

LG.Philips LCD Co., Ltd.
Form 6-K
August 14, 2007
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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 August 2007

LG.Philips LCD Co., Ltd.

(Translation of Registrant's name into English)

20 Yoido-dong, Youngdungpo-gu, Seoul 150-721, The Republic of Korea

(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F 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

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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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SEMIANNUAL REPORT

(From January 1, 2007 to June 30, 2007)

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

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

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

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(All information is presented on a non-consolidated Korean GAAP basis)

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Attachment: 1. Korean GAAP Non-consolidated Financial Statements
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1. Overview

A. Industry

(1) Industry characteristics and growth potential

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

The demand for LCD panels for notebook computers and desktop monitors has been closely related to the IT industry cycle. The demand for LCD panels for TVs is growing with the start of HDTV broadcasting and as LCD TVs have come to play a key role in the digital display market. There is competition between TFT-LCD and PDP technologies in the area of large flat TV products. In addition, LCD panel markets for applications, such as mobile phones, PDAs, medical applications and automobile navigation systems, among others, are growing steadily.

The average selling prices of our display panels have declined in general and are expected to continually decline with time irrespective of industry-wide fluctuations as a result of, among other factors, technology advances and cost reductions.

(2) Cyclicity

The TFT-LCD business has high cyclicity as well as being a capital-intensive business. In spite of the increase in demand for products, this industry has experienced periodic volatility caused by imbalances between demand and supply due to capacity expansion within the industry.

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

During such surges in capacity growth, our customers can exert and have exerted strong downward pricing pressure, resulting in sharp declines in average selling prices and significant fluctuations in our gross margins. Conversely, demand surges and fluctuations in the supply chain can lead to price increases.

(3) Competitiveness

Our ability to compete successfully depends on factors both within and outside our control, including product pricing, performance and reliability, successful and timely investment and product development, success of our end-brand customers in marketing their brands and products, component and raw material supply costs, foreign exchange rate and general economic and industry conditions.

Core competitiveness includes technology leadership, capability to design new products and premium products, timely investment in advanced fabs, cost leadership through application of large production lines, innovation of process and productivity, and collaborative customer relationships.

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Most importantly, cost leadership and stable and long-term relationships with customers are critical to secure profit even in a buyer's market.

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

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

(4) Sourcing material

Materials are sourced in-house (color filters) as well as from domestic and overseas vendors.

The shortage of raw materials may arise temporarily due to the rapid increase in demand for raw materials resulting from capacity expansion in the TFT-LCD industry.

We have purchased, and expect to purchase, a substantial portion of our equipment from a limited number of qualified foreign and local suppliers. From time to time, increased demand for new equipment may cause lead times to extend beyond those normally required by the equipment vendors.

(5) Others

Most TFT-LCD panel makers are located in Asia.

- a. Korea: LG.Philips LCD, Samsung Electronics (including a joint venture between Samsung Electronics and Sony Corporation), BOE-Hydis
- b. Taiwan: AU Optronics, Chi Mei Optoelectronics, CPT, etc.
- c. Japan: Sharp, IPS-Alpha, etc.
- d. China: SVA-NEC, BOE-OT, etc.

B. Company

(1) Business overview

Commercial production for our TFT-LCD business began in September 1995 at P1, which was then the first fabrication facility of LG Electronics. At the end of 1998, LG Electronics and LG Semicon transferred their respective TFT-LCD related businesses to LG Soft Co., Ltd (currently LG.Philips LCD Co., Ltd.). LG.Philips LCD became a joint venture between LG Electronics and Philips Electronics in August 1999. In July 2004, we completed our initial public offering and listed our common stock on the Korea Exchange and our ADSs on the New York Stock Exchange. As of June 30, 2007, we operate seven fabrication facilities located in Gumi and Paju, Korea, and six module facilities located in Gumi and Paju, Korea, Nanjing (3 factories), China and Wroclaw, Poland.

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We became the first LCD maker in the world to commence commercial production at a 4th generation fab (P3) in July 2000 and at a 5th generation fab (P4) in March 2002, and we started mass production at our 6th generation fab (P6) in August 2004, which allows us to produce LCD panels for large TVs and monitors. Following mass production at our 7th generation fab (P7) in January 2006, we became a panel maker who operates both 6th and 7th generation lines, which we believe will strengthen our position as a leader in the LCD TV market.

Our sales increased by 30.4% from KRW 4,504 billion in the first half of 2006 to KRW 5,874 billion in the first half of 2007 (our consolidated sales under Korean GAAP increased by approximately 27% from KRW 4,786 billion in the first half of 2006 to KRW 6,077 billion in the first half of 2007).

We recorded an operating loss of KRW 99 billion in the first half of 2007 compared to an operating loss of KRW 410 billion in the first half of 2006. We recorded a net income of KRW 60 billion in the first half of 2007 compared to a net loss of KRW 274 billion in the first half of 2006 (we recorded a consolidated operating loss under Korean GAAP of KRW 58 billion in the first half of 2007 compared to a consolidated operating loss of KRW 320 billion in the first half of 2006. Our consolidated net income (loss) amounts under Korean GAAP for the first half of 2006 and 2007, respectively, are the same as our non-consolidated net income (loss) amounts for the corresponding periods.).

We reinforced our position as a leader in LCD technology with the world's first 100-inch TFT-LCD panel and the development of a super-slim panel for mobile phones.

Moreover, we formed strategic alliances or entered into long-term sales contracts with major global firms such as Kodak and Syntax-Brilliant of the United States and Japan's Toshiba, among others, to secure customers and expand partnerships for technology development.

Business area of the company for disclosure is limited to the LCD business.

(2) Market shares

Our world wide market share for large-size TFT-LCD panels (10-inch or large) based on revenue

| | Q1 2007 | 2006 | 2005 | 2004 |
|------------------------------|--------------|--------------|--------------|--------------|
| Panel for Notebook Computers | 29.2% | 26.2% | 22.5% | 19.6% |
| Panel for Desktop Monitors | 17.1% | 15.6% | 22.5% | 22.6% |
| Panel for TVs | 22.7% | 23.6% | 23.9% | 19.8% |
| Total | 21.1% | 20.5% | 22.2% | 20.9% |

* Source: DisplaySearch Q2 2007

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(3) Market characteristics

Due to the recent high growth in the display appliance market for the flat display format, the scale of the LCD market is growing at a rapid rate, resulting in expansion of the market centered mainly in America, Japan, Europe and China.

(4) New business

P7 in our Paju display cluster is expected to reach a production capacity of 130,000 input sheets of glass substrate per month in the third quarter of 2007. We are currently reviewing an investment for the next generation of fabrication facilities in anticipation of growth in the TFT-LCD market.

In September 2005, we entered into an agreement to build a back-end module production plant in Wroclaw, Poland, becoming the first global LCD industry player to commence such a production facility in Europe. We broke ground on the plant in June 2006 and started mass production in March 2007.

In October 2006, we formed a strategic alliance with Toshiba Corporation whereby Toshiba would take a 19.9% equity participation in our subsidiary, LG.Philips LCD Poland Sp. z o.o., and LG.Philips LCD Poland Sp. z o.o. would supply Toshiba with a quantity of LCD TV panels produced at the plant in Poland.

In May 2006, we entered into an investment agreement with the Guangzhou Development District Administrative Committee to construct a module production plant in Guangzhou, China, and in June 2006, we established LG.Philips LCD Guangzhou Co., Ltd.

(5) Organization chart as of June 30, 2007

JRD : Joint Representative Director

CEO : Chief Executive Officer

CFO : Chief Financial Officer

CPO : Chief Production Office

CTO : Chief Technology Officer

Table of Contents**2. Information Regarding Shares****A. Change in Capital Stock**

(Unit: KRW, Share)

| Date | Descriptions | Change in Number of | Face amount |
|-------------------|--------------------------|---------------------|-------------|
| | | Common Shares | per share |
| July 23, 2004 | Initial Public Offering* | 33,600,000 | 5,000 |
| September 8, 2004 | Over-allotment Option** | 1,715,700 | 5,000 |
| July 27, 2005 | Follow-on Offering*** | 32,500,000 | 5,000 |

* ADSs offering: 24,960,000 shares (US\$30 per common share, US\$15 per ADS) Offering of common shares: 8,640,000 shares (KRW34,500 per common share)

** Pursuant to underwriters exercise of over-allotment option (US\$30 per common share, US\$15 per ADS)

*** ADSs offering (US\$42.64 per common share, US\$21.32 per ADS)

B. Convertible Bonds

(Unit: USD, Share)

| Item | | 1 st CB | 2 nd CB |
|---|------------------------------------|---|---|
| Issuing Date | | April 19, 2005 | April 18, 2007 |
| Maturity | | April 19, 2010 | April 18, 2012 |
| (Redemption Date after Put Option Exercise) | | (October 19, 2007) | (April 18, 2010) |
| Face Amount | | 475,000,000 | 550,000,000 |
| Offering method | | Public Offering | Public Offering |
| Conversion period | | Convertible into shares of common stock in the period | Convertible into shares of common stock in the period |
| | | from June 27, 2005 to April 4, 2010 | from April 19, 2008 to April 3, 2012 |
| Conversion price | | KRW 58,251 per share* | KRW 49,070 per share |
| Conversion status | Number of shares already converted | None | None |
| | Number of convertible shares | 8,276,681 shares if all are converted* | 10,464,234 shares if all are converted* |
| Remarks | | Registered form | Registered form |

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Listed on Singapore
Exchange

Listed on Singapore
Exchange

* Conversion price was adjusted from KRW 58,435 to KRW 58,251 and the number of convertible shares was adjusted from 8,250,620 to 8,276,681 pursuant to a follow-on offering on July 27, 2005.

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C. Shareholder List

(1) Total shares issued: 357,815,700 shares as of June 30, 2007.

(2) Largest shareholder and related parties as of June 30, 2007.

(Unit: share)

| Name | January 1, 2007 | Increase/Decrease | June 30, 2007 |
|----------------|----------------------|-------------------|----------------------|
| LG Electronics | 135,625,000 (37.90)% | | 135,625,000 (37.90)% |
| Total | 135,625,000 (37.90)% | | 135,625,000 (37.90)% |

(3) Shareholders who owned 5% or more of our shares as of December 31, 2006

(Unit: share)

| Name | Type of Stock | Number of shares | Ratio |
|---------------------|---------------|------------------|-------|
| LG Electronics | Common Stock | 135,625,000 | 37.9% |
| Philips Electronics | Common Stock | 117,625,000 | 32.9% |
| Citibank N.A.* | Common Stock | 27,868,438 | 7.8% |
| Total | | 281,118,438 | 78.6% |

* ADSs Depository

D. Voting rights as of June 30, 2007

(Unit: share)

| Description | Number of shares |
|---|------------------|
| 1. Shares with voting rights [A-B] | 357,815,700 |
| A. Total shares issued | 357,815,700 |
| B. Shares without voting rights | |
| 2. Shares with restricted voting rights | |
| Total number of shares with voting rights [1-2] | 357,815,700 |

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E. Dividends

Dividends during the recent 3 fiscal years

| Description | 2007 H1 | 2006 | 2005 |
|--|-----------|------------|-----------|
| Par value (Won) | 5,000 | 5,000 | 5,000 |
| Net income (Million Won) | 59,888 | (-)769,313 | 517,012 |
| Earnings per share (Won) | 167 | (-)2,150 | 1,523 |
| Retained earning for dividends (Million Won) | 2,770,924 | 2,711,036 | 3,480,349 |
| Total cash dividend amount (Million Won) | | | |
| Total stock dividend amount (Million Won) | | | |
| Cash dividend payout ratio (%) | | | |
| Cash dividend yield (%) | | | |
| Stock dividend yield (%) | | | |
| Cash dividend per share (Won) | | | |
| Stock dividend per share (Won) | | | |

* Earnings per share are calculated based on par value of 5,000 Won. (Adjusted to give effect to the 2-for-1 stock split that became effective on May 25, 2004, as a result of which the par value of our common stock decreased from Won 10,000 per share to Won5,000 per share.)

* Retained earning for dividends is the amount before dividends are paid.

* Earnings per share is calculated by net income divided by weighted average number of common stock.

3. Major Products and Materials

A. Major products

(Unit: In billions of Won)

| Business area | Sales types | Items (Market) | Specific use | Major trademark | Sales (%) |
|---------------|-------------------------|---------------------|---|-----------------|---------------|
| TFT-LCD | Product/ | TFT-LCD | Notebook Computer, Monitor, | LG.Philips LCD | 5,421 (92.3)% |
| | Service/ Other Sales | TFT-LCD (Korea*) | Notebook Computer, Monitor, TV, etc. | LG.Philips LCD | 453 (7.7)% |
| Total | | | | | 5,874 (100)% |

* Including local export.

** Period: 2007.1.1 ~ 2007.6.30

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B. Average selling price trend of major products

(Unit: USD / m²)

| Description | 2007 Q2 | 2007 Q1 | 2006 Q4 | 2006 Q3 | 2006 Q2 | 2006 Q1 |
|---------------|---------|---------|---------|---------|---------|---------|
| TFT-LCD panel | 1,274 | 1,287 | 1,414 | 1,430 | 1,598 | 1,953 |

* Semi-finished products in the cell process have been excluded.

** Quarterly average selling price per square meter of net display area shipped

*** On a consolidated basis

C. Major materials

(Unit: In billions of Won)

| Business area | Purchase types | Items | Specific use | Purchase amount | | Suppliers |
|---------------|----------------|------------|---------------|-----------------|--|---|
| | | | | (%) | | |
| TFT-LCD | Materials | Back-Light | LCD Panel | 1,028 (29.6)% | | Heesung Electronics Ltd., etc. Samsung Corning Precision |
| | | Glass | Manufacturing | 726 (20.9)% | | Glass Co., Ltd., NEG, etc. LG Chem., etc. |
| | | Polarizer | | 425 (12.2)% | | |
| | | Others | | 1,295 (37.3)% | | |
| Total | | | | 3,474 (100.0)% | | |

* Period : 2007.1.1 ~ 2007.6.30

D. Price trend of major materials

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

4. Production and Equipment

A. Production capacity and calculation

(1) Production capacity

(Unit : 1,000 Glass sheets)

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| Business area | Items | Business place | 2007 H1 | 2006 | 2005 |
|----------------------|--------------|-----------------------|----------------|-------------|-------------|
| TFT-LCD | TFT-LCD | Gumi, Paju | 5,186 | 9,942 | 8,128 |

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(2) Calculation of Capacity

a. Method

Assumptions for calculation

Based on glass input

Calculation method

2007H1: Monthly maximum input capacity in the first half x number of months (6 months).

2006 and 2005: Monthly maximum input capacity for 4th quarter x number of months (12 months).

b. Average working hours

Refer to B-(2)

B. Production performance and working ratio

(1) Production performance

(Unit: 1,000 Glass sheets)

| Business area | Items | Business place | 2007 H1 | 2006 | 2005 |
|---------------|---------|----------------|---------|-------|-------|
| TFT-LCD | TFT-LCD | Gumi, Paju | 4,758 | 9,052 | 7,544 |

* Based on input glass

(2) Working Ratio *

(Unit: Hours)

| Business place (area) | Available working hours of 2007 H1 | Real working hours of 2007 H1 | Average working ratio |
|-----------------------|---------------------------------------|----------------------------------|--------------------------|
| Gumi (TFT-LCD) | 4,344 | 4,344 | 100% |
| Paju (TFT-LCD) | 4,344 (24 hours X 181 Days) | 4,296 (24 hours X 181 Days) | 98.9% |

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(24 hours X 181 Days) (24 hours X 179 Days)

* Working hours for R&D and maintenance activities were included.

C. Investment plan

(1) Investment in progress

(Unit: In billions of Won)

| Business area | Description | Investment period | Investment Assets | Investment effect | Total investment | Already invested | To be invested | Remarks |
|---------------|-----------------------|-------------------|---------------------------------|--------------------|------------------|------------------|----------------|---------|
| TFT-LCD | New / Expansion, etc. | Q3 2004~ | Building/ Machinery, etc. | Capacity expansion | 6,699 | 5,843 | 856 | |

(2) Investment Plan (Consolidated basis)

(Unit: In billions of Won)

| Business area | Project | Expected yearly investment 2007 * | 2008 ** | 2009 ** | Investment effects | Remarks |
|---------------|-----------------------|-----------------------------------|---------|---------|--------------------------|---------|
| TFT-LCD | New / Expansion, etc. | 1,015 | | | Capacity Expansion, etc. | |

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- * Expected investments in 2007 are subject to change depending on market environment.
 ** Expected investments in 2008 and in 2009 cannot be projected due to industry characteristics.

