of Korean won)

December 31, 2013

Classification	Name	Receivables				Payables			
		Trade receivables	Loans	Other receivables	Total	Trade payables	Borrowings	Other payables	Total
Significantly influencing the Group	LG Corp.	-	-	22,045	22,045	-	-	7,093	7,093
Subsidiaries	LG Innotek Co., Ltd.	13,693	-	2,193	15,886	275,190	-	1,248	276,438
	LG Electronics U.S.A., Inc.	195,738	-	3	195,741	-	-	12,209	12,209
	LG Electornics do Brasil Ltda.	545,480	-	4,190	549,670	1,224	-	1,857	3,081
	LG Electronics European Shared ServiceCenter B.V.	27,568	-	5,297	32,865	-	-	47	47
	Zenith Electronics Corporation	-	-	370	370	-	-	1,659	1,659
	LG Electronics RUS, LLC	240,666	-	26,937	267,603	219	-	122	341
	LG Electronics (China) Co. Ltd.	406	-	638	1,044	106	-	79	185
	LG Electronics Tianjin Appliances Co., Ltd.	7,113	-	599	7,712	40,591	-	25	40,616
	P.T. LG Electronics Indonesia	64,382	-	694	65,076	161,245	-	65	161,310
	LG Electronics India Pvt. Ltd.	21,993	-	7,908	29,901	487	-	82	569

**LG Electronics Inc.**  
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(in millions of Korean won)

December 31, 2013

Classification	Name	Receivables				Payables			
		Trade receivables	Loans	Other receivables	Total	Trade payables	Borrowings	Other payables	Total
	LG Electronics Mexico S.A.DE C.V.	94,030	-	-	94,030	-	-	68	68
	LG Electronics Nanjing Display Co., Ltd.	64,668	-	1,620	66,288	93,882	-	104	93,986
	LG Electronics Wroclaw Sp.z.o.o	46,184	-	31	46,215	236,793	-	759	237,552
	LG Electronics Reynosa S.A. DE C.V.	31,271	-	2,897	34,168	48,725	-	35	48,760
	LG Electronics Mobilecomm U.S.A., Inc.	245,198	-	-	245,198	-	-	7,105	7,105
	LG Electronics Mlawa Sp. z o.o	38,419	-	-	38,419	273,664	-	331	273,995
	Inspur LG Digital Mobile Communications Co., Ltd.	140,364	-	333	140,697	214,199	-	793	214,992
	NanJing LG-Panda Appliances Co., Ltd.	5,354	-	1,355	6,709	42,504	-	797	43,301
	Hiplaza Co., Ltd.	76,555	-	16,011	92,566	14	-	7,888	7,902
	LG Electronics Thailand Co.Ltd.	32,321	-	746	33,067	79,850	-	1	79,851
	LG Electronics Monterrey Mexico S.A.de C.V.	14,841	-	151	14,992	145,227	-	-	145,227
	<b>Others</b>	<b>1,921,670</b>	<b>-</b>	<b>44,249</b>	<b>1,965,919</b>	<b>281,495</b>	<b>-</b>	<b>60,542</b>	<b>342,037</b>
	<b>Subtotals</b>	<b>3,827,914</b>	<b>-</b>	<b>116,222</b>	<b>3,944,136</b>	<b>1,895,415</b>	<b>-</b>	<b>95,816</b>	<b>1,991,231</b>
Associates	LG Display Co., Ltd. and subs	51,070	-	23,014	74,084	278,120	-	44	278,164
	Ericsson-LG Co., Ltd. and subs	27	-	45	72	2,222	-	150	2,372
	Hitachi-LG Data Storage Inc. and subs	39	-	584	623	-	-	77	77
	<b>Subtotals</b>	<b>51,136</b>	<b>-</b>	<b>23,643</b>	<b>74,779</b>	<b>280,342</b>	<b>-</b>	<b>271</b>	<b>280,613</b>
Other related parties	LG CNS Co., Ltd., and subs	7,292	-	39	7,331	19,676	-	190,296	209,972
	SERVEONE Co., Ltd., and subs	1,297	-	54,213	55,510	174,903	-	48,527	223,430

