

LG Display Co., Ltd.  
Form 6-K  
March 04, 2009  
[Table of Contents](#)

# **SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

## **Form 6-K**

**REPORT OF FOREIGN PRIVATE ISSUER**

**PURSUANT TO RULE 13a-16 OR 15d-16 UNDER**

**THE SECURITIES EXCHANGE ACT OF 1934**

**For the month of March 2009**

# **LG Display Co., Ltd.**

(Translation of Registrant's name into English)

**20 Yoido-dong, Youngdungpo-gu, Seoul 150-721, The Republic of Korea**

(Address of principal executive offices)

## Edgar Filing: LG Display Co., Ltd. - Form 6-K

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F   X        Form 40-F       

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):       

Note: Regulation S-T Rule 101(b)(1) only permits the submission in paper of a Form 6-K if submitted solely to provide an attached annual report to security holders.

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):       

Note: Regulation S-T Rule 101(b)(7) only permits the submission in paper of a Form 6-K if submission to furnish a report or other document that the registration foreign private issuer must furnish and make public under the laws of the jurisdiction in which the registrant is incorporated, domiciled or legally organized (the registrant's home country), or under the rules of the home country exchange on which the registrant's securities are traded, as long as the report or other document is not a press release, is not required to be and has not been distributed to the registrant's security holders, and if discussing a material event, has already been the subject of a Form 6-K submission or other Commission filing on EDGAR.

Indicate by check mark whether by furnishing the information contained in this Form, the registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes             No   X

## Table of Contents

### Submission of Audit Report

1. Name of external auditor : Samjong Accounting Corporation
2. Date of receiving external audit report : March 3, 2009
3. Auditor's opinion

	<b>FY 2008</b>	<b>FY 2007</b>
Audit Report on Consolidated Financial Statements	Unqualified	Unqualified
Audit Report on Non-consolidated Financial Statements	Unqualified	Unqualified

4. Financial Highlights of Consolidated Financial Statements

(Unit: KRW M, Korean GAAP, Consolidated)

Items	<b>FY 2008</b>	<b>FY 2007</b>
Total Assets	17,388,366	13,779,835
Total Liabilities	8,099,743	5,490,376
Total Shareholders' Equity	9,288,623	8,289,459
Capital Stock	1,789,079	1,789,079
Revenues	16,263,635	14,351,966
Operating Income	1,735,441	1,504,007
Ordinary Income	1,311,499	1,542,959
Net Income	1,086,778	1,344,027
Total Shareholders' Equity / Capital Stock	519.2%	463.3%

5. Financial Highlights of Non-consolidated Financial Statements

(Unit: KRW, Korean GAAP, Non-consolidated)

Items	<b>FY 2008</b>	<b>FY 2007</b>
Total Assets	16,501,987	13,394,435
Total Liabilities	7,225,965	5,105,062
Total Shareholders' Equity	9,276,022	8,289,373
Capital Stock	1,789,079	1,789,079
Revenues	15,865,240	14,163,131
Operating Income	1,536,306	1,491,135
Ordinary Income	1,293,480	1,545,562

# Edgar Filing: LG Display Co., Ltd. - Form 6-K

Net Income		1,086,896	1,344,027
Total Shareholders	Equity / Capital Stock	518.5%	463.3%

**Table of Contents**

LG DISPLAY CO., LTD.

(Formerly, LG.Philips LCD Co., Ltd.)

AND SUBSIDIARIES

Consolidated Financial Statements

**December 31, 2008**

(With Independent Auditors' Report Thereon)

**Table of Contents**

**Table of Contents**

	<b>Page</b>
<u>Independent Auditors' Report</u>	1
<u>Consolidated Balance Sheets</u>	3
<u>Consolidated Statements of Income</u>	5
<u>Consolidated Statements of Changes in Stockholders' Equity</u>	6
<u>Consolidated Statements of Cash Flows</u>	7
<u>Notes to Consolidated Financial Statements</u>	9

**Table of Contents**

**Independent Auditors' Report**

Based on a report originally issued in Korean

To the Stockholders and Board of Directors

LG Display Co., Ltd.:

We have audited the accompanying consolidated balance sheet of LG Display Co., Ltd. (formerly, LG.Philips LCD Co., Ltd.) and subsidiaries (the Company) as of December 31, 2008, and the related consolidated statements of income, changes in stockholders' equity and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these consolidated financial statements based on our audit. The accompanying consolidated financial statements of the Company as of December 31, 2007 were audited by Samil PricewaterhouseCoopers, whose report thereon dated February 18, 2008 expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the Republic of Korea. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2008 and the results of its operations, the changes in its equity and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the Republic of Korea.

As discussed in note 3(b) to the consolidated financial statements, accounting principles and auditing standards and their application in practice vary among countries. The accompanying consolidated financial statements are not intended to present the financial position, results of operations, changes in stockholders' equity and cash flows in accordance with accounting principles and practices generally accepted in countries other than the Republic of Korea. In addition, the procedures and practices utilized in the Republic of Korea to audit such consolidated financial statements may differ from those generally accepted and applied in other countries. Accordingly, this report and the accompanying consolidated financial statements are for use by those knowledgeable about Korean accounting procedures and audit standards and their application in practice.

Without qualifying our opinion, we draw attention to the following:

As discussed in note 20(b) to the consolidated financial statements, as of December 31, 2008, the Company is under investigations by fair trade or antitrust authorities in Korea, Japan, Canada and European Commission with respect to possible anti-competitive activities in the LCD industry as of December 31, 2008. In addition, the Company has been named as defendants in a number of federal class actions in the United States and Canada alleging that the defendants violated the antitrust laws in connection with the sale of LCD panels, and the Company and certain of its officers and directors have been named as defendants in a federal class action in the United States by shareholders of the Company alleging violations of the U.S. Securities Exchange Act of 1934.

Each of these investigations, legal proceedings and claims is ongoing and the outcome in any of these matters may have a negative effect on the Company's financial condition, results of operations or cash flows.

/s/ KPMG Samjong Accounting Corp.

Seoul, Korea

February 16, 2009

**Table of Contents**

This report is effective as of February 16, 2009, the audit report date. Certain subsequent events or circumstances, which may occur between the audit report date and the time of reading this report, could have a material impact on the accompanying consolidated financial statements and notes thereto. Accordingly, the readers of the audit report should understand that there is a possibility that the above audit report may have to be revised to reflect the impact of such subsequent events or circumstances, if any.



**Table of Contents**

## LG DISPLAY CO., LTD. AND SUBSIDIARIES

**Consolidated Balance Sheets**

As of December 31, 2008 and 2007

<i>(In millions of Won)</i>	<b>Note</b>	<b>2008</b>	<b>2007</b>
<b>Assets</b>			
Cash and cash equivalents	4, 18	(Won) 1,367,752	1,196,423
Short-term financial instruments	4	2,055,000	785,000
Available-for-sale securities	7	74	63
Trade accounts and notes receivable, net	5,9,10,18,20	2,004,758	2,339,690
Other accounts receivable, net	5, 18	36,260	97,098
Accrued income, net	5	87,846	13,949
Advance payments, net	5	409	2,783
Prepaid expenses		38,263	35,613
Prepaid value added tax	18	176,379	105,924
Deferred income tax assets, net	26	86,048	332,926
Inventories, net	6, 13	1,136,673	823,924
Other current assets		28,548	12,740
<b>Total current assets</b>		<b>7,018,010</b>	<b>5,746,133</b>
Long-term financial instruments		13	13
Available-for-sale securities	7	129,497	1
Equity method investments	8	60,717	24,704
Property, plant and equipment, net	9,10,11,12,13	9,270,262	7,528,523
Intangible assets, net	14	199,697	123,111
Long-term other receivable, net	5	25,056	20,141
Long-term prepaid expenses		150,808	155,656
Deferred income tax assets, net	26	443,877	151,058
Non-current guarantee deposits		50,781	30,495
Other non-current assets		39,648	
<b>Total non-current assets</b>		<b>10,370,356</b>	<b>8,033,702</b>
<b>Total assets</b>		<b>(Won) 17,388,366</b>	<b>13,779,835</b>

*See accompanying notes to consolidated financial statements.*

**Table of Contents**

## LG DISPLAY CO., LTD. AND SUBSIDIARIES

**Consolidated Balance Sheets (continued)**

As of December 31, 2008 and 2007

<i>(In millions of Won)</i>	Note	2008	2007
<b>Liabilities</b>			
Trade accounts payable and notes payable	9, 18	(Won) 988,094	994,701
Other accounts payable	18	2,044,888	614,904
Short-term borrowings	5, 16	601,068	4,660
Advances received		17,155	82,101
Unearned income			15,248
Withholdings		15,675	7,160
Accrued expenses	18	203,867	99,288
Income tax payable	26	294,494	78,133
Warranty reserve, current	19	48,008	49,295
Current portion of long-term debt and debentures, net of discounts	15, 16	553,169	409,082
Other current liabilities		19,464	46,650
<b>Total current liabilities</b>		<b>4,785,882</b>	<b>2,401,222</b>
Debentures, net of current portion and discounts on debentures	15	1,490,445	1,998,147
Long-term debt, net of current portion	16	1,242,656	993,785
Long-term accrued expenses	31	16,471	12,680
Long-term other accounts payable	2, 20	462,922	31,046
Accrued severance benefits, net	17	70,232	53,496
Warranty reserve, non-current	19	10,097	
Other non-current liabilities		21,038	
<b>Total non-current liabilities</b>		<b>3,313,861</b>	<b>3,089,154</b>
<b>Total liabilities</b>		<b>8,099,743</b>	<b>5,490,376</b>
<b>Stockholders' equity</b>			
<b>Controlling interest</b>			
Common stock, (Won)5,000 par value. Authorized 500,000,000 shares; issued and outstanding 357,815,700 shares in 2008 and 2007	1, 22	1,789,079	1,789,079
Capital surplus	23	2,311,071	2,311,071
Accumulated other comprehensive income	24	173,938	5,823
Retained earnings		5,001,934	4,183,400
<b>Total controlling interest</b>		<b>9,276,022</b>	<b>8,289,373</b>
<b>Minority interest</b>		<b>12,601</b>	<b>86</b>
<b>Total stockholders' equity</b>		<b>9,288,623</b>	<b>8,289,459</b>
<b>Commitments and contingencies</b>	20		
<b>Total liabilities and stockholders' equity</b>		<b>(Won) 17,388,366</b>	<b>13,779,835</b>

See accompanying notes to consolidated financial statements.



**Table of Contents**

## LG DISPLAY CO., LTD. AND SUBSIDIARIES

**Consolidated Statements of Income**

For the years ended December 31, 2008 and 2007

<i>(In millions of Won, except earnings per share)</i>			
	<b>Note</b>	<b>2008</b>	<b>2007</b>
<b>Sales</b>	9, 10, 35	(Won) 16,263,635	14,351,966
<b>Cost of sales</b>	9, 10, 27	13,616,615	12,115,363
<b>Gross profit</b>		2,647,020	2,236,603
Selling and administrative expenses	28	911,579	732,596
<b>Operating income</b>		1,735,441	1,504,007
Interest income		209,661	58,348
Rental income		3,203	3,796
Foreign exchange gains		2,855,861	376,381
Gain on foreign currency translation		281,978	61,315
Equity income on investments	8	8,477	6,860
Gain on disposal of property, plant and equipment		1,066	1,485
Gain on disposal of intangible assets		1,633	
Commission earned		13,894	163,755
Reversal of allowance for doubtful accounts		10,859	
Gain on redemption of debentures	15	1,152	1,868
Other income		6,124	9,992
<b>Non-operating income</b>		3,393,908	683,800
Interest expense	5	153,543	201,296
Foreign exchange losses		2,687,150	299,076
Loss on foreign currency translation		500,937	51,662
Equity losses on investments	8	889	
Donations		8,959	2,344
Loss on disposal of trade accounts and notes receivable			18,463
Loss on disposal of property, plant and equipment		736	4,141
Impairment loss on property, plant, and equipment	11	83	44,398
Other bad debt expenses		6	3,166
Loss on redemption of debentures	15	13	19,500
Loss on sale of investment in equity securities	8	100	
Other expenses	20	465,434	802
<b>Non-operating expenses</b>		3,817,850	644,848
<b>Income before income taxes</b>		1,311,499	1,542,959
<b>Income tax expense</b>	26	224,721	198,932
<b>Net income</b>		(Won) 1,086,778	1,344,027
Net income of the Controlling Company		(Won) 1,086,896	1,344,027

# Edgar Filing: LG Display Co., Ltd. - Form 6-K

Net income (loss) of minority interest	(Won)	(118)	
<b>Earnings per share</b>			29
Basic earnings per share	(Won)	3,038	3,756
Diluted earnings per share	(Won)	3,003	3,716

*See accompanying notes to consolidated financial statements.*

**Table of Contents**

## LG DISPLAY CO., LTD. AND SUBSIDIARIES

**Consolidated Statements of Changes in Stockholders' Equity**

For the years ended December 31, 2008 and 2007

<i>(In millions of Won)</i>	Note	Capital stock	Capital surplus	Accumulated other comprehensive income	Retained earnings	Minority interest	Total
<b>Balances at January 1, 2007</b>		(Won) 1,789,079	2,275,172	(13,948)	2,839,373		6,889,676
Net income					1,344,027		1,344,027
Change in consideration for conversion rights			35,899				35,899
Change in cumulative translation adjustments	32			46,772			46,772
Gain on valuation of cash flow hedges	24, 32			(22,925)			(22,925)
Loss on valuation of cash flow hedges	24, 32			(4,076)			(4,076)
Change in the investor's share of subsidiary						86	86
<b>Balances at December 31, 2007</b>		1,789,079	2,311,071	5,823	4,183,400	86	8,289,459
<b>Balances at January 1, 2008</b>		1,789,079	2,311,071	5,823	4,183,400	86	8,289,459
Cash dividend					(268,362)		(268,362)
Net income (loss)					1,086,896	(118)	1,086,778
Change in cumulative translation adjustments	32			144,154		(225)	143,929
Change in fair value of available-for-sale securities	7, 32			25,934			25,934
Change in equity arising from application of equity method	8, 32			534			534
Gain on valuation of cash flow hedges	24, 32			(1,498)			(1,498)
Loss on valuation of cash flow hedges	24, 32			(1,009)			(1,009)
Change in the investor's share of subsidiary						12,858	12,858
<b>Balances at December 31, 2008</b>		(Won) 1,789,079	2,311,071	173,938	5,001,934	12,601	9,288,623

*See accompanying notes to consolidated financial statements.*

**Table of Contents**

## LG DISPLAY CO., LTD. AND SUBSIDIARIES

**Consolidated Statements of Cash Flows**

For the years ended December 31, 2008 and 2007

<i>(In millions of Won)</i>	Note	2008	2007
<b>Cash flows from operating activities:</b>			
Net income		(Won) 1,086,778	1,344,027
<b>Adjustments for:</b>			
Depreciation		2,485,977	2,775,549
Amortization of intangible assets		55,044	54,468
Provision for severance benefits		68,992	62,828
Provision for warranty reserve	19	90,063	77,852
Loss (gain) on foreign currency translation, net		218,959	(16,682)
Equity income on investments, net		(7,588)	(6,860)
Loss on sale of Investment in equity securities, net		100	
Loss (gain) on disposal of property, plant and equipment, net		(330)	2,656
Gain on disposal of intangible assets, net		(1,633)	
Impairment loss on property, plant and equipment		83	44,398
Interest expense		2,483	
Loss (gain) on redemption of debentures, net		(1,139)	17,632
Amortization of discount on debentures, net		30,838	45,323
(Reversal of) compensation expenses associated with stock option	31	(560)	560
Other expenses		458,017	
		3,399,306	3,057,724
<b>Changes in operating assets and liabilities:</b>			
Decrease (increase) in trade accounts receivable and notes receivable		187,879	(1,446,420)
Decrease (increase) in other accounts receivable		53,562	15,645
Decrease (increase) in accrued income		(73,897)	(13,098)
Decrease (increase) in advance payments		2,375	4,266
Decrease (increase) in prepaid expenses		26,751	16,939
Decrease (increase) in prepaid value added tax		(70,455)	(10,506)
Decrease (increase) in other current assets		2,154	13,135
Decrease (increase) in inventories		(312,749)	228,781
Decrease (increase) in long-term other receivables		(4,915)	(20,141)
Decrease (increase) in long-term prepaid expenses		(24,554)	(46,622)
Decrease (increase) in deferred income tax assets		(100,916)	112,630
Decrease (increase) in other non-current assets		2,535	
Increase (decrease) in trade accounts and notes payable		83,812	36,778
Increase (decrease) in other accounts payable		170,689	(19,852)
Increase (decrease) in advances received		(64,946)	36,267
Increase (decrease) in unearned income			8,193
Increase (decrease) in withholdings		8,516	(18,215)
Increase (decrease) in accrued expenses		103,182	43,421
Increase (decrease) in income tax payable		216,361	73,476
Increase (decrease) in warranty reserve		(81,253)	(59,818)
Increase (decrease) in other current liabilities		(20,536)	(6,699)
Increase (decrease) in long-term accrued expenses		979	2,892
Increase (decrease) in long-term other accounts payable		1,106	
Increase (decrease) in long-term unearned income		3,191	
Increase (decrease) in deferred income tax liabilities		2	(19)
Accrued severance benefits transferred from affiliated company, net		3,339	2,117
Payment of severance benefits		(23,853)	(48,202)
Decrease (increase) in severance insurance deposits		(31,792)	(45,242)
Decrease (increase) in contribution to the National Pension Fund		51	110
Increase (decrease) in other non-current liabilities		11	
Increase (decrease) in cumulative translation adjustments, net		58,368	44,940

114,997 (1,095,244)

<b>Net cash provided by operating activities</b>	(Won) 4,601,081	3,306,507
--	-----------------	-----------

*See accompanying notes to consolidated financial statements.*



**Table of Contents**

## LG DISPLAY CO., LTD. AND SUBSIDIARIES

**Consolidated Statements of Cash Flows (continued)**

For the years ended December 31, 2008 and 2007

<i>(In millions of Won)</i>	Note	2008	2007
<b>Cash flows from investing activities:</b>			
Acquisition of short-term financial instruments		(Won) (1,270,000)	(785,000)
Increase in short-term loans		(54)	(9)
Disposal of available-for-sale securities		1	
Acquisition of available-for-sale securities		(96,260)	(39)
Acquisition of equity method investments		(33,602)	
Proceeds from dividend received from equity method investments		5,760	1,440
Proceeds from disposal of property, plant and equipment		2,976	5,546
Proceeds from disposal of intangible assets		3,196	
Acquisition of property, plant and equipment		(2,775,902)	(1,577,319)
Acquisition of intangible assets		(125,413)	(18,651)
Decrease in guarantee deposits		32	412
Payment of guarantee deposits		(15,720)	(8,454)
<b>Net cash used in investing activities</b>		<b>(4,304,986)</b>	<b>(2,382,074)</b>
<b>Cash flows from financing activities:</b>			
Proceeds from short-term borrowings		596,407	
Repayment of short-term debt			(245,336)
Proceeds from debentures			508,997
Redemption of debentures		(78,308)	(590,401)
Proceeds from long-term debt		23,638	378,437
Repayment of long-term debt			(202,946)
Repayment of current portion of long-term debt		(425,608)	(571,052)
Increase in long-term other accounts payable		14,608	39,843
Increase in minority interest		12,947	86
Decrease in minority interest		(88)	
Payment of cash dividends		(268,362)	
<b>Net cash used in financing activities</b>		<b>(124,766)</b>	<b>(682,372)</b>
<b>Net increase in cash and cash equivalents</b>		<b>171,329</b>	<b>242,061</b>
Cash and cash equivalents, beginning of the year		1,196,423	954,362
<b>Cash and cash equivalents, end of the year</b>		<b>(Won) 1,367,752</b>	<b>1,196,423</b>

*See accompanying notes to consolidated financial statements.*

## **Table of Contents**

### **LG DISPLAY CO., LTD. AND SUBSIDIARIES**

#### **Notes to Consolidated Financial Statements**

December 31, 2008 and 2007

#### **1 Organization and Description of Business**

The accompanying consolidated financial statements include the accounts of LG Display Co., Ltd. and its consolidated subsidiaries (collectively the Company). The general information of LG Display Co., Ltd. (the Controlling Company), its consolidated subsidiaries and its equity method investees is described below.

##### **(a) Description of the Controlling Company**

LG Display Co., Ltd. (formerly, LG.Philips LCD Co., Ltd.) was incorporated in 1985 under its original name of LG Soft, Ltd. as a wholly owned subsidiary of LG Electronics Inc. In 1998, LG Electronics Inc. and LG Semicon Co., Ltd. transferred their respective Thin Film Transistor Liquid Crystal Display (TFT-LCD) related business to the Controlling Company. The Company's main business is to manufacture and sell TFT-LCD panels. In July 1999, LG Electronics Inc. and Koninklijke Philips Electronics N.V. (Philips) entered into a joint venture agreement. Pursuant to the agreement, the Controlling Company changed its name to LG.Philips LCD Co., Ltd. However, on February 29, 2008, the Controlling Company changed its name from LG.Philips LCD Co., Ltd. to LG Display Co., Ltd. based upon the approval of shareholders at the general shareholders' meeting on the same date as a result of the decrease in Philips's share interest in the Controlling Company and the possibility of its business expansion to Organic Light Emitting Diode (OLED) and Flexible Display products. As of December 31, 2008, the majority of shares in the Controlling Company are owned by LG Electronics Inc. and Philips, 37.9% (135,625 thousand shares) and 13.2% (47,225 thousand shares), respectively.

As of December 31, 2008, the Controlling Company has LCD Research & Development Center and TFT-LCD manufacturing plants in Paju and TFT-LCD manufacturing plants and OLED manufacturing plant in Gumi. The Controlling Company has overseas subsidiaries located in the United States of America, Europe and Asia.

##### **(b) Consolidated Subsidiaries**

###### **(i) LG Display America, Inc. ( LGDUS , formerly, LG.Philips LCD America, Inc.)**

LGDUS, which is wholly owned by the Controlling Company, was incorporated in California, U.S.A., on September 24, 1999, to sell TFT-LCD products. As of December 31, 2008 and 2007, its capital stock amounted to USD5 million.

###### **(ii) LG Display Japan Co., Ltd. ( LGDJP , formerly, LG.Philips LCD Japan Co., Ltd.)**

LGDJP, which is wholly owned by the Controlling Company, was incorporated in Tokyo, Japan, on October 12, 1999, to sell TFT-LCD products. As of December 31, 2008 and 2007, its capital stock amounted to JPY95 million.

###### **(iii) LG Display Germany GmbH ( LGDDG , formerly, LG.Philips LCD Germany GmbH)**

LGDDG, which is wholly owned by the Controlling Company, was incorporated in Dusseldorf, Germany, on November 5, 1999, to sell TFT-LCD products. As of December 31, 2008 and 2007, its capital stock amounted to EUR1 million.

## **Table of Contents**

### **LG DISPLAY CO., LTD. AND SUBSIDIARIES**

### **Notes to Consolidated Financial Statements**

December 31, 2008 and 2007

#### **1 Organization and Description of Business. Continued**

##### **(b) Consolidated Subsidiaries. Continued**

##### **(iv) LG Display Taiwan Co., Ltd. ( LGDTW , formerly, LG.Philips LCD Taiwan Co., Ltd.)**

LGDTW, which is wholly owned by the Controlling Company, was incorporated in Taipei, Taiwan, on April 12, 1999, to sell TFT-LCD products and its shares were acquired by the Controlling Company in May 2000 from LG Electronics Inc. As of December 31, 2008 and 2007, its capital stock amounted to NTD116 million.

##### **(v) LG Display Nanjing Co., Ltd. ( LGDNJ , formerly, LG.Philips LCD Nanjing Co., Ltd.)**

LGDNJ, which is wholly owned by the Controlling Company, was incorporated in Nanjing, China, on July 15, 2002, to manufacture and sell TFT-LCD products. As of December 31, 2008 and 2007, its capital stock amounted to CNY1,643 million.

##### **(vi) LG Display Hong Kong Co., Ltd. ( LGDHK , formerly, LG.Philips LCD Hong Kong Co., Ltd.)**

LGDHK, which is wholly owned by the Controlling Company, was incorporated in Hong Kong on January 24, 2003, to sell the TFT-LCD products. As of December 31, 2008 and 2007, its capital stock amounted to HKD12 million. LGDHK's operations was transferred to LG.Philips LCD Shenzhen in 2007 and LGDHK is expected to liquidate in 2009.

##### **(vii) LG Display Shanghai Co., Ltd. ( LGDSH , formerly, LG.Philips LCD Shanghai Co., Ltd.)**

LGDSH, which is wholly owned by the Controlling Company, was incorporated in Shanghai, China, on January 16, 2003, to sell TFT-LCD products. As of December 31, 2008 and 2007, its capital stock amounted to CNY4 million.

##### **(viii) LG Display Poland Sp. z o.o. ( LGDWR , formerly, LG.Philips LCD Poland Sp. z o.o.)**

LGDWR, which is 80.29% owned by the Controlling Company, was incorporated in Wroclaw, Poland on September 6, 2005, to manufacture and sell TFT-LCD products. As of December 31, 2008 and 2007, its capital stock amounted to PLN511 million.

##### **(ix) LG Display Guangzhou Co., Ltd. ( LGDGZ , formerly, LG.Philips LCD Guangzhou Co., Ltd.)**

LGDGZ, which is 84.21% owned by the Controlling Company, was incorporated in Guangzhou, China, on June 30, 2006, to manufacture and sell TFT-LCD products. As of December 31, 2008 and 2007, its capital stock amounted to CNY678 million and CNY582 million.

##### **(x) LG Display Shenzhen Co., Ltd. ( LGDSZ , formerly, LG.Philips LCD Shenzhen Co., Ltd.)**

LGDSZ, which is wholly owned by the Controlling Company, was incorporated in Shenzhen, China on August 28, 2007, to sell TFT-LCD products. As of December 31, 2008 and 2007, its capital stock amounted to CNY4 million.

##### **(xi) Suzhou Raken Technology Ltd.**

## Edgar Filing: LG Display Co., Ltd. - Form 6-K

Suzhou Raken Technology Ltd. was incorporated in Suzhou, China for production of LCD modules and LCD TV sets on October 7, 2008. The Controlling Company entered into a joint venture agreement with AmTRAN Technology Co., Ltd. and each party acquired equity interest in the joint venture a 51% and 49%, respectively. As of December 31, 2008, its capital stock amounted to CNY139 million.

## **Table of Contents**

LG DISPLAY CO., LTD. AND SUBSIDIARIES

### **Notes to Consolidated Financial Statements**

December 31, 2008 and 2007

#### **1 Organization and Description of Business. Continued**

##### **(c) Equity Method Investment**

##### **(i) Paju Electric Glass Co., Ltd. ( PEG )**

PEG was incorporated in Paju, Korea, in January 2005, to produce electric glass. As of December 31, 2008 and 2007, its capital stock amounted to (Won)36,000 million and 40% of PEG is owned by the Controlling Company.

##### **(ii) TLI Inc. ( TLI )**

TLI was incorporated on October 28, 1998, to manufacture and sell semiconductor parts for flat-panel display. In May 2008, the Controlling Company acquired 1,008,875 common shares of TLI (13.0%) at (Won)14,074 million through a stock purchase agreement for strategic alliance purposes. Although the Controlling Company's share interests in TLI is below 20%, the Controlling Company is able to exercise significant influence through its right to assign a director in the board of directors of the investees and, accordingly, the investment in TLI has been accounted for using the equity method. Subsequent to the investment by the Controlling Company, TLI issued new shares due to employees exercise of stock options. Accordingly, the Controlling Company's ownership in TLI decreased from 13.0% to 12.9%.

##### **(iii) AVACO Co., Ltd. ( AVACO )**

AVACO was incorporated in 2000 to manufacture and sell equipment for flat-panel display. In June 2008, the Controlling Company acquired 2,037,204 common shares of AVACO (19.9%) at (Won)6,173 million through a stock purchase agreement for strategic alliance purposes. Although the Controlling Company's share interests in AVACO is below 20%, the Controlling Company is able to exercise significant influence through its right to assign a director in the board of directors of AVACO and, accordingly, the investment in AVACO has been accounted for using the equity method.

##### **(iv) Guangzhou New Vision Technology Research and Development Limited ( Guangzhou R&D JV Center )**

The Controlling Company entered into a joint venture agreement with Shenzhen Skyworth-RGB Electronics Co., Limited ( Skyworth-RGB ) to strengthen its strategic alliance with Skyworth-RGB and to jointly develop products for enhancing competitiveness in the Chinese market and, accordingly, Guangzhou R&D JV Center was set up for research and development on design of LCD modules and LCD TVs. Each party acquired a 50% equity interest in the joint venture and, in July 2008, the Controlling Company invested (Won)3,655 million.

##### **(v) NEW OPTICS Ltd.**

In July 2008, the Controlling Company acquired 6,850,000 common shares of NEW OPTICS Ltd. (36.68%) at (Won)9,700 million. The Controlling Company's share interest in the investee exceeds 30%, however, the Controlling Company is not the shareholder with the majority ownership and, accordingly, investment in this investee has been accounted for using the equity method.

**Table of Contents**

## LG DISPLAY CO., LTD. AND SUBSIDIARIES

**Notes to Consolidated Financial Statements**

December 31, 2008 and 2007

**2 Summary of Consolidated Subsidiaries**

Consolidated subsidiaries as of December 31, 2008 are as follows:

	Total issued and outstanding shares	No. of shares owned by the Controlling Company	Percentage of ownership	Closing date
<b>Overseas Subsidiaries</b>				
LG Display America, Inc.	5,000,000	5,000,000	100%	12.31
LG Display Japan Co., Ltd.	1,900	1,900	100%	12.31
LG Display Germany GmbH	960,000	960,000	100%	12.31
LG Display Taiwan Co., Ltd.	11,550,000	11,550,000	100%	12.31
LG Display Nanjing Co., Ltd.	(*1)	(*1)	100%	12.31
LG Display Hong Kong Co., Ltd.	115,000	115,000	100%	12.31
LG Display Shanghai Co., Ltd.	(*1)	(*1)	100%	12.31
LG Display Poland Sp. zo.o.(*2)	5,110,710	4,103,277	80%	12.31
LG Display Guangzhou Co., Ltd.(*3)	(*1)	(*1)	84%	12.31
LG Display Shenzhen Co., Ltd.	(*1)	(*1)	100%	12.31
Suzhou Raken Technology Ltd.	(*1)	(*1)	51%	12.31

Global Professional Sourcing Co., Ltd. ( GPS ), a consolidated subsidiary in 2007, was liquidated in November 2008. Income from operations of GPS prior to the liquidation is included in the Company's consolidated income statement.

(\*1) No shares have been issued in accordance with the local laws and regulations.

(\*2) Toshiba Corporation ( Toshiba ) acquired 20% of LGDWR in December 2007. With the acquisition of the 20% interest, Toshiba and the Controlling Company and LGDWR entered into a derivative contract that is indexed to LGDWR's equity shares. According to the contract, the Controlling Company or LGDWR has a call option to buy Toshiba's 20% interest in LGDWR and Toshiba has a put option to sell its 20% interest in LGDWR to the Controlling Company or LGDWR under the same terms: the price of the call is equal to the price of the put option which is the total amount of Toshiba's investment at cost. The call and put option are exercisable after five years from the date of acquisition and on each anniversary thereafter with no stated expiry date in whole or in part. Toshiba's investment in LGDWR is regarded as a financing due to the options and recorded as long-term other accounts payable. Accordingly, LGDWR is consolidated as a wholly owned subsidiary in the consolidated financial statements.

(\*3) Skyworth TV Holdings Limited ( Skyworth ) acquired 16% of equity interest in LGDGZ in June 2008. With the acquisition of the 16% interest, Skyworth and the Controlling Company entered into a derivative contract that is indexed to LGDGZ's equity interest. According to the contract, LGD has a call option to buy Skyworth's 16% interest in LGDGZ and Skyworth has a put option to sell its 16% interest in LGDGZ to LG Display Co., Ltd. under the same terms: the price of the call is equal to the price of the put option which is the total amount of Skyworth's investment at cost. The call and put option is exercisable after five years from the date of acquisition with no stated expiry date in whole or in part. Skyworth's investment in LGDGZ is regarded as a financing due to the options and recorded as long-term other accounts payable. Accordingly, LGDGZ is consolidated as a wholly owned subsidiary in the consolidated financial statements.

