

**LG Electronics**  
**Interim Consolidated Financial Statements**  
**June 30, 2015 and 2014**

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## **Report on Review of Interim Financial Statements**

(English Translation of a Report Originally Issued in Korean)

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

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

We have reviewed the accompanying interim consolidated financial statements of LG Electronics Inc. and its subsidiaries (collectively the "Group"). These interim financial statements consist of the interim consolidated statement of financial position of the Group as of June 30, 2015, and the related interim consolidated statements of income and comprehensive income for the three-month and six-month periods ended June 30, 2015 and 2014, and interim consolidated statements of changes in equity and cash flows for the six-month periods ended June 30, 2015 and 2014, and a summary of significant accounting policies and other explanatory notes, expressed in Korean won.

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

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

### ***Auditor's Responsibility***

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

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

**Conclusion**

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

**Other matters**

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

Review standards and their application in practice vary among countries. The procedures and practices used in the Republic of Korea to review such financial statements may differ from those generally accepted and applied in other countries.

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

Seoul, Korea  
August 13, 2015

This interim report is effective as of August 13, 2015, the review report date. Certain subsequent events or circumstances, which may occur between the review report date and the time of reading this report, could have a material impact on the accompanying interim consolidated financial statements and notes thereto. Accordingly, the readers of the review report should understand that there is a possibility that the above review report may have to be revised to reflect the impact of such subsequent events or circumstances, if any.

# LG Electronics

## Interim Consolidated Statements of Financial Position

June 30, 2015 and December 31, 2014

<i>(in millions of Korean won)</i>	Note	June 30, 2015 (Unaudited)	December 31, 2014
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	5,30	2,576,459	2,244,406
Financial deposits	5,30	68,000	67,700
Trade receivables	5,6,30	8,119,352	7,683,915
Loans and other receivables	5,6,30	527,315	633,219
Other financial assets	5,7,30	26,065	11,193
Inventories	8	5,554,739	5,711,273
Current income tax assets		203,631	246,878
Other current assets		1,025,546	884,114
Assets classified as held for sale	5,32	21,166	-
		<u>18,122,273</u>	<u>17,482,698</u>
<b>Non-current assets</b>			
Financial deposits	5,30	88,961	94,323
Loans and other receivables	5,6,30	534,000	548,564
Other financial assets	5,7,30	67,336	56,775
Property, plant and equipment	9	10,550,560	10,596,853
Intangible assets	9	1,401,977	1,394,336
Deferred income tax assets		1,669,462	1,573,395
Investments in associates and joint ventures	10	4,814,146	4,594,461
Investment property		23,737	2,699
Other non-current assets		707,061	724,316
		<u>19,857,240</u>	<u>19,585,722</u>
<b>Total assets</b>		<u>37,979,513</u>	<u>37,068,420</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade payables	5,30	6,416,041	6,741,710
Borrowings	5,11,30	3,046,445	2,575,550
Other payables	5,30	2,588,398	3,020,870
Other financial liabilities	5,7,30	2,066	6,528
Current income tax liabilities		54,288	95,963
Provisions	13	694,764	710,764
Other current liabilities		3,045,345	2,602,964
Liabilities classified as held for sale	5,32	14,158	-
		<u>15,861,505</u>	<u>15,754,349</u>
<b>Non-current liabilities</b>			
Borrowings	5,11,30	6,848,280	6,426,881
Other payables	5,30	9,073	14,320
Other financial liabilities	5,7,30	41,734	62,574
Deferred income tax liabilities		3,940	6,012
Net defined benefit liability	12	1,006,397	798,450
Provisions	13	1,014,039	1,004,940
Other non-current liabilities		9,670	9,797
		<u>8,933,133</u>	<u>8,322,974</u>
<b>Total liabilities</b>		<u>24,794,638</u>	<u>24,077,323</u>
<b>Equity attributable to owners of the Parent Company</b>			
Paid-in capital:	14		
Capital stock		904,169	904,169
Share premium		3,088,179	3,088,179
Retained earnings	15	9,163,094	9,081,044
Accumulated other comprehensive loss	16	(1,102,287)	(1,143,557)
Other components of equity	17	(210,343)	(210,412)
		<u>11,842,812</u>	<u>11,719,423</u>
<b>Non-controlling interests</b>		<u>1,342,063</u>	<u>1,271,674</u>
<b>Total equity</b>		<u>13,184,875</u>	<u>12,991,097</u>
<b>Total liabilities and equity</b>		<u>37,979,513</u>	<u>37,068,420</u>

**LG Electronics**  
**Interim Consolidated Statements of Income**  
**Three-Month and Six-Month Periods Ended June 30, 2015 and 2014**

<i>(in millions of Korean won, except per share amounts)</i>	Note	2015 (Unaudited)		2014 (Unaudited)	
		Three months	Six months	Three months	Six months
<b>Continuing operations</b>					
<b>Net sales</b>	18	13,925,658	27,920,107	15,066,946	29,055,731
<b>Cost of sales</b>	19	10,732,612	21,638,803	11,399,286	22,163,044
<b>Gross profit</b>		3,193,046	6,281,304	3,667,660	6,892,687
Selling and marketing expenses	19,20	1,688,673	3,229,692	1,830,390	3,405,797
Administrative expenses	19,20	358,330	712,840	326,996	643,012
Research and development expenses	19,20	595,999	1,212,070	573,905	1,131,202
Service costs	19,20	305,977	577,390	326,689	624,237
<b>Operating income</b>		244,067	549,312	609,680	1,088,439
Financial income	21	51,505	241,422	63,851	167,429
Financial expenses	22	149,554	442,370	161,425	365,929
Gain from equity method valuation	10	123,388	291,728	98,400	43,705
Other non-operating income	23	366,002	801,143	382,647	611,120
Other non-operating expenses	24	323,531	1,079,650	372,550	655,027
Profit before income tax		311,877	361,585	620,603	889,737
Income tax expense		83,256	94,497	196,871	388,816
<b>Profit for the period from continuing operations</b>		228,621	267,088	423,732	500,921
<b>Discontinued operations</b>					
Profit(loss) for the period from discontinued operations	33	(2,233)	(2,265)	(11,898)	3,479
<b>Profit for the period</b>		226,388	264,823	411,834	504,400
<b>Profit(loss) for the period attributable to:</b>					
Equity holders of the Parent Company					
Continuing operations		189,327	191,608	381,168	440,657
Discontinued operations		(2,233)	(2,271)	(12,031)	3,343
		187,094	189,337	369,137	444,000
Non-controlling interests					
Continuing operations		39,294	75,480	42,564	60,264
Discontinued operations		-	6	133	136
		39,294	75,486	42,697	60,400
<b>Earnings per share attributable to the equity holders of the Parent Company during the period (in won):</b>					
25					
Earnings (loss) per share for profit attributable to the common equity holders of the Parent Company					
From continuing operations		1,038	1,049	2,048	2,463
From discontinued operations		(13)	(13)	(66)	19
Earnings (loss) per share for profit attributable to the preferred equity holders of the Parent Company					
From continuing operations		1,050	1,074	2,061	2,488
From discontinued operations		1,063	1,087	2,127	2,469
		(13)	(13)	(66)	19

**LG Electronics**  
**Interim Consolidated Statements of Comprehensive Income**  
**Three-Month and Six-Month Periods Ended June 30, 2015 and 2014**

(in millions of Korean won)

	Note	2015 (Unaudited)		2014 (Unaudited)	
		Three months	Six months	Three months	Six months
<b>Profit for the period</b>		226,388	264,823	411,834	504,400
<b>Other comprehensive income(loss), net of tax</b>					
Items that will not be reclassified subsequently to profit or loss:					
Remeasurements of the net defined benefit liability	12	56,503	(36,159)	(46,289)	(29,141)
Share of remeasurements for the net defined benefit liability of associates	10	(283)	(907)	(187)	(953)
Items that will be reclassified subsequently to profit or loss:					
Other comprehensive income(loss) (excluding remeasurements) from associates and joint ventures	10	32,308	32,382	(67,518)	(75,266)
Cash flow hedges	30	8,196	(4,110)	(12,729)	(13,967)
Available-for-sale financial assets	7	229	1,939	(492)	(704)
Currency translation differences		116,907	25,050	(261,309)	(229,305)
<b>Other comprehensive income(loss) for the period, net of tax</b>		213,860	18,195	(388,524)	(349,336)
<b>Total comprehensive income for the period, net of tax</b>		440,248	283,018	23,310	155,064
<b>Comprehensive income for the period, net of tax, attributable to:</b>					
Equity holders of the Parent Company		386,834	196,205	9,190	126,206
Non-controlling interests		53,414	86,813	14,120	28,858
<b>Total comprehensive income for the period, net of tax</b>		440,248	283,018	23,310	155,064



**LG Electronics**

**Interim Consolidated Statements of Changes in Equity**  
**Six-Month Periods Ended June 30, 2015 and 2014**

Attributable to equity holders of the Parent Company								
<i>(in millions of Korean won)</i>	Note	Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income(loss)	Other Components of Equity	Total	Non-controlling Interests	Total Equity
<b>Balance at January 1, 2014</b>		3,992,348	8,885,523	(907,440)	(231,229)	11,739,202	950,167	12,689,369
<b>Comprehensive income(loss):</b>								
Profit for the period		-	444,000	-	-	444,000	60,400	504,400
Remeasurements of the net defined benefit liability	12	-	(26,852)	-	-	(26,852)	(2,289)	(29,141)
Share of remeasurements for the net defined benefit liability of associates	10	-	(953)	-	-	(953)	-	(953)
Share of other comprehensive income (excluding remeasurements) of associates and joint ventures	10	-	-	(75,266)	-	(75,266)	-	(75,266)
Cash flow hedges	30	-	-	(13,967)	-	(13,967)	-	(13,967)
Available-for-sale financial assets	7	-	-	(604)	-	(604)	(100)	(704)
Currency translation differences		-	-	(200,152)	-	(200,152)	(29,153)	(229,305)
<b>Total comprehensive income</b>		-	416,195	(289,989)	-	126,206	28,858	155,064
<b>Transactions with equity holders:</b>								
Dividends	15	-	(36,872)	-	-	(36,872)	(28,555)	(65,427)
Changes in controlling interests in subsidiaries		-	-	-	20,980	20,980	256,768	277,748
<b>Total transactions with equity holders</b>		-	(36,872)	-	20,980	(15,892)	228,213	212,321
<b>Balance at June 30, 2014 (Unaudited)</b>		3,992,348	9,264,846	(1,197,429)	(210,249)	11,849,516	1,207,238	13,056,754
<b>Balance at January 1, 2015</b>		3,992,348	9,081,044	(1,143,557)	(210,412)	11,719,423	1,271,674	12,991,097
<b>Comprehensive income(loss):</b>								
Profit for the period		-	189,337	-	-	189,337	75,486	264,823
Remeasurements of the net defined benefit liability	12	-	(33,495)	-	-	(33,495)	(2,664)	(36,159)
Share of remeasurements for the net defined benefit liability of associates	10	-	(907)	-	-	(907)	-	(907)
Share of other comprehensive loss (excluding remeasurements) of associates and joint ventures	10	-	-	32,382	-	32,382	-	32,382
Cash flow hedges	30	-	-	(4,110)	-	(4,110)	-	(4,110)
Available-for-sale financial assets	7	-	-	1,939	-	1,939	-	1,939
Currency translation differences		-	-	11,059	-	11,059	13,991	25,050
<b>Total comprehensive income(loss)</b>		-	154,935	41,270	-	196,205	86,813	283,018
<b>Transactions with equity holders:</b>								
Dividends	15	-	(72,885)	-	-	(72,885)	(17,078)	(89,963)
Issuance of common shares of subsidiaries		-	-	-	69	69	654	723
<b>Total transactions with equity holders</b>		-	(72,885)	-	69	(72,816)	(16,424)	(89,240)
<b>Balance at June 30, 2015 (Unaudited)</b>		3,992,348	9,163,094	(1,102,287)	(210,343)	11,842,812	1,342,063	13,184,875



## LG Electronics

### Interim Consolidated Statements of Cash Flows Six-Month Periods Ended June 30, 2015 and 2014

<i>(in millions of Korean won)</i>	Note	Six-Month Period Ended June 30	
		2015 (Unaudited)	2014 (Unaudited)
<b>Cash flows from operating activities</b>			
Cash generated from operations	26	917,522	1,234,940
Interest received		36,772	38,928
Interest paid		(233,323)	(218,853)
Dividend received		71,897	17,359
Income tax paid		(194,595)	(312,229)
<b>Net cash generated from operating activities</b>		<b>598,273</b>	<b>760,145</b>
<b>Cash flows from investing activities</b>			
Decrease in financial deposits		20,373	10,562
Decrease in loans and other receivables		91,483	133,090
Proceeds from redemption and disposal of other financial assets		32,019	27,054
Proceeds from disposal of property, plant and equipment		31,360	42,674
Proceeds from disposal of intangible assets		1,442	16,010
Proceeds from redemption and disposal of investments in associates and joint ventures		-	680
Proceeds from disposal of assets classified as held for sale	32	84,369	-
Decrease in others		842	2,376
Increase in financial deposits		(14,070)	(9,787)
Increase in loans and other receivables		(71,204)	(93,276)
Acquisition of other financial assets		(25,704)	(6,239)
Acquisition of property, plant and equipment		(940,713)	(1,093,852)
Acquisition of intangible assets		(262,914)	(257,874)
Acquisition of investments in associates and joint ventures		-	(7,782)
Business combination	31	(7,691)	-
Increase in others		-	(414)
<b>Net cash used in investing activities</b>		<b>(1,060,408)</b>	<b>(1,236,778)</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		1,826,754	1,955,188
Issuance of common shares of subsidiaries		723	-
Repayments of borrowings		(933,583)	(1,318,254)
Dividends paid		(79,933)	(40,242)
<b>Net cash provided by financing activities</b>		<b>813,961</b>	<b>596,692</b>
<b>Exchange losses on cash and cash equivalents</b>		<b>(19,773)</b>	<b>(64,260)</b>
<b>Net increase in cash and cash equivalents</b>		<b>332,053</b>	<b>55,799</b>
Cash and cash equivalents at the beginning of period		2,244,406	2,645,270
<b>Cash and cash equivalents at the end of period</b>		<b>2,576,459</b>	<b>2,701,069</b>

# **LG Electronics**

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

### **June 30, 2015 and 2014(unaudited), and December 31, 2014**

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#### **1. General Information**

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

As of June 30, 2015, LG Corp. owns 33.7% of the Parent Company’s total shares, excluding preferred shares, while financial institutions, foreign investors and others own the rest.

