LG Display Co., Ltd.
Form 6-K
March 29, 2012
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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 2012

LG Display Co., Ltd.

(Translation of Registrant s name into English)

LG Twin Towers, 128 Yeoui-daero, Yeongdeungpo-gu, Seoul 150-721,

Republic of Korea

(Address of principal executive offices)

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

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ANNUAL REPORT

(From January 1, 2011 to December 31, 2011)

THIS IS A TRANSLATION OF THE ANNUAL REPORT ORIGINALLY PREPARED IN KOREAN AND IS IN SUCH FORM AS REQUIRED BY THE KOREAN FINANCIAL SUPERVISORY COMMISSION.

IN THE TRANSLATION PROCESS, SOME PARTS OF THE REPORT WERE REFORMATTED, REARRANGED OR SUMMARIZED AND CERTAIN NUMBERS WERE ROUNDED FOR THE CONVENIENCE OF READERS.

UNLESS EXPRESSLY STATED OTHERWISE, ALL INFORMATION CONTAINED HEREIN IS PRESENTED ON A CONSOLIDATED BASIS IN ACCORDANCE WITH KOREAN INTERNATIONAL FINANCIAL REPORTING STANDARDS, OR K-IFRS, WHICH DIFFER IN CERTAIN RESPECTS FROM GENERALLY ACCEPTED ACCOUNTING PRINCIPLES IN CERTAIN OTHER COUNTRIES, INCLUDING THE UNITED STATES. WE HAVE MADE NO ATTEMPT TO IDENTIFY OR QUANTIFY THE IMPACT OF THESE DIFFERENCES IN THIS DOCUMENT.

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1. Company

A. Name and contact information

The name of our company is EL-GI DISPLAY CHUSIK HOESA, which shall be LG Display Co., Ltd. in English.

Our principal executive office is located at LG Twin Towers, 128 Yeoui-daero, Yeongdeungpo-gu, Seoul 150-721, Republic of Korea, Republic of Korea, and our telephone number is +82-2-3777-1114. Our website address is http://www.lgdisplay.com.

B. Domestic credit rating

Subject instruments	Month of rating	Credit rating	Rating agency (Rating range)
Commercial Paper	January 2006 June 2006 December 2006 June 2007 December 2007 September 2008 December 2008	A1	National Information & Credit Evaluation, Inc. (A1 ~ D)
	June 2006 January 2007 June 2007 December 2007 September 2008	A1	Korea Investors Service, Inc. (A1 ~ D)
Corporate Debenture	June 2006 December 2006	AA-	National Information & Credit Evaluation, Inc. (AAA ~ D)
	June 2007 September 2008	A+	
	July 2009 October 2009 February 2010 May 2010 December 2010 July 2011	AA-	
	June 2006	AA-	Korea Investors Service, Inc. (AAA ~ D)
	January 2007 June 2007 September 2008	A+	

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July 2009 December 2009 February 2010 May 2010 August 2010 February 2011 April 2011 August 2011 October 2011	AA-		
October 2009 December 2009 August 2010 December 2010 February 2011 April 2011 July 2011 October 2011	AA-	Korea Ratings, Inc. (AAA ~ D)	

C. Capitalization

(1) Change in capital stock (as of December 31, 2011)

(Unit: Won, Share)

Date	Description	Change in number of common shares	Face amount per share
July 23, 2004	Offering [(1)]	33,600,000	5,000
September 8, 2004	Follow-on offering [(2)]	1,715,700	5,000
July 27, 2005	Follow-on offering [(3)]	32,500,000	5,000

(1) ADSs offering: 24,960,000 shares (US$30 per share, US$15 per ADS) / Initial public offering in Korea: 8,640,000 shares ((Won)34,500 per share)

(2) ADSs offering: 1,715,700 shares ((Won)34,500 per share) pursuant to the exercise of greenshoe option by the underwriters

(3) ADSs offering: 32,500,000 shares (US$42.64 per share, US$21.32 per ADS)

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(2) Convertible bonds (as of December 31, 2011)

(Unit: In millions of Won, Share)

Issue date:		April 18, 2007
Maturity:		April 18, 2012
Face amount: [(1)]		(Won)513,480
Conversion shares:		Registered common shares
Conversion period:		Convertible into shares of common stock during the period from April 19, 2008 to April 3, 2012
Conversion price: [(2)]		(Won)47,892 per share
Outstanding	Face amount:	(Won)61,618
	Number of convertible shares: [(2)]	1,286,594 shares, assuming full conversion
Remarks:		- Registered form - Listed on Singapore Exchange

(1) Face amount translated from US$550 million at the noon buying rate of the Federal Reserve Bank of New York in effect on April 10, 2007 (which was the date the convertible bond purchase agreement was entered into), which was (Won)933.6 = US$1.00.

(2) Conversion price was adjusted from (Won)49,070 to (Won)48,760 and the number of convertible shares was adjusted from 10,464,234 to 10,530,762 following the approval by the shareholders of a cash dividend of (Won)750 per share at the annual general meeting of shareholders on February 29, 2008. Conversion price was further adjusted from (Won)48,760 to (Won)48,251 and the number of shares issuable upon conversion was adjusted from 10,530,762 to 10,641,851 following the approval by the shareholders of a cash dividend of (Won)500 per share at the annual general meeting of shareholders on March 13, 2009. Conversion price was further adjusted from (Won)48,251 to (Won)48,075 and the number of shares issuable upon conversion was adjusted from 10,641,851 to 10,680,811 following the approval by the shareholders of a cash dividend of (Won)500 per share at the annual general meeting of shareholders on March 12, 2010. In April 2010, certain holders of our US$550 million convertible bonds due 2012 exercised their put option for an aggregate principal amount of US$484 million and were repaid at 109.75% of their principal amount. The remaining US$66 million matures in 2012 at 116.77% of their principal amount. Accordingly, the number of shares issuable upon conversion changed from 10,680,811 to 1,281,697. Conversion price was further adjusted from (Won)48,075 to (Won)47,892 and the number of shares issuable upon conversion was adjusted from 1,281,697 to 1,286,594 following the approval by the shareholders of a cash dividend of (Won)500 per share at the annual general meeting of shareholders on March 11, 2011.

D. Voting rights (as of December 31, 2011)

(Unit: share)

Description	Number of shares
1. Shares with voting rights (A B):	357,815,700
A. Total shares issued:	357,815,700
B. Shares without voting rights:	
2. Shares with restricted voting rights	
Total number of shares with voting rights (1 2):	357,815,700

E. Dividends

At the annual general meeting of shareholders on March 9, 2012, we did not declare a cash dividend to our shareholders.

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Dividends during the recent three fiscal years

Description (unit)	2011	2010	2009
Par value (Won)	5,000	5,000	5,000
Profit (loss) for the period / Net income (million Won)	(991,032)[3]	1,002,648[3]	1,067,947 [4]
Earnings per share (Won) [1]	(2,770)	2,802	2,985
Total cash dividend amount (million Won)		178,908	178,908
Total stock dividend amount (million Won)			
Cash dividend payout ratio (%)		17.8	16.8
Cash dividend yield (%) [2]		1.3	1.3
Stock dividend yield (%)			
Cash dividend per share (Won)		500	500
Stock dividend per share (share)			

(1) Earnings per share is based on par value of (Won)5,000 per share and is calculated by dividing net income by weighted average number of common stock.

(2) Cash dividend yield is the percentage that is derived by dividing cash dividend by the arithmetic average of the daily closing prices of our common stock during the one-week period ending two trading days prior to the closing of the register of shareholders for the purpose of determining the shareholders entitled to receive annual dividends.

(3) Profit for the period based on separate K-IFRS.

(4) Net income based on non-consolidated Korean GAAP.

2. Business

A. Business overview

We were incorporated in February 1985 under the laws of the Republic of Korea. LG Electronics and LG Semicon transferred their respective LCD business to us in 1998, and since then, our business has been focused on the research, development, manufacture and sale of display panels, applying technologies such as TFT-LCD, LTPS-LCD and OLED.

As of December 31, 2011, we operated TFT-LCD and OLED production facilities in Paju and Gumi, Korea and a LCD research center in Paju, Korea. We have also established subsidiaries in the Americas, Europe and Asia.

As of December 31, 2011, our business consisted of the manufacture and sale of LCD and OLED panels and monitor products. Because our non-LCD business represented an extremely small portion of our assets and revenues as of and for the year ended December 31, 2011, we have included them as part of our LCD reporting business segment.

2011 Financial highlights by business (based on K-IFRS)

(Unit: In billions of Won)

2011	LCD business
Sales Revenue	24,291
Gross Profit	1,210

Operating Profit (Loss)	(924)

B. Industry

(1) Industry characteristics and growth potential

- TFT-LCD technology is one of the widely used technologies in the manufacture of flat panel displays, and the demand for flat panel displays is growing. The flat panel display industry is characterized by entry barriers due to rapidly evolving technology, capital-intensive characteristics, and the significant investments required to achieve economies of scale, among other factors. There is intense competition among the players in the industry, and the industry s production capacity, including ours, is continually increasing.

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- The demand for LCD panels for notebook computers and desktop monitors has grown, to a degree, in tandem with the growth in the information technology industry. The demand for LCD panels for television sets has been growing as digital broadcasting is becoming more common and as LCD television has come to play an important role in the digital display market. In addition, markets for small- to medium-sized LCD panels, such as those used in mobile phones (including smartphones), smartbooks, medical applications, automobile navigation systems and e-books, among others, have shown continued growth.

- The average selling prices of LCD panels may continue to decline with time irrespective of general business cycles as a result of, among other factors, technology advancements and cost reductions.

(2) Cyclicality

- The TFT-LCD business is highly cyclical. In spite of the increased demand for products, this industry has experienced periodic volatility caused by imbalances between supply and demand due to capacity expansion within the industry.

- Intense competition and expectations of demand growth may lead panel manufacturers to invest in manufacturing capacity on similar schedules, resulting in a surge in capacity when production is ramped up at new fabrication facilities.

- During such surges in production capacity, the average selling prices of display panels may decline. Conversely, demand surges and inability of supply to meet such demand may lead to price increases.

(3) Market conditions

- The TFT-LCD industry is highly competitive due largely to additional capacity expansion driven by TFT-LCD panel makers.

- Most TFT-LCD panel makers are located in Asia.

  a. Korea: LG Display, Samsung Electronics, Samsung Mobile Display, Hydis Technologies, etc.

  b. Taiwan: AU Optronics, Chimei Innolux, Chunghwa Picture Tubes, HannStar Display, etc.

  c. Japan: Sharp, Panasonic LCD, etc.

  d. China: SVA-NEC, Beijing BOE Optronics Technology, etc.

(4) Market shares

- Our worldwide market share for large-sized TFT-LCD panels based on revenue is as follows:

	2011[(1) (4)]	2010 [(2) (4)]	2009 [(3) (5)]
Panels for Notebook Computers [(6)]	34.9%	33.2%	30.3%

Panels for Monitors	28.0%	26.5%	23.9%
Panels for Televisions	25.3%	23.4%	24.4%
Total	27.7%	25.4%	25.2%

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(1) Source: 2011 Q4 DisplaySearch Quarterly Large-Area TFT LCD Shipment Report (advanced version with LED backlight).
(2) Source: 2010 Q4 DisplaySearch Large-Area TFT LCD Shipment Report (advanced version with LED backlight).
(3) Source: 2009 Q4 DisplaySearch Large-Area TFT LCD Shipment Report.
(4) Based on TFT-LCD panels that are 9 inches or larger.
(5) Based on TFT-LCD panels that are 10 inches or larger.
(6) Includes panels for netbooks.

(5) Competitiveness

- Our ability to compete successfully depends on factors both within and outside our control, including product pricing, our relationship with customers, successful and timely investment and product development, cost competitiveness, success in marketing to our end-brand customers, component and raw material supply costs, foreign exchange rates and general economic and industry conditions.

- In order to compete effectively, it is critical to be cost competitive and maintain stable and long-term relationships with customers which will enable us to be profitable even in a buyer s market.

- A substantial portion of our sales is attributable to a limited number of end-brand customers and their designated system integrators. The loss of these end-brand customers, as a result of customers entering into strategic supplier arrangements with our competitors or otherwise, would result in reduced sales.

- Developing new products and technologies that can be differentiated from those of our competitors is critical to the success of our business. It is important that we take active measures to protect our intellectual property internationally by obtaining patents and undertaking monitoring activities in our major markets. It is also necessary to recruit and retain experienced key managerial personnel and skilled line operators.

- As a leading technology innovator in the display industry, we continue to focus on delivering differentiated value to our customers by developing new technologies and products, including in the categories of 3D, touch screens and next generation displays. With respect to 3D technology, we have commenced mass production of high definition 3D panels with reduced degrees of crosstalk, or the degree of 3D image overlapping, of less than 1% (which is less than what the human eye can perceive). We have also acquired the technical skills and have established a supply chain management system that enables us to provide one-stop solutions to our customers with respect to touch module products. In addition, we have shown that we are technologically a step ahead of the competition by developing products such as 10.1-inch flexible LCDs, 2.6 mm thin televisions (the thinnest in the world at the time) and 19-inch flexible e-papers. We are a leader in large OLED panel display technology, as demonstrated by our 55-inch OLED display panel unveiled at the Consumer Electronics Show in Las Vegas in January 2012, which was the largest OLED panel at the time.

- Moreover, we entered into long-term sales contracts with major global firms, including those in the United States and Japan, to secure customers and expand partnerships for technology development.

C. New businesses

- In order to meet the rapidly increasing market demand for large TFT-LCD panels, we successfully commenced mass production at P83, an eighth generation fabrication line located in our P8 facility, in March 2011. In January 2011, we also decided to invest in a new eighth generation production facility, P9.

- We also plan to strengthen our market position in future display technologies by strengthening our OLED business, accelerating the development of flexible display technologies and maintaining our leadership position in the LED backlight LCD market.

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- We are making an effort to increase our competitiveness, including in the LCD component parts market, by forming cooperative relationships with suppliers and purchasers of our products. As part of this effort, in March 2005, we established a joint venture company, Paju Electric Glass Co., Ltd., with Nippon Electric Glass Co., Ltd. We invested (Won)14.4 billion in return for a 40% interest in Paju Electric Glass Co., Ltd. In November 2010 and April 2011, we invested an additional (Won)14.8 billion and (Won)4.4 billion, respectively, in Paju Electric Glass Co., Ltd. but the additional investments did not change our percentage interest in Paju Electric Glass Co., Ltd. In July 2008, we purchased 6,850,000 shares of common stock of New Optics Ltd. at a purchase price of (Won)9.7 billion, and in February 2010, we purchased an additional 1,000,000 shares of common stock of New Optics at a purchase price of (Won)2.5 billion. In addition, in February 2009, we purchased 3,000,000 shares of common stock of LIG ADP Co., Ltd. (formerly ADP Engineering Co., Ltd.) at a purchase price of (Won)6.3 billion. In May 2009, we purchased 6,800,000 shares of common stock of Wooree LED Co., Ltd. at a purchase price of (Won)11.9 billion. In December 2009, we purchased 420,000 global depositary shares representing 420,000 shares of Prime View International Co., Ltd s common stock at a purchase price of US$9.9 million. In January 2010, we purchased 10.8 million shares of Can Yang Investment Limited representing a 15% interest at a purchase price of US$10.8 million. In October 2010, we invested an additional US$4.5 million and acquired 4.8 million additional shares of Can Yang Investment Limited.

- In October 2008, we established a joint venture company, Suzhou Raken Technology Ltd., with AmTRAN Technology Co., Ltd., a Taiwan corporation. We invested US$10.4 million in return for a 51% interest in Suzhou Raken Technology Ltd. Suzhou Raken Technology Ltd. will supply both parties with TFT-LCD modules and TFT-LCD televisions. Through the establishment of this joint venture, we are able to further expand our customer base by securing a stable long-term panel dealer. In 2009 and 2010, we invested an additional US$58.7 million and US$14.5 million, respectively, in Suzhou Raken Technology Ltd., but the additional investments did not change our percentage interest in Suzhou Raken Technology Ltd.

- As part of our strategy to expand our production capacity overseas, we signed an investment agreement and a joint venture agreement in November 2009 with the City of Guangzhou, China, to build an eighth-generation panel fabrication facility in China.

- In December 2009, certain LG affiliates and we entered into a joint venture investment agreement and established a joint venture company, Global OLED Technology LLC, for purposes of managing the patent assets relating to OLED technology that we acquired from Eastman Kodak Company in December 2009. As of December 31, 2009, we had invested (Won)72.3 billion in return for a 49% equity interest in the joint venture company. In June 2010, we sold (Won)19.0 billion worth of our equity interest in the joint venture company. After such sale, our equity interest was reduced to 32.73%.

