

LG Display Co., Ltd.  
Form 6-K  
February 25, 2015  
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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 February, 2015**

**LG Display Co., Ltd.**

**(Translation of Registrant's name into English)**

**LG Twin Towers, 128, Yeoui-daero, Youngdungpo-gu, Seoul, 150-721, The Republic of Korea**

**(Address of principal executive offices)**

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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       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

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1. Name of external auditor: Samjong Accounting Corporation (KPMG)
2. Date of receiving external audit report: February 25, 2015
3. Auditor's opinion

-	FY 2014	FY 2013
Audit Report on Consolidated Financial Statements	Unqualified	Unqualified

4. Financial Highlights of Consolidated Financial Statements

Items	FY 2014	FY 2013
Total Assets	22,967,023,114,809	21,715,284,280,303
Total Liabilities	11,183,613,517,482	10,917,864,108,133
Total Shareholders' Equity	11,783,409,597,325	10,797,420,172,170
Capital Stock	1,789,078,500,000	1,789,078,500,000
Revenues	26,455,529,417,365	27,033,035,359,626
Operating Income	1,357,254,860,433	1,163,314,395,279
Ordinary Income	1,241,957,392,702	830,305,253,506
Net Income	917,403,742,427	418,973,183,815
Total Shareholders' Equity / Capital Stock	658.6%	603.5%

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LG DISPLAY CO., LTD. AND SUBSIDIARIES

Consolidated Financial Statements

**For the Years Ended December 31, 2014 and  
2013**

(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 financial statements of LG Display Co., Ltd. and its subsidiaries (the Group ) which comprise the consolidated statements of financial position of the Group as of December 31, 2014 and 2013, the related consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

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

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Korean International Financial Reporting Standards ( K-IFRS ), and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatements, whether due to fraud or error.

***Auditors Responsibility***

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Korean Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity s preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2014 and 2013, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with K-IFRS.

***Emphasis of Matter***

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

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As discussed in note 20 to the consolidated financial statements, the Group has been or is named as defendants in a number of individual lawsuits and class actions in the United States and Canada, respectively, in connection with alleged antitrust violations concerning the sale of LCD panels. The Group estimated and recognized losses related to these alleged violations. 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.

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***Other Matters***

The accompanying consolidated financial statements of the Group as of December 31, 2013 and for the year then ended were audited by us in accordance with the previous auditing standards generally accepted in the Republic of Korea.

The procedures and practices utilized in the Republic of Korea to audit such consolidated financial statements may differ from those generally accepted and applied in other countries.

KPMG Samjong Accounting Corp.

Seoul, Korea

February 17, 2015

This report is effective as of February 17, 2015, 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, 2014 and 2013

<i>(In millions of won)</i>	Note	December 31, 2014	December 31, 2013
<b>Assets</b>			
Cash and cash equivalents	6, 13	889,839	1,021,870
Deposits in banks	6, 13	1,526,482	1,301,539
Trade accounts and notes receivable, net	7, 13, 19, 22	3,444,477	3,128,626
Other accounts receivable, net	7, 13	119,478	89,545
Other current financial assets	9, 13	3,250	919
Inventories	8	2,754,098	1,933,241
Prepaid income taxes		6,340	4,066
Other current assets	7	496,665	251,982
<b>Total current assets</b>		<b>9,240,629</b>	<b>7,731,788</b>
Deposits in banks	6,13	8,427	13
Investments in equity accounted investees	10	407,644	406,536
Other non-current financial assets	9,13	33,611	46,246
Property, plant and equipment, net	11,23	11,402,866	11,808,334
Intangible assets, net	12,23	576,670	468,185
Deferred tax assets	29	1,036,507	1,037,000
Other non-current assets	7	260,669	217,182
<b>Total non-current assets</b>		<b>13,726,394</b>	<b>13,983,496</b>
<b>Total assets</b>		<b>22,967,023</b>	<b>21,715,284</b>
<b>Liabilities</b>			
Trade accounts and notes payable	13, 22	3,391,635	2,999,522
Current financial liabilities	13, 14	967,909	907,942
Other accounts payable	13	1,508,158	1,454,339
Accrued expenses		740,492	491,236
Income tax payable		227,714	46,777
Provisions	18	193,884	200,731
Advances received	19	488,379	656,775
Other current liabilities	18	31,385	31,597
<b>Total current liabilities</b>		<b>7,549,556</b>	<b>6,788,919</b>
Non-current financial liabilities	13, 14	3,279,477	2,994,837
Non-current provisions	18	8,014	5,005
Defined benefit liabilities, net	17	324,180	319,087

