

LG Electronics Inc.

Notes to Non-Consolidated Financial Statements

June 30, 2007 and 2006, and December 31, 2006

1. The Company

LG Electronics Inc. (the “Company”) was spun off from LG Electronics Investment Ltd. (formerly LG Electronics Inc.) on April 1, 2002, to engage in the manufacture and sale of electronic, and information and communication products. The former LG Electronics Inc. was incorporated in October 1958 under the Commercial Code of the Republic of Korea to manufacture and sell electronics, and information and communication products, and had its shares listed on the Korea Stock Exchange in April 1970.

As of June, 30, 2007, the Company’s main manufacturing facilities are in Kuro, Pyeongtaek, Chongju, Gumi and Changwon in the Republic of Korea.

As of June 30, 2007, the Company has outstanding capital stock amounting to ₩809,169 million, including non-voting preferred stock. The Company’s stock was relisted on the Korean Stock Exchange on April 22, 2002, and its depositary receipts were relisted on the London Stock Exchange in September 2002.

2. Summary of Significant Accounting Policies

The significant accounting policies followed by the Company in the preparation of its non-consolidated interim financial statements are summarized below:

Basis of Financial Statement Presentation

The Company maintains its accounting records in Korean won and prepares statutory financial statements in the Korean language in conformity with accounting principles generally accepted in the Republic of Korea. Certain accounting principles applied by the Company that conform with financial accounting standards and accounting principles in the Republic of Korea may not conform with generally accepted accounting principles in other countries. Accordingly, these financial statements are intended for use by those who are informed about Korean accounting principles and practices. The accompanying non-consolidated financial statements have been condensed, restructured and translated into English from the Korean language non-consolidated financial statements. Certain information attached to the Korean language non-consolidated financial statements, but not required for a fair presentation of the Company’s financial position, results of operations or cash flows, is not presented in the accompanying non-consolidated financial statements

Accounting Estimates

The preparation of the financial statements requires management to make estimates and assumptions that affect amounts reported therein. Although these estimates are based on management’s best knowledge of current events and actions that the Company may undertake in the future, actual results may differ from those estimates.

Application of the Statements of Korean Financial Accounting Standards

The Korean Accounting Standards Board has published a series of Statements of Korean Financial Accounting Standards (SKFAS), which will gradually replace the existing financial accounting standards established by the Korean Financial Supervisory Commission. As SKFAS Nos. 18 through 20 became applicable to the Company on January 1, 2006, the Company adopted these standards in its financial statements covering periods beginning January 1, 2006.

LG Electronics Inc.
Notes to Non-Consolidated Financial Statements
June 30, 2007 and 2006, and December 31, 2006

And as SKFAS Nos. 21 through 23, including No.11, became effective for the Company on January 1, 2007, the Company adopted these Standards in its financial statements as of and for the six-month period ended June 30, 2007. However, the non-consolidated statement of change in shareholders' equity presented for comparative purposes is not stated in accordance with the addendum of SKFAS No. 21.

The revised SKFAS No.2 from an early adopted January 01, 2007 presented Statements of Cash Flows and Statements of Changes in Shareholder's Equity in accumulated-midterm.

The Company adopted the Korea Accounting Institute's Accounting Implementation Guide 06-2, *Accounting treatments for deferred tax assets and liabilities relating to subsidiaries, equity method investments and joint ventures investments*, and the Financial Supervisory Service's Accounting Implementation Guide 06-5, *Accounting treatments for Valuation on unlisted Company*. in its financial statements for the six-month period ended June 30, 2007. The December 31, 2006 financial statements, presented herein comparative purposes, have been restated to reflect the changes in accordance with SKFAS No.1. The effect of the change was a decrease in retained earnings as of January 1, 2007 and 2006, by ₩44,696 million and ₩71,181 million, respectively, and decrease in accumulated other comprehensive income as of January 1, 2007 and 2006, by ₩159,664 million and ₩179,970 million, respectively.

The effects of the change on net income and earnings per share for the three month periods ended March 31, 2006 and 2005, and for the years ended December 31, 2006 and 2005, are as follows.

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

	June 30, 2006		June 30, 2005		For the years ended	
	Three-month period ended June 30, 2006	Six-month period ended June 30, 2006	Three-month period ended June 30, 2005	Six-month period ended June 30, 2005	Dec. 31, 2006	Dec. 31, 2005
Net income before accounting change	₩ (9,747)	₩ 141,045	₩150,580	₩ 233,785	₩ 212,718	₩702,802
Net income after accounting change	(34,951)	131,087	134,915	239,275	239,203	648,166
Basic earnings per share	(219)	811	863	1,530	1,480	4,023
Diluted earnings per share	(219)	811	843	1,502	1,480	3,986

See Report of Independent Accountants

LG Electronics Inc.
Notes to Non-Consolidated Financial Statements
June 30, 2007 and 2006, and December 31, 2006

3. Inventories

Inventories as of June 30, 2007 and December 31, 2006, consist of the following:

<i>(in millions of Korean won)</i>	2007		
	Acquisition cost	Inventory valuation allowance	Carrying value
Merchandise	₩ 39,023	₩ (1,707)	₩ 37,316
Finished products	412,751	(39,697)	373,054
Work-in-process	189,684	(3,460)	186,224
Raw materials	273,119	(12,217)	260,902
Parts and supplies	130,517	(2,444)	128,073
	<u>₩ 1,045,094</u>	<u>₩ (59,526)</u>	<u>₩ 985,569</u>

<i>(in millions of Korean won)</i>	2006		
	Acquisition cost	Inventory valuation allowance	Carrying value
Merchandise	₩ 34,029	₩ (1,147)	₩ 32,882
Finished products	494,308	(38,815)	455,493
Work-in-process	243,499	(5,802)	237,697
Raw materials	293,014	(29,093)	263,921
Parts and supplies	116,895	(3,234)	113,661
	<u>₩ 1,181,745</u>	<u>₩ (78,091)</u>	<u>₩ 1,103,654</u>

4. Long-term Financial Instruments

As of June 30, 2007 and December 31, 2006, long-term financial instruments are deposited in connection with maintaining checking accounts or research and development projects funded by the government. The withdrawal of these financial instruments is restricted.