- In December 2009, we acquired a 30.6% limited partnership interest in LB Gemini New Growth Fund No. 16. Under the limited partnership agreement, we agreed to invest a total amount of (Won)30 billion in the fund, and as of December 31, 2010, we had invested (Won)8.3 billion in the fund. By becoming a limited partner of this fund, our aim is to seek direct investment opportunities as well as to receive benefits from the investment. In February 2011, we received a distribution of (Won)1.4 billion from the fund, and in March and April 2011, we invested an additional (Won)1.9 billion and (Won)3.1 billion, respectively, in the fund. In June 2011, we received a further distribution of (Won)0.7 billion as return of principal and (Won)0.9 billion as dividends and we invested an additional (Won)1.2 billion in the fund. In December 2011, we invested an additional (Won)2.0 billion in the fund. The additional investments did not change our investment commitment amount of (Won)30 billion or our limited partnership interest in the fund, which remained at 30.6%.

- In order to establish a production base for LCD modules, LCD television sets and LCD monitors, we entered into a joint investment agreement with Top Victory Investment Ltd. in January 2010 and established L&T Display Technology (Xiamen) Ltd. and L&T Display Technology (Fujian) Ltd. in Xiamen and Fujian, China, respectively. We invested (i) W7.1 billion and acquired a 51% equity interest in L&T Display Technology (Xiamen) Ltd. and (ii) (Won)10.1 billion and acquired a 51% equity interest in L&T Display Technology (Fujian) Ltd.

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- In May 2010, we completed the acquisition of the LCD module division of LG Innotek Co., Ltd. Through this acquisition, we expect to improve our module manufacturing process and simplify our supply chain which will increase our efficiency and competitiveness.

- In August 2010, in order to strengthen our competitiveness in the LED backlight LCD market, we entered into a joint venture with Everlight Electronics Co., Ltd. and AmTRAN Technology Co., Ltd. and established Eralite Optoelectronics (Jiangsu) Co., Ltd., a company that specializes in LED packaging and manufacturing, in Suzhou, China. We invested US$4 million and acquired a 20% equity interest in Eralite Optoelectronics (Jiangsu) Co., Ltd.

- In September 2010, in order to strengthen our OLED business, we acquired a 20% equity interest in YAS Co., Ltd., which develops and manufactures OLED deposition equipment components, at a purchase price of (Won)10 billion.

- In November 2010, in order to strengthen our e-book business, we acquired a 100% equity interest in Image & Materials, Inc., a company that develops and manufactures e-book deposition equipment components, at a purchase price of (Won)35 billion. In each of June 2011, September 2011 and February 2012, we invested an additional (Won)3.0 billion in Image & Materials, Inc.

- In October 2010, in order to strengthen our competitiveness in the e-book market, we entered into a joint venture with Iriver Ltd. and established L&I Electronics Technology (Dongguan) Limited, a company that specializes in e-book manufacturing, in Dongguan, China. We invested US$2.6 million and acquired a 51% equity interest in L&I Electronics Technology (Dongguan) Limited.

- In November 2010, in order to build Backlight-Module-System (BMS) lines that would help differentiate our technical skills from those of our competitors and increase our cost competitiveness, we entered into a joint venture with Compal Electronics, Inc., a Taiwanese company, and established LUCOM Display Technology (Kunshan) Ltd. in Kunshan, China. We invested US$2.3 million and acquired a 51% equity interest in LUCOM Display Technology (Kunshan) Ltd. In February and April 2011, we invested an additional US$ 3.1 million and US$2.3 million, respectively, in LUCOM Display Technology (Kunshan) Ltd., but the additional investments did not change our percentage interest in LUCOM Display Technology (Kunshan) Ltd.

- In April 2011, in order to enhance the product quality and assist the local development of coaters, a component used in our TFT-LCD products, we invested (Won)20 billion and acquired a 16.6% interest in Narae Nanotech Corporation, a Korean equipment manufacturer. In June 2011, we invested an additional (Won)10.0 billion and acquired a further 7.7% interest in Narae Nanotech Corporation. As of December 31, 2011, we held a 23% equity interest in Narae Nanotech Corporation.

- In December 2011, in order to improve our cost competitiveness with respect to the glass substrate etching stage of our TFT-LCD panel manufacturing process, we invested (Won)10.6 billion and acquired a 20.3% interest in Avatec Co., Ltd., a third party glass substrate etching processor.

- In December 2011, in order to expand our module production capacity, we established LG Display U.S.A. Inc. in Texas, United States, and LG Display Reynosa S.A. de C.V. in Reynosa, Mexico. We invested in the form of paid-in capital (Won)12.4 billion and (Won)9.2 billion in LG Display U.S.A. Inc. and LG Display Reynosa S.A. de C.V., respectively. We currently own a 100% interest in LG Display U.S.A. Inc. and a 99% interest in LG Display Reynosa S.A. de C.V. LG Display U.S.A. Inc. owns the remaining 1% interest in LG Display Reynosa S.A. de C.V.

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3. Major Products and Raw Materials

A. Major products in 2011

We manufacture TFT-LCD panels, of which a significant majority is exported overseas.

(Unit: In billions of Won)

Business area	Sales Type	Items (Market)	Usage	Major trademark	Sales (%)
TFT-LCD	Product/ Service/ Other Sales	TFT-LCD (Overseas [1])	Panels for Notebook Computer, Monitor, Television, etc	LG Display	22,328 (91.9%)
		TFT-LCD (Korea [1])	Panels for Notebook Computer, Monitor, Television, etc	LG Display	1,963(8.1%)
Total					24,291(100%)

- Period: January 1, 2011 ~ December 31, 2011.

(1) Based on ship-to-party.

B. Average selling price trend of major products

The average selling price of LCD panels per square meter of net display area in the fourth quarter of 2011 decreased by 3% from the third quarter of 2011. There is no assurance that the average selling prices of LCD panels will not fluctuate in the future due to changes in supply and demand.

(Unit: US$ / m^2)

Description	2011 Q4	2011 Q3	2011 Q2	2011 Q1
TFT-LCD panel [(1)(2)(3)]	684	705	747	708

(1) Quarterly average selling price per square meter of net display area shipped.

(2) Excludes semi-finished products in the cell process.

C. Major raw materials

Prices of major raw materials depend on fluctuations in supply and demand in the market as well as on change in size and quantity of raw materials due to the increased production of large-sized panels.

(Unit: In billions of Won)

Business Area	Purchase type	Items	Usage	Purchase price [(1)]	Ratio (%)	Suppliers
TFT-LCD		Glass	LCD panel	3,489	21.60%	Samsung Corning Precision

	Raw Materials	manufacturing			Glass Co., Ltd., Nippon Electric Glass Co., Ltd., etc.
		Backlight	5,087	31.50%	Heesung Electronics Ltd., etc.
		Polarizer	2,483	15.38%	LG Chem, etc.
		Others	5,090	31.52%	-
Total			16,149	100%	-

- Period: January 1, 2011 ~ December 31, 2011.

(1) Based on total cost for purchase of raw materials which includes manufacturing and development costs, etc.

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4. Production and Equipment

A. Production capacity and output

(1) Production capacity

The table below sets forth the production capacity of our Gumi and Paju facilities in the periods indicated.

(Unit: 1,000 Glass sheets)

Business area	Items	Business place	2011 [1]	2010 [1]	2009 [1]
TFT-LCD	TFT-LCD	Gumi, Paju	8,376	7,509	6,219

(1) Calculated based on the maximum monthly input capacity (based on glass input substrate size for eighth generation glass sheets) during the year multiplied by the number of months in a year (i.e., 12 months).
(2) Production output

The table below sets forth the production output of our Gumi and Paju facilities in the periods indicated.

(Unit: 1,000 Glass sheets)

Business area	Items	Business place	2011	2010	2009
TFT-LCD	TFT-LCD	Gumi, Paju	6,850	6,490	5,231

- Based on glass input substrate size for eighth generation glass sheets.

B. Production performance and utilization ratio

(Unit: Hours)

Business place (area)	Available working hours of 2011	Actual working hours of 2011	Average utilization ratio
Gumi	8,760 [1]	8,678 [1]	
(TFT-LCD)	(365 days) [2]	(362 days) [2]	99.1%
Paju	8,406 [1]	7,842 [1]	
(TFT-LCD)	(350 days) [2]	(327 days) [2]	93.3%

(1) Based on the assumption that all working hours in a day (i.e., 24 hours) have been fully utilized.
(2) No. of days are calculated by averaging the no. of working days for each facility. For Paju, includes facilities that commenced production in March 2011.

C. Investment plan

In connection with our strategy to expand our TFT-LCD production capacity, we incurred capital expenditures of approximately W4.1 trillion in 2011 and estimate that we will incur capital expenditures on a cash out basis of approximately (Won)4 trillion in 2012. Such amount is subject to change depending on business conditions and market environment.

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5. Sales

A. Sales performance

(Unit: In billions of Won)

Business area	Sales types	Items (Market)		2011	2010	2009
TFT-LCD	Products, etc.	TFT-LCD	Overseas (1)	22,328	23,806	18,833
			Korea (1)	1,963	1,706	1,205
			Total	24,291	25,512	20,038

(1) Based on ship-to-party.

B. Sales route and sales method

(1) Sales organization

- As of December 31, 2011, each of our IT Business Unit, Television Business Unit and Mobile/OLED Business Unit had individual sales and customer support functions.

- Sales subsidiaries in the United States, Germany, Japan, Taiwan, China and Singapore perform sales activities and provide local technical support to customers.

(2) Sales route

Sales of our products take place through one of the following two routes:

- LG Display HQ and overseas manufacturing subsidiaries g Overseas sales subsidiaries (USA/Germany/Japan/Taiwan/China/Singapore), etc. g System integrators and end-brand customers g End users

- LG Display HQ and overseas manufacturing subsidiaries g System integrators and end-brand customers g End users

(3) Sales methods and sales terms

- Direct sales and sales through overseas subsidiaries, etc. Sales terms are subject to change depending on the fluctuation in the supply and demand of LCD panels.

(4) Sales strategy

- To secure stable sales to major personal computer makers and leading consumer electronics makers globally. To increase sales of high-end notebook computer products (including smartbooks, IPS and slim and narrow bezel notebook computer products), to strengthen sales of the high-end monitor segment (such as LED, IPS, slim and narrow bezel and 3D monitors), to lead in the large and wide television market (including the LED television market) and to continually increase our market share in the 3D television market by utilizing film patterned retarder technology.

- In the small- to medium-sized products segment, which is centered on high-end products applying IPS technology, to strengthen our business portfolio by developing a diverse range of products, such as mobile phone (including smartphone), smartbook, car navigation, e-book, industrial products (including aviation and medical equipment), etc.

(5) Purchase orders

- Customers generally place purchase orders with us one month prior to delivery. Our customary practice for procuring orders from our customers and delivering our products to such customers is as follows:

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- Receive order from customer (overseas sales subsidiaries, etc.) g Headquarter is notified g Manufacture product g Ship product (overseas sales subsidiaries, etc.) g Sell product (overseas sales subsidiaries, etc.)

6. Market Risks and Risk Management

A. Market risks

Our industry continues to experience continued declines in the average selling prices of display panels irrespective of cyclical fluctuations in the industry, and our margins would be adversely impacted if prices decrease faster than we are able to reduce our costs.

The TFT-LCD industry is highly competitive. We have experienced pressure on the prices and margins of our major products due largely to additional industry capacity from panel makers in Korea, Taiwan, China and Japan. Our main competitors in the industry include Samsung Electronics, Samsung Mobile Display, Infovision, Hydis Technologies, AU Optronics, Chimei Innolux, Chunghwa Picture Tubes, HannStar Display, SVA-NEC, Beijing BOE Optronics Technology, Sharp, Hitachi, TMDisplay, Mitsubishi and Panasonic LCD.

Our ability to compete successfully depends on factors both within and outside our control, including product pricing, performance and reliability, successful and timely investment and product development, success or failure of our end-brand customers in marketing their brands and products, component and raw material supply costs, and general economic and industry conditions. We cannot provide assurance that we will be able to compete successfully with our competitors on these fronts and, as a result, we may be unable to sustain our current market position.

Our results of operations are subject to exchange rate fluctuations. To the extent that we incur costs in one currency and generate sales in a different currency, our profit margins may be affected by changes in the exchange rates between the two currencies. Our sales of display panels are denominated mainly in U.S. dollars, whereas our purchases of raw materials are denominated mainly in U.S. dollars and Japanese Yen. Our risk management policy regarding foreign currency risk is to minimize the impact of foreign currency fluctuations on our foreign currency denominated assets and liabilities.

B. Risk management

The average selling prices of display panels have declined in general and could continue to decline with time irrespective of industry-wide cyclical fluctuations. Certain contributing factors for this decline will be beyond our ability to control and manage. However, in anticipation of such price decline we have continued to develop new technologies and have implemented various cost reduction measures. In addition, in order to manage our risk against foreign currency fluctuations, we may from time to time enter into cross-currency interest rate swap contracts and foreign currency forward contracts.

7. Derivative Contracts

A. Currency risks

- We are exposed to currency risks on sales, purchases and borrowings that are denominated in currencies other than in Won, our functional currency. These currencies are primarily the U.S. dollar, the Euro, the Japanese Yen and the Chinese Renminbi.

- We generally use forward exchange contracts with a maturity of less than one year to hedge against currency risks.

- Interest on borrowings is denominated in the currency of the borrowing. Generally, borrowings are denominated in currencies that match the cash flows generated by our underlying operations, primarily in Won, the U.S. dollar, the Japanese Yen and the Chinese Renminbi.

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- In respect of other monetary assets and liabilities denominated in foreign currencies, we ensure that our net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates, when necessary, to address short-term imbalances. In addition, we also adjust the factoring volumes of foreign currency denominated receivables and utilize usances as means of settling accounts payable relating to capital expenditures for our facilities, in response to currency fluctuations.

B. Interest rate risks

- Our exposure to interest rate risks relates primarily to our long term debt obligations. To the extent necessary, we may from time to time enter into interest swap contracts to hedge our interest rate risks. As of December 31, 2011, we had no interest swap contracts outstanding.