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Long-term advances received	19		427,397
Deferred tax liabilities	29	245	119
Other non-current liabilities	18	22,141	382,500
<b>Total non-current liabilities</b>		3,634,057	4,128,945
<b>Total liabilities</b>		11,183,613	10,917,864
<b>Equity</b>			
Share capital	21	1,789,079	1,789,079
Share premium		2,251,113	2,251,113
Reserves	21	(63,843)	(91,674)
Retained earnings		7,455,063	6,662,655
<b>Total equity attributable to owners of the Controlling Company</b>		11,431,412	10,611,173
<b>Non-controlling interests</b>		351,998	186,247
<b>Total equity</b>		11,783,410	10,797,420
<b>Total liabilities and equity</b>		22,967,023	21,715,284

*See accompanying notes to the consolidated financial statements.*

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## LG DISPLAY CO., LTD. AND SUBSIDIARIES

**Consolidated Statements of Comprehensive Income**

For the years ended December 31, 2014 and 2013

*(In millions of won, except earnings per share)*

	<b>Note</b>	<b>2014</b>	<b>2013</b>
Revenue	22, 23, 24	26,455,529	27,033,035
Cost of sales	8, 22	(22,667,134)	(23,524,851)
<b>Gross profit</b>		<b>3,788,395</b>	<b>3,508,184</b>
Selling expenses	16	(746,686)	(731,521)
Administrative expenses	16	(520,160)	(517,622)
Research and development expenses		(1,164,294)	(1,095,727)
<b>Operating profit</b>		<b>1,357,255</b>	<b>1,163,314</b>
Finance income	27	105,443	185,011
Finance costs	27	(215,536)	(381,851)
Other non-operating income	25	1,071,903	1,108,754
Other non-operating expenses	25	(1,095,071)	(1,268,588)
Equity in income of equity accounted investees, net		17,963	23,665
<b>Profit before income tax</b>		<b>1,241,957</b>	<b>830,305</b>
Income tax expense	28	(324,553)	(411,332)
<b>Profit for the year</b>		<b>917,404</b>	<b>418,973</b>
<b>Other comprehensive income (loss)</b>			
<b>Items that will never be reclassified to profit or loss</b>			
Remeasurements of net defined benefit liabilities	17,28	(147,633)	998
Related income tax	17,28	35,773	(334)
		(111,860)	664
<b>Items that are or may be reclassified to profit or loss</b>			
Net change in fair value of available-for-sale financial assets	27,28	982	826
Foreign currency translation differences for foreign operations	27,28	37,739	(22,100)
Share of loss from sale of treasury stocks by associates	28	(1,360)	(802)
Related income tax	28	(119)	(225)
		37,242	(22,301)
<b>Other comprehensive loss for the year, net of income tax</b>		<b>(74,618)</b>	<b>(21,637)</b>

<b>Total comprehensive income for the year</b>		842,786	397,336
<b>Profit (loss) attributable to:</b>			
Owners of the Controlling Company		904,268	426,118
Non-controlling interests		13,136	(7,145)
<b>Profit for the year</b>		917,404	418,973
<b>Total comprehensive income (loss) attributable to:</b>			
Owners of the Controlling Company		820,239	404,478
Non-controlling interests		22,547	(7,142)
<b>Total comprehensive income for the year</b>		842,786	397,336
<b>Earnings per share (In won)</b>			
Basic earnings per share	30	2,527	1,191
Diluted earnings per share	30	2,527	1,191

*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, 2014 and 2013

<i>(In millions of won)</i>	Attributable to owners of the Controlling Company							Total equity
	Share capital	Share premium	Share by associates	Fair value reserve	Translation reserve	Retained earnings	Non-controlling interests	
<b>Balances at January 1, 2013</b>	1,789,079	2,251,113	548	(66)	(69,852)	6,238,989	30,369	10,240,180
<b>Total comprehensive income (loss) for the year</b>								
Profit (loss) for the year						426,118	(7,145)	418,973
<b>Other comprehensive income (loss)</b>								
Net change in fair value of available-for-sale financial assets, net of tax				638				638
Foreign currency translation differences for foreign operations, net of tax					(22,140)		3	(22,137)
Remeasurements of net defined benefit liabilities, net of tax						664		664
Share of loss from sale of treasury stocks by associates, net of tax			(802)					(802)
<b>Total other comprehensive income (loss)</b>			(802)	638	(22,140)	664	3	(21,637)
			(802)	638	(22,140)	426,782	(7,142)	397,336

Total comprehensive  
income (loss) for the  
year

**Transaction with  
owners, recognized  
directly in equity**

Capital contribution  
from non-controlling  
interests, and others

(3,116) 163,020 159,904

**Balances at**

**December 31, 2013**

1,789,079 2,251,113 (254) 572 (91,992) 6,662,655 186,247 10,797,420

**Balances at**

**January 1, 2014**

1,789,079 2,251,113 (254) 572 (91,992) 6,662,655 186,247 10,797,420

**Total comprehensive  
income (loss) for the  
year**

Profit for the year

904,268 13,136 917,404

**Other  
comprehensive  
income (loss)**

Net change in fair  
value of  
available-for-sale  
financial assets, net of  
tax