LG Electronics Inc.
Notes to Non-Consolidated Financial Statements
June 30, 2007 and 2006, and December 31, 2006

5. Equity-Method Investments

Changes in equity-method investments for the six-month period ended June 30, 2007, are as follows:

<i>(in millions of Korean won)</i>	Acquisition cost	December 31, 2006	Equity in earnings (losses) of affiliates, net ¹	Others	June 30, 2007
Domestic companies					
LG Micron Ltd.	₩ 68,100	₩ 110,496	₩ (7,372)	₩ (1,201)	₩ 101,923
LG Innotek Co., Ltd.	59,825	161,850	6,848	288	168,986
LG.Philips LCD Co., Ltd.	679,218	2,510,698	36,751	13,781	2,561,230
LG-Nortel Co., Ltd.	153,254	168,989	31,473	694	201,156
Hankuk Electric Glass Co., Ltd.	119,282	96,141	(16,262)	(865)	79,014
Hi Plaza Inc.	100,511	107,916	(5,786)	-	102,130
Hi Business Logistics	8,000	15,641	3,323	128	19,092
Others	19,352	17,865	(97)	5	17,773
	1,207,542	3,189,596	48,878	12,830	3,251,304
Overseas companies					
PT LG Electronics Indonesia. (LGEIN)	79,946	67,511	2,439	(249)	69,701
LG Electronics Huizhou Inc. (LGEHZ)	1,277	29,580	1,323	(3,904)	26,999
LG Electronics India Pvt. Ltd. (LGEIL)	38,476	161,201	43,002	14,762	218,965
LG Electronics Mlaw SP.Zo.O.(LGEMA)	133,618	130,348	(40,524)	3,431	93,255
LG Electronics Mexico S.A. de C.V. (LGEMS)	57,644	35,916	(7,240)	(207)	28,469
Nanjing LG-Tontru Color Display System Co., Ltd. (LGEND) (formerly LGENT)	10,869	14,314	3,163	285	17,762
LG Electronics de Sao Paulo Ltd. (LGESP)	79,106	148,832	23,658	21,199	193,689
LG Electronics Shenyang Inc.(LGESY)	12,244	17,547	8,520	(546)	25,521
LG Electronics Tianjin Appliance Co., Ltd. (LGETA)	42,948	93,866	9,381	2,298	105,545
Taizhou LG-Chunlan Home Appliances Co., Ltd. (LGETR)	79,795	36,701	14,910	1,235	52,846
LG Electronics U.S.A., Inc. (LGEUS)	148,109	135,307	4,694	3,610	143,611
SLD Telecom Pte. Ltd.	72,194	47,067	(2,180)	(123)	44,764
LG Holdings (HK) Ltd.	72,787	27,031	(1,963)	678	25,746
LG Electronics Wroclaw Sp. z o.o (LGEWR)	55,364	53,806	(346)	1,694	55,154
Others	568,354	394,954	9,017	7,401	411,372
	1,452,731	1,393,981	67,854	51,564	1,513,399
	₩ 2,660,273	₩ 4,583,577	₩ 116,732	₩ 64,394	₩ 4,764,703

¹ Positive (negative) numbers represent gain (loss) on valuation of equity-method investments.

LG Electronics Inc.
Notes to Non-Consolidated Financial Statements
June 30, 2007 and 2006, and December 31, 2006

Changes in equity-method investments for the six-month period ended June 30, 2006, are as follows:

<i>(in millions of Korean won)</i>	Acquisition cost	December 31, 2005	Equity in earnings (losses) of affiliates, net ¹	Others	June 30, 2006
Domestic companies					
LG Micron Ltd.	₩ 68,100	₩ 111,172	₩ 2,706	₩ (2,934)	₩ 110,944
LG Innotek Co., Ltd.	59,825	169,732	(3,315)	(6,858)	159,559
LG.Philips LCD Co., Ltd.	679,218	2,765,005	(111,003)	8,372	2,662,374
LG-Nortel Co., Ltd.	153,254	141,746	(35,054)	(36)	106,656
Hankuk Electric Glass Co., Ltd.	119,282	111,087	(10,576)	(744)	99,767
Hi Plaza Inc.	100,511	106,864	(1,763)	-	105,101
Hi Business Logistics	8,000	12,166	2,106	(171)	14,101
Others	11,852	10,000	(990)	1,822	10,832
	1,200,042	3,427,772	(157,889)	(549)	3,269,334
Overseas companies					
PT LG Electronics Display Devices					
Indonesia (LGEDI)	-	50,515	-	(50,515)	-
PT LG Electronics Indonesia. (LGEIN)	79,946	15,776	(7,433)	45,761	54,104
LG Electronics Huizhou Inc. (LGEHZ)	1,277	16,931	5,707	(1,169)	21,469
LG Electronics India Pvt. Ltd. (LGEIL)	38,476	144,433	17,959	(11,612)	150,780
LG Electronics Mlawa					
SP.Zo.O.(LGEMA)	133,618	88,422	(8,735)	35,613	115,300
LG Electronics Mexico S.A. de					
C.V. (LGEMS)	13,575	25,982	(4,232)	(3,138)	18,612
Nanjing LG-Tontru Color Display					
System Co., Ltd. (LGENT)	9,367	6,730	4,359	(553)	10,536
LG Electronics European					
Holdings B.V. (LGEEH)					
(formerly LGESE)	63,423	77,590	(50,830)	11,761	38,521
LG Electronics de Sao Paulo Ltd.					
(LGESP)	79,106	162,072	29,553	918	192,543
LG Electronics Shenyang Inc.					
(LGESY)	11,267	12,930	2,556	(1,262)	14,224
LG Electronics Tianjin					
Appliance Co., Ltd. (LGETA)	42,948	98,470	1,599	(4,776)	95,293
Taizhou LG-Chunlan Home					
Appliances Co., Ltd. (LGETR)	79,795	35,349	(1,781)	(1,533)	32,035
LG Electronics U.S.A., Inc. (LGEUS)	148,109	111,508	(2,061)	(21,476)	87,971
SLD Telecom Pte. Ltd.	72,194	49,760	(1,780)	2,844	50,824
LG Holdings (HK) Ltd.	72,787	22,859	(3,947)	15,784	34,696
Others	467,569	334,207	9,666	27,931	371,804
	1,313,457	1,253,534	(9,400)	44,578	1,288,712
	₩ 2,513,499	₩ 4,681,306	₩ (167,289)	₩ 44,029	₩ 4,558,046

¹ Positive (negative) numbers represent gain (loss) on valuation of equity-method investments.