5. Sales

A. Sales performance

(Unit: In billions of Won)

| Business area | Sales types | Items (Market) | 2007 H1 | 2006 H1 | 2006 |
|---------------|----------------|----------------|---------|---------|--------|
| | | Overseas | 5,421 | 4,090 | 9,355 |
| TFT-LCD | Products, etc. | TFT-LCD Korea* | 453 | 414 | 846 |
| | | Total | 5,874 | 4,504 | 10,201 |

* Including local export.

B. Sales route and sales method

(1) Sales organization

As of June 30, 2007, each of IT business unit, TV business unit, and Small & Medium Displays business unit has individual sales and customer support function.

Sales subsidiaries in America, Germany, Japan, Taiwan and China (Hong Kong and Shanghai) perform sales activities in overseas countries and provide technical support to customers.

(2) Sales route

LG.Philips LCD HQ → Overseas subsidiaries (USA/Germany/Japan/Taiwan /Hong Kong/Shanghai), etc.
 → System integrators, Branded customers → End users

LG.Philips LCD HQ → System integrators, Branded customers → End users

(3) Sales methods and conditions

Direct sales & sales through overseas subsidiaries, etc.

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(4) Sales strategy

To secure stable sales to major PC makers and the leading consumer electronics makers globally

To increase sales of premium notebook computer products, to strengthen sales of the larger size and high-end monitor segment and to lead the large and wide LCD TV market

To diversify our market in the application segment, including products such as mobile phone, automobile navigation systems, aircraft instrumentation and medical diagnostic equipment, etc.

6. Directors & Employees

A. Members of Board of Directors as of June 30, 2007

| Name | Date of Birth | Position | Business Experience |
|----------------------|----------------------|---|--|
| Young Soo Kwon | February 6, 1957 | Joint Representative Director, President and Chief Executive Officer | President and Chief Financial Officer of LG Electronics |
| Ron H. Wirahadiraksa | June 10, 1960 | Joint Representative Director, President and Chief Financial Officer | President and Chief Financial officer of Philips FDS |
| Hee Gook Lee | March 19, 1952 | Director | President and Chief Technology Officer of LG Electronics |
| Rudy Provoost | October 16, 1959 | Director | Chief Executive Officer of Philips Consumer Electronics |
| Bongsung Oum | March 2, 1952 | Outside Director | Chairman, KIBNET Co., Ltd. |
| Bart van Halder | August 17, 1947 | Outside Director | Member of Boards of Directors of Cosun u.a. and Air Traffic Control in the Netherlands |
| Ingoo Han | October 15, 1956 | Outside Director | Professor, Graduate School of Management, Korea Advanced Institute of Science and Technology |
| Doug J. Dunn | May 5, 1944 | Outside Director | Member of Boards of Directors of ARM Holdings plc, STMicroelectronics N.V., Soitec Group, Optical Metrology |
| | | | Innovations and TomTom International BV |
| Dongwoo Chun | January 15, 1945 | Outside Director | Outside Director, Pixelpus |

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B. Committees of the Board of Directors

| Committee | Member |
|--|--|
| Audit Committee | Mr. Bongsung Oum, Mr. Bart van Halder, Mr. Ingoo Han |
| Remuneration Committee | Mr. Rudy Provoost, Mr. Hee Gook Lee, Mr. Doug J. Dunn, Mr. Dongwoo Chun |
| Outside Director Nomination and Corporate Governance Committee | Mr. Rudy Provoost, Mr. Hee Gook Lee, Mr. Bart van Halder, Mr. Dongwoo Chun |

C. Director & Officer Liability Insurance

(1) Overview of Director & Officer Liability Insurance (as of June 30, 2007)

(Unit: USD)

| Name of insurance | Premium paid in 2007 H1 | Limit of liability | Remarks |
|--|-------------------------|--------------------|---------|
| Directors & Officers Liability Insurance | | 100,000,000 | |

* In July 2007, we renewed the director & officer liability insurance with coverage until July 2008.

(2) The approval procedure for the Director & Officer Liability Insurance

Joint Representative Directors approved the limit for liability, coverage and premiums.

(3) The insured

1. LG.Philips LCD Co., Ltd. and its subsidiaries and their respective Directors and Officers
2. Duly elected or appointed Directors or Officers, past and new Directors and Officers during the policy period
3. The estates and heirs of deceased Directors or Officers, and the legal representatives of Directors or Officers in the event of their incompetence, insolvency or bankruptcy (only if the Directors or Officers were employed at the time the acts were committed)

(4) The Covered Risks

1. The Loss to shareholders or 3rd parties, arising from any alleged Wrongful Act of a director or officer of the company in their respective capacities, in violation of their fiduciary duties
 - a. Wrongful Act means any breach of duty, neglect, error, misstatement, misleading statement, omission, or act by the Directors or Officers

- b. Loss means damages, judgments, settlements and Defense Costs
-
- 2. Coverage for security holder derivative action & security claims

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The Loss arising out of any security holder derivative action is paid in accordance with the Security Holder Derivative Action Inclusion Clause . Securities Loss, incurred on account of a Securities Claim against the Directors, Officers and/or the Company, is covered (except for exclusions).

(5) Exclusions

1. General Exclusions (any loss related to following items):

Any illegal gaining of personal profit through, dishonest or criminal act;

Remuneration payment to the Insureds without the previous approval of the stockholders, which payment was illegal;

Profits in fact made from the purchase or sale of securities of the Company using non public information in an illegal manner;

Payment of commissions, gratuities, benefits or any other favor provided to a political group, government official, director, officer, employee or any person having an ownership interest in any customers of the company or their agent(s), representative(s) or member(s) of their family or any other entity(ies) with which they are affiliated.

Wrongful Acts alleged in any claim which has been reported under any policy of which this policy is a renewal or replacement;

Any pending or prior litigation as of the inception date of this policy, or derived from the same facts as alleged in such pending or prior litigation, etc.;

Wrongful Act which Insured knew or should reasonably have foreseen at the inception date of this policy;

Pollutants, contamination;

Nuclear material, radioactive contamination;

Bodily injury, disease, death or emotional distress of any person, or damage to tangible property, loss of use of property, or injury from oral or written publication of a libel or slander, or material that violates a person's right of privacy;

Any alleged Wrongful Act of any Subsidiary of which the insured did not own more than 50% of stock either directly or indirectly through its Subsidiaries.

2. Special Exclusions (any loss related to following items):

Punitive Damage

Nuclear Energy Liability

Mutual claim between Insureds

Claim of 15% Closely Held entity

Claim of Regulator

Professional Service liability

SEC (Securities and Exchange Commission) 16(b)

ERISA(Employee Retirement Income Security Act)

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The so called Year 2000 Problem

War & Terrorism

Asbestos/Mould liability

Patent / Copyright liability, etc.

D. Employees

(as of June 30, 2007)

(Unit: person, in millions of Won)

| Sex | Details of employees | | | Total Salary | | Per Capita Salary | Average Service Year |
|--------------|----------------------|--------------|--------|---------------|----------------|-------------------|----------------------|
| | Office Worker | Line Worker | Others | Total | in 2007 H1 | | |
| Male | 5,054 | 5,489 | | 10,543 | 222,873 | 20.6 | 4.7 |
| Female | 362 | 4,491 | | 4,853 | 71,278 | 13.8 | 2.7 |
| Total | 5,416 | 9,980 | | 15,396 | 294,150 | 18.4 | 4.0 |

* Directors and executive officers have been excluded.

E. Stock Option

The following table sets forth certain information regarding our stock options as of June 30, 2007.

| Executive Officers | Grant Date | Exercise Period | | Exercise Price | Number of Granted Options | Number of Exercised Options | Number of Exercisable Options |
|----------------------|---------------|-----------------|---------------|----------------|---------------------------|-----------------------------|-------------------------------|
| | | From | To | | | | |
| Ron H. Wirahadiraksa | April 7, 2005 | April 8, 2008 | April 7, 2012 | (Won) 44,050 | 100,000 | 0 | 100,000 |
| Duke M. Koo | April 7, 2005 | April 8, 2008 | April 7, 2012 | (Won) 44,050 | 40,000 | 0 | 40,000 |
| Woo Shik Kim | April 7, 2005 | April 8, 2008 | April 7, 2012 | (Won) 44,050 | 40,000 | 0 | 40,000 |
| Sang Deog Yeo | April 7, 2005 | April 8, 2008 | April 7, 2012 | (Won) 44,050 | 40,000 | 0 | 40,000 |
| Jae Geol Ju | April 7, 2005 | April 8, 2008 | April 7, 2012 | (Won) 44,050 | 40,000 | 0 | 40,000 |
| Total | | | | | 260,000 | | 260,000 |

* On July 5, 2007, Woo Shik Kim has forfeited his share of 40,000 stock options.

7. Financial Information

A. Financial Highlights (Based on Non-consolidated, Korean GAAP)

(Unit: In millions of Won)

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| Description | 2007 H1 | 2006 | 2005 | 2004 | 2003 |
|----------------|-----------|-----------|-----------|-----------|-----------|
| Current Assets | 3,993,851 | 2,731,656 | 3,196,934 | 2,638,616 | 1,918,329 |
| Quick Assets | 3,199,004 | 1,996,280 | 2,725,169 | 2,170,617 | 1,644,838 |
| Inventories | 794,847 | 735,376 | 471,765 | 467,999 | 273,491 |

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| | | | | | |
|--|-------------------|-------------------|-------------------|------------------|------------------|
| Non-current Assets | 9,273,480 | 10,084,191 | 9,798,981 | 6,960,077 | 4,295,753 |
| Investments | 486,049 | 361,558 | 213,984 | 168,055 | 34,674 |
| Tangible Assets | 8,002,006 | 8,860,076 | 8,988,459 | 6,366,651 | 3,874,428 |
| Intangible Assets | 96,109 | 114,182 | 149,894 | 183,471 | 217,982 |
| Other Non-current Asset | 689,316 | 748,375 | 446,644 | 241,900 | 168,669 |
| Total Assets | 13,267,331 | 12,815,847 | 12,995,915 | 9,598,693 | 6,214,082 |
| Current Liabilities | 2,339,541 | 2,694,389 | 2,594,282 | 1,900,765 | 2,044,005 |
| Non-current Liabilities | 3,941,870 | 3,231,782 | 2,726,036 | 1,925,286 | 1,276,045 |
| Total Liabilities | 6,281,411 | 5,926,171 | 5,320,318 | 3,826,051 | 3,320,050 |
| Capital Stock | 1,789,079 | 1,789,079 | 1,789,079 | 1,626,579 | 1,450,000 |
| Capital Surplus | 2,311,071 | 2,275,172 | 2,279,250 | 1,012,271 | |
| Other Accumulated Comprehensive Income | (-)13,491 | (-)13,948 | (-)1,418 | 42,118 | 7,803 |
| Retained Earnings | 2,899,261 | 2,839,373 | 3,608,686 | 3,091,674 | 1,436,229 |
| Total Shareholder's Equity | 6,985,920 | 6,889,676 | 7,675,597 | 5,772,642 | 2,894,032 |
| Sales Revenues | 5,873,586 | 10,200,660 | 8,890,155 | 8,079,891 | 6,031,261 |
| Operating Income | (-)98,613 | (-)945,208 | 447,637 | 1,640,708 | 1,086,517 |
| Ordinary Income | (-)129,334 | (-)1,024,369 | 367,281 | 1,683,067 | 1,009,731 |
| Net Income | 59,888 | (-)769,313 | 517,012 | 1,655,445 | 1,019,100 |

* For the purpose of comparison, Financial Statements for FY 2003 were reclassified according to changes in the Statements of Korean Financial Accounting Standards.

B. R&D Expense

(1) Summary

(Unit: In millions of Won)

| Account | 2007 H1 | 2006 | 2005 |
|---|----------------|----------------|----------------|
| Direct Material Cost | 129,910 | 291,714 | 253,930 |
| Direct Labor Cost | 52,955 | 87,078 | 72,142 |
| Depreciation Expense | 11,356 | 20,671 | 11,710 |
| Others | 18,023 | 36,649 | 23,979 |
| Total R&D Expense | 212,244 | 436,112 | 361,761 |
| Accounting Selling & Administrative Expenses | 51,026 | 82,635 | 55,057 |
| Treatment Manufacturing Cost | 161,218 | 353,477 | 306,704 |
| R&D Expense / Sales Ratio [Total R&D Expense/Sales for the period×100] | 3.61% | 4.28% | 4.07% |

* Capex for R&D, Manufacturing Cost for R&D test run are excluded.

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(2) R&D achievements

[Achievements in 2004]

1) Development of 20.1-inch AMOLED

Joint development of 20.1-inch AMOLED with LG Electronics

Development of world's largest 20.1-inch wide AMOLED based on LTPS technology

2) Development of copper bus line

Next generation LCD technology to significantly improve brightness, definition and resolution, etc.

3) Development and mass production of world's largest TFT-LCD panel for Full-HD TV (55-inch) in October 2004.

Stitch Lithography and Segmented Circuit Driving to cope with large-size LCD Panel

Achievement of High Contrast Ratio and Fast Response Time through new technologies

Application of innovative panel technology to solve the weak point (gravity/touch stains) of large size

4) Development of Ultra High Resolution Product (30-inch)

World's 1st success in mass production of LCM applying Cu Line(source & gate Area)

Achievement of Ultra High Resolution (2560x1600 : 101ppi)

5) Development of the world's lowest power-consumption, 32-inch Wide LCD TV Model

Development of the world's lowest power consumption, under 90W model (EEFL applied)

High Contrast Ratio, Fast Response Time (DCR + ODC applied)

[Achievements in 2005]

6) Development of High Luminance and High Color Gamut 17-inch wide LCD Panel for Notebook Computer

World's 1st 500nit luminance and 72% color gamut in 17-inch wide for Notebook Computer

Development of 6200nit luminance backlight

7) Development of world's largest 10.1-inch Flexible Display

Joint development with E-ink Corporation

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- 8) 37-inch, 42-inch, 47-inch Full-HD Model Development, applying Low Resistance Line (Copper bus Line)

World's 1st mass production of copper bus line model

Realize Full HD Resolution (1920x1080)

- 9) 37-inch wide LCD Model development which is the world's best in power consumption

The lowest power consumption of below 120W (applying EEFL)

High Contrast Ratio, Fast Response Time with DCR, ODC Technology.