8. Major contracts

Our material contracts, other than contracts entered into in the ordinary course of business, are set forth below:

Type of agreement	Name of party	Term	Content
Technology licensing agreement	Semiconductor Energy Laboratory	October 2005 ~	Patent licensing of LCD and OLED related technology
	Fergason Patent Properties	October 2007 ~	Patent licensing of LCD driving technology
	Hewlett-Packard	January 2011 ~	Patent licensing of semi-conductor device technology
Technology licensing/supply agreement	Chunghwa Picture Tubes	November 2007 ~	Patent cross-licensing of LCD technology
	Hannstar Display Corporation	November 2009 ~	Patent cross-licensing of LCD technology
	AU Optronics Corporation	August 2011~	Patent cross-licensing of LCD technology

9. Research & Development

A. Summary of R&D expenses

(Unit: In millions of Won, except percentages)

Items	2011	2010	2009
Material Cost	550,200	616,072	400,467
Labor Cost	365,375	285,212	191,507
Depreciation Expense	217,874	93,365	89,459
Others	180,582	122,619	92,905

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Total R&D Expense		1,314,031	1,117,268	774,338
	Selling & Administrative Expenses	248,328	264,073	168,081
Accounting Treatment	Manufacturing Cost	942,015	717,848	505,585
	Development Cost (Intangible Assets)	123,688	135,347	100,672
R&D Expense / Sales Ratio				
(Total R&D Expense ÷ Sales for the period × 100)		5.4%	4.4%	3.8%

B. R&D achievements

Achievements in 2009

1) Developments of 15.6-inch, 18.5-inch HD monitors for emerging market

- Achieving cost reduction by focusing on basic functions and by applying GIP and DRD

2) Development of 22-inch WSXGA+ monitor applying White LED backlight

- Development of our first environmentally friendly slim model (14.5mm in thickness)

- Reduces power consumption by 47% compared to conventional CCFL model by applying White LED backlight

3) Development of 24-inch WUXGA+ monitor applying GIP

- Development of the world s first monitor applying IPS GIP technology

- Increased cost competitiveness by applying 960ch source driver integrated circuits chip, which reduces the number of integrated circuits: 8ea g 6ea

4) Development of 55/47/42-inch FHD LED models

- Development of Direct thicker LED model MP

- Realization of TM240Hz

5) 240Hz driving technology development

- Development of the world s first 1 Gate 1 Drain 240Hz driving technology

6) Development of low voltage liquid crystal development

- Improving contrast ratio by 2.7%

- Decreases voltage used in liquid crystals reducing circuit heat**;** decreases voltage by 6.9%

7) Development of Ez (Easy) Gamma technology

- Minimize Gamma difference by using new measuring algorithm: 2.2±0.6 g 2.2±0.25

8) Development of 22-inch White+ technology

- Increases transmissivity by 66% by using White+ Quad type pixel structure

9) Development of 55FHD direct slim LED model

- Development of the world s first direct-mounted 16.3mm depth slim LCM

- Realization of 240 block local dimming and Trumotion 240Hz

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10) Development of 42HD GIP +TRD technology

- The world s first application of the 42HD GIP + TRD structure
- Removal of gate drive integrated circuits: 3ea g 0ea
- Reduction in source drive integrated circuits: 6ea g 2ea

11) Development of TV3 CR5 Color PR

- Realization of 100% BT709 reiteration rate by applying RGB Color Locus
- Achieving a 5% increase in CR by decreasing size of Color PR pigment

12) Development of the world s first slim 27W FHD TN monitors

- Reduces thickness by applying edge-mounted backlight: 37.2t g 21.6t
- Reduces power consumption by 60% compared to conventional models by applying 4Lamp
- Realization of MPRT 8ms by applying BDI technology

13) Development of the world s first 25W FHD TN new size monitors

- Development of new aspect ratio model: 16:9 wide-format
- Reduction in the number of driver integrated circuits by applying 960ch Source Driver: 8ea g 6ea
- Removal of gate driver integrated circuits by applying GIP technology

14) Development of 16:9 wide-format power consumption saving monitors (200W HD+, 215W FHD, 230W FHD)

- Reduces power consumption by 40% compared to conventional models by applying 2Lamp

- Slim design which reduces thickness: 17.0t g 14.5t

- To meet Energy Star 5.0 standards

15) Development of the world s first 22-inch WSXGA+ DRD (Double Rate Driving) monitors

- A 50% reduction in source driver integrated circuits by applying Double Rate Driving technology: 8ea g 4ea

- Removal of gate driver integrated circuits by applying GIP technology

- Application of optimum thin-film transistor structure for Double Rate Driving monitors

16) Development of the world s first 23W e-IPS monitors

- Slim design: Reduces thickness by applying edge-mounted backlight: 35.7t g 17t

- Reduces power consumption by 50% compared to conventional model by applying 4Lamp

- Realization of high aperture ratio by applying UH-IPS technology

- Reduction in the number of integrated circuits by applying 960ch source driver: 8ea g 6ea

- Removal of gate driver integrated circuits by applying GIP technology

- To meet Energy Star 5.0 standards

17) Development of high efficiency backlight technology

- Removal of DBDEF-D Sheet by increasing backlight luminance level by more than 30% g development of high efficiency lamp and improvement of optics sheet optical efficiency

18) Development of GIP and high aperture ratio technology for QHD IPS model

- Stable GIP output in QHD IPS models

- Maximizing transmissivity by applying UH-IPS technology and asymmetric pixel design

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19) Development of three-dimensional display technology using the shutter glasses method.

- Realization of stable rate of 172Hz

- Realization of 4port low voltage differential signaling frequencies at a rate of 400MHz

- Realization of ODC (Over Driver Circuit) tuning of GTG 3.5ms which is optimum for three-dimensional display

20) Development of 17.1-inch wide-format slim (flat type) panel applying COG (Chip On Panel) chip, our largest slim (flat type) panel

- Development of our largest size slim (flat type) model (previously, our largest model was the 15.4-inch wide-format)

- Reduction in thickness: 6.5mm g 4.3mm

21) Development of new high resolution 101W model (1024x600, 1366x768)

- Achieving higher resolution: 1024x576 g 1024x600, 1366x768

22) Development of world s first 17.3-inch HD+ LED panel for notebook computers

- New size and resolution for 16:9 wide-format

- Existing model: 17.1-inch WXGA+ 1400x900 / New model: 17.3-inch HD+ 1600x900

23) Development of 13.3-inch HD LED panel for notebook computers

- New size and resolution for 16:9 wide-format

24) Development of world s first 14.0-inch HD+ LED panel for notebook computers

- New size and HD+ resolution (1600x900) for 16:9 wide-format

25) Development of world s first 15.6-inch HD+ LED panel for notebook computers

- First HD+ resolution (1600x900) for 16:9 wide-format

26) Development of world s first 15.6-inch FHD LED panel for notebook computers

- First FHD resolution (1920x1080) for 16:9 wide-format

27) Development of the first Green PC models (13.3-inch, 14.0-inch, 15.6-inch)

- First models applying Green product concept (halogen free, low power consumption)

28) Development of DRD (Double Rate Driving) technology applying COG (Chip on Glass)

- Development of the first COG that applies DRD technology (a 50% reduction in the number of COG drive integrated circuits)

29) Development of 10.1-inch SD (1024 x 600) model for netbooks

- Improved resolution: 1024 x 576g1024 x 600

- Reduction in cost by applying COG instead of COF

30) Development of 10.1-inch HD (1366 x 768) model for netbooks

- Highest resolution among 10.1-inch models

- Reduction in cost by applying GIP technology

31) Development of 17.1-inch WUXGA flat type model

- Development of largest flat type model (previously, largest model was 15.4-inch)

- The thinnest among 17.1-inch models

- Reduction in thickness: 6.5t g 4.3t

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32) Developments of 11.6-inch HD monitor for netbooks

- Development of largest/ highest resolution monitor for netbooks

- Reduction in cost by applying GIP technology

33) Development of low-cost 26-inch and 32-inch HD model for televisions

- World s first monitor without a cover shield

- Application of sheet type support side

- Reduction in cost by applying low-cost single bottom covers for mold frames

34) Development of large-sized (42-inch/47-inch) edge type LED LCD model for televisions

- Development of our first model for televisions applying edge type LED backlight (mass production commenced in September 2009)

- Slim depth (11.9mm in thickness) & narrow bezel (18mm in thickness)

35) Development of world s first S/D-IC + Tcon merging technology applicable to television monitors

- Minimizing size of printed circuit board by applying 1380ch S/D-IC + ASIC technology and removing ASIC chip

- A 49% cost reduction in manufacturing circuits

36) Achieving a full product line-up for netbook monitors

- A full product line-up that covers the full spectrum of netbook monitor sizes from 8.9-inch to 11.6-inch models

37) Development of our first flat type monitor for netbooks

- Development of 11.6-inch flat type HD monitor

38) Development of new LED-applied model utilizing vertical LED array technology

- Development of 15.6-inch HD model applying vertical
- LED array technology (technology applied in existing models: horizontal LED array)
- Reduction in power consumption and raw material costs

39) Development of world s first 21.5W FHD IPS monitor applying white LED backlight technology

- Application of environmentally friendly components including white LED backlight and halogen free parts
- Achievement of high luminance (more than 330nit) by applying high efficiency white LED backlight
- A 100% sRGB coverage

40) Development of world s first 27W QHD IPS monitor applying white LED backlight technology

- Application of environmentally friendly components including white LED backlight and halogen free parts
- Achievement of high luminance (more than 380nit) by applying high efficiency white LED backlight
- A 100% sRGB coverage
- Realization of high resolution (2560x1440)
- Removal of gate driver integrated circuits by applying GIP technology

41) Development of world s first 19-inch WXGA monitor applying DRD (Double Rate Driver)

- A 50% reduction in the number of source driver integrated circuits by applying DRD (Double Rate Driving) technology

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- Removal of gate driver integrated circuits by applying GIP technology

- Optimization of TFT design structure for DRD (Double Rate Driver) technology

42) Development of world s first 22W e-IPS monitor applying GIP technology

- Achievement of high aperture ratio by applying UH-IPS technology

- Reduction in the number of source driver integrated circuits by applying 960 channel chip (8eag6ea)

- Removal of gate driver integrated circuits by applying GIP technology

43) Development of world s first QHD new high resolution monitor (27W QHD)

- Achievement of high resolution (2560 x 1440)

- Maximization of aperture ratio applying UH-IPS technology and elimination of gate driver integrated circuits by applying GIP technology

- Achievement of high luminance and sRGB coverage of 100% applying high efficiency white LED

44) Development of world s first monitor applying GIP, DRD (Double Rate Driver) and I-VCOM monitor (185W HD)

- 50% reduction in the number of source driver integrated circuits by applying DRD (Double Rate Driving) technology

- Elimination of gate driver integrated circuits by applying GIP technology

- Elimination of DBEF Optical sheet by applying I-VCOM technology and optical efficiency improvement in backlight

45) Development of shutter glasses type three-dimensional monitor with full high definition

- 172Hz operation frame rate

- Highest data interface speed of over 400MHz in 4port LVDS interface and achievement of GTG 3.5ms by optimal tuning of ODC (Over Driving Circuit)

46) One layer vertical LED monitor development and reinforcement of monitor product line up (200W HD+, 215W FHD, 230W FHD)

- Minimization of the number of LED PKG applying vertical array structure

- Elimination of DBEF Sheet applying two-in-one LED PKG

- Slim design: optimization of mechanical structure

47) Development of world s first notebook monitor applying 2ea Sheet Backlight

- Achieving cost competitiveness by switching from conventional 3~4ea sheet to 2ea complex sheet backlight (with the Diffuser Sheet eliminated)

Achievements in 2010

48) Development of 9.7-inch AH-IPS model for Apple s i-Pad.

- Development of the world s first IPS Tablet

- Achieving the following viewing angles by applying AH-IPS: top (80°) / bottom (80°) / left (80°) / right (80°)

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49) Development of second Green PC products (13.3-inch, 14.0-inch and 15.6-inch in high-definition)

- Thin and light; low electricity consumption thereby increasing battery life

- Development of Company-led flat product market

50) Development of world s first TruMotion 480Hz product (47-inch and 55-inch in full high-definition)

- World s first application of 240hz driving technology and scanning technology to achieve TruMotion 480Hz.

- 50% reduction in source driver integrated circuits (from 16ea to 8ea) by applying 1 gate 1 drain technology

51) World s first full high-definition 47-inch three-dimensional display panels using Glass Patterned Retarder (GPR) technology

- Achieving full high-definition for three-dimensional display panels using GPR technology

52) Development of our first large-sized display panels viewable in three-dimension using shutter glasses (42-inch, 47-inch, 55-inch in full high-definition)

- Achieving high aperture ratio by applying S-IPS V technology

- Removal of gate driver integrated circuits by applying GIP technology

- Reduction in the number of integrated circuits (from 8ea to 6ea) by applying 960Ch source driver integrated circuits

53) World s first LCD product which uses the LCD monitor s bottom cover as the back cover of a television set (32-inch, 37-inch and 42-inch in full high-definition)

- Removal of the television set back cover by replacing it with the LCD monitor s bottom cover. Co-designed with a third party

54) Development of 42-inch and 47-inch full high-definition display panels for television to be sold in emerging markets

- Focusing on basic functions and removing functions that are costly

- Achieving cost reduction by applying GIP technology

55) Development of intra interface technology for large-sized, high resolution, high frequency display panels

- Improved data transmission rate (from 660Mbps to 1.6Gbps)

- Developing slim PCBs by decreasing the number of transmission lines

56) Development of our first 21.5-inch and 26-inch full high-definition Edge LED products

- Application of 21.5-inch, 26-inch full high-definition TV LED BL and mid-sized full high-definition model Slim TCON (176Pin g 88Pin)

57) Development of our first 32 high-definition Edge LED product

- Application of 32-inch high-definition TV Edge LED BL

58) Development of our first 37-inch full high-definition M240Hz product

- Development of 37-inch full high-definition 240Hz panel. Development and mass production of MEMC 240Hz with TCON model.

59) Development of 240Hz panel for LG Electronics Borderless TV

- Development of Narrow Bezel 240Hz panel (Bezel 14mm g 7mm) for LG Electronics Borderless TV

60) Development of the world s first slim 23W full high-definition monitor in IPS mode

- Slim design by applying slim-type LED backlight (thickness: 14.5t g 11.5t)

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- Cost saving by applying low voltage liquid crystal

- Removal of gate driver integrated circuits by applying GIP technology

61) Development of the world s first slim 185W high-definition monitor in TN mode

- Slim design by applying slim-type LED backlight (thickness: 11.5t g 9.7t)

- 50% reduction in source driver integrated circuits by applying DRD (Double Rate Driving) technology

- Elimination of optical sheet by applying new TFT structure technology (I-VCOM)

- Removal of gate driver integrated circuits by applying GIP technology

62) Development of 42-inch, 47-inch and 55-inch full high-definition monitors applying low cell gap (3.1 g 2.8um) technology

- Enhanced 3D performance (3D CrossTalk 10.x% g 5.x%)

- World s first application of this technology in 42-inch, 47 inch and 55-inch full high-definition products

63) Development of ultra slim 0.2t glass 12.1-inch notebook computer

- Realization of ultra slim product by applying 0.2t glass and flat screen backlight structure

64) Development of world s first ultra slim 19SX TN monitor

- Slim design by applying slim type LED backlight (thickness: 15.5 g 9.9t)

- 50% reduction (6ea to 3ea) in the number of source driver integrated circuits by applying DRD (Double Rate Driving) technology

- Elimination of gate driver integrated circuits by applying GIP technology

65) Development of 215FHD e-IPS monitor products applying LED PKG

- Reduction in the number of LED and LED array cost through optimization of LED PKG s beam and size

- Realization of 2 sheet structure by adopting I-VCOM resulting in increased transmittance and backlight luminance

- Elimination of gate driver integrated circuits by applying GIP technology

- Minimization of LCM thickness by applying thin LED array structure (14.5t g 10.2t)

66) Development and application of LED PKG in 215FHD TN monitor products

- Reduction in the number of LED and LED array cost through optimization of LED PKG s beam and size

- Elimination of DBEF sheet by adopting I-VCOM resulting in increased transmittance and backlight luminance

- Elimination of gate driver integrated circuits by applying GIP technology

- Minimization of LCM thickness by applying thin LED array structure (14.5t g 10.2t)

67) Development of world s first slim TN monitor (185W HD, 20W HD+, 215W/23W FHD)

- Developing ultra slim monitor by cooperating with set makers in the design process (SET standard: over 20t g 12.9t)

- Minimization of LCM thickness by applying thin LED array structure (11.5t g 8.2t)

- Simplification of circuit by developing T-con + Scaler 1chip

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68) Development of world s first ultra slim 215W FHD TN monitor

- Developing ultra slim monitor by cooperating with set makers in the design process (SET standard: 12.9t g 7.2t)

- Minimization of LCM thickness by applying thin LED array structure (8.2t g 6t)

69) Development of the world s first 3D FPR type 42-inch, 47-inch and 55-inch full high definition panels

- Improved 3D performance (cross talk 1.0% i, 3D luminance 170 nit)

70) Development of our first 42-inch, 47-inch and 55-inch full high definition panels with built-in 3D formatters

- Development of our first products with built-in MEMC and 3D formatters

71) Development of the world s first real 240Hz applying GIP driving technology

- First to develop real 240Hz applying GIP driving technology

- Reduced the number of driver integrated circuits by applying 960ch Source Driver: 8ea g 6 ea

72) Development of panels for Macbook Air

- Development and mass production of 116HD, 133 WXGA+ panels

- Application of Z-inversion technology for low energy consumption

73) Introduction of the world s first high definition shutter glasses type 3D notebook product (17.3 inch full high definition)

- Development of 172Hz high recharging speed notebook LCD panel

- Development of Timing Controller (TC) driving technology

74) The first all-in-one touch panel notebook from an LCD panel manufacturer (15.6 inch high definition add-on touch notebook)

- The world s first large size (15.6-inch) notebook panel to receive Win7 Touch certification (received on July 23, 2010)

- The world s first LCD and touch panel integrated add-on touch module developed by an LCD panel manufacturer

75) Introduction of the world s first Micro Film 3D notebook (15.6-inch full high definition)

- The world s first 3D FPR type notebook (developed timely to win market share in the 3D market)

76) Development of the world s first 240Hz 23W IPS monitor

- The world s first to realize 240Hz by application of 120Hz panel driving and scanning technologies

- Achievement of Motion Picture Response Time (MPRT) of 8ms

77) Development of the world s first add-on infrared camera type 215W IPS monitor

- Realization of thin LCM (20.5t) by application of the world s first add-on infrared camera

- Improved touch capabilities (dead zone free and multi-touch) and the first in the world to receive Win 7 Logo certification

- Touch location auto correction by applying auto calibration

78) Development of 20-inch high definition and 23-inch full high definition e-IPS monitor products applying widescreen LED PKG

- Reduction in the number of LED and LED array cost through optimization of LED PKG s beam and size