See Report of Independent Accountants

LG Electronics Inc.
Notes to Non-Consolidated Financial Statements
June 30, 2007 and 2006, and December 31, 2006

As of June 30, 2007 and December 31, 2006, the respective accumulated losses of equity method investees from which the application of the equity method of accounting has been suspended due to their accumulated losses are as follows:

<i>(in millions of Korean won)</i>	December 31, 2006		Increase (Decrease)	June 30, 2007	
	Accumulated losses			Accumulated losses	Accumulated capital adjustment ¹
LG Electronics China Co., Ltd. (LGECH)	₩ 18,255		₩ (12,559)	₩ 5,696	₩ (1,927)
LG Electronics HK Ltd.(LGEHK)	-		2,112	2,112	(6)
LG Electronics S.A. (Pty) Ltd.(LGESA)	-		-	-	(151)
LG Electronics Overseas Trading FZE (Dubai)	20,570		24,779	45,349	-
LG Electronics European Holdings B.V.(LGEEH)(Formerly LGESE)	5,612		20,938	26,550	(434)
LG Electronics Hellas S.A.(LGEHS) (Subsidiary of LGEEH)	-		2,597	2,597	-
LG Electronics Nordic AB(LGESW) (Subsidiary of LGEEH)	-		-	-	-
LG Electronics United Kingdom Ltd. (LGEUK) (Subsidiary of LGEEH)	-		2,951	2,951	-
LG Electronics Wales Ltd. (LGEWA) (Subsidiary of LGEEH) ²	328,554		204	328,758	(63,566)
	₩ 372,991		₩ 41,022	₩ 414,013	₩ (66,084)

¹ Negative numbers represent negative capital adjustment from the application of the equity method of accounting.

² The amounts include the accumulated losses on LG.Philips Display Holdings B.V. from the application of the equity method of accounting.

LG Electronics Inc.
Notes to Non-Consolidated Financial Statements
June 30, 2007 and 2006, and December 31, 2006

6. Property, Plant and Equipment

Property, Plant and Equipment as of June 30, 2007 and December 31, 2006, consist of the following:

<i>(in millions of Korean won)</i>	June 30, 2007	December 31, 2006
Buildings	₩ 1,904,888	₩ 1,906,784
Structures	165,555	164,702
Machinery and equipment	2,071,785	2,057,869
Tools	1,055,386	1,028,933
Furniture and fixtures	506,805	510,867
Vehicles	19,198	20,185
	<u>5,723,617</u>	<u>5,689,340</u>
Less : Accumulated depreciation	<u>(2,686,597)</u>	<u>(2,444,861)</u>
	<u>3,037,020</u>	<u>3,244,479</u>
Land ¹	756,799	700,515
Standing timber	4,301	4,352
Construction-in-progress	318,640	301,443
Machinery-in-transit	8,847	5,532
	<u>₩ 4,125,607</u>	<u>₩ 4,256,321</u>

¹ The carrying value of the land is reduced to the estimated realizable value, recognizing an impairment loss amounting to 11,931 million for the first half year ended June 30, 2007.

7. Intangible Assets

Intangible assets as of June 30, 2007 and December 31, 2006, consist of the following:

<i>(in millions of Korean won)</i>	June 30, 2007	December 31, 2006
Goodwill	₩ 62,816	₩ 73,251
Industrial property rights ¹	178,560	226,918
Development costs	83,381	83,948
Others	72,842	78,100
	<u>₩ 397,599</u>	<u>₩ 462,217</u>

¹ The carrying value of the industrial property rights is reduced to the estimated realizable value, recognizing an impairment loss amounting to 47,364 million for the first half year ended June 30, 2007.

LG Electronics Inc.
Notes to Non-Consolidated Financial Statements
June 30, 2007 and 2006, and December 31, 2006

8. Short-Term Borrowings and Current Maturities of Long-Term Debts

Short-term borrowings as of June 30, 2007 and December 31, 2006, consist of the following:

<i>(in millions of Korean won)</i>	Annual interest rate (%) at June 30, 2007	June 30, 2007	December 31, 2006
Foreign currency loans	3M Libor+0.5~0.7	₩ 29,803	₩ 37,674
	1M Libor+0.35	174,439	-
		<u>₩ 204,242</u>	<u>₩ 37,674</u>

Current maturities of long-term debts and debentures as of June 30, 2007 and December 31, 2006, consist of the following:

<i>(in millions of Korean won)</i>	June 30, 2007	December 31, 2006
Debentures	₩ -	₩ 661,975
Discount on debentures	-	(668)
Conversion rights adjustment	-	(6,848)
Premium for conversion rights	-	37,092
Long-term debts	<u>278,040</u>	<u>101,018</u>
	<u>₩ 278,040</u>	<u>₩ 792,569</u>

LG Electronics Inc.
Notes to Non-Consolidated Financial Statements
June 30, 2007 and 2006, and December 31, 2006

9. Debentures, Convertible Bonds and Long-Term Debts

Debentures and convertible bonds as of June 30, 2007 and December 31, 2006, consist of the following:

<i>(in millions of Korean won)</i>	Annual interest rate (%) at June 30, 2007	June 30, 2007	December 31, 2006
Debentures			
Public, non-guaranteed payable through 2009	4.0 ~ 5.27	₩ 430,000	₩ 605,000
Floating rate notes of US \$600 million (2006:US \$600 million) , payable through 2010	5.0%	556,080	557,760
Floating rate notes of US \$500 million , payable through 2012	3M Libor+0.65	463,400	-
		<u>1,449,480</u>	<u>1,162,760</u>
Convertible Bonds			
Zero coupon rate convertible bonds of US\$ 250 million (2006 : US\$ 250 million), payable through 2007 ¹	-	-	296,975
		-	<u>296,975</u>
		1,449,480	1,459,735
Less: Current maturities		-	(661,975)
Discount on debentures		(7,914)	(5,563)
		<u>₩ 1,441,566</u>	<u>₩ 792,197</u>

¹ On May 17, 2007, convertible bonds were redeemed at the request of the bondholders, resulting to a ₩8,240 million gain on the redemption of debentures for the company.

Long-term debts as of June 30, 2007 and December 31, 2006, consist of the following:

<i>(in millions of Korean won)</i>	Annual interest rate(%) at June 30, 2007	June 30, 2007	December 31, 2006
Foreign currency loans¹			
Kookmin Bank	1M Libor + 0.41	₩ 278,040	₩ 278,880
The Korea Development Bank	3M Libor + 0.40	185,360	300,242
Shinhan Bank		-	92,960
Mizuho Seoul	6M Libor + 0.35	92,680	185,920
Sumimoto Mitsui		-	92,960
		<u>556,080</u>	<u>950,962</u>
Less: Current maturities		(278,040)	(101,018)
		<u>₩ 278,040</u>	<u>₩ 849,944</u>

¹ Representing US \$ 600 million (2006: US \$ 700 million and EUR 246 million).

LG Electronics Inc.
Notes to Non-Consolidated Financial Statements
June 30, 2007 and 2006, and December 31, 2006

The Company's property, plant and equipment as of June 30, 2007, are pledged as for above long-term debts.

