

**LG Electronics Inc.**  
**Separate Interim Financial Statements**  
**June 30, 2018 and 2017**

**LG Electronics Inc.**

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**June 30, 2018 and 2017**

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## Report on Review of Interim Financial Statements

(English Translation of a Report Originally Issued in Korean)

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

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

We have reviewed the accompanying separate interim financial statements of LG Electronics Inc. (referred to as the "Company"). These financial statements consist of the separate interim statement of financial position of the Company as of June 30, 2018, and the related separate interim statements of profit or loss and comprehensive income for the three-month and six-month periods ended June 30, 2018 and 2017, and separate interim statements of changes in equity and cash flows for the six-month periods ended June 30, 2018 and 2017, and a summary of significant accounting policies and other explanatory notes, expressed in Korean won.

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

Management is responsible for the preparation and fair presentation of these separate interim financial statements in accordance with International Financial Reporting Standards as adopted by the Republic of Korea ("Korean IFRS") 1034 *Interim Financial Reporting*, and for such internal control as management determines is necessary to enable the preparation of separate interim 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 separate interim financial statements based on our review.

We conducted our review in accordance with quarterly or 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 Korean Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Conclusion**

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

**Other Matters**

We have audited the separate statement of financial position of the Company as of December 31, 2017, and the related separate statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended, in accordance with Korean Standards on Auditing. We expressed an unqualified opinion on those financial statements, not presented herein, in our audit report dated March 8, 2018. The separate statement of financial position as of December 31, 2017, presented herein for comparative purposes, is consistent, in all material respects, with the above audited statement of financial position as of December 31, 2017.

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.

August 14, 2018  
Seoul, Korea

This report is effective as of August 14, 2018, 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 separate interim 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.**  
**Separate Interim Statements of Financial Position**  
**June 30, 2018 and December 31, 2017**

<i>(in millions of Korean won)</i>	<b>Notes</b>	<b>June 30, 2018</b> <b>(Unaudited)</b>	<b>December 31, 2017</b>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	4,30	2,293,137	1,586,258
Deposits held by financial institutions	4,30	93,939	80,500
Trade receivables	4,5,30	5,063,108	5,612,250
Other receivables	4,5,30	476,461	472,794
Other financial assets	4,6,30	1,220	-
Inventories	7	1,789,410	1,343,666
Current income tax assets		1,366	1,455
Contract assets	8	456,224	-
Other current assets		351,330	412,902
Assets held for sale	31	14,626	6,070
		<u>10,540,821</u>	<u>9,515,895</u>
<b>Non-current assets</b>			
Deposits held by financial institutions	4,30	2,144	1,785
Other receivables	4,5,30	285,494	292,123
Other financial assets	4,6,30	40,743	33,945
Property, plant and equipment	9	7,115,932	7,142,306
Intangible assets	9	1,586,021	1,474,201
Deferred income tax assets		756,307	973,957
Investments in subsidiaries, associates and joint ventures	10	8,065,551	8,066,087
Investment properties		94,653	95,307
Contract assets	8	10,562	-
Other non-current assets		555,994	564,175
		<u>18,513,401</u>	<u>18,643,886</u>
<b>Total assets</b>		<u>29,054,222</u>	<u>28,159,781</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade payables	4,30	6,072,108	6,126,168
Borrowings	4,11,30	1,128,072	767,666
Other payables	4,30	1,865,017	2,351,601
Other financial liabilities	4,6,30	6,651	6,985
Provisions	13	317,419	316,235
Contract liabilities	8	456,216	-
Other current liabilities		1,533,870	1,907,269
Liabilities held for sale	31	3,580	-
		<u>11,382,933</u>	<u>11,475,924</u>
<b>Non-current liabilities</b>			
Borrowings	4,11,30	6,916,771	6,674,174
Other payables	4,30	12,228	215
Other financial liabilities	4,6,30	56,594	69,892
Net defined benefit liabilities	12	344,281	220,610
Provisions	13	115,352	91,763
Contract liabilities	8	1,038	-
Other non-current liabilities		85,965	82,346
		<u>7,532,229</u>	<u>7,139,000</u>
<b>Total liabilities</b>		<u>18,915,162</u>	<u>18,614,924</u>
<b>Equity</b>			
Paid-in capital:	14		
Share capital		904,169	904,169
Share premium		3,088,179	3,088,179
Retained earnings	15	6,215,015	5,602,967
Accumulated other comprehensive income (loss)	16	(35,484)	(17,639)
Other components of equity	17	(32,819)	(32,819)
<b>Total equity</b>		<u>10,139,060</u>	<u>9,544,857</u>
<b>Total liabilities and equity</b>		<u>29,054,222</u>	<u>28,159,781</u>

**LG Electronics Inc.**

**Separate Interim Statements of Profit or Loss**

**Three-Month and Six-Month Periods Ended June 30, 2018 and 2017**

<i>(in millions of Korean won, except per share amounts)</i>	Notes	Period Ended June 30			
		2018 (Unaudited)		2017 (Unaudited)	
		Three months	Six months	Three months	Six months
<b>Net sales</b>	18	8,109,625	15,777,706	7,999,821	15,704,052
<b>Cost of sales</b>	19	6,176,028	12,087,432	6,102,503	12,137,477
<b>Gross profit</b>		1,933,597	3,690,274	1,897,318	3,566,575
Selling and marketing expenses	19,20	753,647	1,406,108	718,142	1,346,809
Administrative expenses	19,20	139,560	266,009	134,306	275,753
Research and development expenses	19,20	489,241	912,429	516,736	989,008
Service costs	19,20	131,114	244,589	126,214	255,791
<b>Operating profit</b>		420,035	861,139	401,920	699,214
Financial income	21	50,732	110,972	53,159	106,649
Financial expenses	22	85,002	199,728	85,977	225,207
Other non-operating income	23	350,439	558,490	196,184	584,010
Other non-operating expenses	24	254,460	392,864	105,713	337,261
Profit before income tax		481,744	938,009	459,573	827,405
Income tax expense		126,515	260,131	111,576	181,208
<b>Profit for the period</b>		355,229	677,878	347,997	646,197
<b>Earnings per share during the period (in Korean won):</b>	25				
Earnings per ordinary share		1,971	3,762	1,931	3,586
Earnings per preferred share		1,984	3,787	1,944	3,611

**LG Electronics Inc.**  
**Separate Interim Statements of Comprehensive Income**  
**Three-Month and Six-Month Periods Ended June 30, 2018 and 2017**

<i>(in millions of Korean won)</i>	Notes	Period Ended June 30			
		2018 (Unaudited)		2017 (Unaudited)	
		Three months	Six months	Three months	Six months
<b>Profit for the period</b>		<u>355,229</u>	<u>677,878</u>	<u>347,997</u>	<u>646,197</u>
<b>Other comprehensive income (loss), net of tax</b>					
<i>Items that will not be reclassified subsequently to profit or loss:</i>					
Remeasurements of the net defined benefit liability	12	(14,455)	(4,775)	13	7,321
Financial assets at fair value through other comprehensive income	6	(125)	1,459	-	-
<i>Items that will be reclassified subsequently to profit or loss:</i>					
Cash flow hedges	30	(15,464)	(11,015)	1,677	7,775
Available-for-sale financial assets	6	-	-	112	(362)
<b>Other comprehensive income (loss) for the period, net of tax</b>		<u>(30,044)</u>	<u>(14,331)</u>	<u>1,802</u>	<u>14,734</u>
<b>Total comprehensive income for the period, net of tax</b>		<u>325,185</u>	<u>663,547</u>	<u>349,799</u>	<u>660,931</u>

**LG Electronics Inc.**  
**Separate Interim Statements of Changes in Equity**  
**Six-Month Periods Ended June 30, 2018 and 2017**

<i>(in millions of Korean won)</i>	Notes	Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Other Components of Equity	Total
<b>Balance at January 1, 2017</b>		3,992,348	4,851,573	(45,650)	(32,819)	8,765,452
<b>Total comprehensive income (loss):</b>						
Profit for the period		-	646,197	-	-	646,197
Remeasurements of the net defined benefit liability	12	-	7,321	-	-	7,321
Cash flow hedges	30	-	-	7,775	-	7,775
Available-for-sale financial assets	6	-	-	(362)	-	(362)
<b>Total comprehensive income</b>		-	653,518	7,413	-	660,931
<b>Transactions with owners:</b>						
Dividends	15	-	(72,885)	-	-	(72,885)
<b>Total transactions with owners</b>		-	(72,885)	-	-	(72,885)
<b>Balance at June 30, 2017 (Unaudited)</b>		3,992,348	5,432,206	(38,237)	(32,819)	9,353,498
<b>Balance at January 1, 2018</b>		3,992,348	5,602,967	(17,639)	(32,819)	9,544,857
Changes in accounting policy		-	11,830	(8,289)	-	3,541
<b>Restated total equity</b>		3,992,348	5,614,797	(25,928)	(32,819)	9,548,398
<b>Total comprehensive income (loss):</b>						
Profit for the period		-	677,878	-	-	677,878
Remeasurements of the net defined benefit liability	12	-	(4,775)	-	-	(4,775)
Financial assets at fair value through other comprehensive income	6	-	-	1,459	-	1,459
Cash flow hedges	30	-	-	(11,015)	-	(11,015)
<b>Total comprehensive income (loss)</b>		-	673,103	(9,556)	-	663,547
<b>Transactions with owners:</b>						
Dividends	15	-	(72,885)	-	-	(72,885)
<b>Total transactions with owners</b>		-	(72,885)	-	-	(72,885)
<b>Balance at June 30, 2018 (Unaudited)</b>		3,992,348	6,215,015	(35,484)	(32,819)	10,139,060

# LG Electronics Inc.

## Separate Interim Statements of Cash Flows

### Six-Month Periods Ended June 30, 2018 and 2017

<i>(in millions of Korean won)</i>	Notes	Six-Month Period Ended June 30	
		2018 (Unaudited)	2017 (Unaudited)
<b>Cash flows from operating activities</b>			
Cash generated from operations	26	867,262	576,914
Interest received		9,703	5,363
Interest paid		(114,364)	(107,688)
Dividends received		147,315	270,561
Income tax paid		(24,761)	(34,216)
<b>Net cash inflow from operating activities</b>		<b>885,155</b>	<b>710,934</b>
<b>Cash flows from investing activities</b>			
Decrease in other receivables		38,029	43,061
Proceeds from redemption and disposal of other financial assets		842	5,989
Proceeds from disposal of property, plant and equipment		24,663	32,191
Proceeds from disposal of intangible assets		1,902	31
Proceeds from withdrawal and disposal of investments in subsidiaries, associates and joint ventures		1,536	6,533
Proceeds from disposal of assets held for sale		2,380	12,710
Transfer of business	26	-	13,942
Increase in deposits held by financial institutions		(13,798)	(828)
Increase in other receivables		(32,327)	(39,597)
Acquisition of other financial assets		(5,114)	(1,430)
Acquisition of property, plant and equipment		(435,976)	(508,428)
Acquisition of intangible assets		(248,828)	(251,039)
Acquisition of investments in subsidiaries, associates and joint ventures		(1,000)	(26,679)
<b>Net cash outflow from investing activities</b>		<b>(667,691)</b>	<b>(713,544)</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		861,544	888,643
Repayments of borrowings		(299,999)	(500,535)
Dividend paid		(72,885)	(72,885)
<b>Net cash inflow from financing activities</b>		<b>488,660</b>	<b>315,223</b>
Effects of exchange rate changes on cash and cash equivalents		755	-
<b>Net increase in cash and cash equivalents</b>		<b>706,879</b>	<b>312,613</b>
Cash and cash equivalents at the beginning of the period		1,586,258	1,181,725
<b>Cash and cash equivalents at the end of the period</b>		<b>2,293,137</b>	<b>1,494,338</b>

# **LG Electronics Inc.**

## **Notes to the Separate Interim Financial Statements**

### **June 30, 2018 and 2017 (Unaudited), and December 31, 2017**

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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 were listed on the Korea Exchange on April 22, 2002, and some of its preferred shares, in the form of global depositary receipts (“GDRs”), are listed on the London Stock Exchange at the end of the reporting period. The Company is domiciled in Korea at Yeouidaero, Yeongdeungpo-gu, Seoul.

As of June 30, 2018, 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 operates following major business segments: Home Appliance & Air Solution segment manufactures and sells refrigerators, washing machines, vacuum cleaners, and residential and commercial air conditioners; Home Entertainment segment manufactures and sells TVs, monitors, and digital media products; Mobile Communications segment manufactures and sells mobile communications equipment; Vehicle Components segment designs and manufactures automobile parts; and Business-to-Business segment manufactures and sells information displays, solar modules and others. As of June 30, 2018, the Company operates manufacturing facilities mainly in Changwon, Pyeongtaek, Gumi and Incheon in the Republic of Korea.

#### **2. Significant Accounting Policies**

##### **Basis of Preparation**

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

The financial statements of the Company are the separate financial statements prepared in accordance with Korean IFRS 1027 ‘*Separate Financial Statements*’. The separate interim financial statements for the six-month period ended June 30, 2018, have been prepared in accordance with Korean IFRS 1034 ‘*Interim Financial Reporting*’. These separate interim financial statements have been prepared in accordance with Korean IFRS which is effective as of June 30, 2018.

**LG Electronics Inc.**  
**Notes to the Separate Interim Financial Statements**  
**June 30, 2018 and 2017 (Unaudited), and December 31, 2017**

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**Changes in Accounting Policies and Disclosures**

(a) New and amended standards and interpretations effective for the financial year beginning January 1, 2018.

- Enactment of Korean IFRS 1109 *Financial Instruments*

The Company has applied Korean IFRS 1109 *Financial Instruments* on January 1, 2018, the date of initial application. In accordance with the transitional provisions in Korean IFRS 1109, comparative figures have not been restated, and recognized the cumulative impact of initially applying the changes in a classification of financial instruments as an adjustment to equity as of January 1, 2018. Further details on the impact of the application of the standard are as follows:

*Classification and Measurement of Financial Instruments*

On the date of initial application of Korean IFRS 1109, January 1, 2018, the Company's management has assessed which business models apply to the financial assets held by the Company and has classified its financial assets into the appropriate Korean IFRS 1109 categories. The main effects resulting from this reclassification are as follows:

- *Reclassification from available-for-sale financial assets to financial assets at fair value through profit or loss*

At the date of initial application, investments amounting to ₩10,399 million that do not meet the definition of equity instruments in Korean IFRS 1032, were reclassified from available-for-sale financial assets to financial assets at fair value through profit or loss.

- *Reclassification of equity investments from available-for-sale financial assets to financial assets at fair value through other comprehensive income*

The Company elected to present subsequent changes in the fair value of all its equity investments previously classified as available-for-sale financial assets, not held for trading, in other comprehensive income. As a result, assets with a fair value of ₩21,684 million were reclassified from available-for-sale financial assets to financial assets at fair value through other comprehensive income. At the date of initial application, related accumulated other comprehensive loss of ₩8,289 million is not reclassified to profit or loss even though these assets are disposed of. Due to this change, other non-operating income was ₩426 million lower (tax impact of ₩ 117 million) for the six-month period ended June 30, 2018 than if recognized under previous standard.

- *Reclassifications of financial instruments on adoption of Korean IFRS 1109*

On the date of initial application, January 1, 2018, the financial assets of the Company with any reclassifications noted, are as follows:

**LG Electronics Inc.**  
**Notes to the Separate Interim Financial Statements**  
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<i>(in millions of Korean won)</i>	Measurement category		Carrying amount	
	Korean IFRS 1039	Korean IFRS 1109	Korean IFRS 1039	Korean IFRS 1109
Cash and cash equivalents	Loans and receivables	Amortized costs	1,586,258	1,586,258
Deposits held by financial institutions	Loans and receivables	Amortized costs	82,285	82,285
Trade receivables	Loans and receivables	Amortized costs	5,612,250	5,612,250
Other receivables	Loans and receivables	Amortized costs	764,917	764,917
Other financial assets	Available-for-sale financial assets	Fair value through other comprehensive income	32,083	21,684
Other financial assets	Available-for-sale financial assets	Fair value through profit or loss	-	10,399
<b>Total financial assets excluding derivatives</b>			<b>8,077,793</b>	<b>8,077,793</b>

*Impairment of Financial Assets*

The Company recognizes impairment losses based on the expected credit loss model for the following financial assets:

- debt investments measured at amortized cost,
- debt investments measured at fair value through other comprehensive income,
- lease receivables, and
- financial guarantee contracts.

The Company applies the simplified approach from initial recognition to measure the loss allowance at an amount equal to lifetime expected credit losses for trade receivables, contract assets and lease receivables.

*Hedge Accounting*

The Company's cross-currency swap contracts and interest rate swap contracts as of January 1, 2018, qualified as cash flow hedges under Korean IFRS 1109. The Company's risk management strategies and hedge documentation are aligned with the requirements of Korean IFRS 1109 and are thus treated as continuing hedging relationships.