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

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**Notes to the Interim Consolidated Financial Statements**  
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(a) Consolidated subsidiaries as of June 30, 2015 and December 31, 2014, are as follows:

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

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

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Territory	Location	Subsidiaries	June 30, 2015		December 31, 2014		Closing Month	Major Business	Basis of control
			Percentage of ownership		Percentage of ownership				
			Controlling interest	Non-controlling interest	Controlling interest	Non-controlling interest			
	China	LG Electronics Tianjin Appliances Co., Ltd.(LGETA)	80.0%	20.0%	80.0%	20.0%	December	Production of Electronic products	More than half of voting rights
	China	NanJing LG-Panda Appliances Co., Ltd.(LGEPN)	70.0%	30.0%	70.0%	30.0%	December	Production of Electronic products	More than half of voting rights
	China	Qingdao LG Inspur Digital Communication Co., Ltd.(LGEQD)	70.0%	30.0%	70.0%	30.0%	December	Production of Electronic products	More than half of voting rights
	China	Shanghai LG Electronics Co., Ltd.(LGESH)	70.0%	30.0%	70.0%	30.0%	December	Production of Electronic products	More than half of voting rights
	China	Taizhou LG Electronics Refrigeration Co., Ltd.(LGETR)	100.0%	-	100.0%	-	December	Production of Electronic products	More than half of voting rights
	China	Tianjin Lijie cartridge heater Co., Ltd.(LGETL)	66.7%	33.3%	66.7%	33.3%	December	Production of Heater	More than half of voting rights
	China	LG Innotek (Yantai) Co., Ltd.(LGITYT) <sup>1</sup>	40.8%	59.2%	40.8%	59.2%	December	Production and Sales of Electronic materials	De-facto control
	China	LG Innotek (Huizhou) Co., Ltd.(LGITHZ) <sup>1</sup>	40.8%	59.2%	40.8%	59.2%	December	Production and Sales of Electronic materials	De-facto control
	China	LG Innotek (Fuzhou) Co., Ltd.(LGITFZ) <sup>1</sup>	40.8%	59.2%	40.8%	59.2%	December	Production and Sales of Electronic materials	De-facto control
	China	LG Innotek Trading (Shanghai) Co., Ltd.(LGITSH) <sup>1</sup>	40.8%	59.2%	40.8%	59.2%	December	Sales of Electronic materials	De-facto control
	China	HiEntech (Tianjin) Co., LTD.	80.0%	20.0%	100.0%	-	December	Water engineering	More than half of voting rights
	China	VENS BEIJING VEHICLE ENGINEERING CO.,LTD	100.0%	-	100.0%	-	December	Automotive engineering	More than half of voting rights
Asia	Australia	LG Electronics Australia Pty, Ltd.(LGEAP)	100.0%	-	100.0%	-	December	Sales of Electronic products	More than half of voting rights
	India	LG Electronics India Pvt. Ltd.(LGEIL) <sup>4</sup>	100.0%	-	100.0%	-	March	Production and Sales of Electronic products	More than half of voting rights

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Territory	Location	Subsidiaries	June 30, 2015		December 31, 2014		Closing Month	Major Business	Basis of control
			Percentage of ownership		Percentage of ownership				
			Controlling interest	Non-controlling interest	Controlling interest	Non-controlling interest			
	Japan	LG Electronics Japan Lab. Inc.(LGEJL)	100.0%	-	100.0%	-	December	R&D	More than half of voting rights
	Japan	LG Electronics Japan, Inc.(LGEJP)	100.0%	-	100.0%	-	December	Sales of Electronic products	More than half of voting rights
	Malaysia	LG Electronics Malaysia SDN. BHD(LGEML)	100.0%	-	100.0%	-	December	Sales of Electronic products	More than half of voting rights
	Philippines	LG Electronics Philippines Inc.(LGEPH)	100.0%	-	100.0%	-	December	Sales of Electronic products	More than half of voting rights
	Singapore	LG Electronics Singapore PTE LTD.(LGESL)	100.0%	-	100.0%	-	December	Sales of Electronic products	More than half of voting rights
	Taiwan	LG Electronics Taiwan Taipei Co., Ltd.(LGETT)	100.0%	-	100.0%	-	December	Sales of Electronic products	More than half of voting rights
	Thailand	LG Electronics Thailand Co., Ltd.(LGETH)	100.0%	-	100.0%	-	December	Production and Sales of Electronic products	More than half of voting rights
	Vietnam	LG Electronics Vietnam Co., Ltd.(LGEVN)	100.0%	-	100.0%	-	December	Production and Sales of Electronic products	More than half of voting rights
	India	LG Soft India Private Limited.(LGSI) <sup>4</sup>	100.0%	-	100.0%	-	March	R&D	More than half of voting rights
	Indonesia	P.T. LG Electronics Indonesia(LGEIN)	100.0%	-	100.0%	-	December	Production and Sales of Electronic products	More than half of voting rights
	Philippines	LG Electronics Pasig Inc. <sup>3</sup>	38.0%	62.0%	38.0%	62.0%	December	Real estates	De-facto control
	India	Hi Logistics India Private Limited <sup>4</sup>	100.0%	-	100.0%	-	March	Services of Logistics	More than half of voting rights
	Malaysia	HI LOGISTICS MALAYSIA SDN BHD	100.0%	-	100.0%	-	December	Services of Logistics	More than half of voting rights
	Indonesia	PT LG Innotek Indonesia(LGITIN) <sup>1</sup>	40.8%	59.2%	40.8%	59.2%	December	Production and Sales of Electronic materials	De-facto control
	Taiwan	LG Innotek (Taiwan) Ltd.(LGITTW) <sup>1</sup>	40.8%	59.2%	40.8%	59.2%	December	Sales of Electronic materials	De-facto control

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Territory	Location	Subsidiaries	June 30, 2015		December 31, 2014		Closing Month	Major Business	Basis of control
			Percentage of ownership		Percentage of ownership				
			Controlling interest	Non-controlling interest	Controlling interest	Non-controlling interest			
	Malaysia	V-ENS (M) Sdn. Bhd.	100.0%	-	100.0%	-	December	Automotive engineering	More than half of voting rights
	Vietnam	LG Electronics Vietnam Haiphong Co., Ltd.(LGEVH)	100.0%	-	100.0%	-	December	Production of Electronic products	More than half of voting rights
	Indonesia	PT.LG Electronics Service Indonesia(LGEID)	99.8%	0.2%	99.8%	0.2%	December	Services	More than half of voting rights
	Vietnam	Hi Logistics Vietnam Co., LTD.	100.0%	-	100.0%	-	December	Services of Logistics	More than half of voting rights
Europe	Netherlands	Hi Logistics Europe B.V.	100.0%	-	100.0%	-	December	Services of Logistics	More than half of voting rights
	Austria	LG Electronics Austria GmbH(LGEAG)	100.0%	-	100.0%	-	December	Sales of Electronic products	More than half of voting rights
	Netherlands	LG Electronics Benelux Sales B.V.(LGEBN)	100.0%	-	100.0%	-	December	Sales of Electronic products	More than half of voting rights
	Czech Republic	LG Electronics CZ, s.r.o.(LGE CZ)	100.0%	-	100.0%	-	December	Sales of Electronic products	More than half of voting rights
	Germany	LG Electronics Deutschland GmbH(LGEDG)	100.0%	-	100.0%	-	December	Sales of Electronic products	More than half of voting rights
	Spain	LG Electronics Espana S.A.(LGEES)	100.0%	-	100.0%	-	December	Sales of Electronic products	More than half of voting rights
	Netherlands	LG Electronics European Holdings B.V.(LGEEH)	100.0%	-	100.0%	-	December	European Holding	More than half of voting rights
	Netherlands	LG Electronics European Shared Service Center B.V.(LGESC)	100.0%	-	100.0%	-	December	Services	More than half of voting rights
	France	LG Electronics France S.A.S.(LGEFS)	100.0%	-	100.0%	-	December	Sales of Electronic products	More than half of voting rights
	Greece	LG Electronics Hellas S.A.(LGEHS)	100.0%	-	100.0%	-	December	Sales of Electronic products	More than half of voting rights
	Italy	LG Electronics Italia S.p.A(LGEIS)	100.0%	-	100.0%	-	December	Sales of Electronic products	More than half of voting rights



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

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

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

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

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

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

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

<sup>3</sup> Although the Parent Company holds less than half of the voting rights, the Group is deemed to have control as the Parent Company has the substantial power to direct the

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relevant activities and is exposed to variable returns.

<sup>4</sup> In the preparation of consolidated financial statements, the financial statements for the six-month period ended June 30, 2015, were used for those subsidiaries with different fiscal year ends.

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

<i>(in millions of Korean won)</i>	June 30, 2015			2015			
	Assets	Liabilities	Equity	Three months		Six months	
				Sales	Net Income (loss)	Sales	Net Income (loss)
LG Innotek Co., Ltd.	3,710,342	2,147,894	1,562,448	1,335,611	6,510	2,766,138	31,801
LG Electronics do Brasil Ltda.(LGEBR)	1,402,134	1,126,779	275,355	528,218	(32,579)	1,323,946	(36,689)
LG Electronics U.S.A., Inc.(LGEUS)	2,362,511	2,029,181	333,330	1,635,111	22,454	2,908,307	20,295
Zenith Electronics Corporation(Zenith)	1,092,797	27,926	1,064,871	30,207	(189)	84,556	16,447
LG Electronics European Shared Service Center B.V.(LGESC)	1,276,530	1,245,986	30,544	60,294	3,533	115,717	5,124
LG Electronics RUS, LLC(LGERA)	583,309	260,777	322,532	290,437	(1,030)	624,678	(17,436)
LG Electronics (China) Co. Ltd.(LGECH)	778,739	764,583	14,156	321,885	137	683,845	12,113
LG Electronics Tianjin Appliances Co., Ltd.(LGETA)	662,160	394,060	268,100	314,760	1,609	693,523	20,166
LG Electronics Mobilecomm U.S.A., Inc.(LGEMU)	1,371,600	1,283,195	88,405	1,565,643	(5,630)	3,214,999	(3,055)
LG Electronics India Pvt. Ltd.(LGEIL)	717,252	330,403	386,849	661,651	46,280	1,229,462	82,198
Inspur LG Digital Mobile Communications Co., Ltd.(LGEYT)	724,878	579,345	145,533	787,251	10,892	1,509,611	26,163
LG Electronics Mlawa Sp. z o.o(LGEMA)	569,755	277,905	291,850	330,530	(962)	807,907	12,754
LG Electronics Reynosa S.A. DE C.V.(LGERS)	519,941	238,073	281,868	428,675	(1,896)	860,411	3,091
P.T. LG Electronics Indonesia(LGEIN)	472,414	229,779	242,635	331,909	4,006	679,900	2,487
LG Electronics Nanjing New Technology co.,LTD(LGENT)	310,798	165,074	145,724	249,453	9,313	570,289	13,926
LG Electronics Wroclaw Sp.z o.o(LGEWR)	353,262	191,295	161,967	290,797	(7,509)	648,823	4,785
Hiplaza Co., Ltd.	507,981	374,585	133,396	351,001	(2,262)	649,193	(11,075)
LG Electronics Mexico S.A. DE C.V.(LGEMS)	578,680	488,050	90,630	470,082	490	846,295	15,179

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<i>(in millions of Korean won)</i>	June 30, 2015			2015			
	Assets	Liabilities	Equity	Three months		Six months	
				Sales	Net Income (loss)	Sales	Net Income (loss)
NanJing LG-Panda Appliances Co., Ltd.(LGEPN)	446,586	326,630	119,956	311,139	5,270	621,057	14,762
LG Electronics Thailand Co., Ltd.(LGETH)	431,380	228,348	203,032	266,853	4,204	567,452	13,823
Taizhou LG Electronics Refrigeration Co., Ltd.(LGETR)	393,465	267,152	126,313	199,759	9,731	405,903	16,124
LG Electronics Egypt S.A.E(LGEEG)	506,006	500,277	5,729	147,710	5,448	276,984	(7,925)

  

<i>(in millions of Korean won)</i>	December 31, 2014			2014			
	Assets	Liabilities	Equity	Three months		Six months	
				Sales	Net Income (loss)	Sales	Net Income (loss)
LG Innotek Co., Ltd.	4,104,519	2,563,340	1,541,179	1,357,441	14,434	2,645,914	(8,779)
LG Electronics do Brasil Ltda.(LGEBR)	1,490,163	1,129,559	360,604	966,188	24,540	1,858,599	54,443
LG Electronics U.S.A., Inc.(LGEUS)	2,219,819	1,913,542	306,277	1,542,524	(4,553)	2,883,618	9,328
Zenith Electronics Corporation(Zenith)	1,065,817	41,012	1,024,805	41,216	8,652	74,317	10,714
LG Electronics European Shared Service Center B.V.(LGESC)	1,177,424	1,150,662	26,762	56,703	3,414	109,993	6,887
LG Electronics RUS, LLC(LGERA)	831,398	495,292	336,106	626,540	50,081	1,248,507	82,022
LG Electronics (China) Co. Ltd.(LGECH)	700,743	699,069	1,674	325,868	4,505	673,038	2,290
LG Electronics Tianjin Appliances Co., Ltd.(LGETA)	609,917	351,590	258,327	325,091	5,903	703,911	18,328
LG Electronics Mobilecomm U.S.A., Inc.(LGEMU)	1,377,154	1,287,733	89,421	1,231,270	7,037	2,307,286	12,481
LG Electronics India Pvt. Ltd.(LGEIL)	546,532	247,941	298,591	666,035	57,537	1,197,062	97,600
Inspur LG Digital Mobile Communications Co., Ltd.(LGEYT)	809,792	693,958	115,834	870,553	12,810	1,482,881	20,550
LG Electronics Mlawa Sp. z o.o(LGEMA)	785,962	495,564	290,398	327,244	1,860	658,175	10,480
LG Electronics Reynosa S.A. DE C.V.(LGERES)	497,851	223,798	274,053	623,880	(3,498)	1,077,625	6,524
P.T. LG Electronics Indonesia(LGEIN)	529,226	294,766	234,460	413,819	(2,359)	827,964	9,603
LG Electronics Nanjing New Technology co.,LTD(LGEND)	403,907	270,474	133,433	363,425	4,370	790,250	18,470



## LG Electronics

### Notes to the Interim Consolidated Financial Statements

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<i>(in millions of Korean won)</i>	December 31, 2014			2014			
	Assets	Liabilities	Equity	Three months		Six months	
				Sales	Net Income (loss)	Sales	Net Income (loss)
LG Electronics Wrocław Sp.z o.o(LGEWR)	514,334	350,868	163,466	393,132	504	825,889	8,971
Hiplaza Co., Ltd.	455,031	310,459	144,572	405,594	4,591	734,650	1,519
LG Electronics Mexico S.A. DE C.V.(LGEMS)	563,773	484,788	78,985	473,983	5,665	808,980	8,635
NanJing LG-Panda Appliances Co., Ltd.(LGEPN)	489,848	373,576	116,272	311,709	4,535	605,896	7,597
LG Electronics Thailand Co., Ltd.(LGETH)	405,724	215,503	190,221	262,120	2,727	553,347	13,823
Taizhou LG Electronics Refrigeration Co., Ltd.(LGETR)	429,546	322,366	107,180	229,085	9,239	414,322	8,293
LG Electronics Egypt S.A.E(LGEEG)	388,014	374,279	13,735	80,436	(10,079)	174,376	(7,925)

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

- LG Innotek Co., Ltd. and its subsidiaries

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

<i>(in millions of Korean won)</i>	<b>June 30, 2015</b>	<b>December 31, 2014</b>
Non-controlling interest rate	59.2%	59.2%
Accumulated non-controlling interest	1,038,050	1,002,971

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

<i>(in millions of Korean won)</i>	<b>2015</b>		<b>2014</b>	
	<b>Three months</b>	<b>Six months</b>	<b>Three months</b>	<b>Six months</b>
Profit attributed to non-controlling interest	19,095	35,058	24,673	31,920
Dividend to non-controlling interest	-	3,503	-	-