- Elimination of gate driver integrated circuits by applying GIP technology

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- Cost reduction and lower power consumption (20% reduction for driver integrated circuits) by using low voltage driver integrated circuits

- Minimization of LCM thickness by applying thin LED array structure (for 20-inch high definition panels: 14.5t g 10.2t)

79) Development of 20-inch high definition and 23-inch full high definition TN monitor products applying widescreen LED PKG

- Reduction in the number of LED and LED array cost through optimization of LED PKG s beam and size

- Elimination of DBEF sheet by adopting I-VCOM resulting in increased transmittance and backlight luminance (for 20-inch high definition monitors)

- 50% reduction in the number of source driver integrated circuits by applying DRD technology (for 23-inch full high definition panels)

- Elimination of gate driver integrated circuits by applying GIP technology

- Minimization of LCM thickness by applying thin LED array structure (11.5t g 10.2t)

Achievements in 2011

80) Introduction of glass-free mobile 3D product (4.3-inch WVGA)

- Development and preparation for mass production of our first glass-free 3D product (utilizing barrier cell)

81) Introduction of the world s first 12.5-inch AH-IPS notebook product

- Development of the world s first 12.5-inch notebook utilizing AH-IPS technology

- Achievement of a maximum circuit logic power of 1.0W

- Development of a slim and light AH-IPS model (development of a model that utilizes IPS and flat PCB)

82) Introduction of an integrated 14.0-inch touch panel notebook product

- Development of a 14.0-inch touch panel notebook product as part of our plan to develop and expand our integrated touch panel products portfolio

83) Introduction of our 15.6-inch dream color IPS notebook product

- Development of a notebook utilizing H-IPS technology

- Realization of a 100% color reproduction rate by applying RGB LED technology

- Realization of 1.073G color by applying 10-bit color depth technology

84) Development and mass production of 9.7-inch LCD panels for i-Pad 2

- Application of AH-IPS and slim LCD technology

- Decreased thickness by 20% and weight by 7% compared to LCD panel for i-Pad 1

85) Development of the world s first 3D FPR 23-inch FHD TN monitor product

- Minimization of flicker / crosstalk by applying FPR technology

- Minimization of cost increase by applying one layer 3D film

- Realization of high luminance 3D images (two times the luminance compared to images from monitors utilizing shutter glass technology)

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86) Introduction of our first 50-inch Cinema TV product

- Application of 21:9 screen display ratio (2560 x 1080 resolution)
- Application of 960ch + EPI source driver integrated circuits for optimal high-resolution
- Application of scanning technology under the Horizontal 2Edge structure

87) Development of the world s first 3D FPR 23-inch IPS FHD monitor product

- Minimization of flicker / crosstalk by applying FPR technology
- Minimization of cost increase by applying one layer 3D film
- Realization of high luminance 3D images (two times the luminance compared to images from monitors utilizing shutter glass technology)

88) Development and introduction of the world s first 15.6-inch HD FPR 3D notebook product

- Realization of the world s first 15.6-inch HD FPR 3D product
- Realization of high luminance 3D images (two times the luminance compared to images from notebooks utilizing shutter glass technology)
- Minimization of cost increase by applying one layer 3D film

89) Development and introduction of the world s first 17.3-inch Dream Color AH-IPS notebook product

- Development of the world s first 17.3-inch notebook computer applying AH-IPS
- Realization of Dream Color (100% color reproduction rate) by applying RGB LED
- Realization of 1.073G color by applying Color Depth 10-bit technology
- Realization of 89 degrees viewing angle (up/down/left/right) by applying IPS technology

90) Development and introduction of a 15.6-inch HD product with the world s lowest (at the time) power consumption from logic circuit (0.5W).

- Application of DRD Z-inversion, HVDD and low voltage process

- Application of high intensity LED (2.3cd) and Vcut light guide plate

- Increase in battery life due to logic circuit power consumption reduction

91) Development of the world s smallest (at the time) Narrow Bezel Notebook Model

- The first in the world to apply 4.5 mm narrow bezel

- Formation of camera hole by B/M mask patterning

92) Development of a new 10.1-inch WX smartbook LCD

- Development of the our first 10.1-inch WXGA LCD following in the footsteps of our 9.7-inch XGA model

- Realization of reduced power consumption, high permeability and increased viewing angle by application of IPS technology.

93) Development of a 42-inch full high-definition product applying COT technology

- Simplifying panel production process by applying COT (Color Filter on TFT) technology

- Luminance increased by 10%

94) Development of 42-inch, 47-inch and 55-inch direct slim LCD TV

- Development of the world s first direct-mounted 11.0mm depth ultra-slim LCM model

- Application of 96 block local dimming and M240Hz technology

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95) Development of a 47-inch super narrow public display panel

- Development of our first super narrow bezel (seam 6.9mm) product for application in public display panels

96) Introduction of the world s first 15.6-inch full high-definition AH-IPS notebook product

- Development of the world s first 15.6-inch full high-definition model applying AH-IPS technology

- Development of slim & light AH-IPS model (thickness: 3.4mm; weight: 330g)

- Achieving the following viewing angles by applying IPS technology; 178° from top to bottom; 178° from left to right

97) Development of a 15.6-inch full high-definition notebook applying a new backlight arrangement

- Optimization of light placement by application of New Concept LED Backlight

- Reduction in the number of LED integrated circuits (78ea g 10ea) by application of mid-power LED

- Reduced energy consumption pursuant to a reduction in the number of LED integrated circuits (7.4W g 5.9W)

98) Development of the world s first 215/25/27 full high-definition TN and 215 full high-definition IPS 3D monitor

- Minimization of flicker/crosstalk by application of FPR technology

- Minimization of cost increase by applying one-layered 3D film

- Realization of high luminance 3D images (two times the luminance compared to images from monitors utilizing shutter glass technology)

99) Development of a 4.5-inch true HD AH-IPS display smartphone product

- For 4G LTE smartphones (introduced by LG Electronics in September 2011)

- Application of true HD720 resolution and AH-IPS technology

100) Development of the world s first 14.0-inch HD 3D FPR notebook product

- Realization of the world s first 14.0-inch 3D FPR display
- Realization of high luminance 3D images (two times the luminance compared to images from notebook panels utilizing shutter glass technology)

101) Development of the world s first AH-IPS GIP / DRD column inversion technology

- Development of AH-IPS GIP / DRD by application of shrink GIP technology
- Realization of TN-equivalent panel size through reduced panel load
- Achieved TN-equivalent logic energy consumption levels

10. Intellectual Property

As of December 31, 2011, we held a total of 16,944 patents, comprising 7,508 in Korea and 9,436 in other countries.

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11. Environmental Matters

We are subject to a variety of environmental regulations and we may be subject to fines or restrictions that could cause our operations to be interrupted. Our manufacturing processes generate worksite waste, including water and air pollutants, at various stages in the manufacturing process, and we are subject to a variety of laws and regulations relating to the use, storage, discharge and disposal of such chemical by-products and waste substances. We have installed various types of anti-pollution equipment, consistent with environmental standards, for the treatment of chemical waste and equipment for the recycling of treated waste water at our various facilities. However, we cannot provide assurance that environmental claims will not be brought against us or that the local or national governments will not take steps toward adopting more stringent environmental standards. Any failure on our part to comply with any present or future environmental regulations could result in the assessment of damages or imposition of fines against us, suspension of production or a cessation of operations. In addition, environmental regulations could require us to acquire costly equipment or to incur other significant compliance expenses that may materially and negatively affect our financial condition and results of operations.

We have also voluntarily agreed to reduce emission of greenhouse gases, such as triflouride oxide and perfluoro compounds, or PFCs, including sulfur hexafluoride, or SF6, gases, by installing abatement systems to meet voluntary emissions targets for the TFT-LCD industry for 2010. As part of our voluntary activities to reduce emission of greenhouse gases, we installed triflouride oxide abatement systems at all of our production lines. We also installed an SF6 abatement system in P1 in April 2005, and we, along with LG International Corp., have taken steps to install additional SF6 abatement systems through the use of Clean Development Mechanism, or CDM, projects. On July 10, 2010, after becoming the first TFT-LCD company to receive the UNFCCC CDM Executive Board s approval of our CDM project, we installed an SF6 abatement system in P6. We received a total of 343,971 tons of certified emission reduction credits from the UN for the reduction of greenhouse gas emissions during the period from August 1, 2010 to December 31, 2010, all of which was sold in December 2011. We were the first LCD company to receive such certified emission reduction credits pursuant to an SF6 decomposition CDM project. Currently, a third party accreditation agency is also examining the reduction of our greenhouse gas emissions during the period from January 1, 2011 to August 31, 2011 as part of our application for receiving certified emission reduction credits from the UN. In August 2011, we commenced the installation of an SF6 abatement system in P7 through the implementation of CDM projects which is expected to become operational in 2012 and further reduce our greenhouse gas emissions.

Under the Framework Act on Low Carbon, Green Growth, the Korean government has designated us as one of the companies subject to greenhouse gas emission and energy consumption targets. As a result, we may need to invest in additional equipment and there may be other costs associated with meeting the reduction target for 2012, which may have a negative effect on our profitability or production activities. In addition, if we fail to meet our reduction target and are unable to comply with the government s subsequent enforcement notice relating to such failure, we may be subject to fines.

In connection with the greenhouse gas emission reduction target system, we submitted a statement of our domestic emissions and energy usage for the years 2007 through 2010 to the Korean government (i.e., the Ministry of Environment and the Ministry of Knowledge Economy), which was certified by DNV Certification Co., Ltd., a government-designated certification agency. We are currently preparing a statement of our domestic emissions and energy usage for the year 2011, which we plan to submit to the Ministry of Environment and the Ministry of Knowledge Economy by the end of March 2012 after certification by Lloyd s Register Quality Assurance, another government-designated certification agency. In addition, in order to improve the efficiency and reliability of measuring our greenhouse gas emission reduction activities, we have begun implementing improvements in our electronic greenhouse gas inventory system and plan to complete such improvements in 2012.

Operations at our manufacturing plants are subject to regulation and periodic monitoring by the Korean Ministry of Environment and local environmental protection authorities. We believe that we have adopted adequate anti-pollution measures and have minimized our impact on the environment by improving existing and developing new technologies for the effective maintenance of environmental protection standards consistent with local industry practice. In addition, we have continually monitored, and we believe that we are in compliance in all material respects with, the applicable environmental laws and regulations in Korea. Expenditures related to such compliance may be substantial. Such expenditures are generally included in capital expenditures. As required by Korean law, we employ licensed environmental specialists for each environmental area, including air quality, water quality, toxic materials and radiation. We currently have ISO 14001 certifications with respect to the environmental record for P1 through P8, our OLED production facility in Gumi, Korea, our Gumi module production plant and our Paju module production plant, as well as our module production plants in Nanjing and Guangzhou, China.

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In addition, with respect to P1 through P8 and our module production plants in Gumi and Paju, we have established and are currently operating a new green management system, which was certified by BSI Group Korea in November 2011. Furthermore, we have been certified by the Korean Ministry of Environment as a Green Company , with respect to our environmental record for P1 and our module production plant in Gumi since 1997, with respect to our operations at P2 and P3 since 2006, and with respect to our operations at P4, P5 and P6 since 2008, and received commendations from the Prime Minister and the Minister of Environment of Korea for our efforts to promote recycling.

We also have an internal monitoring system to control the use of hazardous substances in the manufacture of our products as we are committed to compliance with all applicable environmental laws and regulations, including European Union Restriction of Hazardous Substances (RoHS) Directive 2002/95/EC, which took effect in July 2006, and restricts the use of certain hazardous substances in the manufacture of electrical and electronic equipment.

In addition, as part of our commitment to purchase environment-friendly raw materials, we have implemented a green purchasing system that prevents the introduction of hazardous materials at the purchasing stage. The green purchasing system has been a key component in our efforts to comply with RoHS and other applicable environmental laws and regulation.

In October 2005, we became the first TFT-LCD company to receive accreditation as an International Accredited Testing Laboratory by the Korea Laboratory Accreditation Scheme, which is operated by the Korean Ministry of Knowledge Economy. In September 2006, we received international accreditation from TUV SUD, EU s German accreditation agency, as a RoHS testing laboratory. Moreover, we participated in reforming IEC 62321 by 2012, a RoHS international testing standard, by including a halogen-free combustion ion chromatography method in our committee draft that we submitted in June 2010.

12. Financial Information

A. Financial highlights (Based on consolidated K-IFRS)

(Unit: In millions of Won)

Description	As of December 31, 2011	As of December 31, 2010	As of December 31, 2009
Current assets	7,858,065	8,840,433	8,226,142
Quick assets	5,540,695	6,625,216	6,558,362
Inventories	2,317,370	2,215,217	1,667,780
Non-current assets	17,304,866	15,017,225	11,477,335
Investments in equity accounted investees	385,145	325,532	282,450
Property, plant and equipment, net	14,696,849	12,815,401	9,596,497
Intangible assets	535,114	539,901	352,393
Other non-current assets	1,687,758	1,336,391	1,245,995
Total assets	25,162,931	23,857,658	19,703,477
Current liabilities	9,911,434	8,881,829	6,495,071

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Non-current liabilities	5,120,469	3,914,862	3,168,657
Total liabilities	15,031,903	12,796,691	9,663,728
Share capital	1,789,079	1,789,079	1,789,079
Share premium	2,251,113	2,251,113	2,251,113
Reserves	12,181	(35,298)	(51,005)
Retained earnings	6,063,359	7,031,163	6,050,562
Non-controlling interest	15,296	24,910	0
Total equity	10,131,028	11,060,967	10,039,749

(Unit : In millions of Won, except for per share data and number of consolidated entities)

Description	For the year ended December 31, 2011	For the year ended December 31, 2010	For the year ended December 31, 2009
Revenue	24,291,289	25,511,535	20,037,701
Results (loss) from operating activities	(924,336)	1,310,472	1,010,352
Income (loss) from continuing operation	(787,895)	1,159,234	1,117,778
Profit (loss) for the period	(787,895)	1,159,234	1,117,778
Profit (loss) attributable to:			
Owners of the Company	(771,223)	1,156,343	1,117,778
Non-controlling interest	(16,672)	2,891	
Basic earnings (loss) per share	(2,155)	3,232	3,124
Diluted earnings (loss) per share	(2,155)	3,152	3,124
Number of consolidated entities	18	16	11

B. Financial highlights (Based on separate K-IFRS)

(Unit: In millions of Won)

Description	As of December 31, 2011	As of December 31, 2010	As of December 31, 2009
Current assets	7,326,764	8,499,873	7,973,355
Quick assets	5,414,054	6,739,908	6,687,050
Inventories	1,912,710	1,759,965	1,286,305
Non-current assets	16,947,200	14,658,125	11,283,512
Investments	1,386,313	1,279,831	1,075,229
Property, plant and equipment, net	13,522,553	11,688,061	8,730,263
Intangible assets	479,510	483,260	340,885

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Other non-current assets	1,558,824	1,206,973	1,137,135
Total assets	24,273,964	23,157,998	19,256,867
Current liabilities	9,485,333	8,453,869	6,120,663
Non-current liabilities	5,101,714	3,833,454	3,102,006
Total liabilities	14,587,047	12,287,323	9,222,669
Share capital	1,789,079	1,789,079	1,789,079
Share premium	2,251,113	2,251,113	2,251,113
Reserves	(3,944)	(7,795)	(17,366)
Retained earnings	5,650,669	6,838,278	6,011,372
Total equity	9,686,917	10,870,675	10,034,198

(Unit: In millions of Won, except for per share data)

Description	For the year ended December 31, 2011	For the year ended December 31, 2010	For the year ended December 31, 2009
Revenue	23,471,309	25,004,257	20,119,342
Results (loss) from operating activities	(1,251,083)	1,024,394	976,863
Income (loss) from continuing operation	(991,032)	1,002,648	1,088,814
Profit (loss) for the period	(991,032)	1,002,648	1,088,814
Basic earnings (loss) per share	(2,770)	2,802	3,043
Diluted earnings (loss) per share	(2,770)	2,726	3,043

C. Consolidated subsidiaries (as of December 31, 2011)

Company	Primary Business	Location	Ownership Percentage
LG Display America, Inc.	Sales	U.S.A.	100%
LG Display Germany GmbH	Sales	Germany	100%
LG Display Japan Co., Ltd.	Sales	Japan	100%
LG Display Taiwan Co., Ltd.	Sales	Taiwan	100%
LG Display Nanjing Co., Ltd.	Manufacturing and sales	China	100%
LG Display Shanghai Co., Ltd.	Sales	China	100%
LG Display Poland Sp. zo.o.	Manufacturing and sales	Poland	80%
LG Display Guangzhou Co., Ltd.	Manufacturing and sales	China	90%
LG Display Shenzhen Co., Ltd.	Sales	China	100%
LG Display Singapore Pte. Ltd.	Sales	Singapore	100%