- Enactment of Korean IFRS 1115 *Revenue from Contracts with Customers*

The Company has elected to apply Korean IFRS 1115 *Revenue from Contracts with Customers* on January 1, 2018, the date of initial application. In accordance with the transition provisions in Korean IFRS 1115, comparative figures have not been restated. The Company recognized the cumulative effects of initially applying the revenue standard as an adjustment to retained earnings as of January 1, 2018. Further details on the impact of the application of the standard on January 1, 2018, are as follows:

**LG Electronics Inc.**  
**Notes to the Separate Interim Financial Statements**  
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The statements of financial position at the date of initial application (January 1, 2018):

<i>(in millions of Korean won)</i>	<b>December 31, 2017</b> <b>(before adjustments)</b>	<b>K-IFRS 1115</b> <b>Adjustments</b>	<b>January 1, 2018</b> <b>(after adjustments)</b>
<b>Current assets</b>			
Trade receivables	5,612,250	(184,779)	5,427,471
Loans and other receivables	472,794	(920)	471,874
Contract assets	-	330,713	330,713
Current assets without financial effect	3,430,851	-	3,430,851
<b>Total current assets</b>	<b>9,515,895</b>	<b>145,014</b>	<b>9,660,909</b>
<b>Non-current assets</b>			
Contract assets	-	3,541	3,541
Non-current assets without financial effect	18,643,886	-	18,643,886
<b>Total non-current assets</b>	<b>18,643,886</b>	<b>3,541</b>	<b>18,647,427</b>
<b>Total assets</b>	<b>28,159,781</b>	<b>148,555</b>	<b>28,308,336</b>
<b>Current liabilities</b>			
Provisions	316,235	(370)	315,865
Contract liabilities	-	432,725	432,725
Other liabilities	1,907,269	(287,341)	1,619,928
Current liabilities without financial effect	9,252,420	-	9,252,420
<b>Total current liabilities</b>	<b>11,475,924</b>	<b>145,014</b>	<b>11,620,938</b>
<b>Non-current liabilities</b>			
Contract liabilities	-	1,182	1,182
Other liabilities	82,346	(1,182)	81,164
Non-current liabilities without financial effect	7,056,654	-	7,056,654
<b>Total non-current liabilities</b>	<b>7,139,000</b>	<b>-</b>	<b>7,139,000</b>
<b>Total liabilities</b>	<b>18,614,924</b>	<b>145,014</b>	<b>18,759,938</b>
<b>Equity</b>			
Retained earnings	5,602,967	3,541	5,606,508
Equity without financial effect	3,941,890	-	3,941,890
<b>Total equity</b>	<b>9,544,857</b>	<b>3,541</b>	<b>9,548,398</b>

**LG Electronics Inc.**  
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<sup>1</sup> Accounting for returns and refunds

Under the previous standard, when the customer has a right to return the product within a given period, the Company previously recognized a provision for returns which was measured on a net basis at the gross profit on the sale. Under Korean IFRS 1115, if the customer returns a product, a gross contract liability (refund liability) for the expected refunds to customers is recognized. At the same time, a right to recover the product from the customer where the customer exercises his right of return is recognized as contract asset. Due to this change in policy, the Company reclassified ₩370 million from sales return provisions to contract liabilities of ₩1,020 million and contract assets of ₩650 million at the date of initial application.

<sup>2</sup> Accounting for variable consideration

Under the previous standard, the Company previously estimated an amount of promotional incentive and reversed sales and trade receivables. Instead, with the implementation of Korean IFRS 1115, the Company will reverse sales and recognize a refund liability. Due to this change in policy, the Company reclassified the amounts of ₩144,364 million, which was previously deducted from trade receivables, to contract liabilities at the date of initial application.

<sup>3</sup> Accounting for costs to fulfil a contract

The Company's Vehicle Components segment supplies the automobile parts to car makers through development and mass production process under the contracts with such customers. If the costs incurred in fulfilling those contracts are directly related to the contracts, generate or enhance resources of the entity that will be used in satisfying performance obligations in the future, are expected to be recovered, and are not within the scope of another standard, it is recognized as an asset. Recognized assets are amortized on a systematic basis consistent with the way in which the related goods or services are provided. Due to this change in policy, the Company reclassified from retained earnings to contract assets of ₩3,541 million at the date of initial application.

<sup>4</sup> Presentation of contract assets and contract liabilities

At the date of initial application, the Company has also changed the presentation of accounts in the separate statements of financial position to reflect the terminology of Korean IFRS 1115. Based on the detailed analysis, trade receivables of ₩329,143 million and other receivables of ₩920 million were reclassified to contract assets. Other liabilities of ₩288,523 million were reclassified to contract liabilities.

**LG Electronics Inc.**  
**Notes to the Separate Interim Financial Statements**  
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Financial statement line items affected by the adoption of the new standard in the current period are as follows:

*Interim statement of financial position*

<i>(in millions of Korean won)</i>	<b>Reported amount</b>	<b>Adjustments</b>	<b>Amount before application of Korean IFRS 1115</b>
<b>Current assets</b>			
Trade receivables	5,063,108	232,407	5,295,515
Contract assets	456,224	(456,224)	-
Current assets without financial effect	5,021,489	-	5,021,489
<b>Total current assets</b>	<b>10,540,821</b>	<b>(223,817)</b>	<b>10,317,004</b>
<b>Non-current assets</b>			
Contract assets	10,562	(10,562)	-
Deferred income tax assets	756,307	1,867	758,174
Non-current assets without financial effect	17,746,532	-	17,746,532
<b>Total non-current assets</b>	<b>18,513,401</b>	<b>(8,695)</b>	<b>18,504,706</b>
<b>Total assets</b>	<b>29,054,222</b>	<b>(232,512)</b>	<b>28,821,710</b>
<b>Current liabilities</b>			
Provisions	317,419	1,021	318,440
Contract liabilities	456,216	(456,216)	-
Other liabilities	1,533,870	231,378	1,765,248
Current liabilities without financial effect	9,075,428	-	9,075,428
<b>Total current liabilities</b>	<b>11,382,933</b>	<b>(223,817)</b>	<b>11,159,116</b>
<b>Non-current liabilities</b>			
Contract liabilities	1,038	(1,038)	-
Other liabilities	85,965	1,038	87,003
Non-current liabilities without financial effect	7,445,226	-	7,445,226
<b>Total non-current liabilities</b>	<b>7,532,229</b>	<b>-</b>	<b>7,532,229</b>
<b>Total liabilities</b>	<b>18,915,162</b>	<b>(223,817)</b>	<b>18,691,345</b>
<b>Equity</b>			
Retained earnings	6,215,015	(8,695)	6,206,320
Equity without financial effect	3,924,045	-	3,924,045
<b>Total equity</b>	<b>10,139,060</b>	<b>(8,695)</b>	<b>10,130,365</b>

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*Interim statement of profit or loss*

<i>(in millions of Korean won)</i>	<b>Reported amount</b>	<b>Adjustments</b>	<b>Amount before application of Korean IFRS 1115</b>
Net sales	15,777,706	-	15,777,706
Cost of sales	12,087,432	7,434	12,094,866
Selling and administrative expenses, and others	2,829,135	593	2,829,728
Finance income (expenses), net	(88,756)	-	(88,756)
Other non-operating income (expenses), net	165,626	1,006	166,632
Income tax expenses	260,131	(1,867)	258,264
Profit for the period	677,878	(5,154)	672,724

*Interim statement of cash flows*

After applying Korean IFRS 1115, cash flows from operating, investing and financing activities are identical to those under the previous standard.

- Amendments to Korean IFRS 1102 *Share-based Payment*

Amendments to Korean IFRS 1102 clarify that accounting for a modification to the terms and conditions and fair value measurement of a cash-settled share-based payment are in the same way as an equity-settled share-based payment when it changes the classification of the transaction from cash-settled to equity-settled. The amendment does not have a significant impact on the separate interim financial statements.

- Enactment of Interpretation 2122 *Foreign Currency Transaction and Advance Consideration*

According to the enactment, the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) is the date on which an entity initially recognizes the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration. If there are multiple payments or receipts in advance, the entity shall determine a date of the transaction for each payment or receipt of advance consideration. The enactment does not have a significant impact on the separate interim financial statements.

- Amendment to Korean IFRS 1040 *Transfers of Investment Property*

Korean IFRS 1040 clarifies that a transfer to, or from, investment property, including property under construction, can only be made if there has been a change in use that is supported by evidence, and provides a list of circumstances as examples. The amendment does not have a significant impact on the separate interim financial statements.

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(b) New, enacted and amended standards issued, but not effective for June 30, 2018, and not early adopted by the Company

- Enactment of Korean IFRS 1116 *Leases*

Korean IFRS 1116 *Leases* issued in May 2017 is effective for annual periods beginning on or after January 1, 2019, with early adoption permitted. This standard will replace Korean IFRS 1017 *Leases*, Interpretation 2104 *Determining whether an Arrangement contains a Lease*, Interpretation 2015 *Operating Leases-Incentives*, and Interpretation 2027 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

At inception of a contract, the entity shall assess whether the contract is, or contains, a lease. Also, at the date of initial application, the entity shall assess whether the contract is, or contains, a lease in accordance with the standard. However, the entity will not need to reassess all contracts with applying the practical expedient because the entity elected to apply the practical expedient only to contracts entered before the date of initial application.

For a contract that is, or contains, a lease, the entity shall account for each lease component within the contract as a lease separately from non-lease components of the contract.

A lessee is required to recognize a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. The lessee may elect not to apply the requirements to short-term lease (a lease term of 12 months or less at the commencement date) and low value assets (e.g. underlying assets below \$5,000). In addition, as a practical expedient, the lessee may elect, by class of underlying asset, not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component.

Lessor accounting treatment does not change significantly from current Korean IFRS 1017 *Leases*.

*Lessee accounting*

A lessee shall apply this standard to its leases either:

- retrospectively to each prior reporting period presented applying Korean IFRS 1008 *Accounting Policies, Changes in Accounting Estimates and Errors* (Full retrospective application); or
- retrospectively with the cumulative effect of initially applying the standard recognized at the date of initial application.

The Company plans to apply Korean IFRS 1116 retrospectively with the cumulative effect of initially applying the standard as of January 1, 2019. The Company will not restate any comparative information. Instead, the cumulative effect of applying the standard will be recognized as an adjustment to the opening balance of retained earnings (or another component

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of equity, as appropriate) at the date of initial application.

The Company performed an impact assessment to identify potential financial effects of applying Korean IFRS 1116. The Company is analyzing the financial effects based on available information as of June 30, 2018, to identify effects on separate financial statements; however, it is difficult to provide reasonable estimates of financial effects until the analysis is complete.

The total minimum lease payment expected to be paid by the Company in relation to operating leases before discounted to their present value is ₩185,704 million. And, for a contract that is, or contains, a lease, the Company plans to account for each lease component within the contract as a lease separately from non-lease components of the contract.

*Lessor accounting*

The Company expects the effect on the separate financial statements applying the new standard will not be significant as accounting for the Company, as a lessor, will not significantly change.

If the Company, as an intermediate lessor, classified the sublease as an operating lease before the date of initial application, the Company shall reclassify the sublease as a finance lease or an operating lease in accordance with Korean IFRS 1116. When the Company determines the sublease as a finance lease, the Company shall account the lease as a new lease entered on the date of initial application.

As of June 30, 2018, the total minimum lease payment to be received by the Company in relation to the sub-lease contracts is ₩26,065 million, and the Company is analyzing the effects on the financial statements including classification of the sublease as an operating lease or a finance lease. However, it is difficult to provide reasonable estimates of financial effects until the analysis is complete.

**Application of Accounting Policies**

Significant accounting policies and method of computation used in the preparation of the condensed separate interim financial statements are consistent with those of the separate financial statements for the year ended December 31, 2017, except for the changes due to the application of amendment and enactments of standards described in Note 2 and the one described below.

**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.

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**Financial Assets**

From January 1, 2018, the Company has applied Korean IFRS 1109 *Financial Instruments*.

(a) Classification

From January 1, 2018, the Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those to be measured at amortized cost

The classification depends on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

For financial assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. The Company reclassifies debt investments when and only when its business model for managing those assets changes.

For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income. Changes in fair value of the investments in equity instruments that are not accounted for as other comprehensive income are recognized in profit or loss.

(b) Measurement

At initial recognition, the Company measures a financial asset, in the case of a financial asset not at fair value through profit or loss, at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset or the issuance of the financial liabilities. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Hybrid contracts with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

*Debt instruments*

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the contractual cash flow characteristics of the financial asset. The Company classifies its debt instruments into one of the following three measurement categories:

- Amortized cost: Assets that are held for collection of contractual cash flows where those

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cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included in 'Finance income' using the effective interest rate method.

- Fair value through other comprehensive income: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment loss (and reversal of impairment loss), interest income and foreign exchange gains and losses. When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss. Interest income from these financial assets is included in 'Finance income' using the effective interest rate method. Foreign exchange gains and losses are presented in 'Other non-operating income or expenses' and impairment loss in 'Other non-operating expenses'.
- Fair value through profit or loss: Assets that do not meet the criteria for amortized cost or fair value through other comprehensive income are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognized in profit or loss and presented net in the separate statement of profit or loss within 'Other non-operating income or expenses' in the period in which it arises.

*Equity instruments*

The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognized in profit or loss as 'Other non-operating income' when the Company's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognized in 'Other non-operating income or expenses' in the separate statement of profit or loss as applicable. Impairment loss (and reversal of impairment loss) on equity investments measured at fair value through other comprehensive income are not reported separately from other changes in fair value.

(c) Impairment

The Company assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortized cost and fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, contract assets and lease receivables, the Company applies

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the simplified approach, which requires expected lifetime losses to be recognized from initial recognition of the receivables.

**Revenue Recognition**

From January 1, 2018, the Company has applied Korean IFRS 1115 *Revenue from Contracts with Customers*.

(a) Identify performance obligation

The Company sells home appliances, mobile communications equipment, TVs, monitors, automobile parts, information displays and others. If the contract with a customer includes any separate services in addition to sales of goods, the Company identifies performance obligations of the services to be rendered from such sales contracts.

The Company determines standard warranty coverage periods per product and country, considering warranty periods required by law and others when entering into contracts with customers for the sales of products. If the Company provides an extended warranty beyond the standard warranty coverage periods or a customer has the option to purchase an additional warranty separately, the Company identifies the warranty as a separate performance obligation and recognizes revenue.

(b) A performance obligation satisfied at a point in time

Sales of goods are recognized when the Company has delivered products to the customer. Delivery does not occur until the products have been shipped to the specified location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

The products are often sold with volume discounts and customers have a right to return faulty products. Accumulated experience is used to estimate and provide for the discounts and returns. The volume discounts are assessed based on anticipated annual sales. The Company recognizes provisions for product warranties and contract liabilities for sales returns based on reasonable expectation reflecting warranty obligation and sales return rates incurred historically.

For royalty contracts, if there are no other goods or services provided to customer in the contracts other than obligations to provide license, the nature of the contracts are provision of right to use the Company's intellectual property that exist at the time of transfer, which means that the customer has right to direct the use at its own discretion and may obtain majority of remaining rewards of license at the point in time of transfer. This means that the customer can direct the use of and obtain substantially all of the remaining benefits from the license at the point in time at which the license transfers. The Company determined the royalty income as a performance obligation satisfied at a point in time.

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(c) A performance obligation satisfied over time

The Company builds and sells customized equipment and design plan for a customer. The revenue is recognized over time by measuring progress only if the Company's performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date. The Company performed an analysis on those contracts and determined the Company has an enforceable right to payment for performance completed to date; therefore, the revenue is recognized over time using input methods by measuring the percentage of completion.

When the outcome of a transaction involving the rendering of services provided separately to customers can be estimated reliably, revenue associated with such transaction is recognized by reference to the percentage of completion of the services. Any changes in expected revenue, cost or the amount of services rendered are accounted for as changes in estimates. These changes in estimates may bring adjustments to the expected revenue or cost which is recognized in the profit or loss in the period in which the management recognizes the changes in circumstances.

The Company receives licensing fees for the trademark held by the Company from associates. The Company continues to develop the trademark's value and performs marketing activities through various media such as TV, internet, exhibitions, road shows and others. The nature of the Company's promise in granting a license is a promise to provide a right to access the Company's intellectual property over a license period; therefore, the Company determined the promised license is a performance obligation that is satisfied over time.

Income from rental, lease, additional guarantees and others is recognized on a straight-line basis over the period of the contract.

(d) Variable consideration

The Company estimates an amount of variable consideration by using the expected value which the Company expects to better predict the amount of consideration. The Company recognizes revenue with transaction price including variable consideration only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the refund period has lapsed. The refund liability is measured at the amount of consideration received for which the Company does not expect to be entitled.

(e) Allocating the transaction price

The transaction price in an arrangement must be allocated to each separate performance obligation based on the relative stand-alone selling prices of the goods or services being provided to a customer. The Company determines the stand-alone selling price for each separate performance obligation by using an 'adjusted market assessment approach'. In limited circumstances, the Company plans to use an 'expected cost plus a margin approach' to estimate expected cost plus a reasonable margin.