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

<i>(in millions of Korean won)</i>	<b>June 30, 2015</b>	<b>December 31, 2014</b>
Current assets	1,842,536	2,082,013
Non-current assets	2,206,166	2,346,748
<b>Total assets</b>	<b>4,048,702</b>	<b>4,428,761</b>
Current liabilities	1,247,123	1,646,619
Non-current liabilities	1,045,680	1,085,652
<b>Total liabilities</b>	<b>2,292,803</b>	<b>2,732,271</b>
Equity attributable to owners of LG Innotek Co., Ltd.	1,755,897	1,696,488
Non-controlling interests	2	2
<b>Total equity</b>	<b>1,755,899</b>	<b>1,696,490</b>

iv) Summarized consolidated statements of comprehensive income of subsidiaries with material non-controlling interests for the three-month and six-month periods ended June 30, 2015 and 2014, is as follows (before elimination of intercompany transactions):

<i>(in millions of Korean won)</i>	<b>2015</b>		<b>2014</b>	
	<b>Three months</b>	<b>Six months</b>	<b>Three months</b>	<b>Six months</b>
Net sales	1,447,103	2,988,370	1,542,949	3,001,778
Profit for the period	31,389	59,512	43,583	60,011
Other comprehensive income(loss), net of tax	14,159	5,813	(23,831)	(25,176)
Total comprehensive income, net of tax	45,548	65,325	19,752	34,835

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

<i>(in millions of Korean won)</i>	<b>2015</b>	<b>2014</b>
Cash flows from operating activities	418,570	414,536
Cash flows from investing activities	(196,010)	(151,407)
Cash flows from financing activities	(255,464)	(209,570)
Exchange gains(losses) on cash and cash equivalents	499	(1,326)
Net increase(decrease) in cash and cash equivalents	(32,405)	52,233
Cash and cash equivalents at the beginning of period	396,451	399,610
Cash and cash equivalents at the end of period	364,046	451,843

(d) Significant restrictions on its subsidiaries

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

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

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

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

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

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

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

(f) Subsidiary newly included in the scope of preparation of consolidated financial statements for the six-month period ended June 30, 2015, is:

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

(g) Subsidiary excluded from the scope of preparation of consolidated financial statements for the six-month period ended June 30, 2015, is:

<b>Subsidiary</b>	<b>Reason</b>	<b>Country</b>
LG Innotek (Guangzhou) Co., Ltd.	Merger	China

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

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

# LG Electronics

## Notes to the Interim Consolidated Financial Statements

### June 30, 2015 and 2014(unaudited), and December 31, 2014

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## 2. Significant Accounting Policies

### Basis of Preparation

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

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

The interim consolidated financial statements for the six-month period ended June 30, 2015, have been prepared in accordance with Korean IFRS 1034, 'Interim Financial Reporting'. These interim consolidated financial statements have been prepared in accordance with the Korean IFRS standards and interpretations effective at June 30, 2015.

### Changes in Accounting Policy and Disclosures

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

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

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

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

- Annual improvements of Korean IFRS

Korean IFRS 1102, 'Share-based Payment'

Korean IFRS 1103, 'Business Combination'

Korean IFRS 1108, 'Operating Segment'

Korean IFRS 1113, 'Fair Value Measurement'

Korean IFRS 1016, 'Property, Plant and Equipment'

Korean IFRS 1038, 'Intangible Assets'

Korean IFRS 1024, 'Related Party Disclosures'

Korean IFRS 1040, 'Investment Property'

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

### **June 30, 2015 and 2014(unaudited), and December 31, 2014**

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

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

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

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

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

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

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

#### **Income Tax Expense**

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

#### **Greenhouse Gas Emission Rights and Obligations**

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

# **LG Electronics**

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

### **June 30, 2015 and 2014(unaudited), and December 31, 2014**

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

### **3. Critical Accounting Estimates and Assumptions**

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

#### **(a) Revenue Recognition**

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

#### **(b) Impairment of Goodwill**

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

#### **(c) Income Taxes**

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



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(d) Fair Value of Financial Instruments

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

(e) Provisions

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

(f) Net Defined Benefit Liability

The present value of the defined benefit liability depends on various factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost(income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of the defined benefit liability. The Group determines the appropriate discount rate at the end of each reporting period. This is the interest rate that is used to determine the present value of estimated future cash outflows expected to be required to settle the defined benefit liability. In determining the appropriate discount rate, the Group considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability. Other key assumptions for defined benefit liability are based on current market conditions.

**Significant Judgment on Accounting Policies Adopted by the Group**

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

**4. Segment Information**

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

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

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

<b>Three-month period ended June 30, 2015</b>								
<i>(in millions of Korean won)</i>	HE	MC	H&A	VC	Innotek	Other segments <sup>1</sup>	Inter-segment transactions <sup>2</sup>	Total
Sales	3,934,745	3,648,427	4,485,328	450,835	1,447,103	474,768	(515,548)	13,925,658
External sales	3,934,105	3,648,363	4,484,661	450,831	1,118,108	289,590	-	13,925,658
Internal sales	640	64	667	4	328,995	185,178	(515,548)	-
Operating income(loss) <sup>3</sup>	(82,725)	155	291,836	(1,467)	48,928	(12,660)	-	244,067
Depreciation and amortization	97,953	77,997	118,678	21,773	110,524	41,917	-	468,842

<b>Six-month period ended June 30, 2015</b>								
<i>(in millions of Korean won)</i>	HE	MC	H&A	VC	Innotek	Other segments <sup>1</sup>	Inter-segment transactions <sup>2</sup>	Total
Sales	8,371,454	7,244,939	8,548,441	833,456	2,988,370	890,824	(957,377)	27,920,107
External sales	8,370,634	7,244,695	8,546,053	833,446	2,324,711	600,568	-	27,920,107
Internal sales	820	244	2,388	10	663,659	290,256	(957,377)	-
Operating income(loss) <sup>3</sup>	(88,881)	73,022	521,322	(3,884)	117,964	(70,231)	-	549,312
Depreciation and amortization	200,545	155,799	238,152	40,725	224,900	86,052	-	946,173

<b>Three-month period ended June 30, 2014</b>								
<i>(in millions of Korean won)</i>	HE	MC	H&A	Innotek	Other segments <sup>1</sup>	Inter-segment transactions <sup>2</sup>	Total	
Sales	4,783,187	3,631,160	4,867,610	1,542,949	885,023	(642,983)	15,066,946	
External sales	4,782,113	3,614,995	4,867,350	1,166,119	636,369	-	15,066,946	
Internal sales	1,074	16,165	260	376,830	248,654	(642,983)	-	
Operating income(loss) <sup>3</sup>	158,553	86,703	275,155	89,921	(652)	-	609,680	
Depreciation and amortization	100,461	81,429	114,090	119,344	50,670	-	465,994	

<b>Six-month period ended June 30, 2014</b>								
<i>(in millions of Korean won)</i>	HE	MC	H&A	Innotek	Other segments <sup>1</sup>	Inter-segment transactions <sup>2</sup>	Total	
Sales	9,444,634	7,053,757	8,994,482	3,001,778	1,638,636	(1,077,556)	29,055,731	
External sales	9,443,527	7,024,755	8,994,222	2,284,153	1,309,074	-	29,055,731	
Internal sales	1,107	29,002	260	717,625	329,562	(1,077,556)	-	
Operating income(loss) <sup>3</sup>	374,683	79,420	486,026	153,014	(4,704)	-	1,088,439	
Depreciation and amortization	203,584	164,112	230,530	238,217	97,561	-	934,004	

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

<sup>2</sup> Accounting of sales between segments are treated at arm's length.

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

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

<b>June 30, 2015</b>							
<i>(in millions of Korean won)</i>	HE	MC	H&A	VC	Innotek	Other segments and inter-segment transactions <sup>1</sup>	Total
Segment assets	12,763,978	8,505,130	13,036,196	1,356,125	4,048,702	(1,730,618)	37,979,513
Segment liabilities	12,523,600	6,476,156	9,165,577	1,139,894	2,292,803	(6,803,392)	24,794,638

  

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

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

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

<i>(in millions of Korean won)</i>	<b>External sales</b>				<b>Non-current assets<sup>2</sup></b>	
	<b>2015</b>		<b>2014</b>		<b>June 30, 2015</b>	<b>December 31, 2014</b>
	<b>Three months</b>	<b>Six months</b>	<b>Three months</b>	<b>Six months</b>		
<b>Geographic areas<sup>1</sup></b>						
Korea	3,525,099	7,140,642	4,025,780	7,709,436	9,344,102	9,330,933
North America	3,980,327	7,627,859	3,509,303	6,518,548	341,673	353,937
Asia	1,566,446	3,017,694	1,542,435	3,009,400	599,762	577,036
Europe	1,299,229	2,679,411	1,568,570	3,153,421	259,794	265,938
South America	1,063,012	2,341,103	1,533,271	2,898,237	211,916	240,977
Middle East & Africa	1,296,876	2,565,056	1,249,902	2,429,983	188,612	186,277
China	840,042	1,730,434	889,603	1,796,306	869,577	888,236
Others	354,627	817,908	748,082	1,540,400	160,838	150,554
<b>Total</b>	<b>13,925,658</b>	<b>27,920,107</b>	<b>15,066,946</b>	<b>29,055,731</b>	<b>11,976,274</b>	<b>11,993,888</b>

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

<sup>2</sup> Non-current assets consist of property, plant and equipment, intangible assets and investment property.

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

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**5. Financial Instruments by Category**

(a) Categorizations of financial instruments are as follows:

<i>(in millions of Korean won)</i>	June 30, 2015					Total
	Assets at fair value through profit or loss	Loans and receivables	Assets classified as available-for-sale	Held-to-maturity financial assets	Other	
Cash and cash equivalents	-	2,576,459	-	-	-	2,576,459
Financial deposits	-	156,961	-	-	-	156,961
Trade receivables	-	8,119,352	-	-	-	8,119,352
Loans and other receivables	-	1,061,315	-	-	-	1,061,315
Other financial assets	1,190	-	54,206	2,643	35,362	93,401
Assets held for sale	-	8,196	-	-	-	8,196
<b>Total</b>	<b>1,190</b>	<b>11,922,283</b>	<b>54,206</b>	<b>2,643</b>	<b>35,362</b>	<b>12,015,684</b>

<i>(in millions of Korean won)</i>	June 30, 2015			Total
	Liabilities at fair value through profit or loss	Liabilities carried at amortized cost	Other	
Trade payables	-	6,416,041	-	6,416,041
Borrowings	-	9,894,725	-	9,894,725
Other payables	-	2,597,471	-	2,597,471
Other financial liabilities	1,960	-	41,840	43,800
Liabilities classified as held for sale	-	12,245	-	12,245
<b>Total</b>	<b>1,960</b>	<b>18,920,482</b>	<b>41,840</b>	<b>18,964,282</b>

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

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

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

<i>(in millions of Korean won)</i>	2015					Total
	Assets at fair value through profit or loss	Loans and receivables	Assets classified as available-for-sale	Held-to-maturity financial assets	Other	
Interest income	-	44,704	56	43	-	44,803
Exchange differences	-	82,675	-	-	-	82,675
Bad debt expenses	-	(21,378)	-	-	-	(21,378)
Loss on disposal of trade receivables	-	(13,086)	-	-	-	(13,086)
Gain on disposal of available-for-sale financial assets	-	-	5,925	-	-	5,925
Gain on disposal of assets classified as held for sale	-	-	1,372	-	-	1,372
Dividend income	-	-	775	-	-	775
Gain on derivatives (through profit or loss)	22,353	-	-	-	-	22,353
Gain for the period from discontinued operations	3	1,918	-	-	-	1,921
Gain on valuation of available-for-sale financial assets, net of tax (through other comprehensive income)	-	-	1,939	-	-	1,939
Gain on derivatives, net of tax (through other comprehensive income)	-	-	-	-	1,848	1,848

<i>(in millions of Korean won)</i>	2015			Total
	Liabilities at fair value through profit or loss	Liabilities carried at amortized cost	Other	
Interest expenses	-	(198,830)	(24,043)	(222,873)
Exchange differences	-	(393,564)	83,717	(309,847)
Loss on derivatives (through profit or loss)	(20,211)	-	-	(20,211)
Loss for the period from discontinued operations	(4)	(362)	-	(366)
Loss on derivatives, net of tax (through other comprehensive income)	-	-	(5,958)	(5,958)

<i>(in millions of Korean won)</i>	2014					Total
	Assets at fair value through profit or loss	Loans and receivables	Assets classified as available-for-sale	Held-to-maturity financial assets	Other	
Interest income	-	47,023	169	39	-	47,231
Exchange differences	-	(216,044)	-	-	-	(216,044)
Bad debt expenses	-	(26,033)	-	-	-	(26,033)
Loss on disposal of trade receivables	-	(7,975)	-	-	-	(7,975)
Gain on disposal of available-for-sale financial assets	-	-	896	-	-	896

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<i>(in millions of Korean won)</i>	2014					Total
	Assets at fair value through profit or loss	Loans and receivables	Assets classified as available-for-sale	Held-to-maturity financial assets	Other	
Impairment loss of available-for-sale financial assets	-	-	(1,114)	-	-	(1,114)
Dividend income	-	-	317	-	-	317
Gain on derivatives (through profit or loss)	18,315	-	-	-	-	18,315
Loss for the period from discontinued operations	(73)	(663)	-	-	-	(736)
Gain on valuation of available-for-sale financial assets, net of tax (through other comprehensive income)	-	-	(704)	-	-	(704)
Gain on derivatives, net of tax (through other comprehensive income)	-	-	-	-	591	591

<i>(in millions of Korean won)</i>	2014				Total
	Liabilities at fair value through profit or loss	Liabilities carried at amortized cost	Other		
Interest expenses	-	(191,236)	(18,186)		(209,422)
Exchange differences	-	214,324	(46,622)		167,702
Loss on derivatives (through profit or loss)	(29,786)	-	-		(29,786)
Loss for the period from discontinued operations	(285)	(14,271)	-		(14,556)
Loss on derivatives, net of tax (through other comprehensive income)	-	-	(14,558)		(14,558)

### 6. Trade Receivables, and Loans and Other Receivables

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

<i>(in millions of Korean won)</i>	June 30, 2015			December 31, 2014		
	Original amount	Less : allowance for doubtful accounts	Carrying amount	Original amount	Less : allowance for doubtful accounts	Carrying amount
Trade receivables	8,261,274	(141,922)	8,119,352	7,811,780	(127,865)	7,683,915
Loans and other receivables						
Current	545,607	(18,292)	527,315	652,399	(19,180)	633,219
Non-current	534,045	(45)	534,000	548,624	(60)	548,564

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

<i>(in millions of Korean won)</i>	<b>2015</b>				
	<b>At January 1</b>	<b>Addition (reversal)</b>	<b>Write-off</b>	<b>Other</b>	<b>At June 30</b>
Trade receivables	127,865	20,256	(9,700)	3,501	141,922
Loans and other receivables					
Current	19,180	(234)	(196)	(458)	18,292
Non-current	60	(14)	-	(1)	45

  