10. Commitments and Contingencies

As of June 30, 2007, the Company provided two notes to financial institutions as collaterals in relation to guarantees of indebtedness.

As of June 30, 2007, the Company has various technical assistance agreements with various foreign companies for the manufacture of certain product lines.

As of June 30, 2007, the Company has bank overdraft facility agreements with various banks amounting to ₩405,500 million.

As of June 30, 2007, the trade bills negotiated through banks that have not matured amount to approximately ₩3,303,110 million.

As of June 30, 2007, the Company has sales agreements for export trade accounts receivable with various banks amounting to ₩6,226,204 million. The Company has corporate electronic settlement services contracts for collection of accounts receivable with Hana Bank and others amounting to ₩130,000 million.

As of June 30, 2007, the Company has corporate electronic settlement services contracts for payment of trade accounts payable with various banks amounting to ₩1,165,450 million.

In accordance with the Asset Securitization Law, the Company entered into a sales contracts with LG Electronics 2nd Securitization Specialty L.L.C to transfer its trade receivables amounting to ₩190,000 million on May 18, 2006. Through the asset-backed securitization of trade receivables, the Company acquired the 2nd class beneficiary certificate of ₩141,381 million at June 30, 2007, included under the trade accounts receivable. In addition, the Company entered into an asset-transfer contract with Hana TX Ltd to transfer its prepaid VAT receivable amounting to ₩70,000 million on December 21, 2006. As of June 30, 2007, outstanding balance receivables amounted to ₩24,617 million.

On June 30, 2007 the Company redeemed one out of four preferred stocks of LG-Nortel. The resulting gain on the redemption amounted to 27,295 million.

LG Electronics Inc.
Notes to Non-Consolidated Financial Statements
June 30, 2007 and 2006, and December 31, 2006

As of June 30, 2007, the Company is contingently liable for guarantees approximating ₩2,799,649 million (including US\$3,021 million) on the indebtedness of its subsidiaries and affiliates, as follows:

(in millions of Korean won)

LG Electronics European Shared Service Center B.V.(LGESC)	₩	411,128
LG Electronics U.S.A., Inc.(LGEUS)		231,700
P.T. LG Electronics Indonesia(LGEIN)		190,302
LG Electronics Mlawa SP.ZO.O(LGEMA)		174,439
LG Electronics Thailand Co.,Ltd. (LGETH)		166,307
LG Electronics European Holdings B.V.(LGEEH)		137,059
LG Electronics Tianjin Appliances Co., Ltd.(LGETA)		135,380
LG Electronics Monterrey Mexico S.A de C.V. (LGEMM)		133,603
LG Electronics Wroclaw Sp. z o.o(LGEWR)		132,075
LG Electronics Nanjing Display Co., Ltd(LGEND)		85,846
LG Electronics (TaiZhou) Refrigeration Co., Ltd.(LGETR)		84,311
LG Electronics Shenyang Inc.(LGESY)		79,387
LG Electronics RUS, LLC(LGERA)		72,290
LG Electronics (China) Co., Ltd.(LGECH)		63,730
LG Electronics S.A.(Pty) Ltd (LGESA)		61,365
LG Electronics Columbia, Ltda.(LGECEB)		53,754
LG Electronics Mexico S.A. DE. C.V. (LGEMS)		52,629
Others		534,344
	₩	2,799,649

In order to reduce the impact of changes in exchange rates on future cash flows, the Company has entered into foreign currency forward contracts. As of June 30, 2007, the Company has outstanding forward contracts with ABN-AMRO and others for selling US dollars amounting to US\$300 million at contract exchange rates of ₩922.30 : US\$1 ~ ₩950.00 : US\$1, with contract due dates of July to December 2007.

As of June 30, 2007, the Company has outstanding forward contracts with HSBC Bank and others for selling Euro and buying US dollars amounting to €8 million at contract exchange rates of US\$ 1.3051 : EUR 1 ~ US\$ 1.3715 :EUR 1 with contract due dates of July to December 2007.

As a result of the above foreign currency forward contracts, an unrealized valuation gain and loss amounting to ₩3,044 million and ₩672 million, respectively, were charged to operations for the six-month period ended June 30, 2007.

In order to reduce the impact of changes in exchange rates, the Company has also entered into foreign currency option contracts. An unrealized valuation gain and loss amounting to ₩734 million and ₩3,456 million, respectively, were recorded for the six-month period ended June 30, 2007.

LG Electronics Inc.
Notes to Non-Consolidated Financial Statements
June 30, 2007 and 2006, and December 31, 2006

A summary of the terms of outstanding currency option contracts as of June 30, 2007, follows:

Option type	Amount (in millions)	Exercise price	Contract due date
Put Option Buy	US\$130	₩ 910.0/US\$ ~ ₩ 930.0/US\$	2007.7.24 ~ 2007.12.26
Call Option Sell	US\$130	₩ 931.3/US\$~ ₩ 954.9/US\$	2007.7.24 ~ 2007.12.26
Put Option Buy	€ 60.00	US\$ 1.353 / EUR 1	2008.1.29 ~ 2008.6.26
Call Option Sell	€ 120.00	US\$ 1.353 / EUR 1	2008.1.29 ~ 2008.6.26

In order to reduce the impact of changes in interest rates and exchange rates, the Company has also entered into a cross currency swap contract. An unrealized valuation gain and loss amounting to ₩10,086 million and ₩6,930 million, respectively, were recorded for the six-month period ended June 30, 2007.

A summary of the terms of the outstanding cross currency swap contracts as of June 30, 2007, follows:

(in millions)	Transaction amount		Annual interest rate (%)		Maturity
	Disbursement	Receipts	Receipts	Disbursement	
JP Morgan Chase and others	US\$300	€247	5.00%	3.70%	June 17, 2010
The Korea Development Bank	US\$100	₩3	1M Libor + 0.41%	2.80%	May 27, 2008
Standard Chartered	₩49,000	US\$50	4.80%	6M USD LIBOR	March 10, 2009
First Bank Korea Ltd.					
ABN_AMRO	₩47,530	US\$50	4.35%	6M USD LIBOR	May 24, 2009
Barclays	₩48,000	US\$50	4.32%	6M USD LIBOR	June 19, 2009

(in millions)	Transaction amount		Annual interest rate (%)		Maturity
			Receipts	Disbursement	
JP Morgan Chase and others	US\$ 500	3M Libor + 65bp		5.615%	May 15, 2012

As a result of the above derivatives contracts, a realized gain of ₩12,610 million and a realized loss of ₩14,299 million were recorded as a non-operating income and expense on transaction of derivative, respectively, for the six-month period ended June 30, 2007.