**Table of Contents**

LG DISPLAY CO., LTD. AND SUBSIDIARIES

**Notes to Consolidated Financial Statements**

December 31, 2008 and 2007

**2 Summary of Consolidated Subsidiaries, Continued**

A summary of the consolidated subsidiaries' financial data as of and for the year ended December 31, 2008, prior to the elimination of intercompany transactions is as follows:

<i>(In millions of Won)</i>	<b>Total assets</b>	<b>Total liabilities</b>	<b>Total stockholders equity</b>	<b>Sales</b>	<b>Net income (loss)</b>
LG Display America, Inc.	(Won) 309,739	723,893	(414,154)	2,270,393	(455,544)
LG Display Germany GmbH	572,538	561,051	11,487	2,831,857	2,660
LG Display Japan Co., Ltd.	202,028	190,016	12,012	1,610,953	1,781
LG Display Taiwan Co., Ltd.	453,944	427,453	26,491	3,659,801	5,322
LG Display Nanjing Co., Ltd.	606,131	196,085	410,046	374,053	74,862
LG Display Hong Kong Co., Ltd.	2,010	10	2,000		(5)
LG Display Shanghai Co., Ltd.	289,311	282,259	7,052	1,908,678	2,589
LG Display Poland Sp. zo.o.	374,876	217,012	157,864	147,582	(15,042)
LG Display Guangzhou Co., Ltd.	207,705	102,213	105,492	103,058	14,100
LG Display Shenzhen Co., Ltd.	143,102	139,702	3,400	1,228,057	1,101
Suzhou Raken Technology Ltd.	37,648	12,255	25,393		(246)
	(Won) 3,199,032	2,851,949	347,083	14,134,432	(368,422)

## **Table of Contents**

LG DISPLAY CO., LTD. AND SUBSIDIARIES

### **Notes to Consolidated Financial Statements**

December 31, 2008 and 2007

#### **3     Summary of Significant Accounting Policies and Basis of Presenting Financial Statements**

##### **(a)     Significant Accounting Policies**

The significant accounting policies followed by the Company in the preparation of its consolidated financial statements are the same as those followed by the Company in its preparation of annual consolidated financial statements as of December 31, 2007.

##### **(b)     Basis of Presenting Financial Statements**

The Company maintains its accounting records in Korean Won and prepares statutory financial statements in the Korean language in conformity with the accounting principles generally accepted in the Republic of Korea. Certain accounting principles applied by the Company that conform with financial accounting standards and accounting principles in the Republic of Korea may not conform with generally accepted accounting principles in other countries. Accordingly, these consolidated financial statements are intended for use only by those who are informed about Korean accounting principles and practices. The accompanying consolidated financial statements have been translated into English from the Korean language consolidated financial statements.

##### **(c)     Revenue Recognition**

Revenue is recognized when the significant risks and rewards of ownership have been transferred to the Company's customers, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts, volume rebates and other cash incentives paid to customers.

##### **(d)     Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand and in banks, and financial instruments with maturity of three months or less at the time of purchase. These financial instruments are readily convertible into cash without significant transaction costs and bear low risks from changes in value due to interest rate fluctuations.

##### **(e)     Allowance for Doubtful Accounts**

Allowance for doubtful accounts is estimated based on an analysis of individual accounts and past experience of collection and presented as a deduction from trade receivables.



## **Table of Contents**

LG DISPLAY CO., LTD. AND SUBSIDIARIES

### **Notes to Consolidated Financial Statements**

December 31, 2008 and 2007

#### **3 Summary of Significant Accounting Policies and Basis of Presenting Financial Statements, Continued**

##### **(f) Inventories**

Inventories are stated at the lower of cost or market value, with cost being determined by a weighted-average method, except for the materials in transit, which is determined by a specific identification method. Valuation loss, which is comprised of the amount of any write-down of inventories to market value and the amount of loss from the difference between the quantity of inventories recorded in the financial statements and the actual quantity incurred in the ordinary course of business, is added to the cost of goods sold. Valuation loss for the holding inventories is presented as a reduction of the inventories. When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realizable value because of changed economic circumstances, the amount of the write-down is reversed and reduces cost of sales to the extent that revised book value does not exceed the book value that would have been recorded without the impairment. For the years ended December 31, 2008 and 2007, valuation loss is (Won)109,542 million and reversal of valuation loss is (Won)89,054 million, respectively.

Variable production overheads are allocated based on the actual level of production and fixed production overheads are allocated based on the actual capacity of production facilities. However, the normal capacity may be used for allocation of fixed production overheads if the actual level of production is lower than the normal capacity. The difference between actual fixed production overheads and allocated amount based on the normal level of production is recognized as capacity variances in non-operating expenses.

##### **(g) Investments in Securities**

Upon acquisition, the Company classifies debt and equity securities, excluding investments in subsidiaries, associates and joint ventures, into the following categories: held-to-maturity, trading securities or available-for-sale securities. This classification is reassessed at each balance sheet date.

Investments in debt securities where the Company has the positive intent and ability to hold to maturity are classified as held-to-maturity. Securities that are acquired principally for the purpose of selling in the short-term are classified as trading securities. Investments not classified as either held-to-maturity or trading securities are classified as available-for-sale securities.

Investments in securities are initially recognized at the fair value of considerations provided by the Company for the acquisition of securities and related transaction costs.

Held-to-maturity investments are carried at amortized cost. Trading and available-for-sale securities are subsequently carried at fair value. Investments in available-for-sale securities that do not have readily determinable fair values are recognized at cost less impairment, if any.

Gains and losses arising from changes in the fair value of trading securities are included in the income statement in the period in which they arise. Unrealized gains and losses arising from changes in the fair value of available-for-sale securities are recognized as accumulated other comprehensive income or loss, net of tax, directly in equity. Gains and losses of available-for-sale securities are recognized in the income statement when the securities are disposed or an impairment loss is recognized. Held-to-maturity investments are carried at amortized cost with interest income and expense recognized in the income statement using the effective interest method.

## **Table of Contents**

LG DISPLAY CO., LTD. AND SUBSIDIARIES

### **Notes to Consolidated Financial Statements**

December 31, 2008 and 2007

#### **3 Summary of Significant Accounting Policies and Basis of Presenting Financial Statements, Continued**

##### **(g) Investments in Securities, Continued**

The Company reviews investments in securities whenever events or changes in circumstances indicate that the carrying amount of the investments may not be recoverable. Impairment losses are recognized when the reasonably estimated recoverable amounts are less than the carrying amount and it is not obviously evidenced that impairment is unnecessary.

Trading securities are presented as current assets. Available-for-sale securities, which mature within one year from the balance sheet date or where the likelihood of disposal within one year from the balance sheet date is probable, are presented as current assets. Held-to-maturity securities, which mature within one year from the balance sheet date, are presented as current assets. All other available-for-sale securities and held-to-maturity securities are presented as long-term investments.

##### **(h) Equity Method Investment**

Investments in entities of which the Company has the ability to significantly influence are accounted for using the equity method of accounting. The Company records changes in its proportionate ownership in the net assets of the equity method investees in current operations or as adjustments to other comprehensive income (loss) or retained earnings, depending on the nature of the underlying change in the net assets of the equity method investees. If the carrying amount of an investment in an equity method investee falls below zero as a result of reflecting the investee's losses when the equity method is applied, the Company discontinues recognizing further changes in its share of equity interest in the equity method investee and the related investment is accounted for at nil value. However, if the Company holds interest in the equity method investee, including preferred stocks, long-term loans and receivables issued by the equity method investee, the Company continues to account for the losses of the equity method investee until the carrying amount of the interest is reduced to zero.

Unrealized gains on transactions between the Company and its equity method investees are eliminated to the extent of the Company's interest in each equity method investee. Unrealized gains are accounted for as a reduction of the carrying amount of the investment in the equity method investee, while unrealized losses are added to the carrying amount of the investment in the equity method investee.

At the date of acquisition of an investment in an equity method investee, the Company's share of the difference between the fair value and book value of the identifiable assets and liabilities of an equity method investee is amortized or reinstated in accordance with the equity method investee's methods of accounting for assets and liabilities. The amount of goodwill or negative goodwill is calculated as the difference between the acquisition cost of an investment in an equity method investee and the Company's share of the fair value of the identifiable net assets of the equity method investee. Goodwill is amortized using the straight-line method over five years. The amount of negative goodwill up to the fair value of depreciable non-monetary assets is recognized using the straight-line method as a gain over the weighted average useful lives and the remainder of negative goodwill up to the fair value of non-depreciable assets is recognized as a gain in the period of disposal of the assets.

Assets and liabilities of a foreign company subject to the equity method of accounting for investments are translated into Korean Won at the rates of exchange prevailing at the balance sheet date, while their equity is translated at the exchange rate at the time of transactions, and income statement accounts at the average rate over the year. Resulting translation gains and losses are recorded as accumulated other comprehensive income and loss.

## **Table of Contents**

LG DISPLAY CO., LTD. AND SUBSIDIARIES

### **Notes to Consolidated Financial Statements**

December 31, 2008 and 2007

### **3 Summary of Significant Accounting Policies and Basis of Presenting Financial Statements, Continued**

#### **(i) Interest in Joint Ventures**

Joint ventures are those entities two or more venturers are bound by a contractual arrangement and the contractual arrangement establishes a joint control. The Company accounts for its interest in a jointly controlled entity using the equity method of accounting.

#### **(j) Property, Plant and Equipment**

Upon acquisition, property, plant and equipment are stated at cost, which includes acquisition cost or production cost and other costs required to prepare the asset for its intended use as well as capitalized financial expense. Assets acquired through investment in kind or donations are recorded at their fair value upon acquisition. For assets acquired in exchange for a similar asset, the carrying amount of the asset given up is used to measure the cost of the asset received, and for assets acquired in exchange for a dissimilar asset, the fair value of the asset given up is used to measure the cost of the asset received unless the fair value of the asset received is more clearly evident.

Depreciation is computed by using the straight-line method over the estimated useful lives of the assets as follows:

	Useful lives (years)
Buildings	20~40
Structures	20~40
Machinery and equipment	4
Vehicles	4, 12
Tools, furniture and fixtures	3~5

Significant additions or improvement extending the useful lives or increasing the value of the assets are capitalized. Normal maintenance and repairs are charged to expenses as incurred.

**Table of Contents**

LG DISPLAY CO., LTD. AND SUBSIDIARIES

**Notes to Consolidated Financial Statements**

December 31, 2008 and 2007

**3 Summary of Significant Accounting Policies and Basis of Presenting Financial Statements, Continued****(k) Intangible Assets**

Intangible assets are stated at cost, which includes acquisition or production cost and other costs required to prepare the asset for its intended use, less accumulated amortization and accumulated impairment loss, if any. Amortization commences when the asset is available for use, and the residual value of an intangible asset is assumed to be zero.

Costs incurred during the development phase are recognized as assets only if the criteria for capitalization as an intangible asset are met, otherwise costs are recognized as a development cost in cost of sales or selling, general and administrative expenses. Any expenditure incurred in the research phase is recognized as research expense in selling, general and administrative expenses.

Intangible assets are amortized using the straight-line method over the following estimated useful lives:

	Estimated useful lives (years)
Intellectual property rights	5, 10
Rights to use electricity and gas supply facilities	10
Rights to use industrial water facilities	10
Software	4

**(l) Grants Received**

Grants received from government and other third parties, which are to be repaid, are recorded as a liability. While non-refundable grants received are presented as a reduction of the acquisition cost of the acquired assets, grants received for a specific purpose, not related to the acquisition of assets, are offset against the related expense, and other grants received are recorded as other income.

**(m) Impairment of Assets**

When the book value of an asset is significantly greater than its recoverable value due to obsolescence, physical damage or an abrupt decline in the market value of the asset, the decline in value is deducted from the book value to agree with the recoverable amount and is recognized as an asset impairment loss for the period. When the recoverable value subsequently exceeds the book value, the reversal of impairment amount is recognized as a gain for the period to the extent that the revised book value does not exceed the book value that would have been recorded without the impairment.

**Table of Contents**

LG DISPLAY CO., LTD. AND SUBSIDIARIES

**Notes to Consolidated Financial Statements**

December 31, 2008 and 2007

3 **Summary of Significant Accounting Policies and Basis of Presenting Financial Statements, Continued**

(n) **Convertible Bonds**

When accounting for a convertible bond, the liability component and the equity component of a bond are separated. At the date of issue, the liability component of the bond is calculated at the fair value of a similar debt security without conversion rights, which is the present value of future cash flows from an ordinary bond until maturity and the equity component is calculated as the difference between the gross proceeds of the bond received at the date of issue and the amount of liability component. The equity component of the convertible bond is presented as a part of capital surplus within equity. Subsequent to initial recognition, the liability component is measured at amortized cost using the effective interest rate method; however, the equity component is not remeasured subsequent to initial recognition.

(o) **Stock and Bond Issue Costs**

Stock issue cost is deducted from the gross proceeds from issuance of those stocks and bond issue cost is adjusted to issuance price of debentures and, in turn, discount or premium on debentures.

(p) **Discount (Premium) on Debentures**

Discount (premium) on debentures, which represents the difference between the face value and issuance price of debentures, is amortized (accreted) using the effective interest method over the life of the debentures. The amount amortized (accreted) is included in interest expense.

(q) **Retirement and Severance Benefits**

Employees and directors with at least one year of service are entitled to receive a lump-sum payment upon termination of their employment with the Company. Accrued severance benefits represent the amount which would be payable assuming all eligible employees and directors were to terminate their employment as of the balance sheet date.

The Company has partially funded the accrued severance benefits through severance insurance deposits with insurance companies. Deposits made by the Company are recorded as a deduction from accrued severance benefits. In the case that the deposits are greater than the balance of accrued severance benefits, the excess portion of deposits over accrued severance benefits is recorded as other investments. The Company deposited a certain portion of severance benefits to the National Pension Service according to the prior National Pension Law. The deposit amount is recorded as a deduction from accrued severance benefits.

## **Table of Contents**

LG DISPLAY CO., LTD. AND SUBSIDIARIES

### **Notes to Consolidated Financial Statements**

December 31, 2008 and 2007

#### **3 Summary of Significant Accounting Policies and Basis of Presenting Financial Statements, Continued**

##### **(r) Foreign Currency Translation**

Non-monetary assets and liabilities denominated in foreign currencies, which are stated at historical cost, are translated into Korean Won at the foreign exchange rate on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Korean Won using the foreign exchange rates prevailing at the balance sheet date, with the resulting gains or losses recognized in the statement of income.

Foreign currency assets and liabilities of foreign-based operations subsidiaries are translated at the rate of exchange at the balance sheet date. Foreign currency amounts in the statement of income are translated using an average rate and foreign currency balances in the capital account are translated using the historical rate. Translation gains and losses arising from collective translation of the foreign currency financial statements of foreign-based operations the subsidiaries are recorded net as accumulated other comprehensive income. These gains and losses are subsequently recognized as income in the year the foreign subsidiaries are liquidated or sold.

##### **(s) Derivatives**

The Controlling Company enters into foreign currency forward contracts to manage the foreign currency risk exposures to the changes in fair value of foreign currency denominated accounts receivable and accounts payable and to the variability of the future cash flows of forecasted raw material purchases and product sales. In addition, the Controlling Company entered into cross currency swap and interest rate swap contracts to manage the interest rate and foreign currency risk exposures to the variability of future cash flows of floating rate notes.

Derivatives are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at their fair value at each balance sheet date. Attributable transaction costs are recognized in profit or loss when incurred.

Where a derivative, which meets certain criteria, is used for hedging the exposure to changes in the fair value of a recognized asset or liability, it is designated as a fair value hedge. Where a derivative, which meets certain criteria, is used for hedging the exposure to the variability of the future cash flows of a forecasted transaction, it is designated as a cash flow hedge.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the statement of income, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

The effective portion of the changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognized in equity, other comprehensive income or loss. Amounts accumulated in equity are recycled to the income statement in the periods in which the hedged item will affect profit or loss or adjusted to the carrying value of an asset or liability of the related to the hedged transaction.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at the time remains in equity and is recognized in income when the forecast transaction is ultimately recognized in the statement of income. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the statement of income.

## **Table of Contents**

LG DISPLAY CO., LTD. AND SUBSIDIARIES

### **Notes to Consolidated Financial Statements**

December 31, 2008 and 2007

#### **3     Summary of Significant Accounting Policies and Basis of Presenting Financial Statements, Continued**

##### **(s)     Derivatives, Continued**

The Controlling Company documents, at the inception of the transaction, the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Controlling Company also documents its assessment, both at hedge inception and on an ongoing basis at each balance sheet date, of whether the derivatives that are used in hedging transactions are highly effective in offsetting the changes in fair values or cash flows of hedged items and recognizes the gain or loss related to any ineffective portion immediately in the statement of income.

##### **(t)     Provisions and Contingent Liabilities**

When it is probable that an outflow of economic benefits will occur due to a present obligation resulting from a past event, and whose amount is reasonably estimable, a corresponding amount of provision is recognized in the financial statements. However, when such outflow is dependent upon a future event, is not probable to occur, or cannot be reliably estimated, a disclosure regarding the contingent liability is made in the notes to the financial statements.

##### **(u)     Income Taxes**

Income tax expense includes the current income tax under the relevant income tax laws of the countries where the Controlling Company and its subsidiaries are located and the changes in deferred tax assets or liabilities. Deferred tax assets and liabilities represent the amount of future income tax payables to be decreased or increased, respectively, by temporary differences, which is the difference between the carrying amounts of assets and liabilities for financial reporting purpose and the tax bases of assets and liabilities, and unused loss carryforwards and tax credits. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the temporary differences can be utilized. Deferred tax assets and liabilities are computed on temporary differences by applying enacted statutory tax rates applicable to the years when such differences are expected to reverse. Changes in the carrying amount of deferred tax assets or liabilities result from a change in tax rates or tax laws are recognized in the income statement except to the extent that the changes relate to items previously reflected directly in the shareholders' equity.

##### **(v)     Sale or Discount of Accounts Receivable**

The Company sells or discounts certain accounts or notes receivable to financial institutions, and accounts for the transactions as sale of the receivables if the control over the receivables is substantially transferred to the buyers. The losses from the sale of the receivables are charged to current operations as incurred.

##### **(w)     Earnings Per Share**

Earnings per share are calculated by dividing net income attributable to stockholders of the Company by the weighted-average number of shares outstanding during the period. Diluted earnings per share are determined by adjusting net income attributable to stockholders and the weighted-average number of shares outstanding for the effects of all dilutive potential shares.





**Table of Contents****LG DISPLAY CO., LTD. AND SUBSIDIARIES****Notes to Consolidated Financial Statements**

December 31, 2008 and 2007

**3 Summary of Significant Accounting Policies and Basis of Presenting Financial Statements, Continued****(x) Use of Estimates**

The preparation of consolidated financial statements in accordance with accounting principles generally accepted in the Republic of Korea requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and related notes to consolidated financial statements. Items requiring management's estimates and assumptions include, but not limited to, the valuation of property, plant and equipment, accounts receivable, inventories, deferred income tax and derivative contracts. Actual results could differ from those estimates.

**(y) Principles of Consolidation**

The carrying amount of the Controlling Company's investment in each subsidiary and the equity of each subsidiary are eliminated as of the time the Controlling Company obtains control over a subsidiary. Minority interests in the net assets of consolidated subsidiaries are presented within equity and identified separately from the parent shareholders' equity in them.

Unrealized gains or losses included in inventories and other assets as a result of intercompany transactions are eliminated based on the average gross profit ratio of the corresponding company. Unrealized gains or losses, arising from sales by the Controlling Company to the consolidated subsidiaries, is fully eliminated and charged to the equity of the Controlling Company. Unrealized gains or losses, arising from sales by the consolidated subsidiaries to the Controlling Company, or sales between consolidated subsidiaries, are fully eliminated, and charged to the equity of the Controlling Company and the minority interest, based on the percentage of ownership.

**4 Cash and Cash Equivalents and Short-term Financial Instruments**

Cash and cash equivalents as of December 31, 2008 and 2007 are as follows:

<i>(In millions of Won)</i>	Annual interest rate (%) at December 31,	2008	2007
	2008		
Cash and cash equivalents			
Checking accounts		(Won) 141	3
Time deposits	4.24~6.56	601,692	972,628
Passbook accounts in foreign currencies	0.18~4.12	765,919	223,792
		1,367,752	1,196,423
Short-term financial instruments			
Time deposits and others	5.76~7.00	2,055,000	785,000
		(Won) 3,422,752	1,981,423



**Table of Contents**

LG DISPLAY CO., LTD. AND SUBSIDIARIES

**Notes to Consolidated Financial Statements**

December 31, 2008 and 2007

**5 Receivables**

The Company's allowance for doubtful accounts on receivables, including trade accounts and notes receivable, as of December 31, 2008 and 2007 is as follows:

<i>(In millions of Won)</i>	<b>Gross amount</b>	<b>2008 Allowance for doubtful accounts</b>	<b>Carrying value</b>
Trade accounts and notes receivable	(Won) 2,005,792	1,034	2,004,758
Other accounts receivable	36,535	275	36,260
Accrued income	87,908	62	87,846
Advance payments	412	3	409
Long-term other receivables	25,058	2	25,056

<i>(In millions of Won)</i>	<b>Gross amount</b>	<b>2007 Allowance for doubtful accounts</b>	<b>Carrying value</b>
Trade accounts and notes receivable	(Won) 2,348,707	9,017	2,339,690
Other accounts receivable	98,341	1,243	97,098
Accrued income	14,091	142	13,949
Advance payments	2,811	28	2,783
Long-term other receivables	20,145	4	20,141

The amount of trade accounts and notes receivable arising from export sales of the Controlling Company to its subsidiaries and sold to financial institutions in 2008 was USD4,133 million, of which USD478 million ((Won)601,068 million) is current and outstanding as of December 31, 2008. The transferred accounts receivable was recorded as short-term borrowings. For the year ended December 31, 2008, the Company recognized (Won)20,648 million as interest expense in relation to the short-term borrowings.

**Table of Contents**

LG DISPLAY CO., LTD. AND SUBSIDIARIES

**Notes to Consolidated Financial Statements**

December 31, 2008 and 2007

**6 Inventories**

Inventories as of December 31, 2008 and 2007 are as follows:

<i>(In millions of Won)</i>	<b>2008</b>		<b>Book value</b>
	<b>Gross amount</b>	<b>Valuation loss</b>	
Finished goods	(Won) 602,585	63,198	539,387
Goods in trade	1,054	114	940
Work-in-process	415,264	57,173	358,091
Raw materials	173,708	5,520	168,188
Supplies	97,551	27,484	70,067
	(Won) 1,290,162	153,489	1,136,673

<i>(In millions of Won)</i>	<b>2007</b>		<b>Book value</b>
	<b>Gross amount</b>	<b>Valuation loss</b>	
Finished goods	(Won) 460,756	7,722	453,034
Goods in trade			
Work-in-process	216,258	7,590	208,668
Raw materials	110,652	2,604	108,048
Supplies	80,205	26,031	54,174
	(Won) 867,871	43,947	823,924

**Table of Contents**

LG DISPLAY CO., LTD. AND SUBSIDIARIES

**Notes to Consolidated Financial Statements**

December 31, 2008 and 2007

**7 Available-for-Sale Securities**

Available-for-sale securities as of December 31, 2008 and 2007 are as follows:

(In millions of Won)	Acquisition cost	Beginning balance	2008 Unrealized gains (losses) Changes in unrealized gains (losses), net		Realized gains on disposition	Net balance at end of year	Carrying value (fair value)
<b>Current asset</b>							
<b>Debt securities</b>							
Government bonds	(Won) 74						74
<b>Non-current asset</b>							
<b>Equity securities</b>							
HannStar Display Corporation(*)	(Won) 96,249		33,248			33,248	129,497

- (\*) In February 2008, the Controlling Company purchased 180 million shares of non-voting mandatorily redeemable convertible preferred stocks of HannStar Display Corporation (HannStar) located in Taiwan. The preferred stocks are convertible into common stocks of HannStar Display Corporation at a ratio of 1:1 at the option of the Controlling Company from issue date, February 28, 2008, to the maturity, February 28, 2011. In 2008, there is no preferred stock converted into common stock.

The Controlling Company has a put option for total or partial cash redemption of convertible preferred stocks during the period from 18 months after issuance of the convertible preferred stocks to 91 days prior to maturity of them and the issuer has a call option to repay, in cash, total preferred stocks during the period from 2 years after issuance to 90 days prior to maturity.

The abovementioned convertible preferred stocks have been privately placed under the Taiwanese Law, which restricts the sale of the preferred stocks (up to 3 years), and the stocks acquired through conversion are not to be traded in the Taiwanese Stock Exchange until the original maturity of the preferred stocks.

The fair value of the preferred stock has been computed by discounting estimated cash flows from the stock using yield rate that reflects HannStar's credit risk. The estimated fair value of the convertible preferred stocks is (Won)129,497 million.

**Table of Contents**

LG DISPLAY CO., LTD. AND SUBSIDIARIES

**Notes to Consolidated Financial Statements**

December 31, 2008 and 2007

7 Available-for-Sale Securities, Continued

(In millions of Won)	Acquisition cost	Beginning balance	2007 Unrealized gains (losses)		Net balance at end of year	Carrying value (fair value)
			Changes in unrealized gains (losses), net	Realized gains on disposition		
<b>Current asset</b>						
<b>Debt securities</b>						
Government bonds	(Won) 63					63
<b>Non-current asset</b>						
<b>Equity securities</b>						
Other	(Won) 1					1

8 Equity Method Investments

(a) 2008

(i) Investments in companies accounted for using the equity method as of December 31, 2008 are as follows:

(In millions of Won)

Company	Percentage of ownership(%)	Acquisition cost	Net Asset value	Book value
Paju Electric Glass Co., Ltd.	40.00	(Won)14,400	26,893	25,841
TLI Inc.(*1)	12.90	14,074	7,861	12,565
AVACO Co., Ltd.(*1)	19.90	6,173	8,056	6,021
NEW OPTICS Ltd.(*2)	36.68	9,700	10,782	11,721
Guangzhou New Vision Technology Research and Development Limited(*3)	50.00	3,655	4,569	4,569
		(Won)48,002	58,161	60,717

- (\*1) In May and June 2008, the Controlling Company acquired 1,008,875 common shares (13.0%) and 2,037,204 common shares (19.9%) of TLI Inc. and AVACO Co., Ltd. at (Won)14,074 million and (Won)6,173 million, respectively. Although the Controlling Company's share interest in these investees are below 20%, the Controlling Company is able to exercise significant influence through its right to assign a director in the board of directors of the investees and, accordingly, the investment in these investees have been accounted for using the equity method. Subsequent to the investment by the Controlling Company, TLI Inc. issued new shares due to employees' exercise of stock options. Accordingly, the Controlling Company's ownership in TLI Inc. decreased from 13.0% to 12.9%, and the Controlling Company recognized (Won)100 million as loss on disposal of equity method investments. TLI Inc. and AVACO Co., Ltd. are listed on the Korean Securities

## Edgar Filing: LG Display Co., Ltd. - Form 6-K

Dealers Automated Quotation. As of December 31, 2008, the stocks of TLI Inc. and AVACO Co., Ltd. are traded for (Won)5,670 and (Won)2,400 per share, respectively.

- (\*2) In July 2008, the Controlling Company acquired 6,850,000 common shares (36.68%) of NEW OPTICS Ltd. at (Won)9,700 million.

**Table of Contents**

LG DISPLAY CO., LTD. AND SUBSIDIARIES

**Notes to Consolidated Financial Statements**

December 31, 2008 and 2007

**8 Equity Method Investments, Continued**

- (\*3) The Controlling Company entered into a joint venture agreement with Shenzhen Skyworth-RGB Electronics Co., Limited ( Skyworth-RGB ) to strengthen its strategic alliance with Skyworth-RGB and to jointly develop products for enhancing competitiveness in the Chinese market and, accordingly, Guangzhou New Vision Technology Research and Development Limited was set up for research and development on design of LCD modules and LCD TVs. Each party acquired a 50% equity interest in the joint venture and, in July 2008, the Controlling Company invested (Won)3,655 million.

(ii) Changes in goodwill and negative goodwill for equity method investments for the year ended December 31, 2008 are as follows:

*(In millions of Won)*

Company	Balance at January 1, 2008	Increase (decrease)	Amortized (reversal) amount	Balance at December 12, 2008
TLI Inc.	(Won)	5,531	(567)	4,964
AVACO Co., Ltd.		(888)	227	(661)
NEW OPTICS Ltd.		1,566	(68)	1,498
	(Won)	6,209	(408)	5,801

(iii) Details of eliminated unrealized gains and losses from transactions between the Company and equity investees as of December 31, 2008 are as follows:

*(In millions of Won)*

Company	Inventories
Paju Electric Glass Co., Ltd.	(Won) (1,052)
TLI Inc.	(260)
AVACO Co., Ltd.	(1,374)
NEW OPTICS Ltd.	(559)
	(Won) (3,245)



**Table of Contents**

LG DISPLAY CO., LTD. AND SUBSIDIARIES

**Notes to Consolidated Financial Statements**

December 31, 2008 and 2007

8 **Equity Method Investments, Continued**

(iv) Changes in the balances of investments in companies accounted for using the equity method for the year ended December 31, 2008 are as follows:

*(In millions of Won)*

Company	Balance at January 1, 2008	Acquisitions during the year	Dividend received	Gain (loss) on valuation of equity method investments	Accumulated other comprehensive income	Other	Balance at December 31, 2008
Paju Electric Glass Co., Ltd.	(Won) 24,704		(5,760)	6,897			25,841
TLI Inc.		14,074		(822)	(587)	(100)	12,565
AVACO Co., Ltd.		6,173		(36)	(116)		6,021
NEW OPTICS Ltd.		9,700		1,580	441		11,721
Guangzhou New Vision Technology Research and Development Limited		3,655		(31)	945		4,569
	(Won) 24,704	33,602	(5,760)	7,588	683	(100)	60,717

The Company accounted for its investments in these companies by using equity method of accounting based on the unaudited financial statements as it was unable to obtain the audited financial statements. However, the Company performed certain procedures to gain reasonableness of the unaudited financial statements.

(v) There are no losses unrecognized by the Company due to cessation of applying the equity method to its investment in the equity method investees as of December 31, 2008 and 2007.

**Table of Contents**

## LG DISPLAY CO., LTD. AND SUBSIDIARIES

**Notes to Consolidated Financial Statements**

December 31, 2008 and 2007

8 Equity Method Investments, Continued

(vi) A summary of investees' financial data as of and for the year ended December 31, 2008, is as follows:

*(In millions of Won)*

Company	Total assets	Total liabilities	Total shareholders equity	Sales	Net income (loss)
Paju Electric Glass Co., Ltd. (*)	(Won) 162,669	95,436	67,233	458,548	18,026
TLI Inc.	68,442	12,215	56,227	40,536	(279)
AVACO Co., Ltd.	67,570	28,464	39,106	52,013	5,578
NEW OPTICS Ltd.	129,197	99,800	29,397	106,980	6,018
Guangzhou New Vision Technology Research and Development Limited	9,155	17	9,138		(62)
	(Won) 437,033	235,932	201,101	658,077	29,281

(\*) The financial statements of Paju Electric Glass Co., Ltd. were adjusted to conform to the Company's accounting policy. Details of changes made and their effects on the financial statements are as follows:

*(In millions of Won)*

Reason for adjustment	Net asset value before adjustment	Net asset value after adjustment	Net income before adjustment	Net income after adjustment
Agreement of depreciation method	(Won) 60,841	67,233	20,099	18,026

(b) 2007

(i) Investment in the company accounted for using the equity method as of December 31, 2007 is as follows:

*(In millions of Won)*

Company	Percentage of ownership (%)	Acquisition cost	Net Asset value	Carrying value
Paju Electric Glass Co., Ltd.	40.00	(Won) 14,400	25,431	24,704

(ii) There was no existing goodwill balance for equity method accounted investment as of December 31, 2007.