<i>(in millions of Korean won)</i>	<b>2014</b>				
	<b>At January 1</b>	<b>Addition (reversal)</b>	<b>Write-off</b>	<b>Other</b>	<b>At June 30</b>
Trade receivables	114,361	25,542	(2,130)	(3,338)	134,435
Loans and other receivables					
Current	20,438	140	(492)	(76)	20,010
Non-current	71	(9)	-	(1)	61

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

<i>(in millions of Korean won)</i>	<b>June 30, 2015</b>				<b>December 31, 2014</b>			
	<b>Trade receivables</b>	<b>Loans and other receivables</b>		<b>Total</b>	<b>Trade receivables</b>	<b>Loans and other receivables</b>		<b>Total</b>
		<b>Current</b>	<b>Non-current</b>			<b>Current</b>	<b>Non-current</b>	
<b>Current</b>	7,284,121	448,535	531,846	8,264,502	7,062,715	592,987	543,077	8,198,779
<b>Past due but not impaired</b>								
Up to 6 months	812,260	70,868	2,195	885,323	529,886	33,809	5,240	568,935
7 to 12 months	22,884	3,847	1	26,732	99,275	2,802	304	102,381
Over 1 year	15,224	4,921	3	20,148	14,579	2,939	3	17,521
<b>Subtotal</b>	850,368	79,636	2,199	932,203	643,740	39,550	5,547	688,837
<b>Impaired</b>	126,785	17,436	-	144,221	105,325	19,862	-	125,187
<b>Total</b>	8,261,274	545,607	534,045	9,340,926	7,811,780	652,399	548,624	9,012,803

**7. Other Financial Assets and Liabilities**

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

<i>(in millions of Korean won)</i>	<b>June 30, 2015</b>	<b>December 31, 2014</b>
<b>Other financial assets</b>		
Derivatives	36,552	16,421
Available-for-sale	54,206	48,885
Held-to-maturity	2,643	2,662
<b>Total</b>	93,401	67,968
Current	26,065	11,193
Non-current	67,336	56,775

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<i>(in millions of Korean won)</i>	<b>June 30, 2015</b>	<b>December 31, 2014</b>
<b>Other financial liabilities</b>		
Derivatives	43,333	68,582
Financial guarantee liability	467	520
<b>Total</b>	<b>43,800</b>	<b>69,102</b>
Current	2,066	6,528
Non-current	41,734	62,574

(b) Details of derivatives are as follows:

<i>(in millions of Korean won)</i>	<b>June 30, 2015</b>		<b>December 31, 2014</b>	
	<b>Assets</b>	<b>Liabilities</b>	<b>Assets</b>	<b>Liabilities</b>
<b>Current</b>				
Currency Forward	1,190	1,960	5,654	3,409
Currency Swap	24,855	-	5,515	3,013
<b>Subtotal</b>	<b>26,045</b>	<b>1,960</b>	<b>11,169</b>	<b>6,422</b>
<b>Non-current</b>				
Currency Swap	10,507	1,876	5,252	28,352
Interest Rate Swap	-	39,497	-	33,808
<b>Subtotal</b>	<b>10,507</b>	<b>41,373</b>	<b>5,252</b>	<b>62,160</b>
<b>Total</b>	<b>36,552</b>	<b>43,333</b>	<b>16,421</b>	<b>68,582</b>

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

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

<i>(in millions of Korean won)</i>	<b>2015</b>							
	<b>At Jan. 1</b>	<b>Acquisitions</b>	<b>Disposals</b>	<b>Valuation (OCI)</b>	<b>Reclassification<sup>1</sup></b>	<b>Impairment</b>	<b>Others</b>	<b>At Jun. 30</b>
Listed equity securities	13,107	-	-	3,942	(1,369)	-	-	15,680
Unlisted equity securities	34,356	3,268	(570)	-	-	-	114	37,168
Debt securities	1,422	-	(87)	(11)	-	-	34	1,358
<b>Total</b>	<b>48,885</b>	<b>3,268</b>	<b>(657)</b>	<b>3,931</b>	<b>(1,369)</b>	<b>-</b>	<b>148</b>	<b>54,206</b>

  

<i>(in millions of Korean won)</i>	<b>2014</b>							
	<b>At Jan. 1</b>	<b>Acquisitions</b>	<b>Disposals</b>	<b>Valuation (OCI)</b>	<b>Reclassification</b>	<b>Impairment</b>	<b>Others</b>	<b>At Jun. 30</b>
Listed equity securities	17,720	-	(1,000)	(759)	-	(17)	-	15,944
Unlisted equity securities	33,515	1,550	(665)	-	-	(797)	(70)	33,533
Debt securities	1,840	-	(81)	18	-	(300)	151	1,628
<b>Total</b>	<b>53,075</b>	<b>1,550</b>	<b>(1,746)</b>	<b>(741)</b>	<b>-</b>	<b>(1,114)</b>	<b>81</b>	<b>51,105</b>

<sup>1</sup> Listed equity securities amounting to ₩1,369 million have been disposed of after being reclassified as assets held for sale during the six-month period ended June 30, 2015, and related other comprehensive income is recognized as gain on disposal.

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



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

<i>(in millions of Korean won)</i>	June 30, 2015	December 31, 2014
Maturity		
Within 1 year	20	24
1 to 5 years	2,623	2,638

The amount recognized as interest income in relation to held-to-maturity financial assets for the six-month period ended June 30, 2015, is ₩43 million (2014: ₩39 million). No impairment losses were recognized in relation to held-to-maturity financial assets for the six-month periods ended June 30, 2015 and 2014.

### 8. Inventories

Inventories consist of:

<i>(in millions of Korean won)</i>	June 30, 2015			December 31, 2014		
	Cost	Valuation allowance	Carrying amount	Cost	Valuation allowance	Carrying amount
Finished products and merchandise	3,465,048	(87,516)	3,377,532	3,407,608	(87,153)	3,320,455
Work-in-process	336,387	(4,218)	332,169	328,100	(6,044)	322,056
Raw materials and supplies	1,572,582	(30,447)	1,542,135	1,802,905	(29,362)	1,773,543
Other	332,917	(30,014)	302,903	327,951	(32,732)	295,219
<b>Total</b>	<b>5,706,934</b>	<b>(152,195)</b>	<b>5,554,739</b>	<b>5,866,564</b>	<b>(155,291)</b>	<b>5,711,273</b>

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

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

<i>(in millions of Korean won)</i>	2015	2014
<b>At January 1</b>	10,596,853	10,341,993
Acquisitions	829,776	1,000,442
Acquisitions due to business combination	2,513	-
Transfer-out	(23,194)	(757)
Reclassification to assets held for sale	(25,848)	-
Disposals and others	(35,848)	(32,503)
Depreciation	(760,132)	(771,183)
Impairment	(15,692)	(4,467)
Exchange differences	(17,868)	(104,442)
<b>At June 30</b>	<b>10,550,560</b>	<b>10,429,083</b>

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

<i>(in millions of Korean won)</i>	<b>2015</b>	<b>2014</b>
<b>At January 1</b>	1,394,336	1,363,690
Acquisitions	100,726	95,610
Acquisitions through internal development	124,137	112,024
Acquisitions due to business combination	5,121	-
Transfer-out	-	(735)
Reclassification to assets held for sale	(23)	-
Disposals and others	(13,262)	(15,693)
Amortization	(206,885)	(216,527)
Impairment	(1,670)	(7,318)
Exchange differences	(503)	(800)
<b>At June 30</b>	<b>1,401,977</b>	<b>1,330,251</b>

### 10. Investments in Associates and Joint Ventures

(a) Investments in associates and joint ventures

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

<i>(in millions of Korean won)</i>	<b>June 30, 2015</b>	<b>December 31, 2014</b>
Associates	4,621,767	4,408,091
Joint ventures	192,379	186,370
<b>Total</b>	<b>4,814,146</b>	<b>4,594,461</b>

ii) Investments in associates are as follows:

<i>(in millions of Korean won)</i>	<b>June 30, 2015</b>				<b>December 31, 2014</b>			
	<b>Acquisition cost</b>	<b>Net asset amount</b>	<b>Unrealized gain</b>	<b>Carrying amount</b>	<b>Acquisition cost</b>	<b>Net asset amount</b>	<b>Unrealized gain</b>	<b>Carrying amount</b>
LG Display Co., Ltd.	679,218	4,595,058	(61,951)	4,533,107	679,218	4,332,916	(49,765)	4,283,151
Ericsson-LG Co., Ltd	26,629	76,071	(59)	76,012	26,629	77,419	(69)	77,350
Hitachi-LG Data Storage Inc.(HLDS)	51,184	(2,473)	(1,445)	-	51,184	(2,121)	(1,456)	-
Global OLED Technology LLC. <sup>1</sup>	-	-	-	-	53,454	28,598	-	28,598
Korea Information Certificate Authority Inc.	852	3,375	-	3,375	852	3,240	-	3,240
LG Fuel Cell Systems Inc.	44,051	6,410	-	6,410	44,051	12,818	-	12,818
SKT Vietnam PTE., Ltd.	72,194	765	-	-	72,194	717	-	-
One-Red, LLC <sup>2</sup>	3,128	2,863	-	2,863	3,128	2,934	-	2,934
<b>Total</b>	<b>877,256</b>	<b>4,682,069</b>	<b>(63,455)</b>	<b>4,621,767</b>	<b>930,710</b>	<b>4,456,521</b>	<b>(51,290)</b>	<b>4,408,091</b>

<sup>1</sup> Disposed of after being reclassified as assets held for sale during the six-month period ended June 30, 2015.

<sup>2</sup> The financial statements as of May 31, 2015, were used due to a different closing date.

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iii) Investments in joint ventures are as follows:

<i>(in millions of Korean won)</i>	June 30, 2015				December 31, 2014			
	Acquisition cost	Net asset amount	Unrealized gain	Carrying amount	Acquisition cost	Net asset amount	Unrealized gain	Carrying amount
LG Holdings(HK) Ltd.	115,234	135,210	-	135,210	115,234	127,256	-	127,256
Arcelic-LG Klima Sanayi ve Ticarta A.S.(LGEAT)	14,718	43,180	(708)	42,472	14,718	44,908	(345)	44,563
EIC PROPERTIES PTE LTD.	9,636	14,081	-	14,081	9,636	13,912	-	13,912
LG-MRI LLC	516	616	-	616	516	639	-	639
<b>Total</b>	<b>140,104</b>	<b>193,087</b>	<b>(708)</b>	<b>192,379</b>	<b>140,104</b>	<b>186,715</b>	<b>(345)</b>	<b>186,370</b>

(b) Associates and joint ventures

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

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

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

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

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

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

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

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

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

<i>(in millions of Korean won)</i>	<b>2015</b>	<b>2014</b>
<b>Opening carrying amount</b>	4,408,091	4,149,345
Acquisition	-	7,266
Gain from equity method	283,880	39,569
Share of other comprehensive income(loss) of associates	29,506	(66,272)
Dividend/ recovery	(71,123)	(17,060)
Reclassification to assets held for sale <sup>1</sup>	(28,598)	-
Exchange differences	11	(278)
Changes in ownership interest over associates	-	386
<b>Closing carrying amount</b>	<b>4,621,767</b>	<b>4,112,956</b>

<sup>1</sup> Other comprehensive income (excluding remeasurements) from associates recognized as gain (loss) on disposal after reclassification to assets held for sale amounts to ₩3,766 million for the six-month period ended June 30, 2015.

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

<i>(in millions of Korean won)</i>	<b>2015</b>	<b>2014</b>
<b>Opening carrying amount</b>	186,370	180,238
Acquisition	-	516
Gain from equity method	7,848	4,136
Share of other comprehensive loss of joint ventures	(1,797)	(9,947)
Dividend/ recovery	-	(680)
Exchange differences	(42)	-
<b>Closing carrying amount</b>	<b>192,379</b>	<b>174,263</b>

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

- LG Display Co., Ltd. and its subsidiaries

<i>(in millions of Korean won)</i>	<b>June 30, 2015</b>	<b>December 31, 2014</b>
Current assets	9,277,974	9,240,629
Non-current assets	13,176,831	13,726,394
<b>Total assets</b>	<b>22,454,805</b>	<b>22,967,023</b>
Current liabilities	6,448,977	7,549,556
Non-current liabilities	3,371,812	3,634,057
<b>Total liabilities</b>	<b>9,820,789</b>	<b>11,183,613</b>
Equity of the owners of LG Display Co., Ltd.	12,123,015	11,431,412
Non-controlling interests	511,001	351,998
<b>Total equity</b>	<b>12,634,016</b>	<b>11,783,410</b>

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<i>(in millions of Korean won)</i>	2015		2014	
	Three months	Six months	Three months	Six months
Net sales	6,707,585	13,729,934	5,979,040	11,566,738
Profit for the period	362,576	838,327	256,037	174,069
Equity of the owners of LG Display Co., Ltd.				
Profit for the period	334,996	793,220	258,327	178,376
Other comprehensive income (loss), net of tax	69,807	77,292	(150,266)	(172,570)
Total comprehensive income net of tax	404,803	870,512	108,061	5,806
Dividends from associates	-	67,813	-	-

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

- LG Display Co., Ltd. and its subsidiaries

<i>(in millions of Korean won)</i>	2015	2014
Opening equity attributable to owners of LG Display Co., Ltd.	11,431,412	10,611,173
Profit for the period	793,220	178,376
Other comprehensive income(loss), net of tax	77,292	(172,570)
Dividends	(178,909)	-
Closing equity attributable to owners of LG Display Co., Ltd.	12,123,015	10,616,979
Group ownership(%)	37.9	37.9
The Group's share at the end of the reporting period	4,595,058	4,024,217
Unrealized gain	(61,951)	(47,099)
Carrying amount at the reporting date	4,533,107	3,977,118

(f) The Group's share in the operating results in the individually insignificant associates and joint ventures for the three-month and six-month periods ended June 30, 2015 and 2014, is as follows:

<i>(in millions of Korean won)</i>	2015			
	Associates		Joint ventures	
	Three months	Six months	Three months	Six months
Profit(loss) for the period	(2,592)	(4,965)	5,225	7,848
Other comprehensive income (loss), net of tax	133	252	2,253	(1,839)
Total comprehensive loss, net of tax	(2,459)	(4,713)	7,478	6,009

  

<i>(in millions of Korean won)</i>	2014			
	Associates		Joint ventures	
	Three months	Six months	Three months	Six months
Profit(loss) for the period	(3,214)	(27,939)	3,440	4,441
Other comprehensive loss, net of tax	(2,210)	(1,038)	(8,795)	(9,946)
Total comprehensive loss, net of tax	(5,424)	(28,977)	(5,355)	(5,505)

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

<i>(in millions of Korean won)</i>	June 30, 2015		December 31, 2014	
	Losses of the equity-method investees	Accumulated losses of the equity-method investees	Losses of the equity-method investees	Accumulated losses of the equity-method investees
Hitachi-LG Data Storage Inc.(HLDS)	341	3,918	3,577	3,577

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

Name	Type	June 30, 2015			
		Shares held (Unit: shares)	Price per share (Unit: won)	Fair value (in millions of Korean won)	Book value
LG Display Co., Ltd.	Associate	135,625,000	25,850	3,505,906	4,533,107
Korea Information Certificate Authority Inc.	Associate	2,000,000	9,840	19,680	3,375

  