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(f) Returns

A gross contract liability (refund liability) for the expected returns to customers is recognized as adjustment to revenue, and the Company has a right to recover the product from the customer when the customer exercises his right of return and recognizes an asset and a corresponding adjustment to cost of sales. A right to recover the products is measured at former carrying amount of the product less the costs to recover the products.

(g) Significant financing component

In general, the period between the transfer of the promised goods or services to the customer and payment by the customer is less than one year. In this case, the Company uses the practical expedient in which the Company does not adjust the promised amount of consideration for the effects of a significant financing component.

**3. Critical Accounting Estimates and Judgements.**

The Company makes estimates and assumptions concerning the future. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing adjustments to the carrying amounts of assets and liabilities after the end of the reporting period are addressed below.

(a) Revenue Recognition

The Company recognizes revenue using the percentage of completion method for the manufacturing of customized equipment and the rendering of installation services. When using the percentage of completion method, revenue shall be recognized in accordance with the progress of the transaction. It is calculated based on potential economic benefits and the estimated costs 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 fair value less costs of disposal or 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

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for the full financial year as explained in Note 2. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

(d) Fair Value of Financial Instruments

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The 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 others based on their historical data.

(f) Net Defined Benefit Liabilities

The present value of the defined benefit liability depends on various factors that are determined on an actuarial basis. The assumptions used in determining the net cost (income) for pensions include the discount rate, which 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**

(a) Categorizations of financial instruments as of June 30, 2018 and December 31, 2017, are as follows:

<i>(in millions of Korean won)</i>	June 30, 2018				
	Financial assets at amortized cost	Financial assets at fair value through other comprehensive income	Financial assets at fair value through profit or loss	Other	Total
Cash and cash equivalents	2,293,137	-	-	-	2,293,137
Deposits held by financial institutions	96,083	-	-	-	96,083
Trade receivables	4,963,738	99,370	-	-	5,063,108
Loans and other receivables	761,955	-	-	-	761,955
Other financial assets	-	26,612	12,172	3,179	41,963
Assets held for sale	7,880	-	-	-	7,880
<b>Total</b>	<b>8,122,793</b>	<b>125,982</b>	<b>12,172</b>	<b>3,179</b>	<b>8,264,126</b>

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<i>(in millions of Korean won)</i>	June 30, 2018			
	Financial liabilities at amortized cost	Financial liabilities at fair value through profit or loss	Other	Total
Trade payables	6,072,108	-	-	6,072,108
Borrowings	8,044,843	-	-	8,044,843
Other payables	1,877,245	-	-	1,877,245
Other financial liabilities	-	-	63,245	63,245
Liabilities held for sale	3,357	-	-	3,357
<b>Total</b>	<b>15,997,553</b>	<b>-</b>	<b>63,245</b>	<b>16,060,798</b>

<i>(in millions of Korean won)</i>	December 31, 2017					
	Financial assets at fair value through profit or loss	Loans and receivables	Available-for-sale financial assets	Held-to-maturity financial assets	Other	Total
Cash and cash equivalents	-	1,586,258	-	-	-	1,586,258
Deposits held by financial institutions	-	82,285	-	-	-	82,285
Trade receivables	-	5,612,250	-	-	-	5,612,250
Loans and other receivables	-	764,917	-	-	-	764,917
Other financial assets	-	-	32,083	-	1,862	33,945
<b>Total</b>	<b>-</b>	<b>8,045,710</b>	<b>32,083</b>	<b>-</b>	<b>1,862</b>	<b>8,079,655</b>

<i>(in millions of Korean won)</i>	December 31, 2017			
	Financial liabilities at fair value through profit or loss	Financial liabilities carried at amortized cost	Other	Total
Trade payables	-	6,126,168	-	6,126,168
Borrowings	-	7,441,840	-	7,441,840
Other payables	-	2,351,816	-	2,351,816
Other financial liabilities	-	-	76,877	76,877
<b>Total</b>	<b>-</b>	<b>15,919,824</b>	<b>76,877</b>	<b>15,996,701</b>

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(b) Net gains or losses on each category of financial instruments for the six-month periods ended June 30, 2018 and 2017, are as follows:

<i>(in millions of Korean won)</i>	2018				
	Financial assets at amortized cost	Financial assets at fair value through other comprehensive income	Financial assets at fair value through profit or loss	Other	Total
Interest income	13,036	-	-	-	13,036
Exchange differences	225,492	-	-	-	225,492
Bad debt expense	(10,032)	-	-	-	(10,032)
Loss on disposal of trade receivables	(951)	(1,501)	-	-	(2,452)
Dividend income	-	192	-	-	192
Fair value gain, net of tax (through other comprehensive income)	-	1,459	-	-	1,459
Loss on derivatives, net of tax (through other comprehensive loss)	-	-	-	(28)	(28)
Others	(4,427)	-	-	-	(4,427)

<i>(in millions of Korean won)</i>	2018			
	Financial liabilities at amortized cost	Financial liabilities at fair value through profit or loss	Other	Total
Interest expenses	(108,960)	-	(6,569)	(115,529)
Exchange differences	(248,557)	-	36,234	(212,323)
Loss on derivatives, net of tax (through other comprehensive loss)	-	-	(10,987)	(10,987)
Others	-	-	192	192

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<i>(in millions of Korean won)</i>	2017					Total
	Financial assets at fair value through profit or loss	Loans and receivables	Available-for-sale financial assets	Held-to-maturity financial assets	Other	
Interest income	-	9,075	-	-	-	9,075
Exchange differences	-	(209,039)	-	-	-	(209,039)
Bad debt expense	-	(6,934)	-	-	-	(6,934)
Loss on disposal of trade receivables	-	(1,455)	-	-	-	(1,455)
Gain on disposal of available-for-sale financial assets	-	-	5,398	-	-	5,398
Impairment loss on available-for-sale financial assets	-	-	(250)	-	-	(250)
Dividend income	-	-	228	-	-	228
Loss on valuation of available-for-sale financial assets net of tax (through other comprehensive loss)	-	-	(362)	-	-	(362)
Gain on derivatives, net of tax (through other comprehensive income)	-	-	-	-	915	915
Others	-	3,852	-	-	-	3,852

<i>(in millions of Korean won)</i>	2017			Total
	Financial liabilities at fair value through profit or loss	Financial liabilities carried at amortized cost	Other	
Interest expenses	-	(91,584)	(8,751)	(100,335)
Exchange differences	-	273,277	(46,460)	226,817
Gain on derivatives, net of tax (through other comprehensive loss)	-	-	6,860	6,860
Others	-	(540)	715	175

**5. Trade Receivables and Other Receivables**

(a) Trade receivables and other receivables, net of allowance for doubtful accounts, as of June 30, 2018 and December 31, 2017, are as follows:

<i>(in millions of Korean won)</i>	June 30, 2018			December 31, 2017		
	Original amount	Allowance for doubtful accounts	Carrying amount	Original amount	Allowance for doubtful accounts	Carrying amount
Trade receivables	5,094,827	(31,719)	5,063,108	5,634,969	(22,719)	5,612,250
Other receivables						
Current	482,919	(6,458)	476,461	479,488	(6,694)	472,794
Non-current	287,278	(1,784)	285,494	292,634	(511)	292,123

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(b) Movements in allowance for doubtful accounts for the six-month periods ended June 30, 2018 and 2017, are as follows:

<i>(in millions of Korean won)</i>	<b>2018</b>			
	<b>At Jan. 1<sup>1</sup></b>	<b>Addition (Reversal)</b>	<b>Write-off and other</b>	<b>At Jun. 30</b>
Trade receivables	22,716	8,995	8	31,719
Other receivables				
Current	6,694	(236)	-	6,458
Non-current	511	1,273	-	1,784

  

<i>(in millions of Korean won)</i>	<b>2017</b>			
	<b>At Jan. 1</b>	<b>Addition (Reversal)</b>	<b>Write-off and other</b>	<b>At Jun. 30</b>
Trade receivables	29,033	7,517	-	36,550
Other receivables				
Current	9,315	(586)	-	8,729
Non-current	8	3	-	11

<sup>1</sup> Allowance for doubtful accounts as of January 1, 2018 amounting to ₩3 million was reclassified from trade receivables to contract assets upon adoption of Korean IFRS 1115.

(c) The aging analysis of trade receivables and other receivables as of June 30, 2018 and December 31, 2017, is as follows:

<i>(in millions of Korean won)</i>	<b>June 30, 2018</b>				<b>December 31, 2017</b>			
	<b>Trade receivables</b>	<b>Other receivables</b>		<b>Total</b>	<b>Trade receivables</b>	<b>Other receivables</b>		<b>Total</b>
		<b>Current</b>	<b>Non-current</b>			<b>Current</b>	<b>Non-current</b>	
<b>Receivables not past due</b>	4,694,406	318,435	280,406	5,293,247	5,351,238	353,236	282,949	5,987,423
<b>Past due but not impaired</b>								
Up to 6 months	354,438	37,795	6,267	398,500	236,993	14,325	9,188	260,506
7 to 12 months	21,962	10,165	109	32,236	14,090	18,324	497	32,911
Over 1 year	12,569	109,173	496	122,238	21,779	85,977	-	107,756
<b>Subtotal</b>	388,969	157,133	6,872	552,974	272,862	118,626	9,685	401,173
<b>Impaired</b>	11,452	7,351	-	18,803	10,869	7,626	-	18,495
<b>Total</b>	5,094,827	482,919	287,278	5,865,024	5,634,969	479,488	292,634	6,407,091

(d) There are no transferred financial assets that are not derecognized in their entirety, nor any associated liabilities recognized at the end of the reporting period.

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**6. Other Financial Assets and Liabilities**

- (a) Details of other financial assets and liabilities as of June 30, 2018 and December 31, 2017, are as follows:

<i>(in millions of Korean won)</i>	<b>June 30, 2018</b>	<b>December 31, 2017</b>
<b>Other financial assets</b>		
Derivatives	3,179	1,862
Financial assets at fair value through other comprehensive income	26,612	-
Financial assets at fair value through profit or loss	12,172	-
Available-for-sale financial assets	-	32,083
<b>Total</b>	<b>41,963</b>	<b>33,945</b>
Current	1,220	-
Non-current	40,743	33,945

<i>(in millions of Korean won)</i>	<b>June 30, 2018</b>	<b>December 31, 2017</b>
<b>Other financial liabilities</b>		
Derivatives	47,824	68,589
Financial guarantee liability	15,421	8,288
<b>Total</b>	<b>63,245</b>	<b>76,877</b>
Current	6,651	6,985
Non-current	56,594	69,892

- (b) Details of derivatives as of June 30, 2018 and December 31, 2017, are as follows:

<i>(in millions of Korean won)</i>	<b>June 30, 2018</b>		<b>December 31, 2017</b>	
	<b>Assets</b>	<b>Liabilities</b>	<b>Assets</b>	<b>Liabilities</b>
<b>Current</b>				
Currency swap	1,220	-	-	-
<b>Non-current</b>				
Currency swap	351	14,417	-	32,921
Interest rate swap	1,608	33,407	1,862	35,668
<b>Subtotal</b>	<b>1,959</b>	<b>47,824</b>	<b>1,862</b>	<b>68,589</b>
<b>Total</b>	<b>3,179</b>	<b>47,824</b>	<b>1,862</b>	<b>68,589</b>

The details of major derivative contracts at the end of the reporting period are presented in Note 30.

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(c) Financial assets at fair value through other comprehensive income and available-for-sale financial assets

i) Changes in carrying amount of financial assets at fair value through other comprehensive income for the six-month period ended June 30, 2018, are as follows:

<i>(in millions of Korean won)</i>	2018				
	At Jan. 1	Acquisition	Disposals	Valuation (OCI)	At Jun. 30
Listed equity securities	13,842	-	-	1,587	15,429
Unlisted equity securities	7,842	3,341	-	-	11,183
<b>Total</b>	<b>21,684</b>	<b>3,341</b>	<b>-</b>	<b>1,587</b>	<b>26,612</b>

ii) Changes in carrying amount of available-for-sale financial assets for the six-month period ended June 30, 2017, are as follows:

<i>(in millions of Korean won)</i>	2017					
	At Jan. 1	Acquisition	Disposals	Valuation (OCI)	Impairment	At Jun. 30
Listed equity securities	14,835	-	-	(478)	-	14,357
Unlisted equity securities	17,746	1,430	(1,291)	-	(250)	17,635
<b>Total</b>	<b>32,581</b>	<b>1,430</b>	<b>(1,291)</b>	<b>(478)</b>	<b>(250)</b>	<b>31,992</b>

(d) Changes in carrying amount of financial assets at fair value through profit or loss for the six-month period ended June 30, 2018, are as follows:

<i>(in millions of Korean won)</i>	2018				
	At Jan. 1	Acquisition	Disposals	Valuation	At Jun. 30
Unlisted equity securities	10,399	1,773	-	-	12,172

**7. Inventories**

(a) Inventories as of June 30, 2018 and December 31, 2017, consist of:

<i>(in millions of Korean won)</i>	June 30, 2018			December 31, 2017		
	Cost	Valuation allowance	Carrying amount	Cost	Valuation allowance	Carrying amount
Finished products and merchandise	766,877	(42,223)	724,654	676,318	(38,688)	637,630
Work-in-process	144,749	(686)	144,063	86,835	(1,741)	85,094
Raw materials and supplies	821,111	(29,973)	791,138	555,770	(63,000)	492,770
Other	143,148	(13,593)	129,555	148,126	(19,954)	128,172
<b>Total</b>	<b>1,875,885</b>	<b>(86,475)</b>	<b>1,789,410</b>	<b>1,467,049</b>	<b>(123,383)</b>	<b>1,343,666</b>

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**8. Contract Assets and Contract Liabilities**

(a) Contract assets as of June 30, 2018 and January 1, 2018, are as follows:

<i>(in millions of Korean won)</i>	<b>June 30, 2018</b>	<b>January 1, 2018</b>
Due from customers	454,795	329,146
(Less: allowance for doubtful accounts)	(2)	(3)
Right to recover returned products	1,431	650
Costs to fulfil contracts and others	10,562	4,461
<b>Total</b>	<b>466,786</b>	<b>334,254</b>
Current	456,224	330,713
Non-current	10,562	3,541

(b) Contract liabilities as of June 30, 2018 and January 1, 2018, are as follows:

<i>(in millions of Korean won)</i>	<b>June 30, 2018</b>	<b>January 1, 2018</b>
Expected promotional incentives for customers	222,386	144,364
Expected returns from customers	2,452	1,020
Customer loyalty program	44,595	37,755
Rendering of warranty services	100	148
Due to customers and others	187,721	250,620
<b>Total</b>	<b>457,254</b>	<b>433,907</b>
Current	456,216	432,725
Non-current	1,038	1,182

(c) Revenue recognized in relation to contract liabilities for the six-month period ended June 30, 2018, is as follows:

<i>(in millions of Korean won)</i>	<b>June 30, 2018</b>
Revenue recognized that was included in the contract liability amount at the beginning of the period:	
Due to customers and others	218,258
Customer loyalty program	1,587
Rendering of warranty services	23
<b>Total</b>	<b>219,868</b>
Revenue recognized from performance obligations satisfied in previous periods	664

(d) Unsatisfied long-term contracts

At the end of the reporting period, the total amount of transaction price allocated to the unsatisfied or partially unsatisfied performance obligations is ₩578,178 million where they are expected to be satisfied by 2020, at the latest. Also as a practical expedient, the Company excluded performance obligation which is part of a contract that has an original expected duration of one year or less.

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(e) For the six-month period ended June 30, 2018, the Company recognized a reversal of impairment loss amounting to ₩1 million in relation to due from customers and a depreciation and other loss of ₩1,298 million in relation to costs to fulfil a contract.