As of June 30, 2007, the Company is named as a defendant in various legal actions including one brought against the Company by Fisher & Paykel in New Zealand and Mahmood Saleh Abbar Co. in Saudi Arabia. In addition, the Company is named as the defendant or the plaintiff in various foreign and domestic legal actions arising from the normal course of business. The aggregate amounts of foreign and domestic claims as the defendant amounted to approximately US\$149million and ₩14,512 million, respectively, as of June 30, 2007. The Company believes that although the outcome of these legal actions is uncertain, they would not result in a material ultimate loss for the Company.

See Report of Independent Accountants

LG Electronics Inc.
Notes to Non-Consolidated Financial Statements
June 30, 2007 and 2006, and December 31, 2006

The LG. Philips LCD Co., Ltd., a subsidiary is currently under investigation by the fair trade or antitrust authorities in Korea, Japan, US and other markets with respect to possible anti-competitive activities in the LCD industry. As of June 30, 2007, the LG. Philips LCD Co., Ltd., along with a number of other companies in the LCD industry, has been named as defendant in a number of federal class actions in the United States alleging that the defendants violated the antitrust laws in connection with the sale of LCD panels. Also, LG Electronics Inc. and LG Electronics USA, Inc. were named as defendants in several class action in the United States in connection with above class actions. These matters remain in the very early stages and the Company is not in a position to predict their outcome. However, the Company intends to defend itself vigorously in these matters.

As of June 30, 2007, the Company is provided with a repayment guarantee of ₩78,529 million from Seoul Guarantee Insurance Company relating to the completion of sales.

The Company leases equipment such as notebooks under operating leases expiring in various years through 2010. The Company's liabilities according to operating lease agreements as of June 30, 2007, are as follows:

(in millions of Korean won)

Period	Amount
2007.7.1 ~ 2008.6.30	₩ 15,850
2008.7.1 ~ 2009.6.30	9,375
2009.7.1 ~ 2010.6.30	3,087
Total lease payments	<u>₩ 28,312</u>

Changes in the product warranty reserve during the six-month period ended June 30, 2007, are as follows:

(in millions of Korean won)

	June 30, 2007
Balance, January 1, 2007	₩ 241,956
Provisions during the year	163,857
Actual payments	(245,808)
Balance, June 30, 2007	<u>₩ 160,005</u>

As of June 30, 2007, the Company accrues a reserve for contingent losses relating to the estimated costs of future claims, recalls and others. This reserve is recorded as a liability.

LG Electronics Inc.
Notes to Non-Consolidated Financial Statements
June 30, 2007 and 2006, and December 31, 2006

11. Capital Stock

Capital stock as of June 30, 2007 and December 31, 2006, consists of the following:

	Par value per share	June 30, 2007		December 31, 2006	
		Number of shares issued	Amount (in millions)	Number of shares issued	Amount (in millions)
Common stock	₩ 5,000	144,647,814	₩ 723,239	144,647,814	₩ 723,239
Preferred stock ¹	5,000	17,185,992	85,930	17,185,992	85,930
		<u>161,833,806</u>	<u>₩ 809,169</u>	<u>161,833,806</u>	<u>₩ 809,169</u>

¹ The preferred shareholders have no voting rights and are entitled to preferred dividends at a rate of one percentage point over that of common stock. This preferred dividend rate is not applicable to stock dividends.

The Company has retained treasury stocks consisting of 763,147 shares of common stock and 4,682 shares of preferred stock as of June 30, 2007. The Company intends to either grant these treasury stocks to employees and directors as compensation, or to sell them in the future.

12. Stock Options

On March 22, 2005, the Company granted 766,000 shares of stock appreciations rights ("SARs") for certain executives. Under the terms of this plan, executives, upon exercising their SARs, are entitled to receive cash equal to the excess of the market price of the Company's common stock over the exercise price of ₩71,130 per share. These SARs are exercisable on or after March 23, 2008, through March 22, 2012. Additionally, when the increase rate of the Company's 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 can be exercised.

The options activity under the SARs since March 22, 2005, follows:

	Number of shares under SARs
Option granted as of March 22, 2005	766,000
Option canceled ¹	(44,000)
Balance, June 30, 2007	<u>722,000</u>
Exercise price per share	<u>₩ 71,130</u>

¹ Options canceled due to the retirement of an executive officer.

LG Electronics Inc.
Notes to Non-Consolidated Financial Statements
June 30, 2007 and 2006, and December 31, 2006

13. Comprehensive Income

Comprehensive income for the three month periods ended June 30, 2007 and 2006, consists of the following:

<i>(in millions of Korean won)</i>	June 30, 2007	June 30, 2006
Net income	₩ 261,935	₩ 111,460
Other comprehensive Income		
Decrease from equity method investments.		
Tax effects : ₩12,328 (2006 : ₩(2,131))	(36,506)	32,826
Increase from equity method investments.		
Tax effects : ₩5,652 (2006 : ₩(9,131))	88,448	(84,921)
Gain on valuation of available-for-sale securities		
Tax effects : ₩603 (2006: ₩(2,573))	1,590	(6,784)
Loss on valuation of available-for-sale securities		
Tax effects : ₩34 (2006: ₩(25))	89	(65)
Comprehensive income	<u>₩ 315,556</u>	<u>₩ 52,516</u>

14. Retained Earnings

Retained earnings as of June 30, 2007 and December 31, 2006, consist of the following:

<i>(in million of Korean won)</i>	June 30, 2007	December 31, 2006
Statutory Reserve		
Legal reserve	₩ 91,049	₩ 78,883
Reserve for improvement of Financial structure	27,772	27,772
	<u>118,821</u>	<u>106,655</u>
Voluntary reserve		
Reserve for research and manpower development	2,226,347	2,204,668
Unappropriated Retained Earnings	217,338	110,907
	<u>₩ 2,562,506</u>	<u>₩ 2,422,230</u>

LG Electronics Inc.
Notes to Non-Consolidated Financial Statements
June 30, 2007 and 2006, and December 31, 2006

15. Earnings Per Share

Basic earnings per share for the six-month periods ended June 30, 2007 and 2006, is calculated as follows:

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

	2007		2006	
	Three-month period ended June 30, 2007	Six-month period ended June 30, 2007	Three-month period ended June 30, 2006	Six-month period ended June 30, 2006
Net income (loss) as reported on the statement of income	₩ 384,579	₩ 261,935	₩ (34,951)	₩ 131,087
Less: Preferred stock dividends	(3,436)	(6,873)	(5,584)	(11,168)
Additional income available for dividends allocated to preferred stock	(37,780)	(21,452)	9,120	(3,199)
Net income (loss) allocated to common stock	343,363	233,610	(31,415)	116,720
Weighted-average number of common shares outstanding	143,884,6067	143,884,667	143,884,668	143,884,668
Basic earnings per share (in won) ¹	₩ 2,386	₩ 1,624	₩ (219)	₩ 811

¹ Basic ordinary income per share is identical to the basic earnings per share since there was no extraordinary gain or loss.