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

**11. Borrowings**

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

<i>(in millions of Korean won)</i>	June 30, 2015	December 31, 2014
<b>Current</b>		
Short-term borrowings	1,475,167	1,164,790
Current portion of long-term borrowings	271,893	331,569
Current portion of debentures	1,299,385	1,079,191
<b>Subtotal</b>	<b>3,046,445</b>	<b>2,575,550</b>
<b>Non-Current</b>		
Long-term borrowings	2,112,148	2,131,877
Debentures	4,736,132	4,295,004
<b>Subtotal</b>	<b>6,848,280</b>	<b>6,426,881</b>
<b>Total</b>	<b>9,894,725</b>	<b>9,002,431</b>

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(b) Details of borrowings are as follows:

<i>(in millions of Korean won)</i>	<b>Maturity date</b>	<b>Annual interest rate at June 30, 2015(%)</b>	<b>June 30, 2015</b>	<b>December 31, 2014</b>
<b>Short-term borrowings in local currency</b>				
Shinhan Bank and others	-	2.05 ~ 3.84	162,120	111,267
<b>Short-term borrowings in foreign currency</b>				
HSBC and others <sup>1</sup>	-	0.83 ~ 14.34	1,313,047	1,053,523
<b>Long-term borrowings in local currency</b>				
Kookmin Bank and others <sup>2</sup>	2030.04.15	1.75 ~ 4.64	2,161,776	2,158,903
<b>Long-term borrowings in foreign currency</b>				
HSBC and others	2019.06.18	1.61 ~ 10.40	222,265	304,543
<b>Local currency loans</b>				
Public, non-guaranteed bonds	2030.02.02	2.28 ~ 5.10	4,540,000	4,010,000
Private, non-guaranteed bonds	2028.11.18	2.48 ~ 3.96	800,000	700,000
<b>Foreign currency loans</b>				
Public, non-guaranteed bonds <sup>1</sup>	2016.12.02	2.00	261,051	238,957
Private, non-guaranteed bonds <sup>1</sup>	2017.06.19	3ML+1.30	224,820	219,840
Private, guaranteed bonds <sup>1</sup>	2019.01.31	3ML+1.60	224,820	219,840
Less: discount on debentures			(15,174)	(14,442)
<b>Total</b>			<b>9,894,725</b>	<b>9,002,431</b>

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

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

## 12. Post-employment Benefits

### Defined Benefit Plan

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

<i>(in millions of Korean won)</i>	<b>June 30, 2015</b>	<b>December 31, 2014</b>
Present value of funded obligations	2,476,714	2,307,568
Present value of unfunded obligations	35,179	34,065
<b>Subtotal</b>	<b>2,511,893</b>	<b>2,341,633</b>
Fair value of plan assets	(1,505,496)	(1,543,183)
<b>Net defined benefit liability</b>	<b>1,006,397</b>	<b>798,450</b>

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

<i>(in millions of Korean won)</i>	2015		2014	
	Three months	Six months	Three months	Six months
Current service cost	88,127	177,958	81,380	160,964
Past service cost	(521)	(102)	665	25,592
Net interest cost	6,359	12,710	6,487	12,452
Managing cost	411	910	345	778
<b>Total</b>	<b>94,376</b>	<b>191,476</b>	<b>88,877</b>	<b>199,786</b>

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

<i>(in millions of Korean won)</i>	2015	2014
<b>At January 1</b>	2,341,633	1,882,934
Current service cost	177,958	160,964
Past service cost	(102)	25,592
Interest expense	35,936	37,173
Remeasurements for:		
- Actuarial loss arising from changes in financial assumptions	44,598	56,532
- Actuarial gain arising from experience adjustments	-	(22,365)
Increase due to business combination	142	-
Benefits paid	(86,248)	(78,504)
Reclassification to liabilities held for sale	(1,908)	-
Others	(116)	(1,139)
<b>At June 30</b>	<b>2,511,893</b>	<b>2,061,187</b>

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

<i>(in millions of Korean won)</i>	2015	2014
<b>At January 1</b>	1,543,183	1,302,015
Interest income	23,226	24,721
Remeasurements for:		
- Return on plan assets	(4,318)	(4,423)
Employer contributions	5,509	3,840
Increase due to business combination	133	-
Benefits paid	(61,497)	(51,910)
Managing cost	(910)	(778)
Others	170	(53)
<b>At June 30</b>	<b>1,505,496</b>	<b>1,273,412</b>



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

	<u>June 30, 2015</u>	<u>December 31, 2014</u>
Weighted average of discount rate	3.0%	3.2%
Weighted average of expected salary growth rate	6.1%	6.1%

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

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

<i>(in millions of Korean won)</i>	<u>1% increase</u>	<u>1% decrease</u>
Discount rate	(213,691)	248,106
Salary growth rate	234,600	(213,710)

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

**Defined Contribution Plan**

Recognized expense related to the defined contribution plan during the six-month period ended June 30, 2015, amounts to ₩4,483 million (2014: ₩4,399 million).

**13. Provisions**

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

<i>(in millions of Korean won)</i>	<u>2015</u>				
	<u>Warranty</u>	<u>Sales returns</u>	<u>Restoration</u>	<u>Litigation and others</u>	<u>Total</u>
<b>At January 1, 2015</b>	663,239	69,941	13,409	969,115	1,715,704
Additions	330,744	104,771	4,551	91,188	531,254
Utilization	(386,237)	(114,539)	(978)	(13,536)	(515,290)
Exchange differences	(13,561)	(1,281)	66	(8,089)	(22,865)
<b>At June 30, 2015</b>	594,185	58,892	17,048	1,038,678	1,708,803
<b>Current</b>	537,726	58,892	-	98,146	694,764
<b>Non-current</b>	56,459	-	17,048	940,532	1,014,039

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<i>(in millions of Korean won)</i>	2014				
	Warranty	Sales returns	Restoration	Litigation and others	Total
<b>At January 1, 2014</b>	612,101	63,183	11,265	975,947	1,662,496
Additions	404,794	112,458	1,394	(16,642)	502,004
Utilization	(379,154)	(109,787)	(730)	(13,633)	(503,304)
Exchange differences	(15,982)	(2,631)	(31)	(2,185)	(20,829)
<b>At June 30, 2014</b>	<b>621,759</b>	<b>63,223</b>	<b>11,898</b>	<b>943,487</b>	<b>1,640,367</b>
<b>Current</b>	565,240	63,223	-	41,571	670,034
<b>Non-current</b>	56,519	-	11,898	901,916	970,333

**14. Paid-in Capital**

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

	Par value per share	June 30, 2015		December 31, 2014	
		Number of shares issued	Amount (in millions of Korean won)	Number of shares issued	Amount (in millions of Korean won)
Common stock	5,000	163,647,814	818,239	163,647,814	818,239
Preferred stock	5,000	17,185,992	85,930	17,185,992	85,930
<b>Total</b>		<b>180,833,806</b>	<b>904,169</b>	<b>180,833,806</b>	<b>904,169</b>

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

**15. Retained Earnings**

Retained earnings consist of:

<i>(in millions of Korean won)</i>	June 30, 2015	December 31, 2014
Legal reserve	160,478	153,190
Discretionary reserve	5,317,480	5,666,922
Unappropriated retained earnings	3,685,136	3,260,932
<b>Total</b>	<b>9,163,094</b>	<b>9,081,044</b>

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

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

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

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

<i>(in millions of Korean won)</i>	<b>June 30, 2015</b>	<b>December 31, 2014</b>
Accumulated other comprehensive loss of associates and joint ventures	(47,185)	(79,567)
Cash flow hedge	(37,187)	(33,077)
Available-for-sale financial assets	10,453	8,514
Currency translation differences	(1,028,368)	(1,039,427)
<b>Total</b>	<b>(1,102,287)</b>	<b>(1,143,557)</b>

**17. Other Components of Equity**

Details of other components of equity consist of:

<i>(in millions of Korean won)</i>	<b>June 30, 2015</b>	<b>December 31, 2014</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
Capital transactions within the Group	(177,524)	(177,593)
<b>Total</b>	<b>(210,343)</b>	<b>(210,412)</b>

<sup>1</sup> The Parent Company has treasury shares consisting of 763,171 common shares (2014: 763,170 shares) and 4,690 preferred shares (2014: 4,690 shares) at the reporting date. The Parent Company intends to either grant these treasury shares to employees and directors as compensation, or to sell them in the future.

**18. Net Sales**

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

<i>(in millions of Korean won)</i>	<b>2015</b>		<b>2014</b>	
	<b>Three months</b>	<b>Six months</b>	<b>Three months</b>	<b>Six months</b>
<b>Continuing operations:</b>				
Sales of goods	13,733,238	27,486,376	14,872,406	28,703,147
Sales of services	118,700	219,213	114,995	212,076
Royalty income	73,720	214,518	79,545	140,508
<b>Subtotal</b>	<b>13,925,658</b>	<b>27,920,107</b>	<b>15,066,946</b>	<b>29,055,731</b>
<b>Discontinued operations</b>	<b>1,673</b>	<b>20,445</b>	<b>307,683</b>	<b>593,555</b>
<b>Total</b>	<b>13,927,331</b>	<b>27,940,552</b>	<b>15,374,629</b>	<b>29,649,286</b>

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**19. Expenses by Nature**

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

<i>(in millions of Korean won)</i>	2015		2014	
	Three months	Six months	Three months	Six months
<b>Continuing operations:</b>				
Changes in finished goods and work-in-process	37,202	(121,271)	101,446	(360,384)
Raw materials and merchandise used	8,739,628	17,837,815	9,319,360	18,381,119
Employee benefit expense	1,609,663	3,271,403	1,664,161	3,232,557
Depreciation and amortization	468,842	946,173	465,994	934,004
Advertising expense	291,931	489,352	305,390	502,618
Promotion expense	180,698	310,414	225,674	370,417
Transportation expense	350,160	714,376	411,790	806,232
Commission expense	690,712	1,336,128	720,860	1,362,872
Other expenses	1,312,755	2,586,405	1,242,591	2,737,857
<b>Subtotal</b>	<b>13,681,591</b>	<b>27,370,795</b>	<b>14,457,266</b>	<b>27,967,292</b>
<b>Discontinued operations</b>	<b>4,153</b>	<b>23,271</b>	<b>311,143</b>	<b>571,781</b>
<b>Total</b>	<b>13,685,744</b>	<b>27,394,066</b>	<b>14,768,409</b>	<b>28,539,073</b>

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

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

Details of general operating expenses for the three-month and six-month periods ended June 30, 2015 and 2014, are as follows:

<i>(in millions of Korean won)</i>	2015		2014	
	Three months	Six months	Three months	Six months
<b>Continuing operations:</b>				
Salaries	688,592	1,420,016	699,123	1,341,903
Post-employment benefits	50,606	103,606	49,749	108,254
Employee benefits	147,522	291,761	145,259	284,080
Freight expense	346,931	707,753	405,871	792,472
Rental expense	109,515	214,569	105,744	212,611
Commission expense	501,409	967,318	510,162	964,145
Depreciation	70,044	140,764	62,659	125,382
Amortization	50,721	101,129	45,845	94,032
Taxes and dues	35,561	66,134	34,422	71,198
Advertising expense	291,931	489,352	305,390	502,618
Promotional expense	180,698	310,414	225,674	370,417
Direct R&D costs	88,959	190,086	74,667	161,278
Direct service costs	173,399	312,034	193,529	360,625
Bad debts expense	(2,060)	21,626	6,651	25,906

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<i>(in millions of Korean won)</i>	2015		2014	
	Three months	Six months	Three months	Six months
Other	215,151	395,430	193,235	389,327
<b>Subtotal</b>	<b>2,948,979</b>	<b>5,731,992</b>	<b>3,057,980</b>	<b>5,804,248</b>
<b>Discontinued operations</b>	<b>692</b>	<b>2,610</b>	<b>41,221</b>	<b>77,203</b>
<b>Total</b>	<b>2,949,671</b>	<b>5,734,602</b>	<b>3,099,201</b>	<b>5,881,451</b>

### 21. Financial Income

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

<i>(in millions of Korean won)</i>	2015		2014	
	Three months	Six months	Three months	Six months
<b>Continuing operations:</b>				
Interest income	21,692	44,803	22,941	47,231
Foreign exchange gain	29,051	194,569	34,291	107,255
Gain on derivatives	744	2,032	6,598	12,829
Other	18	18	21	114
<b>Subtotal</b>	<b>51,505</b>	<b>241,422</b>	<b>63,851</b>	<b>167,429</b>
<b>Discontinued operations</b>	<b>-</b>	<b>-</b>	<b>1,672</b>	<b>3,539</b>
<b>Total</b>	<b>51,505</b>	<b>241,422</b>	<b>65,523</b>	<b>170,968</b>

### 22. Financial Expenses

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

<i>(in millions of Korean won)</i>	2015		2014	
	Three months	Six months	Three months	Six months
<b>Continuing operations:</b>				
Interest expense	113,763	222,873	105,398	209,422
Foreign exchange loss	27,105	200,083	45,725	130,427
Loss on derivatives	319	420	5,639	16,517
Loss on disposal of trade receivables	6,958	13,086	4,120	7,975
Other	1,409	5,908	543	1,588
<b>Subtotal</b>	<b>149,554</b>	<b>442,370</b>	<b>161,425</b>	<b>365,929</b>
<b>Discontinued operations</b>	<b>-</b>	<b>-</b>	<b>10,507</b>	<b>22,495</b>
<b>Total</b>	<b>149,554</b>	<b>442,370</b>	<b>171,932</b>	<b>388,424</b>

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### 23. Other Non-operating Income

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

<i>(in millions of Korean won)</i>	2015		2014	
	Three months	Six months	Three months	Six months
<b>Continuing operations:</b>				
Dividend income	491	775	8	317
Exchange differences	353,117	687,507	337,608	524,423
Gain on derivatives	2,549	20,321	749	5,486
Gain on disposal of property, plant and equipment	4,237	5,929	3,939	16,610
Gain on disposal of intangible assets	4	73	71	14,891
Gain on disposal of available-for-sale financial assets	5,404	5,925	31	896
Gain on disposal of investments in associates and joint ventures	-	-	253	386
Gain on disposal of assets held for sale	23,152	23,152	-	-
Other	(22,952)	57,461	39,988	48,111
<b>Subtotal</b>	<b>366,002</b>	<b>801,143</b>	<b>382,647</b>	<b>611,120</b>
<b>Discontinued operations</b>	<b>124</b>	<b>1,890</b>	<b>4,865</b>	<b>13,035</b>
<b>Total</b>	<b>366,126</b>	<b>803,033</b>	<b>387,512</b>	<b>624,155</b>

### 24. Other Non-operating Expenses

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

<i>(in millions of Korean won)</i>	2015		2014	
	Three months	Six months	Three months	Six months
<b>Continuing operations:</b>				
Exchange differences	272,298	909,165	324,778	549,593
Loss on derivatives	9,534	19,791	5,251	13,269
Loss on disposal of property, plant and equipment	4,679	14,721	6,269	9,588
Loss on disposal of intangible assets	5,217	11,870	7,646	13,927
Impairment loss on disposal of available-for-sale financial assets	-	-	-	1,114
Other	31,803	124,103	28,606	67,536
<b>Subtotal</b>	<b>323,531</b>	<b>1,079,650</b>	<b>372,550</b>	<b>655,027</b>
<b>Discontinued operations</b>	<b>99</b>	<b>1,710</b>	<b>7,171</b>	<b>10,555</b>
<b>Total</b>	<b>323,630</b>	<b>1,081,360</b>	<b>379,721</b>	<b>665,582</b>