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

(a) Changes in property, plant and equipment for the six-month periods ended June 30, 2018 and 2017, are as follows:

<i>(in millions of Korean won)</i>	<b>2018</b>	<b>2017</b>
<b>At January 1</b>	7,142,306	7,164,642
Acquisitions	327,400	466,895
Reclassification to assets held for sale	(17)	(207,993)
Disposals and others	(25,041)	(9,086)
Decrease due to transfer of business	-	(833)
Depreciation	(327,547)	(298,546)
Impairment	(1,169)	(13,531)
<b>At June 30</b>	<b>7,115,932</b>	<b>7,101,548</b>

(b) Line items including depreciation for the six-month periods ended June 30, 2018 and 2017, are as follows:

<i>(in millions of Korean won)</i>	<b>2018</b>	<b>2017</b>
Cost of sales	279,244	231,763
Selling and marketing expenses	5,095	5,143
Administrative expenses	5,762	12,259
Research and development expenses	32,490	44,200
Service costs	2,694	2,667
Other non-operating expenses	2,262	2,514
<b>Total</b>	<b>327,547</b>	<b>298,546</b>

(c) Changes in intangible assets for the six-month periods ended June 30, 2018 and 2017, are as follows:

<i>(in millions of Korean won)</i>	<b>2018</b>	<b>2017</b>
<b>At January 1</b>	1,474,201	1,234,531
Acquisitions	78,571	90,959
Acquisitions through internal development	221,306	214,846
Disposals and others	(18,735)	(14,406)
Decrease due to transfer of business	-	(566)
Amortization	(167,322)	(188,903)
Impairment	(2,000)	(31)
<b>At June 30</b>	<b>1,586,021</b>	<b>1,336,430</b>

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(d) Line items including amortization of intangible assets for the six-month periods ended June 30, 2018 and 2017, are as follows:

<i>(in millions of Korean won)</i>	2018	2017
Cost of sales	94,742	108,994
Selling and marketing expenses	7,714	8,954
Administrative expenses	30,481	36,536
Research and development expenses	33,931	33,732
Service costs	454	687
<b>Total</b>	<b>167,322</b>	<b>188,903</b>

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

(a) Investments in subsidiaries, associates and joint ventures as of June 30, 2018 and December 31, 2017, are as follows:

<i>(in millions of Korean won)</i>	Location	Closing month	Percentage of ownership at June 30, 2018 (%)	Carrying amount	
				June 30, 2018	December 31, 2017
<b>Subsidiaries</b>					
LG Electronics U.S.A., Inc.(LGEUS)	USA	December	100.0	955,542	955,542
LG Innotek Co., Ltd.	Korea	December	40.8	541,538	541,538
LG Electronics India Pvt. Ltd.(LGEIL)	India	March	100.0	311,746	311,746
LG Electronics do Brasil Ltda.(LGEBR)	Brazil	December	100.0	270,631	270,631
LG Electronics Mlawa Sp. z.O.O.(LGEMA)	Poland	December	100.0	214,091	214,091
LG Electronics Tianjin Appliances Co., Ltd.(LGETA)	China	December	70.0	161,331	161,331
LG Electronics European Holdings B.V.(LGEEH)	Netherlands	December	100.0	148,551	148,551
Hiplaza Co., Ltd.	Korea	December	100.0	136,459	136,459
LG Electronics Egypt S.A.E(LGEEG)	Egypt	December	100.0	110,245	110,245
Taizhou LG Electronics Refrigeration Co., Ltd.(LGETR)	China	December	88.4	97,608	97,608
P.T. LG Electronics Indonesia(LGEIN)	Indonesia	December	100.0	94,118	94,118
LG Electronics Vietnam Haiphong Co., Ltd.(LGEVH)	Vietnam	December	100.0	84,784	84,784
LG Electronics Panama, S.A.(LGEPS)	Panama	December	100.0	79,222	79,222
LG Electronics Wroclaw Sp. z.O.O.(LGEWR)	Poland	December	100.0	70,014	70,014
LG Electronics Mexico S.A. DE C.V.(LGEMS)	Mexico	December	100.0	68,721	68,721
LG Electronics Shenyang Inc.(LGESY)	China	December	56.3	63,840	63,840
Hi Entech Co., Ltd.	Korea	December	100.0	63,118	63,118
LG Electronics Thailand Co., Ltd.(LGETH)	Thailand	December	100.0	55,578	55,578
LG Electronics Australia Pty, Ltd.(LGEAP)	Australia	December	100.0	50,664	50,664
Inspur LG Digital Mobile Communications Co., Ltd.(LGEYT)	China	December	60.5	48,624	48,624
LG Electronics RUS, LLC(LGERA)	Russia	December	100.0	43,645	43,645

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<i>(in millions of Korean won)</i>	Location	Closing month	Percentage of ownership at June 30, 2018 (%)	Carrying amount	
				June 30, 2018	December 31, 2017
LG Electronics Huizhou Ltd.(LGEHZ)	China	December	45.0	41,984	41,984
LG Electronics Nanjing New Technology co.,LTD(LGENT)	China	December	45.0	38,744	38,744
LG Electronics S.A. (Pty) Ltd.(LGESA)	Republic of South Africa	December	100.0	32,112	32,112
NanJing LG-Panda Appliances Co., Ltd.(LGEPN)	China	December	50.0	26,614	26,614
LG Electronics Colombia Ltda.(LGECEB)	Colombia	December	60.7	25,215	25,215
LG Electronics Peru S.A.(LGEPR)	Peru	December	100.0	25,043	25,043
LG Electronics Overseas Trading FZE(LGEOT)	United Arab Emirates	December	100.0	22,538	22,538
Qingdao LG Inspur Digital Communication Co., Ltd.(LGEQD)	China	December	60.0	22,142	22,142
LG Electronics Air-Conditioning(Shandong) Co., Ltd.(LGEQA)	China	December	100.0	20,615	20,615
LG Soft India Private Limited.(LGS)	India	March	100.0	20,105	20,105
LGE Alliance Fund II <sup>2</sup>	Korea	December	98.7	1,314	2,850
Others				232,624	232,624
<b>Associates</b>					
LG Display Co., Ltd.	Korea	December	37.9	3,480,623	3,480,623
Hitachi-LG Data Storage Inc.(HLDS)	Japan	December	49.0	131,378	131,378
Ericsson-LG Co., Ltd.	Korea	December	25.0	38,834	38,834
LG Fuel Cell Systems Inc.	USA	December	33.0	76,775	76,775
Kiwigrig GmbH <sup>3</sup>	Germany	December	16.3	13,019	13,019
ROBOTIS Co., Ltd. <sup>3</sup>	Korea	December	10.1	9,000	9,000
Korea Information Certificate Authority Inc. <sup>3</sup>	Korea	December	6.5	2,088	2,088
Acryl Inc. <sup>1,3</sup>	Korea	December	10.0	1,000	-
SKT Vietnam PTE., Ltd.	Singapore	December	25.4	-	-
<b>Joint ventures</b>					
LG Holdings (HK) Ltd.	China	December	49.0	84,989	84,989
Arcelik-LG Klima Sanayi ve Ticaret A.S.(LGEAT)	Turkey	December	50.0	40,844	40,844
EIC PROPERTIES PTE LTD.	Singapore	December	38.2	7,881	7,881
<b>Total</b>				<b>8,065,551</b>	<b>8,066,087</b>

<sup>1</sup> It was newly acquired in 2018.

<sup>2</sup> Conducted capital reduction with consideration in 2018.

<sup>3</sup> Classified as an associate although the percentage of ownership is less than 20% because the Company can exercise a significant influence in the Board of Directors of the investee.

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(b) Changes in investments in subsidiaries, associates and joint ventures for the six-month periods ended June 30, 2018 and 2017, are as follows:

<i>(in millions of Korean won)</i>	<b>2018</b>	<b>2017</b>
<b>At January 1</b>	8,066,087	7,995,665
Acquisitions	1,000	116,601
Disposal and others	(1,536)	(2,470)
Impairment	-	(2,384)
<b>At June 30</b>	<b>8,065,551</b>	<b>8,107,412</b>

(c) Details of marketable investments in subsidiaries and associates as of June 30, 2018 and December 31, 2017, are as follows:

<b>June 30, 2018</b>					
	<b>Type</b>	<b>Shares held (Unit: shares)</b>	<b>Price per share (Unit: Korean won)</b>	<b>Fair value (in millions of Korean won)</b>	<b>Book amount</b>
LG Display Co., Ltd.	Associate	135,625,000	18,300	2,481,938	3,480,623
LG Innotek Co., Ltd.	Subsidiary	9,653,181	144,500	1,394,885	541,538
Korea Information Certificate Authority Inc.	Associate	2,010,247	4,920	9,890	2,088

  

<b>December 31, 2017</b>					
	<b>Type</b>	<b>Shares held (Unit: shares)</b>	<b>Price per share (Unit: Korean won)</b>	<b>Fair value (in millions of Korean won)</b>	<b>Book amount</b>
LG Display Co., Ltd.	Associate	135,625,000	29,900	4,055,188	3,480,623
LG Innotek Co., Ltd.	Subsidiary	9,653,181	144,000	1,390,058	541,538
Korea Information Certificate Authority Inc.	Associate	2,010,247	5,670	11,398	2,088

**11. Borrowings**

(a) The carrying amounts of borrowings as of June 30, 2018 and December 31, 2017, are as follows:

<i>(in millions of Korean won)</i>	<b>June 30, 2018</b>	<b>December 31, 2017</b>
<b>Current</b>		
Short-term borrowings	129,702	127,925
Current portion of long-term borrowings	5,000	-
Current portion of debentures	993,370	639,741
<b>Subtotal</b>	<b>1,128,072</b>	<b>767,666</b>
<b>Non-current</b>		
Long-term borrowings	2,289,340	2,177,140
Debentures	4,627,431	4,497,034
<b>Subtotal</b>	<b>6,916,771</b>	<b>6,674,174</b>
<b>Total</b>	<b>8,044,843</b>	<b>7,441,840</b>

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(b) Details of borrowings as of June 30, 2018 and December 31, 2017, are as follows:

<i>(in millions of Korean won)</i>	Latest maturity date	Annual interest rate at June 30, 2018 (%)	Carrying amount	
			June 30, 2018	December 31, 2017
<b>Short-term borrowings in foreign currency</b>				
LG Electronics European Shared Service Center B.V. (LGESC)	2018. 9.20	0.77	129,702	127,925
<b>Long-term borrowings in local currency</b>				
Korea Development Bank and others	2030. 7. 7	2.21 ~ 3.00	2,070,000	2,070,000
<b>Long-term borrowings in foreign currency</b>				
KEB Hana Bank	2027. 5.17	3.54 ~ 3.94	224,340	107,140
<b>Local currency notes</b>				
Public, non-guaranteed bonds	2033. 5.28	1.48 ~ 4.44	4,060,000	3,710,000
Private, non-guaranteed bonds	2038. 4. 3	3.26 ~ 4.21	850,000	850,000
<b>Foreign currency notes</b>				
Private, non-guaranteed bonds	2028. 6. 8	2.87 ~ 3.95	370,161	246,422
Private, guaranteed bonds	2023. 2.24	0.39 ~ 3.94	354,042	342,205
Less: discount on debentures			(13,402)	(11,852)
<b>Total</b>			<b>8,044,843</b>	<b>7,441,840</b>

The Company entered into an interest rate swap and cross-currency swap contracts to hedge cash flow risk related to floating interest rate and foreign exchange rate of some portion of borrowings (Note 30).

**12. Post-employment Benefits**

**Defined Benefit Plan**

(a) The amounts of net defined benefit liabilities as of June 30, 2018 and December 31, 2017, are as follows:

<i>(in millions of Korean won)</i>	June 30, 2018	December 31, 2017
Present value of funded obligations	2,441,972	2,378,703
Fair value of plan assets	(2,097,691)	(2,158,093)
<b>Net defined benefit liabilities</b>	<b>344,281</b>	<b>220,610</b>

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(b) The amounts recognized in the separate interim statements of profit or loss for the six-month periods ended June 30, 2018 and 2017, are as follows:

<i>(in millions of Korean won)</i>	<b>2018</b>	<b>2017</b>
Current service cost	131,089	134,963
Net interest cost	3,364	4,680
Operating management cost	1,043	946
<b>Total</b>	<b>135,496</b>	<b>140,589</b>

(c) Line items in which expenses are included for the six-month periods ended June 30, 2018 and 2017, are as follows:

<i>(in millions of Korean won)</i>	<b>2018</b>	<b>2017</b>
Cost of sales	73,028	71,847
Selling and marketing expenses	16,708	17,834
Administrative expenses	9,178	8,894
Research and development expenses	34,949	40,267
Service costs	1,633	1,747
<b>Total</b>	<b>135,496</b>	<b>140,589</b>

(d) Movements in the present value of defined benefit obligations for the six-month periods ended June 30, 2018 and 2017, are as follows:

<i>(in millions of Korean won)</i>	<b>2018</b>	<b>2017</b>
<b>At January 1</b>	<b>2,378,703</b>	<b>2,265,932</b>
Current service cost	131,089	134,963
Interest expense	35,273	29,956
Remeasurements for:		
- Actuarial gain arising from changes in financial assumptions	(6,025)	(18,349)
Benefits paid	(96,605)	(78,948)
Reclassification to liabilities held for sale	(463)	-
<b>At June 30</b>	<b>2,441,972</b>	<b>2,333,554</b>

(e) Movements in the fair value of plan assets for the six-month periods ended June 30, 2018 and 2017, are as follows:

<i>(in millions of Korean won)</i>	<b>2018</b>	<b>2017</b>
<b>At January 1</b>	<b>2,158,093</b>	<b>1,920,564</b>
Interest income	31,909	25,276
Remeasurements of plan assets	(12,612)	(8,690)
Benefits paid	(78,195)	(60,511)
Operating management cost	(1,043)	(946)
Reclassification to liabilities held for sale	(461)	-
<b>At June 30</b>	<b>2,097,691</b>	<b>1,875,693</b>

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- (f) The significant actuarial assumptions used as of June 30, 2018 and December 31, 2017, are as follows:

	<u>June 30, 2018</u>	<u>December 31, 2017</u>
Discount rate	3.1%	3.1%
Expected salary growth rate	5.0%	5.0%

- (g) The sensitivity analysis of the defined benefit obligation to changes in principal assumptions as of June 30, 2018, is as follows:

<i>(in millions of Korean won)</i>	<u>1%p increase</u>	<u>1%p decrease</u>
Discount rate	(200,289)	230,764
Expected salary growth rate	224,405	(199,006)

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

**Defined Contribution Plan**

The expense recognized in the six-month period ended June 30, 2018 in relation to the defined contribution plan was ₩4,182 million (2017: ₩3,440 million).

**13. Provisions**

- (a) Changes in provisions for the six-month periods ended June 30, 2018 and 2017, are as follows:

<i>(in millions of Korean won)</i>	<u>2018</u>			
	<u>Warranty</u>	<u>Restoration</u>	<u>Litigation and others</u>	<u>Total</u>
<b>At January 1<sup>1</sup></b>	325,984	12,517	69,127	407,628
Additions	161,814	353	22,076	184,243
Utilizations	(147,096)	(2,128)	(9,876)	(159,100)
<b>At June 30</b>	<u>340,702</u>	<u>10,742</u>	<u>81,327</u>	<u>432,771</u>
Current	317,135	284	-	317,419
Non-current	23,567	10,458	81,327	115,352

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<i>(in millions of Korean won)</i>	<b>2017</b>				
	<b>Warranty</b>	<b>Sales returns</b>	<b>Restoration</b>	<b>Litigation and others</b>	<b>Total</b>
<b>At January 1</b>	397,950	272	14,185	791,577	1,203,984
Additions	165,532	19,689	1,122	58,632	244,975
Utilizations	(241,304)	(18,927)	(2,551)	(82,075)	(344,857)
<b>At June 30</b>	<b>322,178</b>	<b>1,034</b>	<b>12,756</b>	<b>768,134</b>	<b>1,104,102</b>
Current	310,198	1,034	2,131	706,068	1,019,431
Non-current	11,980	-	10,625	62,066	84,671

<sup>1</sup> Sales return provision as of January 1, 2018 amounting to ₩370 million was reclassified to contract liabilities upon adoption of Korean IFRS 1115.

**14. Paid-in Capital**

(a) As of June 30, 2018 and December 31, 2017, the number of shares authorized is 600 million.

	<b>Par value per share</b>	<b>June 30, 2018</b>		<b>December 31, 2017</b>	
		<b>Number of shares issued</b>	<b>Amount (in millions of Korean won)</b>	<b>Number of shares issued</b>	<b>Amount (in millions of Korean won)</b>
Ordinary shares	5,000	163,647,814	818,239	163,647,814	818,239
Preferred shares	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 in addition to that of ordinary shares. This preferred dividend rate is not applicable to stock dividends. In addition, the preferred shareholders have same rights on the remaining assets as ordinary shareholders. Repayment and conversion are not applicable to preferred shares.

(b) Share premium balance as of June 30, 2018, is ₩3,088,179 million. The share premium of ₩1,876,153 million was recognized, which is ₩2,815,707 million of the carrying amount of net assets acquired from the entity split-off back on April 1, 2002, less the Company's capital of ₩783,961 million and less the Company's capital adjustment of ₩155,593 million. In addition, the amount of ₩331,766 million paid in excess of par value due to issuance of ordinary shares (merged with LG IBMPC Co., Ltd.) and the exercise of conversion right and warrants in 2005 and 2006 are included. The excess in paid-in capital amounting to ₩880,260 million over the par value was recognized as the share premium due to the issuance of ordinary shares in 2011.

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**15. Retained Earnings**

(a) Retained earnings as of June 30, 2018 and December 31, 2017, consist of:

<i>(in millions of Korean won)</i>	<b>June 30, 2018</b>	<b>December 31, 2017</b>
Legal reserve <sup>1</sup>	182,345	175,054
Discretionary reserve	5,347,638	4,603,535
Retained earnings before appropriation <sup>2</sup>	685,032	824,378
<b>Total</b>	<b>6,215,015</b>	<b>5,602,967</b>

<sup>1</sup> The Commercial Code of the Republic of Korea requires the 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 share capital. The reserve is not available for the payment of cash dividends, but may be transferred to share capital or used to reduce accumulated deficit.