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December 31, 2013

Classification	Name	Receivables				Payables			
		Trade receivables	Loans	Other receivables	Total	Trade payables	Borrowings	Other payables	Total
	LG Siltron Incorporated	1,837	-	-	1,837	-	-	1,356	1,356
	LUSEM CO., LTD.	-	-	-	-	4,194	-	6	4,200
	LG Management Development Institute	-	-	15,660	15,660	-	-	1,289	1,289
	LG SPORTS Ltd.	-	-	-	-	121	-	132	253
	<b>Subtotals</b>	10,426	-	69,912	80,338	198,894	-	241,606	440,500
	<b>Total</b>	3,889,476	-	231,822	4,121,298	2,374,651	-	344,786	2,719,437

iii) Significant capital transactions with related parties and others are as follows:

(in millions of Korean won)

March 31, 2014

Classification	Name	Dividend Income	Cash investment	Disposal of shares	Financing loan transaction		Financing borrowing transaction	
					Loan	Repayment	Borrowing	Repayment
Subsidiaries	LG Electronics Tianjin Appliances Co., Ltd.	9,755	-	-	-	-	-	-
	Innovation Investment Fund	-	(2,917)	-	-	-	-	-
	<b>Subtotals</b>	9,755	(2,917)	-	-	-	-	-
Associates	Ericsson-LG Co., Ltd.	17,000	-	-	-	-	-	-
	Korea Information Certificate Authority Inc.	60	-	-	-	-	-	-
	<b>Subtotals</b>	17,060	-	-	-	-	-	-
Joint ventures	LG Fund for Enterprises	-	(680)	-	-	-	-	-
	<b>Totals</b>	26,815	(3,597)	-	-	-	-	-

(in millions of Korean won)

March 31, 2013

Classification	Name	Dividend Income	Cash investment	Disposal of shares	Financing loan transaction		Financing borrowing transaction	
					Loan	Repayment	Borrowing	Repayment
Subsidiaries	LG Electronics RUS, LLC	116,569	-	-	-	-	-	-
	Taizhou LG Electronics Refrigeration Co., Ltd.	12,203	-	-	-	-	-	-
	Hi Business Logistics Co., Ltd.	5,000	-	-	-	-	-	-
	Triveni Digital Inc.	98	-	-	-	-	-	-

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Classification	Name	March 31, 2013						
		Dividend Income	Cash investment	Disposal of shares	Financing loan transaction		Financing borrowing transaction	
					Loan	Repayment	Borrowing	Repayment
	LG Electronics European Shared Service Center B.V.	-	-	-	-	-	118,013	-
	<b>Subtotals</b>	<u>133,870</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>118,013</u>	<u>-</u>
Associates	Ericsson-LG Co., Ltd.	10,250	-	-	-	-	-	-
	Hitachi-LG Data Storage Inc.	-	3,340	-	-	-	-	-
	<b>Subtotals</b>	<u>10,250</u>	<u>3,340</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other related parties	LG CNS Co., Ltd. <sup>1</sup>	-	-	-	-	-	-	-
	<b>Totals</b>	<u>144,120</u>	<u>3,340</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>118,013</u>	<u>-</u>

<sup>1</sup>The Company acquired 100% of V-ENS Co., Ltd.'s ordinary shares from LG CNS Co., Ltd. in May 2013 (Note 31).

iv) The details of the transfer of business between the Company and related parties are provided in Note 26.

(d) The compensation paid or payable to key management of the Group for the three-month periods ended March 31, 2014 and 2013, consists of:

(in millions of Korean won)	2014	2013
Wages	3,039	2,512
Post-employment benefits	422	374
<b>Total</b>	<u>3,461</u>	<u>2,886</u>

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

(e) The payment guarantees for related parties at the end of the reporting period are presented in Note 27.

(f) There is no collateral provided by the Company for the funding sources of related parties as March 31, 2014.

(g) The Company has not recognized any allowance for trade receivables from related parties for the three-month period ended March 31, 2014.