796 796

Foreign currency  
translation differences  
for foreign operations,  
net of tax

28,395 9,411 37,806

Remeasurements of  
net defined benefit  
liabilities, net of tax

(111,860) (111,860)

Share of loss from sale  
of treasury stocks by  
associates, net of tax

(1,360) (1,360)

Total other  
comprehensive  
income (loss)

(1,360) 796 28,395 (111,860) 9,411 (74,618)

**Total comprehensive  
income (loss) for the  
year**

(1,360) 796 28,395 792,408 22,547 842,786

**Transaction with  
owners, recognized**

**directly in equity**

Decrease of share interest in non-controlling interests							(2,955)	(2,955)
Capital contribution from non-controlling interests							146,159	146,159

**Balances at**

<b>December 31, 2014</b>	1,789,079	2,251,113	(1,614)	1,368	(63,597)	7,455,063	351,998	11,783,410
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*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, 2014 and 2013

<i>(In millions of won)</i>	<b>Note</b>	<b>2014</b>	<b>2013</b>
<b>Cash flows from operating activities:</b>			
Profit for the year		917,404	418,973
<b>Adjustments for:</b>			
Income tax expense	28	324,553	411,332
Depreciation	11, 15	3,222,085	3,598,472
Amortization of intangible assets	12, 15	270,226	236,046
Gain on foreign currency translation		(63,626)	(76,111)
Loss on foreign currency translation		89,453	55,870
Expenses related to defined benefit plans	17, 26	196,756	159,453
Gain on disposal of property, plant and equipment		(8,989)	(9,620)
Loss on disposal of property, plant and equipment		2,173	1,639
Impairment loss on property, plant and equipment		8,097	853
Loss on disposal of intangible assets		672	452
Impairment loss on intangible assets		492	1,661
Reversal of impairment loss on intangible assets			(296)
Finance income		(55,655)	(52,862)
Finance costs		148,129	163,183
Equity in income of equity method accounted investees, net	10	(17,963)	(23,665)
Other income		(14,508)	(412)
Other expenses		277,128	351,953
		4,379,023	4,817,948
Change in trade accounts and notes receivable		(921,433)	(251,752)
Change in other accounts receivable		(14,195)	133,734
Change in other current assets		(219,599)	89,456
Change in inventories		(823,497)	456,766
Change in other non-current assets		(93,987)	(120,054)
Change in trade accounts and notes payable		390,046	(1,110,098)
Change in other accounts payable		(229,679)	(289,441)
Change in accrued expenses		245,373	68,162
Change in other current liabilities		(18,242)	(7,846)
Change in other non-current liabilities		18,248	9,808
Change in provisions		(187,021)	(315,266)
Change in defined benefit liabilities, net		(339,482)	(19,627)
		(2,193,468)	(1,356,158)
Cash generated from operating activities		3,102,959	3,880,763



Income taxes paid	(110,720)	(159,286)
Interests received	39,452	36,686
Interests paid	(167,170)	(173,390)
<b>Net cash provided by operating activities</b>	<b>2,864,521</b>	<b>3,584,773</b>

*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, 2014 and 2013

<i>(In millions of won)</i>	<b>Note</b>	<b>2014</b>	<b>2013</b>
<b>Cash flows from investing activities:</b>			
Dividends received		1,340	14,582
Proceeds from withdrawal of deposits in banks		1,651,176	1,657,082
Increase in deposits in banks		(1,884,533)	(2,644,204)
Acquisition of investments in equity accounted investees		(324)	(18,744)
Proceeds from disposal of investments in equity accounted investees		8,832	5,023
Acquisition of property, plant and equipment		(2,982,549)	(3,473,059)
Proceeds from disposal of property, plant and equipment		39,647	39,838
Acquisition of intangible assets		(353,298)	(184,754)
Proceeds from disposal of intangible assets			1,902
Government grants received		49,424	59,629
Proceeds from collection of short-term loans		8	2
Proceeds from disposal of other financial assets		82	
Acquisition of other non-current financial assets		(5,129)	(5,410)
Proceeds from disposal of other non-current financial assets		15,500	43,792
Net cash inflow from disposal of subsidiaries, net of cash transferred		8,545	
<b>Net cash used in investing activities</b>		<b>(3,451,279)</b>	<b>(4,504,321)</b>
<b>Cash flows from financing activities:</b>			
Proceeds from short-term borrowings		219,839	1,430,041
Repayments of short-term borrowings		(14,747)	(1,444,717)
Proceeds from issuance of debentures		597,563	587,603
Proceeds from long-term debt		846,759	372,785
Repayments of long-term debt		(503,618)	(301,229)
Repayments of current portion of long-term debt and debentures		(887,296)	(1,195,340)
Capital contribution from non-controlling interests		146,159	159,873
<b>Net cash provided by (used in) financing activities</b>		<b>404,659</b>	<b>(390,984)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(182,099)</b>	<b>(1,310,532)</b>
Cash and cash equivalents at January 1		1,021,870	2,338,661
Effect of exchange rate fluctuations on cash held		50,068	(6,259)
<b>Cash and cash equivalents at December 31</b>		<b>889,839</b>	<b>1,021,870</b>