[Achievements in 2006]

- 10) Development of High Brightness/Color gamut 17-inch wide slim LCD for Notebook Computer

Slim model (10t→7t), featuring 500nit, NTSC 72%

Development of Slim and High Brightness Backlight

- 11) World's largest size 100-inch TFT-LCD development

High quality image without noise or signal distortion, applying low resistance copper bus line

High dignity picture for Full HDTV

- 12) 32-inch/42-inch HCFL Scanning Backlight applied LCD TV Model Development

Realization of MBR (Motion Blur Reduction) by application of Backlight Scanning Technology

Lamp Quantity Reduction by HCFL (Hot Cathode Fluorescent Lamp) Application

- 13) Development of World's largest 20.1-inch TFT-LCD for notebook computers

S-IPS Mode, sRGB, Realization of DCR 3000:1 by Backlight Control, Brightness 300nit

14) Ultra-slim TFT-LCD development for mobile phones

Realization of 1.3t by reducing light guide plate & glass thickness

15) The fast response 2.0 TFT-LCD development for mobile phones

Realization of high quality image by new liquid crystal development (25ms→16ms)

16) Wide Color Gamut 30 Wide TFT-LCD monitor development

Realization of 92% high color gamut by application of WCG CCFL

17) LGE Chassis integration model (Tornado) development (32 /37 /42)

Maximized cost reduction by co-design with LGE & LPL

Improved product competitiveness by thin & light design

18) 32 120Hz new-mode panel development

Cost reduction & spec. upgrade by new-mode panel

MBR (Motion Blur Reduction) by 120Hz driving

19) CI model development (new concept BL)

Cost reduction and productivity improvement by new concept backlight

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[Achievements in 2007]

20) Development of 1st Poland model

32-inch HD model

21) Development of socket type backlight model

42-inch FHD model

47-inch HD/FHD model

22) Development of new concept backlight model

32-inch HD model

42-/47-inch model (under development)

23) Development of interlace image sticking free technology and model

Improvement of low picture quality caused by TV interlace signal

24) Development of TFT-LCD with ODF (One Drop Filling) for mobile phone application

Our first ODF model for mobile phone application (1.52 inch)

25) Development of GIP (Gate in Panel) application model 15XGA

Removed gate drive IC

Reduction of material cost and shortened assembly process

26) 24-inch TN (92%) monitor model development

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The world's first large-size panel TN application

Realization of 92% high color gamuton the world's largest TN panel

27) 15.4-inch LED backlight applied model development

The world's first 15.4-inch wide LED-applied display panel for notebooks

The world's largest LED-applied panel for notebooks

28) Development of FHD 120Hz display panel

37- to 47-inch FHD model

29) Development of backlight localization model

32-inch HD model

30) Development of enhanced Dynamic Contrast Ratio technology

32-inch HD Model

Enhanced from 5000:1 to 10000:1

31) Development of technology that improves panel transmittance

Expected to be applied to new model

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C. Domestic Credit Rating

| Subject | Month of Rating | Credit Rating | Rating Agency (Rating range) | | |
|----------------|------------------------|----------------------|---|---|-------------------------------|
| Corporate | April 2004 | AA- | National Information & Credit Evaluation, Inc. | | |
| | October 2004 | AA- | | | |
| | March 2005 | AA- | | | |
| | June 2005 | AA- | | | |
| | June 2006 | AA- | | | |
| | December 2006 | A+ | | | |
| | June 2007 | A+ | | (AAA ~ D) | |
| | Debenture | May 2004 | | AA- | Korea Investors Service, Inc. |
| | | October 2004 | | AA- | |
| | | March 2005 | | AA- | |
| June 2005 | | AA- | | | |
| June 2006 | | AA- | | | |
| January 2007 | | A+ | (AAA ~ D) | | |
| June 2007 | | A+ | | | |
| Commercial | | April 2004 | A1 | National Information & Credit Evaluation, Inc. | |
| | | December 2004 | A1 | | |
| | | June 2005 | A1 | | |
| | January 2006 | A1 | | | |
| | June 2006 | A1 | | | |
| | December 2006 | A1 | | | |
| | June 2007 | A1 | (A1 ~ D) | | |
| | Paper | May 2004 | A1 | | Korea Investors Service, Inc. |
| | | October 2004 | A1 | | |
| | | June 2006 | A1 | | |
| January 2007 | | A1 | | | |
| June 2007 | | A1 | (A1 ~ D) | | |

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D. Remuneration for directors in 2007 H1

(Unit: In millions of Won)

| Classification | Salary Paid | Approved Salary at | Per Capita Average | Remarks |
|-------------------------------|-------------|----------------------|--------------------|--|
| | | Shareholders Meeting | Salary Paid | |
| Inside Directors (4 persons) | 699 | | 175 | |
| Outside Directors (5 persons) | 139 | 13,400 | 28 | Audit committee consists of three outside directors. |
| Inside Director (1 person) | 2,111 | | 2,111 | Payment of severance benefits |

*Salary paid is calculated on the basis of actually paid salary except accrued salary and severance benefits.

E. Derivative contracts

(1) Foreign currency forward contracts

(Unit: In millions)

| Contracting party | Selling position | Buying position | | Contract foreign exchange rate | | Maturity date | |
|-----------------------|------------------|-----------------|---|--------------------------------|---------------------------------------|---------------|--------------|
| | | HSBC and others | US\$ 1,713 | (Won) 1,598,153 | (Won)916.40:US\$1 - (Won)955.55:US\$1 | July 2, 2007 | Feb. 4, 2008 |
| DBS and others | EUR 85 | (Won) 105,052 | (Won)1,203.10:EUR1 - (Won)1,259.72:EUR1 | July 9, 2007 | Nov. 19, 2007 | | |
| Woori Bank and others | (Won) 222,026 | JP¥ 28,000 | (Won)7.662:JP¥1 - (Won)8.287:JP¥1 | July 12, 2007 | Dec. 14, 2007 | | |
| Hana Bank | US\$ 8 | JP¥ 1,000 | JP¥120.01:US\$1 | | Sept. 14, 2007 | | |

(2) Cross Currency Swap

(Unit: In millions)

| Contracting party | Contract Amount | Contract interest rate | | Maturity date |
|-------------------------|------------------|------------------------|----------------------------|------------------------------------|
| | | rate | rate | |
| Kookmin Bank and others | Buying position | US\$ 150 | 3M Libor ~ 3M | August 29, 2011 ~ January 31, 2012 |
| | Selling position | (Won) 143,269 | Libor+0.53% 4.54%~5.35% | |

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(3) Interest Rate Swap

(Unit: In millions)

| Contracting party | Contract Amount | | Contract interest rate | | Maturity date |
|-------------------------------------|-----------------|-----|------------------------|-----------------|-----------------------------|
| Standard Chartered First Bank Korea | US\$ | 150 | Floating Rate Receipt | 6 Month Libor | May 21, 2009 ~ May 24, 2010 |
| (4) Currency Option | | | Fixed Rate Payment | 5.375% ~ 5.644% | |

(Unit: In millions)

USD Put Option USD Call Option

| Contracting party | Buying Position | | Selling Position | | Strike Price | Maturity date |
|-----------------------------------|-----------------|----|------------------|----|-------------------------------------|-------------------------------|
| Korea Development Bank and others | US\$ | 70 | US\$ | 70 | (Won)922.0:US\$1 - (Won)933.2:US\$1 | Aug. 28, 2007 - Oct. 11, 2007 |

JPY Put Option JPY Call Option

| Contracting party | Buying Position | | Selling Position | | Strike Price | Maturity date |
|----------------------|-----------------|--------|------------------|--------|-------------------------------------|-------------------------------|
| Citi Bank and others | JP¥ | 23,000 | JP¥ | 23,000 | (Won)7.4457:JP¥1 ~ (Won)8.1000:JP¥1 | Aug. 14, 2007 - Dec. 12, 2007 |

F. Status of Equity Investment as of June 30, 2007

| Company | Total issued and | | Number of shares | | Ownership ratio |
|---|--------------------|--|------------------|--|-----------------|
| | outstanding shares | | owned by us | | |
| LG.Philips LCD America, Inc. | 5,000,000 | | 5,000,000 | | 100% |
| LG.Philips LCD Japan Co., Ltd. | 1,900 | | 1,900 | | 100% |
| LG.Philips LCD Germany GmbH | 960,000 | | 960,000 | | 100% |
| LG.Philips LCD Taiwan Co., Ltd. | 11,550,000 | | 11,549,994 | | 100% |
| LG.Philips LCD Nanjing Co., Ltd.(Note 1) | * | | * | | 100% |
| LG.Philips LCD Hong Kong Co., Ltd. | 115,000 | | 115,000 | | 100% |
| LG.Philips LCD Shanghai Co., Ltd. | * | | * | | 100% |
| LG.Philips LCD Poland Sp. z o.o.(Note 2) | 4,103,277 | | 4,103,277 | | 100% |
| LG.Philips LCD Guangzhou Co., Ltd. (Note 3) | * | | * | | 100% |
| Paju Electric Glass Co., Ltd. | 3,600,000 | | 1,440,000 | | 40% |

* No shares have been issued in accordance with the local laws and regulations.

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LG.Philips LCD Co., Ltd.

Interim Non-Consolidated Financial Statements

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

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LG.Philips LCD Co., Ltd.

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

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Report of Independent Accountants

To the Board of Directors and Shareholders of

LG.Philips LCD Co., Ltd.

We have reviewed the accompanying non-consolidated balance sheet of LG.Philips LCD Co., Ltd. (the Company) as of June 30, 2007 and the related non-consolidated statements of income, cash flows for the three-month and six-month periods ended June 30, 2007 and 2006, and non-consolidated statements of changes in shareholders' equity for the three-month and six-month periods ended June 30, 2007, expressed in Korean won. These interim financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these interim financial statements based on our reviews.

We conducted our reviews in accordance with the quarterly and semi-annual review standards established by the Securities and Futures Commission of the Republic of Korea. These standards require that we plan and perform our review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our reviews, nothing has come to our attention that causes us to believe that the non-consolidated interim financial statements referred to above are not presented fairly, in all material respects, in accordance with accounting principles generally accepted in the Republic of Korea.

We have audited the non-consolidated balance sheet of LG.Philips LCD Co., Ltd. as of December 31, 2006 and the related non-consolidated statements of income, appropriations of retained earnings and cash flows for the year then ended, in accordance with auditing standards generally accepted in the Republic of Korea. We expressed an unqualified opinion on those financial statements in our audit report dated February 13, 2007. These financial statements are not included in this review report. The non-consolidated balance sheet as of December 31, 2006, presented herein for comparative purposes, is consistent, except for the application of the Statements of Korean Financial Accounting Standards No 21, in all material respects, with the above audited balance sheet as of December 31, 2006.

Samil Pricewaterhouse Cooper is the Korean member firm of PricewaterhouseCoopers. PricewaterhouseCoopers refers to the network of member firms of PricewaterhouseCoopers International Limited, each of which is a separate and independent legal entity.

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Accounting principles and review standards and their application in practice vary among countries. The accompanying financial statements are not intended to present the financial position, results of operations and cash flows in conformity with accounting principles and practices generally accepted in countries and jurisdictions other than the Republic of Korea. In addition, the procedures and practices used in the Republic of Korea to review such financial statements may differ from those generally accepted and applied in other countries. Accordingly, this report and the accompanying financial statements are for use by those who are informed about Korean accounting principles or review standards and their application in practice.

/s/ Samil PricewaterhouseCoopers
Seoul, Korea
July 25, 2007

This report is effective as of July 25, 2007, the review report date. Certain subsequent events or circumstances, which may occur between the review report date and the time of reading this report, could have a material impact on the accompanying financial statements and notes thereto. Accordingly, the readers of the review report should understand that there is a possibility that the above review report may have to be revised to reflect the impact of such subsequent events or circumstances, if any.

Table of Contents**LG.Philips LCD Co., Ltd.****Non-Consolidated Balance Sheets****June 30, 2007 and December 31, 2006****(Unaudited)**

| <i>(in millions of Korean won)</i> | 2007 | 2006 |
|---|-------------------------|-------------------------|
| Assets | | |
| Current assets | | |
| Cash and cash equivalents | (Won) 1,141,428 | (Won) 788,066 |
| Available-for-sale securities | 23 | 23 |
| Trade accounts and notes receivable, net (Note 15) | 1,604,542 | 1,049,408 |
| Other accounts receivable, net (Note 15) | 27,227 | 27,036 |
| Accrued income, net | 3,761 | 820 |
| Advanced payments, net | 3,471 | 5,431 |
| Prepaid expenses | 65,816 | 22,051 |
| Prepaid value added tax | 55,405 | 52,837 |
| Other current assets (Note 9) | 26,075 | 50,608 |
| Deferred income tax assets (Note 10) | 271,256 | |
| Inventories, net (Note 4) | 794,847 | 735,376 |
| Total current assets | 3,993,851 | 2,731,656 |
| Long-term financial instruments (Note 3) | 13 | 13 |
| Equity-method investments | 486,036 | 361,545 |
| Property, plant and equipment, net (Note 5) | 8,002,006 | 8,860,076 |
| Intangible assets, net | 96,109 | 114,182 |
| Non-current guarantee deposits | 17,708 | 17,338 |
| Long-term prepaid expenses | 169,362 | 137,974 |
| Deferred income tax assets (Note 10) | 502,246 | 593,063 |
| Total assets | (Won) 13,267,331 | (Won) 12,815,847 |
| Liabilities and Shareholders Equity | | |
| Current liabilities | | |
| Trade accounts and notes payable (Note 15) | (Won) 960,195 | (Won) 943,924 |
| Other accounts payable (Note 15) | 641,435 | 1,066,642 |
| Advances received | 7,057 | 461 |
| Withholdings | 11,673 | 9,045 |
| Accrued expenses | 88,297 | 67,814 |
| Warranty reserve | 36,258 | 28,015 |
| Current portion of long-term debts and debentures (Note 6) | 576,048 | 553,089 |
| Other current liabilities (Note 9) | 18,578 | 25,399 |
| Total current liabilities | 2,339,541 | 2,694,389 |
| Debentures, net of current portion and discounts on debentures (Note 7) | 2,798,367 | 2,319,391 |
| Long-term debts, net of current portion (Note 7) | 1,049,833 | 830,540 |
| Accrued severance benefits, net | 93,670 | 81,851 |
| Total liabilities | 6,281,411 | 5,926,171 |

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Commitments and contingencies (Note 9)

| | | |
|--|------------------|------------------|
| Shareholders' equity | | |
| Capital stock | | |
| Common stock, (Won)5,000 par value per share | 1,789,079 | 1,789,079 |
| Capital surplus | 2,311,071 | 2,275,172 |
| Accumulated other comprehensive loss, net | (13,491) | (13,948) |
| Retained earnings | 2,899,261 | 2,839,373 |
| Total shareholders' equity | 6,985,920 | 6,889,676 |
| Total liabilities and shareholders' equity | (Won) 13,267,331 | (Won) 12,815,847 |

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

See Report of Independent Accountants

Table of Contents**LG.Philips LCD Co., Ltd.****Non-Consolidated Statements of Income****Three-Month and Six-Month Periods Ended June 30, 2007 and 2006****(Unaudited)**

| <i>(in millions of Korean won, except per share amounts)</i> | For the three-month periods ended June 30, | | For the six-month periods ended June 30, | |
|--|---|-----------------|---|-----------------|
| | 2007 | 2006 | 2007 | 2006 |
| Sales (Notes 15 and 16) | (Won) 3,267,223 | (Won) 2,086,362 | (Won) 5,873,586 | (Won) 4,504,035 |
| Cost of sales (Notes 12 and 15) | 2,995,651 | 2,392,653 | 5,713,555 | 4,666,630 |
| Gross profit (loss) | 271,572 | (306,291) | 160,031 | (162,595) |
| Selling and administrative expenses (Note 13) | 132,892 | 138,897 | 258,644 | 247,328 |
| Operating income (loss) | 138,680 | (445,188) | (98,613) | (409,923) |
| Non-operating income | | | | |
| Interest income | 11,510 | 7,323 | 18,878 | 17,290 |
| Rental income | 1,044 | 2,234 | 2,051 | 4,043 |
| Commission earned | 11,826 | 11,556 | 17,796 | 12,544 |
| Foreign exchange gains | 18,902 | 48,963 | 42,543 | 111,317 |
| Gain on foreign currency translation | 23,178 | 27,502 | 13,302 | 46,640 |
| Gain on valuation of equity method investments | 19,291 | 68,445 | 28,279 | 81,702 |
| Gain on disposal of property, plant and equipment | 626 | 90 | 2,127 | 90 |
| Others | 1,702 | 2,910 | 3,982 | 6,584 |
| | 88,079 | 169,023 | 128,958 | 280,210 |
| Non-operating expenses | | | | |
| Interest expenses | 49,653 | 35,302 | 93,939 | 71,036 |
| Foreign exchange losses | 26,671 | 47,716 | 40,770 | 133,867 |
| Loss on foreign currency translation | 10,332 | 32,484 | 10,332 | 32,484 |
| Donations | 116 | 1,067 | 117 | 1,254 |
| Loss on disposal of accounts receivable | | 2,887 | 1,805 | 3,063 |
| Loss on valuation of equity method investments | 17,463 | 57 | 12,233 | 72 |
| Loss on disposal of property, plant and equipment | 479 | 1 | 482 | 1,046 |
| Loss on disposal of available-for-sale securities | | 35 | | 35 |
| Ramp up costs | | 7,104 | | 18,043 |
| Others | 1 | 1 | 1 | 5 |
| | 104,715 | 126,654 | 159,679 | 260,905 |
| Income (loss) before income tax benefit | 122,044 | (402,819) | (129,334) | (390,618) |
| Income tax benefit | 106,443 | 81,299 | 189,222 | 116,616 |
| Net income (loss) | (Won) 228,487 | (Won) (321,520) | (Won) 59,888 | (Won) (274,002) |
| Earnings (loss) per share (Note 14) | (Won) 639 | (Won) (899) | (Won) 167 | (Won) (766) |

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| | | | | | | | | |
|---|-------|-----|-------|-------|-------|-----|-------|-------|
| Diluted earnings (loss) per share (Note 14) | (Won) | 631 | (Won) | (899) | (Won) | 167 | (Won) | (766) |
|---|-------|-----|-------|-------|-------|-----|-------|-------|