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**25. Earnings per Share**

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

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

	2015		2014	
	Three months	Six months	Three months	Six months
Profit attributable to common shares (in millions of Korean won)	169,048	170,883	333,721	401,246
Continuing operations	171,068	172,937	344,605	398,224
Discontinued operations	(2,020)	(2,054)	(10,884)	3,022
Weighted average number of common shares outstanding	162,884,643 shares	162,884,643 shares	162,884,646 shares	162,884,646 shares
Basic earnings per common share (in Korean won)	1,038	1,049	2,048	2,463
Continuing operations	1,051	1,062	2,114	2,444
Discontinued operations	(13)	(13)	(66)	19

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

	2015		2014	
	Three months	Six months	Three months	Six months
Profit attributable to preferred shares (in millions of Korean won)	18,046	18,454	35,416	42,754
Continuing operations	18,259	18,671	36,563	42,433
Discontinued operations	(213)	(217)	(1,147)	321
Weighted average number of preferred shares outstanding	17,181,302 shares	17,181,302 shares	17,181,302 shares	17,181,302 shares
Basic earnings per preferred share (in Korean won)	1,050	1,074	2,061	2,488
Continuing operations	1,063	1,087	2,127	2,469
Discontinued operations	(13)	(13)	(66)	19

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

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**26. Information on Cash Flow**

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

<i>(in millions of Korean won)</i>	<b>2015</b>	<b>2014</b>
Profit for the period	264,823	504,400
Adjustments:		
Interest expense, net	178,070	161,191
Foreign exchange loss(gain), net	31,806	(9,787)
Loss(gain) on derivatives, net	(2,142)	11,471
Depreciation	760,132	752,277
Amortization	206,885	214,978
Loss(gain) on disposal of property, plant and equipment, intangible assets, net	20,589	(7,986)
Provisions for severance benefits	191,476	196,169
Provisions	531,254	502,004
Income tax expense	94,497	388,816
Gain from equity method	(291,728)	(43,705)
Other	130,128	133,728
Profit from discontinued operations	(1,525)	28,207
	<u>1,849,442</u>	<u>2,328,363</u>
Increase in trade receivables	(470,780)	(1,751,195)
Decrease in loans and other receivables	63,175	78,788
Decrease(increase) in inventories	10,855	(914,855)
Increase in other assets	(135,666)	(155,623)
Increase(decrease) in trade payables	(321,414)	1,468,399
Increase(decrease) in other payables	(115,975)	244,137
Decrease in provisions	(515,290)	(503,304)
Increase(decrease) in other liabilities	336,610	(14,216)
Payment of defined benefit liability	(24,751)	(26,594)
Deposit in plan assets, net	(23,507)	(23,360)
	<u>(1,196,743)</u>	<u>(1,597,823)</u>
<b>Cash generated from operations</b>	<u>917,522</u>	<u>1,234,940</u>



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

<i>(in millions of Korean won)</i>	<b>2015</b>	<b>2014</b>
Reclassification of construction-in-progress of property, plant and equipment	372,799	349,335
Reclassification of intangible assets in progress	138,253	132,594
Reclassification of long-term prepayment to intangible assets	47,985	43,906
Reclassification of current maturities of borrowings and debentures	549,284	514,662
Other payables to acquire property, plant and equipment	89,235	96,816
Other payables to acquire intangible assets	8,410	4,016
Conversion of convertible bonds of subsidiaries	-	273,795

**27. Contingencies**

(a) At the end of the reporting period, borrowings are collateralized by property, plant and equipment, including land, buildings and machinery with maximum value of ₩233,457 million (2014: ₩230,711 million) and the book value of ₩265,246 million (2014: ₩266,973 million). In addition, buildings held by the Group are provided to Nonghyup Bank and others, as creditors of land, in order to guarantee obligations of landlords with maximum value of ₩8,020 million (2014: ₩8,020 million) and the book value of ₩904 million (2014: ₩1,205 million). Furthermore, pledge is established on available-for-sale financial assets of some of subsidiaries.

(b) At the end of the reporting period, the Parent Company and domestic subsidiaries are provided with guarantees of ₩212,155 million (2014: ₩258,145 million) from Seoul Guarantee Insurance and others relating to the performance guarantees and others. The Parent Company is provided with guarantee of principal USD 200 million (2014: USD 200 million) and interests from Shinhan Bank for the guaranteed private placement bonds.

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

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

In addition, the Parent Company is under investigation and has been named as a defendant in class actions in countries, including the United States, Canada and Europe, in connection with the alleged

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anti-competitive activities among CRT manufacturers. There are also a number of other legal actions, disputes, and investigations that remain pending at the end of the reporting period. The ultimate effect of those lawsuits on the financial position of the Group as of the statement of financial position date cannot be presently determined.

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

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

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

#### **28. Commitments**

(a) At the end of the reporting period, the Parent Company has overdraft facility agreements with various banks, including Shinhan Bank, with a limit of ₩195,500 million (2014: ₩195,500 million).

In addition, LG Innotek Co., Ltd. has overdraft facility agreements with various banks, including Shinhan Bank, with a limit of ₩32,000 million (2014: ₩32,000 million). The total limit of overdrafts and comprehensive limits provided by financial institutions to the overseas subsidiaries of LG Innotek Co., Ltd. is ₩214,982 million (2014: ₩204,565 million).

Other overseas subsidiaries have overdraft facility agreements with a limit of ₩1,412,971 million (2014: ₩1,228,307 million) with various banks, including Citibank and others.

(b) At the end of the reporting period, the Parent Company has sales agreements for export trade receivables with Shinhan Bank and 25 other banks amounting to ₩3,639,836 million (2014: ₩3,559,210 million).

In addition, LG Innotek Co., Ltd. has trade receivables transfer agreements with Hana Bank and others amounting to ₩300,090 million (2014: ₩350,618 million) at the end of the reporting period.

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

(c) At the end of the reporting period, the Parent Company has corporate electronic settlement

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services contracts with Shinhan Bank and seven other banks for up to ₩1,210,000 million (2014: ₩840,000 million) which guarantee the payment of trade accounts payable in case the suppliers sell their trade receivables.

In addition, LG Innotek Co., Ltd. and its subsidiaries, provided payment guarantees to financial institutions, including Woori Bank, amounting to ₩165,745 million (2014: ₩165,595 million) in connection with the discounting of notes which are paid to their suppliers.

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

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

In addition, other subsidiaries have commercial paper agreements with Shinhan Bank and others for ₩30,000 million (2014: ₩40,000 million).

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

(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, 2015</b>	<b>December 31, 2014</b>
Property, plant and equipment	641,588	246,175
Intangible assets	3,030	5,012
<b>Total</b>	<b>644,618</b>	<b>251,187</b>

(g) Operating lease commitments – the Group as lessee

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

<i>(in millions of Korean won)</i>	<b>June 30, 2015</b>			<b>Total</b>
	<b>No later than 1 year</b>	<b>Later than 1 year and no later than 5 years</b>	<b>Over 5 years</b>	
Land	21,630	1,590	1,933	25,153
Buildings and offices	225,642	341,879	37,664	605,185
Vehicles	38,474	46,422	-	84,896
Equipment	20,828	19,050	-	39,878
<b>Total</b>	<b>306,574</b>	<b>408,941</b>	<b>39,597</b>	<b>755,112</b>

Lease payment under operating lease recognized in the consolidated statement of income for the six-month period ended June 30, 2015, is ₩159,247 million (2014: ₩154,822 million).

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As of June 30, 2015, total future minimum sublease payments expected to be received under non-cancellable sublease agreements amount to ₩12,183 million and lease income recognized related to the subleases for the six-month period ended June 30, 2015, amounts to ₩4,313 million (2014: ₩4,104 million).

(h) Operating lease commitments – the Group as lessor

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

<i>(in millions of Korean won)</i>	June 30, 2015			Total
	No later than 1 year	Later than 1 year and no later than 5 years	Over 5 years	
Healthcare rental	96,325	146,632	-	242,957
Real estate rental	1,272	1,488	384	3,144
<b>Total</b>	<b>97,597</b>	<b>148,120</b>	<b>384</b>	<b>246,101</b>

- ii) The Group recognized ₩48,729 million (2014: ₩43,763 million) in lease income for the six-month period ended June 30, 2015.

(i) Finance lease commitments – the Group as lessee

At the end of the reporting period, the Group has entered into a finance lease agreement for vehicle lease and has recognized related assets and liabilities in the consolidated statements of financial position. Net book value of the leased assets amounts to ₩5,788 million, and the present value of the finance lease liabilities amounts to ₩3,578 million. As of June 30, 2015 and December 31, 2014, future minimum lease payments under the finance lease agreement are as follows:

<i>(in millions of Korean won)</i>	June 30, 2015		December 31, 2014	
	Minimum lease payments	PV of minimum lease payments	Minimum lease payments	PV of minimum lease payments
Within 1 year	1,803	1,691	1,686	1,605
1 to 5 years	2,006	1,887	1,741	1,640
<b>Total</b>	<b>3,809</b>	<b>3,578</b>	<b>3,427</b>	<b>3,245</b>

(j) Trademark license commitments

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

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

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**29. Related Party**

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

<b>Classification</b>	<b>June 30, 2015</b>	<b>December 31, 2014</b>	<b>Note</b>
Significantly influencing the Group	LG Corp.	LG Corp.	-
Associates	LG Display Co., Ltd., and subs	LG Display Co., Ltd., and subs	-
	LG Display Co., Ltd.	LG Display Co., Ltd.	-
	LG Display Germany GmbH	LG Display Germany GmbH	-
	LG Display Shanghai Co.,Ltd.	LG Display Shanghai Co.,Ltd.	-
	LG Display Yantai Co.,Ltd.	LG Display Yantai Co.,Ltd.	-
	LG. Display America,Inc.	LG. Display America,Inc.	-
	LG Display Japan Co., Ltd.	LG Display Japan Co., Ltd.	-
	LG Display Taiwan Co., Ltd.	LG Display Taiwan Co., Ltd.	-
	LG Display Nanjing Co., Ltd.	LG Display Nanjing Co., Ltd.	-
	LG Display Poland Sp. z o.o.	LG Display Poland Sp. z o.o.	-
	LG Display Guangzhou Co., Ltd	LG Display Guangzhou Co., Ltd	-
	LG Display Shenzhen Co., Ltd.	LG Display Shenzhen Co., Ltd.	-
	LG Display Singapore Pte. Ltd.	LG Display Singapore Pte. Ltd.	-
	LG Display U.S.A Inc.	LG Display U.S.A Inc.	-
	L&T Display Technology (Xiamen) Limited	L&T Display Technology (Xiamen) Limited	-
	L&T Display Technology (Fujian) Limited	L&T Display Technology (Fujian) Limited	-
	Nanumnuri Co., Ltd.	Nanumnuri Co., Ltd.	-
	LG Display (China) Co., Ltd.	LG Display (China) Co., Ltd.	-
	Unified Innovative Technology, LLC	Unified Innovative Technology, LLC	-
	LG Display Guangzhou Trading Co., Ltd	-	-
	Global OLED Technology, LLC	-	-
	Ericsson-LG Co., Ltd., and subs	Ericsson-LG Co., Ltd., and subs	-
	Ericsson-LG Co., Ltd.	Ericsson-LG Co., Ltd.	-
	LN Srithai Com Co., Ltd.	LN Srithai Com Co., Ltd.	-
	Novera Optics Inc.	Novera Optics Inc.	-
	Ericsson-LG Enterprise Co., Ltd.	Ericsson-LG Enterprise Co., Ltd.	-
	Hitachi LG Data Storage Inc.(HLDS), and subs	Hitachi LG Data Storage Inc.(HLDS), and subs	-
	Hitachi-LG Data Storage Inc.(HLDS)	Hitachi-LG Data Storage Inc.(HLDS)	-
	Hitachi-LG Data Storage Korea,Inc.	Hitachi-LG Data Storage Korea,Inc.	-
	Hitachi-LG Data Storage(Huizhou),Ltd.	Hitachi-LG Data Storage(Huizhou),Ltd.	-

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Classification	June 30, 2015	December 31, 2014	Note
	Hitachi Electronic Products (Malaysia) Sdn. Bhd.	Hitachi Electronic Products (Malaysia) Sdn. Bhd.	-
	LG Fuel Cell Systems Inc., and others	LG Fuel Cell Systems Inc., and others	-
	LG Fuel Cell Systems Inc.	LG Fuel Cell Systems Inc.	-
	LG Fuel Cell Systems Korea Inc.	LG Fuel Cell Systems Korea Inc.	-
	Korea Information Certificate Authority Inc.	Korea Information Certificate Authority Inc.	-
	-	Global OLED Technology LLC	-
	SKT Vietnam PTE., Ltd.	SKT Vietnam PTE., Ltd.	-
	One-Red, LLC	One-Red, LLC	-
Joint ventures	Arcelik-LG Klima Sanayi ve Ticaret A.S.(LGEAT)	Arcelik-LG Klima Sanayi ve Ticaret A.S.(LGEAT)	-
	LG Holdings(HK) Ltd. and subs	LG Holdings(HK) Ltd. and subs	-
	LG Holdings(HK) Ltd.	LG Holdings(HK) Ltd.	-
	Beijing LG Building Development Company	Beijing LG Building Development Company	-
	EIC PROPERTIES PTE, LTD.	EIC PROPERTIES PTE, LTD.	-
	LG-MRI LLC	LG-MRI LLC	-
Other related parties	LG CNS Co., Ltd., and subs	LG CNS Co., Ltd., and subs	LG Corp.'s subsidiary
	LG CNS Co., Ltd.	LG CNS Co., Ltd.	-
	LG N-Sys Inc.	LG N-Sys Inc.	-
	BNE PARTNERS, Inc.	BNE PARTNERS, Inc.	-
	Ucess Partners Co.,Ltd.	Ucess Partners Co.,Ltd.	-
	KOREA ELECOM Ltd.	KOREA ELECOM Ltd.	-
	Ever On Co., Ltd.	Ever On Co., Ltd.	-
	LG CNS Philippines Inc.	LG CNS Philippines Inc.	-
	LG CNS China Inc.	LG CNS China Inc.	-
	LG CNS Europe B.V	LG CNS Europe B.V	-
	-	LG CNS Japan Co., Ltd.	-
	LG CNS America Inc.	LG CNS America Inc.	-
	LG CNS India Pvt. Ltd.	LG CNS India Pvt. Ltd.	-
	PT LG CNS Indonesia	PT LG CNS Indonesia	-
	Entrue Brasil Servicos de T.I. Ltda.	Entrue Brasil Servicos de T.I. Ltda.	-
	LG CNS Shenyang Inc.	LG CNS Shenyang Inc.	-
	LG CNS Tianjin Inc.	LG CNS Tianjin Inc.	-
	SBI-LG Systems Co., Ltd.	SBI-LG Systems Co., Ltd.	-
	LG CNS Colombia S.A.S	LG CNS Colombia S.A.S	-
	UCESS PHILIPPINES, INC.	UCESS PHILIPPINES, INC.	-
	Oneseen Skytech Co., Ltd.	Oneseen Skytech Co., Ltd.	-