*See accompanying notes to the consolidated financial statements.*

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

Notes to the Consolidated Financial Statements

For the years ended December 31, 2014 and 2013

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. 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, in February 2008, the Controlling Company changed its name to LG Display Co., Ltd. considering the decrease of Philips' s share interest in the Controlling Company and the possibility of its business expansion to other display products including Organic Light Emitting Diode ( OLED ) and Flexible Display products. As of December 31, 2014, LG Electronics Inc. owns 37.9% (135,625,000 shares) of the Controlling Company' s common stock.

As of December 31, 2014, the Controlling Company has TFT-LCD manufacturing plants, an OLED manufacturing plant and a Research & Development Center in Paju and TFT-LCD manufacturing plants in Gumi. The Controlling Company has overseas subsidiaries located in North 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, 2014, 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 Depositary Shares ( ADSs ) under the symbol LPL. One ADS represents one-half of one share of common stock. As of December 31, 2014, there are 22,485,216 ADSs outstanding.

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Notes to the Consolidated Financial Statements

For the years ended December 31, 2014 and 2013

1. Reporting Entity, Continued(b) Consolidated Subsidiaries as of December 31, 2014*(In millions)*

<b>Subsidiaries</b>	<b>Location of ownership</b>	<b>Percentage of ownership</b>	<b>Fiscal year end</b>	<b>Date of incorporation</b>	<b>Business</b>	<b>Capital stocks</b>	
LG Display America, Inc. (*1)	San Jose, U.S.A.	100%	December 31	September 24, 1999	Sell TFT-LCD products	USD	411
LG Display Japan Co., Ltd.	Tokyo, Japan	100%	December 31	October 12, 1999	Sell TFT-LCD Products	JPY	95
LG Display Germany GmbH	Ratingen, Germany	100%	December 31	November 5, 1999	Sell TFT-LCD products	EUR	1
LG Display Taiwan Co., Ltd.	Taipei, Taiwan	100%	December 31	April 12, 1999	Sell TFT-LCD products	NTD	116
LG Display Nanjing Co., Ltd. (*2)	Nanjing, China	100%	December 31	July 15, 2002	Manufacture and sell TFT-LCD products	CNY	2,937
LG Display Shanghai Co., Ltd.	Shanghai, China	100%	December 31	January 16, 2003	Sell TFT-LCD products	CNY	4
LG Display Poland Sp. z o.o. (*3)	Wroclaw, Poland	100%	December 31	September 6, 2005	Manufacture and sell TFT-LCD products	PLN	511
LG Display Guangzhou Co., Ltd. (*4)	Guangzhou, China	100%	December 31	June 30, 2006	Manufacture and sell TFT-LCD products	CNY	1,655
LG Display Shenzhen Co., Ltd.	Shenzhen, China	100%	December 31	August 28, 2007	Sell TFT-LCD products	CNY	4

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LG Display Singapore Pte. Ltd.	Singapore	100%	December 31	January 12, 2009	Sell TFT-LCD products	SGD	1.4
L&T Display Technology (Xiamen) Limited	Xiamen, China	51%	December 31	January 5, 2010	Manufacture LCD module and TV sets	CNY	82
L&T Display Technology (Fujian) Limited	Fujian, China	51%	December 31	January 5, 2010	Manufacture LCD module and monitor sets	CNY	116
LG Display Yantai Co., Ltd. (*5)	Yantai, China	100%	December 31	April 19, 2010	Manufacture and sell TFT-LCD products	CNY	956

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Notes to the Consolidated Financial Statements

For the years ended December 31, 2014 and 2013

1. Reporting Entity, Continued(b) Consolidated Subsidiaries as of December 31, 2014, Continued*(In millions)*

<b>Subsidiaries</b>	<b>Location of ownership</b>	<b>Percentage of ownership</b>	<b>Fiscal year end</b>	<b>Date of incorporation</b>	<b>Business</b>	<b>Capital stocks</b>
LG Display U.S.A., Inc.	McAllen, U.S.A.	100%	December 31	October 26, 2011	Manufacture and sell TFT-LCD products	USD 11
Nanumnuri Co., Ltd.	Gumi, South Korea	100%	December 31	March 21, 2012	Janitorial services	KRW 800
LG Display China Co., Ltd. (*6)	Guangzhou, China	70%	December 31	December 10, 2012	Manufacture and sell TFT-LCD products	CNY 6,103
Unified Innovative Technology, LLC (*7)	Wilmington, U.S.A	100%	December 31	March 12, 2014	Manage intellectual property	USD 9
Money Market Trust	Seoul, South Korea	100%	December 31		Money market trust	KRW 18,100

(\*1) In June 2014, the Controlling Company invested 36,815 million in cash for the capital increase of LG Display America, Inc. ( LGDUS ). There was no change in the Controlling Company's ownership percentage in LGDUS as a result of this additional investment.