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

See Report of Independent Accountants

Table of Contents**LG.Philips LCD Co., Ltd.****Non-Consolidated Statements of Cash Flows****Three-Month and Six-Month Periods Ended June 30, 2007 and 2006****(Unaudited)**

| <i>(in millions of Korean won)</i> | For the three-month periods ended June 30, | | For the six-month periods ended June 30, | |
|---|---|-----------------|---|-----------------|
| | 2007 | 2006 | 2007 | 2006 |
| Cash flows from operating activities | | | | |
| Net income (loss) | (Won) 228,487 | (Won) (321,520) | (Won) 59,888 | (Won) (274,002) |
| Adjustments to reconcile net income (loss) to net cash provided by operating activities | | | | |
| Amortization of intangible assets | 11,256 | 13,694 | 22,448 | 24,678 |
| Depreciation | 637,891 | 588,142 | 1,318,857 | 1,191,944 |
| Loss (gain) on disposal of property, plant and equipment, net | (147) | (89) | (1,645) | 956 |
| Loss (gain) on foreign currency translation, net | (13,434) | 4,539 | (3,559) | (18,185) |
| Amortization of discount on debentures | 13,489 | 9,141 | 21,983 | 18,184 |
| Provision for warranty reserve | 16,473 | 5,980 | 28,945 | 12,573 |
| Provision for severance benefits | 21,106 | 15,747 | 39,429 | 31,385 |
| Loss (gain) on valuation of equity method investments, net | (1,828) | (68,388) | (16,046) | (81,630) |
| Loss on disposal of available-for-sale securities | | 35 | | 35 |
| Stock compensation cost | | (11) | | |
| | 684,806 | 568,790 | 1,410,412 | 1,179,940 |
| Changes in operating assets and liabilities | | | | |
| Decrease (increase) in trade accounts and notes receivable | (625,115) | 248,028 | (560,800) | 84,270 |
| Decrease (increase) decrease in inventories | 36,516 | (156,335) | (59,471) | (358,112) |
| Decrease (increase) in other accounts receivable | 61 | (2,102) | (431) | 4,041 |
| Decrease (increase) in accrued income | (1,723) | 329 | (2,941) | 325 |
| Decrease (increase) in advance payments | 1,077 | (1,687) | 1,960 | 2,197 |
| Decrease (increase) in prepaid expenses | 31,786 | 15,391 | (29,317) | (35,092) |
| Decrease (increase) in prepaid value added tax | (26,295) | (17,172) | (2,568) | 37,739 |
| Increase in current deferred income tax | (274,438) | (18,645) | (267,947) | (31,802) |
| Decrease (increase) in other current assets | 6,090 | (10,074) | 9,463 | 24,409 |
| Increase in long-term prepaid expenses | (1,109) | (4,879) | (45,835) | (42,644) |
| Decrease (increase) in non-current deferred income tax | 167,997 | (57,787) | 78,726 | (84,815) |
| Increase (decrease) trade accounts and notes payable | 71,520 | (72,700) | 18,682 | (24,462) |
| Decrease in other accounts payable | (74,694) | (19,617) | (33,290) | (55,050) |
| Increase in advances received | 4,330 | 236 | 6,596 | 2,932 |
| Increase (decrease) in withholdings | 4,492 | (1,201) | 2,629 | (5,406) |
| Increase (decrease) in accrued expenses | 22,761 | 17,920 | 20,483 | (1,117) |
| Decrease in income tax payable | | (14,256) | | (19,499) |
| Decrease in warranty reserve | (11,916) | (5,338) | (20,702) | (10,221) |
| Decrease in other current liabilities | (647) | | (5,887) | (2,964) |
| Accrued severance benefits transferred from affiliated company, net | 64 | 976 | 2,020 | 31,385 |
| Payments of severance benefits | (31,877) | (9,084) | (38,267) | (51,291) |
| Decrease in severance insurance deposit | 8,754 | 3,976 | 8,573 | 9,801 |
| Decrease in contribution to National Pension Fund | 72 | 36 | 65 | 37 |

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| | | | | |
|---|-----------|-----------|-----------|-----------|
| | (692,294) | (103,985) | (918,259) | (525,339) |
| Net cash provided by operating activities | 220,999 | 143,285 | 552,041 | 380,599 |

Table of Contents**LG.Philips LCD Co., Ltd.****Non-Consolidated Statements of Cash Flows****Three-Month and Six-Month Periods Ended June 30, 2007 and 2006****(Unaudited)**

| <i>(in millions of Korean won)</i> | For the three-month periods ended June 30, | | For the six-month periods ended June 30, | |
|---|---|---------------|---|---------------|
| | 2007 | 2006 | 2007 | 2006 |
| Cash flows from investing activities | | | | |
| Proceeds from non-current guarantee deposits | 405 | 10,716 | 405 | 10,721 |
| Proceeds from disposal of property, plant and equipment | 5,274 | 785 | 19,548 | 785 |
| Proceeds from disposal of available-for-sale securities | | 349 | | 349 |
| Proceeds from dividends of equity method investments | 1,440 | | 1,440 | |
| Acquisition of equity-method investments | (47,060) | | (102,230) | |
| Payments of non-current guarantee deposits | (754) | (2) | (775) | (4,585) |
| Acquisitions of available-for-sale securities | | (30) | | (45) |
| Acquisitions of property, plant and equipment | (465,613) | (936,727) | (869,654) | (1,763,331) |
| Acquisition of intangible assets | (2,156) | (1,919) | (4,213) | (3,885) |
| Net cash used in investing activities | (508,464) | (926,828) | (955,479) | (1,759,991) |
| Cash flows from financing activities | | | | |
| Repayment of current portion of long-term debts | (5,578) | | (25,211) | (9,783) |
| Proceeds from issuance of long-term debts | | 94,450 | 273,014 | 244,450 |
| Proceeds from issuance of bond | 508,997 | 399,600 | 508,997 | 399,600 |
| Net cash provided by financing activities | 503,419 | 494,050 | 756,800 | 634,267 |
| Net increase (decrease) in cash and cash equivalents | 215,954 | (289,493) | 353,362 | (745,125) |
| Cash and cash equivalents | | | | |
| Beginning of the period | 925,474 | 1,009,393 | 788,066 | 1,465,025 |
| End of the period | (Won) 1,141,428 | (Won) 719,900 | (Won) 1,141,428 | (Won) 719,900 |

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

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Table of Contents**LG.Philips LCD Co., Ltd.****Non-Consolidated Statement of Changes in Shareholders' Equity****Three-Month and Six-Month Periods Ended June 30, 2007****(Unaudited)**

| <i>(in millions of Korean won)</i> | Capital stock | Capital surplus | Accumulated other comprehensive Income | Retained earnings | Total |
|--|----------------------|------------------------|---|--------------------------|-----------------|
| Balance as of January 1, 2007 | (Won) 1,789,079 | (Won) 2,275,172 | (Won) (13,948) | (Won) 2,839,373 | (Won) 6,889,676 |
| Net income | | | | 59,888 | 59,888 |
| Changes in equity securities | | | 9,181 | | 9,181 |
| Gain on valuation of derivatives | | | (12,094) | | (12,094) |
| Loss on valuation of derivatives | | | 3,370 | | 3,370 |
| Changes in consideration for conversion rights | | 35,899 | | | 35,899 |
| Balance as of June 30, 2007 | (Won) 1,789,079 | (Won) 2,311,071 | (Won) (13,491) | (Won) 2,899,261 | (Won) 6,985,920 |
| Balance as of April 1, 2007 | (Won) 1,789,079 | (Won) 2,275,172 | (Won) (22,144) | (Won) 2,670,774 | (Won) 6,712,881 |
| Net income | | | | 228,487 | 228,487 |
| Changes in equity securities | | | 264 | | 264 |
| Gain on valuation of derivatives | | | 5,318 | | 5,318 |
| Loss on valuation of derivatives | | | 3,071 | | 3,071 |
| Changes in consideration for conversion rights | | 35,899 | | | 35,899 |
| Balance as of June 30, 2007 | (Won) 1,789,079 | (Won) 2,311,071 | (Won) (13,491) | (Won) 2,899,261 | (Won) 6,985,920 |

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

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LG. Philips LCD Co., Ltd.

Notes to Non-Consolidated Financial Statements

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

(Unaudited)

1. The Company

LG.Philips LCD Co., Ltd. (the Company) was incorporated in 1985 under its original name of LG Soft, Ltd., under the Commercial Code of the Republic of Korea and commenced the manufacturing and sale of Thin Film Transistor Liquid Crystal Display (TFT LCD) in 1999. On July 26, 1999, LG Electronics Inc., Koninklijke Philips Electronics N.V. and the Company entered into a joint venture agreement. Pursuant to the agreement, the Company changed its name from LG LCD CO., Ltd. to LG.Philips LCD Co., Ltd. effective August 27, 1999 and on August 31, 1999, the Company issued new shares of common stock to Koninklijke Philips Electronics N.V. for proceeds of (Won)725,000 million and Koninklijke Philips Electronics N.V. acquired a 50% interest in LG LCD Co., Ltd.

The Company listed its shares with the Korea Stock Exchange and with US Securities and Exchange Commission in July 2004.

As of June 30, 2007, the Company has outstanding capital stock amounting to (Won) 1,789,079 million.

2. Summary of Significant Accounting Policies

The significant accounting policies followed by the Company in the preparation of its interim non-consolidated financial statements are same as those followed by the Company in its preparation of annual non-consolidated financial statements and 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 (Hangul) in conformity with the 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 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 financial statements, but not required for a fair presentation of the Company's financial position, results of operations, cash flow, or changes in shareholders' equity is not presented in the accompanying non-consolidated financial statements.

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LG. Philips LCD Co., Ltd.

Notes to Non-Consolidated Financial Statements

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

(Unaudited)

Accounting Estimates

The preparation of the financial statements requires management to make certain 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.

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 SKFAS No. 21.

3. Financial Instruments

As of June 30, 2007 and December 31, 2006, long-term financial instruments represent key money deposits required to maintain checking accounts and accordingly, the withdrawal of such deposits is restricted.

4. Inventories

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

| <i>(in millions of Korean won)</i> | 2007 | 2006 |
|------------------------------------|---------------|---------------|
| Finished products | (Won) 387,226 | (Won) 311,808 |
| Work-in-process | 219,364 | 312,231 |
| Raw materials | 135,006 | 129,373 |
| Supplies | 102,083 | 101,068 |
| | 843,679 | 854,480 |
| Less: Valuation loss | (48,832) | (119,104) |
| | (Won) 794,847 | (Won) 735,376 |

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LG. Philips LCD Co., Ltd.

Notes to Non-Consolidated Financial Statements

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

(Unaudited)

5. 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> | 2007 | 2006 |
|------------------------------------|-----------------|-----------------|
| Buildings | (Won) 1,903,945 | (Won) 1,875,511 |
| Structures | 170,673 | 170,631 |
| Machinery and equipment | 14,002,583 | 13,754,035 |
| Tools | 136,866 | 138,303 |
| Furniture and fixtures | 417,935 | 411,459 |
| Vehicles | 10,313 | 12,293 |
| Others | 8,460 | 8,460 |
| | 16,650,775 | 16,370,692 |
| Less: Accumulated depreciation | (10,020,726) | (8,715,763) |
| Government subsidies | (2,858) | (3,015) |
| | 6,627,191 | 7,651,914 |
| Land | 316,969 | 317,161 |
| Machinery-in-transit | 88,000 | 42,010 |
| Construction-in-progress | 969,846 | 848,991 |
| | (Won) 8,002,006 | (Won) 8,860,076 |

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LG. Philips LCD Co., Ltd.

Notes to Non-Consolidated Financial Statements

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

(Unaudited)

6. Current Portion of Long-Term Debts

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

(in millions of Korean won)

| Type of borrowing | Creditor | Annual interest | | |
|--|-------------------------------------|--|---------------|---------------|
| | | rates (%) as of | | |
| | | June 30, 2007 | 2007 | 2006 |
| Long-term debt in won currency loans | Korea Export-Import Bank | 5.88-6.08 | (Won) 46,767 | (Won) 39,267 |
| Corporate bonds in won currency | | 5.0 | 300,000 | 300,000 |
| Long-term debt in foreign currency debentures of US\$200 million | | 3M Libor + 0.6 | 185,140 | 185,920 |
| Long-term debt in foreign currency loans of US\$50 million | Korea Export-Import Bank and others | 6M Libor + 1.2 3M Libor + 0.99 1.35 | 45,822 | 32,071 |
| | | | 577,729 | 557,258 |
| Less: Discounts on debentures | | | (1,681) | (4,169) |
| | | | (Won) 576,048 | (Won) 553,089 |

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LG. Philips LCD Co., Ltd.

Notes to Non-Consolidated Financial Statements

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

(Unaudited)

7. Long-Term Debts

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

(in millions of Korean won)

| Type of borrowing | Annual interest rates (%) as of | | 2007 | 2006 |
|--|--|-------|-----------------|-----------------|
| | June 30, 2007 | | | |
| Won currency debentures | | | | |
| Non-guaranteed, payable through 2010 | 3.5 | 5.0 | (Won) 1,550,000 | (Won) 1,550,000 |
| Private debentures, payable in 2011 | 5.3 | 5.89 | 600,000 | 600,000 |
| Less: Current portion | | | (300,000) | (300,000) |
| Discounts on debentures | | | (13,171) | (16,036) |
| | | | 1,836,829 | 1,833,964 |
| Convertible bonds¹ | | | | |
| US dollar-denominated bond, payable through 2012 | | | 995,335 | 483,780 |
| Add: Call premium | | | 170,401 | 84,613 |
| Less: Discount on debentures | | | (4,304) | (2,139) |
| Conversion adjustment | | | (199,894) | (80,827) |
| | | | 961,538 | 485,427 |
| | | | (Won) 2,798,367 | (Won) 2,319,391 |
| Won currency loans | | | | |
| General loans | 5.43 | 6.08, | (Won) 218,750 | (Won) 238,383 |
| | | 3.50 | 14,634 | 14,634 |
| Less: Current portion | | | (46,767) | (39,267) |
| | | | 186,617 | 213,750 |
| Foreign currency loans | | | | |
| General loans | 3M Libor+0.99 1.35, 6.01, 3M Libor+0.35 0.53, 6M Libor+0.41, 6M Libor +0.69 | | 909,038 | 648,861 |
| Less: Current portion | | | (45,822) | (32,071) |

863,216 616,790

(Won) 1,049,833 (Won) 830,540

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LG. Philips LCD Co., Ltd.

Notes to Non-Consolidated Financial Statements

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

(Unaudited)

¹ On April 19, 2005, the Company issued US dollar-denominated convertible bonds totaling US\$475 million, with a zero coupon rate. On or after June 27, 2005 through April 4, 2010, the bonds are convertible into common shares at a conversion price of (Won)58,251 per share of common stock, subject to adjustment based on certain events. The bonds will mature in five years from the issue date and will be repaid at 117.49% of their principal amount at maturity. The bondholders have a put option to be repaid at 108.39% of their principal amount on October 19, 2007.

On April 18, 2007, the Company issued US dollar-denominated convertible bonds totaling US\$550 million, with a zero coupon rate. On or after April 19, 2008 through April 3, 2012, the bonds are convertible into common shares at a conversion price of (Won)49,070 per share of common stock, subject to adjustment based on certain events. The bonds will mature in five years from the issue date and will be repaid at 116.77% of their principal amount at maturity. The bondholders have a put option to be repaid at 109.75% of their principal amount on April 18, 2010.

As of June 30, 2007, the number of shares convertible from the outstanding convertible bonds is 18,740,915.

As of June 30, 2007, foreign currency debentures denominated in U.S. dollars amount to US\$200 million (December 31, 2006: US\$200 million) and foreign currency loans denominated in U.S. dollars amount to US\$982 million (December 31, 2006: US\$698 million).

8. Stock Appreciation Plan

On April 7, 2005, the Company granted 450,000 shares of stock appreciation rights (SARs) to certain executives. Under the terms of this plan, the 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 (Won)44,050 per share. The exercise price decreased from (Won)44,260 to (Won)44,050 due to the additional issuance of common stock in 2005. These SARs are exercisable starting April 8, 2008, through April 7, 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 is exercisable.

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LG. Philips LCD Co., Ltd.

Notes to Non-Consolidated Financial Statements

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

(Unaudited)

The options activity under the SARs as of June 30, 2007 and December 31, 2006, consist of the following:

| | 2007 | | 2006 | |
|---------------------------------|--------------------------------|------------------------------------|--------------------------------|------------------------------------|
| | Number of shares under SARs | Weighted average exercise price | Number of shares under SARs | Weighted average exercise price |
| Beginning | 260,000 | 44,050 | 410,000 | 44,050 |
| Granted | | | | |
| Cancelled/Expired ¹ | | | 150,000 | 44,050 |
| Exercised | | | | |
| Ending | 260,000 | 44,050 | 260,000 | 44,050 |
| Exercisable as of June 30, 2007 | | | | |

¹ Options cancelled due to the retirement of several executive officers.