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	LG CNS MALAYSIA SDN BHD.	LG CNS MALAYSIA SDN BHD.	-
	LG CNS Saudi Arabia LLC	LG CNS Saudi Arabia LLC	-
	TXCNS Healthcare, LLC	TXCNS Healthcare, LLC	-
	LG CNS GB Ltd.	LG CNS GB Ltd.	-
	LG CNS Japan Co., Ltd.	LG CNS Smart Green Co.,Ltd.	-
	LLC LG CNS RUS	LLC LG CNS RUS	-
	Collain Healthcare, LLC	Collain Healthcare, LLC	-
	LG CNS Chile Ltda.	LG CNS Chile Ltda.	-
	LG CNS UZBEKISTAN, LLC	-	-
	SERVEONE Co., Ltd., and subs	SERVEONE Co., Ltd., and subs	LG Corp.'s subsidiary
	SERVEONE Co., Ltd.	SERVEONE Co., Ltd.	-
	Konjiam Yewon	Konjiam Yewon	-
	LG-TOYO Engineering	LG-TOYO Engineering	-
	Serveone(Nanjing).Co.,LTD	Serveone(Nanjing).Co.,LTD	-
	Serveone Construction(Nanjing) Co.,Ltd.	Serveone Construction(Nanjing) Co.,Ltd.	-
	Serveone Guangzhou.Co.,LTD	Serveone Guangzhou.Co.,LTD	-
	SERVEONE VIETNAM Co.,Ltd	SERVEONE VIETNAM Co.,Ltd	-
	-	Gumiochang Photovoltaic Co., Ltd	-
	LG Siltron Incorporated and subs	LG Siltron Incorporated and subs	LG Corp.'s subsidiary
	LG Siltron Incorporated	LG Siltron Incorporated	-
	LG Siltron America, Inc.	LG Siltron America, Inc.	-
	LG Siltron JAPAN Inc.	LG Siltron JAPAN Inc.	-
	LUSEM CO., LTD.	LUSEM CO., LTD.	LG Corp.'s subsidiary
	LG Management Development Institute	LG Management Development Institute	LG Corp.'s subsidiary
	LG SPORTS Ltd.	LG SPORTS Ltd.	LG Corp.'s subsidiary
	LG Solar Energy Inc.	LG Solar Energy Inc.	LG Corp.'s subsidiary
	LG Holdings Japan Co., Ltd.	LG Holdings Japan Co., Ltd.	LG Corp.'s subsidiary
	LG MMA Ltd.	LG MMA Ltd.	LG Corp.'s subsidiary

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

i) Major income and expense transactions with related parties

		2015					
		Income transactions			Expense transactions		
Classification	Name	Sales	Others	Total	Purchases	Others	Total
Significantly influencing the Group	LG Corp.	735	-	735	-	73,806	73,806
Associates	LG Display Co., Ltd., and subs	460,655	54,504	515,159	2,882,183	5,295	2,887,478
	Ericsson-LG Co., Ltd., and subs	4,666	-	4,666	2,705	-	2,705
	Hitachi LG Data Storage Inc., and subs	12,232	-	12,232	63,281	-	63,281
	LG Fuel Cell Systems Inc. and subs	34	-	34	-	-	-
	Korea Information Certificate Authority Inc.	-	-	-	-	1	1
	<b>Subtotal</b>	<b>477,587</b>	<b>54,504</b>	<b>532,091</b>	<b>2,948,169</b>	<b>5,296</b>	<b>2,953,465</b>
Joint ventures	Arcelik-LG Klima Sanayi ve Ticaret A.S.	42,726	-	42,726	50,582	-	50,582
	LG HOLDINGS (HK) LIMITED and subs	-	-	-	-	1,527	1,527
	EIC PROPERTIES PTE, LTD.	-	-	-	-	425	425
	<b>Subtotal</b>	<b>42,726</b>	<b>-</b>	<b>42,726</b>	<b>50,582</b>	<b>1,952</b>	<b>53,534</b>
Other related parties	SERVEONE Co., Ltd., and subs	14,160	-	14,160	504,608	115,777	620,385
	LG Siltron Incorporated	3,468	-	3,468	3	-	3
	LG CNS Co., Ltd., and subs	38,787	-	38,787	55,268	185,655	240,923
	LG SPORTS Ltd.	18	-	18	-	6,633	6,633
	LG Management Development Institute	168	-	168	99	14,066	14,165
	LUSEM CO., LTD.	23,196	-	23,196	5,943	252	6,195
	LG MMA Ltd.	267	-	267	123	1	124
	LG Holdings Japan Co., Ltd.	8	-	8	-	1,633	1,663
	<b>Subtotal</b>	<b>80,072</b>	<b>-</b>	<b>80,072</b>	<b>566,044</b>	<b>324,047</b>	<b>890,091</b>
<b>Total</b>		<b>601,120</b>	<b>54,504</b>	<b>655,624</b>	<b>3,564,795</b>	<b>405,101</b>	<b>3,969,896</b>

		2014					
		Income transactions			Expense transactions		
Classification	Name	Sales	Others	Total	Purchases	Others	Total
Significantly influencing the Group	LG Corp.	339	-	339	-	76,222	76,222
Associates	LG Display Co., Ltd., and subs	454,271	-	454,271	3,084,740	7,409	3,092,149



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		2014					
		Income transactions			Expense transactions		
Classification	Name	Sales	Others	Total	Purchases	Others	Total
	Ericsson-LG Co., Ltd., and subs	4,539	-	4,539	2,941	-	2,941
	Hitachi LG Data Storage Inc., and subs	20,555	-	20,555	414,010	-	414,010
	LG Fuel Cell Systems Inc. and subs	9	-	9	-	-	-
	Korea Information Certificate Authority Inc.	-	-	-	-	20	20
	<b>Subtotal</b>	<b>479,374</b>	<b>-</b>	<b>479,374</b>	<b>3,501,691</b>	<b>7,429</b>	<b>3,509,120</b>
Joint ventures	Arcelik-LG Klima Sanayi ve Ticaret A.S.	40,909	-	40,909	82,971	-	82,971
	LG HOLDINGS (HK) LIMITED and subs	-	-	-	-	775	775
	EIC PROPERTIES PTE, LTD.	-	-	-	-	418	418
	<b>Subtotal</b>	<b>40,909</b>	<b>-</b>	<b>40,909</b>	<b>82,971</b>	<b>1,193</b>	<b>84,164</b>
Other related parties	SERVEONE Co., Ltd., and subs	11,298	-	11,298	567,534	79,002	646,536
	LG Siltron Incorporated	2,398	-	2,398	1,649	19	1,668
	LG CNS Co., Ltd., and subs	16,384	-	16,384	29,535	223,158	252,693
	LG SPORTS Ltd.	403	-	403	-	6,915	6,915
	LG Management Development Institute	9	-	9	327	11,816	12,143
	LUSEM CO., LTD.	29,495	-	29,495	15,889	388	16,277
	LG MMA Ltd.	225	-	225	35	-	35
	LG Holdings Japan Co., Ltd.	5	-	5	-	631	631
	<b>Subtotal</b>	<b>60,217</b>	<b>-</b>	<b>60,217</b>	<b>614,969</b>	<b>321,929</b>	<b>936,898</b>
<b>Total</b>		<b>580,839</b>	<b>-</b>	<b>580,839</b>	<b>4,199,631</b>	<b>406,773</b>	<b>4,606,404</b>

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

(in millions of Korean won)

		June 30, 2015							
		Receivables				Payables			
Classification	Name	Trade receivables	Loans	Other receivables	Total	Trade payables	Borrowings	Other payables	Total
Significantly influencing the Group	LG Corp.	-	-	26,456	26,456	-	-	12	12
Associates	LG Display Co., Ltd., and subsidiaries	258,222	-	64,177	322,399	892,292	-	31,714	924,006
	Ericsson-LG Co., Ltd., and subsidiaries	349	-	646	995	750	-	150	900
	Hitachi-LG Data Storage Inc., and subsidiaries	26	-	158	184	25,647	-	28	25,675
	LG Fuel Cell Systems Inc. and subsidiaries	40	-	-	40	-	-	13	13
	<b>Subtotal</b>	<b>258,637</b>	<b>-</b>	<b>64,981</b>	<b>323,618</b>	<b>918,689</b>	<b>-</b>	<b>31,905</b>	<b>950,594</b>

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(in millions of Korean won)

		June 30, 2015							
Classification	Name	Receivables				Payables			
		Trade receivables	Loans	Other receivables	Total	Trade payables	Borrowings	Other payables	Total
Joint ventures	Arcelik-LG Klima Sanayi ve Ticaret A.S.	11,909	-	3,132	15,041	22,374	-	-	22,374
	LG HOLDINGS (HK) LIMITED and subs	-	-	-	-	-	-	1,576	1,576
	EIC PROPERTIES PTE LTD.	-	-	-	-	-	-	72	72
	<b>Subtotal</b>	11,909	-	3,132	15,041	22,374	-	1,648	24,022
Other related parties	SERVEONE Co., Ltd., and subsidiaries	4,518	-	61,336	65,854	285,384	-	48,642	334,026
	LG Siltron Incorporated	1,277	-	-	1,277	-	-	1,637	1,637
	LG CNS Co., Ltd., and subsidiaries	5,181	-	1,238	6,419	27,064	-	87,738	114,802
	LG SPORTS Ltd.	-	-	-	-	-	-	725	725
	LG Management Development Institute	-	-	17,864	17,864	7	-	2,049	2,056
	LUSEM CO., LTD.	8,627	-	2	8,629	2,101	-	1	2,102
	LG MMA Ltd	116	-	-	116	9	-	-	9
	LG Holdings Japan Co., Ltd.	-	-	3,475	3,475	-	-	-	-
	<b>Subtotal</b>	19,719	-	83,915	103,634	314,565	-	140,792	455,357
<b>Total</b>		290,265	-	178,484	468,749	1,255,628	-	174,357	1,429,985

(in millions of Korean won)

		December 31, 2014							
Classification	Name	Receivables				Payables			
		Trade receivables	Loans	Other receivables	Total	Trade payables	Borrowings	Other payables	Total
Significantly influencing the Group	LG Corp.	-	-	22,882	22,882	-	-	5,208	5,208
Associates	LG Display Co., Ltd., and subsidiaries	163,868	-	68,333	232,201	797,656	-	29,527	827,183
	Ericsson-LG Co., Ltd., and subsidiaries	267	-	64	331	678	-	150	828
	Hitachi-LG Data Storage Inc., and subsidiaries	26	-	257	283	40,174	-	61	40,235
	<b>Subtotal</b>	164,161	-	68,654	232,815	838,508	-	29,738	868,246
Joint ventures	Arcelik-LG Klima Sanayi ve Ticaret A.S.	7,607	-	-	7,607	970	-	-	970
	LG HOLDINGS (HK) LIMITED and subs	-	-	-	-	-	-	1,486	1,486
	EIC PROPERTIES PTE LTD.	-	-	-	-	-	-	75	75
	<b>Subtotal</b>	7,607	-	-	7,607	970	-	1,561	2,531
Other related parties	SERVEONE Co., Ltd., and subsidiaries	2,632	-	60,722	63,354	234,069	-	51,934	286,003
	LG Siltron Incorporated	836	-	-	836	28	-	1,540	1,568

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		December 31, 2014							
Classification	Name	Receivables				Payables			
		Trade receivables	Loans	Other receivables	Total	Trade payables	Borrowings	Other payables	Total
	LG CNS Co., Ltd., and subsidiaries	2,357	-	521	2,878	33,430	-	326,691	360,121
	LG SPORTS Ltd.	2	-	-	2	-	-	231	231
	LG Management Development Institute	-	-	17,864	17,864	11	-	2,658	2,669
	LUSEM CO., LTD.	8,108	-	-	8,108	2,031	-	10	2,041
	LG MMA Ltd	164	-	-	164	121	-	3	124
	LG Holdings Japan Co., Ltd.	-	-	3,506	3,506	-	-	-	-
	<b>Subtotal</b>	14,099	-	82,613	96,712	269,690	-	383,067	652,757
	<b>Total</b>	185,867	-	174,149	360,016	1,109,168	-	419,574	1,528,742

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

(in millions of Korean won)

		2015					
Classification	Name	Dividend Income	Cash investment (capital reduction) and more	Financing loan transaction		Financing borrowing transaction	
				Loan	Collection	Borrowing	Repayment
	LG Display Co., Ltd.	67,813	-	-	-	-	-
Associates	Ericsson-LG Co., Ltd.	3,250	-	-	-	-	-
	Korea Information Certificate Authority Inc.	60	-	-	-	-	-
	<b>Total</b>	71,123	-	-	-	-	-

(in millions of Korean won)

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

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

<i>(in millions of Korean won)</i>	<b>2015</b>	<b>2014</b>
Wages and salaries	10,981	6,699
Severance benefits	3,313	1,643
<b>Total</b>	<b>14,294</b>	<b>8,342</b>

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

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

### **30. Risk Management**

#### **Financial Risk Management**

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

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

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

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

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

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(a) Market risk

i) Foreign exchange risk

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

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

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

As of June 30, 2015 and December 31, 2014, if the foreign exchange rate of the Korean won fluctuated by 10% while other variables were fixed, the effects on income(loss) before tax would be as follows:

<i>(in millions of Korean won)</i>	<u>June 30, 2015</u>		<u>December 31, 2014</u>	
	<u>10% increase</u>	<u>10% decrease</u>	<u>10% increase</u>	<u>10% decrease</u>
USD/KRW	16,155	(16,155)	(88,337)	88,337
EUR/KRW	39,728	(39,728)	50,124	(50,124)
Other <sup>1</sup> /KRW	11,990	(11,990)	57,892	(57,892)

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

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

ii) Interest rate risk

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

The Group minimizes its borrowings from others and optimizes its deposits by expanding internal finance sharing. The Group periodically establishes the plan for reaction by the 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.

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

<i>(in millions of Korean won)</i>	2015		2014	
	1% increase	1% decrease	1% increase	1% decrease
Interest expense	3,899	(3,899)	3,713	(3,713)
Interest income	12,132	(12,132)	12,222	(12,222)

iii) Details of derivatives contracts are as follows:

***Hedging purposes***

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

June 30, 2015	Contractor	Contracted amount (in millions)	Contracted currency rate	Interest rate (received)	Interest rate (paid)	Starting date	Expiration date
USD/KRW CRS	Shinhan Bank	USD200	USD/KRW 1,113.6	3ML+160bp	3.22%	2013.07.11	2019.01.31
	BNP PARIBAS and others	USD200	USD/KRW 1,052.1	3ML+130bp	3.42%	2013.11.28	2017.06.19
CHF/KRW CRS	UBS and others	CHF215	CHF/KRW 1,213.6	2.00%	3.64% ~ 3.74%	2012.07.06	2016.12.02
USD/BRL CRS	Standard Chartered	USD27	USD/BRL 2.6700	1.43%	11.30%	2014.12.15	2015.09.15
		USD27	USD/BRL 2.7250	1.35%	11.30%	2014.12.23	2015.09.23
		USD10	USD/BRL 2.7050	1.50%	11.30%	2015.01.05	2015.08.24
		USD20	USD/BRL 2.7050	1.52%	11.30%	2015.01.05	2015.09.11
		USD50	USD/BRL 2.6850	1.75%	11.45%	2015.01.14	2015.12.14
		USD50	USD/BRL 2.8990	1.47%	11.95%	2015.02.25	2015.09.18
	Citi	USD15	USD/BRL 3.0310	1.53%	12.20%	2015.04.24	2015.11.16
		USD35	USD/BRL 3.0310	1.53%	12.35%	2015.04.24	2015.11.25
USD/VND CRS	BTMU	USD8	USD/VND 21,240	3ML+0.70	5.50%	2014.10.20	2015.10.19
		USD22	USD/VND 21,345	3ML+0.70	5.40%	2014.11.19	2015.10.19

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

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

At the end of the reporting period, the swap contracts are evaluated at fair value and the gain on valuation of the effective portion amounting to ₩37,287 million in 2015 (2014: loss on valuation amounting to ₩64,386 million) after applying the tax effect, is recognized in other comprehensive income(loss). The Group has reclassified ₩41,397 million to gain from equity in 2015 (2014: ₩50,419 million to loss from equity). Therefore, other comprehensive loss from cash flow hedges amounts to ₩4,110 million in 2015 (2014: other comprehensive loss of ₩13,967 million) after applying the tax effect.