(\*2) In December 2014, the Controlling Company invested 18,112 million in cash for the capital increase of LG Display Nanjing Co., Ltd. ( LGDNJ ). There was no change in the Controlling Company's ownership percentage in LGDNJ as a result of this additional investment.

(\*3) Toshiba Corporation ( Toshiba ) acquired 20% of LG Display Poland Sp. z o.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 with LGDWR's equity shares as its underlying assets. 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 exercise price of the call is equal to the price of the put option which is the

total amount of Toshiba's investment at cost. Toshiba's investment in LGDWR had been regarded as financing due to the options and recorded as other accounts payable in the consolidated statement of financial position of LG Display Co., Ltd. and its subsidiaries (the Group). Accordingly, LGDWR had been consolidated as a wholly owned subsidiary in the consolidated financial statements prior to the exercise of the options. In November 2014, Toshiba exercised its put option in whole at 37,128 million.

- (\*4) In December 2014, the Controlling Company invested 119,400 million in cash for the capital increase of LG Display Guangzhou Co., Ltd. ( LGDGZ ). There was no change in the Controlling Company's ownership percentage in LGDGZ as a result of this additional investment.
- (\*5) In June 2014, the Controlling Company invested in 71,281 million in cash for the capital increase of LG Display Yantai Co., Ltd. ( LGDYT ). There was no change in the Controlling Company's ownership percentage in LGDYT as a result of this additional investment.



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For the years ended December 31, 2014 and 2013

**1. Reporting Entity, Continued****(b) Consolidated Subsidiaries as of December 31, 2014, Continued**

(\*6) In May 2014, the Controlling Company invested 220,740 million in cash for the capital increase of LG Display (China) Co., Ltd. ( LGDCA ). In addition, in January, April and September 2014, LG Display Guangzhou Co., Ltd. ( LGDGZ ), a subsidiary of the Controlling Company, invested an aggregate of 105,297 million in cash for the capital increase of LGDCA. In 2014, the Controlling Company's ownership percentage in LGDCA decreased from 64% to 56% and LGDGZ's ownership percentage in LGDCA increased from 6% to 14%.

(\*7) In March 2014, the Controlling Company established Unified Innovative Technology, LLC ( UNIT ), a wholly owned subsidiary of the Controlling Company, for the management of intellectual property, with an investment of 4,283 million. In April 2014, the Controlling Company invested 5,206 million in cash for the capital increase of UNIT.

In June 2014, the Controlling Company disposed of the entire investments in LUCOM Display Technology (Kunshan) Limited at 3,383 million and recognized 276 million for the difference between the disposal amount and the carrying amount as finance income. In December 2014, the Controlling Company disposed of the entire investments in LG Display Reynosa S.A. de C.V. at 6,484 million and recognized 4,157 million for the difference between the disposal amount and the carrying amount as finance cost.

Dividends received from consolidated subsidiaries for the years ended December 31, 2014 and 2013 amounted to 430,534 million and zero, respectively.

**(c) Cash flows from loss of control of the subsidiaries and carrying amount of assets and liabilities of the subsidiaries upon disposal****(i) LUCOM Display Technology (Kunshan) Limited**

<i>(In millions of won)</i>	<b>Amount</b>
Total consideration received	3,383
Cash and cash equivalents held by the subsidiary at disposal	(974)
<b>Net cash flow</b>	<b>2,409</b>
<b>Assets of the disposed subsidiary:</b>	
Trade accounts and notes receivable, net	24,105

Inventories	2,640
Property, plant and equipment, net	4,101
Intangible assets, net	514
Other assets	1,000
<b>Liabilities of the disposed subsidiary:</b>	
Trade accounts and notes payable	23,874
Borrowings	2,719
Other liabilities	649

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For the years ended December 31, 2014 and 2013

1. Reporting Entity, Continued(c) Cash flows from loss of control of the subsidiary and carrying amount of assets and liabilities of the subsidiary upon disposal, Continued(ii) LG Display Reynosa S.A. de C.V.