The Company did not recognize any compensation costs in 2007 as market price is below the exercise price as of June 30, 2007.

9. Commitments and Contingencies

As of June 30, 2007, the Company has bank overdraft agreements with various banks amounting to (Won)59,000 million.

As of June 30, 2007, the Company has a revolving credit facility agreement with several banks totaling (Won)200,000 million and US\$100 million.

As of June 30, 2007, the Company has agreements with several banks for U.S. dollar denominated accounts receivable negotiating facilities of up to an aggregate of US\$1,203.5 million. The Company has agreements with several banks in relation to the opening of letters of credit amounting to (Won)90,000 million and US\$123.5 million.

The Company has repayment guarantee from ABN AMRO Bank amounting to US\$8.5 million relating to value-added tax payments in Poland.

As of June 30, 2007, the Company entered into a payment guarantee agreements with a syndicate of banks including Kookmin bank and Societe Generale in connection with a EUR 140 million term loan credit facility LG.Philips LCD Poland entered into.

As of June 30, 2007, there are no negotiated foreign currency receivables.

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Table of Contents**LG. Philips LCD Co., Ltd.****Notes to Non-Consolidated Financial Statements****June 30, 2007 and 2006, and December 31, 2006****(Unaudited)**

In October 2006, the subsidiaries entered into a five-year accounts receivable selling program with Standard Chartered Bank, selling accounts receivables of four subsidiaries, namely, LG. Philips LCD America Inc., LG. Philips LCD Germany GmbH, LG. Philips LCD Shanghai CO., Ltd. and LG. Philips LCD Hong Kong, on a revolving basis, of up to US\$600 million. The Company joined this program in April 2007. As of June 30, 2007, the amount of accounts receivables which was recorded as sales is (Won)34,943 million. Losses including the loss on sale of receivables, various program and facility fees associated with the Program totaled approximately (Won)313 million for the six-month period ended June 30, 2007.

As of June 30, 2007, in relation to its TFT-LCD business, the Company has technical license agreements with Hitachi and others, and has trademark license agreements with LG Corporation and Koninklijke Philips Electronics N.V.

The Company enters into foreign currency forward contracts to manage the exposure to changes in currency exchange rates in accordance with its foreign currency risk management policy. The use of foreign currency forward contracts allows the Company to reduce its exposure to the risk that the eventual Korean won cash outflows resulting from operating expenses, capital expenditures, purchasing of materials and debt service will be adversely affected by changes in exchange rates.

A summary of these contracts follows:

| <i>(in millions)</i> | | | Contract foreign | | |
|--------------------------|-------------------------|------------------------|-------------------------|----------------------|--|
| Contracting party | Selling position | Buying position | exchange rate | Maturity date | |
| HSBC and others | US\$ 1,713 | (Won) 1,598,153 | (Won)916.40:US\$1- | July 2, 2007 - | |
| | | | (Won)955.55:US\$1 | Feb. 4, 2008 | |
| DBS and others | EUR 85 | (Won) 105,052 | (Won)1,203.10:EUR1- | July 9, 2007 - | |
| | | | (Won)1,259.72:EUR1 | Nov. 19, 2007 | |
| Woori Bank and others | (Won) 222,026 | JP¥ 28,000 | (Won)7.662:JP¥1- | July 12, 2007 - | |
| | | | (Won)8.287:JP¥1 | Dec. 14, 2007 | |
| Hana Bank | US\$ 8 | JP¥ 1,000 | JP¥120.01:US\$1 | Sept. 14, 2007 | |

As of June 30, 2007, the Company recorded unrealized gains and losses on outstanding foreign currency forward contracts of (Won)16,525 million and (Won)12,645 million, respectively. Total unrealized gains and losses of (Won)1,220 million and (Won)1,839 million, respectively, were charged to income for the six-month period ended June 30, 2007, as these contracts did not meet the requirements for a cash flow hedge. Net unrealized gains and losses, net of related taxes, incurred relating to cash flow hedges from forecasted exports, were recorded as accumulated other comprehensive income.

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Table of Contents**LG. Philips LCD Co., Ltd.****Notes to Non-Consolidated Financial Statements****June 30, 2007 and 2006, and December 31, 2006****(Unaudited)**

The forecasted hedged transactions are expected to occur by February 4, 2008. The aggregate amount of all deferred gains and losses of (Won)15,305 million and (Won)10,806 million, respectively, recorded net of tax under accumulated other comprehensive income, are expected to be included in the determination of gain and loss within a year from June 30, 2007.

For the six-month period ended June 30, 2007, the Company recorded realized gains of (Won)22,198 million (2006: (Won)149,897million) on foreign currency forward contracts upon settlement, and for the six-month period ended June 30, 2007, realized losses amounted to (Won)22,422 million (2006: (Won)34,503 million).

The Company entered into cross-currency swap contracts to manage the exposure to changes in currency exchange rates in accordance with its foreign currency risk management policy and to manage the exposure to changes in interest rates related to floating rate notes.

A summary of such contracts follows:

(in millions)

| Contracting party | Buying position | Selling position | Contract foreign exchange rate | Maturity date |
|-------------------------|-----------------|------------------|--------------------------------|---------------|
| Kookmin Bank and others | US\$ 150 | | 3M Libor ~ 3M Libor + 0.53% | Aug. 29, 2011 |
| | | (Won) 143,269 | 4.54% - 5.35% | Jan. 31, 2012 |

As of June 30, 2007, unrealized gains of (Won)1,701 million were recognized as accumulated other comprehensive income as these contracts fulfill the requirements for hedge accounting for financial statement purposes, while unrealized losses of (Won)1,039 million were charged to current income as these contracts do not fulfill those requirements.

For the six-month period ended June 30, 2007, the Company recorded realized gains of (Won)419 million (2006: losses of (Won)620 million) and no realized losses (2006: (Won)5,810 million) on cross-currency swap contracts upon settlement.

The Company entered into interest rate swap contracts to manage the exposure to changes in currency exchange rates in accordance with its foreign currency risk management policy and to manage the exposure to changes in interest rates related to floating rate notes.

A summary of such contracts follows:

(in millions)

| Contracting party | Contract Amount | Contract foreign exchange rate | Maturity date |
|-------------------|-----------------|--------------------------------|-----------------------------|
| SC First Bank | US\$ 150 | Accept floating rate | 6M Libor |
| | | Pay fixed rate | 5.375% -5.644% |
| | | | May 21, 2009 - May 24, 2010 |

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Table of Contents**LG. Philips LCD Co., Ltd.****Notes to Non-Consolidated Financial Statements****June 30, 2007 and 2006, and December 31, 2006****(Unaudited)**

As of June 30, 2007, unrealized losses of (Won)851 million were recognized as accumulated other comprehensive income as these contracts fulfill the requirements for hedge accounting for financial statement purposes.

The Company entered into option contracts to manage the exposure to changes in currency exchange rates in accordance with its foreign currency risk management policy and to manage the exposure to changes in interest rates related to floating rate notes. These transactions do not meet the requirements for hedge accounting for financial statement purposes. Therefore, the resulting realized and unrealized gains or losses, measured by quoted market prices, are recognized in current income as gains or losses as the exchange rates change.

A summary of such contracts follows:

| <i>(in millions)</i> | | | | | | |
|----------------------|----------------|----|------------------|----|--------------------|-----------------|
| Contracting party | USD Put Buying | | USD Call Selling | | Strike Price | Maturity date |
| KDB and others | US\$ | 70 | US\$ | 70 | | Aug. 28, 2007 - |
| | | | | | (Won) 922.0:US\$1- | |
| | | | | | (Won) 933.2:US\$1 | Oct. 11, 2007 |

| <i>(in millions)</i> | | | | | | |
|----------------------|-----------------|--------|-----------------|--------|---------------------|-----------------|
| Contracting party | JPY Call Buying | | JPY Put Selling | | Strike Price | Maturity date |
| Citibank and others | JP¥ | 23,000 | JP¥ | 23,000 | | Aug. 14, 2007 - |
| | | | | | (Won) 7.4457: JP¥1- | |
| | | | | | (Won) 8.1000: JP¥1 | Dec. 12, 2007 |

As of June 30, 2007, unrealized gains of (Won)392 million (2006: nil) and unrealized losses of (Won)833 million (2006: (Won)291 million), were charged to current income, as these contracts do not fulfill the requirements for hedge accounting for financial statement purposes.

For the six-month period ended June 30, 2007, the Company recorded realized gains of (Won)54 million (2006: nil) upon settlement of target forward option contracts.

As of June 30, 2007, in relation to its TFT-LCD business, the Company has technical license agreements with Hitachi and others, and has trademark license agreements with LG Corporation and Koninklijke Philips Electronics N.V.

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LG. Philips LCD Co., Ltd.

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

(Unaudited)

The Company is involved in several legal proceedings and claims arising in the ordinary course of business. On August 29, 2002, the Company filed a complaint against Chunghwa Picture Tubes, Tatung Company and Tatung Co. of America, alleging patent infringement relating to liquid crystal displays and the manufacturing process of TFT-LCDs. On June 21, 2004, Chunghwa Picture Tubes filed a counter-claim against the Company in the United States District Court for the Central District of California for alleged ownership for certain patents and violation of U.S. antitrust laws. In October 2006, the court of the Central District of California dismissed the counter-claim for alleged ownership for certain patents. On November 21, 2006, the Jury in California issued a verdict that Chunghwa Picture Tubes, Tatung Company and Tatung Co. of America had willfully infringed a patent owned by the Company, and awarded the Company US\$53.5 million in damages.

On May 27, 2004, the Company filed a complaint in the United States District of Delaware against Tatung Co., the parent company of Chunghwa Picture Tubes, and ViewSonic Corp., and others claiming patent infringement of rear mountable liquid crystal display devices.

On January 10, 2005, Chunghwa Picture Tubes filed a complaint for patent infringement against LG Electronics Inc. and the Company in the United States District Court for the Central District of California. On March 29, 2007, the United States District Court for the Central District of California dismissed the case without prejudice.

On May 13, 2005, the Company also filed a complaint against Chunghwa Picture Tubes, Tatung Company and Viewsonic Corporation, alleging patent infringement related to liquid crystal display and the manufacturing process of TFT-LCDs in the United States District of Delaware. On July 27, 2006, the Jury in Delaware issued a verdict that Chunghwa Picture Tubes had willfully infringed a patent owned by the Company, and awarded the Company US\$52.4 million in damages.

On January 9, 2006, New Medium Technology LLC, AV Technologies LLC, IP Innovation LLC, and Technology Licensing Corporation filed a complaint for patent infringement against the Company in the United States District Court of Illinois Eastern Division. On June 28, 2007, the Company settled with IP Innovation LLC and Technology Licensing Corporation, and the case was dismissed on July 6, 2007.

On December 1, 2006, the Company filed a complaint against Chi Mei Optoelectronics Corp., AU Optronics Corp., Tatung Company, ViewSonic Corp. and others alleging patent infringement related to liquid crystal display and manufacturing process for TFT-LCDs in the United States District Court for the District of Delaware. On March 8, 2007, AU Optronics Corp. countersued against the Company in the United States District Court for the Western District of Wisconsin, but the suit was transferred to the United States District Court for the District of Delaware according to the Company's motion to transfer. On May 4, 2007, Chi Mei Optoelectronics Co. countersued the Company for patent infringement in the United States District Court for the Eastern District of Texas.

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On April 14, 2006, Positive Technologies, Inc. filed a complaint in the United States District Court for the Eastern District of Texas against, among others, several of our customers, including BenQ America Corp., Hitachi America Ltd., Panasonic Corp. of North America, Philips Electronics North America Corp. Toshiba America, Inc., for alleged infringement of two of its patents relating to LCD displays. Positive Technologies, Inc. is seeking, among other things, damages for past infringement. On March 7, 2007, the United States District Court for the Eastern District of Texas granted the Company's intervention in the patent infringement case brought by Positive Technologies, Inc.

On February 2, 2007, Anvik Corporation filed a patent infringement case against the Company, along with other LCD manufacturing companies, in connection with the usage of photo-masking equipment manufactured by Nikon Corporation.

The Company's management does not expect that the outcome in any of these legal proceedings and claims, individually or collectively, will have material adverse effect on the Company's financial condition, results of operations or cash flows.

The Company 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 Company, 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.

In February 2007, the Company and certain of its officers and directors have been named as defendants in a federal class action in the United States by the shareholders of the Company alleging violations of the U.S. Securities Exchange Act of 1934, as amended, by the Company and certain of its officers and directors in connection with possible anti-competitive activities in the LCD industry. The Company and the officers and directors intend to defend themselves vigorously in this matter.

Each of these matters remains in the very early stages and the Company is not in a position to predict their ultimate outcome. However, the Company intends to defend itself vigorously in these matters.

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(Unaudited)

10. Deferred Income Tax Assets and Liabilities

Deferred income tax assets (liabilities) as of June 30, 2007 and December 31, 2006, consist of the following:

| <i>(in millions of Korean won)</i> | 2007 | 2006 |
|---|---------------|---------------|
| Inventories | (Won) 8,057 | (Won) 21,098 |
| Equity method investments | (18,377) | (11,578) |
| Other current assets | 684 | 492 |
| Property, plant and equipment | 42,742 | 40,875 |
| Tax credit carryforwards | 475,395 | 436,486 |
| Deferred income taxes added to shareholders' equity | (10,548) | (10,892) |
| Net loss carryforwards | 269,643 | 248,493 |
| Others | 24,453 | 27,616 |
| | 792,049 | 752,590 |
| Less: Valuation allowance | (18,547) | (159,527) |
| | (Won) 773,502 | (Won) 593,063 |

As the Company anticipates that all tax benefits from tax credits would not be fully realized, a valuation allowance amounting to (Won)18,547 million has been provided as of June 30, 2007.

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(Unaudited)

11. Comprehensive Income and Loss

Comprehensive income and loss for the six-month periods ended June 30, 2007 and 2006, are as follows:

| <i>(in millions of Korean won)</i> | 2007 | 2006 |
|---|--------------|-----------------|
| Net income | (Won) 59,888 | (Won) (274,002) |
| Other comprehensive income: | | |
| Gain (loss) on overseas subsidiary translation adjustments (tax effect: (Won)1,526 million in 2007) | 9,181 | (16,179) |
| Gain on valuation of derivatives (tax effect: (Won)4,587 million in 2007) | (12,094) | 37,750 |
| Loss on valuation of derivatives (tax effect: (Won) (1,278) million in 2007) | 3,370 | 4,593 |
| Comprehensive income (loss) | (Won) 60,345 | (Won) (247,838) |

12. Cost of Sales

Cost of sales for the six-month periods ended June 30, 2007 and 2006, are as follows:

| <i>(in millions of Korean won)</i> | 2007 | 2006 |
|------------------------------------|-----------------|-----------------|
| Finished goods | | |
| Beginning balance of inventories | (Won) 256,002 | (Won) 173,404 |
| Cost of goods manufactured | 5,814,469 | 3,904,652 |
| Ending balance of inventories | (367,276) | (387,188) |
| | 5,703,195 | 3,690,868 |
| Others | 10,360 | 975,762 |
| | (Won) 5,713,555 | (Won) 4,666,630 |

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13. 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> | 2007 | 2006 |
|------------------------------------|---------------|---------------|
| Salaries | (Won) 33,602 | (Won) 21,250 |
| Severance benefits | 5,083 | 3,174 |
| Employee benefits | 3,849 | 2,741 |
| Freight expenses | 70,818 | 92,922 |
| Rental expenses | 1,851 | 1,337 |
| Commission expenses | 26,591 | 37,514 |
| Entertainment expenses | 739 | 627 |
| Depreciation | 2,295 | 1,050 |
| Taxes and dues | 883 | 749 |
| Advertising expenses | 12,814 | 11,353 |
| Promotional expenses | 9,135 | 15,060 |
| Development costs | 1,439 | 114 |
| Research expenses | 49,588 | 35,702 |
| Bad debt expenses | 47 | (124) |
| Product warranty expenses | 28,945 | 12,573 |
| Others | 10,965 | 11,286 |
| | (Won) 258,644 | (Won) 247,328 |

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14. Earnings(Loss) Per Share

Earnings (loss) per share is computed by dividing net income by the weighted-average number of common shares outstanding during the period. Ordinary income (loss) per share is computed by dividing ordinary income (loss) allocated to common stock, which is net income (loss) allocated to common stock as adjusted by extraordinary gains or losses, net of related income taxes, by the weighted-average number of common shares outstanding during the period.