Diluted earnings per share is computed by dividing diluted net income, which is adjusted by adding back the after-tax amount of interest expense on any convertible debt and dividends on any convertible preferred stock, by the weighted-average number of common shares and diluted securities outstanding during the year.

Diluted earnings per share for six-month periods ended June 30, 2007 and 2006, is calculated as follows:

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

	2007		2006	
	Three-month period ended June 30, 2007	Six-month period ended June 30, 2007	Three-month period ended June 30, 2006	Six-month period ended June 30, 2006
Net income allocated to common stock	₩ 343,363	₩ 233,610	₩ (31,415)	₩ 116,720
Add: Interest expense on convertible bonds, net of tax	-	-	3,165	6,250
Diluted Net income (loss)	343,363	233,610	(28,250)	122,970
Weighted-average number of common shares and diluted securities outstanding	143,884,667	143,884,667	146,933,889	146,933,889
Diluted earnings per share (in won) ¹	₩ 2,386	₩ 1,624	₩ (192)	₩ 837

¹ There was no dilutive effect as of June 30, 2007.

See Report of Independent Accountants

LG Electronics Inc.
Notes to Non-Consolidated Financial Statements
June 30, 2007 and 2006, and December 31, 2006

Earnings per share and diluted earnings per share for the six-month period ended December 31, 2006, were ₩1,480.

16. Sales Deduction

Sales deduction for the six-month periods ended June 30, 2007 and 2006, consists of the following:

<i>(in millions of Korean won)</i>	June 30, 2007		June 30, 2006	
	Three-month period ended June 30, 2006	Six-month period ended June 30, 2006	Three-month period ended June 30, 2005	Six-month period ended June 30, 2005
Total sales	₩ 6,208,950	₩ 12,387,100	₩ 5,920,281	₩ 11,785,418
Sales deduction	<u>(305,703)</u>	<u>(450,144)</u>	<u>(124,042)</u>	<u>(189,400)</u>
Net sales	<u>₩ 5,903,247</u>	<u>₩ 11,936,956</u>	<u>₩ 5,796,239</u>	<u>₩ 11,596,018</u>

17. Cost of Sales

Cost of sales for the six-month periods ended June 30, 2007 and 2006, consists of the following:

<i>(in millions of Korean won)</i>	June 30, 2007		June 30, 2006	
	Three-month period ended June 30, 2006	Six-month period ended June 30, 2006	Three-month period ended June 30, 2005	Six-month period ended June 30, 2005
Beginning balance of inventories	₩ 581,472	₩ 522,621	₩ 537,651	₩ 548,115
Cost of goods manufactured or merchandise purchased ¹	4,584,881	9,462,070	4,509,344	9,040,310
Transfer from other accounts	<u>9,285</u>	<u>12,749</u>	<u>2,604</u>	<u>25,360</u>
Total	<u>5,175,638</u>	<u>9,997,440</u>	<u>5,049,599</u>	<u>9,613,785</u>
Transfer to other accounts	(151,092)	(280,293)	(145,823)	(291,886)
Ending balance of inventories	<u>(444,667)</u>	<u>(444,667)</u>	<u>(501,489)</u>	<u>(501,489)</u>
Cost of sales	<u>₩ 4,579,879</u>	<u>₩ 9,272,480</u>	<u>₩ 4,402,287</u>	<u>₩ 8,820,410</u>

¹ Cost of goods manufactured or merchandise purchased includes loss on valuation of inventory (Note 3).

LG Electronics Inc.
Notes to Non-Consolidated Financial Statements
June 30, 2007 and 2006, and December 31, 2006

18. Selling and Administrative Expenses

Selling and administrative expenses for the six-month periods ended June 30, 2007 and 2006, consist of the following:

<i>(in millions of Korean won)</i>	June 30, 2007		June 30, 2006	
	Three-month	Six-month	Three-month	Six-month
	period ended June 30, 2006	period ended June 30, 2006	period ended June 30, 2005	period ended June 30, 2005
Salaries	₩ 171,809	₩ 345,782	₩ 155,574	₩ 344,798
Severance benefits	28,444	58,961	22,775	51,690
Employee benefits	32,695	56,956	28,309	58,660
Freight expenses	158,435	333,415	151,839	308,922
Rental expenses	25,866	52,559	29,542	56,713
Commission expenses	107,750	294,127	173,379	351,403
Depreciation	55,315	106,902	50,198	101,408
Taxes and dues	2,737	4,828	1,776	3,990
Advertising expenses	189,976	380,316	183,422	348,478
Promotional expenses	136,708	199,246	75,639	162,597
Research & development costs	80,603	140,284	72,011	134,756
Product warranty expenses	112,211	229,317	175,533	318,134
Others	75,365	143,450	83,468	152,972
	<u>₩ 1,177,914</u>	<u>₩ 2,346,143</u>	<u>₩ 1,203,465</u>	<u>₩ 2,394,521</u>

19. Related Party Transactions

The ultimate parent company is LG Corporation which is responsible for the consolidated financial statements.

Significant transactions which occurred in the normal course of business with related companies for the six-month periods ended June 30, 2007 and 2006, and the related account balances outstanding as of June 30, 2007 and December 31, 2006, are summarized as follows:

<i>(in millions of Korean won)</i>	Sales	Purchases	Receivables	Payables
Parent company ¹	₩ 40	₩ 48,024	₩ 13,785	₩ 2,691
Subsidiaries ²	7,815,606	1,400,646	502,763	286,629
Equity-method investees ³	263,093	66,259	23,033	18,356
Other related parties ⁴	378,146	550,567	199,401	152,274
2007	<u>₩ 8,456,885</u>	<u>₩ 2,065,496</u>	<u>₩ 738,982</u>	<u>₩ 459,950</u>
2006	<u>₩ 7,854,316</u>	<u>₩ 1,733,923</u>	<u>₩ 897,488</u>	<u>₩ 610,012</u>

See Report of Independent Accountants

LG Electronics Inc.