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L&T Display Technology (Xiamen) Co., Ltd.	Manufacturing and sales	China	51%
L&T Display Technology (Fujian) Co., Ltd.	Manufacturing and sales	China	51%
LG Display Yantai Co., Ltd.	Manufacturing and sales	China	100%
L&I Electronic Technology (Dongguan) Limited	Manufacturing and sales	China	51%
Image & Materials, Inc.	Manufacturing and sales	Korea	100%
LUCOM Display Technology (Kunshan) Limited	Manufacturing and sales	China	51%
LG Display U.S.A. Inc.	Manufacturing and sales	U.S.A.	100%
LG Display Reynosa S.A. de C.V.	Manufacturing	Mexico	100%

D. Status of equity investment (as of December 31, 2011)

Company	Investments	Initial Equity Investment Date	Ownership Ratio
LG Display America, Inc.	US$185,000,000	September 24, 1999	100%
LG Display Germany GmbH	EUR960,000	November 5, 1999	100%
LG Display Japan Co., Ltd.	¥95,000,000	October 12, 1999	100%
LG Display Taiwan Co., Ltd.	NT$115,500,000	May 19, 2000	100%
LG Display Nanjing Co., Ltd.	CNY2,552,191,315	July 15, 2002	100%
LG Display Shanghai Co., Ltd.	CNY4,138,650	January 16, 2003	100%
LG Display Poland Sp. zo.o.	PLN410,327,700	September 6, 2005	80%
LG Display Guangzhou Co., Ltd.	CNY895,904,754	August 7, 2006	90%
LG Display Shenzhen Co., Ltd.	CNY3,775,250	August 28, 2007	100%
LG Display Singapore Pte. Ltd.	SGD1,400,000	January 12, 2009	100%
L&T Display Technology (Xiamen) Co., Ltd.	CNY41,785,824	January 5, 2010	51%
L&T Display Technology (Fujian) Co., Ltd.	CNY59,197,026	January 5, 2010	51%
LG Display Yantai Co., Ltd.	CNY273,048,000	April 19, 2010	100%
L&I Electronic Technology (Dongguan) Limited	CNY17,062,560	October 25, 2010	51%
Image & Materials, Inc.	(Won) 40,999,919,576	November 29, 2010	100%
LG Display U.S.A. Inc.	US$10,920,000	December 8, 2011	100%
LG Display Reynosa S.A. de C.V.	MXN111,998,058	December 30, 2011	100%
LUCOM Display Technology (Kunshan) Limited	CNY50,353,677	December 27, 2010	51%
Suzhou Raken Technology Co., Ltd.	CNY569,455,395	October 7, 2008	51%
Paju Electric Glass Co., Ltd.	(Won) 33,648,000,000	March 25, 2005	40%
TLI Co., Ltd.	(Won) 14,073,806,250	May 16, 2008	12%

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AVACO Co., Ltd.	(Won)6,172,728,120	June 9, 2008	20%
Guangzhou Vision Display Technology Research and Development Limited	CNY25,000,000	July 11, 2008	50%
NEW OPTICS, Ltd.	(Won)12,199,600,000	July 30, 2008	42%
LIG ADP Co., Ltd.	(Won)6,330,000,000	February 24, 2009	13%
Wooree LED Co., Ltd.	(Won)11,900,000,000	May 22, 2009	30%
Dynamic Solar Design Co., Ltd.	(Won)6,066,658,000	June 24, 2009	40%
RPO, Inc.	US$12,285,022	November 3, 2009	26%
Global OLED Technology LLC	US$45,170,000	December 23, 2009	33%
LB Gemini New Growth Fund No. 16	(Won)14,460,647,109	December 7, 2009	31%
Can Yang Investment Ltd.	US$15,300,000	January 27, 2010	12%
YAS Co., Ltd.	(Won)10,000,000,000	September 16, 2010	19%
Eralite Optoelectronics (Jiangsu) Co., Ltd.	US$4,000,000	September 28, 2010	20%
Narae Nanotech Corporation	(Won)30,000,000,000	April 22, 2011	23%
Avatec Co., Ltd.	(Won)10,600,000,000	December 6, 2011	20%

13. Audit Information

A. Audit service

(Unit: In millions of Won, hours)

Description	2011	2010	2009
Auditor	KPMG Samjong	KPMG Samjong	KPMG Samjong
Activity	Audit by independent auditor	Audit by independent auditor	Audit by independent auditor
Compensation [(1)]	850 (285) [(2)]	850 (585) [(3)]	700 (540) [(4)]
Time required	16,154	16,646	17,569

(1) Compensation amount is the contracted amount for the full fiscal year.
(2) Compensation amount in ( ) is for Form 20-F filing and SOX 404 audit.
(3) Compensation amount in ( ) is for K-IFRS audit of 2009 financial statements, Form 20-F filing and SOX 404 audit.
(4) Compensation amount in ( ) is for US-GAAP audit, Form 20-F filing and SOX 404 audit.

B. Non-audit service

(Unit: In millions of Won)

Fiscal Year	Contract Date	Service Description	Compensation	Note
2011	September 19, 2011	Improvements to document management and processing	80	LGCNS retained KPMG Samjong to provide the service jointly to LG Display.

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14. Management s Discussion and Analysis of Financial Condition and Results of Operations

A. Risk Relating to Forward-looking Statements

The annual report contains forward-looking statements that are, by their nature, subject to significant risks and uncertainties. These forward-looking statements reflect our current views as of the date of this report with respect to future events and are not a guarantee of future performance or results. Actual results may differ materially from information contained in the forward-looking statements as a result of a number of factors beyond our control. We have no obligation to update or correct the forward-looking statements contained in these materials subsequent to the date hereof. All forward-looking statements attributable to us in this report are expressly qualified in their entirety by the cautionary statements contained or referred to in this section.

B. Overview

In 2011, despite the challenging market environment, we were able to further strengthen our position as the leader in the global display panel industry by developing differentiated products and technologies. For example, we believe our FPR 3D panels, which were first introduced to the market in early 2011, were instrumental in the very strong growth of the 3D panel market, which grew forty-fold in China alone and almost ten-fold globally in 2011. Also, as the market for mobile devices such as smartphones and smartbooks continued its growth in 2011, our mobile display panels utilizing AH-IPS technology further solidified their position in the market.

In addition, our ART TV and Blade Monitor received recognition for their innovative design and technology as they garnered international product design awards in 2011. We have also developed hinge-up displays for notebook computers, also known as Shuriken displays, which are optimized for use in ultrabooks, Intel s new ultra-slim notebook platform.

We have also continued our efforts to enhance our manufacturing productivity in 2011, and as a result, the productivity levels at our fabrication facilities have been some of the highest in the industry. We have also continued our efforts to reduce cost of sales by lowering overhead costs and further developing the synergistic relationships we have with our strategic suppliers. In addition, we continued to foster a work-friendly corporate environment.

As a result of these efforts, we had the largest market share in the large size panel market in 2011, according to data published by DisplaySearch.

C. Financial Condition and Results of Operations

(1) Results of operations (Based on consolidated, K-IFRS)

We led the market with our products and technologies that can be differentiated from those of our competitors. For example, we captured a 40% share of the 3D television panel market with our products utilizing FPR 3D technology and we continued to lead the smartbook display market with our AH-IPS products.

We are also supporting domestic companies with which we have cooperative relationships to become more competitive on the global stage. The number of domestic companies which receive our support increased from 18 in 2010 to 25 in 2011 and the number of domestic companies with which we have a cooperative relationship increased from 61 in 2010 to 85 in 2011. We have also established a task force with television set manufacturers to jointly develop differentiated products, from planning to manufacturing stages. The establishment of cooperative production structures with these manufacturers has helped to reduce costs and to develop products with slimmer designs and other design innovations.

However, due to decreases in selling prices resulting from difficult market conditions in 2011, our revenue was approximately (Won)24,291 billion, a decrease of approximately 5% compared to our revenue in 2010. We recorded a loss from operating activities of approximately (Won)924 billion and a loss for the year of approximately (Won)788 billion in 2011. Despite such results, we were able to maintain the largest market share for large size products as the proportion of sales derived from our differentiated products, such as FPR 3D, AH-IPS and smartbook products, increased in 2011 compared to 2010.

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(Unit: In millions of Won)

Description	2011	2010	Changes
Revenue	24,291,289	25,511,535	(1,220,246)
Cost of sales	(23,081,322)	(21,780,880)	(1,300,442)
Gross profit	1,209,967	3,730,655	(2,520,688)
Other income	1,223,545	1,483,443	(259,898)
Selling expenses	(728,419)	(846,376)	117,957
Administrative expenses	(564,337)	(521,035)	(43,302)
Research and development expenses	(681,228)	(674,684)	(6,544)
Other expenses	(1,383,864)	(1,861,531)	477,667
Results from operating activities	(924,336)	1,310,472	(2,234,808)
Finance income	207,266	240,988	(33,722)
Finance costs	(363,309)	(288,472)	(74,837)
Other non-operating loss, net	(16,627)	(15,611)	(1,016)
Equity income on investment, net	16,047	18,192	(2,145)
Profit (loss) before income tax	(1,080,959)	1,265,569	(2,346,528)
Income tax expense (benefit)	(293,064)	106,335	(399,399)
Profit (loss) for the period	(787,895)	1,159,234	(1,947,129)

(a) Selected financial ratios

Ratios	Calculation	2011 Ratio	2010 Ratio	Change
Current ratio	(current assets ÷ current liabilities) x 100	79.3%	99.5%	(20.2)%
Debt to equity ratio	(total liabilities ÷ total equity) x 100	148.4%	115.7%	32.7%
Operating margin	(results from operating activities ÷ revenue) x 100	(3.8)%	5.1%	(8.9)%
Net margin	(profit for the period ÷ revenue) x 100	(3.2)%	4.5%	(7.7)%
Return on assets	(profit for the period ÷ total assets) x 100	(3.1)%	4.9%	(8.0)%
Return on equity	(profit for the period ÷ total equity) x 100	(7.8)%	10.5%	(18.3)%
Net cash from operating activities to assets ratio	(net cash from operating activities ÷ total assets) x 100	14.6%	20.5%	(5.9%)

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Ratios	Calculation	2011 Ratio
Revenue growth	(current year revenue ÷ prior year revenue) x 100 -1	(4.8)%
Operating profit growth	(current year results from operating activities ÷ prior year results from operating activities) x 100 -1	Not Applicable
Net profit growth	(current year profit ÷ prior year profit) x 100 -1	Not Applicable
Total assets growth	(current year end total assets ÷ prior year end total assets) x 100 -1	5.5%
Asset turnover	Revenue ÷ ((total assets at beginning of year + total assets at end of year) ÷ 2)	1.0

(b) Revenue and cost of sales

Our cost of sales as a percentage of revenue increased by 9.6 percentage points from 85.4% in 2010 to 95.0% in 2011. Our cost of sales as a percentage of revenue increased in 2011 compared to 2010 because decreases in the selling prices of our products, resulting from downward price pressure due to unfavorable macroeconomic conditions, outpaced a decrease in the cost of sales per unit resulting from our continued efforts to maximize production capacity and minimize loss.

(Unit: In millions of Won, except percentages)

Description	2011	2010	Changes *Amount*	Changes *Percentage*
Revenue	24,291,289	25,511,535	(1,220,246)	(4.78)%
Cost of sales	23,081,322	21,780,880	1,300,442	5.97%
Gross profit	1,209,967	3,730,655	(2,520,688)	(67.57)%
Cost of sales as a percentage of sales	95.0%	85.4%		

(c) Sales by Category

Revenue attributable to panels for mobile applications and others as a percentage of total revenue increased by 4.5 percentage points in 2011 compared to 2010 primarily due to an increase in demand for smartphones and growth in our customer base. Revenue from panels for notebook computers as a percentage of total revenue increased by 3.8 percentage points in 2011 compared to 2010 due to increased demand for tablet personal computers, including smartbooks, and continued increase in our market share. While revenue from panels for televisions as a percentage of total revenue generally decreased in 2011 compared to 2010, the proportion of revenue from FPR 3D television panels and other high value added television panels increased during the same period.

Categories	2011	2010	Difference
Panels for televisions	47.7%	55.2%	(7.5)%
Panels for desktop monitors	20.4%	21.2%	(0.8)%
Panels for notebook computers	21.1%	17.3%	3.8%
Panels for mobile applications and others	10.8%	6.3%	4.5%

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(d) Production capacity

Our annual production capacity increased by 17% in 2011 compared to 2010, in large part due to the successful ramp-up of P83.

(2) Financial condition (based on consolidated, K-IFRS)

Our current assets decreased by (Won)982 billion from (Won)8,840 billion as of December 31, 2010 to (Won)7,858 billion as of December 31, 2011 and our non-current assets increased by (Won)2,288 billion from (Won)15,017 billion as of December 31, 2010 to (Won)17,305 billion as of December 31, 2011. Our current liabilities increased by (Won)1,030 billion from (Won)8.882 billion as of December 31, 2010 to (Won)9,911 billion as of December 31, 2011 and our non-current liabilities increased by (Won)1,206 billion from (Won)3,915 billion as of December 31, 2010 to (Won)5,120 billion as of December 31, 2011. Our total equity decreased by (Won)930 billion from (Won)11,061 billion as of December 31, 2010 to (Won)10,131 billion as of December 31, 2011.

(Unit: In millions of Won)

Description	2011	2010	Changes
Current assets	7,858,065	8,840,433	(982,368)
Non-current assets	17,304,866	15,017,225	2,287,641
Total assets	25,162,931	23,857,658	1,305,273
Current liabilities	9,911,434	8,881,829	1,029,605
Non-current liabilities	5,120,469	3,914,862	1,205,607
Total liabilities	15,031,903	12,796,691	2,235,212
Share capital	1,789,079	1,789,079	
Share premium	2,251,113	2,251,113	
Reserves	12,181	(35,298)	47,479
Retained earnings	6,063,359	7,031,163	(967,804)
Non-controlling interest	15,296	24,910	(9,614)
Total equity	10,131,028	11,060,967	(929,939)
Total liabilities and equity	25,162,931	23,857,658	1,305,273

In 2011, we continued our efforts to maximize capacity and minimize loss and we also commenced mass production at P83 in March 2011, which led to an increase in production capacity. As a result of our increased production levels, our inventory increased by (Won)102 billion from December 31, 2010 to December 31, 2011.

Net trade accounts and notes receivable as of December 31, 2011 was (Won)2,740 billion, a decrease of (Won)261 billion from net trade accounts and notes receivable as of December 31, 2010. Trade accounts and notes receivable amounting to (Won)1,631 billion (approximately US$1,414 million) and (Won)1,290 billion (approximately US$1,133 million) were sold to financial institutions, but are current and outstanding, as of December 31, 2011 and 2010, respectively.

The book value of our total tangible assets as of December 31, 2011 was (Won)14,697 billion, an increase of (Won)1,881 billion from the book value of our total tangible assets as of December 31, 2010. The increase was primarily due to our investments in P9.

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Trade accounts and notes payable as of December 31, 2011 was (Won)3,783 billion, an increase of (Won)821 billion from trade accounts and notes payable as of December 31, 2010. The increase was primarily due to an increase in our purchase of components and raw materials corresponding to an increase in our production levels in 2011, as well as extension of payment dates of our trade accounts and notes payable.

Other accounts payable as of December 31, 2011 was (Won)3,993 billion, an increase of (Won)1,400 billion from other accounts payable as of December 31, 2010. The increase was primarily due to an increase in large-scale investments, including investments in P9, which increased the outstanding payments for services and products associated with such investments.

(3) Liquidity and capital resources

In 2011, our net cash from operating activities amounted to (Won)3,666 billion, our net cash used in financing activities, including the incurrence of short- and long-term borrowings as well as the issuance of corporate debentures, amounted to (Won)278 billion and our net cash used in investing activities, including the acquisition of tangible assets and our acquisition of investments in equity accounted investees, amounted to (Won)3,494 billion.

We currently expect our total capital expenditures on a cash-out basis to be approximately (Won)4 trillion in 2012. However, there are a number of variables that may cause us to reassess our estimated capital expenditures including, among others, changes in market conditions and the expected commencement of operation of P98, our eighth generation fabrication line located in our P9 facility, in the second quarter of 2012. Accordingly, our estimated capital expenditures may change.