Earnings (loss) per share for the three-month and six-month periods ended June 30, 2007 and 2006, is calculated as follows:

| <i>(in millions, except for per share amount)</i> | For the three-month periods ended June 30, | | For the six-month periods ended June 30, | |
|---|---|-----------------|---|-----------------|
| | 2007 | 2006 | 2007 | 2006 |
| Net income (loss) as reported on the statements of income | (Won) 228,486 | (Won) (321,520) | (Won) 59,888 | (Won) (274,002) |
| Weighted-average number of common shares outstanding | 358 | 358 | 358 | 358 |
| Earnings (loss) per share | (Won) 639 | (Won) (899) | (Won) 167 | (Won) (766) |

Prior to the issuance of convertible bonds on April 19, 2005, the Company had not issued any dilutive securities. Diluted loss per share is identical to basic loss per share as the Company recorded net loss during the three-month period and six-month periods ended June 30, 2006. Additionally, diluted earnings per share is identical to basic earnings per share as convertible bonds have no dilutive effect for the six-month period ended June 30, 2007.

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Dilutive effect for the three-month period ended June 30, 2007, is as follows:

| <i>(in millions, except for per share amount)</i> | For the three-month period ended June 30, 2007 | |
|---|---|---------|
| Net income allocated to common stock | (Won) | 228,486 |
| Add: Interest expense on convertible bonds ¹ | | 7,901 |
| Diluted net income allocated to common stock | | 236,387 |
| Weighted average number of common shares and diluted securities outstanding during the period | | 375 |
| Diluted earnings per share | (Won) | 631 |

¹ Net of (Won)(2,997) million tax effect.

Additionally, loss per share for the three-month period ended March 31, 2007 and for the year ended December 31, 2006, are as follows:

| | December 31, 2006 | | March 31, 2007 | |
|------------------------|--------------------------|-------|-----------------------|-----|
| Basic loss per share | (Won) | 2,150 | (Won) | 471 |
| Diluted loss per share | (Won) | 2,150 | (Won) | 471 |

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Table of Contents**LG. Philips LCD Co., Ltd.****Notes to Non-Consolidated Financial Statements****June 30, 2007 and 2006, and December 31, 2006****(Unaudited)****15. Related Party Transactions**

The ultimate parent company is LG Corporation and the parent company of the Company is LG Electronics Inc., 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 ¹ | | Purchases ¹ | |
|---|--------------------|-----------------|------------------------|-----------------|
| | 2007 | 2006 | 2007 | 2006 |
| Parent companies | (Won) 427,742 | (Won) 427,247 | (Won) 54,854 | (Won) 126,431 |
| Company that has significant influence over the Company | | | 7,482 | 5,853 |
| Overseas subsidiaries | 4,857,886 | 3,766,312 | 170,712 | 39,505 |
| Equity-method investee | | 6 | 115,563 | 54,864 |
| Other related parties | 77,446 | 62,156 | 883,480 | 1,228,572 |
| Total | (Won) 5,363,074 | (Won) 4,255,721 | (Won) 1,232,091 | (Won) 1,455,225 |

¹ Includes sales of (Won)18,787 million and purchases of property, plant and equipment of (Won)151,154 million.

| <i>(in millions of Korean won)</i> | Receivables | | Payables | |
|--|-----------------|-----------------|---------------|---------------|
| | 2007 | 2006 | 2007 | 2006 |
| Parent companies ² | (Won) 138,465 | (Won) 70,805 | (Won) 29,924 | (Won) 19,328 |
| Company that has significant influence over the Company ³ | 2,447 | 2,340 | 765 | 548 |
| Overseas subsidiaries ⁴ | 1,234,791 | 963,098 | 35,318 | 27,449 |
| Equity-method investee ⁵ | | | 24,638 | 22,535 |
| Other related parties ⁶ | 8,602 | 22,897 | 320,195 | 424,572 |
| Total | (Won) 1,384,305 | (Won) 1,059,140 | (Won) 410,840 | (Won) 494,432 |

² LG Electronics Inc., Koninklijke Philips Electronics N.V.

³ LG Corp.

⁴ LG Philips LCD America, Inc., LG Philips LCD Taiwan Co., Ltd., LG Philips LCD Japan Co., Ltd., LG Philips LCD Germany GmbH.,

LG Philips LCD Nanjing Co., Ltd., LG Philips LCD Shanghai Co., Ltd.,

LG Philips LCD Hong Kong Co., Ltd., LG.Philips LCD Poland Sp. z o.o.,

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LG.Philips LCD Guangzhou Co., Ltd

⁵ Paju Electric Glass Co., Ltd.

⁶ LG Management Development Institute Co., Ltd., LG Micron Ltd., LG Household and Healthcare, LG CNS, LG N-sys, LG Powercom Corp., Serveone, LG Innotek,

LG Telecom Co., Ltd., LG Chem, Ltd., LG International, LG Dacom Corporation,

Hi Logistics Co. Ltd., Siltron Inc., Lusem Co., Ltd.

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Table of Contents**LG. Philips LCD Co., Ltd.****Notes to Non-Consolidated Financial Statements****June 30, 2007 and 2006, and December 31, 2006****(Unaudited)**

Key management⁷ compensation costs for the six-month periods ended June 30, 2007 and 2006, are as follows:

| <i>(in millions of Korean won)</i> | 2007 | 2006 |
|------------------------------------|-------------|-------------|
| Officers salaries | (Won) 838 | (Won) 791 |
| Post-retirement benefits | 531 | 228 |
| | (Won) 1,369 | (Won) 1,019 |

⁷ Key management refers to the directors who have significant control and responsibilities on the Company's operations and business. Total ceiling for compensation for such directors in 2007 and 2006 is (Won)13.4 billion.

16. Segment Information

The Company operates only one segment, the TFT-LCD division where export sales represents 92% of total sales.

The following is a summary of income by country based on the location of the customers for the six-month periods ended June 30, 2007 and 2006:

| <i>(in millions of Korean won)</i> | | | | | | | | |
|------------------------------------|---------------|-----------------|---------------|---------------|-----------------|---------------|---------------|-----------------|
| Sales | Domestic | Taiwan | Japan | America | China | Europe | Others | Total |
| 2007 | (Won) 452,398 | (Won) 1,655,327 | (Won) 567,920 | (Won) 655,884 | (Won) 1,114,768 | (Won) 906,056 | (Won) 521,233 | (Won) 5,873,586 |
| 2006 | (Won) 413,961 | (Won) 465,642 | (Won) 632,187 | (Won) 406,284 | (Won) 1,557,279 | (Won) 815,976 | (Won) 212,706 | (Won) 4,504,035 |

17. Reclassification of Prior Period Financial Statements

Due to the adoption of SKFAS No.21, certain amounts in the June 30, 2006 and December 31, 2006, financial statements have been reclassified to conform to the June 30, 2007 financial statement presentation. These reclassifications have no effect on previously reported net income or shareholders' equity.

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Table of Contents**LG.Philips LCD Co., Ltd. and Subsidiaries****Consolidated Balance Sheets****June 30, 2007 and December 31, 2006****(Unaudited)**

| <i>(in millions of Korean won)</i> | 2007 | 2006 |
|---|-------------------------|-------------------------|
| Assets | | |
| Current assets | | |
| Cash and cash equivalents | (Won) 1,237,643 | (Won) 954,362 |
| Available-for-sale securities | 23 | 23 |
| Trade accounts and notes receivable, net (Notes 9 and 15) | 1,470,025 | 859,300 |
| Other accounts receivable, net (Notes 9 and 15) | 92,294 | 112,182 |
| Accrued income, net | 3,745 | 850 |
| Advance payments, net | 9,930 | 7,050 |
| Prepaid expenses | 66,925 | 23,536 |
| Prepaid value added tax | 86,512 | 93,058 |
| Other current assets (Note 9) | 26,291 | 50,884 |
| Deferred income tax assets (Note 10) | 272,231 | 677 |
| Inventories, net (Note 4) | 961,911 | 1,052,705 |
| Total current assets | 4,227,530 | 3,154,627 |
| Long-term financial instruments (Note 3) | 13 | 13 |
| Available-for-sale securities | 1 | 1 |
| Equity method investment | 20,021 | 19,284 |
| Property, plant and equipment, net (Note 5) | 8,631,646 | 9,428,046 |
| Intangible assets, net | 114,047 | 123,826 |
| Non-current guarantee deposits | 22,304 | 22,454 |
| Long-term prepaid expenses | 169,435 | 138,051 |
| Deferred income tax assets (Note 10) | 509,361 | 601,485 |
| Total assets | (Won) 13,694,358 | (Won) 13,487,787 |
| Liabilities and Shareholders Equity | | |
| Current liabilities | | |
| Trade accounts and notes payable (Note 15) | (Won) 976,534 | (Won) 949,436 |
| Short-term borrowings (Note 6) | 13,421 | 250,105 |
| Other accounts payable (Note 15) | 756,339 | 1,249,405 |
| Advances received | 72,226 | 45,785 |
| Withholdings | 11,677 | 25,376 |
| Accrued expenses | 71,323 | 55,867 |
| Income tax payable | 3,670 | 4,658 |
| Warranty reserve | 36,971 | 31,261 |
| Current portion of long-term debts and debentures (Note 6) | 616,653 | 563,630 |
| Other current liabilities (Note 9) | 28,126 | 33,266 |
| Total current liabilities | 2,586,940 | 3,208,789 |
| Debentures, net of current portion and discounts on debentures (Note 7) | 2,798,367 | 2,319,391 |
| Long-term debts, net of current portion (Note 7) | 1,228,161 | 987,597 |
| Accrued severance benefits, net | 93,822 | 81,885 |
| Long-term accrued expenses | 1,137 | 430 |

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| | | |
|--|------------------|------------------|
| Deferred income tax liabilities (Note 10) | 11 | 19 |
| Total liabilities | 6,708,438 | 6,598,111 |
| Commitments and contingencies (Note 9) | | |
| Shareholders' equity | | |
| Capital stock | | |
| Common stock, (Won)5,000 par value per share | 1,789,079 | 1,789,079 |
| Capital surplus | 2,311,071 | 2,275,172 |
| Accumulated other comprehensive income | (13,491) | (13,948) |
| Retained earnings | 2,899,261 | 2,839,373 |
| Total shareholders' equity | 6,985,920 | 6,889,676 |
| Total liabilities and shareholders' equity | (Won) 13,694,358 | (Won) 13,487,787 |

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

Table of Contents**LG.Philips LCD Co., Ltd. and Subsidiaries****Consolidated Statements of Income****Six-Month Periods Ended June 30, 2007 and 2006****(Unaudited)**

| <i>(in millions of Korean won, except per share amounts)</i> | 2007 | 2006 |
|--|-----------------|-----------------|
| Sales (Notes 15 and 16) | (Won) 6,077,037 | (Won) 4,786,132 |
| Cost of sales (Notes 12 and 15) | 5,813,965 | 4,823,308 |
| Gross profit (loss) | 263,072 | (37,176) |
| Selling and administrative expenses (Note 13) | 320,940 | 283,210 |
| Operating income (loss) | (57,868) | (320,386) |
| Non-operating income | | |
| Interest income | 20,854 | 18,385 |
| Rental income | 2,050 | 4,043 |
| Commission earned | 10,613 | 10,141 |
| Foreign exchange gains | 85,631 | 187,984 |
| Gain on foreign currency translation | 23,690 | 52,832 |
| Gain on valuation equity-method of investments | 2,176 | 2,509 |
| Gain on disposal of property, plant and equipment | 770 | 92 |
| Others | 5,377 | 5,397 |
| | 151,161 | 281,383 |
| Non-operating expenses | | |
| Interest expenses | 102,034 | 74,944 |
| Foreign exchange losses | 75,347 | 206,745 |
| Loss on foreign currency translation | 18,107 | 36,483 |
| Donations | 120 | 1,260 |
| Loss on disposal of accounts receivable | 15,151 | 9,811 |
| Loss on disposal of property, plant and equipment | 2,876 | 1,052 |
| Ramp up costs | | 18,043 |
| Other bad debt expenses | 1,258 | |
| Others | 147 | 308 |
| | 215,040 | 348,646 |
| Loss before income tax benefit | (121,747) | (387,649) |
| Income tax benefit | 181,635 | 113,647 |
| Net income (loss) | (Won) 59,888 | (Won) (274,002) |
| Earnings (loss) per share (Note 14) | (Won) 167 | (Won) (766) |
| Diluted earnings (loss) per share (Note 14) | (Won) 167 | (Won) (766) |

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

Table of Contents**LG.Philips LCD Co., Ltd. and Subsidiaries****Consolidated Statements of Cash Flows****Six-Month Periods Ended June 30, 2007 and 2006****(Unaudited)**

| <i>(in millions of Korean won)</i> | 2007 | | 2006 | |
|---|-------------|-----------|-------------|-----------|
| Cash flows from operating activities | | | | |
| Net income (loss) | (Won) | 59,888 | (Won) | (274,002) |
| Adjustments to reconcile net income (loss) to net cash provided by operating activities | | | | |
| Amortization of intangible assets | | 23,135 | | 25,221 |
| Depreciation | | 1,382,286 | | 1,219,053 |
| Loss (Gain) on disposal of property, plant and equipment, net | | 2,106 | | 960 |
| Loss (Gain) on foreign currency translation, net | | (7,135) | | (19,593) |
| Amortization of discount on debentures | | 21,983 | | 18,184 |
| Provision for warranty reserve | | 31,084 | | 22,239 |
| Provision for severance benefits | | 39,444 | | 31,402 |
| Gain (Loss) on valuation equity-method of investments, net | | (2,176) | | (2,509) |
| | | 1,490,727 | | 1,294,957 |
| Changes in operating assets and liabilities | | | | |
| Decrease (increase) in trade accounts and notes receivable | | (619,271) | | 281,576 |
| Decrease (increase) in inventories | | 90,794 | | (580,114) |
| Decrease (increase) in other accounts receivable | | 19,648 | | (12,265) |
| Decrease (increase) in accrued income | | (2,895) | | 325 |
| Decrease (Increase) in advance payments | | (2,880) | | 1,974 |
| Increase in prepaid expenses | | (28,941) | | (34,943) |
| Decrease in prepaid value added tax | | 6,546 | | 31,990 |
| Decrease in other current assets | | 9,527 | | 25,012 |
| Increase in current deferred income tax assets | | (268,246) | | (32,307) |
| Increase in long-term accrued expenses | | 706 | | 210 |
| Decrease in long-term prepaid expenses | | (45,832) | | (42,635) |
| Decrease (increase) in non-current deferred income tax assets | | 80,033 | | (85,978) |
| Increase (Decrease) in trade accounts and notes payable | | 32,090 | | (60,271) |
| Decrease in other accounts payable | | (87,032) | | (55,493) |
| Increase (Decrease) in advances received | | 26,839 | | (1,940) |
| Decrease in withholdings | | (13,699) | | (4,381) |
| Increase (Decrease) in accrued expenses | | 15,456 | | (7,606) |
| Decrease in income tax payable | | (988) | | (17,240) |
| Decrease in warranty reserve | | (25,373) | | (20,883) |
| Decrease in other current liabilities | | (4,204) | | (2,952) |
| Decrease in deferred income tax liabilities | | (8) | | (448) |
| Accrued severance benefits transferred from affiliated company, net | | 2,020 | | 31,385 |
| Payment of severance benefits | | (38,272) | | (51,297) |
| Decrease in severance insurance deposits | | 8,573 | | 9,801 |
| Decrease in contributions to the National Pension Fund | | 172 | | 37 |
| Increase (Decrease) in consolidation adjustments, net | | 9,677 | | (20,612) |
| | | (835,560) | | (649,055) |

| | | |
|---|---------|---------|
| Net cash provided by operating activities | 715,055 | 371,900 |
|---|---------|---------|

Table of Contents**LG.Philips LCD Co., Ltd. and Subsidiaries****Consolidated Statements of Cash Flows****Six-Month Periods Ended June 30, 2007 and 2006****(Unaudited)**

| <i>(in millions of Korean won)</i> | 2007 | 2006 |
|---|--------------------|--------------------|
| Cash flows from investing activities | | |
| Acquisition of available-for-sale securities | | (45) |
| Payment of non-current guarantee deposits | (405) | (4,584) |
| Proceeds from disposal of available-for-sale securities | | 349 |
| Proceeds from non-current guarantee deposits | 554 | 9,464 |
| Proceeds from disposal of property, plant and equipment | 847 | 789 |
| Proceeds from dividends of equity-method investments | 1,440 | |
| Acquisition of property, plant and equipment | (993,919) | (1,837,279) |
| Acquisition of intangible assets | (12,091) | (3,393) |
| Increase of short-term loan | (2) | (5) |
| Net cash used in investing activities | (1,003,576) | (1,834,704) |
| Cash flows from financing activities | | |
| Proceeds from issuance of long-term debts | 335,089 | 277,877 |
| Repayment of short-term borrowings | (236,576) | |
| Proceeds from issuance of debentures | 508,997 | 399,600 |
| Repayment of current maturities of long-term debts | (35,708) | (15,248) |
| Net cash provided by financing activities | 571,802 | 662,229 |
| Net increase (decrease) in cash and cash equivalents | 283,281 | (800,575) |
| Cash and cash equivalents | | |
| Beginning of the period | 954,362 | 1,579,452 |
| End of the period | (Won) 1,237,643 | (Won) 778,877 |

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

Table of Contents**LG.Philips LCD Co., Ltd. and Subsidiaries****Consolidated Statement of Changes in Shareholders' Equity****Six-Month Period Ended June 30, 2007****(Unaudited)**

| <i>(in millions of Korean won)</i> | Capital stock | Capital surplus | Accumulated other comprehensive income | Retained earnings | Total |
|--|--------------------------|----------------------------|---|------------------------------|-----------------|
| Balance as of January 1, 2007 | (Won) 1,789,079 | (Won) 2,275,172 | (Won) (13,948) | (Won) 2,839,373 | (Won) 6,889,676 |
| Net income | | | | 59,888 | 59,888 |
| Changes in overseas subsidiary translation adjustment | | | 9,181 | | 9,181 |
| Gain on valuation of derivatives | | | (12,094) | | (12,094) |
| Loss on valuation of derivatives | | | 3,370 | | 3,370 |
| Changes in consideration for conversion rights | | 35,899 | | | 35,899 |
| Balance as of June 30, 2007 | (Won) 1,789,079 | (Won) 2,311,071 | (Won) (13,491) | (Won) 2,899,261 | (Won) 6,985,920 |

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

Table of Contents**LG.Philips LCD Co., Ltd. and Subsidiaries****Notes to Consolidated Financial Statements****June 30, 2007 and 2006, and December 31, 2006****(Unaudited)****1. The Companies**

The accompanying consolidated financial statements include the accounts of LG. Philips LCD Co., Ltd. (the Controlling Company) and its consolidated subsidiaries. The general information on the Controlling Company and its consolidated subsidiaries is described below.