<sup>2</sup> Dividend for the year ended December 31, 2017, of ₩ 72,885 million was approved at the annual general meeting held on March 16, 2018 and paid in April 2018 (2017 payments: ₩72,885 million).

**16. Accumulated Other Comprehensive Income**

Accumulated other comprehensive income (loss) as of June 30, 2018 and December 31, 2017, consist of:

<i>(in millions of Korean won)</i>	<b>June 30, 2018</b>	<b>December 31, 2017</b>
Cash flow hedge	(38,047)	(27,032)
Financial assets at fair value through other comprehensive income	2,563	-
Available-for-sale financial assets	-	9,393
<b>Total</b>	<b>(35,484)</b>	<b>(17,639)</b>

**17. Other Components of Equity**

Other components of equity as of June 30, 2018 and December 31, 2017, consist of:

<i>(in millions of Korean won)</i>	<b>June 30, 2018</b>	<b>December 31, 2017</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> At the end of the reporting period, the Company has treasury shares consisting of 763,172 ordinary shares (December 31, 2017: 763,172 shares) and 4,692 preferred shares (December 31, 2017: 4,690 shares). The Company intends to either grant these treasury shares to employees and directors as compensation, or to sell them in the future.

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**18. Net Sales**

(a) Details of net sales for the three-month and six-month periods ended June 30, 2018 and 2017, are as follows:

<i>(in millions of Korean won)</i>	2018		2017	
	Three months	Six months	Three months	Six months
Revenue from contracts with customers:				
Sales of goods	7,855,682	15,266,831	7,806,497	15,335,178
Rendering of services	110,641	236,504	117,130	221,372
Royalty income	68,218	133,470	76,194	147,502
<b>Sub-total</b>	<b>8,034,541</b>	<b>15,636,805</b>	<b>7,999,821</b>	<b>15,704,052</b>
Revenue from other sources:				
Rental income and others <sup>1</sup>	75,084	140,901	-	-
<b>Total</b>	<b>8,109,625</b>	<b>15,777,706</b>	<b>7,999,821</b>	<b>15,704,052</b>

<sup>1</sup> Revenue from other sources for the six-month period ended June 30, 2017 is included in rendering of services by applying Korean IFRS 1018.

(b) Details of revenue from contracts with customers for the six-month period ended June 30, 2018, are as follows:

<i>(in millions of Korean won)</i>	2018							Total
	H&A	HE	MC	VC	B2B	Other segments	Inter-segment transactions	
Revenue from contracts with customers:								
External sales	5,606,061	3,377,319	3,158,262	1,282,838	682,998	1,529,327	-	15,636,805
Internal sales	17,922	-	-	-	-	100,670	(118,592)	-
	<b>5,623,983</b>	<b>3,377,319</b>	<b>3,158,262</b>	<b>1,282,838</b>	<b>682,998</b>	<b>1,629,997</b>	<b>(118,592)</b>	<b>15,636,805</b>
By type of products:								
Refrigerators/washing machine/air conditioners and others	4,584,872	-	-	-	-	-	(5,338)	4,579,534
TV/monitor/PC and others	-	3,071,272	-	-	-	-	-	3,071,272
Mobile communications	-	-	3,111,447	-	-	-	-	3,111,447
In-vehicle infotainment	-	-	-	999,903	-	-	-	999,903
Information display	-	-	-	-	321,369	-	-	321,369
Others	1,039,111	306,047	46,815	282,935	361,629	1,629,997	(113,254)	3,553,280
Domestic / Export:								
Domestic	3,169,492	987,856	723,625	234,433	157,600	1,057,248	(118,592)	6,211,662
Export	2,454,491	2,389,463	2,434,637	1,048,405	525,398	572,749	-	9,425,143
Timing of transfer:								
Transferred at a point in time	5,424,607	3,272,240	3,129,187	1,269,295	671,771	42,199	(17,922)	13,791,377
Transferred over time	199,376	105,079	29,075	13,543	11,227	1,587,798	(100,670)	1,845,428

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(c) Changes in the estimates of total contract revenue and total contract costs

Due to the factors causing the changes in the costs of VC and other segments in 2018, the estimated total revenue and total costs for contracts in progress have changed. Details of changes in estimated total contract revenue and costs and the impact on profit or loss for the six-month period ended June 30, 2018 and the succeeding period are as follows:

<i>(in millions of Korean won)</i>	<b>Changes in estimated total contract revenue</b>	<b>Changes in estimated total contract cost</b>	<b>Impact on profit or loss for the period</b>	<b>Impact on profit or loss for the succeeding period</b>
VC	(1,545)	(2,057)	494	18
Other segments	116,137	90,802	13,979	11,356
<b>Total</b>	<b>114,592</b>	<b>88,745</b>	<b>14,473</b>	<b>11,374</b>

**19. Expenses by Nature**

Expenses that are recorded by nature for the three-month and six-month periods ended June 30, 2018 and 2017, consist of:

<i>(in millions of Korean won)</i>	<b>2018</b>		<b>2017</b>	
	<b>Three months</b>	<b>Six months</b>	<b>Three months</b>	<b>Six months</b>
Changes in finished goods and work-in-process	(67,873)	(235,343)	29,399	(119,659)
Raw materials and merchandise used	4,897,793	9,676,991	4,763,129	9,693,124
Employee benefit expense	1,000,915	1,945,860	982,579	1,936,864
Depreciation and amortization	247,642	493,261	249,833	485,589
Advertising expense	164,584	312,337	176,396	291,070
Promotion expense	103,612	156,015	65,477	137,250
Freight expense	136,788	267,976	136,782	266,812
Commission expense	415,989	797,275	404,124	770,862
Other expenses	790,140	1,502,195	790,182	1,542,926
<b>Total<sup>1</sup></b>	<b>7,689,590</b>	<b>14,916,567</b>	<b>7,597,901</b>	<b>15,004,838</b>

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

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**20. General Operating Expenses (Selling and Marketing Expenses, Administrative Expenses, Research and Development Expenses and Service Costs)**

Details of general operating expenses for the three-month and six-month periods ended June 30, 2018 and 2017, are as follows:

<i>(in millions of Korean won)</i>	2018		2017	
	Three months	Six months	Three months	Six months
Salaries	360,672	687,296	365,467	726,049
Post-employment benefits	32,430	67,590	35,289	70,502
Employee benefits	60,730	119,272	58,249	118,469
Freight expense	134,823	264,536	134,881	262,540
Rental expense	27,499	59,686	43,730	85,431
Commission expense	297,220	559,148	284,879	540,035
Depreciation	25,883	46,695	31,263	64,923
Amortization	36,339	72,580	39,633	79,909
Taxes and dues	2,604	6,245	2,473	4,685
Advertising expense	164,584	312,337	176,396	291,070
Promotional expense	103,612	156,015	65,477	137,250
R&D costs	99,080	162,924	99,293	158,316
Direct service costs	87,228	159,247	84,581	170,547
Bad debts expense	9,627	8,994	5,727	7,517
Other	71,231	146,570	68,060	150,118
<b>Total</b>	<b>1,513,562</b>	<b>2,829,135</b>	<b>1,495,398</b>	<b>2,867,361</b>

**21. Financial Income**

Financial income for the three-month and six-month periods ended June 30, 2018 and 2017, consists of:

<i>(in millions of Korean won)</i>	2018		2017	
	Three months	Six months	Three months	Six months
Interest income	6,275	13,036	4,727	9,075
Exchange differences	43,130	95,181	44,260	88,293
Other	1,327	2,755	4,172	9,281
<b>Total</b>	<b>50,732</b>	<b>110,972</b>	<b>53,159</b>	<b>106,649</b>

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**22. Financial Expenses**

Financial expenses for the three-month and six-month periods ended June 30, 2018 and 2017, consist of:

<i>(in millions of Korean won)</i>	2018		2017	
	Three months	Six months	Three months	Six months
Interest expense	58,419	115,529	51,120	100,335
Exchange differences	20,551	74,757	31,523	118,163
Loss on disposal of trade receivables	1,489	2,452	650	1,455
Other	4,543	6,990	2,684	5,254
<b>Total</b>	<b>85,002</b>	<b>199,728</b>	<b>85,977</b>	<b>225,207</b>

**23. Other Non-operating Income**

Other non-operating income for the three-month and six-month periods ended June 30, 2018 and 2017, consists of:

<i>(in millions of Korean won)</i>	2018		2017	
	Three months	Six months	Three months	Six months
Dividend income	117,999	188,532	167,726	262,201
Exchange differences	223,582	355,781	64,032	281,951
Gain on disposal of property, plant and equipment	7,860	8,763	1,433	4,391
Gain on disposal of assets held for sale	-	1,446	-	3,804
Gain on disposal of available-for-sale financial assets	-	-	(11)	5,398
Gain on disposal of investments in subsidiaries, associates and joint ventures	-	-	-	4,016
Gain on transfer of business	-	-	4,882	4,882
Other	998	3,968	(41,878)	17,367
<b>Total</b>	<b>350,439</b>	<b>558,490</b>	<b>196,184</b>	<b>584,010</b>

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**24. Other Non-operating Expenses**

Other non-operating expenses for the three-month and six-month periods ended June 30, 2018 and 2017, consist of:

<i>(in millions of Korean won)</i>	2018		2017	
	Three months	Six months	Three months	Six months
Exchange differences	232,043	350,701	35,344	234,303
Loss on disposal of property, plant and equipment	4,981	7,797	3,102	4,565
Impairment loss on property, plant and equipment	1,131	1,169	8,032	13,531
Loss on disposal of intangible assets	7,338	14,619	6,128	14,385
Impairment loss on intangible assets	720	2,000	12	31
Impairment loss on available-for-sale financial assets	-	-	-	250
Impairment loss on investments in subsidiaries, associates and joint ventures	-	-	-	2,384
Other	8,247	16,578	53,095	67,812
<b>Total</b>	<b>254,460</b>	<b>392,864</b>	<b>105,713</b>	<b>337,261</b>

**25. Earnings per Share**

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

(a) Basic earnings per ordinary share for the three-month and six-month periods ended June 30, 2018 and 2017, is as follows:

	2018		2017	
	Three months	Six months	Three months	Six months
Profit attributable to ordinary shares <i>(in millions of Korean won)</i>	321,140	612,809	314,598	584,151
Weighted average number of ordinary shares outstanding <i>(unit: shares)</i>	162,884,642	162,884,642	162,884,642	162,884,642
Basic earnings per ordinary share <i>(in Korean won)</i>	1,971	3,762	1,931	3,586

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(b) Basic earnings per preferred share for the three-month and six-month periods ended June 30, 2018 and 2017, is as follows:

	2018		2017	
	Three months	Six months	Three months	Six months
Profit attributable to preferred shares (in millions of Korean won)	34,089	65,069	33,399	62,046
Weighted average number of preferred shares outstanding (unit: shares)	17,181,300	17,181,300	17,181,300	17,181,300
Basic earnings per preferred share (in Korean won)	1,984	3,787	1,944	3,611

**26. Cash Flow Information**

Cash flows from operating activities are presented using the indirect method. Details of cash generated from operations for the six-month periods ended June 30, 2018 and 2017, are as follows:

(a) Cash generated from operations

<i>(in millions of Korean won)</i>	2018	2017
Profit for the period	677,878	646,197
Adjustments:		
Interest expense, net	102,493	91,260
Exchange differences, net	32,678	(12,802)
Depreciation	327,547	298,546
Amortization	167,322	188,903
Loss on disposal of property, plant and equipment and intangible assets, net	13,653	14,559
Provisions for severance benefits	135,496	140,589
Provisions	184,243	244,975
Dividend income	(188,532)	(262,201)
Income tax expense	260,131	181,208
Gain on disposal of investments in subsidiaries, associates and joint ventures	-	(4,016)
Impairment loss on investments in subsidiaries, associates and joint ventures	-	2,384
Other	14,386	14,550
	1,049,417	897,955
Changes in operating assets and liabilities:		
Decrease (increase) in trade receivables	455,963	(573,722)
Decrease in other receivables	48,195	69,923
Increase in inventories	(426,394)	(270,788)
Increase in contract assets	(127,548)	-
Decrease (increase) in other assets	22,730	(65,063)
Increase (decrease) in trade payables	(173,088)	263,288
Decrease in other payables	(396,995)	(41,281)
Decrease in provisions	(173,614)	(344,857)

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<i>(in millions of Korean won)</i>	<b>2018</b>	<b>2017</b>
Increase in contract liabilities	23,725	-
Increase (decrease) in other liabilities	(76,343)	29,339
Payment of defined benefit liability	(18,410)	(18,437)
Deposit in plan assets, net	(18,254)	(15,640)
	(860,033)	(967,238)
<b>Cash generated from operations</b>	<b>867,262</b>	<b>576,914</b>

(b) Changes in liabilities from financing activities

<i>(in millions of Korean won)</i>	<b>2018</b>				
	<b>At Jan. 1</b>	<b>Net cash flow from financing activities</b>	<b>Non-cash transactions</b>		<b>At Jun. 30</b>
			<b>Exchange differences</b>	<b>Amortization</b>	
Short-term borrowings	127,925	-	1,777	-	129,702
Long-term borrowings	2,177,140	107,871	9,329	-	2,294,340
Debentures	5,136,775	453,674	28,662	1,690	5,620,801
<b>Total</b>	<b>7,441,840</b>	<b>561,545</b>	<b>39,768</b>	<b>1,690</b>	<b>8,044,843</b>

<i>(in millions of Korean won)</i>	<b>2017</b>				
	<b>At Jan. 1</b>	<b>Net cash flow from financing activities</b>	<b>Non-cash transactions</b>		<b>At Jun. 30</b>
			<b>Exchange differences</b>	<b>Amortization</b>	
Long-term borrowings	1,880,000	124,862	138	-	2,005,000
Debentures	4,751,320	263,246	(46,505)	1,894	4,969,955
<b>Total</b>	<b>6,631,320</b>	<b>388,108</b>	<b>(46,367)</b>	<b>1,894</b>	<b>6,974,955</b>

(c) Significant non-cash transactions

<i>(in millions of Korean won)</i>	<b>2018</b>	<b>2017</b>
Reclassification of construction-in-progress to property, plant and equipment	83,290	391,006
Reclassification of construction-in-progress to intangible assets	135,990	109,949
Reclassification of current portion of borrowings and debentures	647,260	299,867
Reclassification of current portion of provisions	-	722,608
Debt for equity swaps of trade receivables from subsidiaries	-	89,922
Other payables to acquire property, plant and equipment	20,987	80,169
Other payables to acquire intangible assets	11,494	9,144

(d) Assets and liabilities arising from the transfer of business

- Transfer of set-top box business

- 1) On May 17, 2017, set-top box product business of Home Entertainment segment was transferred to Technicolor SA.

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2) Total consideration received and assets of the transferred business are as follows:

<i>(in millions of Korean won)</i>	<b>Amount</b>
Total consideration	
Cash and cash equivalents	13,942
Assets of the transferred business:	
Trade receivables and other receivables	4,481
Inventories	3,180
Property, plant and equipment and intangible assets	1,399

**27. Contingencies**

(a) At the end of the reporting period, the Company is provided with performance guarantees of ₩203,928 million (December 31, 2017: ₩191,608 million) from Seoul Guarantee Insurance and one other financial institution relating to the performance guarantees. The Company is also provided with guarantee of principal US\$ 200 million, EUR 100 million (December 31, 2017: US\$ 200 million and EUR 100 million) and interests from Shinhan Bank for the guaranteed private placement bonds.