(Unit: In millions of Won)

Description	2011	2010	Changes
Results (loss) from operating activities	(924,336)	1,310,472	(2,234,808)
Net cash provided by operating activities	3,665,858	4,883,532	(1,217,674)
Net cash provided by (used in) financing activities	(278,249)	408,126	(686,375)
Net cash used in investing activities	(3,494,461)	(4,515,167)	1,020,706
Cash and cash equivalents at Dec. 31, 2011	1,517,977	1,631,009	(113,032)

15. Board of Directors

A. Independence of directors

Outside director: Independent

Non-outside director: Not independent

Each of our outside directors meets the applicable independence standards set forth under the applicable laws and regulations. Each of our outside directors was nominated by the Outside Director Nomination and Corporate Governance Committee, was approved by the board of directors and was appointed at the general meeting of shareholders. None of our outside directors has or had any business transaction or any related party transactions with us. Our outside directors are comprised of four persons, three of whom are also members of our audit committee. As of the date of this report, our non-outside directors are the chief executive officer, the chief financial officer and a non-standing director.

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B. Members of the board of directors

(as of December 31, 2011)

Name	Date of birth	Position	Business experience	First Elected
Young Soo Kwon *	February 6, 1957	Representative Director, President and Chief Executive Officer	President and Chief Financial Officer of LG Electronics	January 1, 2007
James (Hoyoung) Jeong	November 2, 1961	Director and Chief Financial Officer	Executive Vice President and Chief Financial Officer of LG Electronics	January 1, 2008
Yu Sig Kang	November 3, 1948	Director	Vice Chairman, Representative Director, LG Corp.	March 11, 2011
Tae Sik Ahn	March 21, 1956	Outside Director	Dean, College of Business Administration and Graduate School of Business, Seoul National University	March 12, 2010
William Y. Kim	June 6, 1956	Outside Director	Partner, Ropes & Gray LLP	February 29, 2008
Jin Jang	November 28, 1954	Outside Director	Chair Professor, Department of Information Display, Kyung Hee University	March 11, 2011

* Resigned on March 9, 2012.

(as of March 28, 2012)

Name	Date of birth	Position	Business experience	First Elected
Sang Beom Han *	June 18, 1955	Representative Director, Chief Executive Officer and Executive Vice President	Head of LG Display TV Business Division	March 9, 2012
James (Hoyoung) Jeong	November 2, 1961	Director and Chief Financial Officer	Executive Vice President and Chief Financial Officer of LG Electronics	January 1, 2008
Yu Sig Kang	November 3, 1948	Director	Vice Chairman, Representative Director, LG Corp.	March 11, 2011
Tae Sik Ahn	March 21, 1956	Outside Director	Dean, College of Business Administration and Graduate School of Business, Seoul National University	March 12, 2010
William Y. Kim	June 6, 1956	Outside Director	Partner, Ropes & Gray LLP	February 29, 2008

Jin Jang	November 28, 1954	Outside Director	Chair Professor, Department of Information Display, Kyung Hee University	March 11, 2011
Dong Il Kwon *	February 5, 1957	Outside Director	Professor, Department of Materials Science and Engineering, Seoul National University	March 9, 2012

* At the annual general meeting of shareholders on March 9, 2012, Sang Beom Han was newly elected as our representative director and chief executive officer and Dong Il Kwon was newly elected as our outside director by our shareholders.

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C. Committees of the board of directors

(as of December 31, 2011)

Committee	Composition	Member
Audit Committee	3 outside directors 1 non-outside director and	Tae Sik Ahn, Jin Jang, William Y. Kim
Outside Director Nomination and Corporate Governance Committee	2 outside directors 1 non-outside director and	James (Hoyoung) Jeong, William Y. Kim, Jin Jang
Remuneration Committee	2 outside directors	William Y. Kim, James (Hoyoung) Jeong, Tae Sik Ahn

(as of March 28, 2012)

Committee	Composition	Member
Audit Committee	3 outside directors 1 non-outside director and	Tae Sik Ahn, Jin Jang, William Y. Kim
Outside Director Nomination and Corporate Governance Committee	2 outside directors 1 non-outside director and	James (Hoyoung) Jeong, Dong Il Kwon [(1)], Jin Jang
Remuneration Committee	2 outside directors	William Y. Kim, James (Hoyoung) Jeong, Tae Sik Ahn
Management Committee [(2)]	2 non-outside directors	Sang Beom Han [(1)], James (Hoyoung) Jeong [(1)]

(1) At the annual general meeting of shareholders on March 9, 2012, Dong Il Kwon became a member of the Outside Director Nomination and Corporate Governance Committee and Sang Beom Han and James (Hoyoung) Jeong became members of the Management Committee.
(2) Established at the annual general meeting of shareholders on March 9, 2012.

16. Information Regarding Shares

A. Total number of shares

(1) Total number of shares authorized to be issued (as of December 31, 2011): 500,000,000 shares.

(2) Total shares issued and outstanding (as of December 31, 2011): 357,815,700 shares.

B. Shareholder list

(1) Largest shareholder and related parties:

(Unit: share)

Name	Relationship	As of December 31, 2011
LG Electronics	Largest Shareholder	135,625,000 (37.9%)

Young Soo Kwon		23,000
	Related Party	(0.0%)

(Unit: share)

Name	Relationship	As of March 28, 2012
LG Electronics		135,625,000
	Largest Shareholder	(37.9%)
Sang Beom Han	Related	930
	Party	(0.0%)

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(2) Shareholders who are known to us to own 5% or more of our shares as of December 31, 2011:

Beneficial Owner	Number of Shares of Common Stock	Percentage
LG Electronics	135,625,000	37.9%
National Pension Service	21,633,625	6.1%

17. Directors and Employees

A. Directors

(1) Remuneration for directors in 2011 (H1)

(Unit: In millions of Won)

Classification	No. of directors (1)	Amount paid (2)	Per capita average remuneration paid (6)	Remarks
Non-outside directors	3	1,246(3)	415	
Outside directors who are not audit committee members	1	39(4)	33	
Outside directors who are audit committee members	3	90(5)	28	
Total	7	1,374		

- Period: January 1, 2011 ~ June 30, 2011

(1) Number of directors as at June 30, 2011.
(2) Amount paid is calculated on the basis of actually paid amount except accrued salary and severance benefits.
(3) Among the non-outside directors, Yu Sig Kang does not receive any remuneration.
(4) Includes remuneration for Dongwoo Chun whose term expired on March 11, 2011.
(5) Includes remuneration for Yoshihide Nakamura whose term expired on March 11, 2011.
(6) Per capita average remuneration paid is calculated by dividing total amount paid by the average number of directors for the six months ended June 30, 2011.

(2) Remuneration for directors in 2011 (H2)

(Unit: person, in millions of Won)

Classification	No. of directors (1)	Amount paid (2)	Per capita average remuneration paid (5)	Remarks
Non-outside directors	3	646(3)	215	
Outside directors who are not audit committee members	0	0		
Outside directors who are audit committee members	3	84(4)	28	
Total	6	730		

- Period: June 30, 2011 ~ December 31, 2011

(1) No. of directors as at December 31, 2011.
(2) Amount paid is calculated on the basis of actually paid amount except accrued salary and severance benefits.
(3) Among the non-outside directors, Yu Sig Kang does not receive any remuneration.

(4) Includes remuneration for Jang Jin, who replaced Sunny Yi, as an outside director who is an audit committee member.
(5) Per capita average remuneration paid is calculated by dividing total amount paid by the average number of directors for the six months ended December 31, 2011.

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(3) Stock option

The following table sets forth certain information regarding our stock options as of December 31, 2011.

(Unit: Won, Stock)

Executive Officers (including Former Officers)	Grant Date	Exercise Period From	Exercise Period To	Exercise Price	Number of Granted Options	Number of Exercised Options	Number of Cancelled Options (1)	Number of Exercisable Options (1)
Ron H.Wirahadiraksa	April 7, 2005	April 8, 2008	April 7, 2012	(Won) 44,050	100,000	0	50,000	50,000
Duke M. Koo	April 7, 2005	April 8, 2008	April 7, 2012	(Won) 44,050	40,000	0	20,000	20,000
Sang Deog Yeo	April 7, 2005	April 8, 2008	April 7, 2012	(Won) 44,050	40,000	0	20,000	20,000
Jae Geol Ju	April 7, 2005	April 8, 2008	April 7, 2012	(Won) 44,050	40,000	0	20,000	20,000
Total					220,000		110,000	110,000

(1) When the increase rate of our share price is the same or less than the increase rate of the Korea Composite Stock Price Index (KOSPI) over the three-year period following the grant date, only 50% of the initially granted shares are exercisable. Since the increase rate of our share price was lower than the increase rate of KOSPI during the period from April 7, 2005 to April 7, 2008, only 50% of the 220,000 initially granted shares are exercisable.

A. Employees

As of December 31, 2011, we had 34,803 employees (excluding our executive officers). The total amount of salary paid to our employees in 2011 based on cash payment (excluding welfare benefits and retirement expenses) was (Won)1,562,234 million. The following table provides details of our employees as of December 31, 2011:

(Unit: person, in millions of Won, year)

	Number of Employees	Total Salary in 2011 (1) (2) (3)	Per Capita Salary (4)	Average Service Year
Male	24,195	1,184,898	51	4.9
Female	10,608	377,336	37	3.4
Total	34,803	1,562,234	47	4.5

(1) Welfare benefits and retirement expenses have been excluded. Total welfare benefit provided to our employees in 2011 was (Won)316,371 million and the per capita welfare benefit provided was (Won)9.5 million.
(2) Based on cash payment made in Korea.
(3) Includes incentive payments to employees who have transferred from our affiliated companies.
(4) Per Capita Salary is calculated using the average number of employees (total: 33,448, male: 23,333, female: 10,115) in 2011.

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LG DISPLAY CO., LTD. AND SUBSIDIARIES

Consolidated Financial Statements

For the Years Ended December 31, 2011 and 2010

(With Independent Auditors Report Thereon)

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Independent Auditors Report

Based on a report originally issued in Korean

To the Board of Directors and Shareholders

LG Display Co., Ltd.:

We have audited the accompanying consolidated statements of financial position of LG Display Co., Ltd and subsidiaries (the Group) as of December 31, 2011 and 2010 and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Korean International Financial Reporting Standards. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits 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 consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated 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 the audit evidence we have obtained is sufficient and appropriate to provide a 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 Group as of December 31, 2011 and 2010 and its financial performance and its consolidated cash flows for the years then ended, in accordance with Korean International Financial Reporting Standards.

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

As discussed in note 20 to the consolidated financial statements, LG Display Co., Ltd., along with its subsidiaries, has been under investigations by antitrust authorities in Korea and other countries with respect to possible anti-competitive activities in the LCD industry and named as defendants in a number of federal class actions in the United States and Canada and related individual lawsuits in connection with the alleged antitrust violations concerning the sale of LCD panels. The Group estimated and recognized losses related to these legal proceedings. However, actual losses are subject to change in the future based on new developments in each matter, or changes in circumstances, which could be materially different from those estimated and recognized by the Group.

/s/ KPMG Samjong Accounting Corp.

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Seoul, Korea

February 22, 2012

This report is effective as of February 22, 2012, 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 the above audit report has not been updated to reflect the impact of such subsequent events or circumstances, if any.

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LG DISPLAY CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Financial Position

As of December 31, 2011 and 2010

(In millions of won)	Note		December 31, 2011	December 31, 2010
Assets				
Cash and cash equivalents	6	(Won)	1,517,977	1,631,009
Deposits in banks	6, 13		815,000	1,503,000
Trade accounts and notes receivable, net	7, 13, 19, 23		2,740,107	3,000,661
Other accounts receivable, net	7, 13		212,870	244,662
Other current financial assets	9, 13		3,297	35,370
Inventories	8		2,317,370	2,215,217
Other current assets	7		251,444	210,514
Total current assets			7,858,065	8,840,433
Investments in equity accounted investees	10		385,145	325,532
Other non-current financial assets	9, 13		84,548	83,246
Deferred tax assets	30		1,424,005	1,074,853
Property, plant and equipment, net	11, 23		14,696,849	12,815,401
Intangible assets, net	12, 23		535,114	539,901
Other non-current assets	7, 13		179,205	178,292
Total non-current assets			17,304,866	15,017,225
Total assets		(Won)	25,162,931	23,857,658
Liabilities				
Trade accounts and notes payable	22	(Won)	3,782,627	2,961,995
Current financial liabilities	13, 14		894,972	2,100,979
Other accounts payable			3,992,671	2,592,527
Accrued expenses			267,595	373,717
Income tax payable			58,259	153,890
Provisions			279,403	634,815
Advances received			616,351	44,879
Other current liabilities	18		19,556	19,027
Total current liabilities			9,911,434	8,881,829
Non-current financial liabilities	13, 14		3,722,364	2,542,900
Non-current provisions			5,400	8,773
Deferred tax liabilities	30		240	6,640
Employee benefits	17		146,638	78,715
Long-term advances received	19		668,914	945,287
Other non-current liabilities	18		576,913	332,547
Total non-current liabilities			5,120,469	3,914,862
Total liabilities			15,031,903	12,796,691

Equity

Share capital	21		1,789,079	1,789,079
Share premium			2,251,113	2,251,113
Reserves	21		12,181	(35,298)
Retained earnings			6,063,359	7,031,163
Total equity attributable to equity holders of the Company			10,115,732	11,036,057
Non-controlling interests			15,296	24,910
Total equity			10,131,028	11,060,967
Total liabilities and equity		(Won)	25,162,931	23,857,658

See accompanying notes to the consolidated financial statements.

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LG DISPLAY CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income (Loss)

For the years ended December 31, 2011 and 2010

(In millions of won, except earnings per share)	Note		2011	2010
Revenue	22, 23, 24	(Won)	24,291,289	25,511,535
Cost of sales	8, 22		(23,081,322)	(21,780,880)
Gross profit			1,209,967	3,730,655
Other income	25		1,223,545	1,483,443
Selling expenses	16		(728,419)	(846,376)
Administrative expenses	16		(564,337)	(521,035)
Research and development expenses			(681,228)	(674,684)
Other expenses	25		(1,383,864)	(1,861,531)
Results from operating activities			(924,336)	1,310,472
Finance income	28		207,266	240,988
Finance costs	28		(363,309)	(288,472)
Other non-operating loss, net			(16,627)	(15,611)
Equity income on investments, net			16,047	18,192
Profit (loss) before income tax			(1,080,959)	1,265,569
Income tax expense (benefit)	29		(293,064)	106,335
Profit (loss) for the year			(787,895)	1,159,234
Other comprehensive income (loss)				
Net change in fair value of available-for-sale financial assets	28, 29		2,700	12,063
Defined benefit plan actuarial gains (losses)	17, 29		(23,732)	4,480
Cumulative translation differences	28, 29		47,443	6,735
Gain (loss) on sales of own shares of associate accounted for using the equity method	29		(214)	810
Income tax benefit (expense) on other comprehensive income (loss) items	29		4,958	(5,107)
Other comprehensive income for the year, net of income tax			31,155	18,981
Total comprehensive income (loss) for the year		(Won)	(756,740)	1,178,215
Profit (loss) attributable to:				
Owners of the Company			(771,223)	1,156,343
Non-controlling interests			(16,672)	2,891
Profit (loss) for the year		(Won)	(787,895)	1,159,234
Total comprehensive income (loss) attributable to:				
Owners of the Company			(741,417)	1,175,216
Non-controlling interests			(15,323)	2,999
Total comprehensive income (loss) for the year		(Won)	(756,740)	1,178,215

Earnings (loss) per share				
Basic earnings (loss) per share	31	(Won)	(2,155)	3,232
Diluted earnings (loss) per share	31	(Won)	(2,155)	3,152

See accompanying notes to the consolidated financial statements.

