

LG Electronics Inc.
Non-Consolidated Statements of Income
Years Ended December 31, 2006 and 2005

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

	2006	2005
Sales (Notes 25 and 26)	₩ 23,170,719	₩ 23,774,151
Cost of sales (Note 25)	17,727,403	17,663,551
Gross profit	5,443,316	6,110,600
Selling and administrative expenses	4,908,402	5,195,960
Operating income	534,914	914,640
Non-operating income		
Interest income	45,743	56,595
Equity in earnings of equity-method investees (Note 8)	225,018	516,588
Foreign exchange gains	326,121	313,365
Gain on valuation of derivatives (Note 16)	11,154	9,134
Gain on settlement of derivatives (Note 16)	45,936	39,369
Gain on disposal of investment securities	24,792	48,713
Reversal of allowance for doubtful accounts	7,473	7,487
Rent income	28,495	21,020
Dividend income	675	1,073
Gain on disposal of property, plant and equipment	4,988	3,895
Refund of income taxes	6,573	38,828
Gain on business transfer	-	28,607
Others	27,413	49,271
	754,381	1,133,945
Non-operating expenses		
Interest expense	150,019	200,275
Foreign exchange losses	172,300	252,227
Loss from transfer of trade accounts and notes receivable	204,546	135,035
Loss from disposal of property, plant and equipment	15,863	33,894
Loss from disposal of investment securities	1,318	7,486
Loss on impairment of investment securities (Notes 7 and 8)	837	1,893
Loss on impairment of intangible assets (Note 11)	-	89,031
Additional payment of income taxes	-	7,995
Loss on valuation of derivatives (Note 16)	29,499	4,001
Loss on settlement of derivatives (Note 16)	27,101	36,036
Donations (Note 29)	15,713	13,742
Other bad debt expense	2,241	4
Loss on redemption of debentures	-	8,238
Loss on payment guarantees (Note 16)	-	50,650
Equity in losses of equity-method investees (Note 8)	399,644	360,411
Others	8,411	106,276
	1,027,492	1,307,194
Income before income taxes	261,803	741,391
Income tax expense (Note 22)	49,085	38,590
Net income	₩ 212,718	₩ 702,801
Earnings per share and		
ordinary income per share (in won) (Note 23)	₩ 1,315	₩ 4,407
Diluted earnings per share and		
diluted ordinary income per share (in won) (Note 23)	₩ 1,315	₩ 4,357

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