(b) At the end of the reporting period, the financial guarantees provided by the Company to related parties amount to ₩4,121,442 million (December 31, 2017: ₩3,997,783 million) on the indebtedness of its subsidiaries. Details are as follows:

<i>(in millions of Korean won)</i>	<b>Beneficiary</b>	<b>June 30, 2018</b>	<b>December 31, 2017</b>
LG Electronics European Shared Service Center B.V.(LGESC)	Citibank and others	831,667	766,832
LG Electronics U.S.A., Inc.(LGEUS)	JP Morgan and others	578,900	301,162
LG Electronics do Brasil Ltda.(LGEBR)	SC and others	468,609	466,970
LG Electronics Vietnam Haiphong Co., Ltd.(LGEVH)	Vietin and others	364,106	368,074
LG Electronics (China) Co., Ltd.(LGECH)	Citibank and others	268,207	257,264
LG Electronics Ticaret A.S.(LGETK)	Citibank and others	265,776	392,537
LG Electronics Peru S.A.(LGEPR)	Scotiabank and others	195,379	188,121
LG Electronics Inc Chile Ltda.(LGECL)	Scotiabank and others	129,248	160,487
LG Electronics Argentina S.A.(LGEAR)	BBVA and others	123,387	117,854
LG Electronics Colombia Ltda.(LGECEB)	Citibank and others	110,105	104,310
LG Electronics Algeria SARL(LGEAS)	Societe Generale and others	106,771	99,622
LG Electronics Egypt S.A.E(LGEEG)	Credit Agricole and others	96,558	92,432
LG Electronics Morocco S.A.R.L.(LGEMC)	Citibank and others	90,475	87,949
LG Electronics RUS, LLC(LGERA)	Citibank and others	80,508	80,056
LG Electronics India Pvt. Ltd.(LGEIL)	Citibank and others	73,608	99,568

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<i>(in millions of Korean won)</i>	<b>Beneficiary</b>	<b>June 30, 2018</b>	<b>December 31, 2017</b>
LG Electronics Almaty Kazakhstan(LGEAK)	Citibank	71,789	73,430
LG Electronics Philippines Inc.(LGEPH)	ANZ and others	50,140	47,892
LG Electronics S.A. (Pty) Ltd.(LGESA)	Standard and others	28,777	30,748
LG-Shaker Co., Ltd.(LGESR)	Saudi British Bank and others	26,709	34,982
LG Electronics Italia S.P.A.(LGEIS)	Intesa	25,940	25,585
Others	Citibank and others	134,783	201,908
<b>Total</b>		<b>4,121,442</b>	<b>3,997,783</b>

(c) At the end of the reporting period, the Company is providing KEB Hana Bank with a subrogation payment obligation for customers up to ₩46,000 million (December 31, 2017: ₩46,000 million)

(d) There are a number of other legal actions, disputes, and investigations arising from the normal course of business that remain pending at the end of the reporting period. The ultimate effect of those lawsuits on the financial position of the Company as of the statement of financial position date cannot be presently determined. Management does not expect the outcome of the litigations will have a material effect on the Company's financial position.

**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 ₩165,500 million (December 31, 2017: ₩165,500 million).

(b) At the end of the reporting period, the Company has sales agreements for export trade receivables with KEB Hana Bank and 19 other banks amounting to ₩1,943,906 million (December 31, 2017: ₩1,915,663 million) and has sales agreements for domestic trade receivables with BTMU amounting to ₩500,000 million (December 31, 2017: ₩500,000 million).

(c) At the end of the reporting period, the Company has corporate electronic settlement services contracts and vendor prepayment services contracts with Shinhan Bank and seven other banks for up to ₩1,160,000 million (December 31, 2017: ₩1,160,000 million) in connection with the payment of trade payables.

(d) At the end of the reporting period, the Company has other trade financing agreements and loan commitments with financial institutions, including Shinhan Bank, of up to ₩456,085 million (December 31, 2017: ₩453,570 million).

(e) At the end of the reporting period, the Company has agreements with insurance companies, including Chubb, of up to 120% of the guaranteed insurance amount to appeal against the transfer pricing assessment on LG Electronics do Brasil Ltda., a subsidiary.

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(f) Contractual commitments for the acquisition of assets

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

<i>(in millions of Korean won)</i>	<b>June 30, 2018</b>	<b>December 31, 2017</b>
Property, plant and equipment	56,542	122,189
Intangible assets	14,411	18,703
Investments in subsidiaries, associates and joint ventures <sup>1,2</sup>	1,080,848	-
<b>Total</b>	<b>1,151,801</b>	<b>140,892</b>

<sup>1</sup> On April 26, 2018, the Company decided to acquire 70% of shares of ZKW Holding GmbH and its subsidiaries and others for EUR 750 million with the approval of the Board of Directors.

<sup>2</sup> The Company will acquire shares of Robostar Co., Ltd., which is to be classified as an associate (Note 32).

(g) Operating lease commitments – the Company as a lessee

- i) 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>June 30, 2018</b>			<b>Total lease payments</b>
	<b>Within 1 year</b>	<b>1 to 5 years</b>	<b>Over 5 years</b>	
Buildings and offices	70,137	62,926	12,778	145,841
Vehicles	6,001	4,706	-	10,707
Equipment and others	16,532	12,624	-	29,156
<b>Total</b>	<b>92,670</b>	<b>80,256</b>	<b>12,778</b>	<b>185,704</b>

- ii) Under the above operating lease agreement, lease expense recognized in the separate interim statement of profit or loss for the six-month period ended June 30, 2018, is ₩61,208 million (June 30, 2017: ₩61,095 million).

- iii) As of June 30, 2018, total future minimum sublease receipts under non-cancellable sublease agreements for some buildings amount to ₩26,065 million and lease income recognized under the sublease agreements for the six-month period ended June 30, 2018, amounts to ₩6,365 million (June 30, 2017: ₩7,207 million).

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(h) Operating lease commitments – the Company as a lessor

- i) The Company has non-cancellable operating lease agreements regarding healthcare rental business that lends water purifiers and others to customers and real estate rental business. The future aggregate lease receipts under operating lease agreements at the end of the reporting period, are as follows:

<i>(in millions of Korean won)</i>	June 30, 2018			Total lease payments
	Within 1 year	1 to 5 years	Over 5 years	
Healthcare rental	320,701	544,882	-	865,583
Real estate rental	753	2,770	-	3,523
<b>Total</b>	<b>321,454</b>	<b>547,652</b>	<b>-</b>	<b>869,106</b>

- ii) The Company recognized ₩128,228 million (June 30, 2017: ₩69,691 million) of lease income for the six-month period ended June 30, 2018.

(i) Trademark license commitments

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

<u>Purpose</u>	<u>Related products</u>	<u>Provided by</u>	<u>Used by</u>
Use of license	Home appliance/ Mobile	Qualcomm Incorporated and others	LG Electronics Inc.
Provision of license	Home appliance/ Mobile	LG Electronics Inc.	Panasonic Corporation and others

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**29. Related Party**

(a) Major transactions for the six-month periods ended June 30, 2018 and 2017, and balances of receivables and payables from transaction with related parties as of June 30, 2018 and December 31, 2017, are as follows:

i) Major income and expense transactions with related parties

(in millions of Korean won)

Classification	Name	2018					
		Income transactions			Expense transactions		
		Sales	Others	Total	Purchases	Others	Total
Significantly influencing the Company	LG Corp.	1,776	-	1,776	-	70,492	70,492
Subsidiaries	LG Innotek Co., Ltd.	103,454	10,337	113,791	251,144	7,476	258,620
	Hiplaza Co., Ltd.	1,003,849	4,322	1,008,171	20	16,243	16,263
	LG Electronics U.S.A., Inc.	1,363,533	44	1,363,577	594	28,414	29,008
	LG Electronics Mobilecomm U.S.A., Inc.	758,336	-	758,336	55	286,107	286,162
	Inspur LG Digital Mobile Communications Co., Ltd.	448,654	52	488,706	107,913	10,231	118,144
	LG Electronics Vietnam Haiphong Co., Ltd.	570,786	92	570,878	24,552	9,999	34,551
	LG Electronics do Brasil Ltda.	228,016	11	228,027	551	1,254	1,805
	LG Electronics Gulf FZE	236,518	97	236,615	-	631	631
	LG Electronics Canada, Inc.	190,075	-	190,075	62	851	913
	Qingdao LG Inspur Digital Communication Co., Ltd.	175,249	93	175,342	103,096	2,714	105,810
	LG Electronics (Kunshan) Co.,Ltd.	210,344	-	210,344	2,016	444	2,460
	LG Electronics Australia Pty, Ltd.	152,637	-	152,637	38	1,773	1,811
	LG Electronics RUS, LLC	117,422	271	117,693	273	365	638
	LG Electronics India Pvt. Ltd.	118,792	14,763	133,555	3,366	708	4,074
	LG Electronics (Levant) Jordan	133,316	216	133,532	417	1,564	1,981
	LG Electronics Deutschland GmbH	236,314	19,098	255,412	1,325	24,918	26,243
	LG Electronics Japan, Inc.	237,357	55	237,412	2,329	10,244	12,573
	LG Electronics Mlawa Sp. z.O.O.	156,543	-	156,543	365	2,815	3,180
	LG Electronics Egypt S.A.E	83,941	2,467	86,408	-	249	249
	LG Electronics Nanjing New Technology co.,LTD	111,912	19	111,931	215,119	657	215,776
	LG Electronics United Kingdom Ltd.	77,099	631	77,730	6	3,401	3,407
	LG Electronics Thailand Co., Ltd.	69,114	-	69,114	26,849	1,125	27,974
	LG Electronics Inc Chile	47,765	13	47,778	-	147	147

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		2018					
		Income transactions			Expense transactions		
Classification	Name	Sales	Others	Total	Purchases	Others	Total
	Ltda.						
	LG Electronics Colombia Ltda.	56,902	10	56,912	15	260	275
	Others	2,341,859	16,027	2,357,886	258,059	222,053	480,112
	<b>Subtotal</b>	<b>9,269,787</b>	<b>68,618</b>	<b>9,338,405</b>	<b>998,164</b>	<b>634,643</b>	<b>1,632,807</b>
Associates	LG Display Co., Ltd. and its subsidiaries	568,714	12,021	580,735	692,190	8,146	700,336
	Ericsson-LG Co., Ltd. and its subsidiaries	1,318	31	1,349	1,729	-	1,729
	Hitachi-LG Data Storage Inc.(HLDS) and its subsidiaries	385	-	385	19,232	153	19,385
	LG Fuel Cell Systems Inc. and its subsidiaries	2,556	-	2,556	-	-	-
	Korea Information Certificate Authority Inc	-	-	-	-	1	1
	<b>Subtotal</b>	<b>572,973</b>	<b>12,052</b>	<b>585,025</b>	<b>713,151</b>	<b>8,300</b>	<b>721,451</b>
Joint ventures	Arcelik-LG Klima Sanayi ve Ticaret A.S.(LGEAT)	-	-	-	40,934	-	40,934
	LG-MRI LLC	377	-	377	838	-	838
	<b>Subtotal</b>	<b>377</b>	<b>-</b>	<b>377</b>	<b>41,772</b>	<b>-</b>	<b>41,772</b>
Other related parties	LG CNS Co., Ltd. and its subsidiaries	54,202	1	54,203	57,345	150,572	207,917
	SERVEONE Co., Ltd. and its subsidiaries	24,060	5,374	29,434	309,447	122,702	432,149
	LB Lusem CO., LTD. <sup>2</sup>	-	-	-	205	1	206
	LG Management Development Institute	-	-	-	81	12,216	12,297
	LG SPORTS Ltd.	1	-	1	-	5,497	5,497
	<b>Subtotal</b>	<b>78,263</b>	<b>5,375</b>	<b>83,638</b>	<b>367,078</b>	<b>290,988</b>	<b>658,066</b>
Others <sup>1</sup>	LG Chem Ltd. and its subsidiaries	599,155	6,445	605,600	384,872	545	385,417
	LG INTERNATIONAL CORP and its subsidiaries	44,134	631	44,765	350,926	346,387	697,313
	LG Uplus Corp and its subsidiaries	372,197	60	372,257	679	3,253	3,932
	LG HAUSYS,LTD. and its subsidiaries	5,605	117	5,722	4,151	6	4,157
	Silicon Works Co., Ltd	922	575	1,497	3,787	-	3,787
	LG HOUSEHOLD & HEALTH CARE LTD and its subsidiaries	3,130	4	3,134	115	56	171
	G II R Inc. and its subsidiaries	2,028	-	2,028	7	96,723	96,730
	<b>Subtotal</b>	<b>1,027,171</b>	<b>7,832</b>	<b>1,035,003</b>	<b>744,537</b>	<b>446,970</b>	<b>1,191,507</b>
	<b>Total</b>	<b>10,950,347</b>	<b>93,877</b>	<b>11,044,224</b>	<b>2,864,702</b>	<b>1,451,393</b>	<b>4,316,095</b>

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		2017					
		Income transactions			Expense transactions		
Classification	Name	Sales	Others	Total	Purchases	Others	Total
Significantly influencing the Company	LG Corp.	707	-	707	1	73,719	73,720
Subsidiaries	LG Innotek Co., Ltd.	101,573	-	101,573	310,818	4,866	315,684
	Hiplaza Co., Ltd.	724,802	-	724,802	28	8,233	8,261
	LG Electronics U.S.A., Inc.	1,826,901	-	1,826,901	2,146	58,824	60,970
	LG Electronics Mobilecomm U.S.A., Inc.	1,277,279	-	1,277,279	-	3,975	3,975
	Inspur LG Digital Mobile Communications Co., Ltd.	640,063	214	640,277	77,244	13,260	90,504
	LG Electronics Vietnam Haiphong Co., Ltd.	608,705	288	608,993	16,358	4,818	21,176
	LG Electronics do Brasil Ltda.	423,808	-	423,808	1,518	959	2,477
	LG Electronics Gulf FZE	328,522	-	328,522	-	832	832
	LG Electronics Canada, Inc.	259,111	-	259,111	47	2,339	2,386
	Qingdao LG Inspur Digital Communication Co., Ltd.	253,795	537	254,332	51,185	4,225	55,410
	LG Electronics (Kunshan) Co.,Ltd.	202,261	8	202,269	7,115	1,667	8,782
	LG Electronics Australia Pty, Ltd.	191,475	-	191,475	7	1,074	1,081
	LG Electronics RUS, LLC	150,556	184	150,740	3	740	743
	LG Electronics India Pvt. Ltd.	145,172	89	145,261	1,561	566	2,127
	LG Electronics (Levant) Jordan	197,727	-	197,727	549	2,704	3,253
	LG Electronics Deutschland GmbH	150,965	-	150,965	682	15,248	15,930
	LG Electronics Japan, Inc.	176,407	-	176,407	2,837	11,628	14,465
	LG Electronics Mlawa Sp. z.O.O.	140,398	170	140,568	633	2,455	3,088
	LG Electronics Egypt S.A.E	119,723	189	119,912	-	148	148
	LG Electronics Nanjing New Technology co.,LTD	127,419	68	127,487	279,502	479	279,981
	LG Electronics United Kingdom Ltd.	71,928	-	71,928	609	4,442	5,051
	LG Electronics Thailand Co., Ltd.	55,186	390	55,576	24,367	267	24,634
	LG Electronics Inc Chile Ltda.	49,200	-	49,200	-	259	259
	LG Electronics Colombia Ltda.	54,369	-	54,369	-	527	527
	Others	2,005,120	124	2,005,244	201,709	198,525	400,234
	<b>Subtotal</b>	<b>10,282,465</b>	<b>2,261</b>	<b>10,284,726</b>	<b>978,918</b>	<b>343,060</b>	<b>1,321,978</b>
Associates	LG Display Co., Ltd. and its subsidiaries	597,784	-	597,784	846,925	6,989	853,914
	Ericsson-LG Co., Ltd. and its subsidiaries	3,844	-	3,844	1,819	-	1,819

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		2017					
		Income transactions			Expense transactions		
Classification	Name	Sales	Others	Total	Purchases	Others	Total
	Hitachi-LG Data Storage Inc.(HLDS) and its subsidiaries	520	-	520	11,459	695	12,154
	LG Fuel Cell Systems Inc. and its subsidiaries	1,784	-	1,784	-	-	-
	Korea Information Certificate Authority Inc	-	-	-	-	2	2
	<b>Subtotal</b>	<b>603,932</b>	<b>-</b>	<b>603,932</b>	<b>860,203</b>	<b>7,686</b>	<b>867,889</b>
Joint ventures	LG-MRI LLC	272	-	272	-	-	-
	<b>Subtotal</b>	<b>272</b>	<b>-</b>	<b>272</b>	<b>-</b>	<b>-</b>	<b>-</b>
Other related parties	LG CNS Co., Ltd. and its subsidiaries	31,120	-	31,120	53,464	139,853	193,317
	SERVEONE Co., Ltd. and its subsidiaries	30,693	-	30,693	322,609	113,534	436,143
	LG Siltron Incorporated and its subsidiaries <sup>3</sup>	2,108	-	2,108	28	-	28
	LUSEM CO., LTD. <sup>2</sup>	1	-	1	829	5	834
	LG Management Development Institute	-	-	-	109	11,422	11,531
	LG SPORTS Ltd.	19	-	19	-	5,638	5,638
	LG MMA Ltd.	299	-	299	-	-	-
	<b>Subtotal</b>	<b>64,240</b>	<b>-</b>	<b>64,240</b>	<b>377,039</b>	<b>270,452</b>	<b>647,491</b>
Others <sup>1</sup>	LG Chem Ltd. and its subsidiaries	297,155	2,065	299,220	342,566	1,273	343,839
	LG INTERNATIONAL CORP and its subsidiaries	63,998	-	63,998	759,164	335,442	1,094,606
	LG Uplus Corp and its subsidiaries	361,283	-	361,283	706	1,062	1,768
	LG HAUSYS,LTD. and its subsidiaries	9,233	-	9,233	6,902	248	7,150
	Silicon Works Co., Ltd	1,672	-	1,672	3,458	-	3,458
	LG HOUSEHOLD & HEALTH CARE LTD and its subsidiaries	1,367	-	1,367	121	39	160
	G II R Inc. and its subsidiaries	346	-	346	69	92,677	92,746
	<b>Subtotal</b>	<b>735,054</b>	<b>2,065</b>	<b>737,119</b>	<b>1,112,986</b>	<b>430,741</b>	<b>1,543,727</b>
	<b>Total</b>	<b>11,686,670</b>	<b>4,326</b>	<b>11,690,996</b>	<b>3,329,147</b>	<b>1,125,658</b>	<b>4,454,805</b>

<sup>1</sup> Although the entities are not the related parties of the Company in accordance with Korean IFRS 1024, the entity belongs to the Large Enterprise Group to which the Company also belongs in accordance with the Monopoly Regulation and Fair Trade Act.