Notes to Non-Consolidated Financial Statements

June 30, 2007 and 2006, and December 31, 2006

¹ LG Corporation

² Hi Plaza Inc., Hi Business Logistics, LG Micron Ltd., LG Innotek Co., Ltd., LG. Philips LCD Co., Ltd., LG Electronics Austria GmbH(LGEAG), LG Electronics Alabama, Inc.(LGEAI), LG Electronics Almaty Kazak Co.,Ltd(LGEAK), LG Electronics Antwerp Logistics N.V(LGEAL), LG Electronics Australia Pty, Ltd.(LGEAP), LG Electronics Klima Sanayi ve Ticaret P.S.(LGEAT), LG Electronics Da Amazonia Ltda.(LGEAZ), LG Electronics Benelux(LGEBN), LG Electronics Colombia Ltda.(LGECL), LG Electronics Canada, Inc.(LGECD), LG Electronics Inc. Chile Limitada(LGECL), LG Electronics Deutschland GmbH(LGEDG), LG Electronics Espana S.A.(LGEES), LG Goldstar France S.A.R.L.(LGEFS), LG Electronics Gulf FZE (LGEGF), LG Electronics HK Limited(LGEHK), LG Electronics Nature (Hangzhou) Recording Media Co., Ltd.(LGEHN), LG Electronics Hellas S. A. (LGEHS), LG Electronics Huizhou Inc. (LGEHZ), LG Electronics India PVT Ltd. (LGEIL), PT LG Electronics Indonesia Ltd. (LGEIN), LG Electronics Italy S.P.A. (LGEIS), LG Electronics JIT Europe B.V.(LGEJE), LG Electronics Japan Inc. (LGEJP), Kunshan LGMS Computer Co., Ltd. (LGEKS), LG Electronics European Logistics & Services B.V(LGELS), LG Electronics Mlawa SP.Zo.O. (LGEMA), LG Electronics Morocco S.A.R.L. (LGEMC), LG Electronics (M) SDN.BHD (LGEML), LG Electronics Monterrey Mexico S.A. DE C.V. (LGEMM), LG Electronics Mexico S.A. DE C.V. (LGEMS), LG Electronics Mexicali S.A.D.E C.V.(LGEMX), LG Electronics (Nanjing) Plazma Co., Ltd. (LGENP), Nanjing LG-Tontru Color Display System Co., Ltd. (LGEND)(Formerly LGENT), LG Electronics Polska SP.Zo. O. (LGEPL), LG Electronics Peru S.A. (LGEPR), LG Electronics Panama S.A. (LGEPS), LG Electronics Portugal (LGEPT), Qingdao LG Inspur Digital Communication Co., Ltd.(LGEQD), LG Electronics RUS, LLC(LGERA), LG Electronics Russia Inc. (LGERI), LG Electronics Overseas Trading FZE(LGEOT), LG Electronics Reynosa. S.A. DEC.V. (LGERS), LG Electronics S.A. Pty Ltd. (LGESA), Shanghai LG Electronics Co., Ltd. (LGESH), LG Electronics Singapore Pte Ltd. (LGESL), LG Electronics de Sao Paulo Ltda. (LGESP), LG Electronics Sweden AB (LGESW), LG Electronics Shenyang Inc. (LGESY), LG Electronics Tianjin Appliance Co., Ltd. (LGETA), LG Electronics Thailand Co., Ltd. (LGETH), Taizhou LG-Chunlan Home Appliances Co., Ltd.(LGETR) (formerly LGECT), LG Taistar Electronics Taiwan Co., Ltd. (LGETT), LG Electronics United Kingdom Ltd. (LGEUK), LG Electronics U.S.A., Inc. (LGEUS), LG Electronics Vietnam Co., Ltd. (LGEVN), LG Electronics Wroclaw Sp.Zo.o. (LGEWR), Langchao LG Digital Mobile Communication Co., Ltd. (LGEYT), LG Electronics MobileComm U.S.A. Inc. (LGEMU) (Subsidiary of LGEUS), LG Electronics Argentina S.A. (LGEAR), LG Electronics China Co., Ltd. (LGECH), LG Electronics Czech S.R.O. (LGECH), LG Electronics Egypt Cairo S.A.E. (LGEEC), LG Electronics Egypt S.A.E. (LGEEG), LG Electronics Service Europe Netherlands B.V. (LGEEN)(Formerly LGESE), LG Electronics Middle East Co., Ltd. (LGEME), GoldStar Mobile Comm. France S.A.S.U (LGEMF), LG Electronics Magyar Kft (LGEMK), LG Electronics Mobile Research U.S.A.,LLC(LGEMR), LG MITR Electronics Co., Ltd. (LGEMT), LG ELECTRONICS Spain Portugal Branch(LGEPB), LG Electronics Philippines, Inc. (LGEPH) (formerly LGEPM), LG Electronics Qinhuangdao Co., Ltd., (LGEQH), LG Electronics (China) R&D Center(LGERD), LG Electronics RUS-Marketing, LLC(LGERM), LG Electronics European Shared Service Center B.V. (LGESC), LG Electronics Ukraine Co., Ltd(LGEUR), LG Software PVT, Ltd. (LGSI), LG Electronics Wales Ltd. (LGEWA), LG Electronics Wroclaw Sp. Zo.o. (LGEWR), LG Electronics Africa Logistics FZE(LGEAF), LG Innotek IN(LGITIN), LG Innoteck US(LGITUS), LG Innoteck HZ(LGITHZ), LG Innoteck Yantai co., LTD(LGITYT), LG Innoteck Poland., Ltd(LGITPL), Zenith Electronics Corporation(ZENITH), LG Holding (HK) Ltd., NanJing LG Panda Appliances Co., Ltd.(LGEPN), LG Electronics Romania S.R.L(LGERO), LG Electronics Canada Inc.(LGECD), EICPROPERTIES, LG. Philips LCD America, Inc., LG. Philips LCD Japan Co., Ltd., LG. Philips LCD Germany GmbH, LG. Philips LCD Taiwan Co.,Ltd., LG. Philips LCD Nanjing Co., Ltd., LG. Philips LCD Hong-Kong Co.,Ltd.,LG.Philips LCD Shanghai Co.,Ltd., LG. Philips LCD Poland Sp. zo.o., LG. Philips LCD Guang Zhou Co., Ltd, LG Micron(Fujian) Electronics Co.,Ltd., EIC PROPERTIES PTE, LTD., GoldStar Mobile Comm. France S.A.S.U, Beijing LG Building Development Company, LG large & medium & small enterprises cooperation fund, Blue ocean Inverstment Association