The Controlling Company

LG.Philips LCD Co., Ltd. was incorporated in 1985 under the Commercial Code of the Republic of Korea and commenced the manufacturing and sale of Thin Film Transistor Liquid Crystal Display (TFT LCD) in 1999. On July 26, 1999, LG Electronics Inc., Koninklijke Philips Electronics N.V., and the Company entered into a joint venture agreement. Pursuant to the agreement, the Company changed its name from LG LCD Co., Ltd. to LG.Philips LCD Co., Ltd. effective August 27, 1999, and on August 31, 1999, the Company issued new shares of common stock to Koninklijke Philips Electronics N.V. for proceeds of (Won)725,000 million, and Koninklijke Philips Electronics N.V. acquired a 50% interest in LG LCD Co., Ltd.

In July 2004, pursuant to Securities Registration Statement filed on July 16, 2004, with the Korea Stock Exchange, the Company sold 8,640,000 shares of common stock for proceeds of (Won)298,080 million. Concurrently, pursuant to a Form F-1 registration statement filed on July 15, 2004, with the U.S. Securities and Exchange Commission, the Company sold 24,960,000 shares of common stock in the form of American Depositary Shares (ADSs) for proceeds of US\$748,800,000.

Consolidated Subsidiaries

Consolidated subsidiaries as of June 30, 2007, are as follows:

| | Total issued and outstanding shares | No. of shares owned by the Controlling Company | Percentage of Ownership (%) |
|------------------------------------|--|---|--------------------------------|
| Overseas Subsidiaries | | | |
| LG.Philips LCD America, Inc. | 5,000,000 | 5,000,000 | 100 |
| LG.Philips LCD Japan Co., Ltd. | 1,900 | 1,900 | 100 |
| LG.Philips LCD Germany GmbH | 960,000 | 960,000 | 100 |
| LG.Philips LCD Taiwan Co., Ltd. | 11,550,000 | 11,549,994 | 100 |
| LG.Philips LCD Nanjing Co., Ltd. | 1 | 1 | 100 |
| LG.Philips LCD Hong Kong Co., Ltd. | 115,000 | 115,000 | 100 |
| LG.Philips LCD Shanghai Co., Ltd. | 1 | 1 | 100 |
| LG.Philips LCD Poland Sp.z o.o. | 4,103,277 | 4,103,277 | 100 |
| LG.Philips LCD Guangzhou Co., Ltd. | 1 | 1 | 100 |

¹ No shares have been issued in accordance with the local laws and regulations.

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LG.Philips LCD Co., Ltd. and Subsidiaries

Notes to Consolidated Financial Statements

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

(Unaudited)

The primary business activities of the consolidated subsidiaries are as follows:

(1) LG.Philips LCD America, Inc. (LPLA)

LPLA was incorporated in California, U.S.A. in September 1999, to sell the TFT-LCD products of LG.Philips LCD Co., Ltd. As of June 30, 2007 and December 31, 2006, its capital stock amounted to US\$5 million and is wholly owned by LG.Philips LCD Co., Ltd.

(2) LG.Philips LCD Japan Co., Ltd. (LPLJ)

LPLJ was incorporated in Tokyo, Japan in October 1999, to sell the TFT-LCD products of LG.Philips LCD Co., Ltd. As of June 30, 2007 and December 31, 2006, its capital stock amounted to JP¥ 95 million and is wholly owned by LG.Philips LCD Co., Ltd.

(3) LG.Philips LCD Germany GmbH (LPLG)

LPLG was incorporated in Düsseldorf, Germany in November 1999, to sell the TFT-LCD products of LG.Philips LCD Co., Ltd. As of June 30, 2007 and December 31, 2006, its capital stock amounted to EUR 1 million and is wholly owned by LG.Philips LCD Co., Ltd.

(4) LG.Philips LCD Taiwan Co., Ltd. (LPLT)

LPLT was incorporated in Taipei, Taiwan in April 1999, to sell TFT-LCD products and its shares were acquired by the Controlling Company in May 2000. As of June 30, 2007 and December 31, 2006, its capital stock amounted to NTD 116 million and is wholly owned by LG.Philips LCD Co., Ltd.

(5) LG.Philips LCD Nanjing Co., Ltd. (LPLNJ)

LPLNJ was incorporated in Nanjing, China in July 2002, to manufacture and sell TFT-LCD products. As of June 30, 2007 and December 31, 2006, its capital stock amounted to CNY 1,643 million and CNY 1,380 million, respectively, and is wholly owned by LG. Philips LCD Co., Ltd.

(6) LG.Philips LCD Hong Kong Co., Ltd. (LPLHK)

LPLHK was incorporated in Hong Kong in January 2003, to sell the TFT-LCD products of LG.Philips LCD Co., Ltd. As of June 30, 2007 and December 31, 2006, its capital stock amounted to HK\$12 million and is wholly owned by LG.Philips LCD Co., Ltd.

(7) LG.Philips LCD Shanghai Co., Ltd. (LPLSH)

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LPLSH was incorporated in Shanghai, China in January 2003, to sell the TFT-LCD products of LG.Philips LCD Co., Ltd. As of June 30, 2007 and December 31, 2006, its capital stock amounted to CNY 4 million and is wholly owned by LG.Philips LCD Co., Ltd.

(8) LG.Philips LCD Poland Sp. z o.o. (LPLWR)

LPL Poland was incorporated in Poland on September 6, 2005, to manufacture and sell the TFT-LCD products of LG. Philips LCD Co., Ltd. As of June 30, 2007 and December 31, 2006, its capital stock amounted to PLN 410 million and PLN 239 million, respectively, and is wholly owned by LG. Philips LCD Co., Ltd.

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LG.Philips LCD Co., Ltd. and Subsidiaries

Notes to Consolidated Financial Statements

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

(Unaudited)

(9) LG.Philips LCD Guangzhou Co., Ltd. (LPLGZ)

LPL Poland was incorporated in Guangzhou, China on June 30, 2006, to manufacture and sell the TFT LCD products of LG. Philips LCD Co., Ltd. As of June 30, 2007 and December 31, 2006, its capital stock amounted to CNY 582 million and CNY 318 million, respectively, and is wholly owned by LG. Philips LCD Co., Ltd.

Equity-method investment

The primary business activity of the equity-method investment follows:

(1) Paju Electric Glass Co., Ltd. (PEG)

PEG was incorporated in Paju, Korea in January 2005, to produce electric glass. As of June 30, 2007 and December 31, 2006, its capital stock amounted to (Won)36,000 million and 40% shares of PEG are owned by LG.Philips LCD Co., Ltd.

Table of Contents**LG.Philips LCD Co., Ltd. and Subsidiaries****Notes to Consolidated Financial Statements****June 30, 2007 and 2006, and December 31, 2006****(Unaudited)****Consolidated Subsidiaries**

A summary of financial data of the consolidated subsidiaries, prior to the elimination of intercompany transactions, follows:

Condensed Balance Sheets

| <i>(in millions of Korean won)</i> | LG.Philips LCD America, Inc. | LG.Philips LCD Germany GmbH | LG.Philips LCD Japan Co., Ltd. | LG.Philips LCD Taiwan Co., Ltd. | LG.Philips LCD Nanjing Co., Ltd. |
|--|-------------------------------------|------------------------------------|---------------------------------------|--|---|
| Current assets | (Won) 173,520 | (Won) 254,256 | (Won) 106,035 | (Won) 467,901 | (Won) 98,768 |
| Non-current assets | 4,292 | 1,634 | 933 | 1,660 | 366,191 |
| Total assets | (Won) 177,812 | (Won) 255,890 | (Won) 106,968 | (Won) 469,561 | (Won) 464,959 |
| Current liabilities | (Won) 167,015 | (Won) 249,541 | (Won) 101,130 | (Won) 451,608 | (Won) 107,412 |
| Non-current liabilities | | | 44 | | 116,254 |
| Total liabilities | 167,015 | 249,541 | 101,174 | 451,608 | 223,666 |
| Capital stock | 6,082 | 1,252 | 1,088 | 4,189 | 212,297 |
| Accumulated other comprehensive income | (2,398) | (190) | (1,589) | (2,902) | (16,510) |
| Retained earnings | 7,113 | 5,287 | 6,295 | 16,666 | 45,506 |
| Total shareholders equity | 10,797 | 6,349 | 5,794 | 17,953 | 241,293 |
| Total liabilities and shareholders equity | (Won) 177,812 | (Won) 255,890 | (Won) 106,968 | (Won) 469,561 | (Won) 464,959 |

| <i>(in millions of Korean won)</i> | LG. Philips LCD Hong Kong Co., Ltd. | LG. Philips LCD Shanghai Co., Ltd. | LG. Philips LCD Poland Sp z o.o. | LG. Philips LCD Guangzhou Co., Ltd. | Total |
|------------------------------------|--|---|---|--|------------------------|
| Current assets | (Won) 127,315 | (Won) 240,905 | (Won) 23,341 | (Won) 34,047 | (Won) 1,526,088 |
| Non-current assets | 294 | 179 | 250,245 | 37,894 | 663,322 |
| Total assets | (Won) 127,609 | (Won) 241,084 | (Won) 273,586 | (Won) 71,941 | (Won) 2,189,410 |
| Current liabilities | (Won) 119,450 | (Won) 234,952 | (Won) 84,834 | (Won) 5,521 | (Won) 1,521,463 |
| Non-current liabilities | 11 | | 63,318 | | 179,627 |

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| | | | | | |
|---|---------------|---------------|---------------|--------------|-----------------|
| Total liabilities | 119,461 | 234,952 | 148,152 | 5,521 | 1,701,090 |
| Capital stock | 1,736 | 596 | 131,761 | 70,475 | 429,476 |
| Accumulated other comprehensive income | (854) | (478) | 2,884 | 128 | (21,909) |
| Retained earnings | 7,266 | 6,014 | (9,211) | (4,183) | 80,753 |
| Total shareholders equity | 8,148 | 6,132 | 125,434 | 66,420 | 488,320 |
| Total liabilities and shareholders equity | (Won) 127,609 | (Won) 241,084 | (Won) 273,586 | (Won) 71,941 | (Won) 2,189,410 |

Table of Contents**LG.Philips LCD Co., Ltd. and Subsidiaries****Notes to Consolidated Financial Statements****June 30, 2007 and 2006, and December 31, 2006****(Unaudited)****Condensed Statements of Income**

| <i>(in millions of Korean won)</i> | LG.Philips LCD, America, Inc. | LG.Philips LCD, Germany GmbH | LG.Philips LCD, Japan Co., Ltd. | LG.Philips LCD, Taiwan Co., Ltd. | LG.Philips LCD, Nanjing Co., Ltd. |
|-------------------------------------|--------------------------------------|-------------------------------------|--|---|--|
| Sales | (Won) 633,215 | (Won) 1,028,897 | (Won) 577,903 | (Won) 1,704,172 | (Won) 138,780 |
| Cost of sales | 622,735 | 1,014,385 | 572,125 | 1,685,819 | 93,096 |
| Gross profit | 10,480 | 14,512 | 5,778 | 18,353 | 45,684 |
| Selling and administrative expenses | 6,008 | 6,313 | 3,786 | 4,837 | 29,754 |
| Operating income | 4,472 | 8,199 | 1,992 | 13,516 | 15,930 |
| Non-operating income (expense) | (2,150) | (4,491) | 859 | (5,803) | (946) |
| Income(loss) before income taxes | 2,322 | 3,708 | 2,851 | 7,713 | 14,984 |
| Income tax expense | 881 | 1,478 | 1,368 | 1,954 | 1,456 |
| Net income(loss) | (Won) 1,441 | (Won) 2,230 | (Won) 1,483 | (Won) 5,759 | (Won) 13,528 |

| <i>(in millions of Korean won)</i> | LG. Philips LCD Hong Kong Co., Ltd. | LG. Philips LCD Shanghai Co., Ltd. | LG. Philips LCD Poland Sp z o.o. | LG. Philips LCD Guangzhou Co., Ltd. | Total |
|-------------------------------------|--|---|---|--|-----------------|
| Sales | (Won) 484,055 | (Won) 642,265 | (Won) 32,492 | (Won) | (Won) 5,241,779 |
| Cost of sales | 479,479 | 636,094 | 25,873 | | 5,129,606 |
| Gross profit | 4,576 | 6,171 | 6,619 | | 112,173 |
| Selling and administrative expenses | 2,296 | 2,970 | 10,210 | 996 | 67,170 |
| Operating income (loss) | 2,280 | 3,201 | (3,591) | (996) | 45,003 |
| Non-operating income (expense) | 229 | (974) | 4,759 | (2,230) | (10,747) |
| Income(loss) before income taxes | 2,509 | 2,227 | 1,168 | (3,226) | 34,256 |
| Income tax expense | 283 | 149 | 18 | | 7,587 |

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| | | | | | | | | | | |
|-------------------|-------|-------|-------|-------|-------|-------|-------|---------|-------|--------|
| Net income (loss) | (Won) | 2,226 | (Won) | 2,078 | (Won) | 1,150 | (Won) | (3,226) | (Won) | 26,669 |
|-------------------|-------|-------|-------|-------|-------|-------|-------|---------|-------|--------|

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LG.Philips LCD Co., Ltd. and Subsidiaries

Notes to Consolidated Financial Statements

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

(Unaudited)

2. Summary of Significant Accounting Policies

The significant accounting policies followed by the Controlling Company and its consolidated subsidiaries in the preparation of its interim consolidated financial statements are same as those followed by the Controlling Company in its preparation of annual consolidated financial statements and are summarized below.

Basis of Consolidated Financial Statement Presentation

The Controlling Company maintains its accounting records in Korean won and prepares statutory financial statements in the Korean language (Hangul) in conformity with the accounting principles generally accepted in the Republic of Korea. Certain accounting principles applied by the Controlling 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 consolidated financial statements are intended for use by those who are informed about Korean accounting principles and practices. The accompanying consolidated financial statements have been condensed, restructured and translated into English from the Korean language consolidated financial statements. Certain information attached to the Korean language financial statements, but not required for a fair presentation of the Company's financial position, results of operations, cash flow, or changes in shareholders' equity is not presented in the accompanying consolidated financial statements.

Accounting Estimates

The preparation of the financial statements requires management to make certain 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.

And as SKFAS Nos. 21 through 23, including No.11 and 25, 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 consolidated statement of changes in shareholders' equity presented for comparative purposes is not stated in accordance with SKFAS No. 21.

