

**LG Electronics Inc.**  
**Non-Consolidated Statements of Income**  
**Three-Month Periods Ended March 31, 2007 and 2006**  
**(Unaudited)**

*(in millions of Korean won, except per share amounts)*

|  | <b>2007</b>        | <b>2006</b>      |
|--|--------------------|------------------|
| <b>Sales, net (Notes 16, 19 and 20)</b>                      | ₩ 6,033,709        | ₩ 5,799,779      |
| <b>Cost of sales (Notes 17 and 19)</b>                       | <u>4,692,601</u>   | <u>4,418,123</u> |
| Gross profit   | 1,341,108          | 1,381,656        |
| <b>Selling and administrative expenses (Note 18)</b>         | <u>1,168,228</u>   | <u>1,191,056</u> |
| Operating income   | <u>172,880</u>     | <u>190,600</u>   |
| <b>Non-operating income</b>                                  |                    |                  |
| Interest income  | 11,036             | 11,149           |
| Equity in earnings of equity-method investees (Note 5)       | 58,814             | 116,513          |
| Foreign exchange gains                                       | 27,248             | 137,864          |
| Gain on valuation of derivatives (Note 10)                   | 3,082              | 6,899            |
| Gain on settlement of derivatives (Note 10)                  | 2,646              | 7,508            |
| Gain on disposal of investment securities                    | 1,165              | 4,483            |
| Rent income  | 7,073              | 5,668            |
| Others   | <u>4,782</u>       | <u>14,945</u>    |
|  | <u>115,846</u>     | <u>305,029</u>   |
| <b>Non-operating expenses</b>                                |                    |                  |
| Interest expense   | 32,306             | 42,461           |
| Foreign exchange losses                                      | 54,905             | 68,810           |
| Loss from transfer of trade accounts<br>and notes receivable | 54,369             | 48,301           |
| Loss from disposal of property, plant and equipment          | 7,615              | 1,949            |
| Loss on valuation of derivatives (Note 10)                   | 7,261              | 8,010            |
| Loss on settlement of derivatives (Note 10)                  | 5,213              | 589              |
| Donations  | 2,023              | 1,949            |
| Equity in losses of equity-method investees (Note 5)         | 251,367            | 138,221          |
| Others   | <u>2,050</u>       | <u>3,567</u>     |
|  | <u>417,109</u>     | <u>313,857</u>   |
| Income (loss) before income tax                              | (128,383)          | 181,772          |
| Income tax expense (benefit)                                 | <u>(5,739)</u>     | <u>15,734</u>    |
| Net income (loss)  | <u>₩ (122,644)</u> | <u>₩ 166,038</u> |
| <b>Earnings (loss)</b>                                       |                    |                  |
| per share (in won) (Note 15)                                 | ₩ (763)            | ₩ 1,030          |
| <b>Diluted earnings (loss)</b>                               |                    |                  |
| per share (in won) (Note 15)                                 | ₩ (763)            | ₩ 1,029          |

The accompanying notes are an integral part of these non-consolidated financial statements.

See Report of Independent Accountants