(iii) Details of eliminated unrealized gains and losses from transactions between the Company and equity investees as of December 31, 2007 are as follows:

*(In millions of Won)*

**Company**

Paju Electric Glass Co., Ltd.

**Inventories**

(Won) (726)

**Table of Contents**

## LG DISPLAY CO., LTD. AND SUBSIDIARIES

**Notes to Consolidated Financial Statements**

December 31, 2008 and 2007

8 Equity Method Investments, Continued

(iv) Changes in the balance of investment in the company accounted for using the equity method for the year ended December 31, 2007 are as follows:

*(In millions of Won)*

Company	Balance at January 1, 2007	Acquisitions during the year	Dividend received	Gain (loss) on valuation of equity method investments	Accumulated other comprehensive income	Balance at December 31, 2007
Paju Electric Glass Co., Ltd.	(Won) 19,284		(1,440)	6,860		24,704

The Company accounted for its investment in this company by using equity method of accounting based on the unaudited financial statements as it was unable to obtain the audited financial statements. However, the Company performed certain procedures to gain reasonableness of the unaudited financial statements.

(v) A summary of investee's financial data as of and for the year ended December 31, 2007, is as follows:

*(In millions of Won)*

Company	Total assets	Total liabilities	Total shareholders equity	Sales	Net income
Paju Electric Glass Co., Ltd.	(Won) 125,782	62,205	63,577	313,773	15,600

(\*) The financial statements of Paju Electric Glass Co., Ltd. were adjusted to conform to the Company's accounting policy. Details of changes made and their effects on the financial statements are as follows:

*(In millions of Won)*

Reason for adjustment	Net asset value before adjustment	Net asset value after adjustment	Net income before adjustment	Net income after adjustment
Agreement of depreciation method	(Won) 55,142	63,577	14,329	15,600

**Table of Contents**

LG DISPLAY CO., LTD. AND SUBSIDIARIES

**Notes to Consolidated Financial Statements**

December 31, 2008 and 2007

9 **Transactions and Balances with Related Parties**

(a) Details of the Company's related parties as of December 31, 2008 are as follows:

<b>Relationship</b>	<b>2008</b>	<b>2007</b>
Controlling party(*1)	LG Electronics Inc.	LG Electronics Inc.
Company that has significant influence over the Company(*1)	LG Corp.	LG Corp.
		Koninklijke Philips Electronics N.V.(*2)
Joint venture	Guangzhou New Vision Technology Research and Development Limited	-
Equity method investee	Paju Electric Glass Co., Ltd., TLI Inc., AVACO Co., Ltd., NEW OPTICS Ltd.	Paju Electric Glass Co., Ltd.
Affiliates(*3)	LG Management Development Institute Co., Ltd.,	LG Management Development Institute Co., Ltd.,
	LG Micron Ltd.,	LG Micron Ltd.,
	LG Life Sciences, Ltd.,	LG Life Sciences, Ltd.,
	LG CNS Co., Ltd.,	LG CNS Co., Ltd.,
	LG N-Sys Inc.,	LG N-Sys Inc.,
	LG Powercom Corp.,	LG Powercom Corp.,
	Serveone Co., Ltd.,	Serveone Co., Ltd.,
	LG Innotek Co., Ltd.,	LG Innotek Co., Ltd.,
	LG Telecom Co., Ltd.,	LG Telecom Co., Ltd.,
	LG CHEM Ltd.,	LG CHEM Ltd.,
	LG International Corp.,	LG International Corp.,
	LG Dacom Corporation,	LG Dacom Corporation,
	Hi Business Logistics,	Hi Business Logistics,
	Siltron Incorporated,	Siltron Incorporated,
	Lusem Co., Ltd. and others	Lusem Co., Ltd. and others

-

- (\*1) The immediate parent company and the ultimate parent company of the Company are LG Electronics Inc. and LG Corporation, respectively.
- (\*2) In October 2007 and March 2008, Koninklijke Philips Electronics N.V., which had significant influence over the Controlling Company in 2007, sold its share interest in the Controlling Company resulting in a decreased share interest of 13.2% (47,225 thousand shares) and resigned from the Controlling Company's management. Accordingly, Koninklijke Philips Electronics N.V. was excluded from the companies that have significant influence over the Controlling Company since March 2008.
- (\*3) The subsidiaries of the affiliates, which are not presented above, are also other related parties of the Company.

**Table of Contents**

## LG DISPLAY CO., LTD. AND SUBSIDIARIES

**Notes to Consolidated Financial Statements**

December 31, 2008 and 2007

9 Transactions and Balances with Related Parties, Continued

(b) Significant transactions which occurred in the normal course of business with related companies for the years ended December 31, 2008 and 2007, and the related account balances outstanding as of December 31, 2008, and 2007 are as follows:

<i>(In millions of Won)</i>	<b>Sales and other(*1)</b>		<b>Purchases and other(*1)</b>		<b>Trade accounts and notes receivable and other</b>		<b>Trade accounts and notes payable and other</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
Controlling party(*2)	(Won) 3,448,166	2,516,874	261,216	81,616	442,943	400,348	82,370	26,003
Companies that have significant influence over the Company		1,704,297	27,312	31,011	2,577	259,580	2,727	8,654
Equity method investee	418		808,436	309,162	1		58,222	30,291
Other related parties	1,563,355	1,254,798	4,098,392	1,979,849	210,078	114,539	1,088,889	371,079
	(Won) 5,011,939	5,475,969	5,195,356	2,401,638	655,599	774,467	1,232,208	436,027

(\*1) These amounts include sale of property, plant and equipment to the Company's related parties amounting to (Won)85 million in 2007 and purchase of property plant and equipment from the Company's related parties amounting to (Won)431,906 million and (Won)302,075 million in 2008 and 2007, respectively.

(\*2) Controlling party includes overseas subsidiaries that are under direct control of LG Electronics Inc.

(c) Key management compensation costs for the years ended December 31, 2008 and 2007 are as follows:

<i>(In millions of Won)</i>	<b>2008</b>	<b>2007</b>
Short-term benefits	(Won) 2,467	1,732
Severance benefits	307	688
Share-Based Payments		560
	(Won) 2,774	2,980

Key management refers to the registered directors who have significant control and responsibilities over the Controlling Company's operations and business.

**Table of Contents**

## LG DISPLAY CO., LTD. AND SUBSIDIARIES

**Notes to Consolidated Financial Statements**

December 31, 2008 and 2007

**10 Significant Transactions and Balances with Consolidated Subsidiaries**

(a) The Controlling Company's significant transactions and balances with consolidated subsidiaries, for the years ended December 31, 2008 and 2007 are as follows:

(i) 2008

(In millions of Won)

Company	Sales(*)	Purchases	Trade accounts and notes receivable	Trade accounts and notes payable
LG Display America, Inc.	(Won) 2,206,814		172,753	
LG Display Germany GmbH	2,771,131	17,300	341,616	17,300
LG Display Japan Co., Ltd.	1,562,294		87,502	
LG Display Taiwan Co., Ltd.	3,506,538		324,075	
LG Display Nanjing Co., Ltd.	9,253	397,990	10,209	156,200
LG Display Shanghai Co., Ltd.	1,789,442		190,271	21
LG Display Poland Sp. zo.o.	4,360	147,065	3,864	92,438
LG Display Guangzhou Co., Ltd.	15,095	110,217	19,255	13,609
LG Display Shenzhen Co., Ltd.	1,149,621		108,413	4
Suzhou Raken Technology Ltd.	10,484		9,943	
Global Professional Sourcing Co., Ltd.		110		
	(Won) 13,025,032	672,682	1,267,901	279,572

(\*) These amounts include the Controlling Company's sale of property, plant and equipment to the Controlling Company's subsidiaries amounting to (Won)8,833 million.

(ii) 2007

(In millions of Won)

Company	Sales(*)	Purchases	Trade accounts and notes receivable	Trade accounts and notes payable
LG Display America, Inc.	(Won) 1,519,050	11	213,095	
LG Display Germany GmbH	2,439,041	165	549,987	3
LG Display Japan Co., Ltd.	1,334,095	24	154,182	1
LG Display Taiwan Co., Ltd.	3,380,807	68	494,084	13
LG Display Shanghai Co., Ltd.	1,369,433	17	247,679	
LG Display Shenzhen Co., Ltd.	560,493		222,565	
LG Display Hong Kong Co., Ltd.	699,189	8	33	49
LG Display Nanjing Co., Ltd.	28,955	272,823	10,191	44,636
LG Display Poland Sp. zo.o.	8,444	97,083	14,310	22,170
LG Display Guangzhou Co., Ltd.	16,879	470	15,038	470



# Edgar Filing: LG Display Co., Ltd. - Form 6-K

(Won) 11,356,386	370,669	1,921,164	67,342
------------------	---------	-----------	--------

(\*) These amounts include the Controlling Company's sale of property, plant and equipment to the Controlling Company's subsidiaries amounting to (Won)35,608 million.

(b) Significant transactions and balances among consolidated subsidiaries for the years ended December 31, 2008 and 2007 are as follows:

<i>(In millions of Won)</i>	<b>2008</b>	<b>2007</b>
Transactions	(Won) 113,076	54,619
Account balances	24,584	4,007

**Table of Contents**

## LG DISPLAY CO., LTD. AND SUBSIDIARIES

**Notes to Consolidated Financial Statements**

December 31, 2008 and 2007

**11 Property, Plant and Equipment**

(a) Changes in property, plant and equipment for the year ended December 31, 2008 are as follows:

(In millions of Won)	2008					
	Land	Buildings	Structures	Machinery and equipment	Tools	Furniture and fixtures
Book value as of January 1, 2008	(Won) 314,550	2,003,494	127,952	4,140,957	44,550	117,904
Acquisitions	44,723	12,329	4,318	18,069	825	29,218
Depreciation		(112,299)	(13,744)	(2,269,097)	(19,677)	(68,532)
Impairment loss				(83)		
Disposals	(589)	(427)	(15)	(532)	(890)	(44)
Other(*1)	24,961	135,827	47,781	521,531	6,374	10,014
Subsidy increase				(467)		
Book value as of December 31, 2008	(Won) 383,645	2,038,924	166,292	2,410,378	31,182	88,560
Acquisition Cost	(Won) 383,645	2,531,769	224,142	15,281,673	198,445	512,503
Accumulated depreciation	(Won)	492,845	57,850	12,871,288	167,263	423,943
Accumulated impairment loss(*2)	(Won)			7		

(In millions of Won)	2008				
	Vehicles	Machinery-in-transit	Construction-in-progress	Others	Total
Book value as of January 1, 2008	(Won) 5,580	19,043	745,606	8,887	7,528,523
Acquisitions	3,506		3,915,936		4,028,924
Depreciation	(3,336)				(2,486,685)
Impairment loss					(83)
Disposals	(148)				(2,645)
Other(*1)	4,557	(19,043)	(529,930)	718	202,790
Subsidy increase			(95)		(562)
Book value as of December 31, 2008	(Won) 10,159		4,131,517	9,605	9,270,262
Acquisition Cost	(Won) 22,012		4,131,517	9,605	23,295,311
Accumulated depreciation	(Won) 11,853				14,025,042
Accumulated impairment loss(*2)	(Won)				7

## Edgar Filing: LG Display Co., Ltd. - Form 6-K

- (\*1) Other amounts include transfer of construction-in-progress to other property, plant and equipment and changes in cumulative translation adjustment.
- (\*2) The decrease of accumulated impairment loss is due to the disposal of machinery and equipment with impairment loss.

**Table of Contents**

LG DISPLAY CO., LTD. AND SUBSIDIARIES

**Notes to Consolidated Financial Statements**

December 31, 2008 and 2007

11 Property, Plant and Equipment, Continued

(b) Changes in property, plant and equipment for the year ended December 31, 2007 are as follows:

(In millions of Won)	2007					
	Land	Buildings	Structures	Machinery and equipment	Tools	Furniture and fixtures
Book value as of January 1, 2007	(Won) 317,161	1,757,844	135,644	5,851,534	81,015	165,600
Acquisitions		44,096	75	16,644	8,257	7,593
Depreciation		(103,324)	(8,262)	(2,519,808)	(63,408)	(78,831)
Impairment loss(*)				(16,139)		
Disposals	(77)	(3,541)		(3,430)	(453)	(523)
Other	(2,534)	308,419	495	812,309	19,139	24,065
Subsidy (increase) decrease				(153)		
Book value as of December 31, 2007	(Won) 314,550	2,003,494	127,952	4,140,957	44,550	117,904
Acquisition Cost	(Won) 314,550	2,373,478	170,752	14,739,830	192,817	469,256
Accumulated depreciation	(Won)	369,984	42,800	10,582,734	148,267	351,352
Accumulated impairment loss	(Won)			16,139		

(In millions of Won)	2007				
	Vehicles	Machinery-in-transit	Construction-in-progress	Others	Total
Book value as of January 1, 2007	(Won) 7,060	118,373	985,355	8,460	9,428,046
Acquisitions	16	175,507	709,782	427	962,397
Depreciation	(3,212)				(2,776,845)
Impairment loss(*)			(28,259)		(44,398)
Disposals	(56)		(122)		(8,202)
Other	1,772	(274,837)	(921,150)		(32,322)
Subsidy (increase) decrease					(153)
Book value as of December 31, 2007	(Won) 5,580	19,043	745,606	8,887	7,528,523
Acquisition Cost	(Won) 14,463	19,043	745,606	8,887	19,048,682
Accumulated depreciation	(Won) 8,883				11,504,020
Accumulated Impairment loss	(Won)				16,139

(\*) For the year ended December 31, 2007, the Company recorded impairment loss due to the change in the facilities investment plan.

**Table of Contents**

LG DISPLAY CO., LTD. AND SUBSIDIARIES

**Notes to Consolidated Financial Statements**

December 31, 2008 and 2007

11 Property, Plant and Equipment, Continued

(c) The officially declared value of land at December 31, 2008 and 2007, as announced by the Minister of Construction and Transportation, is as follows:

(In millions of Won)	Description	Location	2008		2007	
			Book value	Declared value	Book value	Declared value
Property, plant and equipment	Factory site	Paju	(Won) 290,631	358,919	224,956	294,267
	Factory site	Gumi	86,105	118,660	82,685	110,056
	R&D Center	Anyang	6,909	11,886	6,909	11,534
			(Won) 383,645	489,465	314,550	415,857

12 Capitalization of Financial Expenses

(a) The Company capitalizes financial expenses, such as interest expense incurred on borrowings used to finance the cost of acquiring or building property, plant and equipment and intangible assets and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs. Interest costs of (Won)45,177 and (Won)25,217 million were capitalized as part of the cost of qualifying assets for the years ended December 31, 2008 and 2007, respectively.

(b) For the year ended December 31, 2008, if the Company had expensed the capitalized financial expenses, the accumulated effects of expensing capitalized financial expenses on significant accounts in the balance sheet and statement of income would have been as follows:

## (i) Balance sheet

(In millions of Won)	Capitalized		Expensed as incurred		Difference	
	Acquisition cost	Accumulated depreciation	Acquisition cost	Accumulated depreciation	Acquisition cost	Accumulated depreciation
Property, plant and equipment	(Won) 23,295,311	14,025,042	23,110,056	13,963,557	185,255	61,485
Deferred tax assets(non-current)	443,877		471,107		(27,230)	
Retained earnings	5,001,934		4,905,394		96,540	

## (ii) Statement of Income

(In millions of Won)	Capitalized	Expensed as incurred	Difference
Cost of sales	(Won) 13,616,615	13,584,787	31,828
Interest expense	153,543	198,720	(45,177)
Income tax expense	224,721	221,784	2,937

## Edgar Filing: LG Display Co., Ltd. - Form 6-K

Net income(*)	1,086,778	1,076,366	(10,412)
---------------	-----------	-----------	----------

(\*) Net income if financial expenses were expensed is measured using the marginal tax rate.

**Table of Contents**

LG DISPLAY CO., LTD. AND SUBSIDIARIES

**Notes to Consolidated Financial Statements**

December 31, 2008 and 2007

13 Insured assets

Insured assets as of December 31, 2008 are as follows:

<i>(In millions of Won, USD, CNY, PLN, and NTD)</i>	<b>Covered assets or loss</b>	<b>Insurance coverage</b>	<b>Beneficiary</b>
Package Insurance(*1)	Inventories and property, plant and equipment	KRW18,822,700	Company and other
		USD550	
		CNY10,879	
		PLN1,134	
Erection All Risk s Insurance(*2)	Property, plant and equipment	KRW4,106,000	Company
		CNY210	
Fire Insurance	Property, plant and equipment	KRW238,014	
		USD140	
		NTD8	
Directors and officers liability Insurance	Directors & Officers liability	USD100	
Products liability Insurance	Products liability	USD35	
Aviation product liability Insurance	Aviation product liability	USD500	
Stock throughput Insurance	Goods in the ordinary course of transit	USD35,474	

(\*1) Package Insurance provides multiple coverage in one policy. It refers to a policy providing both general liability and property insurance.

(\*2) This insurance policy covers unexpected loss in the course of assembly and installation of plant and equipment.

14 Intangible Assets

(a) The Company has classified the amortization as part of manufacturing overhead costs and changes in intangible assets for the years ended December 31, 2008 and 2007 are as follows:

<i>(In millions of Won)</i>				2008				
	Intellectual property rights	Rights to use electricity and gas supply	Rights to use of industrial water	Software	Other	Construction-in-progress (Software)	Total	



Edgar Filing: LG Display Co., Ltd. - Form 6-K

			facilities	facilities			
Balance as of January 1, 2008	(Won)	72,921	32,286	6,323	11,579	2	123,111
Increase during the year		26,772		27	310	1	107,921
Amortization		(45,785)	(3,276)	(1,249)	(4,734)		(55,044)
Decrease(*)		(1,597)			(1,804)		(3,449)
Balance as of December 31, 2008		52,311	29,010	5,101	5,351	3	107,921
Acquisition cost	(Won)	470,057	32,760	12,471	32,704	3	107,921
Accumulated amortization	(Won)	417,746	3,750	7,370	27,353		456,219

(\*) Decrease in software is due to changes in cumulative translation adjustment.

**Table of Contents**

LG DISPLAY CO., LTD. AND SUBSIDIARIES

**Notes to Consolidated Financial Statements**

December 31, 2008 and 2007

14 Intangible Assets. Continued

<i>(In millions of Won)</i>	Intellectual property rights	Rights to use electricity and gas supply facilities	2007 Rights to use of industrial water facilities	Software	Other	Total
Balance as of January 1, 2007	(Won) 106,324	437	7,421	9,642	2	123,826
Increase during the year	10,477	32,177	146	10,953		53,753
Amortization	(43,880)	(328)	(1,244)	(9,016)		(54,468)
Decrease						
Balance as of December 31, 2007	72,921	32,286	6,323	11,579	2	123,111
Acquisition cost	(Won) 444,883	32,760	12,445	34,246	2	524,336
Accumulated amortization	(Won) 371,962	474	6,122	22,667		401,225

- (b) Research and development costs are charged to expense as incurred. The Company expensed (Won)501,551 million and (Won)415,081 million for the years ended December 31, 2008 and 2007, respectively.
- (c) For the years ended December 31, 2008 and 2007, the significant expenses, which are expected to have probable future economic benefits but expensed in the year incurred due to the uncertainty in the realization of such benefits, are as follows:

<i>(In millions of Won)</i>	2008	2007
Training expenses	(Won) 19,045	9,286
Advertising expenses	48,964	30,433
Overseas marketing expenses	14,228	6,254
	(Won) 82,237	45,973

## Table of Contents

LG DISPLAY CO., LTD. AND SUBSIDIARIES

### Notes to Consolidated Financial Statements

December 31, 2008 and 2007

#### 15 Debentures

(a) Details of debentures issued by the Controlling Company as of December 31, 2008 and December 31, 2007 are as follows:

<i>(In millions of Won)</i>	<b>Maturity</b>	<b>Annual interest rate</b>	<b>2008</b>	<b>2007</b>
Local currency debentures				
Publicly issued debentures	May 2009~March 2010	3.50~5.00%	(Won) 850,000	1,180,000
Privately issued debentures	December 2010~June 2011	5.30~5.89%	600,000	600,000
Less discount on debentures			(3,826)	(9,526)
Less current portion of debentures			(458,201)	(249,110)
			987,973	1,521,364
Foreign currency debentures				
Convertible bond	April 2012	zero coupon	511,555	511,555
Less discount on debentures			(1,760)	(2,237)
Less conversion right adjustment			(93,111)	(118,323)
Add redemption premium			85,788	85,788
			502,472	476,783
			(Won) 1,490,445	1,998,147

Principal of the local currency debentures is to be repaid at maturity and interests are paid quarterly. The Controlling Company has redeemed local currency debentures with the face value amounting to (Won)80,000 million during the year ended December 31, 2008. As a result, the Company recognized a gain and a loss on redemption of debentures amounting to (Won)1,152 million and (Won)13 million, respectively.

**Table of Contents**

## LG DISPLAY CO., LTD. AND SUBSIDIARIES

**Notes to Consolidated Financial Statements**

December 31, 2008 and 2007

15 Debentures, Continued

(b) Details of the convertible bonds as of December 31, 2008 are as follows:

	<b>Terms and Conditions</b>
Issue date	April 18, 2007
Maturity date	April 18, 2012
Conversion period	April 19, 2008~April 3, 2012
Coupon interest rate	0%
Conversion price (in Won)	(Won)48,760
Issued amount	USD550 million

The bonds will be repaid at 116.77% of the principal amount at maturity unless the put option of bondholders are exercised in which case the bondholders will be repaid at 109.75% of the principal amount on April 18, 2010. If the convertible bonds were classified as monetary liabilities, the loss on foreign currency translation would be (Won)175,615 million as of December 31, 2008.

The Controlling Company is entitled to exercise a call option after three years from the date of issue at the amount of the principal and interest, calculated at 3.125% of the annual yield to maturity, from the issue date to the repayment date. The call option can be exercised only when the market price of the common shares on each of 20 trading days in 30 consecutive trading days ending on the trading day immediately prior to the date upon which notice of such redemption is published exceeds at least 130% of the conversion price. In addition, in the event that at least 90% of the initial principal amount of the bonds has been redeemed, converted, or purchased and cancelled, the remaining bonds may also be redeemed, at the Controlling Company's option, at the amount of the principal and interest (3.125% per annum) from the date of issue to the repayment date prior to their maturity.

Based on the terms and conditions of the bond, the conversion price was decreased from (Won)49,070 to (Won)48,760 per share due to payment of cash dividends of (Won)750 per share for the year ended December 31, 2007. The number of common shares to be issued if the outstanding convertible bonds are fully converted is as follows:

<i>(In Won and share)</i>	<b>December 31, 2008</b>	<b>December 31, 2007</b>
Convertible bond amount (*)	(Won) 513,480,000,000	513,480,000,000
Conversion price	(Won) 48,760	49,070
Common shares to be issued	10,530,762	10,464,234

(\*) The exchange rate for the conversion is fixed at W933.6 to USD1.

On April 19, 2005, the Controlling Company issued US dollar-denominated convertible bonds totaling USD475 million, with a zero coupon rate. On September 19, 2007, put option for USD460 million was exercised and bonds were repaid on October 19, 2007. On the same date, the Controlling Company exercised its call option to pay off the rest of convertible bonds amounting to USD15 million which were paid in November 2007. For the year ended December 31, 2007, the Controlling Company recorded loss on redemption of debentures of (Won)19,216 million due to the redemption of convertible bonds.

**Table of Contents**

LG DISPLAY CO., LTD. AND SUBSIDIARIES

**Notes to Consolidated Financial Statements**

December 31, 2008 and 2007

15 Debentures, Continued

(c) Aggregate maturities of the Company's debentures as of December 31, 2008 are as follows:

*(In millions of Won)*

Period	Debentures	Convertible bonds(*)	Total
2009.1.1~2009.12.31	(Won) 460,000		460,000
2010.1.1~2010.12.31	590,000		590,000
2011.1.1~2011.12.31	400,000		400,000
2012.1.1~2012.12.31		597,343	597,343
	(Won) 1,450,000	597,343	2,047,343

(\*) In the above schedule, it was assumed that the convertible bonds will be repaid in full at maturity with redemption premium amounting to (Won)85,788 million.

16 Short-Term Borrowings and Long-Term Debt

(a) Short-term borrowings as of December 31, 2008 and 2007 are as follows:

*(In millions of Won, USD and JPY, except interest rate)*

Lender	Annual interest rate	2008	2007
Factoring of accounts receivable			
Korea Exchange Bank and others	LIBOR + 2.0~3.4%	(Won) 601,068	
Working capital			
Mizuho Bank and others	TIBOR (*) + 0.39~0.40%		4,660

(\*) TIBOR represents Tokyo Inter-Bank Offered Rates.

Foreign currency equivalent of short-term borrowings as of December 31, 2008 and 2007 is USD478 million and JPY556 million, respectively.

**Table of Contents**

LG DISPLAY CO., LTD. AND SUBSIDIARIES

**Notes to Consolidated Financial Statements**

December 31, 2008 and 2007

16 Short-Term Borrowings and Long-Term Debt, Continued

(b) Long-term debt as of December 31, 2008 and 2007 is as follows:

*(In millions of Won, USD, CNY and EUR, except interest rate)*

<b>Lender</b>	<b>Annual interest rate (*1)</b>		<b>2008</b>	<b>2007</b>	<b>Redemption method</b>
<b>Local currency loans</b>					
The Export-Import Bank of Korea	6.08%	(Won)	9,850	49,117	Redemption by installments
Korea Development Bank	KDBBIR + 0.77%		37,500	60,000	
Shinhan Bank	3 year Korean Treasury Bond rate		18,982	18,982	
	less 1.25%				
Less current portion of long-term debt			(40,451)	(61,767)	
			25,881	66,332	
<b>Foreign currency loans (*2)</b>					
Industrial and Commercial Bank of China and others	6ML + 0.50%~0.68%, 3M EURIBOR + 0.60%, 95% of the Basic Rate published by the People's Bank of China		277,867	245,076	Redemption by installments
The Export-Import Bank of Korea	6ML + 0.69%		62,875	58,168	
Korea Development Bank	3ML + 0.66%		176,050	159,494	Redemption at maturity
Kookmin Bank and others	3ML + 0.35~0.53% 6ML + 0.41%		503,000 251,500	375,280 187,640	
Less current portion of long-term debt			(54,517)	(98,205)	
			1,216,775	927,453	
			(Won) 1,242,656	993,785	

(\*1) ML, M EURIBOR and KDBBIR represent Month LIBOR, Month EURIBOR, and Korea Development Bank Benchmark Interest Rates, respectively.

(\*2) Foreign currency equivalent as of December 31, 2008 and 2007 is as follows:

Edgar Filing: LG Display Co., Ltd. - Form 6-K

<i>(in millions)</i>	2008	2007
USD	902	978
CNY	70	100
EUR	70	70

**Table of Contents**

LG DISPLAY CO., LTD. AND SUBSIDIARIES

**Notes to Consolidated Financial Statements**

December 31, 2008 and 2007

**16 Short-Term Borrowings and Long-Term Debt, Continued**

(c) Aggregate maturities of the Company's long-term debt as of December 31, 2008 are as follows:

*(In millions of Won)*

Period	Local currency loans	Foreign currency loans	Total
2009.1.1~ 2009.12.31	(Won) 40,451	54,517	94,968
2010.1.1~ 2010.12.31	9,873	111,713	121,586
2011.1.1~ 2011.12.31	3,796	701,798	705,594
2012.1.1~ 2012.12.31	3,796	352,678	356,474
2013.1.1~ 2013.12.31	3,796	50,586	54,382
Thereafter	4,620		4,620
	(Won) 66,332	1,271,292	1,337,624

**17 Retirement and Severance Benefits**

Changes in retirement and severance benefits for the years ended December 31, 2008 and 2007 are as follows:

*(In millions of Won)*

	2008	2007
Balance at beginning of year	(Won) 153,535	136,792
Actual severance payments	(23,853)	(48,202)
Transferred from/to affiliated companies, net	3,339	2,117
Provision for retirement and severance benefits	68,992	62,828
Balance at end of year	202,013	153,535
Cumulative Deposits to National Pension Fund	(479)	(530)
Balance of the severance insurance deposits	(131,302)	(99,509)
Net balance	(Won) 70,232	53,496

The Company's retirement and severance benefit plan is funded approximately 65.0% and 64.8% as of December 31, 2008 and 2007, respectively, through severance insurance deposits in Korea Life Insurance Co., Ltd. and others for the payment of severance benefits. The beneficiaries of the severance insurance deposit are the Company's employees.



**Table of Contents**

## LG DISPLAY CO., LTD. AND SUBSIDIARIES

**Notes to Consolidated Financial Statements**

December 31, 2008 and 2007

**18 Monetary Assets and Liabilities Denominated In Foreign Currency**

Monetary assets and liabilities denominated in foreign currencies, excluding those disclosed elsewhere in the notes 15 and 16 to the financial statements as of December 31, 2008 and 2007 are as follows:

<i>(In millions of Won, USD, JPY, EUR, PLN, CNY, HKD and NTD)</i>		Foreign currency(*)	2008 Exchange rate	Won equivalent
<b>Assets :</b>				
Cash and cash equivalents	USD	427	1,257.50	
	JPY	5,374	13.9389	
	EUR	25	1,776.22	
	NTD	22	38.39	(Won) 765,919
	CNY	459	184.09	
	HKD	12	162.25	
Trade accounts and notes receivable	PLN	53	426.18	
	USD	1,535	1,257.50	
	JPY	1,427	13.9389	1,971,366
Other accounts receivable	EUR	11	1,776.22	
	USD	4	1,257.50	5,749
	JPY	7	13.9389	
Prepaid value added tax	CNY	3	184.09	
	PLN	255	426.18	108,511
				(Won) 2,851,545
<b>Liabilities :</b>				
Accounts payable	USD	511	1,257.50	
	JPY	6,384	13.9389	
	EUR	6	1,776.22	(Won) 771,491
	CNY	158	184.09	
	NTD		38.39	
Other accounts payable	USD	252	1,257.5	
	JPY	40,398	13.9389	
	EUR	2	1,776.22	960,739
	NTD	20	38.39	
	CNY	254	184.09	
	PLN	10	426.18	
Accrued expenses	USD	1	1,257.50	
	JPY	20	13.9389	
	EUR	1	1,776.22	26,914
	NTD	15	38.39	
	CNY	103	184.09	
	PLN	12	426.18	

(Won) 1,759,144

**Table of Contents**

LG DISPLAY CO., LTD. AND SUBSIDIARIES

**Notes to Consolidated Financial Statements**

December 31, 2008 and 2007

18 Monetary Assets and Liabilities Denominated In Foreign Currency. Continued

		2007		
(In millions of Won, USD, JPY, EUR, PLN, CNY, HKD and NTD)		Foreign currency(*)	Exchange rate	Won equivalent
Assets:				
Cash and cash equivalents	USD	119	938.20	(Won) 223,792
	JPY	732	8.382	
	EUR	1	1371.65	
	NTD	39	28.94	
	CNY	348	128.45	
	HKD	58	120.28	
	PLN	135	381.16	
	SGD		651.84	
	MYR		283.70	
Trade accounts and notes receivable	USD	2,261	938.20	2,368,819
	JPY	3,789	8.382	
	EUR	157	1371.65	
Other accounts receivable	USD	8	938.20	7,667
	JPY	23	8.382	
Prepaid value added tax	CNY		128.45	74,947
	PLN	197	381.16	
				(Won) 2,675,225
Liabilities:				
Accounts payable	USD	426	938.20	(Won) 544,659
	JPY	15,482	8.382	
	EUR		1371.65	
	CNY	113	128.45	
	NTD	22	28.94	
	USD	86	938.20	
Other accounts payable	JPY	2,368	8.382	168,211
	EUR	4	1371.65	
	NTD	24	28.94	
	CNY	268	128.45	
	PLN	73	381.16	
	USD	1	938.20	
Accrued expenses	JPY	13	8.382	18,600
	EUR	1	1371.65	
	NTD	11	28.94	
	CNY	53	128.45	
	PLN	25	381.16	
				(Won) 731,470

## Edgar Filing: LG Display Co., Ltd. - Form 6-K

(\*) PLN, SGD, and MYR represent Poland Zloty, Singapore Dollar, and Malaysia Ringgit, respectively.