<i>(In millions of won)</i>	<b>Amount</b>
Total consideration received	6,484
Cash and cash equivalents held by the subsidiary at disposal	(348)
<b>Net cash flow</b>	<b>6,136</b>
<b>Assets of the disposed subsidiary:</b>	
Trade accounts and notes receivable, net	5,559
Property, plant and equipment, net	2,414
Other assets	2,719
<b>Liabilities of the disposed subsidiary:</b>	
Other liabilities	399

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

<i>(In millions of won)</i>	<b>December 31, 2014</b>			<b>2014</b>	
<b>Subsidiaries</b>	<b>Total assets</b>	<b>Total liabilities</b>	<b>Total shareholders equity (deficit)</b>	<b>Sales</b>	<b>Net income (loss)</b>
LG Display America, Inc.	1,867,934	1,823,178	44,756	9,019,130	3,142
LG Display Japan Co., Ltd.	171,716	153,741	17,975	1,608,510	1,675
LG Display Germany GmbH	448,851	443,062	5,789	2,955,383	1,770
LG Display Taiwan Co., Ltd.	399,524	389,753	9,771	2,195,670	2,374
LG Display Nanjing Co., Ltd.	709,192	82,789	626,403	396,246	32,917
LG Display Shanghai Co., Ltd.	553,749	514,407	39,342	2,372,405	5,873
LG Display Poland Sp. z o.o.	199,585	11,308	188,277	76,023	30,293

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LG Display Guangzhou Co., Ltd.	1,959,569	1,092,161	867,408	2,277,400	164,663
LG Display Shenzhen Co., Ltd.	306,757	291,645	15,112	2,056,861	1,481
LG Display Singapore Pte. Ltd.	251,422	250,199	1,223	1,209,181	1,947
L&T Display Technology (Xiamen) Limited	6,531	24,617	(18,086)		(335)
L&T Display Technology (Fujian) Limited	314,948	251,941	63,007	1,187,511	17,446
LG Display Yantai Co., Ltd.	1,346,589	1,032,278	314,311	1,049,993	76,860
LG Display U.S.A., Inc.	23,191	10,117	13,074	131,622	(3,672)
Nanumnuri Co., Ltd.	2,567	1,305	1,262	9,538	406
LG Display China Co., Ltd.	2,208,485	1,123,609	1,084,876	689,102	16,511
Unified Innovative Technology, LLC	9,118	19	9,099		(762)
	10,779,728	7,496,129	3,283,599	27,234,575	352,589

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For the years ended December 31, 2014 and 2013

1. Reporting Entity, Continued*(In millions of won)*

	December 31, 2013			2013	
	Total assets	Total liabilities	Total shareholders equity (deficit)	Sales	Net income (loss)
<b>Subsidiaries</b>					
LG Display America, Inc.	1,272,929	1,272,334	595	8,030,701	8,710
LG Display Japan Co., Ltd.	151,181	133,310	17,871	2,004,733	1,374
LG Display Germany GmbH	388,814	359,765	29,049	3,612,780	3,019
LG Display Taiwan Co., Ltd.	452,776	408,623	44,153	2,085,437	6,605
LG Display Nanjing Co., Ltd.	639,429	55,164	584,265	449,192	32,819
LG Display Shanghai Co., Ltd.	831,345	798,556	32,789	2,799,815	3,790
LG Display Poland Sp. z o.o.	246,709	63,895	182,814	85,602	2,855
LG Display Guangzhou Co., Ltd.	1,936,297	1,066,976	869,321	2,307,006	225,690
LG Display Shenzhen Co., Ltd.	359,703	346,335	13,368	2,262,882	1,593
LG Display Singapore Pte. Ltd.	276,481	264,601	11,880	1,412,794	5,269
L&T Display Technology (Xiamen) Limited	23,375	40,850	(17,475)		(12,163)
L&T Display Technology (Fujian) Limited	307,933	263,776	44,157	1,196,005	6,593
LG Display Yantai Co., Ltd.	555,966	398,520	157,446	550,482	29,762
LUCOM Display Technology (Kunshan) Limited	26,531	19,633	6,898	66,491	(3,134)
LG Display U.S.A., Inc. (*)	32,932	16,444	16,488	138,052	3,318
Nanumnuri Co., Ltd.	1,852	997	855	6,034	257
LG Display China Co., Ltd.	804,561	238,666	565,895		(9,441)
	8,308,814	5,748,445	2,560,369	27,008,006	306,916

(\*) 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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For the years ended December 31, 2014 and 2013

**1. Reporting Entity, Continued**

(e) Associates and Joint ventures (Equity Method Investees) as of December 31, 2014