³ Korea Information Certificate Authority Inc, LG-SHAKER Co., LTD, LG-Nortel, HLDS, LG Philips Display, Korea electric glass Co.Ltd., SLD TELECOM pte.Ltd.,Hi Logistics China Company Limited, HI Logistics Europe B.V., LG Electronics Egypt Cairo S.A.E. (LGEEC), LG Electronics Ukraine Co., Ltd. (LGEUR), LG Electronics Latvia, LLC(LGELV), LG Electronics Middle East Co., Ltd. (LGEME), LG Electronics RUS-Marketing, LLC(LGERM), LG Electronics Argentina S.A. (LGEAR), Electromagnetia Goldstar(EMGS), Triveni

⁴ LG-Dacom, LG-Hitachi, Serverone, LG Economic Research Institute, LG Sports, LG N-sys, Rusem,

See Report of Independent Accountants

LG Electronics Inc.
Notes to Non-Consolidated Financial Statements
June 30, 2007 and 2006, and December 31, 2006

LG International Corp., LG Chem, LG CNS, LG Telecom, LG Powercom, Dacom Multimedia Internet Corp., LG Siltron, LG Life Sciences Ltd., LG Household & Health Care Ltd., LG Petrochem, LG MMA, Paju electric glass Co., Ltd., LG Pasig (Philippines), LG Micron (Taiwan) Ltd.

Key management compensation costs for the six-month periods ended June 30, 2007 and 2006, are as follows:

	June 30, 2007	June 30, 2006
Short-term salaries	₩ 4,035	₩ 5,192
Provision for severance benefits	3,446	1,843
Stock option compensation	599	-
	<u>₩ 8,080</u>	<u>₩ 7,035</u>

Key management refers to the directors who have significant duties and responsibilities over planning, operations and control of the Company's business.

20. Segment Information

The Company has four business divisions: Digital Display division, Digital Media division, Digital Appliance division and Mobile communications division. In addition, the Company has a centralized supporting division to provide general and administrative, marketing and sales and research and development services to each business division.

Financial data by business division as of and for the six-month period ended June 30, 2007, are as follows:

(in millions of Korean won)	Business Division					
	Total	Digital Display	Digital Media	Digital Appliance	Mobile Communications	Supporting Division
Sales						
External sales	₩11,936,956	₩ 2,262,164	₩1,316,291	₩ 3,595,892	₩ 4,706,235	₩ 56,374
Inter-division sales	109,398	44,326	9,688	11,914	16,679	26,791
	<u>12,046,354</u>	<u>2,306,490</u>	<u>1,325,979</u>	<u>3,607,806</u>	<u>4,722,914</u>	<u>83,165</u>
Operating income (loss)	<u>318,333</u>	<u>(459,110)</u>	<u>(10,725)</u>	<u>390,635</u>	<u>419,098</u>	<u>(21,565)</u>
Property, plant and equipment	4,125,607	1,357,133	257,738	699,732	536,739	1,274,265
Intangible assets	397,599	38,384	17,138	52,094	79,875	210,108
	<u>4,523,206</u>	<u>1,395,517</u>	<u>274,876</u>	<u>751,826</u>	<u>616,614</u>	<u>1,484,373</u>
Depreciation and amortization	₩ 358,624	₩ 138,724	₩ 20,272	₩ 57,965	₩ 69,203	₩ 72,460

See Report of Independent Accountants

LG Electronics Inc.
Notes to Non-Consolidated Financial Statements
June 30, 2007 and 2006, and December 31, 2006

Financial data by business division as of and for the six-month period ended June 30, 2006, are as follows:

<i>(in millions of Korean won)</i>	Total	Business Division				
		Digital Display	Digital Media	Digital Appliance	Mobile Communications	Supporting Division
Sales						
External sales	₩11,596,018	₩2,852,050	₩1,405,987	₩ 3,135,015	₩ 4,226,150	₩ (23,184)
Inter-division sales	168,517	54,589	7,167	5,674	17,684	83,403
	<u>11,764,535</u>	<u>2,906,639</u>	<u>1,413,154</u>	<u>3,140,689</u>	<u>4,243,834</u>	<u>60,219</u>
Operating income (loss)	<u>381,087</u>	<u>50,234</u>	<u>34,344</u>	<u>309,236</u>	<u>12,033</u>	<u>(24,760)</u>
Property, plant and equipment	4,169,578	1,642,850	232,506	701,690	607,118	985,414
Intangible assets	436,678	26,052	7,156	22,677	59,694	321,099
	<u>4,606,256</u>	<u>1,668,902</u>	<u>239,662</u>	<u>724,367</u>	<u>666,812</u>	<u>1,306,513</u>
Depreciation and amortization	₩ 350,392	₩ 130,541	₩ 24,675	₩ 65,483	₩ 65,339	₩ 64,354

Financial data by geographic area for the six-month period ended June 30, 2007, are as follows:

<i>(in millions of Korean won)</i>	Total	Domestic	North America	Europe	Central & South America	Central Asia & Africa	Asia	Oceania	CIS
Sales									
External sales	₩11,936,956	₩3,445,466	₩3,190,931	₩1,451,416	₩561,568	₩677,484	₩2,091,733	₩236,456	₩281,902
Inter-division sales	109,398	109,398							
	<u>₩12,046,354</u>	<u>₩3,554,864</u>	<u>₩3,190,931</u>	<u>₩1,451,416</u>	<u>₩561,568</u>	<u>₩677,484</u>	<u>₩2,091,733</u>	<u>₩236,456</u>	<u>₩281,902</u>
Ratio (%)	<u>100%</u>	<u>29%</u>	<u>27%</u>	<u>12%</u>	<u>5%</u>	<u>6%</u>	<u>18%</u>	<u>1%</u>	<u>2%</u>

Financial data by geographic area for the six-month period ended June 30, 2006, are as follows:

<i>(in millions of Korean won)</i>	Total	Domestic	North America	Europe	Central & South America	Central Asia & Africa	Asia	Oceania	CIS
Sales									
External sales	₩11,596,018	₩ 3,037,881	₩2,434,944	₩1,611,381	₩627,539	₩604,500	₩2,719,504	₩252,191	₩308,078
Inter-division sales	168,517	168,517							
	<u>₩11,764,535</u>	<u>₩ 3,206,398</u>	<u>₩2,434,944</u>	<u>₩1,611,381</u>	<u>₩627,539</u>	<u>₩604,500</u>	<u>₩2,719,504</u>	<u>₩252,191</u>	<u>₩308,078</u>
Ratio (%)	<u>100%</u>	<u>26%</u>	<u>21%</u>	<u>14%</u>	<u>6%</u>	<u>5%</u>	<u>23%</u>	<u>2%</u>	<u>3%</u>

See Report of Independent Accountants