**Table of Contents**

LG DISPLAY CO., LTD. AND SUBSIDIARIES

**Notes to Consolidated Financial Statements**

December 31, 2008 and 2007

19 **Warranty Reserve**

Changes in warranty reserve for the years ended December 31, 2008 and 2007 are as follows:

<i>(In millions of Won)</i>	Balance at the beginning of the year	2008		Balance at the end of the year
		Increase	Decrease	
Warranty reserve	(Won) 49,295	90,063	(81,253)	58,105

<i>(In millions of Won)</i>	Balance at the beginning of the year	2007		Balance at the end of the year
		Increase	Decrease	
Warranty reserve	(Won) 31,261	77,852	(59,818)	49,295

20 **Commitments and Contingencies**

## (a) Commitments

**Overdraft agreements and credit facility agreement**

As of December 31, 2008, the Controlling Company has bank overdraft agreements with Woori Bank and other various banks amounting to (Won)59,000 million in aggregate and there is no overdraft balance.

**Factoring and securitization of accounts receivable**

As of December 31, 2008, the Controlling Company has agreements with Korea Exchange Bank and other several banks for U.S. dollar denominated accounts receivable negotiating facilities of up to an aggregate of USD1,616.5 million. As of December 31, 2008, accounts and notes receivable amounting to USD478 million were sold that are current and outstanding, and was recorded as short-term borrowings.

In October 2006, LG Display America, Inc., LG Display Germany GmbH, LG Display Shanghai Co., Ltd. and others entered into a five-year accounts receivable selling program with Standard Chartered Bank, on a revolving basis, of up to USD600 million. The Controlling Company joined this program in April 2007. For the year ended December 31, 2008, no accounts and notes receivable were sold.

**Letters of credit**

As of December 31, 2008, the Controlling Company has agreements with Korea Exchange Bank in relation to the opening of letters of credit up to (Won)20,000 million and USD35.5 million.

## **Table of Contents**

LG DISPLAY CO., LTD. AND SUBSIDIARIES

### **Notes to Consolidated Financial Statements**

December 31, 2008 and 2007

#### **20 Commitments and Contingencies. Continued**

##### **Payment guarantees**

The Controlling Company receives repayment guarantees from ABN AMRO Bank amounting to USD8.5 million relating to value added tax payments in Poland. As of December 31, 2008, the Controlling Company entered into a payment guarantee agreement with a syndicate of banks including Kookmin Bank and Societe Generale in connection with a EUR70 million term loan credit facility of LG Display Poland Sp. zo.o.

LG Display Japan Co., Ltd. and other subsidiaries have entered into short-term credit facility agreements of up to USD30 million, EUR3.6 million, and JPY5,200 million with Mizuho Bank, Ltd. and other various banks. LG Display Japan Co., Ltd. and LG Display Taiwan Co., Ltd. are provided with repayment guarantees from the Bank of Tokyo-Mitsubishi and ABN AMRO Bank amounting to JPY1,300 million and USD4 million, respectively, relating to their local tax payments.

##### **License agreements**

As of December 31, 2008, in relation to its TFT-LCD business, the Controlling Company has technical license agreements with Hitachi, Ltd., and others and has a trademark license agreement with LG Corporation. The trademark license agreement with Koninklijke Philips Electronics N.V. expired as of June 30, 2008.

##### **(b) Contingencies**

##### **Patent infringement lawsuit against Chi Mei Optoelectronics Corp., and others**

On December 1, 2006, the Controlling Company filed a complaint against Chi Mei Optoelectronics Corp. and AU Optronics Corp. alleging patent infringement related to liquid crystal display and manufacturing process for TFT-LCDs in the United States District Court for the District of Delaware. On March 8, 2007, AU Optronics Corp. countersued the Company in the United States District Court for the Western District of Wisconsin; however, the case was transferred to the United States District Court for the District of Delaware due to the Company's motion to transfer. On May 4, 2007, Chi Mei Optoelectronics Corp. countersued the Company for patent infringement in the United States District Court for the Eastern District of Texas; however, on March 31, 2008, the suit was transferred to the United States District Court for the District of Delaware according to the Company's motion to transfer. The Company is unable to predict the ultimate outcome of the above matters.

##### **Intervention in Positive Technologies, Inc.'s patent infringement lawsuit**

On April 14, 2006, Positive Technologies, Inc. filed a complaint in the United States District Court for the Eastern District of Texas against, among others, several of the Controlling Company's customers, including BenQ America Corp., Hitachi America Ltd., Panasonic Corp. of North America, Philips Electronics North America Corp. and Toshiba America, Inc. for alleged infringement of two of its patents relating to LCD displays. In March 2007, the Company was granted the intervention in the patent infringement case brought by Positive Technologies, Inc. On November 7, 2008, the Controlling Company settled with Positive Technologies, Inc., and the case was dismissed on December 12, 2008.

## **Table of Contents**

LG DISPLAY CO., LTD. AND SUBSIDIARIES

### **Notes to Consolidated Financial Statements**

December 31, 2008 and 2007

#### **20 Commitments and Contingencies. Continued**

##### **Anvik Corporation's lawsuit for infringement of patent**

On February 2, 2007, Anvik Corporation filed a patent infringement case against the Controlling Company, along with other LCD manufacturing companies in the United States District Court for the Southern District of New York, in connection with the usage of photo-masking equipment manufactured by Nikon Corporation. The Controlling Company is unable to predict the ultimate outcome of this case.

##### **AtratechJapan Corporation's lawsuit for infringement of patent**

On July 31, 2008, AtratechJapan Corporation filed a patent infringement case related to back light unit in the United States District Court for the Eastern District of Texas against LG Display America, Inc., along with other LCD companies. The Company is unable to predict the ultimate outcome of this case.

##### **O2 Micro International Ltd.'s request for an investigation to US International Trade Commission**

On December 15, 2008, O2Micro International Ltd. and O2Micro, Inc. have requested the United States International Trade Commission( ITC ) to commence a Trade Remedy Investigation alleging that the Company, LG Display America, Inc. and others have infringed their patents relating to LCD Displays. The Company is unable to predict the ultimate outcome of this case.

##### **Investigation and litigation filed by authorities in Korea, Japan, Canada, US and European Commission**

The Controlling Company and LG Display America, Inc. ( LGDUS ), the US subsidiary of the Controlling Company, were under investigation by U.S. Department of Justice ( DOJ ) with their role in conspiracies to fix prices in the sale of liquid crystal display (LCD) panels. In November, 2008, the Controlling Company and LGDUS agreed to a plea agreement with DOJ and agreed to pay a fine of USD400 million over a five-year period.

As of December 31, 2008, the Controlling Company is under investigation by fair trade or antitrust authorities in Korea, Japan, Canada and European Commission with respect to possible anti-competitive activities in the LCD industry.

In 2006, the Controlling Company, along with a number of other firms in the LCD industry, has been named as defendants in class actions in the United States and Canada for alleged violation of the antitrust laws in connection with the sale of LCD panels to both direct and indirect purchaser plaintiffs, and the class actions in the United States were consolidated and transferred to the United States District Court for the Northern District of California. In February 2007, the Controlling Company and certain of its current and former officers and directors were named as defendants in a federal class action in the United States by the shareholders of the Controlling Company alleging violations of the U.S. Securities Exchange Act of 1934, as amended, by the Controlling Company and certain its officers and directors in connection with possible anti-competitive activities in the LCD industry.

**Table of Contents**

LG DISPLAY CO., LTD. AND SUBSIDIARIES

**Notes to Consolidated Financial Statements**

December 31, 2008 and 2007

20 **Commitments and Contingencies, Continued**

Each of these investigations, legal proceedings and claims is ongoing and the outcome in any of these matters may have a negative effect on the Company's financial condition, results of operations or cash flows.

21 **Derivative Instruments**

(a) Derivative instruments used by the Controlling Company for hedging purposes as of December 31, 2008 are as follows:

<b>Hedging purpose</b>	<b>Derivative instrument</b>
Hedge of fair value	Foreign currency forwards
Hedge of cash flows	Foreign currency forwards(*) Cross currency swap Interest rate swap

(\*) Effective October 1, 2008, the Controlling Company discontinued the designation of foreign currency forward contracts as a hedging instrument for hedge of future cash flows and ceased the use of hedge accounting.

(b) Hedge of fair value

The Controlling Company enters into foreign currency forward contracts to manage the exposure to changes in the value of foreign currency denominated accounts receivable and accounts payable in accordance with its foreign currency risk management policy. Hedge accounting is not applied related to the abovementioned derivatives.

(i) Foreign Currency Forwards

Details of foreign currency forwards outstanding as of December 31, 2008 are as follows:

*(In millions of Won and USD, except forward rate and maturity date)*

<b>Bank</b>	<b>Maturity date</b>	<b>Selling</b>	<b>Buying</b>	<b>Forward rate</b>
BNP Paribas Bank and others	January 28, 2009~	USD225	(Won) 306,738	(Won) 1,302.2~
	May 18, 2009			(Won) 1,419.1: USD1

(ii) Unrealized gains and losses related to the above derivatives as of December 31, 2008 are as follows:

*(In millions of Won)*



## Edgar Filing: LG Display Co., Ltd. - Form 6-K

Type	Unrealized gains	Unrealized losses
Foreign Currency Forwards	(Won) 24,574	

The unrealized gains are charged to operations as gains on foreign currency translation for the year ended December 31, 2008.

**Table of Contents**

## LG DISPLAY CO., LTD. AND SUBSIDIARIES

**Notes to Consolidated Financial Statements**

December 31, 2008 and 2007

21 Derivative Instruments, Continued

## (c) Hedge of cash flows

The Controlling Company enters into foreign currency forward contracts to manage the exposure to changes in cash flows related to forecasted purchase of raw materials and sale of products in foreign currencies. In addition, the Controlling Company entered into cross currency swap and interest rate swap contracts to manage the exposure to changes in cash flows from changes in foreign currency exchange rates and interest rates related to floating rate notes. Details of the Controlling Company's derivative instruments related to hedge of cash flows as of December 31, 2008 are as follows.

## (i) Foreign Currency Forwards

Details of foreign currency forwards outstanding as of December 31, 2008 are as follows:

*(In millions of Won and USD, except forward rate)*

Bank	Maturity date	Selling	Buying	Forward rate
BNP Paribas Bank and others	January 20, 2009~	USD 20	(Won) 21,024	(Won) 1,046.9~
	January 28, 2009			(Won) 1,055.5 :
				USD 1

The Controlling Company discontinued the cash flow hedge accounting effective October 1, 2008 for foreign currency forwards. Losses from derivative contracts incurred before October 1, 2008 were recognized as accumulated other comprehensive income, net of tax and subsequent losses from changes in the fair value of derivative instruments amounting to (Won)1,517 million are recognized immediately in earnings.

Above mentioned contracts of derivatives were entered into before September 30, 2008, and are not past due as of December 31, 2008. There are no derivatives relating to cash flow hedge that are newly entered into after October 1, 2008.

The net unrealized losses, recorded under accumulated other comprehensive income, are expected to be recognized as realized gains and losses within the next twelve months.

## (ii) Cross Currency Swap

*(In millions of Won and USD, except forward rate)*

Bank	Maturity date	Selling	Buying	Contract rate
Kookmin Bank and others	August 29, 2011~		USD150	Receive floating rate 3M LIBOR~
	January 31, 2012			3M LIBOR+0.53%
		(Won) 143,269		4.54%~5.35%

Pay fixed  
rate

Net unrealized gains and losses, net of related taxes, were recorded as accumulated other comprehensive income. In relation to the abovementioned cross currency swap, unrealized losses amounting to (Won)5,804 million, recorded as accumulated other comprehensive income, are expected to be charged to operations as losses within the next twelve months.

**Table of Contents**

LG DISPLAY CO., LTD. AND SUBSIDIARIES

**Notes to Consolidated Financial Statements**

December 31, 2008 and 2007

21 Derivative Instruments, Continued

## (iii) Interest Rate Swap

*(In millions of USD, except forward rate)*

Bank	Maturity date	Contract amount	Contract rate
SC First Bank	May 21, 2009~	USD 150	
	May 24, 2010		Receive floating rate
			Pay fixed rate
			5.375%~5.644%

Net unrealized gains and losses, net of related taxes, were recorded as accumulated other comprehensive income.

In relation to the abovementioned interest rate swap, unrealized losses amounting to (Won)5,421 million, recorded as accumulated other comprehensive income, are expected to be charged to operations as losses within the next twelve months.

(iv) Unrealized gains and losses, before tax, related to hedge of cash flows as of December 31, 2008 are as follows:

*(In millions of Won)*

Type	Unrealized gains	Unrealized losses	Cash flow hedge requirements
Foreign currency forwards	(Won)	2,534	Fulfilled
Cross currency swap(*)		11,511	Fulfilled
Interest rate swap		8,017	Fulfilled

(\*) The unrealized gains amounting to (Won)47,895 million related to the foreign exchange rate risk are recognized as losses in the non-consolidated statement of income in the current period.

(d) Realized gains and losses related to derivative instruments for the year ended December 31, 2008 are as follows:

*(In millions of Won)*

Hedge purpose	Type	Transaction gains	Transaction losses
Cash flow hedge	Cross currency swap	(Won) 145	1,101
Cash flow hedge	Interest rate swap		3,653
Cash flow hedge	Foreign currency forwards	5,978	195,843
Fair value hedge	Foreign currency forwards	19,619	240,010

Fair value hedge	Range forward options	2,441	59,538
------------------	-----------------------	-------	--------

**Table of Contents**

## LG DISPLAY CO., LTD. AND SUBSIDIARIES

**Notes to Consolidated Financial Statements**

December 31, 2008 and 2007

**22 Capital Stock**

The Controlling Company is authorized to issue 500,000,000 shares of capital stock (par value (Won)5,000), and as of December 31, 2008, the number of issued common shares is 357,815,700.

There are no changes in the capital stock from January 1, 2007 to December 31, 2008.

**23 Capital Surplus**

Capital surplus as of December 31, 2008 and 2007 is as follows:

*(In millions of Won)*

<b>Accounts</b>	<b>2008</b>	<b>2007</b>
Additional paid-in capital	(Won) 2,251,113	2,251,113
Conversion Rights (*)	59,958	59,958
<b>Total</b>	<b>(Won) 2,311,071</b>	<b>2,311,071</b>

(\*) Net of tax effects.

**24 Accumulated Other Comprehensive Income**

Accumulated other comprehensive income as of December 31, 2008 and 2007 is as follows:

*(In millions of Won)*

<b>Accounts</b>	<b>2008</b>	<b>2007</b>
Unrealized gains on available-for-sale securities	(Won) 25,934	
Changes in equity securities	534	
Gain on valuation of derivative instruments		1,498
Loss on valuation of derivative instruments	(16,906)	(15,897)
Change in cumulative translation adjustments	164,376	20,222
	(Won) 173,938	5,823

**Table of Contents**

## LG DISPLAY CO., LTD. AND SUBSIDIARIES

**Notes to Consolidated Financial Statements**

December 31, 2008 and 2007

**25 Retained Earnings**

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

**26 Income Taxes**

(a) Income tax expense for the years ended December 31, 2008 and 2007 consists of :

<i>(In millions of Won)</i>	<b>2008</b>	<b>2007</b>
Current income taxes	(Won) 325,636	86,321
Deferred income taxes from change in temporary differences	(27,853)	(3,623)
Deferred income taxes from change in tax credit	(18,088)	(126,711)
Deferred income taxes from change in losses carryforward		248,493
Deferred income taxes added to shareholders' equity	(54,974)	(5,548)
Income tax expense	(Won) 224,721	198,932

(b) The income tax expense calculated by applying statutory tax rates to the Company's taxable income for the year differs from the actual tax expense in the statement of income for the years ended December 31, 2008 and 2007 for the following reason:

<i>(In millions of Won)</i>	<b>2008</b>	<b>2007</b>
Income before income tax	(Won) 1,311,499	1,542,959
Charge for income taxes at normal tax rates	370,586	427,379
Adjustments	(145,865)	(228,447)
Non-tax deductible expenses	1,918	1,128
Tax credits	(246,626)	(66,062)
Change in tax rates	18,683	
Changes in unrealizable deferred income tax assets	71,530	(159,527)
Others	8,630	(3,986)
Income tax expense	224,721	198,932
Effective tax rate	17.13%	12.89%

**Table of Contents**

LG DISPLAY CO., LTD. AND SUBSIDIARIES

**Notes to Consolidated Financial Statements**

December 31, 2008 and 2007

26 **Income Taxes. Continued**

(c) The tax effects of temporary differences, tax credit carryforwards and losses carryforwards that resulted in significant portions of deferred tax assets and liabilities at December 31, 2008 and 2007 are presented below:

(i) 2008

<i>(In millions of Won)</i>	January 1, 2008	Increase (decrease)	December 31, 2008
Temporary differences:			
Accrued income	(Won) (14,055)	(74,182)	(88,237)
Inventories	77,462	(4,121)	73,341
Change in fair value of available-for-sale securities		(33,248)	(33,248)
Long-term other payables		406,156	406,156
Equity method investments	(10,304)	(2,411)	(12,715)
Changes in capital adjustment arising from equity method investments		(684)	(684)
Change in cumulative translation adjustments	(19,381)	(191,358)	(210,739)
Other current assets	15,561	(86,513)	(70,952)
Loss on valuation of derivative instruments	21,927	135	22,062
Gain on valuation of derivative instruments	(2,066)	2,066	
Property, plant and equipment	396,793	(30,726)	366,067
Warranty reserve and other reserves	49,295	12,225	61,520
Gain on foreign currency translation		(138,599)	(138,599)
Loss on foreign currency translation		435,875	435,875
Others	19,545	54,022	73,567
<b>Total</b>	<b>534,777</b>	<b>348,637</b>	<b>883,414</b>
Tax credit carryforwards	(Won) 448,522	20,098	468,620



**Table of Contents**

LG DISPLAY CO., LTD. AND SUBSIDIARIES

**Notes to Consolidated Financial Statements**

December 31, 2008 and 2007

26 Income Taxes. Continued

<i>(In millions of Won)</i>	Deferred tax assets (liabilities)				
	January 1, 2008	Increase (decrease)	December 31, 2008	Current	Non- current
Accrued income	(Won) (3,521)	(17,832)	(21,353)	(21,353)	
Inventories	(6,754)	24,993	18,239	18,239	
Change in fair value of available-for-sale securities		(7,314)	(7,314)		(7,314)
Long-term other payables					
Equity method investments	(3,034)	3,034			
Changes in capital adjustment arising from equity method investments		(150)	(150)		(150)
Change in cumulative translation adjustments	841	(47,204)	(46,363)		(46,363)
Other Current assets	3,898	(21,068)	(17,170)	(17,170)	
Loss on valuation of derivative instruments	6,030	(874)	5,156	3,329	1,827
Gain on valuation of derivative instruments	(568)	568			
Property, plant and equipment	65,539	10,818	76,357		76,357
Warranty reserve and other reserves	12,348	2,317	14,665	12,444	2,221
Gain on foreign currency translation		(33,541)	(33,541)	(33,541)	
Loss on foreign currency translation		105,482	105,482	105,482	
Others	5,535	8,624	14,159	18,618	(4,459)
Subtotal	80,314	27,853	108,167	86,048	22,119
Tax credit carryforwards	403,670	18,088	421,758		421,758
Deferred income tax assets	(Won) 483,984	45,941	529,925	86,048	443,877

**Table of Contents**

LG DISPLAY CO., LTD. AND SUBSIDIARIES

**Notes to Consolidated Financial Statements**

December 31, 2008 and 2007

26 Income Taxes. Continued

(ii) 2007

<i>(In millions of Won)</i>	January 1, 2007	Increase (decrease)	December 31, 2007
Temporary differences:			
Accrued income	(Won) (829)	(13,226)	(14,055)
Inventories	84,275	(6,813)	77,462
Equity method investments	(4,884)	(5,420)	(10,304)
Change in cumulative translation adjustments	29,564	(48,945)	(19,381)
Other current liabilities	1,790	13,771	15,561
Loss on valuation of derivative instruments	16,305	5,622	21,927
Gain on valuation of derivative instruments	(33,687)	31,621	(2,066)
Property, plant and equipment	200,269	196,524	396,793
Warranty reserve and other reserves	31,261	18,034	49,295
Others	(11,882)	31,427	19,545
Total	312,182	222,595	534,777
Losses carryforwards	903,610	(903,610)	
Tax credit carryforwards	(Won) 436,486	12,036	448,522

<i>(In millions of Won)</i>	Deferred tax assets(liabilities)				
	January 1, 2007	Increase (decrease)	December 31, 2007	Current	Non- current
Accrued income	(Won) (228)	(3,293)	(3,521)	(3,521)	
Inventories	23,278	(30,032)	(6,754)	(6,754)	
Equity method investments	1,714	(4,748)	(3,034)		(3,034)
Change in cumulative translation adjustments	8,130	(7,289)	841		841
Other current liabilities	492	3,406	3,898	3,898	
Loss on valuation of derivative instruments	4,484	1,546	6,030	6,030	
Gain on valuation of derivative instruments	(6,294)	5,726	(568)	(568)	
Property, plant and equipment	60,947	4,592	65,539		65,539
Warranty reserve and other reserves	8,840	3,508	12,348	12,348	
Others	(24,672)	30,207	5,535	29,360	(23,825)
Subtotal	76,691	3,623	80,314	40,793	39,521
Losses carryforwards	248,493	(248,493)			
Tax credit carryforwards	276,959	126,711	403,670	292,133	111,537
Deferred income tax assets	(Won) 602,143	(118,159)	483,984	332,926	151,058



**Table of Contents**

## LG DISPLAY CO., LTD. AND SUBSIDIARIES

**Notes to Consolidated Financial Statements**

December 31, 2008 and 2007

26 Income Taxes. Continued

(d) Amounts and maturity date of the item which are not recognized as deferred tax assets are as follows:

<i>(In millions of Won)</i>	2008	2007
Long-term other payables	(Won) 406,156	

As of December 31, 2008, the Company did not recognize temporary differences related to the long-term other payables of a subsidiary, as the possibility of realization of the deferred tax assets, through events such as disposal of the related investments in foreseeable future, is remote.

(e) Amounts which are not recognized as deferred tax liabilities are as follows:

<i>(In millions of Won)</i>	2008	2007
Change in cumulative translation adjustment	(Won)	22,442

As of December 31, 2008, for the retained earnings of subsidiaries amounting to (Won)119,788 million, the Controlling Company did not recognize deferred tax liabilities relating to the retained earnings of subsidiaries considering the effect of credit for foreign taxes paid.

(f) Income tax expense that was directly charged or credited to accumulated other comprehensive income as of December 31, 2008 and 2007 are as follows:

<i>(In millions of Won)</i>	Amount	2008 Current income tax	Deferred income tax	Amount	2007 Current income tax	Deferred income tax
Change in fair value of available-for-sale securities	(Won) 33,248		(7,314)			
Changes in capital adjustment arising from equity method investments	684		(150)			
Change in cumulative translation adjustments	191,358		(47,204)	48,945		(2,173)
Loss on valuation of derivative instruments	(135)		(874)	(5,622)		1,546
Gain on valuation of derivative instruments	(2,066)		568	(31,621)		8,696
Conversion rights				49,516	(13,617)	
	(Won) 223,089		(54,974)	61,218	(13,617)	8,069

**Table of Contents**

LG DISPLAY CO., LTD. AND SUBSIDIARIES

**Notes to Consolidated Financial Statements**

December 31, 2008 and 2007

26 **Income Taxes. Continued**

(g) As of December 31, 2008 and 2007 details of aggregate deferred tax assets and liabilities, income taxes payable and income tax refund receivable are as follows:

<i>(In millions of Won)</i>	<b>2008</b>			<b>2007</b>		
	<b>Current</b>	<b>Non-current</b>	<b>Total</b>	<b>Current</b>	<b>Non-current</b>	<b>Total</b>
Deferred tax assets	(Won) 158,112	502,163	660,275	343,769	177,917	521,686
Deferred tax liabilities	72,064	58,286	130,350	10,843	26,859	37,702
Income taxes payable	294,494		294,494	78,133		78,133

(h) Statutory tax rate applicable to the Controlling Company is 27.5% for the years ended December 31, 2008 and 2007. Under the Foreign Investment Promotion Act of Korea, from September 1999, the Controlling Company have been entitled to an exemption from income taxes in proportion to the percentage of foreign equity for seven years following the registration of each foreign equity investment, and at one-half of that percentage for the subsequent three years. The effective tax rate, including adjustment for tax credits, tax exemption for foreign investment, and deferred income taxes applicable to the Company was approximately 17.13% in 2008.

27 **Cost of Sales**

Details of cost of sales for the years ended December 31, 2008 and 2007 are as follows:

<i>(In millions of Won)</i>	<b>2008</b>		<b>2007</b>	
	<b>(Won)</b>			
Finished goods		13,414,877		12,083,850
Beginning balance of finished goods		453,034		572,210
Cost of goods manufactured		13,501,230		11,964,674
Ending balance of finished goods		(539,387)		(453,034)
Merchandise		189,438		
Others		12,300		31,513
	(Won)	13,616,615		12,115,363

**Table of Contents**

LG DISPLAY CO., LTD. AND SUBSIDIARIES

**Notes to Consolidated Financial Statements**

December 31, 2008 and 2007

**28 Selling, General and Administrative Expenses**

Details of selling, general and administrative expenses for the years ended December 31, 2008 and 2007 are as follows:

<i>(In millions of Won)</i>	<b>2008</b>	<b>2007</b>
Salaries	(Won) 127,271	111,150
Severance benefits	9,523	8,574
Other employee benefits	25,596	12,887
Shipping cost	209,665	194,081
Rent	13,350	10,947
Fees and commissions	94,911	93,090
Entertainment	5,942	4,080
Depreciation	23,733	15,020
Taxes and dues	9,711	6,693
Advertising	48,964	30,433
Sales promotion	24,446	17,487
Development costs	6,613	3,260
Research	141,427	102,864
Bad debt expenses		6,638
SVC expenses	103,371	77,852
Others	67,056	37,540
	(Won) 911,579	732,596

**29 Earnings Per Share**

(a) Basic earnings per share for the years ended December 31, 2008 and 2007 are as follows:

<i>(In Won, except earnings per share and share information)</i>	<b>2008</b>	<b>2007</b>
<b>Net income</b>	(Won) 1,086,896,360,997	1,344,027,180,277
Weighted-average number of common shares outstanding	357,815,700	357,815,700
<b>Earnings per share</b>	(Won) 3,038	3,756

There were no events or transactions that resulted in changes in the number of common shares used for calculating earnings per share.

**Table of Contents**

LG DISPLAY CO., LTD. AND SUBSIDIARIES

**Notes to Consolidated Financial Statements**

December 31, 2008 and 2007

29 Earnings Per Share, Continued

(b) Diluted earnings per share for the years ended December 31, 2008 and 2007 are as follows:

<i>(In Won, except earnings per share and share information)</i>	<b>2008</b>	<b>2007</b>
<b>Net income</b>	(Won) 1,086,896,360,997	1,344,027,180,277
Interest on convertible bond, net of tax	19,139,925,063	13,185,581,052
<b>Adjusted income</b>	<b>1,106,036,286,060</b>	<b>1,357,212,761,329</b>
Weighted-average number of common shares outstanding and common equivalent shares(*)	368,346,462	365,212,337
<b>Diluted earnings per share</b>	(Won) <b>3,003</b>	<b>3,716</b>

(\*) Weighted-average number of common shares outstanding is calculated as follows:

<i>(In shares)</i>	<b>2008</b>	<b>2007</b>
<b>Weighted-average number of common shares (basic)</b>	<b>357,815,700</b>	<b>357,815,700</b>
Effect of conversion of convertible bonds	10,530,762	7,396,637
<b>Weighted-average number of common shares (diluted) at December 31, 2008</b>	<b>368,346,462</b>	<b>365,212,337</b>

(c) The number of dilutive potential ordinary shares outstanding for the years ended December 31, 2008 and 2007 is calculated as follows:

<i>(In shares)</i>	<b>2008</b>	<b>2007</b>
Number of convertible bonds	10,530,762	10,464,234
	January 1, 2008~	April 18, 2007~
Period	December 31, 2008	December 31, 2007
Weighted	366 days / 366 days	258 days / 365 days
Effect of conversion of convertible bonds	10,530,762	7,396,637

**Table of Contents**

## LG DISPLAY CO., LTD. AND SUBSIDIARIES

**Notes to Consolidated Financial Statements**

December 31, 2008 and 2007

30 Dividends

(a) The dividend payout ratios for the years ended December 31, 2008 and 2007 are as follows:

<i>(In millions of Won)</i>	<b>2008</b>	<b>2007</b>
Dividend amount	178,908	268,362
Net income	1,086,896	1,344,027
Dividend payout ratio	16.46%	19.97%

(b) The dividend yield ratios for the years ended December 31, 2008 and 2007 are as follows:

<i>(In Won except Dividend yield ratio)</i>	<b>2008</b>	<b>2007</b>
Dividend per share	500	750
Market price of a common share of the Controlling Company as of year end	21,000	49,500
Dividend yield ratio	2.38%	1.52%

31 Share-Based Payments

(a) The terms and conditions of share-based payment arrangement as of December 31, 2008 are as follows:

	<b>Descriptions</b>
Settlement method	Cash settlement
Type of arrangement	Stock appreciation rights (granted to senior executives)
Date of grant	April 7, 2005
Weighted-average exercise price (*1)	(Won)44,050
Number of rights granted	450,000
Number of rights forfeited (*2)	230,000
Number of rights cancelled (*3)	110,000
Number of rights outstanding	110,000
Exercise period	From April 8, 2008 to April 7, 2012
Vesting conditions	Two years of service from the date of grant

- (\*1) The exercise price at the grant date was (Won)44,260 per stock appreciation right ( SARs ). However, the exercise price was subsequently adjusted to (Won)44,050 due to additional issuance of common shares in 2005.
- (\*2) SARs were forfeited in connection with senior executives who left the Controlling Company before meeting the vesting requirement.
- (\*3) If the appreciation of the Controlling Company's share price is equal or less than that of the Korea Composite Stock Price Index ( KOSPI ) over the three-year period following the grant date, only 50% of the outstanding SARs are exercisable. As the actual increase rate of the Controlling Company's share price for the three-year period ending April 7, 2008 was less than that of the KOSPI for the same three-year period, only 110,000 shares, 50% of the outstanding SARs as of December 31, 2008 are exercisable.





**Table of Contents**

LG DISPLAY CO., LTD. AND SUBSIDIARIES

**Notes to Consolidated Financial Statements**

December 31, 2008 and 2007

31 Share-Based Payments, Continued

(b) The changes in the number of SARs outstanding for the years ended December 31, 2008 and 2007 are as follows:

<i>(In share)</i>	<b>Stock appreciation rights</b>	
	<b>2008</b>	<b>2007</b>
Balance at beginning of year	220,000	260,000
Forfeited or cancelled	110,000	40,000
Outstanding at end of year	110,000	220,000
Exercisable at end of year	110,000	

(c) The Company reversed accumulated stock compensation cost of (Won)560 million for the year ended December 31, 2008 as the market price of the Controlling Company's common share was less than the exercise price of a SAR.