*(In millions of won)*

Associates and joint ventures	Location	Percentage of ownership		Fiscal year end	Date of incorporation	Business	Carrying amount
		2014	2013				
Suzhou Raken Technology Co., Ltd. (*1)	Suzhou, China	51%	51%	December 31	October 2008	Manufacture and sell LCD modules and LCD TV sets	138,912
Global OLED Technology LLC	Herndon, U.S.A	33%	33%	December 31	December 2009	Managing and licensing OLED patents	28,733
Paju Electric Glass Co., Ltd.	Paju, South Korea	40%	40%	December 31	January 2005	Manufacture electric glass for FPDs	77,162
TLI Inc. (*2)	Seongnam, South Korea	10%	10%	December 31	October 1998	Manufacture and sell semiconductor parts	5,400
AVACO Co., Ltd. (*2)	Daegu, South Korea	16%	16%	December 31	January 2001	Manufacture and sell equipment for FPDs	11,680
New Optics Ltd.	Yangju, South Korea	46%	46%	December 31	August 2005	Manufacture back light parts for TFT-LCDs	41,199
LIG ADP Co., Ltd. (*2)	Seongnam, South Korea	13%	13%	December 31	January 2001	Develop and manufacture equipment for FPDs	2,094
WooRee E&L Co., Ltd.	Ansan, South Korea	21%	21%	December 31	June 2008	Manufacture LED back light unit packages	23,111

LB Gemini New Growth Fund No. 16 (*3)	Seoul, South Korea	31%	31%	December 31	December 2009	Invest in small and middle sized companies and benefit from M&A opportunities	14,396
Can Yang Investments Limited (*2)	Hong Kong	9%	9%	December 31	January 2010	Develop, manufacture and sell LED parts	9,467

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For the years ended December 31, 2014 and 2013

**1. Reporting Entity, Continued***(In millions of won)*

Associates and joint ventures	Location of ownership	Percentage of ownership		Fiscal year end	Date of incorporation	Business	Carrying amount
		2014	2013				
YAS Co., Ltd. (*2)	Paju, South Korea	19%	19%	December 31	April 2002	Develop and manufacture deposition equipment for OLEDs	11,019
Narenanotech Corporation	Yongin, South Korea	23%	23%	December 31	December 1995	Manufacture and sell FPD manufacturing equipment	25,503
AVATEC Co., Ltd. (*2)	Daegu, South Korea	16%	16%	December 31	August 2000	Process and sell glass for FPDs	18,773
Glonix Co., Ltd.	Gimhae, South Korea	20%	20%	December 31	October 2006	Manufacture and sell LCD	195
							407,644

(\*1) Despite its 51% ownership, management concluded that the Controlling Company does not have control of Suzhou Raken Technology Co., Ltd. because the Controlling Company and AmTRAN Technology Co., Ltd., which has a 49% equity interest of the investee, jointly control the board of directors of the investee through equal voting powers. Accordingly, investment in Suzhou Raken Technology Co., Ltd. was accounted as an equity method investment.

(\*2) Although the Controlling Company's share interests in TLI Inc., AVACO Co., Ltd., LIG ADP Co., Ltd., Can Yang Investments Limited, YAS Co., Ltd., and AVATEC Co., Ltd. are below 20%, the Controlling Company is able to exercise significant influence through its right to appoint a director to the board of directors of each investee and the transactions between the Controlling Company and the investees are significant. Accordingly, the investments in these investees have been accounted for using the equity method.

(\*3)



The Controlling Company is a member of limited partnership in the LB Gemini New Growth Fund No.16 ( the Fund ). In January, March, September and December 2014, the Controlling Company received 1,035 million, 921 million, 1,596 million and 3,646 million, respectively, from the Fund as capital distribution and made an additional cash investment of 324 million in the Fund in March 2014. There was no change in the Controlling Company s ownership percentage in the Fund and the Controlling Company is committed to making future investments of up to an aggregate of 30,000 million.

In March 2014, the Controlling Company disposed of the entire investments in Eralite Optoelectronics (Jiangsu) Co., Ltd., acquired for manufacturing LED Package, for 1,634 million and recognized 156 million for the difference between the disposal amount and the carrying amount as finance cost.

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

Notes to the Consolidated Financial Statements

For the years ended December 31, 2014 and 2013

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-IFRS ).

The consolidated financial statements were authorized for issuance by the Board of Directors on January 27, 2015, which will be submitted for approval to the shareholders meeting to be held on March 13, 2015.

(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 statements of financial position:

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

liabilities for defined benefit plans are recognized as the present value of defined benefit obligations 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))

Estimated useful lives of property, plant and equipment (note 3.(e))

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 provisions (note 3.(j), 18 and 20)

Net realizable value of inventories (note 8)

Measurement of defined benefit obligations (note 17)

Deferred tax assets and liabilities (note 29)

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

Notes to the Consolidated Financial Statements

For the years ended December 31, 2014 and 2013

2. **Basis of Presenting Financial Statements, Continued**

(e) **Changes in accounting policies**

Except for the changes below, the Group has consistently applied the accounting policies set out in Note 3 to all periods presented in the consolidated financial statements.

The following amendments to standards and an interpretation were adopted with a date of initial application of January 1, 2014 are as follows.

Amendments to K-IFRS No. 1032, *Financial Instruments: Presentation*

Amendments to K-IFRS No. 1036, *Impairment of Assets*, and

K-IFRS No. 2121, *Levies*

The nature and effects of the changes are explained below.