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**30. Risk Management**

**Financial Risk Management**

The Company'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 Company to enhance cost competitiveness through cost-efficient financing cost by improving financial structure and effective cash management.

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

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

The information of the carrying amount of in each category of financial instruments and the details of borrowings related to the financial risk management presented in Note 4 and Note 10, respectively.

(a) Market risk

i) Foreign exchange risk

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

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 Company's foreign exchange risk management is implemented under its own foreign exchange policy through which the Company 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 Company 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.



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As of March 31, 2014 and December 31, 2013, 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>	<b>March 31, 2014</b>		<b>December 31, 2013</b>	
	<b>10% increase</b>	<b>10% decrease</b>	<b>10% increase</b>	<b>10% decrease</b>
USD/KRW	(104,149)	104,149	(108,794)	108,794
EUR/KRW	50,990	(50,990)	41,408	(41,408)
Other <sup>1</sup> /KRW	73,545	(73,545)	83,108	(83,108)

<sup>1</sup> Other currency includes Brazilian Real, Russian Ruble and Japanese Yen.

ii) Interest rate risk

The Company is exposed to interest rate risk through changes in interest-bearing liabilities or assets. The risk mainly arises from financial 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 fluctuations in income caused by fluctuations in interest rates and minimizing net interest expense.

Though the Group is exposed to interest rate risk from financial deposits and borrowings held with variable interest rates. The Group periodically establishes countermeasures by the 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, 2014 and 2013, 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 are as follows:

<i>(in millions of Korean won)</i>	<b>March 31, 2014</b>		<b>March 31, 2013</b>	
	<b>1% increase</b>	<b>1% decrease</b>	<b>1% increase</b>	<b>1% decrease</b>
Interest expense	-	-	458	(458)
Interest income	2,678	(2,678)	2,446	(2,446)

iii) Price risk

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

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

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

<i>(in millions of Korean won)</i>	March 31, 2014		December 31, 2013	
	30% increase	30% decrease	30% increase	30% decrease
KOSPI	-	-	1	(1)
KOSDAQ	3,413	(3,413)	3,095	(3,095)
NASDAQ	1,361	(1,361)	1,213	(1,213)

The valuation and the reclassified amounts of the cash flow hedging derivative and the available-for-sale financial asset related to the market risk above are presented in Note 6 and Note 10, respectively.

(b) Credit risk

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

In regard to receivables, the Company operates an integrated receivable insurance program with the Korea Trade Insurance Corporation (K-SURE) and Seoul Guarantee Insurance (Coface). In an effort to minimize receivable credit risk, the Company applies the credit rating of the counterparty when determining the insurance coverage. In addition, the Company performs stringent credit risk managements based on credit valuation criteria for receivables without insurance coverage or collateral.

(c) Liquidity risk

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

The Company 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 Company is able to source funds any time in the domestic and international financial markets because it has good investment credit grades from Korea Investors Service, Korea Ratings and NICE Information Service of AA0-Stable, and Standard & Poors and Moody's of BBB- Stable and Baa3 as of March 31, 2014, respectively.

Cash flow information on maturity of borrowings and limit on financial guarantee are presented in Note 10 and Note 27, respectively.

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**Capital Risk Management**

The Company's capital risk management purpose is to maximize shareholders' value through maintaining a sound capital structure. The Company 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>	<b>March 31, 2014</b>	<b>December 31, 2013</b>
Liabilities (A)	16,442,735	15,138,262
Equity (B)	9,737,472	9,832,820
Cash and cash equivalents and current-financial deposits (C)	1,136,321	1,363,349
Borrowings (D)	6,252,627	5,942,242
Debt-to-equity ratio (A/B)	169%	154%
Net borrowings ratio (D-C)/B	53%	47%

**Fair Value Estimation**

(a) The carrying amount and fair values of the Company's financial assets and liabilities are as follows:

<i>(in millions of Korean won)</i>	<b>March 31, 2014</b>		<b>December 31, 2013</b>	
	<b>Carrying amount</b>	<b>Fair value</b>	<b>Carrying amount</b>	<b>Fair value</b>
<b>Current financial asset items</b>				
[Assets at amortized cost]				
Loans and receivables				
- Cash and cash equivalents	1,071,321	1	1,298,349	1
- Financial deposits	65,000	1	65,000	1
- Trade receivables	6,030,074	1	4,697,202	1
- Loans and other receivables	328,021	1	433,888	1
<b>Non-current financial asset items</b>				
[Assets at fair value]				
Derivatives for hedging purposes				
- Other financial assets	2,511	2,511	94	94
Available-for-sale financial assets				
- Other financial assets	15,615	15,615	15,114	15,114
[Assets at amortized cost]				
Loans and receivables				
- Financial deposits	3,351	3,351	4,759	4,759
- Loans and other receivables	395,609	367,301	410,385	381,492
[Assets at cost]				
Available-for-sale financial assets				

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<i>(in millions of Korean won)</i>	March 31, 2014		December 31, 2013	
	Carrying amount	Fair value	Carrying amount	Fair value
- Other financial assets	16,615	<sup>2</sup>	16,615	<sup>2</sup>
<b>Total financial assets</b>	<b>7,928,117</b>		<b>6,941,406</b>	

<i>(in millions of Korean won)</i>	March 31, 2014		December 31, 2013	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Current financial liability items</b>				
[Liabilities at fair value]				
Derivatives for hedging purposes				
- Other financial liabilities	5,052	5,052	8,985	8,985
[Liabilities at amortized cost]				
- Trade payables	5,231,115	<sup>1</sup>	4,327,403	<sup>1</sup>
- Borrowings	1,184,620	<sup>1</sup>	1,391,805	<sup>1</sup>
- Other payables	1,648,582	<sup>1</sup>	1,798,292	<sup>1</sup>
[Other liabilities]				
- Other financial liabilities	105	<sup>3</sup>	105	<sup>3</sup>
<b>Non-current financial liability items</b>				
[Liabilities at fair value]				
Derivatives for hedging purposes				
- Other financial liabilities	8,131	8,131	9,371	9,371
[Liabilities at amortized cost]				
- Borrowings	5,068,007	5,114,496	4,550,437	4,603,279
[Other liabilities]				
- Other financial liabilities	494	<sup>3</sup>	520	<sup>3</sup>
<b>Total financial liabilities</b>	<b>13,146,106</b>		<b>12,086,918</b>	

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

<sup>2</sup> 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.

<sup>3</sup> 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'.

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

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

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i) Derivatives

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

ii) Available-for-sale financial assets

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

The quoted market price used for available-for-sale financial assets held by the Company is the closing price in the active market at the fiscal year end of the available-for sale financial assets in the year of transaction.

iii) Non-current loans and other receivables

The fair values of the non-current loans and other receivables are as follows:

<i>(in millions of Korean won)</i>	<b>March 31, 2014</b>		<b>December 31, 2013</b>	
	<b>Book amount</b>	<b>Fair value</b>	<b>Book amount</b>	<b>Fair value</b>
Long-term loans	154,255	126,066	164,107	133,540
Long-term non-trade receivables	2,761	2,761	2,841	2,841
Deposits	238,593	238,474	243,437	245,111
<b>Total</b>	<b>395,609</b>	<b>367,301</b>	<b>410,385</b>	<b>381,492</b>

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

	<b>March 31, 2014</b>	<b>December 31, 2013</b>
Discount rate	4.87%	4.91%

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iv) Non-current borrowings

The fair values of the non-current borrowings are as follows:

<i>(in millions of Korean won)</i>	March 31, 2014		December 31, 2013	
	Book amount	Fair value	Book amount	Fair value
Long-term borrowings	1,205,000	1,235,893	1,195,000	1,252,742
Bonds	3,863,007	3,878,603	3,355,437	3,350,537
<b>Total</b>	<b>5,068,007</b>	<b>5,114,496</b>	<b>4,550,437</b>	<b>4,603,279</b>