32 Comprehensive Income

Comprehensive income for the years ended December 31, 2008 and 2007 is as follows:

<i>(In millions of Won)</i>	<b>2008</b>	<b>2007</b>
<b>Net income</b>	(Won) 1,086,778	1,344,027
Change in fair value of available-for-sale securities, net of tax effect of (Won)(7,314) million in 2008 and nil in 2007	25,934	
Change in equity arising from application of equity method, net of tax effect of (Won)(150) million in 2008 and nil in 2007	534	
Gain on valuation of cash flow hedges, net of tax effect of (Won)568 million in 2008 and (Won)8,696 million in 2007	(1,498)	(22,925)
Loss on valuation of cash flow hedges, net of tax effect of (Won)(874) million in 2008 and (Won)1,546 million in 2007	(1,009)	(4,076)
Change in cumulative translation adjustments, net of tax effect of (Won)(47,204) million in 2008 and (Won)(2,173) million in 2007	144,154	46,772
<b>Consolidated Comprehensive income</b>	<b>1,254,893</b>	<b>1,363,798</b>
Comprehensive income of the Controlling Company	1,255,011	1,363,798
Comprehensive income (loss) of minority interest	(Won) (118)	



**Table of Contents**

## LG DISPLAY CO., LTD. AND SUBSIDIARIES

**Notes to Consolidated Financial Statements**

December 31, 2008 and 2007

33 Value-Added Information

Value added information for the years ended December 31, 2008 and 2007 is as follows :

(i) 2008

<i>(In millions of Won)</i>	Cost of sales	Selling, general and administrative expense	Research and development expense(*1)	Construction in progress	Total
Salaries and wages	(Won) 690,498	127,271	54,595	21,305	893,669
Severance benefits	53,329	9,523	4,673	1,467	68,992
Other employee benefits	120,668	25,596	6,197	2,119	154,580
Rent	12,543	13,350	446		26,339
Depreciation(*2)	2,497,785	23,733	19,503	708	2,541,729
Taxes and dues	10,654	9,711	170		20,535
	(Won) 3,385,477	209,184	85,584	25,599	3,705,844

(ii) 2007

<i>(In millions of Won)</i>	Cost of sales	Selling, general and administrative expense	Research and development expense(*1)	Construction in progress	Total
Salaries and wages	(Won) 591,901	111,150	45,840	214	749,105
Severance benefits	50,042	8,574	3,691	521	62,828
Other employee benefits	93,836	12,887	4,932	9	111,664
Rent	2,831	10,947	522		14,300
Depreciation(*2)	2,794,790	15,020	20,207	1,296	2,831,313
Taxes and dues	7,572	6,693	252		14,517
	(Won) 3,540,972	165,271	75,444	2,040	3,783,727

(\*1) Research and development expense includes amount allocated to cost of sales.

(\*2) Depreciation includes amortization of intangible assets.

34 Supplemental Cash Flow Information

Significant non-cash investing and financing activities for the years ended December 31, 2008 and 2007 are as follows:

# Edgar Filing: LG Display Co., Ltd. - Form 6-K

*(In millions of Won)*

	2008	2007
Increase (decrease) in other accounts payable arising from purchase of property, plant and equipment	(Won) 1,251,752	(616,371)

**Table of Contents****LG DISPLAY CO., LTD. AND SUBSIDIARIES****Notes to Consolidated Financial Statements**

December 31, 2008 and 2007

**35 Segment Information**

(a) The Company manufactures and sells TFT-LCD and AM-OLED products. The segment of AM-OLED is not presented separately, as the sales of AM-OLED products are insignificant to total sales.

(b) The Company sells its products in domestic and foreign markets. Export sales represent approximately 93% of total sales for the year ended December 31, 2008. The following is a summary of sales by region based on the location of the customers for the years ended December 31, 2008 and 2007:

**(i) 2008**

<i>(In millions of Won)</i>	<b>Korea</b>					<b>Consolidation</b>	
	<b>Domestic</b>	<b>Export</b>	<b>Asia</b>	<b>US</b>	<b>Europe</b>	<b>adjustment</b>	<b>Consolidation</b>
Total sales	(Won) 1,063,742	14,801,498	8,884,601	2,270,393	2,979,440	(13,736,039)	16,263,635
Inter-company sales		(12,999,573)	(572,161)	(5,795)	(158,510)	13,736,039	
Net sales	(Won) 1,063,742	1,801,925	8,312,440	2,264,598	2,820,930		16,263,635
Operating income	(Won)	1,536,306	82,310	7,528	12,886	96,411	1,735,441
Total assets	(Won)	16,501,987	1,941,879	309,739	947,415	(2,312,654)	17,388,366

**(ii) 2007**

<i>(In millions of Won)</i>	<b>Korea</b>					<b>Consolidation</b>	
	<b>Domestic</b>	<b>Export</b>	<b>Asia</b>	<b>US</b>	<b>Europe</b>	<b>adjustment</b>	<b>Consolidation</b>
Total sales	(Won) 1,028,323	13,134,808	7,699,766	1,561,192	2,650,445	(11,722,568)	14,351,966
Inter-company sales		(11,301,640)	(302,531)	(698)	(116,713)	11,721,582	
Net sales	(Won) 1,028,323	1,833,168	7,397,235	1,560,494	2,533,732	(986)	14,351,966
Operating income	(Won)	1,491,135	12,676	3,977	10,466	(14,247)	1,504,007
Total assets	(Won)	13,394,435	1,766,886	227,361	922,059	(2,530,906)	13,779,835

**36 Date of Authorization for Issue of Financial Statements**

The 2008 financial statements were authorized for issue on January 16, 2009, at the Board of Directors Meeting.

**Table of Contents**

LG DISPLAY CO., LTD. AND SUBSIDIARIES

**Notes to Consolidated Financial Statements**

December 31, 2008 and 2007

37 **Results of Operations for the Last Interim Period**

<i>(In millions of Won)</i>	2008 4 <sup>th</sup> Quarter	2007 4 <sup>th</sup> Quarter
Revenue	(Won) 4,155,648	4,321,864
Operating income (loss)	(288,412)	868,782
Net income (loss) for the period	(683,903)	759,908
Earnings (losses) per share (in Won)	(1,911)	2,124

38 **Subsequent Event**

LG Display Singapore Pte. Ltd. was incorporated in Singapore on January 12, 2009, to sell TFT-LCD products. Its capital stock amounted to SGD1.4 million ((Won)1,250 million) and is wholly owned by the Controlling Company.

39 **Status of the Company's Adoption of Korean IFRS**

In March 2008, a task force was set up for the Controlling Company's adoption of the Korean International Financial Reporting Standards (K-IFRS) in 2010. The task force comprehensively analyzed differences in Statements of Korea Accounting Standard and K-IFRS in the Controlling Company's significant accounting policies and selected the accounting applicable to the Controlling Company by benchmarking application of IFRS of other companies. Material adjustments to accounting policies in adopting IFRS, compared to the current accounting policies, are believed to be with convertible bond and employee benefits, and the Controlling Company is currently in the process of evaluating the impacts of the adjustments.

**Table of Contents**

LG DISPLAY CO., LTD.

(Formerly, LG.Philips LCD Co., Ltd.)

Non-Consolidated Financial Statements

**December 31, 2008**

(With Independent Auditors' Report Thereon)



---

**Table of Contents**

**Table of Contents**

<u>Independent Auditors' Audit Report</u>	<b>Page</b> 1
<u>Non-Consolidated Balance Sheets</u>	3
<u>Non-Consolidated Statements of Income</u>	5
<u>Non-Consolidated Statements of Appropriations of Retained Earnings</u>	6
<u>Non-Consolidated Statements of Changes in Stockholders' Equity</u>	7
<u>Non-Consolidated Statements of Cash Flows</u>	8
<u>Notes to Non-Consolidated Financial Statements</u>	10-62
<u>Report on the Review of Internal Accounting Control System</u>	63
<u>Report on the Operations of the Internal Accounting Control System</u>	64

---

**Table of Contents**

LG DISPLAY CO., LTD.

**Notes to Non-Consolidated Financial Statements**

December 31, 2008 and 2007

**Independent Auditors' Report**

Based on a report originally issued in Korean

To the Stockholders and Board of Directors

LG Display Co., Ltd.:

We have audited the accompanying non-consolidated balance sheet of LG Display Co., Ltd. (formerly, LG.Philips LCD Co., Ltd.) (the Company) as of December 31, 2008, and the related non-consolidated statements of income, appropriations of retained earnings, changes in stockholders' equity and cash flows for the year then ended. These non-consolidated financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these financial statements based on our audit. The accompanying non-consolidated financial statements of the Company as of December 31, 2007 were audited by Samil PricewaterhouseCoopers, whose report thereon dated February 15, 2008 expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the Republic of Korea. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the non-consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2008 and the results of its operations, the appropriation of its retained earnings, the changes in its equity and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the Republic of Korea.

As discussed in note 2(b) to the non-consolidated financial statements, accounting principles and auditing standards and their application in practice vary among countries. The accompanying non-consolidated financial statements are not intended to present the financial position, results of operations, changes in stockholders' equity and cash flows in accordance with accounting principles and practices generally accepted in countries other than the Republic of Korea. In addition, the procedures and practices utilized in the Republic of Korea to audit such non-consolidated financial statements may differ from those generally accepted and applied in other countries. Accordingly, this report and the accompanying non-consolidated financial statements are for use by those knowledgeable about Korean accounting procedures and auditing standards and their application in practice.

Without qualifying our opinion, we draw attention to the following:

As discussed in note 18(b) to the non-consolidated financial statements, the Company is under investigations by fair trade or antitrust authorities in Korea, Japan, Canada and European Commission with respect to possible anti-competitive activities in the LCD industry as of December 31, 2008. In addition, the Company has been named as defendants in a number of federal class actions in the United States and Canada alleging that the defendants violated the antitrust laws in connection with the sale of LCD panels, and the Company and certain of its officers and directors have been named as defendants in a federal class action in the United States by shareholders of the Company alleging violations of the U.S. Securities Exchange Act of 1934.

**Table of Contents**

LG DISPLAY CO., LTD.

**Notes to Non-Consolidated Financial Statements**

December 31, 2008 and 2007

Each of these investigations, legal proceedings and claims is ongoing and the outcome in any of these matters may have a negative effect on the results of the Company's operations, financial positions or cash flows.

/s/ KPMG Samjong Accounting Corp.

Seoul, Korea

February 16, 2009

This report is effective as of February 16, 2009, the audit report date. Certain subsequent events or circumstances, which may occur between the audit report date and the time of reading this report, could have a material impact on the accompanying non-consolidated financial statements and notes thereto. Accordingly, the readers of the audit report should understand that there is a possibility that the above audit report may have to be revised to reflect the impact of such subsequent events or circumstances, if any.

## Table of Contents

LG DISPLAY CO., LTD.

### Non-Consolidated Balance Sheets

As of December 31, 2008 and 2007

<i>(In millions of Won)</i>	Note	2008	2007
<b>Assets</b>			
Cash and cash equivalents	3, 16	(Won) 1,207,786	1,109,749
Short-term financial instruments	3	2,055,000	785,000
Available-for-sale securities	6	74	63
Trade accounts and notes receivable, net	4, 8, 16, 18	1,695,578	2,462,946
Other accounts receivable, net	4, 16	41,570	121,687
Accrued income, net	4	88,175	14,044
Advance payments, net	4	250	2,743
Prepaid expenses		34,156	33,475
Prepaid value added tax	16	145,862	94,564
Deferred income tax assets, net	24	80,994	330,277
Other current assets		25,164	9,109
Inventories, net	5, 11	881,503	680,596
<b>Total current assets</b>		6,256,112	5,644,253
Long-term financial instruments		13	13
Available-for-sale securities	6	129,497	
Equity-method investments	7	831,237	489,101
Long-term loans	16	12,575	
Property, plant and equipment, net	8, 9, 10, 11	8,431,214	6,830,600
Intangible assets, net	12	194,343	111,530
Non-current guarantee deposits		46,972	28,935
Long-term other receivables, net	4	182	364
Long-term prepaid expenses		150,665	155,584
Deferred income tax assets, net	24	409,528	134,055
Other non-current assets		39,649	
<b>Total non-current assets</b>		10,245,875	7,750,182
<b>Total assets</b>		(Won) 16,501,987	13,394,435

See accompanying notes to non-consolidated financial statements.

**Table of Contents**

LG DISPLAY CO., LTD.

**Non-Consolidated Balance Sheets (Continued)**

As of December 31, 2008 and 2007

<i>(In millions of Won)</i>	Note	2008	2007
<b>Liabilities</b>			
Trade accounts payable and notes payable	8, 16	(Won) 951,975	980,566
Other accounts payable	16	2,205,092	554,920
Advances received		10,669	12,360
Withholdings		15,486	6,726
Accrued expenses		212,330	172,270
Income tax payable	24	265,550	72,342
Warranty reserve, current	17	48,008	49,295
Current portion of long-term debt and debentures, net of discounts	13, 14	498,652	350,281
Other current liabilities		19,464	46,650
<b>Total current liabilities</b>		<b>4,227,226</b>	<b>2,245,410</b>
Debentures, net of current portion and discounts on debentures	13	1,490,445	1,998,147
Long-term debt, net of current portion	14	1,019,306	807,510
Long-term accrued expenses	29		560
Long-term other accounts payables	7	406,156	
Accrued severance benefits, net	15	70,139	53,435
Warranty reserve, non-current	17	10,097	
Other non-current liabilities		2,596	
<b>Total non-current liabilities</b>		<b>2,998,739</b>	<b>2,859,652</b>
<b>Total liabilities</b>		<b>7,225,965</b>	<b>5,105,062</b>
<b>Stockholders' equity</b>			
Common stock, (Won)5,000 par value. Authorized 500,000,000 shares; issued and outstanding 357,815,700 shares in 2008 and 2007	1, 20	1,789,079	1,789,079
Capital surplus	21	2,311,071	2,311,071
Accumulated other comprehensive income	22	173,938	5,823
Retained earnings	23	5,001,934	4,183,400
<b>Total stockholders' equity</b>		<b>9,276,022</b>	<b>8,289,373</b>
<b>Commitments and contingencies</b>	18		
<b>Total liabilities and stockholders' equity</b>		<b>(Won) 16,501,987</b>	<b>13,394,435</b>

See accompanying notes to non-consolidated financial statements.

**Table of Contents**

LG DISPLAY CO., LTD.

**Non-Consolidated Statements of Income**

For the years ended December 31, 2008 and 2007

<i>(In millions of Won, except earnings per share)</i>		<b>Note</b>	<b>2008</b>	<b>2007</b>
<b>Sales</b>		8, 33	(Won) 15,865,240	14,163,131
<b>Cost of sales</b>		8, 25	13,626,602	12,076,688
<b>Gross profit</b>			2,238,638	2,086,443
Selling and administrative expenses		26	702,332	595,308
<b>Operating income</b>			1,536,306	1,491,135
Interest income			205,988	54,080
Rental income			3,203	3,796
Foreign exchange gains			2,492,293	255,307
Gain on foreign currency translation			211,068	35,620
Equity income on investments		7	164,142	29,013
Gain on disposal of property, plant and equipment			3,299	6,561
Gain on disposal of intangible assets			1,633	
Commission earned			30,207	175,233
Reversal of bad debt allowance			5,961	
Gain on redemption of debentures		13	1,152	1,868
Other income			9,041	10,235
<b>Non-operating income</b>			3,127,987	571,713
Interest expense			115,702	185,690
Foreign exchange losses			2,324,969	192,847
Loss on foreign currency translation			437,392	35,299
Donations			7,829	2,314
Loss on disposal of trade accounts and notes receivable		4	23,019	2,685
Equity loss on investments		7	454,672	35,347
Loss on disposal of property, plant and equipment			536	3,498
Impairment loss on property, plant and equipment		9	83	40,098
Loss on redemption of debentures		13	13	19,500
Loss on sale of investment in equity securities		7	100	
Other expenses			6,498	8
<b>Non-operating expenses</b>			3,370,813	517,286
<b>Income before income taxes</b>			1,293,480	1,545,562
Income tax expense		24	206,584	201,535
<b>Net income</b>			(Won) 1,086,896	1,344,027
<b>Earnings per share</b>		27		
Basic earnings per share			(Won) 3,038	3,756

Diluted earnings per share	(Won)	3,003	3,716
----------------------------	-------	-------	-------

*See accompanying notes to non-consolidated financial statements.*

**Table of Contents**

LG DISPLAY CO., LTD.

**Non-Consolidated Statements of Appropriations of Retained Earnings**

For the years ended December 31, 2008 and 2007

(Date of appropriations : March 13, 2009 and February 29, 2008 for the years ended December 31, 2008 and 2007, respectively)

<i>(In millions of Korean won)</i>	Note	2008	2007
<b>Retained earnings before appropriations</b>			
Unappropriated retained earnings carried over from prior year		(Won) 3,759,865	2,711,036
Net income		1,086,896	1,344,027
		4,846,761	4,055,063
<b>Appropriation of retained earnings</b>			
Legal reserve		17,891	26,836
Cash dividend (dividend per share (dividend as a percentage of par value) : (Won)500 (10%) in 2008 and (Won)750 (15%) in 2007)	28	178,908	268,362
		196,799	295,198
<b>Unappropriated retained earnings carried forward to the following year</b>		(Won) 4,649,962	3,759,865

*See accompanying notes to non-consolidated financial statements.*



**Table of Contents**

LG DISPLAY CO., LTD.

**Non-Consolidated Statements of Changes in Stockholders' Equity**

For the years ended December 31, 2008 and 2007

<i>(In millions of Won)</i>	Note	Capital stock	Capital surplus	Accumulated other comprehensive income	Retained earnings	Total
<b>Balances at January 1, 2007</b>		(Won) 1,789,079	2,275,172	(13,948)	2,839,373	6,889,676
Net income					1,344,027	1,344,027
Change in consideration for conversion rights			35,899			35,899
Change in capital adjustment arising from equity method investments	7, 30			46,772		46,772
Gain on valuation of cash flow hedges	19, 30			(22,925)		(22,925)
Loss on valuation of cash flow hedges	19, 30			(4,076)		(4,076)
<b>Balances at December 31, 2007</b>		1,789,079	2,311,071	5,823	4,183,400	8,289,373
<b>Balances at January 1, 2008</b>		1,789,079	2,311,071	5,823	4,183,400	8,289,373
Cash dividend					(268,362)	(268,362)
Net income					1,086,896	1,086,896
Change in fair value of available-for-sale securities	6, 30			25,934		25,934
Change in capital adjustment arising from equity method investments	7, 30			144,688		144,688
Gain on valuation of cash flow hedges	19, 30			(1,498)		(1,498)
Loss on valuation of cash flow hedges	19, 30			(1,009)		(1,009)
<b>Balances at December 31, 2008</b>		(Won) 1,789,079	2,311,071	173,938	5,001,934	9,276,022

*See accompanying notes to non-consolidated financial statements.*

**Table of Contents**

LG DISPLAY CO., LTD.

**Non-Consolidated Statements of Cash Flows**

For the years ended December 31, 2008 and 2007

<i>(In millions of Won)</i>	<b>Note</b>	<b>2008</b>	<b>2007</b>
<b>Cash flows from operating activities:</b>			
Net income		(Won) 1,086,896	1,344,027
<b>Adjustments for:</b>			
Depreciation		2,280,579	2,610,254
Amortization of intangible assets		50,310	45,452
Provision for severance benefits		68,956	62,663
Provision for warranty reserve	17	90,063	72,058
Loss (gain) on foreign currency translation, net		226,347	(7,932)
Equity loss on investments, net		290,530	6,334
Loss on sale of investment in equity securities, net		100	
Gain on disposal of property, plant and equipment, net		(2,763)	(3,063)
Gain on disposal of intangible assets, net		(1,633)	
Impairment loss on property, plant and equipment		83	40,098
Amortization of discount on debentures, net		30,838	45,323
Loss (gain) on redemption of debentures, net		(1,139)	17,632
(Reversal of) compensation expenses associated with stock option	29	(560)	560
		3,031,711	2,889,379
<b>Changes in operating assets and liabilities:</b>			
Decrease (increase) in trade accounts receivable and notes receivable		619,830	(1,381,517)
Decrease (increase) in other accounts receivable		81,060	(94,090)
Decrease (increase) in accrued income		(74,131)	(13,223)
Decrease (increase) in advance payments		2,493	2,688
Decrease (increase) in prepaid expenses		28,721	17,591
Decrease (increase) in prepaid value added tax		(66,833)	(39,367)
Decrease (increase) in other current assets		1,853	16,502
Decrease (increase) in inventories		(200,907)	54,780
Decrease (increase) in long-term other receivables		182	(364)
Decrease (increase) in long-term prepaid expenses		(24,482)	(46,625)
Decrease (increase) in non-current deferred income tax assets		(81,165)	123,183
Decrease (increase) in other non-current assets		2,539	
Increase (decrease) in trade accounts and notes payable		59,217	29,968
Increase (decrease) in other accounts payable		403,602	42,559
Increase (decrease) in advances received		(1,691)	11,899
Increase (decrease) in withholdings		8,759	(2,319)
Increase (decrease) in accrued expenses		38,663	104,456
Increase (decrease) in income tax payable		193,208	72,342
Increase (decrease) in other current liabilities		(20,536)	(5,885)
Increase (decrease) in warranty reserve	17	(81,253)	(50,778)
Accrued severance benefits transferred from affiliated company, net		3,339	2,117
Payment of severance benefits		(23,850)	(48,064)
Decrease (increase) in severance insurance deposits		(31,792)	(45,242)
Decrease (increase) in contribution to the National Pension Fund		51	110
		836,877	(1,249,279)
<b>Net cash provided by operating activities</b>		(Won) 4,955,484	2,984,127

*See accompanying notes to non-consolidated financial statements.*

**Table of Contents**

LG DISPLAY CO., LTD.

**Non-Consolidated Statements of Cash Flows (Continued)**

For the years ended December 31, 2008 and 2007

<i>(In millions of Won)</i>	Note	2008	2007
<b>Cash flows from investing activities:</b>			
Increase in short-term financial instruments		(Won) (1,270,000)	(785,000)
Acquisition of available-for-sale securities		(96,260)	(39)
Cash dividends received	7	12,187	17,754
Acquisition of equity method securities		(46,755)	(102,699)
Proceeds from disposal of property, plant and equipment		10,343	44,364
Proceeds from disposal of intangible assets		3,196	
Acquisition of property, plant and equipment		(2,623,303)	(1,250,504)
Acquisition of intangible assets		(125,103)	(10,477)
Refund of non-current guarantee deposits		32	412
Payment of non-current guarantee deposits		(13,469)	(12,009)
Long-term loans granted		(10,474)	
<b>Net cash used in investing activities</b>		<b>(4,159,606)</b>	<b>(2,098,198)</b>
<b>Cash flows from financing activities:</b>			
Proceeds from issuance of debentures			508,997
Redemption of debentures		(78,308)	(590,401)
Proceeds from long-term debts			277,362
Repayment of current portion of long-term debts		(351,171)	(557,258)
Repayment of long-term debts			(202,946)
Payment of cash dividends		(268,362)	
<b>Net cash used in financing activities</b>		<b>(697,841)</b>	<b>(564,246)</b>
<b>Net increase in cash and cash equivalents</b>		<b>98,037</b>	<b>321,683</b>
Cash and cash equivalents, beginning of the year		1,109,749	788,066
<b>Cash and cash equivalents, end of the year</b>		<b>(Won) 1,207,786</b>	<b>1,109,749</b>

*See accompanying notes to non-consolidated financial statements.*

## **Table of Contents**

LG DISPLAY CO., LTD.

### **Notes to Non-Consolidated Financial Statements**

December 31, 2008 and 2007

#### **1 Organization and Description of Business**

LG Display Co., Ltd. (formerly, LG.Philips LCD Co., Ltd.) (the Company) was incorporated in 1985 under its original name of LG Soft, Ltd. as a wholly owned subsidiary of LG Electronics Inc. In 1998, LG Electronics Inc. and LG Semicon Co., Ltd. transferred their respective Thin Film Transistor Liquid Crystal Display (TFT-LCD) related business to the Company. The Company's main business is to manufacture and sell TFT-LCD panels. In July 1999, LG Electronics Inc. and Koninklijke Philips Electronics N.V. (Philips) entered into a joint venture agreement. Pursuant to the agreement, the Company changed its name to LG.Philips LCD Co., Ltd. However, on February 29, 2008, the Company changed its name from LG.Philips LCD Co., Ltd. to LG Display Co., Ltd. based upon the approval of shareholders at the general shareholders meeting on the same date as a result of the decrease in Philips's share interest in the Company and the possibility of its business expansion to Organic Light Emitting Diode (OLED) and Flexible Display products. As of December 31, 2008, the majority of shares in the Company are owned by LG Electronics Inc. and Philips, 37.9% (135,625 thousand shares) and 13.2% (47,225 thousand shares), respectively.

As of December 31, 2008, the Company has LCD Research & Development Center and TFT-LCD manufacturing plants in Paju and TFT-LCD manufacturing plants and OLED manufacturing plant in Gumi. The Company has overseas subsidiaries located in the United States of America, Europe and Asia.

#### **2 Summary of Significant Accounting Policies and Basis of Presenting Financial Statements**

##### **(a) Significant Accounting Policies**

The significant accounting policies followed by the Company in the preparation of its non-consolidated financial statements are the same as those followed by the Company in its preparation of annual non-consolidated financial statements as of December 31, 2007 except for the application of the revisions made to Statements of Korea Accounting Standard (SKAS) No. 15, *Investments in Associates*, and Korea Accounting Institute Opinion 06-2, *Deferred Income Taxes on Investments in Subsidiaries, Associates and Interests in Joint Ventures*.

In accordance with the revised SKAS No. 15, if an investee is a subsidiary, net income and net assets of the parent company's separate financial statements should agree with the parent company's share in the net income and net assets of the consolidated financial statements, except when the Company discontinues the application of the equity method due to its investment in a subsidiary being reduced to zero. Revised Korea Accounting Institute Opinion 06-2 requires the Company to recognize deferred tax from unrealized profits and losses relating to intragroup transactions as it would in the consolidated financial statements. As required by the opinion, the Company retroactively applied this accounting change. The application of the above revised accounting standard and opinion had no impact on the Company's non-consolidated financial statements.

##### **(b) Basis of Presenting Financial Statements**

The Company maintains its accounting records in Korean Won and prepares statutory financial statements in the Korean language in conformity with the accounting principles generally accepted in the Republic of Korea. Certain accounting principles applied by the Company that conform with financial accounting standards and accounting principles in the Republic of Korea may not conform with generally accepted accounting principles in other countries. Accordingly, these non-consolidated financial statements are intended for use only by those who are informed about Korean accounting principles and practices. The accompanying non-consolidated financial statements have been translated into English from the Korean language non-consolidated financial statements.

## **Table of Contents**

LG DISPLAY CO., LTD.

### **Notes to Non-Consolidated Financial Statements**

December 31, 2008 and 2007

#### **2 Summary of Significant Accounting Policies and Basis of Presenting Financial Statements, Continued**

##### **(c) Revenue Recognition**

Revenue is recognized when the significant risks and rewards of ownership have been transferred to the Company's customers, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts, volume rebates and other cash incentives paid to customers.

##### **(d) Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand and in banks, and financial instruments with maturity of three months or less at the time of purchase. These financial instruments are readily convertible into cash without significant transaction costs and bear low risks from changes in value due to interest rate fluctuations.

##### **(e) Allowance for Doubtful Accounts**

Allowance for doubtful accounts is estimated based on an analysis of individual accounts and past experience of collection and presented as a deduction from trade receivables.

##### **(f) Inventories**

Inventories are stated at the lower of cost or market value, with cost being determined by a weighted-average method, except for the materials in transit, which is determined by a specific identification method. Valuation loss, which is comprised of the amount of any write-down of inventories to market value and the amount of loss from the difference between the quantity of inventories recorded in the financial statements and the actual quantity incurred in the ordinary course of business, is added to the cost of goods sold. Valuation loss for the holding inventories is presented as a reduction of the inventories. When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realizable value because of changed economic circumstances, the amount of the write-down is reversed and reduces cost of sales to the extent that revised book value does not exceed the book value that would have been recorded without the impairment. For the years ended December 31, 2008 and 2007, valuation loss is (Won)92,902 million and reversal of valuation loss is (Won)78,491 million, respectively.

Variable production overheads are allocated based on the actual level of production and fixed production overheads are allocated based on the actual capacity of production facilities. However, the normal capacity may be used for allocation of fixed production overheads if the actual level of production is lower than the normal capacity. The difference between actual fixed production overheads and allocated amount based on the normal level of production is recognized as capacity variances in non-operating expenses.

## **Table of Contents**

LG DISPLAY CO., LTD.

### **Notes to Non-Consolidated Financial Statements**

December 31, 2008 and 2007

#### **2     Summary of Significant Accounting Policies and Basis of Presenting Financial Statements, Continued**

##### **(g)   Investments in Securities**

Upon acquisition, the Company classifies debt and equity securities, excluding investments in subsidiaries, associates and joint ventures, into the following categories: held-to-maturity, trading securities or available-for-sale securities. This classification is reassessed at each balance sheet date.

Investments in debt securities where the Company has the positive intent and ability to hold to maturity are classified as held-to-maturity. Securities that are acquired principally for the purpose of selling in the short-term are classified as trading securities. Investments not classified as either held-to-maturity or trading securities are classified as available-for-sale securities.

Investments in securities are initially recognized at the fair value of considerations provided by the Company for the acquisition of securities and related transaction costs.

Held-to-maturity investments are carried at amortized cost. Trading and available-for-sale securities are subsequently carried at fair value. Investments in available-for-sale securities that do not have readily determinable fair values are recognized at cost less impairment, if any.

Gains and losses arising from changes in the fair value of trading securities are included in the income statement in the period in which they arise. Unrealized gains and losses arising from changes in the fair value of available-for-sale securities are recognized as accumulated other comprehensive income or loss, net of tax, directly in equity. Gains and losses of available-for-sale securities are recognized in the income statement when the securities are disposed or an impairment loss is recognized. Held-to-maturity investments are carried at amortized cost with interest income and expense recognized in the income statement using the effective interest method.

The Company reviews investments in securities whenever events or changes in circumstances indicate that the carrying amount of the investments may not be recoverable. Impairment losses are recognized when the reasonably estimated recoverable amounts are less than the carrying amount and it is not obviously evidenced that impairment is unnecessary.

Trading securities are presented as current assets. Available-for-sale securities, which mature within one year from the balance sheet date or where the likelihood of disposal within one year from the balance sheet date is probable, are presented as current assets. Held-to-maturity securities, which mature within one year from the balance sheet date, are presented as current assets. All other available-for-sale securities and held-to-maturity securities are presented as long-term investments.

## **Table of Contents**

LG DISPLAY CO., LTD.

### **Notes to Non-Consolidated Financial Statements**

December 31, 2008 and 2007

#### **2 Summary of Significant Accounting Policies and Basis of Presenting Financial Statements, Continued**

##### **(h) Equity Method Investments**

Investments in associates and subsidiaries of which the Company has the ability to significantly influence are accounted for using the equity method of accounting. The Company records changes in its proportionate ownership in the net assets of the associates and subsidiaries in current operations or as adjustments to other comprehensive income (loss) or retained earnings, depending on the nature of the underlying change in the net assets of the associates and subsidiaries. If the carrying amount of an investment in an associate or subsidiary falls below zero as a result of reflecting the investee's losses when the equity method is applied, the Company discontinues recognizing further changes in its share of equity interest in the associate or subsidiary and the related investment is accounted for at nil value. However, if the Company holds interest in the associate or subsidiary, including preferred stocks, long-term loans and receivables issued by the associate or subsidiary, the Company continues to account for the losses of the associate or subsidiary until the carrying amount of the interest is reduced to zero.

Unrealized gains on transactions between the Company and its associates or subsidiaries are eliminated to the extent of the Company's interest in each associate or subsidiary. Unrealized gains are accounted for as a reduction of the carrying amount of the investment in the associate, while unrealized losses are added to the carrying amount of the investment in the associate. Unrealized gains or losses, arising from sales by the Company to the subsidiaries, are fully eliminated.

At the date of acquisition of an investment in an associate or subsidiary, the Company's share of the difference between the fair value and book value of the identifiable assets and liabilities of an associate or subsidiary is amortized or reinstated in accordance with the associate or subsidiary's methods of accounting for assets and liabilities. The amount of goodwill or negative goodwill is calculated as the difference between the acquisition cost of an investment in an associate or subsidiary and the Company's share of the fair value of the identifiable net assets of the associate or subsidiary. Goodwill is amortized using the straight-line method over five years. The amount of negative goodwill up to the fair value of depreciable non-monetary assets is recognized using the straight-line method as a gain over the weighted average useful lives and the remainder of negative goodwill up to the fair value of non-depreciable assets is recognized as a gain in the period of disposal of the assets.

Assets and liabilities of a foreign company subject to the equity method of accounting for investments are translated into Korean Won at the rates of exchange prevailing at the balance sheet date, while their equity is translated at the exchange rate at the time of transactions, and income statement accounts at the average rate over the year. Resulting translation gains and losses are recorded as accumulated other comprehensive income and loss.



**Table of Contents**

LG DISPLAY CO., LTD.