**Trading purposes**

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

<i>(in millions of Korean won)</i>	Purchase	Sale	Gain on valuation	Gain on transaction
Currency forward	292,336	295,773	932	1,210

iv) Price risk

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

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

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

<i>(in millions of Korean won)</i>	June 30, 2015		December 31, 2014	
	30% increase	30% decrease	30% increase	30% decrease
KOSDAQ	3,617	(3,617)	3,001	(3,001)
NASDAQ	-	-	742	(742)

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

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(b) Credit risk

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

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

At the end of reporting period, trade receivable balance of the Group is ₩8,261,274 million (2014: ₩7,811,780 million) and its risk is managed appropriately with insurer's credit limit of ₩28,941,118 million (2014: ₩30,055,982 million). Therefore, the Group estimates credit risk exposure to itself as limited.

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

(c) Liquidity risk

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

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

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

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

<i>(in millions of Korean won)</i>	<b>Total</b>	<b>Less than 1 year</b>	<b>1 to 2 years</b>	<b>3 to 5 years</b>	<b>Over 5 years</b>
Trade payables	6,416,041	6,416,041	-	-	-
Borrowings	11,442,444	3,394,717	2,059,307	2,642,453	3,345,967
Other payables	2,599,565	2,589,816	7,598	1,658	493
Derivative liabilities	1,960	1,960	-	-	-
Liabilities classified as held for sale	12,245	12,245	-	-	-
<b>Total</b>	<b>20,472,255</b>	<b>12,414,779</b>	<b>2,066,905</b>	<b>2,644,111</b>	<b>3,346,460</b>



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The above cash flows are calculated at nominal value based on the earliest maturity dates and include cash flows of principal and interests. The Group's trading portfolio derivative liabilities that are not qualified for hedge accounting have been included at their fair value of ₩1,960 million within the less than 1-year time bucket. This is because the contractual maturities are not essential for an understanding of the timing of the cash flows. These contracts are managed on a net-fair value basis rather than by maturity date. Derivatives for cash flow hedges from changes in interest rate and exchange rate are reflected in the cash flows of related borrowings.

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

<i>(in millions of Korean won)</i>	<b>Total</b>	<b>Less than 1 year</b>	<b>1 to 2 years</b>	<b>3 to 5 years</b>	<b>Over 5 years</b>
Financial guarantee contracts	144,267	144,267	-	-	-

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

#### Capital Risk Management

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

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

<i>(in millions of Korean won, except for ratios)</i>	<b>June 30, 2015</b>	<b>December 31, 2014</b>
Liability (A)	24,794,638	24,077,323
Equity (B)	13,184,875	12,991,097
Cash and cash equivalents and current financial deposits (C)	2,576,459	2,244,406
Borrowings (D)	9,894,725	9,002,431
Debt-to-equity ratio (A/B)	188.1%	185.3%
Net borrowings ratio (D-C)/B	55.5%	52.0%

#### Fair Value Estimation

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

<i>(in millions of Korean won)</i>	<b>June 30, 2015</b>		<b>December 31, 2014</b>	
	<b>Book amount</b>	<b>Fair value</b>	<b>Book amount</b>	<b>Fair value</b>
<b>Current financial asset items</b>				
[Assets at fair value]				
Financial assets at fair value through profit or loss				
Other financial assets	1,190	1,190	5,654	5,654
Derivatives for hedging purposes				

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<i>(in millions of Korean won)</i>	June 30, 2015		December 31, 2014	
	Book amount	Fair value	Book amount	Fair value
Other financial assets	24,855	24,855	5,515	5,515
[Assets at amortized cost]				
Loans and other receivables				
Cash and cash equivalents	2,576,459	1	2,244,406	1
Financial deposits	68,000	1	67,700	1
Trade receivables	8,119,352	1	7,683,915	1
Other receivables	527,315	1	633,219	1
Assets held for sale	8,196	1	-	-
Held-to-maturity financial assets				
Other financial assets	20	1	24	1
<b>Non-current financial asset items</b>				
[Assets at fair value]				
Derivatives for hedging purposes				
Other financial assets	10,507	10,507	5,252	5,252
Available-for-sale financial assets				
Other financial assets	17,038	17,038	14,529	14,529
[Assets at amortized cost]				
Loans and other receivables				
Financial deposits	88,961	88,961	94,323	94,323
Other receivables	534,000	522,815	548,564	535,896
Held-to-maturity financial assets				
Other financial assets	2,623	1	2,638	1
[Assets at cost]				
Available-for-sale financial assets				
Other financial assets	37,168	2	34,356	2
<b>Total</b>	<b>12,015,684</b>		<b>11,340,095</b>	

<i>(in millions of Korean won)</i>	June 30, 2015		December 31, 2014	
	Book amount	Fair value	Book amount	Fair value
<b>Current financial liability items</b>				
[Liabilities at fair value]				
Financial liabilities at fair value through profit or loss				
Other financial liabilities	1,960	1,960	3,409	3,409
Derivatives for hedging purposes				
Other financial liabilities	-	-	3,013	3,013
[Liabilities at amortized cost]				
Trade payables	6,416,041	1	6,741,710	1
Borrowings	3,046,445	1	2,575,550	1
Other payables	2,588,398	1	3,020,870	1
Liabilities held for sale	12,245	1	-	-
[Other liabilities]				
Other financial liabilities	106	3	106	3
<b>Non-current financial liability items</b>				
[Liabilities at fair value]				

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Derivatives for hedging purposes				
Other financial liabilities	41,373	41,373	62,160	62,160
[Liabilities at amortized cost]				
Borrowings	6,848,280	7,016,630	6,426,881	6,783,359
Other payables	9,073	9,221	14,320	14,458
[Other liabilities]				
Other financial liabilities	361	<sup>3</sup>	414	<sup>3</sup>
<b>Total</b>	<b>18,964,282</b>		<b>18,848,433</b>	

<sup>1</sup> Excluded from disclosure as the carrying amount is the rational approximate fair value.

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

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

(b) Fair value measurements of assets and liabilities

i) Fair value hierarchy and measurement method

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

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

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

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

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

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and

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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 Group is the closing price at the end of the reporting period. These instruments are included in 'level 1'. Instruments included in 'level 1' comprise primarily equity investments classified as available for sale.

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

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

ii) Financial instruments measured at fair value

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

	June 30, 2015			
<i>(in millions of Korean won)</i>	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Other financial assets				
Available-for-sale financial assets				
- Marketable equity securities	15,680	-	-	15,680
- Debt securities	-	-	1,358	1,358
Financial assets at fair value through profit or loss	-	1,190	-	1,190
Derivatives for hedging purposes	-	35,362	-	35,362
<b>Liabilities</b>				
Other financial liabilities				
Financial liabilities at fair value through profit or loss	-	1,960	-	1,960
Derivatives for hedging purposes	-	41,373	-	41,373
	<b>December 31, 2014</b>			
<i>(in millions of Korean won)</i>	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Other financial assets				
Available-for-sale financial assets				
- Marketable equity securities	13,107	-	-	13,107
- Debt securities	-	-	1,422	1,422

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Financial assets at fair value through profit or loss	-	5,654	-	5,654
Derivatives for hedging purposes	-	10,767	-	10,767

#### Liabilities

Other financial liabilities

Financial liabilities at fair value through profit or loss	-	3,409	-	3,409
Derivatives for hedging purposes	-	65,173	-	65,173

The above fair value amounts are recurring fair value measurements.

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

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

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

<i>(in millions of Korean won)</i>	Fair value		Valuation techniques	Inputs
	June 30, 2015	December 31, 2014		
<b>Assets</b>				
Other financial assets				
Financial assets at fair value through profit or loss	1,190	5,654	Discounted cash flow	Discount rate and exchange rate
Derivatives for hedging purposes	35,362	10,767	Discounted cash flow	Discount rate and exchange rate
<b>Liabilities</b>				
Other financial liabilities				
Financial liabilities at fair value through profit or loss	1,960	3,409	Discounted cash flow	Discount rate and exchange rate
Derivatives for hedging purposes	41,373	65,173	Discounted cash flow	Discount rate and exchange rate

- Fair value measurements categorized within level 3

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

<i>(in millions of Korean won)</i>	2015	2014
At January 1	1,422	1,840
Total gain(loss) for the period		
Gain (loss) included in profit for the period <sup>1</sup>	34	(149)

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Gain (loss) included in other comprehensive income	(11)	18
Purchase, issue, sales and settlement		
Purchase	-	-
Sale	(87)	(81)
<b>At June 30</b>	<b>1,358</b>	<b>1,628</b>

<sup>1</sup> Gain and loss included in profit for the period are interest income amounting to ₩34 million (2014: interest income amounting to ₩151 million and impairment loss amounting to ₩300 million).

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

<i>(in millions of Korean won)</i>	Fair value		Valuation techniques	Inputs	Significant but unobservable inputs	Range of significant but unobservable inputs
	June 30, 2015	December 31, 2014				
<b>Other financial assets</b>						
Available-for-sale financial assets						
- Debt securities	1,358	1,422	Discounted cash flow	Discount rate	Discount rate (credit spread)	3.2%~5.3%

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 are as follows:

<i>(in millions of Korean won)</i>	June 30, 2015			
	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Non-current financial deposits	-	-	88,961	88,961
Non-current other receivables	-	-	522,815	522,815
<b>Liabilities</b>				
Non-current borrowings	-	-	7,016,630	7,016,630
Non-current other payables	-	-	9,221	9,221
<i>(in millions of Korean won)</i>	December 31, 2014			
	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Non-current financial deposits	-	-	94,323	94,323
Non-current other receivables	-	-	535,896	535,896
<b>Liabilities</b>				
Non-current borrowings	-	-	6,783,359	6,783,359
Non-current other payables	-	-	14,458	14,458

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

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

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

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

<i>(in millions of Korean won)</i>	June 30, 2015		December 31, 2014		Valuation techniques	Inputs	Significant but unobservable inputs	Range of significant but unobservable inputs
	Carrying amount	Fair value	Carrying amount	Fair value				
<b>Assets</b>								
Non-current financial deposits	88,961	88,961	94,323	94,323	Discounted cash flow	Discount rate and exchange rate	Discount rate	0.1% ~ 3.1%
Non-current other receivables	534,000	522,815	548,564	535,896	Discounted cash flow	Discount rate and exchange rate	Discount rate	3.1% ~ 6.1%
<b>Liabilities</b>								
Non-current borrowings	6,848,280	7,016,630	6,426,881	6,783,359	Discounted cash flow	Discount rate and exchange rate	Discount rate	1.6% ~ 4.0%
Non-current other payables	9,073	9,221	14,320	14,458	Discounted cash flow	Discount rate and exchange rate	Discount rate	3.9% ~ 4.3%

**31. Business Combinations**

- i) The Parent Company acquired the Power Conditioning System business from LG U plus Co., Ltd. on February 2, 2015, in order to maximize its market responsiveness by enhancing business capabilities in the energy storage system business, the Parent Company's future strategic business.
- ii) The following table summarizes the consideration paid and the fair value of assets acquired and liabilities assumed:

<i>(in millions of Korean won)</i>	Amount
Consideration <sup>1</sup>	
Cash and cash equivalents	7,700
Total consideration	7,700
Recognized amounts of identifiable assets acquired and liabilities assumed	
Current assets	
Cash and cash equivalents	9
Trade receivables	66

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<i>(in millions of Korean won)</i>	<b>Amount</b>
Non-current assets	
Property, plant and equipment	2,513
Intangible assets	3,907
Non-current liabilities	
Net defined benefit liability	9
<b>Total identifiable net assets</b>	<b>6,486</b>
<b>Goodwill</b>	<b>1,214</b>

<sup>1</sup>Consideration transferred during the measurement period

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

### 32. Event After the Reporting Period, and Reclassification to Assets and Liabilities Held for Sale

On July 1, 2015, the assets and workforce of display driver-IC design business were transferred to Silicon Works Co., Ltd. for ₩22,010 million for the purpose of efficient operation of the semiconductor design business according to the resolution of the Board of Directors of the Parent Company on April 28, 2015.

Details of assets and liabilities classified as held for sale accordingly are as follows:

<i>(in millions of Korean won)</i>	<b>June 30, 2015</b>
<b>Asset Held for Sale</b>	
Trade and loans and other receivables	8,196
Inventories	12,276
Property, plant and equipment and intangible assets	670
Other assets	24
<b>Total</b>	<b>21,166</b>
<b>Liabilities Held for Sale</b>	
Trade and other payables	12,245
Defined benefit liabilities	1,908
Other liabilities	5
<b>Total</b>	<b>14,158</b>



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There is no impairment loss due to classification as held for sale.

Details of assets, whose sales transactions were completed as of June 30, 2015, although the assets have been reclassified as non-current assets held for sale during the six-month period ended June 30, 2015, are as follows:

<i>(in millions of Korean won)</i>	<b>June 30, 2015</b>
Available-for-sale financial assets	1,369
Investments in associates	28,598
Property, plant and equipment and others	28,791
<b>Total</b>	<b>58,758</b>

**33. Discontinued Operations**

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

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

<i>(in millions of Korean won)</i>	<b>2015</b>		<b>2014</b>	
	<b>Three months</b>	<b>Six months</b>	<b>Three months</b>	<b>Six months</b>
Profit(loss) from ordinary activities of discontinued operations:				
Net sales	1,673	20,445	307,683	593,555
Operating income(loss)	(2,480)	(2,826)	(3,460)	21,774
Profit (loss) for the period before tax	(2,402)	(2,593)	(14,601)	5,298
Income tax expense(benefit)	(169)	(328)	(2,703)	1,819
Profit (loss) for the period, net of tax	(2,233)	(2,265)	(11,898)	3,479

- ii) Cash generated from discontinued operations for the six-month periods ended June 30, 2015 and 2014, are as follows:

<i>(in millions of Korean won)</i>	<b>2015</b>	<b>2014</b>
Net cash flows from operating activities	73,133	(622)
Net cash flows from investing activities	15	(4,123)
Net cash flow from discontinued operations	73,148	(4,745)