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

	March 31, 2014	December 31, 2013
Discount rate	2.9%~4.3%	3.0%~4.5%

v) Current financial assets and current financial liabilities

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

(c) Methods and Assumptions in Determining Fair Value

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

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

<i>(in millions of Korean won)</i>	March 31, 2014			
	Level 1	Level 2	Level 3	Total
(1) Recurring fair value measurements				
Other financial assets				
Available-for-sale financial assets				
- Marketable equity securities	15,615	-	-	15,615
Derivatives for hedging purposes	-	2,511	-	2,511
Other financial liabilities				
Derivatives for hedging purposes	-	13,183	-	13,183
(2) Non-recurring fair value measurements:				
N/A				
(3) Fair value for disclosure				
Non-current financial deposits	-	-	3,351	3,351

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<b>March 31, 2014</b>				
<i>(in millions of Korean won)</i>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Non-current other receivables	-	-	367,148	367,148
Non-current borrowings	-	-	5,114,496	5,114,496
<b>December 31, 2013</b>				
<i>(in millions of Korean won)</i>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>(1) Recurring fair value measurements</b>				
Other financial assets				
Available-for-sale financial assets				
- Marketable equity securities	15,114	-	-	15,114
Derivatives for hedging purposes	-	94	-	94
Other financial liabilities				
Derivatives for hedging purposes	-	18,356	-	18,356
<b>(2) Non-recurring fair value measurements:</b>				
N/A				
<b>(3) Fair value for disclosure</b>				
Non-current financial deposit	-	-	4,759	4,759
Non-current other receivables	-	-	381,492	381,492
Non-current borrowings	-	-	4,603,279	4,603,279

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

If one or more of the significant inputs are not based on observable market data, the

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instrument is included in 'level 3'. Financial instrument included 'level 3' uses other method including discounting cash flow method and others.

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

**31. Business Combination**

- (a) The Company's future strategy for its business includes smart car and electric car parts business leveraging the existing capabilities in IT, consumer electronics and components. The Company intends to accelerate the growth of the electric car parts business in the future and increase the value of the business that the Company is fostering by merging with V-ENS Co., Ltd., which has the strength in vehicle design and vehicle verification. On May 1, 2013, the Company acquired all common shares of V-ENS Co., Ltd. from its related party, LG CNS Co., Ltd., for the total consideration of ₩17,028 million.
- (b) The Company merged with V-ENS Co., Ltd. on July 1, 2013, based on the resolution of board of directors dated April 24, 2013. It was a merger with exchange ratio of 1 to 0 without issuance of new stock. As it falls under both to a small scale merger (for the Company) and a simplicity merger (for V-ENS Co., Ltd.), the approval of the general meeting of shareholders was replaced by a resolution of the board of directors dated May 23, 2013.
- (c) The following table summarizes the consideration paid and the fair value of assets acquired and liabilities assumed:

<i>(in millions of Korean won)</i>	<b>Amount</b>
Consideration (Investments in subsidiaries)	<u>17,028</u>
Recognized amounts of identifiable assets acquired and liabilities assumed <sup>1</sup>	
Current assets	
Cash and cash equivalents	5,304
Trade receivables	45,388
Loans and other receivables	48
Current tax assets	33
Other current assets	<u>1,875</u>
Non-current assets	
Financial deposit	3
Loans and other receivables	4,393
Property, plant and equipment	8,629
Intangible assets	6,078
Investments in subsidiaries, associates and joint ventures	3,895
Other non-current assets	<u>497</u>



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<i>(in millions of Korean won)</i>	<b>Amount</b>
Current liabilities	
Trade payables	(12,823)
Other payables	(9,926)
Provisions	(257)
Other current liabilities	<u>(34,356)</u>
Non-current liabilities	
Net defined benefit liability	<u>(579)</u>
<b>Total identifiable net assets</b>	<u>18,202</u>
<b>Retained earnings</b>	<u>1,174</u>

<sup>1</sup> Since the merger is parent-subsidary merger, the Company recognized the amounts of assets acquired and liabilities assumed as the carrying amounts recognized on the consolidated financial statements at the merger date.

- (d) The acquisition-related costs amounting to ₩293 million were all expensed during the year ended December 31, 2013.
- (e) The above fair value of trade receivables and other receivables are the same as the gross contractual amounts.