**Notes to Non-Consolidated Financial Statements**

December 31, 2008 and 2007

**2 Summary of Significant Accounting Policies and Basis of Presenting Financial Statements, Continued****(i) Interest in Joint Ventures**

Joint ventures are those entities two or more venturers are bound by a contractual arrangement and the contractual arrangement establishes a joint control. The Company accounts for its interest in a jointly controlled entity using the equity method of accounting.

**(j) Property, Plant and Equipment**

Upon acquisition, property, plant and equipment are stated at cost, which includes acquisition cost or production cost and other costs required to prepare the asset for its intended use as well as capitalized financial expense. Assets acquired through investment in kind or donations are recorded at their fair value upon acquisition. For assets acquired in exchange for a similar asset, the carrying amount of the asset given up is used to measure the cost of the asset received, and for assets acquired in exchange for a dissimilar asset, the fair value of the asset given up is used to measure the cost of the asset received unless the fair value of the asset received is more clearly evident.

Depreciation is computed by using the straight-line method over the estimated useful lives of the assets as follows:

	Useful lives (years)
Buildings	20, 40
Structures	20, 40
Machinery and equipment	4
Vehicles	4, 12
Tools, furniture and fixtures	4

Significant additions or improvement extending the useful lives or increasing the value of the assets are capitalized. Normal maintenance and repairs are charged to expenses as incurred.

**Table of Contents**

LG DISPLAY CO., LTD.

**Notes to Non-Consolidated Financial Statements**

December 31, 2008 and 2007

**2 Summary of Significant Accounting Policies and Basis of Presenting Financial Statements, Continued****(k) Intangible Assets**

Intangible assets are stated at cost, which includes acquisition or production cost and other costs required to prepare the asset for its intended use, less accumulated amortization and accumulated impairment loss, if any. Amortization commences when the asset is available for use, and the residual value of an intangible asset is assumed to be zero.

Costs incurred during the development phase are recognized as assets only if the criteria for capitalization as an intangible asset are met, otherwise costs are recognized as a development cost in cost of sales or selling, general and administrative expenses. Any expenditure incurred in the research phase is recognized as research expense in selling, general and administrative expenses.

Intangible assets are amortized using the straight-line method over the following estimated useful lives:

	Estimated useful lives (years)
Intellectual property rights	5, 10
Rights to use electricity and gas supply facilities	10
Rights to use industrial water facilities	10
Software	4

**(l) Grants Received**

Grants received from government and other third parties, which are to be repaid, are recorded as a liability. While non-refundable grants received are presented as a reduction of the acquisition cost of the acquire assets, grants received for a specific purpose, not related to the acquisition of assets, are offset against the related expense, and other grants received are recorded as other income.

**(m) Impairment of Assets**

When the book value of an asset is significantly greater than its recoverable value due to obsolescence, physical damage or an abrupt decline in the market value of the asset, the decline in value is deducted from the book value to agree with the recoverable amount and is recognized as an asset impairment loss for the period. When the recoverable value subsequently exceeds the book value, the reversal of impairment amount is recognized as a gain for the period to the extent that the revised book value does not exceed the book value that would have been recorded without the impairment.

## **Table of Contents**

LG DISPLAY CO., LTD.

### **Notes to Non-Consolidated Financial Statements**

December 31, 2008 and 2007

#### **2 Summary of Significant Accounting Policies and Basis of Presenting Financial Statements, Continued**

##### **(n) Convertible Bonds**

When accounting for a convertible bond, the liability component and the equity component of a bond are separated. At the date of issue, the liability component of the bond is calculated at the fair value of a similar debt security without conversion rights, which is the present value of future cash flows from an ordinary bond until maturity and the equity component is calculated as the difference between the gross proceeds of the bond received at the date of issue and the amount of liability component. The equity component of the convertible bond is presented as a part of capital surplus within equity. Subsequent to initial recognition, the liability component is measured at amortized cost using the effective interest rate method; however, the equity component is not remeasured subsequent to initial recognition.

##### **(o) Stock and Bond Issue Costs**

Stock issue cost is deducted from the gross proceeds from issuance of those stocks and bond issue cost is adjusted to issuance price of debentures and, in turn, discount or premium on debentures.

##### **(p) Discount (Premium) on Debentures**

Discount (premium) on debentures, which represents the difference between the face value and issuance price of debentures, is amortized (accreted) using the effective interest method over the life of the debentures. The amount amortized (accreted) is included in interest expense.

##### **(q) Retirement and Severance Benefits**

Employees and directors with at least one year of service are entitled to receive a lump-sum payment upon termination of their employment with the Company. Accrued severance benefits represent the amount which would be payable assuming all eligible employees and directors were to terminate their employment as of the balance sheet date.

The Company has partially funded the accrued severance benefits through severance insurance deposits with insurance companies. Deposits made by the Company are recorded as a deduction from accrued severance benefits. In the case that the deposits are greater than the balance of accrued severance benefits, the excess portion of deposits over accrued severance benefits is recorded as other investments. The Company deposited a certain portion of severance benefits to the National Pension Service according to the prior National Pension Law. The deposit amount is recorded as a deduction from accrued severance benefits.

##### **(r) Foreign Currency Translation**

Non-monetary assets and liabilities denominated in foreign currencies, which are stated at historical cost, are translated into Korean Won at the foreign exchange rate on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Korean Won using the foreign exchange rates prevailing at the balance sheet date, with the resulting gains or losses recognized in the statement of income.



---

**Table of Contents**

LG DISPLAY CO., LTD.

**Notes to Non-Consolidated Financial Statements**

December 31, 2008 and 2007

2 **Summary of Significant Accounting Policies and Basis of Presenting Financial Statements, Continued**

(s) **Derivatives**

The Company enters into foreign currency forward contracts to manage the foreign currency risk exposures to the changes in fair value of foreign currency denominated accounts receivable and accounts payable and to the variability of the future cash flows of forecasted raw material purchases and product sales. In addition, the Company entered into cross currency swap and interest rate swap contracts to manage the interest rate and foreign currency risk exposures to the variability of future cash flows of floating rate notes.

Derivatives are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at their fair value at each balance sheet date. Attributable transaction costs are recognized in profit or loss when incurred.

Where a derivative, which meets certain criteria, is used for hedging the exposure to changes in the fair value of a recognized asset or liability, it is designated as a fair value hedge. Where a derivative, which meets certain criteria, is used for hedging the exposure to the variability of the future cash flows of a forecasted transaction, it is designated as a cash flow hedge.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the statement of income, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

The effective portion of the changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognized in equity, other comprehensive income or loss. Amounts accumulated in equity are recycled to the income statement in the periods in which the hedged item will affect profit or loss or adjusted to the carrying value of an asset or liability of the related to the hedged transaction.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at the time remains in equity and is recognized in income when the forecast transaction is ultimately recognized in the statement of income. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the statement of income.

The Company documents, at the inception of the transaction, the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Company also documents its assessment, both at hedge inception and on an ongoing basis at each balance sheet date, of whether the derivatives that are used in hedging transactions are highly effective in offsetting the changes in fair values or cash flows of hedged items and recognizes the gain or loss related to any ineffective portion immediately in the statement of income.

## **Table of Contents**

LG DISPLAY CO., LTD.

### **Notes to Non-Consolidated Financial Statements**

December 31, 2008 and 2007

## **2 Summary of Significant Accounting Policies and Basis of Presenting Financial Statements, Continued**

### **(t) Provisions and Contingent Liabilities**

When it is probable that an outflow of economic benefits will occur due to a present obligation resulting from a past event, and whose amount is reasonably estimable, a corresponding amount of provision is recognized in the financial statements. However, when such outflow is dependent upon a future event, is not probable to occur, or cannot be reliably estimated, a disclosure regarding the contingent liability is made in the notes to the financial statements.

### **(u) Income Taxes**

Income tax expense includes the current income tax under the relevant income tax laws and the changes in deferred tax assets or liabilities. Deferred tax assets and liabilities represent the amount of future income tax payables to be decreased or increased, respectively, by temporary differences, which is the difference between the carrying amounts of assets and liabilities for financial reporting purpose and the tax bases of assets and liabilities, and unused loss carryforwards and tax credits. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the temporary differences can be utilized. Deferred tax assets and liabilities are computed on temporary differences by applying enacted statutory tax rates applicable to the years when such differences are expected to reverse. Changes in the carrying amount of deferred tax assets or liabilities result from a change in tax rates or tax laws are recognized in the income statement except to the extent that the changes relate to items previously reflected directly in the shareholders' equity.

### **(v) Sale or Discount of Accounts Receivable**

The Company sells or discounts certain accounts or notes receivable to financial institutions, and accounts for the transactions as sale of the receivables if the control over the receivables is substantially transferred to the buyers. The losses from the sale of the receivables are charged to current operations as incurred.

### **(w) Earnings Per Share**

Earnings per share are calculated by dividing net income attributable to stockholders of the Company by the weighted-average number of shares outstanding during the period. Diluted earnings per share are determined by adjusting net income attributable to stockholders and the weighted-average number of shares outstanding for the effects of all dilutive potential shares.

### **(x) Use of Estimates**

The preparation of non-consolidated financial statements in accordance with accounting principles generally accepted in the Republic of Korea requires management to make estimates and assumptions that affect the amounts reported in the non-consolidated financial statements and related notes to non-consolidated financial statements. Items requiring management's estimates and assumptions include, but not limited to, the valuation of property, plant and equipment, accounts receivable, inventories, deferred income tax and derivative contracts. Actual results could differ from those estimates.



**Table of Contents**

LG DISPLAY CO., LTD.

**Notes to Non-Consolidated Financial Statements**

December 31, 2008 and 2007

**3 Cash and Cash Equivalents and Short-term Financial Instruments**

Cash and cash equivalents as of December 31, 2008 and 2007 are as follows:

<i>(In millions of Won)</i>	Annual interest rate(%) at December 31, 2008	2008	2007
<b>Cash and cash equivalents</b>			
Checking accounts		(Won) 141	3
Time deposits	4.24~6.56	601,692	972,628
Passbook accounts in foreign currencies	0.18~4.12	605,953	137,118
		1,207,786	1,109,749
<b>Short-term financial instruments</b>			
Time deposits and others	5.76~7.00	2,055,000	785,000
		(Won) 3,262,786	1,894,749

**4 Receivables**

The Company's allowance for doubtful accounts on receivables, including trade accounts and notes receivable, as of December 31, 2008 and 2007 is as follows:

<i>(In millions of Won)</i>	Gross amount	2008 Allowance for doubtful accounts	Carrying value
Trade accounts and notes receivable	(Won) 1,695,871	293	1,695,578
Other accounts receivable	41,792	222	41,570
Accrued income	88,237	62	88,175
Advance payments	253	3	250
Long-term other receivables	184	2	182

  

<i>(In millions of Won)</i>	Gross amount	2007 Allowance for doubtful accounts	Carrying value
Trade accounts and notes receivable	(Won) 2,468,085	5,139	2,462,946
Other accounts receivable	122,917	1,230	121,687
Accrued income	14,186	142	14,044



Edgar Filing: LG Display Co., Ltd. - Form 6-K

Advance payments	2,771	28	2,743
Long-term other receivables	368	4	364

**Table of Contents**

LG DISPLAY CO., LTD.

**Notes to Non-Consolidated Financial Statements**

December 31, 2008 and 2007

**4    Receivables, Continued**

The amount of trade accounts and notes receivable, arising from export sales, sold to financial institutions in 2008 was USD4,133 million, of which USD478 million ((Won)601,068 million) is current and outstanding as of December 31, 2008. For the year ended December 31, 2008, the Company recognized (Won)23,019 million as loss on disposal of trade accounts and notes receivable.

**5    Inventories**

Inventories as of December 31, 2008 and 2007 are as follows:

<i>(In millions of Won)</i>	<b>Gross amount</b>	<b>2008</b>	
		<b>Valuation loss</b>	<b>Book value</b>
Finished goods	(Won) 330,361	44,154	286,207
Work-in-process	415,264	57,173	358,091
Raw materials	173,708	5,520	168,188
Supplies	95,685	26,668	69,017
	(Won) 1,015,018	133,515	881,503

<i>(In millions of Won)</i>	<b>Gross amount</b>	<b>2007</b>	
		<b>Valuation loss</b>	<b>Book value</b>
Finished goods	(Won) 315,363	4,388	310,975
Work-in-process	216,258	7,590	208,668
Raw materials	110,652	2,604	108,048
Supplies	78,936	26,031	52,905
	(Won) 721,209	40,613	680,596

**Table of Contents**

LG DISPLAY CO., LTD.

**Notes to Non-Consolidated Financial Statements**

December 31, 2008 and 2007

**6 Available-for-Sale Securities**

Available-for-sale securities as of December 31, 2008 and 2007 are as follows:

(In millions of Won)	Acquisition cost	Beginning balance	2008 Unrealized gains (losses) Changes in unrealized gains and losses, net		Realized gains on disposition	Net balance at end of year	Carrying value (fair value)
<b>Current asset</b>							
<b>Debt securities</b>							
Government bonds	(Won) 74						74
<b>Non-current asset</b>							
<b>Equity securities</b>							
HannStar Display Corporation(*)	(Won) 96,249		33,248			33,248	129,497

(\*) In February 2008, the Company purchased 180 million shares of non-voting mandatorily redeemable convertible preferred stock of HannStar Display Corporation ( Hannstar ) located in Taiwan. The preferred stocks are convertible into common stocks of HannStar at a ratio of 1:1 at the option of the Company from the issue date, February 28, 2008, to the maturity, February 28, 2011. In 2008, there is no preferred stock converted into common stock.

The Company has a put option for total or partial cash redemption of convertible preferred stocks during the period from 18 months after issuance of the convertible preferred stocks to 91 days prior to maturity of them and the issuer has a call option to repay, in cash, total preferred stocks during the period from 2 years after issuance to 90 days prior to maturity.

The abovementioned convertible preferred stocks have been privately placed under the Taiwanese Law, which restricts the sale of the preferred stocks (up to 3 years), and the stocks acquired through conversion are not to be traded in the Taiwanese Stock Exchange until the original maturity of the preferred stocks.

The fair value of the preferred stock has been computed by discounting estimated cash flows from the stock using yield rate that reflects HannStar's credit risk. The estimated fair value of the convertible preferred stocks is (Won)129,497 million.

**Table of Contents**

LG DISPLAY CO., LTD.

**Notes to Non-Consolidated Financial Statements**

December 31, 2008 and 2007

6 Available-for-Sale Securities, Continued

(In millions of Won)	Acquisition cost	Beginning balance	2007		Net balance at end of year	Carrying value (fair value)
			Unrealized gains (losses) Changes in unrealized gains and losses, net	Realized gains on disposition		
<b>Current asset</b>						
<b>Debt securities</b>						
Government bonds	(Won) 63					63

7 Equity Method Investments

(a) 2008

(i) Investments in companies accounted for using the equity method as of December 31, 2008 are as follows:

(In millions of Won)					
Company(*1)	Percentage of ownership(%)	Acquisition cost	Net asset value	Carrying value	
LG Display America, Inc. (formerly, LG.philips LCD America, Inc.)	100.00	(Won) 6,082	(414,154)		
LG Display Germany GmbH (formerly, LG.Philips LCD Germany GmbH)	100.00	1,252	11,487	19,373	
LG Display Japan Co., Ltd. (formerly, LG.Philips LCD Japan Co., Ltd.)	100.00	1,088	12,012	15,686	
LG Display Taiwan Co., Ltd. (formerly, LG.Philips LCD Taiwan Co., Ltd.)	100.00	6,076	26,491	35,230	
LG Display Nanjing Co., Ltd. (formerly, LG.Philips LCD Nanjing Co., Ltd.)	100.00	192,704	410,046	409,200	
LG Display Hong Kong Co., Ltd. (formerly, LG.Philips LCD Hong Kong Co., Ltd.)	100.00	1,736	2,000	2,000	
LG Display Shanghai Co., Ltd. (formerly, LCD Shanghai Co., Ltd.)	100.00	596	7,052	9,093	
LG Display Poland Sp. zo.o. (formerly, LG.Philips LCD Poland Sp. zo.o.)	80.29	131,761	157,864	157,864	
LG Display Guangzhou Co., Ltd. (formerly, LG.Philips LCD Guangzhou Co., Ltd.)	84.21	70,474	105,492	100,279	
LG Display Shenzhen Co., Ltd. (formerly, LG.Philips LCD Shenzhen Co., Ltd.)	100.00	469	3,400	3,467	
Suzhou Raken Technology Ltd.(*5)	51.00	13,153	12,950	18,328	
Paju Electric Glass Co., Ltd.	40.00	14,400	26,893	25,841	

Edgar Filing: LG Display Co., Ltd. - Form 6-K

TLI Inc.(*2)	12.90	14,074	7,861	12,565
AVACO Co., Ltd.(*2)	19.90	6,173	8,056	6,021
NEW OPTICS Ltd.(*3)	36.68	9,700	10,782	11,721
Guangzhou New Vision Technology Research and Development Limited(*4)	50.00	3,655	4,569	4,569
		(Won) 473,393	392,801	831,237

## **Table of Contents**

LG DISPLAY CO., LTD.

### **Notes to Non-Consolidated Financial Statements**

December 31, 2008 and 2007

#### **7 Equity Method Investments, Continued**

-

- (\*1) Controlled subsidiaries changed their names due to the change of the Company's name.
- (\*2) In May and June 2008, the Company acquired 1,008,875 common shares (13.0%) and 2,037,204 common shares (19.9%) of TLI Inc. and AVACO Co., Ltd. at (Won)14,074 million and (Won)6,173 million, respectively. Although the Company's share interest in these investees are below 20%, the Company is able to exercise significant influence through its right to assign a director in the board of directors of the investees and, accordingly, the investment in these investees have been accounted for using the equity method. TLI Inc. issued new shares due to employees' exercise of stock options. Accordingly, the Company's ownership in TLI Inc. decreased from 13.0% to 12.9%, and the Company recognized (Won)100 million as loss on disposal of equity method investments. TLI Inc. and AVACO Co., Ltd. are listed on the Korean Securities Dealers' Automated Quotation. As of December 31, 2008, the stocks of TLI Inc. and AVACO Co., Ltd. are traded for (Won)5,670 and (Won)2,400 per share, respectively.
- (\*3) In July 2008, the Company acquired 6,850,000 common shares (36.68%) of NEW OPTICS Ltd. at (Won)9,700 million.
- (\*4) The Company entered into a joint venture agreement with Shenzhen Skyworth-RGB Electronics Co., Limited ( "Skyworth-RGB" ) to strengthen its strategic alliance with Skyworth-RGB and to jointly develop products for enhancing competitiveness in the Chinese market and, accordingly, Guangzhou New Vision Technology Research and Development Limited was set up for research and development on design of LCD modules and LCD TVs. Each party acquired a 50% equity interest in the joint venture and, in July 2008, the Company invested (Won)3,655 million in connection with the acquisition of 50% interest.
- (\*5) On October 7, 2008, the Company entered into a joint venture agreement with AmTRAN Technology Co., Ltd. ( "AmTRAN" ) in Suzhou, China for production of LCD modules and LCD TV sets. The Company and AmTRAN acquired a 51% and 49% equity interests in the joint venture, respectively, and the Company invested (Won)13,153 million in connection with the acquisition of the shares.

**Table of Contents**

LG DISPLAY CO., LTD.

**Notes to Non-Consolidated Financial Statements**

December 31, 2008 and 2007

**7 Equity Method Investments, Continued**

(ii) Changes in goodwill and negative goodwill for equity method investments for the year ended December 31, 2008 are as follows:

*(In millions of Won)*

Company	Balance at January 1, 2008	Increase (Decrease)	Amortized (Reversal) amount	Balance at December 31, 2008
TLI Inc.	(Won)	5,531	(567)	4,964
AVACO Co., Ltd.		(888)	227	(661)
NEW OPTICS Ltd.		1,566	(68)	1,498
	(Won)	6,209	(408)	5,801

(iii) Details of eliminated unrealized gains and losses from transactions between the Company and equity investees as of December 31, 2008 are as follows:

*(In millions of Won)*

Company	Inventories	Property, plant and equipment	Accounts receivable	Total
LG Display America, Inc.	(Won) 7,542		455	7,997
LG Display Germany GmbH	7,080		806	7,886
LG Display Japan Co., Ltd.	3,362		312	3,674
LG Display Taiwan Co., Ltd.	8,323		416	8,739
LG Display Nanjing Co., Ltd.		(846)		(846)
LG Display Shanghai Co., Ltd.	1,709		332	2,041
LG Display Guangzhou Co., Ltd.		(5,213)		(5,213)
LG Display Shenzhen Co., Ltd.	15		52	67
Suzhou Raken Technology Ltd.	5,535			5,535
Paju Electric Glass Co., Ltd.	(1,052)			(1,052)
TLI Inc.	(260)			(260)
AVACO Co., Ltd.	(1,374)			(1,374)
NEW OPTICS Ltd.	(559)			(559)
	(Won) 30,321	(6,059)	2,373	26,635

**Table of Contents**

LG DISPLAY CO., LTD.

**Notes to Non-Consolidated Financial Statements**

December 31, 2008 and 2007

**7 Equity Method Investments, Continued**

(iv) Changes in the balances of investments in companies accounted for using the equity method for the year ended December 31, 2008 are as follows:

*(In millions of Won)*

Company	Balance at January 1, 2008	Acquisitions during the year	Dividend received	Gain (loss) on valuation of equity method investments	Accumulated other comprehensive income	Other	Balance at December 31, 2008
LG Display America, Inc.(*1)	(Won) 1,486			(438,736)	31,094	406,156	
LG Display Germany GmbH				17,191	2,182		19,373
LG Display Japan Co., Ltd.	2,660			8,626	4,400		15,686
LG Display Taiwan Co., Ltd.	4,918			24,683	5,629		35,230
LG Display Nanjing Co., Ltd.	235,386			76,511	97,303		409,200
LG Display Hong Kong Co., Ltd.	7,564		(6,427)	(5)	868		2,000
LG Display Shanghai Co., Ltd.				7,638	1,455		9,093
LG Display Poland Sp. zo.o.	154,231			(15,042)	18,675		157,864
LG Display Guangzhou Co., Ltd.	58,152			12,959	29,168		100,279
LG Display Shenzhen Co., Ltd.				2,648	819		3,467
Suzhou Raken Technology Ltd.(*2)		13,153		5,409	(234)		18,328
Paju Electric Glass Co., Ltd.(*2)	24,704		(5,760)	6,897			25,841
TLI Inc.(*2)		14,074		(822)	(587)	(100)	12,565
AVACO Co., Ltd.(*2)		6,173		(36)	(116)		6,021
NEW OPTICS Ltd.(*2)		9,700		1,580	441		11,721
Guangzhou New Vision Technology Research and Development Limited (*2)		3,655		(31)	945		4,569
	(Won) 489,101	46,755	(12,187)	(290,530)	192,042	406,056	831,237

-

(\*1)



## Edgar Filing: LG Display Co., Ltd. - Form 6-K

LG Display America, Inc. ( LGDUS ) was officially sentenced to pay the fine of USD400 million by the U.S. Department of Justice ( DOJ ). The Company recognized all losses related to LGDUS 's fine payable and recorded the cumulative loss in excess of the Company 's investment in LGDUS as long-term other accounts payable.

- (\*2) The Company accounted for its investments in these companies by using equity method of accounting based on the unaudited financial statements as it was unable to obtain the audited financial statements. However, the Company performed certain procedures to gain reasonableness of the unaudited financial statements.

**Table of Contents**

LG DISPLAY CO., LTD.

**Notes to Non-Consolidated Financial Statements**

December 31, 2008 and 2007

**7 Equity Method Investments, Continued**

(v) There are no losses unrecognized by the Company due to cessation of applying the equity method to its investment in the associates as of December 31, 2008.

(vi) A summary of investees' financial data as of and for the year ended December 31, 2008, is as follows:

*(In millions of Won)*

Company	Total assets	Total liabilities	Total shareholders equity	Sales	Net income (loss)
LG Display America, Inc.	(Won) 309,739	723,893	(414,154)	2,270,393	(455,544)
LG Display Germany GmbH	572,538	561,051	11,487	2,831,857	2,660
LG Display Japan Co., Ltd.	202,028	190,016	12,012	1,610,953	1,781
LG Display Taiwan Co., Ltd.	453,944	427,453	26,491	3,659,801	5,322
LG Display Nanjing Co., Ltd.	606,131	196,085	410,046	374,053	74,862
LG Display Hong Kong Co., Ltd.	2,010	10	2,000		(5)
LG Display Shanghai Co., Ltd.	289,311	282,259	7,052	1,908,678	2,589
LG Display Poland Sp. zo.o.	374,876	217,012	157,864	147,582	(15,042)
LG Display Guangzhou Co., Ltd.	207,705	102,213	105,492	103,058	14,100
LG Display Shenzhen Co., Ltd.	143,102	139,702	3,400	1,228,057	1,101
Suzhou Raken Technology Ltd.	37,648	12,255	25,393		(246)
Paju Electric Glass Co., Ltd.(*)	162,669	95,436	67,233	458,548	18,026
TLI Inc.	68,442	12,215	56,227	40,536	(279)
AVACO Co., Ltd.	67,570	28,464	39,106	52,013	5,578
NEW OPTICS Ltd.	129,197	99,800	29,397	106,980	6,018
Guangzhou New Vision Technology Research and Development Limited	9,155	17	9,138		(62)
	(Won) 3,636,065	3,087,881	548,184	14,792,509	(339,141)

(\*) The financial statements of Paju Electric Glass Co., Ltd. were adjusted to conform to the Company's accounting policy. Details of changes made and their effects on the financial statements are as follows:

*(In millions of Won)*

Reason for adjustment	Net asset value before adjustment	Net asset value after adjustment	Net income before adjustment	Net income after adjustment
Agreement of depreciation method	(Won) 60,841	67,233	20,099	18,026



**Table of Contents**

LG DISPLAY CO., LTD.

**Notes to Non-Consolidated Financial Statements**

December 31, 2008 and 2007

**7 Equity Method Investments, Continued**

(b) 2007

(i) Investments in companies accounted for using the equity method as of December 31, 2007 are as follows:

*(In millions of Won)*

Company	Percentage of ownership (%)	Acquisition cost	Net Asset value	Carrying value
LG Display America, Inc.	100.00	(Won) 6,082	10,297	1,486
LG Display Germany GmbH	100.00	1,252	6,645	
LG Display Japan Co., Ltd.	100.00	1,088	5,831	2,660
LG Display Taiwan Co., Ltd.	100.00	6,076	15,628	4,918
LG Display Nanjing Co., Ltd.	100.00	192,704	237,881	235,386
LG Display Hong Kong Co., Ltd.	100.00	1,736	7,564	7,564
LG Display Shanghai Co., Ltd.	100.00	596	3,007	
LG Display Poland Sp. zo.o.	80.29	131,761	154,231	154,231
LG Display Guangzhou Co., Ltd.	100.00	70,474	62,223	58,152
LG Display Shenzhen Co., Ltd.	100.00	469	1,481	
Paju Electric Glass Co., Ltd.	40.00	14,400	25,431	24,704
		(Won) 426,638	530,219	489,101

(ii) Details of eliminated unrealized gains and losses from transactions between the Company and equity investees as of December 31, 2007 are as follows:

*(In millions of Won)*

Company	Inventories	Property, plant and equipment	Total
LG Display America, Inc.	(Won) (8,811)		(8,811)
LG Display Germany GmbH	(14,113)		(14,113)
LG Display Japan Co., Ltd.	(3,171)		(3,171)
LG Display Taiwan Co., Ltd.	(10,624)		(10,624)
LG Display Nanjing Co., Ltd.		(2,496)	(2,496)
LG Display Shanghai Co., Ltd.	(5,655)		(5,655)
LG Display Guangzhou Co., Ltd.		(4,071)	(4,071)
LG Display Shenzhen Co., Ltd.	(10,126)		(10,126)
Paju Electric Glass Co., Ltd.	(726)		(726)
	(Won) (53,226)	(6,567)	(59,793)



**Table of Contents**

LG DISPLAY CO., LTD.

**Notes to Non-Consolidated Financial Statements**

December 31, 2008 and 2007

**7 Equity Method Investments, Continued**

(iii) Changes in the balances of investments in companies accounted for using the equity method for the year ended December 31, 2007 are as follows:

*(In millions of Won)*

Company	Balance at January 1, 2007	Acquisitions during the year	Dividend received	Gain (loss) on valuation of equity method investments	Accumulated other comprehensive income	Balance at December 31, 2007
LG Display America, Inc.	(Won) 8,535			(7,144)	95	1,486
LG Display Germany GmbH	7,383			(8,072)	689	
LG Display Japan Co., Ltd.	4,048			(1,773)	385	2,660
LG Display Taiwan Co., Ltd.	6,413			(1,741)	246	4,918
LG Display Nanjing Co., Ltd.	205,224	14,850	(13,145)	9,863	18,594	235,386
LG Display Hong Kong Co., Ltd.	4,184			3,326	54	7,564
LG Display Shanghai Co., Ltd.	3,777		(3,169)	(997)	389	
LG Display Poland Sp. z.o.o.	65,806	55,170		8,964	24,291	154,231
LG Display Guangzhou Co., Ltd.	36,891	32,210		(15,086)	4,137	58,152
LG Display Shenzhen Co., Ltd.		469		(534)	65	
Paju Electric Glass Co., Ltd.(*)	19,284		(1,440)	6,860		24,704
	(Won) 361,545	102,699	(17,754)	(6,334)	48,945	489,101

(\*) The Company accounted for its investments in Paju Electric Glass Co., Ltd. by using equity method of accounting based on the unaudited financial statements as it was unable to obtain the audited financial statements. However, the Company performed certain procedures to gain reasonableness of the unaudited financial statements.

(iv) Accumulated amounts of the investor's share of losses in associates that were not recognized as the Company ceased to apply the equity method to the balance of its investment in the associate are as follows:

# Edgar Filing: LG Display Co., Ltd. - Form 6-K

*(In millions of Won)*

Company	Percentage of ownership (%)	Amount
LG Display Germany GmbH	100.00	(7,468)
LG Display Shanghai Co., Ltd.	100.00	(2,647)
LG Display Shenzhen Co., Ltd.	100.00	(8,646)

(Won) (18,761)

**Table of Contents**

LG DISPLAY CO., LTD.

**Notes to Non-Consolidated Financial Statements**

December 31, 2008 and 2007

**7 Equity Method Investments, Continued**

(v) A summary of investees' financial data as of and for the year ended December 31, 2007, is as follows:

Company	Total assets	Total liabilities	Total shareholders equity	Sales	Net income (loss)
LG Display America, Inc.	(Won) 227,361	217,064	10,297	1,561,192	793
LG Display Germany GmbH	571,962	565,317	6,645	2,554,999	1,892
LG Display Japan Co., Ltd.	174,058	168,227	5,831	1,335,073	888
LG Display Taiwan Co., Ltd.	575,849	560,221	15,628	3,462,567	2,896
LG Display Nanjing Co., Ltd.	424,772	186,891	237,881	272,430	8,927
LG Display Hong Kong Co., Ltd.	7,966	402	7,564	725,313	1,496
LG Display Shanghai Co., Ltd.	256,811	253,804	3,007	1,379,368	1,820
LG Display Poland Sp. z o.o.	350,097	195,866	154,231	95,446	8,964
LG Display Guangzhou Co., Ltd.	95,691	33,467	62,224	447	(11,015)
LG Display Shenzhen Co., Ltd.	231,739	230,258	1,481	524,568	947
Paju Electric Glass Co., Ltd.(*)	125,782	62,205	63,577	313,773	15,600
	(Won) 3,042,088	2,473,722	568,366	12,225,176	33,208

(\*) The financial statements of Paju Electric Glass Co., Ltd. were adjusted to conform to the Company's accounting policy. Details of changes made and their effects on the financial statements are as follows:

*(In millions of Won)*

Reason for adjustment	Net asset value before adjustment	Net asset value after adjustment	Net income before adjustment	Net income after adjustment
Agreement of depreciation method	(Won) 55,142	63,577	14,329	15,600



**Table of Contents**

LG DISPLAY CO., LTD.