<sup>2</sup> All shares of LUSEM CO., LTD. were sold to LB SEMICON CO., LTD. on February 27, 2018, and the name of LUSEM CO., LTD. was changed to LB Lusem CO., LTD. on March 15, 2018.

<sup>3</sup> All shares of LG Siltron Incorporated were sold to SK Holdings Co., Ltd. on August 17, 2017, and the name of LG Siltron Incorporated was changed to SK Siltron Co., Ltd.

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

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		June 30, 2018							
		Receivables				Payables			
Classification	Name	Trade receivables	Loans	Other receivables	Total	Trade payables	Borrowings	Other payables	Total
Significantly influencing the Company	LG Corp.	36	-	23,976	24,012	-	-	3,219	3,219
Subsidiaries	LG Innotek Co., Ltd.	92,380	-	34,979	127,359	145,311	-	20,653	165,964
	Hiplaza Co., Ltd.	258,371	-	20,737	279,108	-	-	7,232	7,232
	LG Electronics U.S.A., Inc.	298,444	-	1,859	300,303	-	-	5,710	5,710
	LG Electronics Mobilecomm U.S.A., Inc.	285,067	-	-	285,067	-	-	8,001	8,001
	Inspur LG Digital Mobile Communications Co., Ltd.	104,215	-	24,585	128,800	285,902	-	534	286,436
	LG Electronics Vietnam Haiphong Co., Ltd.	170,065	-	530	170,595	169,120	-	1,363	170,483
	LG Electronics do Brasil Ltda.	82,376	-	40,835	123,211	71	-	494	565
	LG Electronics Gulf FZE	56,162	-	97	56,259	-	-	13	13
	LG Electronics Canada, Inc.	42,135	-	-	42,135	-	-	216	216
	Qingdao LG Inspur Digital Communication Co., Ltd.	40,804	-	7,607	48,411	111,084	-	-	111,084
	LG Electronics (Kunshan) Co., Ltd.	88,444	-	3,113	91,557	61,408	-	23	61,431
	LG Electronics Australia Pty, Ltd.	32,179	-	-	32,179	-	-	298	298
	LG Electronics RUS, LLC	42,009	-	8,091	50,100	332	-	61	393
	LG Electronics India Pvt. Ltd.	28,638	-	11,163	39,801	153	-	283	436
	LG Electronics (Levant) Jordan	30,686	-	216	30,902	-	-	295	295
	LG Electronics Deutschland GmbH	125,033	-	3,992	129,025	-	-	3,868	3,868
	LG Electronics Japan, Inc.	76,667	-	8	76,675	-	-	2,386	2,386
	LG Electronics Mlawa Sp. z.O.O.	35,564	-	-	35,564	587,026	-	572	587,598
	LG Electronics Egypt S.A.E	47,075	-	77,379	124,454	5,392	-	31	5,423
	LG Electronics Nanjing New Technology co.,LTD	15,995	-	197	16,192	116,390	-	53	116,443
	LG Electronics United Kingdom Ltd.	43,219	-	631	43,850	-	-	1,164	1,164
	LG Electronics Thailand Co., Ltd.	22,166	-	601	22,767	173,251	-	58	173,309
	LG Electronics Inc Chile Ltda.	78,046	-	-	78,046	-	-	8	8
	LG Electronics Colombia	99,114	-	-	99,114	-	-	94	94

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		June 30, 2018							
Classification	Name	Receivables				Payables			
		Trade receivables	Loans	Other receivables	Total	Trade payables	Borrowings	Other payables	Total
	Ltda.								
	Others	1,101,566	-	68,936	1,170,502	707,393	129,702	63,511	900,606
	<b>Subtotal</b>	<b>3,296,420</b>	<b>-</b>	<b>305,556</b>	<b>3,601,976</b>	<b>2,362,833</b>	<b>129,702</b>	<b>116,921</b>	<b>2,609,456</b>
Associates	LG Display Co., Ltd. and its subsidiaries	343,255	-	107,658	450,913	310,738	-	75,653	386,391
	Ericsson-LG Co., Ltd. and its subsidiaries	11	-	3	14	446	-	-	446
	Hitachi-LG Data Storage Inc.(HLDS) and its subsidiaries	-	-	-	-	12,232	-	391	12,623
	LG Fuel Cell Systems Inc. and its subsidiaries	289	-	-	289	-	-	4	4
	<b>Subtotal</b>	<b>343,555</b>	<b>-</b>	<b>107,661</b>	<b>451,216</b>	<b>323,416</b>	<b>-</b>	<b>76,048</b>	<b>399,464</b>
Joint ventures	Arcelik-LG Klima Sanayi ve Ticaret A.S.(LGEAT)	-	-	-	-	19,467	-	-	19,467
	LG-MRI LLC	418	-	-	418	-	-	-	-
	<b>Subtotal</b>	<b>418</b>	<b>-</b>	<b>-</b>	<b>418</b>	<b>19,467</b>	<b>-</b>	<b>-</b>	<b>19,467</b>
Other related parties	LG CNS Co., Ltd. and its subsidiaries	40,345	-	4,777	45,122	105	-	85,065	85,170
	SERVEONE Co., Ltd. and its subsidiaries	15,724	-	59,602	75,326	132,671	-	126,065	258,736
	LG Management Development Institute	-	-	15,660	15,660	-	-	1,399	1,399
	LG SPORTS Ltd.	-	-	-	-	-	-	1,119	1,119
	<b>Subtotal</b>	<b>56,069</b>	<b>-</b>	<b>80,039</b>	<b>136,108</b>	<b>132,776</b>	<b>-</b>	<b>213,648</b>	<b>346,424</b>
Others <sup>1</sup>	LG Chem Ltd. and its subsidiaries	185,074	-	225,687	410,761	159,062	-	33,190	192,252
	LG INTERNATIONAL CORP and its subsidiaries	25,973	-	4,388	30,361	511,813	-	128,802	640,615
	LG Uplus Corp and its subsidiaries	82,696	-	151	82,847	64	-	273	337
	LG HAUSYS,LTD. and its subsidiaries	4,664	-	8,963	13,627	1,932	-	467	2,399
	Silicon Works Co., Ltd	77	-	-	77	1,442	-	-	1,442
	LG HOUSEHOLD & HEALTH CARE LTD and its subsidiaries	1,766	-	1,448	3,214	-	-	601	601
	GIIR Inc. and its subsidiaries	272	-	-	272	-	-	139,714	139,714
	<b>Subtotal</b>	<b>300,522</b>	<b>-</b>	<b>240,637</b>	<b>541,159</b>	<b>674,313</b>	<b>-</b>	<b>303,047</b>	<b>977,360</b>
	<b>Total</b>	<b>3,997,020</b>	<b>-</b>	<b>757,869</b>	<b>4,754,889</b>	<b>3,512,805</b>	<b>129,702</b>	<b>712,883</b>	<b>4,355,390</b>

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(in millions of Korean won)

		December 31, 2017							
Classification	Name	Receivables				Payables			
		Trade receivables	Loans	Other receivables	Total	Trade payables	Borrowings	Other payables	Total
Significantly influencing the Company	LG Corp.	39	-	23,325	23,364	-	-	9,272	9,272
Subsidiaries	LG Innotek Co., Ltd.	380,623	-	2,368	382,991	149,835	-	38,605	188,440
	Hiplaza Co., Ltd.	155,550	-	11,732	167,282	-	-	9,750	9,750
	LG Electronics U.S.A., Inc.	500,636	-	-	500,636	-	-	11,237	11,237
	LG Electronics Mobilecomm U.S.A., Inc.	267,876	-	-	267,876	-	-	28,559	28,559
	Inspur LG Digital Mobile Communications Co., Ltd.	115,718	-	-	115,718	295,003	-	1,960	296,963
	LG Electronics Vietnam Haiphong Co., Ltd.	151,420	-	1,283	152,703	170,225	-	1,894	172,119
	LG Electronics do Brasil Ltda.	244,857	-	38,524	283,381	386	-	331	717
	LG Electronics Gulf FZE	126,018	-	-	126,018	-	-	16	16
	LG Electronics Canada, Inc.	42,105	-	-	42,105	-	-	37	37
	Qingdao LG Inspur Digital Communication Co., Ltd.	31,377	-	-	31,377	98,183	-	-	98,183
	LG Electronics (Kunshan) Co.,Ltd.	82,536	-	-	82,536	27,360	-	10,693	38,053
	LG Electronics Australia Pty, Ltd.	58,662	-	-	58,662	-	-	609	609
	LG Electronics RUS, LLC	44,353	-	12,087	56,440	475	-	301	776
	LG Electronics India Pvt. Ltd.	21,776	-	7,318	29,094	1,059	-	212	1,271
	LG Electronics (Levant) Jordan	68,467	-	9	68,476	-	-	626	626
	LG Electronics Deutschland GmbH	117,195	-	14,331	131,526	-	-	10,456	10,456
	LG Electronics Japan, Inc.	76,677	-	-	76,677	-	-	2,591	2,591
	LG Electronics Mlawa Sp. z.O.O.	33,601	-	2	33,603	662,898	-	775	663,673
	LG Electronics Egypt S.A.E	55,145	-	66,906	122,051	11,029	-	5	11,034
	LG Electronics Nanjing New Technology co.,LTD	28,956	-	167	29,123	151,227	-	-	151,227
	LG Electronics United Kingdom Ltd.	66,926	-	1,418	68,344	-	-	877	877
	LG Electronics Thailand Co., Ltd.	17,688	-	322	18,010	229,286	-	54	229,340
	LG Electronics Inc Chile Ltda.	67,959	-	65	68,024	-	-	23	23
	LG Electronics Colombia Ltda.	70,282	-	66	70,348	-	-	142	142
	Others	894,634	-	70,247	964,881	617,624	127,925	84,195	829,744

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		December 31, 2017							
		Receivables				Payables			
Classification	Name	Trade receivables	Loans	Other receivables	Total	Trade payables	Borrowings	Other payables	Total
	<b>Subtotal</b>	3,721,037	-	226,845	3,947,882	2,414,590	127,925	203,948	2,746,463
Associates	LG Display Co., Ltd. and its subsidiaries	387,785	-	9,980	397,765	538,254	-	86,253	624,507
	Ericsson-LG Co., Ltd. and its subsidiaries	316	-	202	518	1,302	-	-	1,302
	Hitachi-LG Data Storage Inc.(HLDS) and its subsidiaries	33	-	1,531	1,564	6,106	-	237	6,343
	LG Fuel Cell Systems Inc. and its subsidiaries	1,201	-	-	1,201	-	-	5	5
	Korea Information Certificate Authority Inc.	-	-	-	-	-	-	7	7
	<b>Subtotal</b>	389,335	-	11,713	401,048	545,662	-	86,502	632,164
Joint ventures	Arcelik-LG Klima Sanayi ve Ticaret A.S.(LGEAT)	-	-	-	-	1,692	-	-	1,692
	LG-MRI LLC	248	-	-	248	-	-	-	-
	<b>Subtotal</b>	248	-	-	248	1,692	-	-	1,692
Other related parties	LG CNS Co., Ltd. and its subsidiaries	20,662	-	2,202	22,864	2,498	-	117,524	120,022
	SERVEONE Co., Ltd. and its subsidiaries	73,380	-	58,704	132,084	116,305	-	158,893	275,198
	LUSEM CO., LTD. <sup>2</sup>	-	-	-	-	244	-	46	290
	LG Management Development Institute	-	-	15,660	15,660	-	-	1,272	1,272
	LG SPORTS Ltd.	-	-	-	-	-	-	1,952	1,952
	LG MMA Ltd.	256	-	-	256	-	-	-	-
	<b>Subtotal</b>	94,298	-	76,566	170,864	119,047	-	279,687	398,734
Others <sup>1</sup>	LG Chem Ltd. and its subsidiaries	274,747	-	7,272	282,019	261,385	-	88,240	349,625
	LG INTERNATIONAL CORP and its subsidiaries	20,900	-	18,834	39,734	392,637	-	116,795	509,432
	LG Uplus Corp and its subsidiaries	46,992	-	458	47,450	-	-	855	855
	LG HAUSYS,LTD. and its subsidiaries	18,164	-	169	18,333	2,547	-	3,187	5,734
	Silicon Works Co., Ltd	2,489	-	-	2,489	2,178	-	756	2,934
	LG HOUSEHOLD & HEALTH CARE LTD and its subsidiaries	2,048	-	-	2,048	-	-	1,258	1,258
	GIIIR Inc. and its subsidiaries	339	-	-	339	-	-	219,536	219,536
	<b>Subtotal</b>	365,679	-	26,733	392,412	658,747	-	430,627	1,089,374
	<b>Total</b>	4,570,636	-	365,182	4,935,818	3,739,738	127,925	1,010,036	4,877,699

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<sup>1</sup> Although the entities are not the related parties of the Company in accordance with Korean IFRS 1024, the entity belongs to the Large Enterprise Group to which the Company also belongs in accordance with the Monopoly Regulation and Fair Trade Act.

<sup>2</sup> All shares of LUSEM CO., LTD. were sold to LB SEMICON CO., LTD. on February 27, 2018, and the name of LUSEM CO., LTD. was changed to LB Lusem CO., LTD. on March 15, 2018.

iii) Significant capital transactions with related parties and others for the six-month periods ended June 30, 2018 and 2017, are as follows:

(in millions of Korean won)

Classification	Name	Dividend income	Dividend paid	Cash distribution (reduction)	2018			
					Financing loan transactions		Financing borrowing transactions	
					Loans	Collections	Borrowings	Repayments
Significantly influencing the Company	LG Corp.	-	22,038	-	-	-	-	-
Subsidiaries	LG Innotek Co., Ltd.	2,414	-	-	-	-	-	-
	LG Electronics RUS, LLC	63,354	-	-	-	-	-	-
	LG Electronics Nanjing New Technology co.,LTD	10,391	-	-	-	-	-	-
	LG Electronics (Hangzhou) Co., Ltd.	473	-	-	-	-	-	-
	NanJing LG-Panda Appliances Co., Ltd.	7,087	-	-	-	-	-	-
	LG Electronics Huizhou Ltd.	3,051	-	-	-	-	-	-
	Inspur LG Digital Mobile Communications Co., Ltd.	25,764	-	-	-	-	-	-
	Qingdao LG Inspur Digital Communication Co., Ltd.	7,893	-	-	-	-	-	-
	LGE Alliance Fund II	-	-	(1,536)	-	-	-	-
	<b>Subtotal</b>	<b>120,427</b>	<b>-</b>	<b>(1,536)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Associates	LG Display Co., Ltd.	67,813	-	-	-	-	-	-
	Korea Information Certificate Authority Inc.	100	-	-	-	-	-	-
	<b>Subtotal</b>	<b>67,913</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Total</b>	<b>188,340</b>	<b>22,038</b>	<b>(1,536)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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Classification	Name	Dividend income	Dividend paid	Cash distribution (reduction)	2017		2017	
					Financing loan transactions		Financing borrowing transactions	
					Loans	Collections	Borrowings	Repayments
Significantly influencing the Company	LG Corp.	-	22,038	-	-	-	-	-
Subsidiaries	LG Electronics Egypt S.A.E <sup>1</sup>	-	-	89,922	-	-	-	-
	LG Innotek Co., Ltd.	2,413	-	-	-	-	-	-
	LG Soft India Private Limited.	23,921	-	-	-	-	-	-
	LG Electronics RUS, LLC	62,944	-	-	-	-	-	-
	LG Electronics Nanjing New Technology co.,LTD	8,127	-	-	-	-	-	-
	LG Electronics (Hangzhou) Co., Ltd.	252	-	-	-	-	-	-
	P.T. LG Electronics Indonesia	75,560	-	-	-	-	-	-
	NanJing LG-Panda Appliances Co., Ltd.	6,174	-	-	-	-	-	-
	LG Electronics Tianjin Appliances Co., Ltd.	11,032	-	-	-	-	-	-
	LG Electronics Huizhou Ltd.	3,622	-	-	-	-	-	-
	<b>Subtotal</b>	<b>194,045</b>	<b>-</b>	<b>89,922</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Associates	LG Display Co., Ltd.	67,813	-	-	-	-	-	-
	Korea Information Certificate Authority Inc.	114	-	-	-	-	-	-
	LG Fuel Cell Systems Inc.	-	-	13,661	-	-	-	-
	<b>Subtotal</b>	<b>67,927</b>	<b>-</b>	<b>13,661</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Total</b>	<b>261,972</b>	<b>22,038</b>	<b>103,583</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

- (b) The compensation paid or payable to key management personnel for the six-month periods ended June 30, 2018 and 2017, consists of:

(in millions of Korean won)	2018	2017
Salaries and other short-term benefits	13,039	10,068
Post-employment benefits	1,883	2,380
Other long-term benefits	56	68
<b>Total</b>	<b>14,978</b>	<b>12,516</b>

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

- (c) The payment guarantees for the financial support of related parties at the end of the reporting period are presented in Note 27.
- (d) There is no collateral provided by the Company for the financial support of related parties at

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the end of the reporting period.