**(i) Presentation of financial instruments**

The Group has adopted amendments to K-IFRS No.1032, *Financial Instruments: Presentation*, since January 1, 2014. The amendments clarify the meaning of currently has a legally enforceable right of set-off. According to the amendments, the right to set off should not be contingent on a future event, and legally enforceable in the normal course of business, in the event of default, and in the event of insolvency or bankruptcy of the entity and all of the counterparties. The amendments also state that some gross settlement systems would be considered equivalent to net settlement if they eliminate or result in insignificant credit and liquidity risk and process receivables and payables in a single settlement process or cycle. There is no impact of applying this amendment on the consolidated financial statements.

**(ii) Disclosure of the recoverable amount**

The Group has adopted amendments to K-IFRS No. 1036, *Impairment of Assets*, since January 1, 2014. The amendments require the disclosure of information about the recoverable amount of impaired assets, if that amount is based on fair value less costs of disposal. They also require the disclosure of additional information about that fair value measurement. In addition, if the recoverable amount of impaired assets based on fair value less costs of disposal was measured using a present value technique, the amendments also require the disclosure of the discount rates that have been used in the current and previous measurements. There is no significant impact of applying this amendment

on the consolidated financial statements.

(iii) Levies

The Group has adopted K-IFRS No. 2121, *Levies*, since January 1, 2014. K-IFRS No. 2121 is an Interpretation of K-IFRS No. 1037, *Provisions, Contingent Liabilities and Contingent Assets*, on the accounting for levies imposed by governments. K-IFRS No. 1037 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (or obligating event ). K-IFRS No. 2121 clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. The interpretation does not provide guidance on the accounting for the costs arising from recognizing the liability to pay a levy. Other K-IFRSs should be applied to determine whether the recognition of a liability to pay a levy gives rise to an asset or an expense. There is no impact of applying this interpretation on the consolidated financial statements.

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

Notes to the Consolidated Financial Statements

For the years ended December 31, 2014 and 2013

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 entities controlled by the Group. The Group controls an entity when it is exposed, or has right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

**(ii) Non-controlling interests**

Non-controlling interests ( NCI ) are measured at their proportionate share of the acquiree s identifiable net assets at the acquisition date.

Changes in the Group s interest in subsidiaries that do not result in a loss of control are accounted for as equity transactions.

**(iii) Loss of Control**

If the Controlling Company loses control of subsidiaries, the Controlling Company derecognizes the assets and liabilities of the former subsidiaries from the consolidated statement of financial position and recognizes the gain or loss associated with the loss of control attributable to the former controlling interest. Meanwhile, the Controlling Company recognizes any investment retained in the former subsidiaries at its fair value when control is lost.

**(iv) Associates and joint ventures (equity method investees)**

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Investments in associates and joint ventures are initially recognized at cost and subsequently accounted for using the equity method of accounting. The carrying amount of investments in associates and joint ventures 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.

If an associate or joint ventures uses accounting policies different from those of the Controlling Company for like transactions and events in similar circumstances, appropriate adjustments are made to the consolidated financial statements. As of and during the periods presented in the consolidated financial statements, no adjustments were made in applying the equity method.

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.

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Notes to the Consolidated Financial Statements

For the years ended December 31, 2014 and 2013

3. Summary of Significant Accounting Policies, Continued

(a) Consolidation, Continued

(v) Transactions eliminated on consolidation

Intra-group balances and transactions, including income and expenses and any unrealized income and expenses and balance of trade accounts and notes receivable and payable arising from intra-group transactions, are eliminated. Unrealized gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

(b) Foreign Currency Transactions and Translation

Transactions in foreign currencies are translated to the respective functional currencies of the Group 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 are recognized in profit or loss in the period in which they arise. Foreign currency differences arising from assets and liabilities in relation to the investing and financing activities including loans, bonds and cash and cash equivalents are recognized in finance income (costs) in the consolidated statement of comprehensive income and foreign currency differences arising from assets and liabilities in relation to activities other than investing and financing activities are recognized in other non-operating income (expense) in the consolidated statement of comprehensive income. Relevant foreign currency differences are presented in gross amounts in the consolidated statement of comprehensive income.

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 its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

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For the years ended December 31, 2014 and 2013

3. Summary of Significant Accounting Policies, Continued

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.

(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. 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. 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.

(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 ( FVTPL ), 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: financial assets at FVTPL, loans and receivables and available-for-sale financial assets.

*Financial assets at fair value through profit or loss*

A financial asset is classified at FVTPL 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 FVTPL 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 FVTPL are measured at fair value, and changes therein are recognized in profit or loss.

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Notes to the Consolidated Financial Statements

For the years ended December 31, 2014 and 2013

3. Summary of Significant Accounting Policies, Continued

(d) Financial Instruments, Continued

(i) Non-derivative financial assets, 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.