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LG DISPLAY CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2011 and 2010

(In millions of won)		Share capital	Share premium	Gain (loss) on sales of own shares of associates	Translation reserve	Fair value reserve	Retained earnings	Non-controlling interest	Total equity
Balances at January 1, 2010	(Won)	1,789,079	2,251,113		(36,369)	(14,636)	6,050,562		10,039,749
Total comprehensive income for the year									
Profit for the year							1,156,343	2,891	1,159,234
Other comprehensive income									
Net change in fair value of available-for-sale financial assets, net of tax						9,076			9,076
Cumulative translation differences, net of tax					5,821			108	5,929
Defined benefit plan actuarial gain, net of tax							3,166		3,166
Gain on sales of own shares of associates accounted for using the equity method, net of tax				810					810
Total other comprehensive income				810	5,821	9,076	3,166	108	18,981
Total comprehensive income for the year	(Won)			810	5,821	9,076	1,159,509	2,999	1,178,215
Transaction with owners, recognized directly in equity									
Dividends to equity holders							(178,908)		(178,908)
Changes in ownership interests in subsidiaries								21,911	21,911
Balances at December 31, 2010	(Won)	1,789,079	2,251,113	810	(30,548)	(5,560)	7,031,163	24,910	11,060,967
Balances at January 1, 2011	(Won)	1,789,079	2,251,113	810	(30,548)	(5,560)	7,031,163	24,910	11,060,967
Total comprehensive income (loss) for the year									
Loss for the year							(771,223)	(16,672)	(787,895)
Other comprehensive income (loss)									
Net change in fair value of available-for-sale financial assets, net of tax						1,704			1,704
Cumulative translation differences, net of tax					45,989			1,349	47,338
Defined benefit plan actuarial loss, net of tax							(17,673)		(17,673)
Loss on sales of own shares of associates accounted for using the equity method, net of tax				(214)					(214)

Total other comprehensive income (loss)				(214)	45,989	1,704	(17,673)	1,349	31,155
Total comprehensive income (loss) for the year	(Won)			(214)	45,989	1,704	(788,896)	(15,323)	(756,740)
Transaction with owners, recognized directly in equity									
Dividends to equity holders							(178,908)		(178,908)
Changes in ownership interests in subsidiaries								5,709	5,709
Balances at December 31, 2011	(Won)	1,789,079	2,251,113	596	15,441	(3,856)	6,063,359	15,296	10,131,028

See accompanying notes to the consolidated financial statements.

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LG DISPLAY CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2011 and 2010

(In millions of won)	**Note**		**2011**	**2010**
Cash flows from operating activities:				
Profit (loss) for the year		(Won)	(787,895)	1,159,234
Adjustments for:				
Income tax expense (benefit)	29		(293,064)	106,335
Depreciation	11		3,413,450	2,756,532
Amortization of intangible assets	12		237,996	168,846
Gain on foreign currency translation			(85,804)	(119,880)
Loss on foreign currency translation			132,295	85,263
Gain on disposal of property, plant and equipment			(740)	(1,387)
Loss on disposal of property, plant and equipment			862	415
Impairment loss on property, plant and equipment			3,589	
Loss on disposal of intangible assets			1,588	
Impairment loss on intangible assets			5,574	
Finance income			(59,542)	(165,465)
Finance costs			238,737	167,843
Equity in income of equity method accounted investees, net			(16,047)	(18,192)
Other income			(19,591)	(23,913)
Other expenses			323,971	708,718
Other non-operating losses			7	275
			3,095,386	4,824,624
Change in trade accounts and notes receivable			296,691	(81,196)
Change in other accounts receivable			(90,398)	(13,442)
Change in other current assets			11,010	(50,310)
Change in inventories			(102,153)	(510,332)
Change in other non-current accounts receivable				267
Change in other non-current assets			(39,796)	(54,146)
Change in trade accounts and notes payable			792,128	966,567
Change in other accounts payable			97,686	(30,419)
Change in accrued expenses			(158,640)	68,948
Change in other current liabilities			(5,384)	11,654
Change in long-term advance received			281,975	379,105
Change in other non-current liabilities			13,770	10,231
Change in provisions			(208,390)	(290,536)
Change in defined benefit obligation			(69,727)	(103,716)
Cash generated from operating activities			3,914,158	5,127,299
Income taxes paid			(162,266)	(242,389)
Interest received			65,600	110,812
Interest paid			(151,634)	(112,190)
Net cash from operating activities		(Won)	3,665,858	4,883,532

See accompanying notes to the consolidated financial statements.

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LG DISPLAY CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows, Continued

For the years ended December 31, 2011 and 2010

(In millions of won)		**2011**	**2010**
Cash flows from investing activities:			
Dividends received	(Won)	6,130	33,772
Proceeds from withdrawal of deposits in banks		2,401,500	5,400,000
Increase in deposits in banks		(1,713,500)	(4,403,000)
Acquisition of investments in equity accounted investees		(53,226)	(72,316)
Proceeds from disposal of investments in equity accounted investees		2,045	20,530
Acquisition of property, plant and equipment		(4,063,070)	(4,942,360)
Proceeds from disposal of property, plant and equipment		643	1,887
Acquisition of intangible assets		(215,286)	(227,663)
Grant received		1,605	46
Receipt from (payment for) settement of derivatives		23,784	(14,781)
Proceeds from short-term loans		92	42
Acquisition of other non-current financial assets		(59,444)	(52,205)
Proceeds from disposal of other non-current financial assets		174,266	11,417
Acquisition of businesses, net of cash acquired			(270,536)
Net cash used in investing activities		(3,494,461)	(4,515,167)
Cash flows from financing activities:			
Proceeds from short-term borrowings		1,292,804	1,422,669
Repayment of short-term borrowings		(2,483,997)	(1,007,485)
Issuance of debentures		1,145,209	1,117,437
Proceeds from long-term debt		941,921	477,064
Repayment of long-term debt			(120,000)
Repayment of current portion of long-term debt		(1,000,987)	(1,324,562)
Increase in non-controlling interest		5,709	21,911
Payment of cash dividend		(178,908)	(178,908)
Net cash provided by (used in) financing activities		(278,249)	408,126
Net increase (decrease) in cash and cash equivalents		(106,852)	776,491
Cash and cash equivalents at January 1		1,631,009	817,982
Effect of exchange rate fluctuations on cash held		(6,180)	36,536
Cash and cash equivalents at December 31	(Won)	1,517,977	1,631,009

See accompanying notes to the consolidated financial statements.

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1. Reporting Entity

(a) Description of the Controlling Company

LG Display Co., Ltd. (the Controlling Company) was incorporated in February 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 main business of the Controlling Company and its subsidiaries is to manufacture and sell TFT-LCD panels. The Controlling Company is a stock company (Jusikhoesa) domiciled in the Republic of Korea with its address at 128, Yeouidae-ro, Yeongdeungpo-gu, Seoul, the Republic of Korea, to which the Controlling Company moved in December 2011. 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 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, 2011, LG Electronics Inc. owns 37.9% (135,625,000 shares) of the Controlling Company s common shares.

As of December 31, 2011, the Controlling Company has its TFT-LCD manufacturing plants, OLED manufacturing plant and LCD Research & Development Center 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.

The Controlling Company s common stock is listed on the Korea Exchange under the identifying code 034220. As of December 31, 2011, there are 357,815,700 shares of common stock outstanding. The Controlling Company s common stock is also listed on the New York Stock Exchange in the form of American Depository Shares (ADSs) under the symbol LPL. One ADS represents one-half of one share of common stock. As of December 31, 2011, there are 20,924,578 ADSs outstanding.

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1. Reporting Entity, Continued

(b) Consolidated Subsidiaries as of December 31, 2011

(In millions)

Subsidiaries	Percentage of ownership	Location	Date of incorporation	Business	Capital stocks
LG Display America, Inc. (*1)	100%	California, U.S.A.	September 24, 1999	Sell TFT-LCD products	USD185
LG Display Japan Co., Ltd.	100%	Tokyo, Japan	October 12, 1999	Sell TFT-LCD Products	JPY95
LG Display Germany GmbH	100%	Dusseldorf, Germany	November 5, 1999	Sell TFT-LCD products	EUR1
LG Display Taiwan Co., Ltd.	100%	Taipei, Taiwan	April 12, 1999	Sell TFT-LCD products	NTD116
LG Display Nanjing Co., Ltd. (*2)	100%	Nanjing, China	July 15, 2002	Manufacture and sell TFT-LCD products	CNY2,552
LG Display Shanghai Co., Ltd.	100%	Shanghai, China	January 16, 2003	Sell TFT-LCD products	CNY4
LG Display Poland Sp. zo. o. (*3)	80%	Wroclaw, Poland	September 6, 2005	Manufacture and sell TFT-LCD products	PLN511
LG Display Guangzhou Co., Ltd. (*4)	90%	Guangzhou, China	June 30, 2006	Manufacture and sell TFT-LCD products	CNY992
LG Display Shenzhen Co., Ltd.	100%	Shenzhen, China	August 28, 2007	Sell TFT-LCD products	CNY4
LG Display Singapore Pte. Ltd.	100%	Singapore	January 12, 2009	Sell TFT-LCD products	SGD1.4
L&T Display Technology (Xiamen) Limited	51%	Xiamen, China	January 5, 2010	Manufacture LCD module and TV sets	CNY82
L&T Display Technology (Fujian) Limited	51%	Fujian, China	January 5, 2010	Manufacture LCD Module and monitor sets	CNY116
LG Display Yantai Co., Ltd.	100%	Yantai, China	April 19, 2010	Manufacture and sell TFT-LCD products	CNY 273
L&I Electronic Technology (Dongguan) Limited	51%	Dongguan, China	September 26, 2010	Manufacture and Sell e-Book devices	CNY 33
Image&Materials, Inc. (*5)	100%	Domestic	May 17, 2006	Manufacture EPD materials	KRW 889
LUCOM Display Technology (Kunshan) Limited (*6)	51%	Kunshan, China	December 15, 2010	Manufacture Notebook Borderless Hinge-up	CNY 99
LG Display U.S.A Inc. (*7)	100%	Texas, U.S.A.	October 26, 2011	Manufacture TFT-LCD products	USD 11
LG Display Reynosa S.A. de C.V. (*7)	100%	Reynosa, Mexico	November 24, 2011	Manufacture TFT-LCD products	MXN 112

(*1) In June 2011, the Controlling Company contributed (Won)86,520 million in cash for the capital increase of LG Display America, Inc. (LGDUS). There were no changes in the Controlling Company s ownership percentage in LGDUS as a result of this additional investment.

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1. Reporting Entity, Continued

(b) Consolidated Subsidiaries as of December 31, 2011, Continued

(*2) In January and June 2011, the Controlling Company contributed (Won)14,363 million and (Won)35,618 million, respectively, in cash for the capital increase of LG Display Nanjing Co., Ltd. (LGDNJ). There were no changes in the Controlling Company s ownership percentage in LGDNJ as a result of these additional investments.

(*3) Toshiba Corporation (Toshiba) acquired 20% of LG Display Poland Sp. zo.o. (LGDWR) in December 2007 through a stock purchase agreement. With the acquisition of the 20% interest, Toshiba and the Controlling Company and LGDWR entered into a derivative contract that is based on 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 expiration date in whole or in part. Toshiba s investment in LGDWR is regarded as financing due to the options and recorded as other accounts payable in the consolidated statement of financial position of the Group. Accordingly, LGDWR is consolidated as a wholly owned subsidiary in the consolidated financial statements.

(*4) Skyworth TV Holdings Limited (Skyworth) acquired 16% of equity interest in LG Display Guangzhou Co., Ltd. (LGDGZ) in June 2008. With the acquisition of the 16% interest in June 2008 (which is reduced to 10% at December 31, 2009 with additional investment in LGDGZ by the Controlling Company), Skyworth and the Controlling Company entered into a derivative contract that is based on LGDGZ s equity interest. According to the contract, LGD has a call option to buy Skyworth s interest in LGDGZ and Skyworth has a put option to sell its 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 expiration date in whole or in part. Skyworth s investment in LGDGZ is regarded as financing due to the options and recorded as long-term other accounts payable in the consolidated statement of financial position of the Group. Accordingly, LGDGZ is consolidated as a wholly owned subsidiary in the consolidated financial statements.

(*5) In June and September 2011, the Controlling Company contributed (Won)3,000 million each, (Won)6,000 million in total, in cash for the capital increase of Image & Materials, Inc. (I&M). There were no changes in the Controlling Company s ownership percentage in I&M as a result of these additional investments.

(*6) In February and April 2011, the Controlling Company contributed (Won)3,417 million and (Won)2,525 million, respectively, in cash for the capital increase of LUCOM Display Technology (Kunshan) Limited (LUCOM). There were no changes in the Controlling Company s ownership percentage in LUCOM as a result of these additional investments.

(*7) In October and November 2011, LG Display U.S.A Inc. (LGDUH) and L&T Display Reynosa S.A.de C.V (LGDRS) were incorporated in Texas, U.S.A and Reynosa, Mexico, respectively, for LCD module production. As of December 31, 2011, the Controlling Company indirectly controls LGDRS since LGDUH which is wholly owned by the Controlling Company has 99% equity of LGDRS. As of December 31, 2011, the capital stock of LGDUH and LGDRS amounts to (Won)12,353 million and (Won)9,200 million, respectively.

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1. Reporting Entity, Continued

(c) Summary of the financial information of subsidiaries at the reporting date is as follows:

(In millions of won)

		December 31, 2011				
Company		**Total assets**	**Total liabilities**	**Total shareholders equity**	**Sales**	**Net income (loss)**
LG Display America, Inc.	(Won)	875,539	1,098,035	(222,496)	5,788,697	3,267
LG Display Japan Co., Ltd.		175,612	153,762	21,850	1,965,315	1,369
LG Display Germany GmbH		781,216	759,743	21,473	3,475,842	3,522
LG Display Taiwan Co., Ltd.		879,023	842,467	36,556	2,893,775	2,286
LG Display Nanjing Co., Ltd.		646,161	109,681	536,480	569,760	42,328
LG Display Shanghai Co., Ltd.		863,155	840,581	22,574	3,428,814	6,379
LG Display Poland Sp. zo.o.		276,114	104,506	171,608	117,584	16,822
LG Display Guangzhou Co., Ltd.		1,412,071	909,711	502,360	2,736,682	150,105
LG Display Shenzhen Co., Ltd.		168,196	157,321	10,875	2,072,182	2,973
LG Display Singapore Pte. Ltd.		551,109	546,541	4,568	1,146,402	(2,282)
L&T Display Technology (Xiamen) Limited		106,834	117,739	(10,905)	336,436	(31,862)
L&T Display Technology (Fujian) Limited		246,600	217,370	29,230	712,435	7,507
LG Display Yantai Co., Ltd.		439,909	384,526	55,383	328,476	6,493
L&I Electronic Technology (Dongguan) Limited		8,094	7,918	176	7,350	(4,689)
Image&Materials, Inc.		13,512	10,551	2,961	210	(1,086)
LUCOM Display Technology (Kunshan) Limited		41,934	29,221	12,713	30,035	(4,981)
LG Display U.S.A Inc.(*)		12,686		12,686		
	(Won)	7,497,765	6,289,673	1,208,092	25,609,995	198,151

(*) The financial information of LG Display U.S.A Inc. includes the financial information of LG Display Reynosa S.A. de C.V.

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1. Reporting Entity, Continued

(In millions of won)

		December 31, 2010				
Company		**Total assets**	**Total liabilities**	**Total shareholders equity**	**Sales**	**Net income (loss)**
LG Display America, Inc.	(Won)	733,186	1,047,474	(314,288)	5,252,373	2,324
LG Display Japan Co., Ltd.		283,758	264,575	19,183	2,398,862	1,927
LG Display Germany GmbH		751,757	733,389	18,368	3,892,033	5,471
LG Display Taiwan Co., Ltd.		870,345	832,454	37,891	3,411,468	6,684
LG Display Nanjing Co., Ltd.		581,146	130,352	450,794	474,530	38,105
LG Display Shanghai Co., Ltd.		934,412	919,567	14,845	3,368,889	3,842
LG Display Poland Sp. zo.o.		329,113	151,425	177,688	147,020	13,295
LG Display Guangzhou Co., Ltd.		1,741,920	1,411,415	330,505	2,628,979	146,835
LG Display Shenzhen Co., Ltd.		239,617	232,332	7,285	1,691,223	1,991
LG Display Singapore Pte. Ltd.		521,681	514,892	6,789	1,601,579	2,302
L&T Display Technology (Xiamen) Limited		299,098	278,538	20,560	638,158	6,471
L&T Display Technology (Fujian) Limited		179,586	159,313	20,273	158,625	317
LG Display Yantai Co., Ltd.		283,416	237,856	45,560	213,735	(1,521)
L&I Electronic Technology (Dongguan) Limited		5,551	671	4,880		(865)
Image&Materials, Inc.		7,780	1,380	6,400		(108)
LUCOM Display Technology (Kunshan) Limited		8,007	2,884	5,123		(24)
	(Won)	7,770,373	6,918,517	851,856	25,877,474	227,046

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1. Reporting Entity, Continued

(d) Associates and Jointly Controlled Entities (Equity Method Investees) as of December 31, 2011

(In millions of won)

Associates and jointly controlled entities	Percentage of ownership	Date of incorporation	Business	Carrying amount
Suzhou Raken Technology Ltd.	51%	October 2008	Manufacture and sell LCD modules and LCD TV set	(Won) 133,000
Guangzhou New Vision Technology Research and Development Limited	50%	July 2008	R&D on design of LCD modules and LCD TV set	3,814
Global OLED Technology LLC	33%	December 2009	Managing and utilizing OLED patents	44,147
Paju Electric Glass Co., Ltd.	40%	January 2005	Manufacture electric glass for flat-panel displays	69,395
TLI Inc.	12%	October 1998	Manufacture and sell semiconductor parts	16,410
AVACO Co., Ltd.	20%	January 2001	Manufacture and sell equipment for flat-panel displays	7,328
New Optics LTD.	42%	August 2005	Manufacture back light parts for TFT-LCDs	10,986
LIG ADP Co., Ltd.	13%	January 2001	Develop and manufacture the equipment for flat-panel displays	2,745
WooRee LED Co., Ltd.	30%	June 2008	Manufacture LED back light unit packages	15,080
Dynamic Solar Design Co., Ltd.	40%	April 2009	Develop and manufacture equipment for solar battery and flat-panel displays	1,538
RPO, Inc.	26%	November 2005	Develop digital waveguide touch technology	
LB Gemini New Growth Fund No. 16	31%	December 2009	Invest in small and middle sized companies and to benefit from M&A opportunities	13,658
Can Yang Investments Limited	12%	January 2010	Develop and manufacture and sell TFT-OLEDs	14,488
YAS Co., Ltd.	19%	April	Develop and manufacture deposition	9,814

	2002	equipment for OLEDs

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Eralite Optoelectronics (Jiangsu) Co., Ltd.	20%	August 2010	Manufacture LED Packages	4,173
Narenanotech Corporation	23%	December 1995	Manufacture and sell equipment for flat-panel displays	27,969
Avatec. Co., Ltd.	20%	August 2000	Manufacture and sell glass for flat-panel displays	10,600

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2. Basis of Presenting Financial Statements

(a) Statement of Compliance

In accordance with the Act on External Audits of Stock Companies, these consolidated financial statements have been prepared in accordance with Korean International Financial Reporting Standards (K-IFRSs).