**Notes to Non-Consolidated Financial Statements**

December 31, 2008 and 2007

**8 Transactions and Balances with Related Parties**

(a) Details of parent and subsidiary relationships as of December 31, 2008 and 2007 are as follows:

<b>Relationship</b>	<b>2008</b>	<b>2007</b>
Controlling party(*1)	LG Electronics Inc.	LG Electronics Inc.
Company that has significant influence over the Company (*1)	LG Corp.	LG Corp., Koninklijke Philips Electronics N.V.(*2)
Subsidiary	LG Display America, Inc., LG Display Taiwan Co., Ltd., LG Display Japan Co., Ltd., LG Display Germany GmbH, LG Display Nanjing Co., Ltd., LG Display Shanghai Co., Ltd., LG Display Hong Kong Co., Ltd., LG Display Poland Sp. zo.o., LG Display Guangzhou Co., Ltd., LG Display Shenzhen Co., Ltd., Suzhou Raken Technology Ltd.	LG Display America, Inc., LG Display Taiwan Co., Ltd., LG Display Japan Co., Ltd., LG Display Germany GmbH, LG Display Nanjing Co., Ltd., LG Display Shanghai Co., Ltd., LG Display Hong Kong Co., Ltd., LG Display Poland Sp. zo.o., LG Display Guangzhou Co., Ltd., LG Display Shenzhen Co., Ltd., Global Professional Sourcing Co., Ltd.(*3)
Joint venture	Guangzhou New Vision  Technology Research and Development Limited	-
Equity method investee	Paju Electric Glass Co., Ltd., TLI Inc., AVACO Co., Ltd., NEW OPTICS Ltd.	Paju Electric Glass Co., Ltd.

**Table of Contents**

LG DISPLAY CO., LTD.

**Notes to Non-Consolidated Financial Statements**

December 31, 2008 and 2007

8 **Transactions and Balances with Related Parties, Continued**

<b>Relationship</b>	<b>2008</b>	<b>2007</b>
Affiliates(*4)	LG Management Development Institute Co., Ltd., LG Micron Ltd., LG Life Sciences, Ltd., LG CNS Co., Ltd., LG N-Sys Inc., LG Powercom Corp., Serveone Co., Ltd., LG Innotek Co., Ltd., LG Telecom Co., Ltd., LG CHEM Ltd., LG International Corp., LG Dacom Corporation, Hi Business Logistics, Siltron Incorporated, Lusem Co., Ltd. and others	LG Management Development Institute Co., Ltd., LG Micron Ltd., LG Life Sciences, Ltd., LG CNS Co., Ltd., LG N-Sys Inc., LG Powercom Corp., Serveone Co., Ltd., LG Innotek Co., Ltd., LG Telecom Co., Ltd., LG CHEM Ltd., LG International Corp., LG Dacom Corporation, Hi Business Logistics, Siltron Incorporated, Lusem Co., Ltd. and others

-

- (\*1) The immediate parent and the ultimate parent companies of the Company are LG Electronics Inc. and LG Corporation, respectively.
- (\*2) In October 2007 and March 2008, Koninklijke Philips Electronics N.V., which had significant influence over the Company in 2007, sold its share interest in the Company resulting in a decreased share interest of 13.2% (47,225 thousand shares) and resigned from the Company's management. Accordingly, Koninklijke Philips Electronics N.V. was excluded from the companies that have significant influence over the Company since March 2008.
- (\*3) This entity was liquidated in November 2008.
- (\*4) The subsidiaries of the affiliates, which are not presented above, are also other related parties of the Company.

**Table of Contents**

LG DISPLAY CO., LTD.

**Notes to Non-Consolidated Financial Statements**

December 31, 2008 and 2007

8 **Transactions and Balances with Related Parties, Continued**

(b) Significant transactions which occurred in the normal course of business with related companies for the years ended December 31, 2008 and 2007 are as follows:

<i>(In millions of Won)</i>	<b>Sales and other(*1)</b>		<b>Purchases and other(*1)</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
Controlling party(*2)	(Won) 1,117,135	919,862	260,813	81,276
Companies that have significant influence over the Company			27,312	31,011
Subsidiaries	13,025,032	11,356,386	672,682	370,669
Equity method investees	418		808,436	309,162
Other related parties	422,055	462,414	3,949,061	1,825,481
	(Won) 14,564,640	12,738,662	5,718,304	2,617,599

-

(\*1) These amounts include sale and purchase of property, plant and equipment to and from the Company's related parties amounting to (Won)8,833 million and (Won)431,906 million, respectively, in 2008 and (Won)35,693 million and (Won)194,046 million, respectively, in 2007.

(\*2) Controlling party includes overseas subsidiaries that are under direct control of LG Electronics Inc.

(c) Account balances with related companies as of December 31, 2008 and December 31, 2007 are as follows:

<i>(In millions of Won)</i>	<b>Trade accounts and notes receivable and other</b>		<b>Trade accounts and notes payable and other</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
Controlling party(*)	(Won) 115,235	124,560	82,249	25,851
Companies that have significant influence over the Company	2,577	2,717	2,727	8,629
Subsidiaries	1,267,901	1,921,164	279,572	67,342
Equity method investees	1		58,222	30,291
Other related parties	121,140	52,097	1,054,112	344,757
	(Won) 1,506,854	2,100,538	1,476,882	476,870

-

(\*) Controlling party include overseas subsidiaries that are under direct control of LG Electronics Inc.

(d) Key management compensation costs for the years ended December 31, 2008 and 2007 are as follows:

<i>(In millions of Won)</i>	<b>2008</b>	<b>2007</b>
-----------------------------	-------------	-------------

## Edgar Filing: LG Display Co., Ltd. - Form 6-K

Short-term benefits	(Won) 2,467	1,732
Severance benefits	307	688
Share-Based Payments		560
	(Won) 2,774	2,980

Key management refers to the registered directors who have significant control and responsibilities over the Company's operations and business.

**Table of Contents**

LG DISPLAY CO., LTD.

**Notes to Non-Consolidated Financial Statements**

December 31, 2008 and 2007

**9 Property, Plant and Equipment**

(a) Changes in property, plant and equipment for the year ended December 31, 2008 are as follows:

<i>(In millions of Won)</i>	2008					
	Land	Buildings	Structures	Machinery and equipment	Tools	Furniture and fixtures
Book value as of January 1, 2008	(Won) 314,550	1,646,388	127,026	3,852,477	17,423	102,348
Acquisitions	44,723	12,329	4,318	26,902	825	29,218
Depreciation		(88,179)	(13,422)	(2,107,617)	(9,600)	(60,176)
Impairment loss				(83)		
Disposals	(589)	(427)	(15)	(6,463)	(42)	(44)
Transfer	24,961	21,171	47,314	360,428	2,040	2,680
Subsidy increase				(467)		
Book value as of December 31, 2008	(Won) 383,645	1,591,282	165,221	2,125,177	10,646	74,026
Acquisition cost	(Won) 383,645	2,022,103	221,973	14,515,786	100,290	464,939
Accumulated depreciation	(Won)	430,821	56,752	12,390,602	89,644	390,913
Accumulated impairment loss(*)	(Won)			7		

<i>(In millions of Won)</i>	2008				
	Vehicles	Machinery-in-transit	Construction-in-progress	Others	Total
Book value as of January 1, 2008	(Won) 3,257	19,043	739,579	8,509	6,830,600
Acquisitions	3,506		3,768,271		3,890,092
Depreciation	(2,293)				(2,281,287)
Impairment loss					(83)
Disposals					(7,580)
Transfer	3,961	(19,043)	(444,151)	673	34
Subsidy increase			(95)		(562)
Book value as of December 31, 2008	(Won) 8,431		4,063,604	9,182	8,431,214
Acquisition cost	(Won) 17,538		4,063,604	9,182	21,799,060
Accumulated depreciation	(Won) 9,107				13,367,839
Accumulated impairment loss(*)	(Won)				7

-

(\*) The decrease of accumulated impairment loss is due to the disposal of machinery and equipment with impairment loss.

**Table of Contents**

LG DISPLAY CO., LTD.

**Notes to Non-Consolidated Financial Statements**

December 31, 2008 and 2007

9 Property, Plant and Equipment, Continued

(b) Changes in property, plant and equipment for the year ended December 31, 2007 are as follows:

(In millions of Won)	2007					
	Land	Buildings	Structures	Machinery and equipment	Tools	Furniture and fixtures
Book value as of January 1, 2007	(Won) 317,161	1,618,448	134,604	5,671,549	62,114	151,398
Acquisitions		34,040		12,027	778	5,821
Depreciation		(89,252)	(7,997)	(2,396,982)	(42,879)	(72,074)
Impairment loss(*)				(16,139)		
Disposals	(77)	(3,541)		(36,591)	(430)	(605)
Transfer	(2,534)	86,693	419	618,766	(2,160)	17,808
Subsidy increase				(153)		
Book value as of December 31, 2007	(Won) 314,550	1,646,388	127,026	3,852,477	17,423	102,348
Acquisition cost	(Won) 314,550	1,989,107	169,317	14,220,479	115,943	436,509
Accumulated depreciation	(Won)	342,719	42,291	10,351,863	98,520	334,161
Accumulated impairment loss	(Won)			16,139		

(In millions of Won)	2007				
	Vehicles	Machinery-in-transit	Construction-in-progress	Others	Total
Book value as of January 1, 2007	(Won) 5,341	42,010	848,991	8,460	8,860,076
Acquisitions	16	125,935	517,282	49	695,948
Depreciation	(2,366)				(2,611,550)
Impairment loss(*)			(23,959)		(40,098)
Disposals	(56)				(41,300)
Transfer	322	(148,902)	(602,735)		(32,323)
Subsidy increase					(153)
Book value as of December 31, 2007	(Won) 3,257	19,043	739,579	8,509	6,830,600
Acquisition cost	(Won) 10,291	19,043	739,579	8,509	18,023,327
Accumulated depreciation	(Won) 7,034				11,176,588
Accumulated Impairment loss	(Won)				16,139

-

(\*) For the year ended December 31, 2007, the Company recorded impairment loss due to the change in the facilities investment plan.



**Table of Contents**

LG DISPLAY CO., LTD.

**Notes to Non-Consolidated Financial Statements**

December 31, 2008 and 2007

9 **Property, Plant and Equipment, Continued**

(c) The officially declared value of land at December 31, 2008 and 2007, as announced by the Minister of Construction and Transportation, is as follows:

(In millions of Won)	Description	Location	2008		2007	
			Book value	Declared value	Book value	Declared value
Property, plant and equipment	Factory site	Paju	(Won) 290,631	358,919	224,956	294,267
	Factory site	Gumi	86,105	118,660	82,685	110,056
	R&D Center	Anyang	6,909	11,886	6,909	11,534
			(Won) 383,645	489,465	314,550	415,857

10 **Capitalization of Financial Expenses**

(a) The Company capitalizes financial expenses, such as interest expense incurred on borrowings used to finance the cost of acquiring or building property, plant and equipment and intangible assets and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs. Interest costs of (Won)45,177 and (Won)25,217 million were capitalized as part of the cost of qualifying assets for the years ended December 31, 2008 and 2007, respectively.

(b) For the year ended December 31, 2008, if the Company had expensed the capitalized financial expenses, the accumulated effects of expensing capitalized financial expenses on significant accounts in the balance sheet and statement of income would have been as follows:

## (i) Balance sheet

(In millions of Won)	Capitalized		Expensed as incurred		Difference	
	Acquisition cost	Accumulated depreciation	Acquisition cost	Accumulated depreciation	Acquisition cost	Accumulated depreciation
Property, plant and equipment	(Won) 21,799,060	13,367,839	21,613,805	13,306,354	185,255	61,485
Deferred tax assets (non-current)	409,528		436,758		(27,230)	
Retained earnings	5,001,934		4,905,394		96,540	

**Table of Contents**

LG DISPLAY CO., LTD.

**Notes to Non-Consolidated Financial Statements**

December 31, 2008 and 2007

10 Capitalization of Financial Expenses, Continued

## (ii) Statement of Income

<i>(In millions of Won)</i>	<b>Capitalized</b>	<b>Expensed as incurred</b>	<b>Difference</b>
Cost of sales	(Won) 13,626,602	13,594,774	31,828
Interest expense	115,702	160,879	(45,177)
Income tax expense	206,584	203,647	2,937
Net income(*)	1,086,896	1,076,484	(10,412)

(\*) Net income if financial expenses were expensed is measured using the marginal tax rate.

11 Insured assets

Insured assets as of December 31, 2008 are as follows:

<i>(In millions of Won and USD)</i>	<b>Covered assets or loss</b>	<b>Insurance coverage</b>	<b>Beneficiary</b>
Package Insurance(*1)	Inventories and property, plant and equipment	18,822,700	Company and other
Package Insurance(*1)	Inventories	USD550	Company
Erection All Risk s Insurance(*2)	Property, plant and equipment	4,106,000	
Fire Insurance	Property, plant and equipment	238,014	
Directors and officers liability Insurance	Directors & Officers liability (Global)	USD100	
Products liability Insurance	Products liability (Global)	USD35	
Aviation product liability Insurance	Aviation Product Liability (Global)	USD500	
Stock throughput Insurance	Goods in the ordinary course of transit (Global)	USD35,474	

(\*)1 Package Insurance provides multiple coverage in one policy. It refers to a policy providing both general liability and property insurance.

(\*)2 This insurance policy covers unexpected loss in the course of assembly and installation of plant and equipment.

**Table of Contents**

LG DISPLAY CO., LTD.

**Notes to Non-Consolidated Financial Statements**

December 31, 2008 and 2007

**12 Intangible Assets**

(a) The Company has classified the amortization of intangible assets as part of manufacturing overhead costs. Changes in intangible assets for the years ended December 31, 2008 and 2007 are as follows:

<i>(In millions of Won)</i>	2008					Total
	Intellectual property rights	Rights to use of electricity and gas supply facilities	Rights to use of industrial water facilities	Software	Construction -in-progress (Software)	
Balance as of January 1, 2008	(Won) 72,921	32,286	6,323			111,530
Increase during the year	26,772		27		107,921	134,720
Amortization	(45,785)	(3,276)	(1,249)			(50,310)
Disposals	(1,597)					(1,597)
Balance as of December 31, 2008	(Won) 52,311	29,010	5,101		107,921	194,343
Acquisition cost	(Won) 470,057	32,760	12,472	9,713	107,921	632,923
Accumulated amortization	(Won) 417,746	3,750	7,371	9,713		438,580

<i>(In millions of Won)</i>	2007					Total
	Intellectual property rights	Rights to use of electricity and gas supply facilities	Rights to use of industrial water facilities	Software		
Balance as of January 1, 2007	(Won) 106,324	437	7,421			114,182
Increase during the year	10,477	32,177	146			42,800
Amortization	(43,880)	(328)	(1,244)			(45,452)
Disposals						
Balance as of December 31, 2007	(Won) 72,921	32,286	6,323			111,530
Acquisition cost	(Won) 444,883	32,760	12,445	9,713		499,801
Accumulated amortization	(Won) 371,962	474	6,122	9,713		388,271

(b) Research and development costs are charged to expense as incurred. The Company expensed (Won)501,192 million and (Won)414,416 million for the years ended December 31, 2008 and 2007, respectively.



**Table of Contents**

LG DISPLAY CO., LTD.

**Notes to Non-Consolidated Financial Statements**

December 31, 2008 and 2007

12 Intangible Assets, Continued

(c) For the years ended December 31, 2008 and 2007, significant expenses, which are expected to have probable future economic benefits but expensed in the year incurred due to the uncertainty in the realization of such benefits, are as follows:

<i>(In millions of Won)</i>	2008	2007
Training expenses	(Won) 18,335	7,579
Advertising expenses	48,905	30,377
Overseas marketing expenses	14,228	6,254
	(Won) 81,468	44,210

13 Debentures

(a) Details of debentures issued by the Company as of December 31, 2008 and December 31, 2007 are as follows:

<i>(In millions of Won)</i>	Maturity	Annual interest rate	2008	2007
Local currency debentures				
Publicly issued debentures	May 2009~			
	March 2010	3.50~5.00%	(Won) 850,000	1,180,000
Privately issued debentures	December 2010~			
	June 2011	5.30~5.89%	600,000	600,000
Less discount on debentures			(3,826)	(9,526)
Less current portion of debentures			(458,201)	(249,110)
			987,973	1,521,364
Foreign currency debentures				
Convertible bond	April 2012	zero coupon	511,555	511,555
Less discount on debentures			(1,760)	(2,237)
Less conversion right adjustment			(93,111)	(118,323)
Add redemption premium			85,788	85,788
			502,472	476,783
			(Won) 1,490,445	1,998,147

## Edgar Filing: LG Display Co., Ltd. - Form 6-K

Principal of the local currency debentures is to be repaid at maturity and interests are paid quarterly. The Company has redeemed local currency debentures with the face value amounting to (Won)80,000 million during the year ended December 31, 2008. As a result, the Company recognized a gain and a loss on redemption of debentures amounting to (Won)1,152 million and (Won)13 million, respectively.

**Table of Contents**

LG DISPLAY CO., LTD.

**Notes to Non-Consolidated Financial Statements**

December 31, 2008 and 2007

13 Debentures, Continued

(b) Details of the convertible bonds as of December 31, 2008 are as follows:

	<b>Terms and Conditions</b>
Issue date	April 18, 2007
Maturity date	April 18, 2012
Conversion period	April 19, 2008~April 3, 2012
Coupon interest rate	0%
Conversion price (in Won)	(Won)48,760
Issued amount	USD550 million

The bonds will be repaid at 116.77% of the principal amount at maturity unless the put option of bondholders are exercised in which case the bondholders will be repaid at 109.75% of the principal amount on April 18, 2010. If the Convertible bonds were classified as monetary liabilities, the loss on foreign currency translation would be (Won)175,615 million as of December 31, 2008.

The Company is entitled to exercise a call option after three years from the date of issue at the amount of the principal and interest, calculated at 3.125% of the annual yield to maturity, from the issue date to the repayment date. The call option can be exercised only when the market price of the common shares on each of 20 trading days in 30 consecutive trading days ending on the trading day immediately prior to the date upon which notice of such redemption is published exceeds at least 130% of the conversion price. In addition, in the event that at least 90% of the initial principal amount of the bonds has been redeemed, converted, or purchased and cancelled, the remaining bonds may also be redeemed, at the Company's option, at the amount of the principal and interest (3.125% per annum) from the date of issue to the repayment date prior to their maturity.

Based on the terms and conditions of the bond, the conversion price was decreased from (Won)49,070 to (Won)48,760 per share due to payment of cash dividends of (Won)750 per share for the year ended December 31, 2007. The number of common shares to be issued if the outstanding convertible bonds are fully converted is as follows:

<i>(In Won and share)</i>	<b>December 31, 2008</b>	<b>December 31, 2007</b>
Convertible bond amount (*)	(Won) 513,480,000,000	513,480,000,000
Conversion price	(Won) 48,760	49,070
Common shares to be issued	10,530,762	10,464,234

(\*) The exchange rate for the conversion is fixed at (Won)933.6 to USD1.

On April 19, 2005, the Company issued US dollar-denominated convertible bonds totaling USD475 million, with a zero coupon rate. On September 19, 2007, put option for USD460 million was exercised and bonds were repaid on October 19, 2007. On the same date, the Company exercised its call option to pay off the rest of convertible bonds amounting to USD15 million which were paid in November 2007. For the year ended December 31, 2007, the Company recorded loss on redemption of debentures of (Won)19,216 million due to the redemption of convertible bonds.

**Table of Contents**

LG DISPLAY CO., LTD.

**Notes to Non-Consolidated Financial Statements**

December 31, 2008 and 2007

13 Debentures, Continued

(c) Aggregate maturities of the Company's debentures as of December 31, 2008 are as follows:

*(In millions of Won)*

Period	Debentures	Convertible bonds(*)	Total
2009.1.1~ 2009.12.31	(Won) 460,000		460,000
2010.1.1~ 2010.12.31	590,000		590,000
2011.1.1~ 2011.12.31	400,000		400,000
2012.1.1~ 2012.12.31		597,343	597,343
	(Won) 1,450,000	597,343	2,047,343

(\*) In the above schedule, it was assumed that the convertible bonds will be repaid in full at maturity with redemption premium amounting to (Won)85,788 million.

14 Long-Term Debt

(a) Long-term debt as of December 31, 2008 and 2007 is as follows:

*(In millions of Won and USD except interest rate)*

Lender	Annual interest rate(*1)	2008	2007	Redemption method
<b>Local currency loans</b>				
The Export-Import Bank of Korea	6.08%	(Won) 9,850	49,117	Redemption by installments
Korea Development Bank	KDBBIR + 0.77%	37,500	60,000	
Shinhan Bank	3 year Korean Treasury Bond rate less 1.25%	18,982	18,982	
Less current portion of long-term debt		(40,451)	(61,767)	
		(Won) 25,881	66,332	
<b>Foreign currency loans (*2)</b>				
The Export-Import Bank of Korea	6ML+0.69%	(Won) 62,875	58,168	Redemption by installments



Edgar Filing: LG Display Co., Ltd. - Form 6-K

Korea Development Bank	3ML+0.66%	176,050	159,494	Redemption at maturity
Kookmin Bank and others	3ML+0.35~0.53%	503,000	375,280	
	6ML+0.41%	251,500	187,640	
Less current portion of long-term debt			(39,404)	
		(Won) 993,425	741,178	

(\*1) KDBBIR and ML represent Korea Development Bank Benchmark Interest Rates and Month LIBOR (London Inter-Bank Offered Rates), respectively.

(\*2) Foreign currency equivalent as of December 31, 2008 and 2007 is USD790 million and USD832 million, respectively.

**Table of Contents**

LG DISPLAY CO., LTD.

**Notes to Non-Consolidated Financial Statements**

December 31, 2008 and 2007

14 **Long-Term Debt, Continued**

(b) Aggregate maturities of the Company's long-term debt as of December 31, 2008 are as follows:

*(In millions of Won)*

Period	Local currency loans	Foreign currency loans	Total
2009.1.1~2009.12.31	(Won) 40,451		40,451
2010.1.1~2010.12.31	9,873	6,288	16,161
2011.1.1~2011.12.31	3,796	641,325	645,121
2012.1.1~2012.12.31	3,796	314,375	318,171
2013.1.1~2013.12.31	3,796	31,437	35,233
Thereafter	4,620		4,620
	(Won) 66,332	993,425	1,059,757

15 **Retirement and Severance Benefits**

Changes in retirement and severance benefits for the years ended December 31, 2008 and 2007 are as follows:

*(In millions of Won)*

	2008	2007
Balance at beginning of year	(Won) 153,475	136,759
Actual severance payments	(23,850)	(48,064)
Transferred from/to affiliated companies, net	3,339	2,117
Provision for retirement and severance benefits	68,956	62,663
Balance at end of year	201,920	153,475
Cumulative Deposits to National Pension Fund	(479)	(530)
Balance of the severance insurance deposits	(131,302)	(99,510)
Net balance	(Won) 70,139	53,435

The Company's retirement and severance benefit plan is funded approximately 65.0% and 64.8% as of December 31, 2008 and 2007, respectively, through severance insurance deposits in Korea Life Insurance Co., Ltd. and others for the payment of severance benefits. The beneficiaries of the severance insurance deposit are the Company's employees.

**Table of Contents**

LG DISPLAY CO., LTD.

**Notes to Non-Consolidated Financial Statements**

December 31, 2008 and 2007

**16 Monetary Assets and Liabilities Denominated In Foreign Currency**

Monetary assets and liabilities denominated in foreign currencies, excluding those disclosed elsewhere in the notes 13 and 14 to the financial statements as of December 31, 2008 and 2007 are as follows:

<i>(In millions of Won, USD, JPY, EUR and PLN)</i>		<b>2008</b>		
	<b>Foreign currency(*)</b>		<b>Exchange rate</b>	<b>Won equivalent</b>
<b>Assets :</b>				
	USD	401	1,257.5	(Won) 504,267
	JPY	5,340	13.9389	74,427
Cash and cash equivalents	EUR	3	1,776.22	4,954
	PLN	52	426.18	22,305
	USD	1,246	1,257.5	1,567,140
Trade accounts and notes receivable	JPY	2,490	13.9389	34,708
	EUR	24	1,776.22	42,629
	USD	16	1,257.5	19,684
Other accounts receivable	JPY	10	13.9389	137
Prepaid value added tax	PLN	255	426.18	108,511
Long-term loans	USD	10	1,257.5	12,575
				(Won) 2,391,337
<b>Liabilities :</b>				
	USD	513	1,257.5	(Won) 645,447
Accounts payable	JPY	6,302	13.9389	87,839
	USD	252	1,257.5	316,805
	JPY	39,782	13.9389	554,522
Other accounts payable	EUR	1	1,776.22	1,652
	PLN	1	426.18	468
				(Won) 1,606,733



**Table of Contents**

LG DISPLAY CO., LTD.

**Notes to Non-Consolidated Financial Statements**

December 31, 2008 and 2007

16 Monetary Assets and Liabilities Denominated In Foreign Currency. Continued

<i>(In millions of Won, USD, JPY, EUR, SGD, MYR and PLN)</i>	<b>Foreign currency(*)</b>		<b>2007 Exchange rate</b>	<b>Won equivalent</b>	
<b>Assets :</b>					
	USD	99	938.2	(Won)	93,350
	JPY	716	8.382		6,002
	EUR	0.1	1,371.65		144
Cash and cash equivalents	PLN	99	381.16		37,589
	SGD		651.84		16
	MYR		283.70		17
	USD	2,313	938.2		2,170,106
Trade accounts and notes receivable	JPY	4,796	8.382		40,203
	EUR	163	1,371.65		223,268
	USD	114	938.2		106,882
Other accounts receivable	JPY	30	8.382		254
Prepaid value added tax	PLN	197	381.16		74,947
				(Won)	2,752,778
<b>Liabilities :</b>					
	USD	426	938.2	(Won)	399,720
Accounts payable	JPY	15,336	8.382		128,549
	USD	85	938.2		79,479
Other accounts payable	JPY	1,727	8.382		14,477
	EUR	2	1,371.65		2,153
				(Won)	624,378

(\*) PLN, SGD and MYR represent Poland Zloty, Singapore Dollar and Malaysia Ringgit, respectively.

17 Warranty Reserve

Changes in warranty reserve for the years ended December 31, 2008 and 2007 are as follows:

<i>(In millions of Won)</i>	Balance at the beginning of the year	2008		Balance at the end of the year
		Increase	Decrease	
Warranty reserve	(Won) 49,295	90,063	(81,253)	58,105

<i>(In millions of Won)</i>	Balance at the beginning of the year	2007		Balance at the end of the year
		Increase	Decrease	
Warranty reserve	(Won) 28,015	72,058	(50,778)	49,295

## **Table of Contents**

### **LG DISPLAY CO., LTD.**

#### **Notes to Non-Consolidated Financial Statements**

December 31, 2008 and 2007

#### 18 **Commitments and Contingencies**

##### (a) Commitments

##### **Overdraft agreements and credit facility agreement**

As of December 31, 2008, the Company has bank overdraft agreements with Woori Bank and other various banks amounting to (Won)59,000 million in aggregate and there is no overdraft balance.

##### **Factoring and securitization of accounts receivable**

The Company has agreements with Korea Exchange Bank and other several banks for U.S. dollar denominated accounts receivable negotiating facilities of up to an aggregate of USD1,616.5 million. As of December 31, 2008, accounts and notes receivable amounting to USD478 million were sold that are current and outstanding.

In October 2006, LG Display America, Inc., LG Display Germany GmbH and LG Display Shanghai Co., Ltd. entered into a five-year accounts receivable selling program with Standard Chartered Bank on a revolving basis, of up to USD600 million. The Company joined this program in April 2007. For the year ended December 31, 2008, no accounts and notes receivable were sold.

##### **Letters of credit**

As of December 31, 2008, the Company has agreements with Korea Exchange Bank in relation to the opening of letters of credit up to (Won)20,000 million and USD35.5 million.

##### **Payment guarantees**

The Company receives payment guarantee from ABN AMRO Bank amounting to USD8.5 million relating to value added tax payments in Poland. As of December 31, 2008, the Company entered into a payment guarantee agreement with a syndicate of banks including Kookmin Bank and Societe Generale in connection with a EUR70 million term loan credit facility of LG Display Poland Sp. zo.o.

##### **License agreements**

As of December 31, 2008, in relation to its TFT-LCD business, the Company has technical license agreements with Hitachi, Ltd., and others and has a trademark license agreement with LG Corporation. The trademark license agreement with Koninklijke Philips Electronics N.V. has expired as of June 30, 2008.

## **Table of Contents**

### **LG DISPLAY CO., LTD.**

#### **Notes to Non-Consolidated Financial Statements**

December 31, 2008 and 2007

#### **18 Commitments and Contingencies. Continued**

##### **(b) Contingencies**

##### **Patent infringement lawsuit against Chi Mei Optoelectronics Corp. and others**

On December 1, 2006, the Company filed a complaint against Chi Mei Optoelectronics Corp. and AU Optronics Corp. alleging patent infringement related to liquid crystal display and manufacturing process for TFT-LCDs in the United States District Court for the District of Delaware. On March 8, 2007, AU Optronics Corp. countersued the Company in the United States District Court for the Western District of Wisconsin; however, the case was transferred to the United States District Court for the District of Delaware due to the Company's motion to transfer. On May 4, 2007, Chi Mei Optoelectronics Corp. countersued the Company for patent infringement in the United States District Court for the Eastern District of Texas; however, on March 31, 2008, the suit was transferred to the United States District Court for the District of Delaware according to the Company's motion to transfer. The Company is unable to predict the ultimate outcome of the above matters.

##### **Intervention in Positive Technologies, Inc.'s patent infringement lawsuit**

On April 14, 2006, Positive Technologies, Inc. filed a complaint in the United States District Court for the Eastern District of Texas against, among others, several of the Company's customers, including BenQ America Corp., Hitachi America Ltd., Panasonic Corp. of North America, Philips Electronics North America Corp. and Toshiba America, Inc. for alleged infringement of two of its patents relating to LCD displays. In March 2007, the Company was granted the intervention in the patent infringement case brought by Positive Technologies, Inc. On November 7, 2008, the Company settled with Positive Technologies, Inc., and the case was dismissed on December 12, 2008.

##### **Anvik Corporation's lawsuit for infringement of patent**

On February 2, 2007, Anvik Corporation filed a patent infringement case against the Company, along with other LCD manufacturing companies in the United States District Court for the Southern District of New York, in connection with the usage of photo-masking equipment manufactured by Nikon Corporation. The Company is unable to predict the ultimate outcome of this case.

##### **O2 Micro International Ltd.'s request for an investigation to US International Trade Commission**

On December 15, 2008, O2 Micro International Ltd. and O2 Micro, Inc. have requested the United States International Trade Commission (ITC) to commence a Trade Remedy Investigation alleging that the Company, LG Display America, Inc. and others have infringed their patents relating to LCD Displays. The Company is unable to predict the ultimate outcome of this case.



**Table of Contents**

**LG DISPLAY CO., LTD.**

**Notes to Non-Consolidated Financial Statements**

December 31, 2008 and 2007

18 **Commitments and Contingencies. Continued**

**Investigation and litigation filed by authorities in Korea, Japan, Canada, US and European Commission**

The Company and LG Display America, Inc. ( LGDUS ), the US subsidiary of the Company, were under investigation by U.S. Department of Justice ( DOJ ) with their role in conspiracies to fix prices in the sale of liquid crystal display (LCD) panels. In November 2008, the Company and LGDUS agreed to a plea agreement with DOJ and agreed to pay a fine of USD400 million over a five-year period.

As of December 31, 2008, the Company is under investigation by fair trade or antitrust authorities in Korea, Japan, Canada and European Commission with respect to possible anti-competitive activities in the LCD industry.

In 2006, the Company, along with a number of other firms in the LCD industry, has been named as defendants in class actions in the United States and Canada for alleged violation of the antitrust laws in connection with the sale of LCD panels to both direct and indirect purchaser plaintiffs, and the class actions in the United States were consolidated and transferred to the United States District Court for the Northern District of California. In February 2007, the Company and certain of its current and former officers and directors were named as defendants in a federal class action in the United States by the shareholders of the Company alleging violations of the U.S. Securities Exchange Act of 1934, as amended, by the Company and certain its officers and directors in connection with possible anti-competitive activities in the LCD industry.

Each of these investigations, legal proceedings and claims is ongoing and the outcome in any of these matters may have a negative effect on the Company's financial condition, results of operations or cash flows.