- (e) The Company has not recognized any bad debt expense or allowance for trade receivables from related parties at the end of the reporting period.

### **30. Risk Management**

#### **Financial Risk Management**

The 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, Finance Division 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 monitoring the risk periodically and updating FRM policy each year.

The carrying amount, and profit or loss of each category of financial instruments and the details of borrowings related to the financial risk management are presented in Note 4 and Note 11, 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 and Euro.

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

The 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 June 30, 2018 and December 31, 2017, if the foreign exchange rate of the Korean won fluctuated for monetary assets and liabilities denominated in major foreign currency other than functional currency 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>June 30, 2018</b>		<b>December 31, 2017</b>	
	<b>10% increase</b>	<b>10% decrease</b>	<b>10% increase</b>	<b>10% decrease</b>
USD/KRW	54,065	(54,065)	56,741	(56,741)
EUR/KRW	38,889	(38,889)	(486)	486

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 borrowings and deposits held by financial institutions with variable interest rates linked to market interest rate changes in the future. The objective of interest rate risk management lies in improving corporate value by minimizing uncertainty caused by fluctuations in interest rates and minimizing net interest expense.

The Company minimizes its borrowings from others and optimizes its deposits. The Company periodically establishes the plan for reaction by the monitoring trends of internal and external interest rates and minimizes the risk of net interest expense by properly operating short-term borrowings with variable interest rates and deposits

If interest rates fluctuate by 1%p without other variables changing, the effects on income and expenses related to borrowings and deposits held by financial institutions with variable interest rates for the six-month periods ended June 30, 2018 and 2017, are as follows:

<i>(in millions of Korean won)</i>	<b>2018</b>		<b>2017</b>	
	<b>1%p increase</b>	<b>1%p decrease</b>	<b>1%p increase</b>	<b>1%p decrease</b>
Interest income	11,466	(11,466)	7,472	(7,472)
Interest expense	649	(649)	-	-

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iii) Details of derivative contracts are as follows:

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

Details of hedging instruments are as follows:

	Contractor	Contracted amount (in millions)	Contracted currency rate	Interest rate (paid) (%)	Starting date	Expiration date	Book amount (in millions of Korean won)	
							Assets	Liabilities
USD/KRW CRS	Shinhan Bank and others	USD 730	1,067.9 ~ 1,155.2	2.17 ~ 3.64	2013. 7.31 ~ 2018. 6. 8	2019. 1.31 ~ 2028. 6. 8	1,571	14,417
Interest rate swap	Woori Bank and others	KRW 1,270,000 / EUR 100	-	1.00 ~ 4.53	2014. 1. 3 ~ 2017. 8.24	2023. 2.24 ~ 2030. 7. 7	1,608	33,407

Interest rates received for the above swap contracts are equal to annual interest rates of borrowings (Note 11).

Details of hedged items are as follows:

(in millions of Korean won)	Hedged items	Book amount	Changes in fair value (net of tax)	Accumulated other comprehensive loss
USD/KRW CRS	Borrowings	816,714	(14,318)	(16,671)
Interest rate swap	Borrowings	1,398,663	3,826	(21,376)

The results of hedge accounting are as follows:

(in millions of Korean won)	Changes in fair value of derivatives (net of tax)	Line items in profit or loss	Reclassified to profit or loss (net of tax)	Other comprehensive income (loss) (net of tax)
USD/KRW CRS	14,318	Interest expense and exchange differences	(26,334)	(12,016)
Interest rate swap	(3,826)	Interest expense	4,827	1,001

iv) Price risk

The Company is exposed to price risk through equity securities owned by the Company classified as financial assets at fair value through other comprehensive income and available-for-sale financial assets.

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

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

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and the listed securities owned by the Company have correlation with the relevant past index.

<i>(in millions of Korean won)</i>	June 30, 2018		December 31, 2017	
	30% increase	30% decrease	30% increase	30% decrease
KOSDAQ	3,228	(3,228)	3,095	(3,095)

The valuation and the reclassification of the financial assets at fair value through other comprehensive income and available-for-sale financial assets related to the market risk above are presented in Note 6.

(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.

At the end of reporting period, trade receivable balance of the Company, excluding the trade receivables from the subsidiaries, is ₩1,798,407 million (December 31, 2017: ₩1,913,932 million) and its risk is managed appropriately within insurer's credit limit of ₩3,449,764 million (December 31, 2017: ₩3,174,486 million). Therefore, the Company determined that credit risk exposed to the Company is limited.

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

(c) Liquidity risk

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

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

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

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- i) Cash flow information on maturity of financial liabilities as of June 30, 2018, are as follows:

<i>(in millions of Korean won)</i>	<b>Total</b>	<b>Within 1 year</b>	<b>1 to 2 years</b>	<b>3 to 5 years</b>	<b>Over 5 years</b>
Trade payables	6,072,108	6,072,108	-	-	-
Borrowings	9,423,558	1,365,807	722,666	3,042,765	4,292,320
Other payables	1,877,245	1,865,017	12,128	100	-
<b>Total</b>	<b>17,372,911</b>	<b>9,302,932</b>	<b>734,794</b>	<b>3,042,865</b>	<b>4,292,320</b>

The above cash flows are calculated at nominal value based on the earliest maturity dates and include cash flows of principal and interests. Derivatives for cash flow hedges from changes in interest rate and exchange rate are reflected in the cash flows of related borrowings.

- ii) At the end of the reporting period, the maturity analysis of financial guarantee contracts provided by the Company to subsidiaries and third party companies is as follows:

<i>(in millions of Korean won)</i>	<b>Total</b>	<b>Within 1 year</b>	<b>1 to 2 years</b>	<b>3 to 5 years</b>	<b>Over 5 years</b>
Financial guarantee contracts	4,167,442	3,604,416	160,782	263,600	138,644

The financial guarantee contracts provided to the subsidiaries are analysed by their maturities according to the residual periods. And, the financial guarantee contracts provided to the third party companies are analysed at the maximum amount of guarantees allocated to earliest period in which the Company can be required to make the payments.

**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 as of June 30, 2018 and December 31, 2017, are as follows:

<i>(in millions of Korean won, except for ratios)</i>	<b>June 30, 2018</b>	<b>December 31, 2017</b>
Liability (A)	18,915,162	18,614,924
Equity (B)	10,139,060	9,544,857
Cash and cash equivalents (C)	2,293,137	1,586,258
Borrowings (D)	8,044,843	7,441,840
Debt-to-equity ratio (A/B)	186.6%	195.0%
Net borrowings ratio ((D-C)/B)	56.7%	61.3%

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**Fair Value Estimation**

(a) The book amount and fair value of the Company's financial assets and liabilities as of June 30, 2018 and December 31, 2017, are as follows:

<i>(in millions of Korean won)</i>	<b>June 30, 2018</b>			
	<b>Current</b>		<b>Non-current</b>	
	<b>Book amount</b>	<b>Fair value</b>	<b>Book amount</b>	<b>Fair value</b>
<b>Assets at fair value</b>				
Financial assets at fair value through profit or loss				
Other financial assets	-	-	12,172	1
Financial assets at fair value through other comprehensive income				
Trade receivables	99,370	1	-	-
Other financial assets				
Listed equity securities	-	-	15,429	15,429
Unlisted equity securities	-	-	11,183	1
Derivatives for hedging purposes				
Other financial assets	1,220	1,220	1,959	1,959
<b>Assets at amortized cost</b>				
Financial assets at amortized cost				
Cash and cash equivalents	2,293,137	1	-	-
Deposits held by financial institutions	93,939	1	2,144	2,144
Trade receivables	4,963,738	1	-	-
Other receivables	476,461	1	285,494	273,428
Assets held for sale	7,880	1	-	-
<b>Total</b>	<b>7,935,745</b>		<b>328,381</b>	

<i>(in millions of Korean won)</i>	<b>June 30, 2018</b>			
	<b>Current</b>		<b>Non-current</b>	
	<b>Book amount</b>	<b>Fair value</b>	<b>Book amount</b>	<b>Fair value</b>
<b>Liabilities at fair value</b>				
Derivatives for hedging purposes				
Other financial liabilities	-	-	47,824	47,824
<b>Liabilities at amortized cost</b>				
Financial liabilities at amortized cost				
Trade payables	6,072,108	1	-	-
Borrowings	1,128,072	1	6,916,771	6,923,935
Other payables	1,865,017	1	12,228	12,040
Liabilities held for sale	3,357	1	-	-
<b>Other liabilities</b>				
Other financial liabilities	6,651	2	8,770	2
<b>Total</b>	<b>9,075,205</b>		<b>6,985,593</b>	

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<i>(in millions of Korean won)</i>	December 31, 2017			
	Current		Non-current	
	Book amount	Fair value	Book amount	Fair value
<b>Assets at fair value</b>				
Derivatives for hedging purposes				
Other financial assets	-	-	1,862	1,862
Available-for-sale financial assets				
Other financial assets	-	-	13,842	13,842
<b>Assets at amortized cost</b>				
Loans and other receivables				
Cash and cash equivalents	1,586,258	1	-	-
Deposits held by financial institutions	80,500	1	1,785	1,785
Trade receivables	5,612,250	1	-	-
Other receivables	472,794	1	292,123	278,305
<b>Assets at cost</b>				
Available-for-sale financial assets				
Other financial assets	-	-	18,241	<sup>3</sup>
<b>Total</b>	<b>7,751,802</b>		<b>327,853</b>	

<i>(in millions of Korean won)</i>	December 31, 2017			
	Current		Non-current	
	Book amount	Fair value	Book amount	Fair value
<b>Liabilities at fair value</b>				
Derivatives for hedging purposes				
Other financial liabilities	-	-	68,589	68,589
<b>Liabilities at amortized cost</b>				
Trade payables	6,126,168	1	-	-
Borrowings	767,666	1	6,674,174	6,637,249
Other payables	2,351,601	1	215	208
<b>Other liabilities</b>				
Other financial liabilities	6,985	4	1,303	4
<b>Total</b>	<b>9,252,420</b>		<b>6,744,281</b>	

<sup>1</sup> Excluded from disclosures such as fair value hierarchy and measurement method as the carrying amount is the reasonable approximate of fair value.

<sup>2</sup> Measured at the higher of the amount of the loss allowance determined in accordance with Korean IFRS 1109 *Financial Instruments*, and the amount initially recognized less cumulative amount of income recognized in accordance with Korean IFRS 1115 *Revenue from Contracts with Customers*.

<sup>3</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>4</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*.

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(b) Fair value measurements of assets and liabilities

i) Fair value hierarchy and measurement method

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

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

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

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

- Level 3: When financial instruments are measured by using a discounted cash flow, if one or more of the significant inputs are unobservable market data, the instrument is included in 'level 3'. There are no assets or liabilities categorized within 'level 3'.

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. 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 for financial assets held by the Company is the closing price at the end of the reporting period. These instruments are included in 'level 1'. Instruments included in 'level 1' comprise primarily financial assets at fair value through other comprehensive income and 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 that the Company develops or figures that external valuation agencies provide, and makes judgements based on current market conditions. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to measure the fair value of an instrument are observable, the instrument is included in 'level 2'.

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

ii) Financial instruments measured at fair value

Fair value hierarchy classifications of the financial assets and financial liabilities that are measured at fair value as of June 30, 2018 and December 31, 2017, are as follows:

<b>June 30, 2018</b>				
<i>(in millions of Korean won)</i>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Assets</b>				
Other financial assets				
Financial assets at fair value through other comprehensive income				
- Listed equity securities	15,429	-	-	15,429
Derivatives for hedging purposes	-	3,179	-	3,179
<b>Liabilities</b>				
Other financial liabilities				
Derivatives for hedging purposes	-	47,824	-	47,824
<b>December 31, 2017</b>				
<i>(in millions of Korean won)</i>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Assets</b>				
Other financial assets				
Available-for-sale financial assets				
- Listed equity securities	13,842	-	-	13,842
Derivatives for hedging purposes	-	1,862	-	1,862
<b>Liabilities</b>				
Other financial liabilities				
Derivatives for hedging purposes	-	68,589	-	68,589

The above fair value amounts are recurring fair value measurements.

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

Valuation technique and inputs for fair value measurements categorized within 'level 2' as of June 30, 2018 and December 31, 2017, are as follows:

<i>(in millions of Korean won)</i>	<b>Fair value</b>		<b>Valuation techniques</b>	<b>Inputs</b>
	<b>June 30, 2018</b>	<b>December 31, 2017</b>		
<b>Assets</b>				
Other financial assets				
Derivatives for hedging purposes	3,179	1,862	Discounted cash flow	Discount rate and exchange rate

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<i>(in millions of Korean won)</i>	Fair value		Valuation techniques	Inputs
	June 30, 2018	December 31, 2017		
<b>Liabilities</b>				
Other financial liabilities				
Derivatives for hedging purposes	47,824	68,589	Discounted cash flow	Discount rate and exchange rate

- Fair value measurements categorized within 'level 3'

At the end of the reporting period, no financial instruments measured at fair value are categorized within 'level 3'.

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

Financial instruments not measured at fair value but for which the fair value is disclosed as of June 30, 2018 and December 31, 2017, are as follows:

<i>(in millions of Korean won)</i>	June 30, 2018			
	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Non-current deposits held by financial institutions	-	-	2,144	2,144
Non-current other receivables	-	-	273,428	273,428
<b>Liabilities</b>				
Non-current borrowings	-	-	6,923,935	6,923,935
Non-current other payables	-	-	12,040	12,040

<i>(in millions of Korean won)</i>	December 31, 2017			
	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Non-current deposits held by financial institutions	-	-	1,785	1,785
Non-current other receivables	-	-	278,305	278,305
<b>Liabilities</b>				
Non-current borrowings	-	-	6,637,249	6,637,249
Non-current other payables	-	-	208	208

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

At the end of the reporting period, there are no financial instruments that are not measured at fair value but for which the fair value is disclosed and categorized within 'level 2'.

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

Valuation technique, inputs and unobservable inputs of financial instruments that are not measured at fair value but for which the fair value is disclosed and categorized within 'level 3' as of June 30, 2018 and December 31, 2017, are as of follows:

<i>(in millions of Korean won)</i>	June 30, 2018		December 31, 2017		Valuation techniques	Inputs	Significant but unobservable inputs	Range of significant but unobservable inputs
	Carrying amount	Fair value	Carrying amount	Fair value				
<b>Assets</b>								
Non-current deposits held by financial institutions	2,144	2,144	1,785	1,785	Discounted cash flow	Discount rate	Discount rate	0.1%
Non-current other receivables	285,494	273,428	292,123	278,305	Discounted cash flow	Discount rate and exchange rate	Discount rate	3.5% ~ 3.8%
<b>Liabilities</b>								
Non-current borrowings	6,916,771	6,923,935	6,674,174	6,637,249	Discounted cash flow	Discount rate and exchange rate	Discount rate	2.2% ~ 4.2%
Non-current other payables	12,228	12,040	215	208	Discounted cash flow	Discount rate	Discount rate	2.0% ~ 2.2%

**31. Assets and Liabilities Classified as Held for Sale**

(a) Details of assets and liabilities classified as held for sale as of June 30, 2018 and December 31, 2017, are as follows:

<i>(in millions of Korean won)</i>	June 30, 2018	December 31, 2017
Assets held for sale		
Trade receivables	7,880	-
Inventories	2,613	-
Property, plant and equipment	4,133	6,070
<b>Total</b>	<b>14,626</b>	<b>6,070</b>
Liabilities held for sale		
Trade and other payables	3,357	-
Contract liabilities	209	-
Other liabilities	12	-
Defined benefit obligations	2	-
<b>Total</b>	<b>3,580</b>	<b>-</b>

At the end of the reporting period, sales procedure of the assets and liabilities is in progress, and the sale is expected to be completed by 2018.

(b) Assets held for sale were measured at fair value less costs to sell before the reclassification, however, in relation to this no impairment loss was recognized.

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**32. Events After the Reporting Period**

- (a) On July 1, 2018, assets and workforce of T-Con chip design business were transferred to Silicon Works Co., Ltd. for ₩48,000 million, in order to improve operating effectiveness in the semiconductor chip design business with the approval of the Board of Directors on May 29, 2018.
- (b) On July 17, 2018, the Company acquired 30% of shares of Robostar Co., Ltd. for ₩82,045 million. The Company has a contract to acquire additional 3.4% of shares in December 2019.