The consolidated financial statements were authorized for issuance by the Board of Directors on January 26, 2012.

(b) Basis of Measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following material items in the consolidated statement of financial position:

derivative financial instruments measured at fair value,

financial instruments at fair value through profit or loss measured at fair value,

available-for-sale financial assets measured at fair value,

liabilities for cash-settled share-based payment arrangements measured at fair value, and

liabilities for defined benefit plans recognized as the present value of defined benefit obligation less the fair value of plan assets

(c) Functional and Presentation Currency

The consolidated financial statements are presented in Korean won, which is the Controlling Company s functional currency. All amounts in Korean won are in millions unless otherwise stated.

(d) Use of Estimates and Judgments

The preparation of the consolidated financial statements in conformity with K-IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements is included in the following notes:

Classification of financial instruments (note 3(d))

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2. Basis of Presenting Financial Statements, Continued

(d) Use of Estimates and Judgments, Continued

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next 12 months is included in the following notes:

Recognition and measurement of provision (note 3(j) and 20)

Measurement of defined benefit obligations (note 17)

Deferred tax assets and liabilities (note 30)

3. Summary of Significant Accounting Policies

The significant accounting policies followed by the Group in preparation of its consolidated financial statements are as follows:

(a) Consolidation

(i) Subsidiaries

Subsidiaries are those entities controlled by the Controlling Company or its subsidiaries, where control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Each item of profit and loss and other reserves is allocated to the owners of the parent and non-controlling interests. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(ii) Associates and jointly controlled entities (equity method investees)

Associates are those entities over which the Group has significant influence over the financial and operating policies, but not control. Significant influence is presumed to exist when the Group holds between 20 and 50 percent of the voting power of another entity.

A jointly controlled entity is an entity that the Group has joint control over and whose activities are established by a contractual arrangement that requires unanimous consent for strategic financial and operating decisions.

Investments in associates and jointly controlled entities are initially recognized at cost and accounted for using the equity method of accounting. The carrying amount of investments in associates and jointly controlled entities is increased or decreased to recognize the Group s share of the profits or losses and changes in the Group s proportionate interest of the investee after the date of acquisition. Distributions received from an investee reduce the carrying amount of the investment. Unrealized gains on transactions between the Group and associates and jointly controlled entities are eliminated to the extent of the Group s interest in the associates and jointly controlled entities. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The consolidated financial statements are prepared using uniform accounting policies for like transactions and events in similar circumstances.

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3. Summary of Significant Accounting Policies, Continued

(a) Consolidation, Continued

When the Group s share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest, including any long-term investments, is reduced to nil, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

(iii) Transactions eliminated on consolidation

Intra-group balances and transactions, including income, expenses and unrealized gains or losses, are eliminated in preparing the consolidated financial statements. Intra-group losses are recognized as expense if intra-group losses indicate an impairment that requires recognition in the consolidated financial statements.

(b) Foreign Currency Transactions and Translation

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated to the functional currency at the exchange rate on the reporting date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was originally determined. Foreign currency differences arising on retranslation are recognized in profit or loss, except for differences arising on available-for-sale equity instruments and a financial asset and liability designated as a cash flow hedge, which are recognized in other comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the original transaction. Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or previous financial statements shall be recognized in profit or loss in the period in which they arise.

If the presentation currency of the Group is different from a foreign operation s functional currency, the financial position and financial performance of the foreign operation are translated into the presentation currency using the following methods:

The assets and liabilities of foreign operations, whose functional currency is not the currency of a hyperinflationary economy, including goodwill and fair value adjustments arising on acquisition, are translated to the Group s functional currency at exchange rates at the reporting date. The income and expenses of foreign operations are translated to the Group s functional currency at exchange rates at the dates of the transactions. Foreign currency differences are recognized in other comprehensive income. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of, in part or in full, the relevant accumulative amount in other comprehensive income is transferred to profit or loss as part of the profit or loss on disposal. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount in other comprehensive income is reclassified to profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of that foreign operation is treated as assets and liabilities of the foreign operation. Thus they are expressed in the functional currency of the foreign operation and translated at the at each reporting date s exchange rate.

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3. Summary of Significant Accounting Policies, Continued

(c) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the weighted-average method, and includes expenditures incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work-in-process, cost includes an appropriate share of production overheads based on the actual capacity of production facilities. However, the normal capacity is used for the allocation of fixed production overheads if the actual level of production is lower than the normal capacity.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated selling expenses.

(d) Financial Instruments

(i) Non-derivative financial assets

The Group initially recognizes loans and receivables and deposits on the date they are originated. All other non-derivative financial assets, including financial assets at fair value through profit or loss, are recognized in the consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows of the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognized as a separate asset or liability. If a transfer does not result in derecognition because the Group has retained substantially all the risks and rewards of ownership of the transferred asset, the Group continues to recognize the transferred asset and recognizes a financial liability for the consideration received. In subsequent periods, the Group recognizes any income on the transferred assets and any expense incurred on the financial liability.

Financial assets and liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

The Group has the following non-derivative financial assets: loans and receivables and available-for-sales financial assets.

Financial assets at fair value through profit or loss

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. If a contract contains one or more embedded derivatives, the Group designates the entire hybrid (combined) contract as a financial asset at fair value through profit or loss unless: the embedded derivative(s) does not significantly modify the cash flows that otherwise would be required by the contract; or it is clear with little or no analysis when a similar hybrid (combined) instrument is first considered that separation of the embedded derivative(s) is prohibited. Upon initial recognition, attributable transaction costs are recognized in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognized in profit or loss.

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3. Summary of Significant Accounting Policies, Continued

(d) Financial Instruments, Continued

Cash and cash equivalents

Cash and cash equivalents include all cash balances and short-term highly liquid investments with an original maturity of three months or less that are readily convertible into known amounts of cash. They are stated at face value, which approximates fair value.

Deposits in banks

Deposits in banks are those with maturity of more than three months and less than one year and are held for cash management purposes.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. When loans and receivables are recognized initially, the Group measures them at their fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses. Loans and receivables comprise trade accounts and notes receivable and other accounts receivable.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or that are not classified as financial assets at fair value through profit or loss, held-to-maturity financial assets or loans and receivables. The Group s investments in equity securities and certain debt securities are classified as available-for-sale financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale equity instruments, are recognized in other comprehensive income and presented within equity in the fair value reserve. When an investment is derecognized, the cumulative gain or loss in other comprehensive income is transferred to profit or loss.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and whose derivatives are linked to and must be settled by delivery of such unquoted equity instruments are measured at cost.

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3. Summary of Significant Accounting Policies, Continued

(d) Financial Instruments, Continued

(ii) Non-derivative financial liabilities

The Group initially recognizes debt securities issued and subordinated liabilities on the date that they are originated. The Group classifies liabilities into two categories in accordance with the substance of the contractual arrangement and the definitions of a financial liability: financial liabilities at fair value through profit or loss and other financial liabilities.

Financial liabilities at fair value through profit or loss include financial liabilities held for trading or designated as such upon initial recognition at fair value through profit or loss. After initial recognition, financial liabilities at fair value through profit or loss are measured at fair value, and changes therein are recognized in profit or loss. Upon initial recognition, transaction costs that are directly attributable to acquisition are recognized in profit or loss as incurred. As of December 31, 2011, financial liabilities at fair value through profit or loss of the Group consist of convertible bonds.

Non-derivative financial liabilities other than financial liabilities classified as fair value through profit or loss are classified as other financial liabilities and measured initially at fair value minus transaction costs that are directly attributable to the issue. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method. As of December 31, 2011, non-derivative financial liabilities comprise borrowings, bonds and others.

The Group derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

(iii) Ordinary share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of ordinary shares are recognized as a deduction from equity, net of tax effects. Capital contributed in excess of par value upon issuance of common stocks is classified as share premium within equity.

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3. Summary of Significant Accounting Policies, Continued

(d) Financial Instruments, Continued

(iv) Derivative financial instruments, including hedge accounting

The Group holds forward exchange contracts, interest rate swaps, currency swaps and other derivative contracts to manage interest rate risk and foreign exchange risk. Derivatives are initially recognized at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognized in profit or loss except in the case where the derivatives are designated as cash flow hedges and the hedge is determined to be an effective hedge.

The Group designates derivatives as hedging items to hedge the risk of changes in the fair value of assets, liabilities or firm commitments (a fair value hedge) and foreign currency risk of highly probable forecasted transactions or firm commitments (a cash flow hedge).

On initial designation of the hedge, management formally documents the relationship between the hedging instrument(s) and hedged item(s), including the risk management objectives and strategy in undertaking the hedge transaction, together with the methods that will be used to assess the effectiveness of the hedging relationship. Management makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, whether the hedging instruments are expected to be highly effective in offsetting the changes in the fair value or cash flows of the respective hedged items during the period for which the hedge is designated, and whether the actual results of each hedge are within a range of 80-125 percent. For a cash flow hedge of a forecasted transaction, the transaction should be highly probable to occur and should present an exposure to variations in cash flows that could ultimately affect reported net income.

Cash flow hedges

When a derivative is designated as a hedge of the variability in cash flows attributable to a particular risk associated with a recognized asset or liability or a highly probable forecasted transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognized in other comprehensive income and presented in the hedging reserve in equity. The amount recognized in other comprehensive income is removed and included in profit or loss in the same period the hedged cash flows affect profit or loss under the same line item in the consolidated statement of comprehensive income. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in profit or loss.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated, exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognized in other comprehensive income and presented in the hedging reserve in equity remains there until the forecasted transaction affects profit or loss. When the hedged item is a non-financial asset, the amount recognized in other comprehensive income is transferred to the carrying amount of the asset when the asset is recognized. If the forecasted transaction is no longer expected to occur, then the balance in other comprehensive income is recognized immediately in profit or loss. In other cases the amount recognized in other comprehensive income is transferred to profit or loss in the same period that the hedged item affects profit or loss.

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3. Summary of Significant Accounting Policies, Continued

(d) Financial Instruments, Continued

Embedded derivative

Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value through profit or loss. Changes in the fair value of separable embedded derivatives are recognized immediately in profit or loss.

(e) Property, Plant and Equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes an expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labor, any costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located and borrowing costs on qualifying assets.

The gain or loss arising from the derecognition of an item of property, plant and equipment shall be determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item and recognized in other income and expenses.

(ii) Subsequent costs

Subsequent expenditure on an item of property, plant and equipment is recognized as part of its cost only if it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

(iii) Depreciation

Depreciation is recognized in profit or loss on a straight-line basis method, reflecting the pattern in which the asset s future economic benefits are expected to be consumed by the Group. The residual value of property, plant and equipment is zero. Land is not depreciated.

Estimated useful lives of the assets are as follows:

	Useful lives (years)
Buildings and structures	20, 40
Machinery	4
Furniture and fixtures	3~5
Equipment, tools and vehicles	3~5, 12

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate. The changes are accounted for as changes in accounting estimates.

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3. Summary of Significant Accounting Policies, Continued

(f) Borrowing Costs

The Group capitalizes borrowing costs, which includes exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs, directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. To the extent that the Group borrows funds specifically for the purpose of obtaining a qualifying asset, the Group determines the amount of borrowing costs eligible for capitalization as the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of those borrowings. The Group immediately recognizes other borrowing costs as an expense.

(g) Government Grants

In case there is reasonable assurance that the Group will comply with the conditions attached to a government grant, the government grant is recognized as follows:

(i) Grants related to the purchase or construction of assets

A government grant related to the purchase or construction of assets is deducted in calculating the carrying amount of the asset. The grant is recognized in profit or loss over the life of a depreciable asset as a reduced depreciation expense.

(ii) Grants for compensating the Group s expenses incurred

Grants that compensate the Group for expenses incurred are recognized in profit or loss as other income on a systematic basis in the same periods in which the expenses are recognized.

(iii) Other government grants

A government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs shall be recognized as income of the period in which it becomes receivable.

(h) Intangible Assets

Intangible assets are initially measured at cost. Subsequently, intangible assets are measured at cost less accumulated amortization and accumulated impairment losses.

(i) Goodwill

Goodwill arising from business combinations is recognized as the excess of the acquisition cost of investments in subsidiaries, associates and joint ventures over the Group s share of the net fair value of the identifiable assets acquired and liabilities assumed. Any deficit is a bargain purchase that is recognized in profit or loss. Goodwill is measured at cost less accumulated impairment losses.

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3. Summary of Significant Accounting Policies, Continued

(h) Intangible Assets, Continued

(ii) Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognized in profit or loss as incurred.

Development activities involve a plan or design of the production of new or substantially improved products and processes. Development expenditure is capitalized only if the Group can demonstrate all of the following:

the technical feasibility of completing the intangible asset so that it will be available for use or sale,

its intention to complete the intangible asset and use or sell it,

its ability to use or sell the intangible asset,

how the intangible asset will generate probable future economic benefits. Among other things, the Group can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset,

the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset, and

its ability to measure reliably the expenditure attributable to the intangible asset during its development.

The expenditure capitalized includes the cost of materials, direct labor, overhead costs that are directly attributable to preparing the asset for its intended use, and borrowing costs on qualifying assets.

(iii) Other intangible assets

Other intangible assets include intellectual property rights, software, customer relationships, technology, memberships and others.

(iv) Subsequent costs

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific intangible asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

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3. Summary of Significant Accounting Policies, Continued

(h) Intangible Assets, Continued

(v) Amortization

Amortization is calculated on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use. The residual value of intangible assets is zero. However, as there are no foreseeable limits to the periods over which condominium and golf club memberships are expected to be available for use, these intangible assets are regarded as having indefinite useful lives and not amortized.

	Estimated useful lives (years)
Intellectual property rights	5, 10
Rights to use electricity, water and gas supply facilities	10
Software	4
Customer relationships	7
Technology	10
Development costs	(*)
Condominium and golf club memberships	Not amortized

(*) Capitalized development costs are amortized over the useful life considering the life cycle of the developed products.
Amortization periods and the amortization methods for intangible assets with finite useful lives are reviewed at each financial year-end. The useful lives of intangible assets that are not being amortized are reviewed each period to determine whether events and circumstances continue to support indefinite useful life assessments for those assets. If appropriate, the changes are accounted for as changes in accounting estimates.

(i) Impairment

(i) Financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency in interest or principal payments by an issuer or a debtor, for economic reasons relating to the borrower s financial difficulty, granting to the borrower a concession that the Group would not otherwise consider, or the disappearance of an active market for that financial asset. In addition, for an investment in an equity security, objective evidence of impairment includes significant financial difficulty of the issuer and a significant or prolonged decline in its fair value below its cost.

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3. Summary of Significant Accounting Policies, Continued

(i) Impairment, Continued