**Table of Contents****LG DISPLAY CO., LTD.****Notes to Non-Consolidated Financial Statements**

December 31, 2008 and 2007

**19 Derivative Instruments**

(a) Derivative instruments used by the Company for hedging purposes as of December 31, 2008 are as follows:

<b>Hedging purpose</b>	<b>Derivative instrument</b>
Hedge of fair value	Foreign currency forwards
Hedge of cash flows	Foreign currency forwards(*) Cross currency swap Interest rate swap

(\*) Effective October 1, 2008, the Company discontinued the designation of foreign currency forward contracts as a hedging instrument for hedge of future cash flows and ceased the use of hedge accounting.

**(b) Hedge of fair value**

The Company enters into foreign currency forward contracts to manage the exposure to changes in the value of foreign currency denominated accounts receivable and accounts payable in accordance with its foreign currency risk management policy. Hedge accounting is not applied related to the abovementioned derivatives.

**(i) Foreign Currency Forwards**

Details of foreign currency forwards outstanding as of December 31, 2008 are as follows:

*(In millions of Won and USD, except forward rate)*

<b>Bank</b>	<b>Maturity date</b>	<b>Selling</b>	<b>Buying</b>	<b>Forward rate</b>
BNP Paribas Bank and others	January 28, 2009 ~			(Won) 1,302.2 ~
	May 18, 2009	USD225	(Won) 306,738	(Won) 1,419.1:USD1

(ii) Unrealized gains and losses related to the above derivatives as of December 31, 2008 are as follows:

*(In millions of Won)*

<b>Type</b>	<b>Unrealized gains</b>	<b>Unrealized losses</b>
Foreign Currency Forwards	(Won) 24,574	

The unrealized gains are charged to operations as gains on foreign currency translation for the year ended December 31, 2008.

**Table of Contents****LG DISPLAY CO., LTD.****Notes to Non-Consolidated Financial Statements**

December 31, 2008 and 2007

**19 Derivative Instruments, Continued****(c) Hedge of cash flows**

The Company enters into foreign currency forward contracts to manage the exposure to changes in cash flows related to forecasted purchase of raw materials and sale of products in foreign currencies. In addition, the Company entered into cross currency swap and interest rate swap contracts to manage the exposure to changes in cash flows from changes in foreign currency exchange rates and interest rates related to floating rate notes. Details of the Company's derivative instruments related to hedge of cash flows as of December 31, 2008 are as follows:

**(i) Foreign Currency Forwards**

Details of foreign currency forwards outstanding as of December 31, 2008 are as follows:

*(In millions of Won and USD, except forward rate)*

Bank	Maturity date	Selling	Buying	Forward rate
BNP Paribas Bank and others	January 20, 2009 ~	USD20	(Won) 21,024	(Won) 1,046.9~
	January 28, 2009			(Won) 1,055.5 :USD1

The Company discontinued the cash flow hedge accounting effective October 1, 2008 for foreign currency forwards. Losses from derivative contracts incurred before October 1, 2008 were recognized as accumulated other comprehensive income, net of tax and subsequent losses from changes in the fair value of derivative instruments amounting to (Won)1,517 million are recognized immediately in earnings.

Above mentioned contracts of derivatives were entered into before September 30, 2008, and are not past due as of December 31, 2008. There are no derivatives relating to cash flow hedge that are newly entered into after October 1, 2008.

The net unrealized losses, recorded under accumulated other comprehensive income, are expected to be recognized as realized gains and losses within the next twelve months.

**(ii) Cross Currency Swap**

*(In millions of Won and USD, except forward rate)*

Bank	Maturity date	Selling	Buying	Contract rate
Kookmin Bank and others	August 29, 2011 ~	USD150	Receive floating rate	3M LIBOR~
	January 31, 2012	(Won) 143,269	Pay fixed rate	3M LIBOR+0.53% 4.54%~5.35%

Net unrealized gains and losses, net of related taxes, were recorded as accumulated other comprehensive income.

In relation to the abovementioned cross currency swap, unrealized losses amounting to (Won)5,804 million, recorded as accumulated other comprehensive income, are expected to be charged to operations as losses within the next twelve months.



**Table of Contents****LG DISPLAY CO., LTD.****Notes to Non-Consolidated Financial Statements**

December 31, 2008 and 2007

19 Derivative Instruments, Continued

## (iii) Interest Rate Swap

*(In millions of USD, except forward rate)*

Bank	Maturity date	Contract amount	Contract rate	
	May 21, 2009 ~		Receive floating rate	6M LIBOR
SC First Bank		USD150		
	May 24, 2010		Pay fixed rate	5.375%~5.644%

Net unrealized gains and losses, net of related taxes, were recorded as accumulated other comprehensive income.

In relation to the abovementioned interest rate swap, unrealized losses amounting to (Won)5,421 million, recorded as accumulated other comprehensive income, are expected to be charged to operations as losses within the next twelve months.

(iv) Unrealized gains and losses, before tax, related to hedge of cash flows as of December 31, 2008 are as follows:

*(In millions of Won)*

Type	Unrealized gains	Unrealized losses	Cash flow hedge requirements
Foreign currency forwards	(Won)	2,534	Fulfilled
Cross currency swap(*)		11,511	Fulfilled
Interest rate swap		8,017	Fulfilled

(\*) The unrealized gains amounting to (Won)47,895 million related to the foreign exchange rate risk are recognized as gains in the non-consolidated statement of income in the current period.

(d) Realized gains and losses related to derivative instruments for the year ended December 31, 2008 are as follows:

*(In millions of Won)*

Hedge purpose	Type	Transaction gains	Transaction losses
Cash flow hedge	Cross currency swap	(Won) 145	1,101
Cash flow hedge	Interest rate swap		3,653
Cash flow hedge	Foreign currency forwards	5,978	195,843
Fair value hedge	Foreign currency forwards	19,619	240,010
Fair value hedge	Range forward options	2,441	59,538

**Table of Contents****LG DISPLAY CO., LTD.****Notes to Non-Consolidated Financial Statements**

December 31, 2008 and 2007

**20 Capital Stock**

The Company is authorized to issue 500,000,000 shares of capital stock (par value (Won)5,000), and as of December 31, 2008, the number of issued common shares is 357,815,700.

There are no changes in the capital stock from January 1, 2007 to December 31, 2008.

**21 Capital Surplus**

Capital surplus as of December 31, 2008 and 2007 is as follows:

*(In millions of Won)*

<b>Accounts</b>	<b>2008</b>	<b>2007</b>
Additional paid-in capital	(Won) 2,251,113	2,251,113
Conversion rights (*)	59,958	59,958
<b>Total</b>	<b>(Won) 2,311,071</b>	<b>2,311,071</b>

(\*) Net of tax effects.

**22 Accumulated Other Comprehensive Income**

Accumulated other comprehensive income as of December 31, 2008 and 2007 is as follows:

*(In millions of Won)*

<b>Accounts</b>	<b>2008</b>	<b>2007</b>
Unrealized gains on available-for-sale securities	(Won) 25,934	
Changes in equity arising from application of equity method	164,910	20,222
Gain on valuation of derivative instruments		1,498
Loss on valuation of derivative instruments	(16,906)	(15,897)
<b>Total</b>	<b>(Won) 173,938</b>	<b>5,823</b>

**Table of Contents****LG DISPLAY CO., LTD.****Notes to Non-Consolidated Financial Statements**

December 31, 2008 and 2007

**23 Retained Earnings**

The Commercial Code of the Republic of Korea requires the Company to appropriate, as a legal reserve, an amount equal to a minimum of 10% of cash dividends paid until such reserve equals 50% of its issued 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, if any, with the ratification of the Company's majority shareholders.

**24 Income Taxes**

(a) Income tax expense for the years ended December 31, 2008 and 2007 consists of :

<i>(In millions of Won)</i>	<b>2008</b>	<b>2007</b>
Current income taxes	(Won) 287,748	78,352
Deferred income taxes from changes in temporary differences	(8,102)	6,949
Deferred income taxes from changes in tax credit	(18,088)	(126,711)
Deferred income taxes from changes in losses carryforward		248,493
Deferred income taxes added to shareholders' equity	(54,974)	(5,548)
Income tax expense	(Won) 206,584	201,535

(b) The income tax expense calculated by applying statutory tax rates to the Company's taxable income for the year differs from the actual tax expense in the statement of income for the years ended December 31, 2008 and 2007 for the following reasons:

<i>(In millions of Won)</i>	<b>2008</b>	<b>2007</b>
Income before income tax	(Won) 1,293,480	1,545,562
Charge for income taxes at normal tax rates	355,676	425,016
Adjustments	(149,092)	(223,481)
Non-tax deductible expenses	588	767
Tax credits and deduction	(235,294)	(66,015)
Change in tax rates	18,683	
Changes in unrealizable deferred income tax assets	71,530	(159,527)
Others	(4,599)	1,294
Income tax expense	(Won) 206,584	201,535
Effective tax rate	15.97%	13.04%

**Table of Contents****LG DISPLAY CO., LTD.****Notes to Non-Consolidated Financial Statements**

December 31, 2008 and 2007

24 Income Taxes. Continued

(c) The tax effects of temporary differences, tax credit carryforwards and losses carryforwards that resulted in significant portions of deferred tax assets and liabilities at December 31, 2008 and 2007 are presented below:

(i) 2008

<i>(In millions of Won)</i>	January 1, 2008	Increase (decrease)	December 31, 2008
Temporary differences:			
Accrued income	(Won) (14,055)	(74,182)	(88,237)
Inventories	22,860	73,735	96,595
Change in fair value of available-for-sale securities		(33,248)	(33,248)
Equity method investments	(24,320)	284,054	259,734
Changes in capital adjustment arising from equity method investments	(19,381)	(192,042)	(211,423)
Other current assets	15,561	(86,513)	(70,952)
Loss on valuation of derivative instruments	21,927	135	22,062
Gain on valuation of derivative instruments	(2,066)	2,066	
Property, plant and equipment	176,626	11,243	187,869
Warranty reserve and other reserves	49,295	12,225	61,520
Gain on foreign currency translation		(138,599)	(138,599)
Loss on foreign currency translation		435,875	435,875
Others	9,331	34,856	44,187
<b>Total</b>	<b>235,778</b>	<b>329,605</b>	<b>565,383</b>
Tax credit carryforwards	(Won) 448,522	20,098	468,620



**Table of Contents****LG DISPLAY CO., LTD.****Notes to Non-Consolidated Financial Statements**

December 31, 2008 and 2007

24 Income Taxes. Continued

<i>(In millions of Won)</i>	Deferred tax assets (liabilities)				
	January 1, 2008	Increase (decrease)	December 31, 2008	Current	Non-Current
Accrued income	(Won) (3,521)	(17,832)	(21,353)	(21,353)	
Inventories	5,726	17,650	23,376	23,376	
Change in fair value of available-for-sale securities		(7,314)	(7,314)		(7,314)
Equity method investments	(13,960)	7,514	(6,446)		(6,446)
Changes in capital adjustment arising from equity method investments	841	(47,354)	(46,513)		(46,513)
Other current assets	3,898	(21,068)	(17,170)	(17,170)	
Loss on valuation of derivative instruments	6,030	(874)	5,156	3,329	1,827
Gain on valuation of derivative instruments	(568)	568			
Property, plant and equipment	47,713	(5,561)	42,152		42,152
Warranty reserve and other reserves	12,348	2,317	14,665	12,444	2,221
Gain on foreign currency translation		(33,541)	(33,541)	(33,541)	
Loss on foreign currency translation		105,482	105,482	105,482	
Others	2,155	8,115	10,270	8,427	1,843
Subtotal	60,662	8,102	68,764	80,994	(12,230)
Tax credit carryforwards	403,670	18,088	421,758		421,758
Deferred income tax assets	(Won) 464,332	26,190	490,522	80,994	409,528

**Table of Contents****LG DISPLAY CO., LTD.****Notes to Non-Consolidated Financial Statements**

December 31, 2008 and 2007

24 Income Taxes. Continued

(ii) 2007

<i>(In millions of Won)</i>	January 1, 2007	Increase (decrease)	December 31, 2007
Temporary differences:			
Accrued income	(Won) (829)	(13,226)	(14,055)
Inventories	76,719	(53,859)	22,860
Equity method investments	(42,100)	17,780	(24,320)
Changes in capital adjustment arising from equity method investments	29,564	(48,945)	(19,381)
Other current liabilities	1,790	13,771	15,561
Loss on valuation of Derivative instruments	16,305	5,622	21,927
Gain on valuation of Derivative instruments	(33,687)	31,621	(2,066)
Property, plant and equipment	148,635	27,991	176,626
Warranty reserve and other reserves	28,015	21,280	49,295
Others	40,047	(30,716)	9,331
Total	264,459	(28,681)	235,778
Tax credit carryforwards	436,486	12,036	448,522
Losses carryforwards	(Won) 903,610	(903,610)	

<i>(In millions of Won)</i>	January 1, 2007	Deferred tax assets (liabilities)			
		Increase (decrease)	December 31, 2007	Current	Non-Current
Accrued income	(Won) (228)	(3,293)	(3,521)	(3,521)	
Inventories	21,098	(15,372)	5,726	5,726	
Equity method investments	(11,578)	(2,382)	(13,960)		(13,960)
Changes in capital adjustment arising from equity method investments	3,014	(2,173)	841		841
Other Current liabilities	492	3,406	3,898	3,898	
Loss on valuation of derivative instruments	4,484	1,546	6,030	6,030	
Gain on valuation of derivative instruments	(9,264)	8,696	(568)	(568)	
Property, plant and equipment	40,875	6,838	47,713		47,713
Warranty reserve and other reserves	7,704	4,644	12,348	12,348	
Others	11,014	(8,859)	2,155	14,231	(12,076)
Subtotal	67,611	(6,949)	60,662	38,144	22,518
Tax credit carryforwards	276,959	126,711	403,670	292,133	111,537
Losses carryforwards	248,493	(248,493)			
Deferred income tax assets	(Won) 593,063	(128,731)	464,332	330,277	134,055



**Table of Contents****LG DISPLAY CO., LTD.****Notes to Non-Consolidated Financial Statements**

December 31, 2008 and 2007

**24 Income Taxes. Continued**

The tax credit carryforwards amounting to (Won)159,527, which were not recognized as deferred tax assets as of December 31, 2006, was recognized as the Company had determined it was probable that future profits would be available against which the Company could utilize the related benefit as of December 31, 2007.

(d) Amounts and maturity date of the item which are not recognized as deferred tax assets are as follows:

<i>(In millions of Won)</i>	2008	2007
Equity method investments	(Won) 406,156	26,259

As of December 31, 2008, the Company did not recognize temporary differences related to the loss in excess of equity method investments, as the possibility of realization of the deferred tax assets, through events such as disposal of the related investments in foreseeable future, is remote.

(e) Amounts which are not recognized as deferred tax liabilities are as follows:

<i>(In millions of Won)</i>	2008	2007
Equity method investments	(Won) 119,788	
Changes in capital adjustment arising from equity method investments		22,442

As of December 31, 2008, the Company did not recognize deferred liabilities relating to temporary differences from retained earnings related to equity method on subsidiaries, considering the effect of credit for foreign taxes paid.

(f) Income tax expense that was directly charged or credited to accumulated other comprehensive income as of December 31, 2008 and 2007 are as follows:

<i>(In millions of Won)</i>	Amount	2008 Current income tax	Deferred income tax
Change in fair value of available-for-sale securities	(Won) 33,248		(7,314)
Changes in capital adjustment arising from equity method investments	192,042		(47,354)
Loss on valuation of derivative instruments	(135)		(874)
Gain on valuation of derivative instruments	(2,066)		568
Total	(Won) 223,089		(54,974)

**Table of Contents****LG DISPLAY CO., LTD.****Notes to Non-Consolidated Financial Statements**

December 31, 2008 and 2007

24 Income Taxes. Continued

<i>(In millions of Won)</i>	<b>Amount</b>	<b>2007</b>	
		<b>Current income tax</b>	<b>Deferred income tax</b>
Changes in capital adjustment arising from equity method investments	(Won) 48,945		(2,173)
Loss on valuation of derivative instruments	(5,622)		1,546
Gain on valuation of derivative instruments	(31,621)		8,696
Conversion rights	49,516	(13,617)	
<b>Total</b>	<b>(Won) 61,218</b>	<b>(13,617)</b>	<b>8,069</b>

(g) As of December 31, 2008 and 2007 details of aggregate deferred tax assets and liabilities, income taxes payable and income tax refund receivable are as follows:

<i>(In millions of Won)</i>	<b>Current</b>	<b>2008</b>	
		<b>Non-current</b>	<b>Total</b>
Deferred tax assets	(Won) 153,058	469,801	622,859
Deferred tax liabilities	72,064	60,273	132,337
Income taxes payable	265,550		265,550

<i>(In millions of Won)</i>	<b>Current</b>	<b>2007</b>	
		<b>Non-current</b>	<b>Total</b>
Deferred tax assets	(Won) 334,366	160,091	494,457
Deferred tax liabilities	4,089	26,036	30,125
Income taxes payable	72,342		72,342

Statutory tax rate applicable to the Company is 27.5% for the years ended December 31, 2008 and 2007. Under the Foreign Investment Promotion Act of Korea, from September 1999, the Company had been entitled to an exemption from income taxes in proportion to the percentage of foreign equity for seven years following the registration of each foreign equity investment, and at one-half of that percentage for the subsequent three years. The effective tax rate, including adjustment for tax credits, tax exemption for foreign investment, and deferred income taxes applicable to the Company was approximately 15.97% in 2008.

**Table of Contents****LG DISPLAY CO., LTD.****Notes to Non-Consolidated Financial Statements**

December 31, 2008 and 2007

**25 Cost of Sales**

Details of cost of sales for the years ended December 31, 2008 and 2007 are as follows:

<i>(In millions of Won)</i>	<b>2008</b>	<b>2007</b>
Finished goods	(Won) 13,422,008	12,054,909
Beginning balance of finished goods	310,975	256,002
Cost of goods manufactured	13,397,240	12,109,882
Ending balance of finished goods	(286,207)	(310,975)
Merchandise	185,254	
Others	19,340	21,779
	(Won) 13,626,602	12,076,688

**26 Selling, General and Administrative Expenses**

Details of selling, general and administrative expenses for the years ended December 31, 2008 and 2007 are as follows:

<i>(In millions of Won)</i>	<b>2008</b>	<b>2007</b>
Salaries	(Won) 86,433	83,665
Severance benefits	9,184	8,480
Other employee benefits	14,507	8,718
Shipping cost	122,922	151,904
Rent	4,745	4,268
Fees and commissions	84,708	71,183
Entertainment	2,780	1,903
Depreciation	8,657	7,071
Taxes and dues	4,489	2,222
Advertising	48,905	30,377
Sales promotion	24,005	18,117
Development costs	6,610	3,218
Research	141,427	102,864
Bad debt expenses		5,296
SVC expenses	90,696	72,058
Others	52,264	23,964
	(Won) 702,332	595,308

**Table of Contents****LG DISPLAY CO., LTD.****Notes to Non-Consolidated Financial Statements**

December 31, 2008 and 2007

**27 Earnings Per Share**

(a) Basic earnings per share for the years ended December 31, 2008 and 2007 are as follows:

<i>(In Won, except earnings per share and share information)</i>	<b>2008</b>	<b>2007</b>
Net income	(Won) 1,086,896,360,997	1,344,027,180,277
Weighted-average number of common shares outstanding	357,815,700	357,815,700
Earnings per share	(Won) 3,038	3,756

There were no events or transactions that resulted in changes in the number of common shares used for calculating earnings per share.

(b) Diluted earnings per share for the years ended December 31, 2008 and 2007 are as follows:

<i>(In Won, except earnings per share and share information)</i>	<b>2008</b>	<b>2007</b>
Net income	(Won) 1,086,896,360,997	1,344,027,180,277
Interest on convertible bond, net of tax	19,139,925,063	13,185,581,052
Adjusted income	1,106,036,286,060	1,357,212,761,329
Weighted-average number of common shares outstanding and common equivalent shares(*)	368,346,462	365,212,337
Diluted earnings per share	(Won) 3,003	3,716

(\*) Weighted-average number of common shares outstanding is calculated as follows:

<i>(In shares)</i>	<b>2008</b>	<b>2007</b>
Weighted-average number of common shares (basic)	357,815,700	357,815,700
Effect of conversion of convertible bonds	10,530,762	7,396,637
Weighted-average number of common shares (diluted) at December 31, 2008	368,346,462	365,212,337

(c) The number of dilutive potential ordinary shares outstanding for the years ended December 31, 2008 and 2007 is calculated as follows:

<i>(In shares)</i>	<b>2008</b>	<b>2007</b>
Number of convertible bonds	10,530,762	10,464,234
Period	January 1, 2008 ~ December 31, 2008	April 18, 2007 ~ December 31, 2007
Weighted	366 days / 366 days	258 days / 365 days
Effect of conversion of convertible bonds	10,530,762	7,396,637





**Table of Contents****LG DISPLAY CO., LTD.****Notes to Non-Consolidated Financial Statements**

December 31, 2008 and 2007

**28 Dividends**

(a) The dividend payout ratios for the years ended December 31, 2008 and 2007 are as follows:

<i>(In millions of Won)</i>	<b>2008</b>	<b>2007</b>
Dividend amount	178,908	268,362
Net income	1,086,896	1,344,027
Dividend payout ratio	16.46%	19.97%

(b) The dividend yield ratios for the years ended December 31, 2008 and 2007 are as follows:

<i>(In Won except Dividend yield ratio)</i>	<b>2008</b>	<b>2007</b>
Dividend per share	500	750
Market price of a common share as of year end	21,000	49,500
Dividend yield ratio	2.38%	1.52%

**29 Share-Based Payments**

(a) The terms and conditions of share-based payment arrangement as of December 31, 2008 are as follows:

	<b>Descriptions</b>
Settlement method	Cash settlement
Type of arrangement	Stock appreciation rights (granted to senior executives)
Date of grant	April 7, 2005
Weighted-average exercise price (*1)	(Won)44,050
Number of rights granted	450,000
Number of rights forfeited (*2)	230,000
Number of rights cancelled (*3)	110,000
Number of rights outstanding	110,000
Exercise period	From April 8, 2008 to April 7, 2012
Vesting conditions	Two years of service from the date of grant

(\*1) The exercise price at the grant date was (Won)44,260 per stock appreciation right ( SARs ). However, the exercise price was subsequently adjusted to (Won)44,050 due to additional issuance of common shares in 2005.

(\*2) SARs were forfeited in connection with senior executives who left the Company before meeting the vesting requirement.

(\*3) If the appreciation of the Company's share price is equal or less than that of the Korea Composite Stock Price Index ( KOSPI ) over the three-year period following the grant date, only 50% of the outstanding SARs are exercisable. As the actual increase rate of the Company's share price for the three-year period ending April 7, 2008 was less than that of the KOSPI for the same three-year period, only 110,000 shares, 50% of the outstanding SARs as of December 31, 2008 are exercisable.

**Table of Contents****LG DISPLAY CO., LTD.****Notes to Non-Consolidated Financial Statements**

December 31, 2008 and 2007

29 **Share-Based Payments, Continued**

(b) The changes in the number of SARs outstanding for the years ended December 31, 2008 and 2007 are as follows:

<i>(Number of shares)</i>	<b>Stock appreciation rights</b>	
	<b>2008</b>	<b>2007</b>
Balance at beginning of year	220,000	260,000
Forfeited or cancelled	110,000	40,000
Outstanding at end of year	110,000	220,000
Exercisable at end of year	110,000	

(c) The Company reversed accumulated stock compensation cost of (Won)560 million for the year ended December 31, 2008 as the market price of the Company's common share was less than the exercise price of a SAR.

30 **Comprehensive Income**

Comprehensive income for the years ended December 31, 2008 and 2007 is as follows:

<i>(In millions of Won)</i>	<b>2008</b>	<b>2007</b>
Net income	(Won) 1,086,896	1,344,027
Change in fair value of available-for-sale securities, net of tax effect of (Won)(7,314) million in 2008 and nil in 2007	25,934	
Change in equity arising from application of equity method, net of tax effect of (Won)(47,354) million in 2008 and (Won)(2,173) million in 2007	144,688	46,772
Gain on valuation of cash flow hedges, net of tax effect of (Won)568 million in 2008 and (Won)8,696 million in 2007	(1,498)	(22,925)
Loss on valuation of cash flow hedges, net of tax effect of (Won)(874) million in 2008 and (Won)1,546 million in 2007	(1,009)	(4,076)
Comprehensive income	(Won) 1,255,011	1,363,798

**Table of Contents****LG DISPLAY CO., LTD.****Notes to Non-Consolidated Financial Statements**

December 31, 2008 and 2007

**31 Value-Added Information**

Value added information for the years ended December 31, 2008 and 2007 is as follows:

(i) 2008

<i>(In millions of Won)</i>	<b>Cost of sales</b>	<b>Selling, general and administrative expense</b>	<b>Research and development expense(*1)</b>	<b>Construction- in-progress</b>	<b>Total</b>
Salaries and wages	(Won) 642,857	89,634	54,595	21,305	808,391
Severance benefits	53,363	9,453	4,673	1,467	68,956
Other employee benefits	108,507	14,830	6,197	2,119	131,653
Rent	12,275	4,756	446		17,477
Depreciation(*2)	2,302,146	9,240	19,503	708	2,331,597
Taxes and dues	8,643	4,489	170		13,302
	(Won) 3,127,791	132,402	85,584	25,599	3,371,376

(ii) 2007

<i>In millions of Won</i>	<b>Cost of sales</b>	<b>Selling, general and administrative expense</b>	<b>Research and development expense(*1)</b>	<b>Construction- in-progress</b>	<b>Total</b>
Salaries and wages	(Won) 561,497	83,665	45,840	214	691,216
Severance benefits	49,971	8,480	3,691	521	62,663
Other employee benefits	87,003	8,718	4,932	9	100,662
Rent	2,761	4,268	522		7,551
Depreciation(*2)	2,628,428	7,071	20,207	1,296	2,657,002
Taxes and dues	7,175	2,222	252		9,649
	(Won) 3,336,835	114,424	75,444	2,040	3,528,743

(\*1) Research and development expense includes amount allocated to cost of sales.

(\*2) Depreciation includes amortization of intangible assets.

**32 Supplemental Cash Flow Information**

Significant non-cash investing and financing activities for the years ended December 31, 2008 and 2007 are as follows:

# Edgar Filing: LG Display Co., Ltd. - Form 6-K

<i>In millions of Won</i>	2008	2007
Increase (decrease) in other accounts payable arising from purchase of property, plant and equipment	(Won) 1,265,519	(556,005)

**Table of Contents****LG DISPLAY CO., LTD.****Notes to Non-Consolidated Financial Statements**

December 31, 2008 and 2007

**33 Segment Information**

(a) The Company manufactures and sells TFT-LCD and AM-OLED products. The segment of AM-OLED is not presented separately, as the sales of AM-OLED products are insignificant to total sales.

(b) The Company sells its products in domestic and foreign markets. Export sales represent approximately 93% of total sales for the year ended December 31, 2008. The following is a summary of sales by region based on the location of the customers for the years ended December 31, 2008 and 2007:

<i>In millions of Won</i>	<b>Domestic</b>	<b>Taiwan</b>	<b>Japan</b>	<b>US</b>	<b>China</b>	<b>Europe</b>	<b>Others</b>	<b>Total</b>
2008	(Won) 1,063,742	3,523,766	1,548,890	2,194,250	2,971,396	2,732,894	1,830,302	15,865,240
2007	(Won) 1,026,253	3,432,418	1,333,123	1,519,095	2,762,241	2,439,346	1,650,655	14,163,131

**34 Date of Authorization for Issue of Financial Statements**

The 2008 financial statements were authorized for issue on January 16, 2009, at the Board of Directors Meeting.

**35 Results of Operations for the Last Interim Period**

<i>In millions of Won</i>	<b>2008 4<sup>th</sup> Quarter</b>	<b>2007 4<sup>th</sup> Quarter</b>
Revenue	(Won) 3,722,702	4,314,493
Operating income (loss)	(432,934)	880,903
Net income (loss) for the period	(696,677)	759,908
Earnings (losses) per share (in Won)	(1,947)	2,124

**36 Subsequent Event**

LG Display Singapore Pte. Ltd. was incorporated in Singapore on January 12, 2009, to sell TFT-LCD products. Its capital stock amounted to SGD1.4 million ((Won)1,250 million) and is wholly owned by the Company.

**37 Status of the Company's Adoption of Korean IFRS**

In March 2008, a task force was set up for the Company's adoption of the Korean International Financial Reporting Standards ( K-IFRS ) in 2010. The task force comprehensively analyzed differences in SKAS and K-IFRS in the Company's significant accounting policies and selected the accounting applicable to the Company by benchmarking application of IFRS of other companies. Material adjustments to accounting policies in adopting IFRS, compared to the current accounting policies, are believed to be with convertible bond and employee benefits, and the Company is currently in the process of evaluating the impacts of the adjustments.



---

**Table of Contents**

**Independent Accountants' Review Report on Internal Accounting Control System**

**English translation of a Report Originally Issued in Korean**

To the President of

LG Display Co., Ltd.:

We have reviewed the accompanying Report on the Operations of Internal Accounting Control System ( IACS ) of LG Display Co., Ltd. (the Company ) as of December 31, 2008. The Company's management is responsible for designing and maintaining effective IACS and for its assessment of the effectiveness of IACS. Our responsibility is to review management's assessment and issue a report based on our review. In the accompanying report of management's assessment of IACS, the Company's management stated: Based on the assessment on the operations of the IACS, the Company's IACS has been effectively designed and is operating as of December 31, 2008, in all material respects, in accordance with the IACS Framework issued by the Internal Accounting Control System Operation Committee.

We conducted our review in accordance with IACS Review Standards, issued by the Korean Institute of Certified Public Accountants. Those Standards require that we plan and perform the review to obtain assurance of a level less than that of an audit as to whether Report on the Operations of Internal Accounting Control System is free of material misstatement. Our review consists principally of obtaining an understanding of the Company's IACS, inquiries of company personnel about the details of the report, and tracing to related documents we considered necessary in the circumstances. We have not performed an audit and, accordingly, we do not express an audit opinion.

A company's IACS is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Because of its inherent limitations, however, IACS may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Based on our review, nothing has come to our attention that Report on the Operations of Internal Accounting Control System as of December 31, 2008 is not prepared in all material respects, in accordance with IACS Framework issued by the Internal Accounting Control System Operation Committee.

This report applies to the Company's IACS in existence as of December 31, 2008. We did not review the Company's IACS subsequent to December 31, 2008. This report has been prepared for Korean regulatory purposes, pursuant to the External Audit Law, and may not be appropriate for other purposes or for other users.

/s/ KPMG Samjong Accounting Corp.  
Seoul, Korea  
February 16, 2009

**Notice to Readers**

This report is annexed in relation to the audit of the non-consolidated financial statements as of and for the year ended December 31, 2008 and the review of internal accounting control system pursuant to Article 2-3 of the Act on External Audit for Stock Companies of the Republic of Korea.

**Table of Contents**

Report on the operation of internal Control of Financial Reporting

To the Board of Directors and Audit Committee of LG Display Co., Ltd

I, as the Internal Control over Financial Reporting ( ICFR ) Officer of LG Display ( the Company ), assessed the effectiveness of the design and operation of the Company s ICFR for the year ending December 31, 2008.

The Company s management, including myself, is responsible for designing and operating an ICFR. I assessed the design and operational effectiveness of the ICFR in the prevention and detection of an error or fraud which may cause a misstatement in the preparation and disclosure of reliable financial statements. I followed the Best Practice Guideline to evaluate the effectiveness of the ICFR design and operation.

Based on the assessment results, I believe that the Company s ICFR, as of December 31, 2008, is effectively designed and operating, in all material respects, in conformity with the Best Practice Guideline.

January 15, 2009

James (Hoyoung) Jeong  
Internal Control over Financial Reporting Officer

Young Soo Kwon  
Chief Executive Officer or President



**Table of Contents**

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

LG Display Co., Ltd.  
(Registrant)

Date: March 3, 2009

By: /s/ Kyeong Lae Lee  
(Signature)  
Name: Kyeong Lae Lee  
Title: Senior Manager/Finance & Risk Management Department