Table of Contents**LG.Philips LCD Co., Ltd. and Subsidiaries****Notes to Consolidated Financial Statements****June 30, 2007 and 2006, and December 31, 2006****(Unaudited)****3. Financial Instruments**

As of June 30, 2007 and December 31, 2006, long-term financial instruments represent key money deposits required to maintain checking accounts and accordingly, the withdrawal of such deposits is restricted.

4. Inventories

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

| <i>(in millions of Korean won)</i> | 2007 | 2006 |
|------------------------------------|---------------|-----------------|
| Finished products | (Won) 555,465 | (Won) 641,913 |
| Work-in-process | 219,364 | 312,231 |
| Raw materials | 135,006 | 129,981 |
| Supplies | 103,228 | 101,581 |
| | 1,013,063 | 1,185,706 |
| Less : Valuation loss | (51,152) | (133,001) |
| | (Won) 961,911 | (Won) 1,052,705 |

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LG.Philips LCD Co., Ltd. and Subsidiaries

Notes to Consolidated Financial Statements

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

(Unaudited)

5. 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> | 2007 | 2006 |
|------------------------------------|-----------------|-----------------|
| Buildings | (Won) 2,164,118 | (Won) 2,026,462 |
| Structures | 171,783 | 171,743 |
| Machinery and equipment | 14,418,791 | 14,035,368 |
| Tools | 197,363 | 167,291 |
| Furniture and fixtures | 447,341 | 435,467 |
| Vehicles | 13,829 | 14,875 |
| Others | 8,460 | 8,460 |
| | 17,421,685 | 16,859,666 |
| Less: Accumulated depreciation | (10,219,236) | (8,849,494) |
| Government subsidies | (2,858) | (3,015) |
| | 7,199,591 | 8,007,157 |
| Land | 336,195 | 335,563 |
| Machinery-in-transit | 102,431 | 118,373 |
| Construction-in-progress | 1,012,655 | 985,355 |
| | 8,650,872 | 9,446,448 |
| Government subsidies | (19,226) | (18,402) |
| | (Won) 8,631,646 | (Won) 9,428,046 |

Table of Contents**LG.Philips LCD Co., Ltd. and Subsidiaries****Notes to Consolidated Financial Statements****June 30, 2007 and 2006, and December 31, 2006****(Unaudited)****6. Short-Term Borrowings**

a. Short-term borrowings as of June 30, 2007 and December 31, 2006, are as follows:

| <i>(in millions of Korean won)</i> | Creditor | Annual interest | | |
|--|------------------------|------------------|--------------|---------------|
| | | rates (%) as of | | |
| | | June 30, 2007 | 2007 | 2006 |
| Documents against acceptance (2006 : US\$ 220 million) | Woori Bank and others | | (Won) | (Won) 204,528 |
| General Loans of JP¥ 880 million, EUR 3 million and PLN 9 million (2006 : US\$ 13 million, JP¥1,520 million, EUR 8 million, and PLN 39 million) | Mizuho Bank and others | Tibor + 0.4 0.45 | 13,421 | 45,577 |
| | | | (Won) 13,421 | (Won) 250,105 |

b. Current portion 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> | Annual interest | | |
|--|--|---------------|---------------|
| | rate (%) as of | | |
| Type of borrowing | June 30, 2007 | 2007 | 2006 |
| Long-term debts in won currency loans | 5.88-6.08 | (Won) 46,767 | (Won) 39,267 |
| Long-term debts in won currency debt | 5.0 | 300,000 | 300,000 |
| Long-term debentures in foreign currency | 3M Libor+0.6 | 185,140 | 185,920 |
| Long-term debts in foreign currency | 6M Libor+1.2, 3M Libor+0.99 1.35 5.83-6.16 | 86,427 | 42,612 |
| | | 618,334 | 567,799 |
| Less: Discount on debentures | | (1,681) | (4,169) |
| | | (Won) 616,653 | (Won) 563,630 |

Table of Contents**LG.Philips LCD Co., Ltd. and Subsidiaries****Notes to Consolidated Financial Statements****June 30, 2007 and 2006, and December 31, 2006****(Unaudited)****7. Long-Term Debts**

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 | | 2007 | 2006 |
|---|--------------------------|------|-----------------|-----------------|
| | rates (%) as of | | | |
| | June 30, 2007 | | | |
| Won currency debentures | | | | |
| Non-guaranteed, payable through 2010 | 3.5 | 5.0 | (Won) 1,550,000 | (Won) 1,550,000 |
| Private debentures, payable in 2011 | 5.3 | 5.89 | 600,000 | 600,000 |
| Less: Current portion | | | (300,000) | (300,000) |
| Discounts on debentures | | | (13,171) | (16,036) |
| | | | 1,836,829 | 1,833,964 |
| Convertible bonds¹ | | | | |
| US dollar-denominated bonds, payable through 2012 | | | 995,335 | 483,780 |
| Add: Call premium | | | 170,401 | 84,613 |
| Less: Discount on debentures | | | (4,304) | (2,139) |
| Conversion adjustment | | | (199,894) | (80,827) |
| | | | 961,538 | 485,427 |
| Total debentures | | | (Won) 2,798,367 | (Won) 2,319,391 |
| Won currency loans | | | | |
| General loans | 5.53-6.08 | | (Won) 218,750 | (Won) 238,383 |
| | 3.50 | | 14,634 | 14,634 |
| Less: Current portion | | | (46,767) | (39,267) |
| | | | 186,617 | 213,750 |
| Foreign currency loans | | | | |
| General loans | 5.83-6.16 | | 218,933 | 167,599 |
| | 6M Libor+0.69-1.2 | | 85,165 | 44,621 |
| | 3M Libor+0.99-1.35, 6.01 | | 268,453 | 139,440 |
| | 6M Libor + 0.41 | | | |
| | 3M Libor+0.35-0.53 | | 555,420 | 464,800 |
| Less: Current portion | | | (86,427) | (42,613) |

| | | |
|------------------------------|-----------------|---------------|
| | 1,041,544 | 773,847 |
| Total long-term loans | (Won) 1,228,161 | (Won) 987,597 |

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LG.Philips LCD Co., Ltd. and Subsidiaries

Notes to Consolidated Financial Statements

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(Unaudited)

¹On April 19, 2005, the Company issued US dollar-denominated convertible bonds totaling US\$475 million, with a zero coupon rate. On or after June 27, 2005 through April 4, 2010, the bonds are convertible into common shares at a conversion price of (Won)58,251 per share of common stock, subject to adjustment based on certain events. The bonds will mature in five years from the issue date and will be repaid at 117.49% of their principal amount at maturity. The bondholders have a put option to be repaid at 108.39% of their principal amount on October 19, 2007.

On April 18, 2007, the Company issued US dollar-denominated convertible bonds totaling US\$550 million, with a zero coupon rate. On or after April 19, 2008 through April 3, 2012, the bonds are convertible into common shares at a conversion price of (Won)49,070 per share of common stock, subject to adjustment based on certain events. The bonds will mature in five years from the issue date and will be repaid at 116.77% of their principal amount at maturity. The bondholders have a put option to be repaid at 109.75% of their principal amount on April 18, 2010.

As of June 30, 2007, the number of shares convertible from the outstanding convertible bonds is 18,740,915.

As of June 30, 2007, foreign currency debentures denominated in U.S. dollars amount to US\$200 million (December 31, 2006: US\$200 million) and foreign currency denominated loans amounted to US\$1,117 million, CNY 260 million and EUR 50 million (December 31, 2006: US\$ 845 million and CNY 260 million).

Table of Contents**LG.Philips LCD Co., Ltd. and Subsidiaries****Notes to Consolidated Financial Statements****June 30, 2007 and 2006, and December 31, 2006****(Unaudited)****8. Stock Appreciation Plan**

On April 7, 2005, the Company granted 450,000 shares of stock appreciation rights (SARs) to certain executives. Under the terms of this plan, the 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 (Won)44,050 per share. The exercise price decreased from (Won)44,260 to (Won)44,050 due to the additional issuance of common stock in 2005. These SARs are exercisable starting April 8, 2008, through April 7, 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 is exercisable.

The options activity under the SARs as of June 30, 2007 and December 31, 2006, consist of the following:

| | 2007 | | 2006 | |
|---------------------------------|--------------------------------|------------------------------------|--------------------------------|------------------------------------|
| | Number of shares under SARs | Weighted average exercise price | Number of shares under SARs | Weighted average exercise price |
| Beginning | 260,000 | 44,050 | 410,000 | 44,050 |
| Granted | | | | |
| Cancelled/Expired ¹ | | | 150,000 | 44,050 |
| Exercised | | | | |
| Ending | 260,000 | 44,050 | 260,000 | 44,050 |
| Exercisable as of June 30, 2007 | | | | |

¹ Options cancelled due to the retirement of several executive officers.

The Company did not recognize any compensation costs in 2007 as market price is below the exercise price as of June 30, 2007.

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LG.Philips LCD Co., Ltd. and Subsidiaries

Notes to Consolidated Financial Statements

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(Unaudited)

9. Commitments and Contingencies

As of June 30, 2007, the Controlling Company has bank overdraft agreements with various banks amounting to (Won)59,000 million.

As of June 30, 2007, the Controlling Company has revolving credit facility agreements with several banks totaling (Won)200,000 million and US\$100 million (December 31, 2006: (Won)200,000 million and US\$100 million).

As of June 30, 2007, the Controlling Company has agreements with several banks for U.S. dollar denominated accounts receivable negotiating facilities of up to an aggregate of US\$1,203.5 million. The Controlling Company has agreements with several banks in relation to the opening of letters of credit amounting to (Won)90,000 million and US\$123.5 million.

The Controlling Company has repayment guarantee from ABN AMRO Bank amounting to US\$8.5 million relating to value-added tax payments in Poland.

As of June 30, 2007, the Controlling Company entered into a payment guarantee agreements with a syndicate of banks including Kookmin Bank and Societe Generale in connection with a EUR 140 million term loan credit facility for LG.Philips LCD Poland.

LG.Philips LCD America Co., Inc. and other subsidiaries have entered into short-term facility agreements of up to US\$97 million, EUR 3.6 million, and JPY5,200 million with Comerica Bank and other various banks. LG. Philips LCD Japan Co., Ltd. and LG. Philips LCD Taiwan Co., Ltd. are provided with repayment guarantees from Mitsubishi UFJ Bank and ABN AMRO Bank amounting to JPY1,300 million and US\$4 million, respectively, relating to their local tax payments.

As of June 30, 2007, there are no negotiated foreign currency receivables.

In October 2006, the Controlling Company entered into a five-year accounts receivable selling program with Standard Chartered Bank. The Company sells accounts receivables of four subsidiaries, namely, LG.Philips LCD America Inc., LG.Philips LCD Germany GmbH, LG.Philips LCD Shanghai Co., Ltd. and LG.Philips LCD Hong Kong Co., Ltd., on a revolving basis, of up to US\$600 million. The Controlling Company joined this program in April 2007. As of June 30, 2007 the amount of accounts receivables which was recorded as sold is (Won)162,004 million. Losses including the loss on sale of receivables, various program and facility fees associated with the Program totaled approximately (Won)4,831 million for the six-month period ended June 30, 2007.

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LG.Philips LCD Co., Ltd. and Subsidiaries

Notes to Consolidated Financial Statements

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

(Unaudited)

In September 2004, the Controlling Company entered into a five-year accounts receivable securitization program (the Program) with a financial institution. The Program allows the Company to sell, on a revolving basis, an undivided interest up to US\$350 million in eligible accounts receivables of four subsidiaries, namely, LG.Philips LCD America (LPLA), LG.Philips LCD Germany (LPLG), LG.Philips LCD Taiwan (LPLT) and LG.Philips LCD Japan (LPLJ), while retaining a subordinated interest in a portion of the receivables. The eligible receivables of LPLA and LPLG are sold without legal recourse to third party conduits through LG. Philips LCD America Finance Corporation, a qualifying bankruptcy-remote special purpose entity, which is wholly owned by LPLA but is not consolidated for financial reporting purposes. The eligible receivables of LPLT and LPLJ are sold without legal recourse to third party conduits through ABN AMRO Taipei Branch and ABN AMRO Tokyo Branch, respectively.

As of June 30, 2007, the outstanding balance of securitized accounts receivable held by the third party conduits totaled (Won)315,671 million (December 31, 2006: (Won)364,785 million), of which the Company's subordinated retained interest was (Won)61,559 million (December 31, 2006: (Won)70,643 million). Accordingly, (Won)254,112 million (December 31, 2006: (Won)294,122 million) of accounts receivable balances, net of applicable allowances, was removed from the consolidated balance sheet at June 30, 2007. Losses including the loss on sale of receivables, various program and facility fees associated with the Program totaled approximately (Won)7,319 million for the six-month period ended June 30, 2007.

In June 2006, LPLSH entered into an accounts receivable selling program with Standard Chartered Bank for up to US\$200 million. As of June 30, 2007, there are no accounts receivable which were recorded as sales. Losses, including the loss on sale of receivables, various programs and facility fees associated with the program totaled approximately (Won)430 million for the six-month period ended June 30, 2007.

In September 2006, the LPLT entered into accounts receivable selling program with ChinaTrust Bank of up to US\$423 million. As of June 30, 2007 there are no accounts receivables recorded as sold. Losses including the loss on sale of receivables, various program and facility fees associated with the Program totaled approximately (Won)3,117 million for the six-month period ended June 30, 2007.

As of June 30, 2007, in relation to its TFT-LCD business, the Controlling Company has technical license agreements with Hitachi and others, and has trademark license agreements with LG Corporation and Koninklijke Philips Electronics N.V. Electronics.

The Controlling Company entered into foreign currency forward contracts to manage the exposure to changes in currency exchange rates in accordance with its foreign currency risk management policy. The use of foreign currency forward contracts allows the Company to reduce its exposure to the risk that the eventual Korean won cash outflows resulting from operating expenses, capital expenditures, purchasing of materials and debt service will be adversely affected by changes in exchange rates.

Table of Contents**LG.Philips LCD Co., Ltd. and Subsidiaries****Notes to Consolidated Financial Statements****June 30, 2007 and 2006, and December 31, 2006****(Unaudited)**

A summary of these contracts follows:

| <i>(in millions)</i> | | Buying | | Contract foreign | | |
|--------------------------|-------------------------|-----------------|---------------------------------------|-------------------------|----------------------|-------------------------------|
| Contracting party | Selling position | position | position | exchange rate | exchange rate | Maturity date |
| HSBC and others | US\$ 1,713 | (Won) 1,598,153 | (Won)916.40:US\$1-(Won)955.55:US\$1 | | | July 2, 2007 - Feb. 4, 2008 |
| DBS and others | EUR 85 | (Won) 105,052 | (Won)1,203.10:EUR1-(Won)1,259.72:EUR1 | | | July 9, 2007 - Nov. 19, 2007 |
| Woori Bank and others | (Won) 222,026 | JP¥ 28,000 | (Won)7.662:JP¥1-(Won)8.287:JP¥1 | | | July 12, 2007 - Dec. 14, 2007 |
| Hana Bank | US\$ 8 | JP¥ 1,000 | JP¥120.01:US\$1 | | | Sept. 14, 2007 |

As of June 30, 2007, the Controlling Company recorded unrealized gains and losses on outstanding foreign currency forward contracts of (Won)16,525 million and (Won)12,645 million, respectively. Total unrealized gains and losses of (Won)1,220 million and (Won)1,839 million, respectively, were charged to income for the six-month period ended June 30, 2007, as these contracts did not meet the requirements for a cash flow hedge. Net unrealized gains and losses, net of related taxes, incurred relating to cash flow hedges from forecasted exports, were recorded as accumulated other comprehensive income.

The forecasted hedged transactions are expected to occur by February 4, 2008. The aggregate amount of all deferred gains and losses of (Won)15,305 million and (Won)10,806 million, respectively, recorded net of tax under accumulated other comprehensive income, are expected to be included in the determination of gain and loss within a year from June 30, 2007.

For the six-month period ended June 30, 2007, the Company recorded realized gains of (Won)22,198 million (2006: (Won)149,897million) on foreign currency forward contracts upon settlement, and for the six-month period ended June 30, 2007, realized losses amounted to (Won)22,422 million (2006: (Won)34,503 million).

The Controlling Company entered into cross-currency swap contracts to manage the exposure to changes in currency exchange rates in accordance with its foreign currency risk management policy and to manage the exposure to changes in interest rates related to floating rate notes.

A summary of such contracts follows:

| <i>(in millions)</i> | | Buying position | | Selling position | | Contract foreign | |
|--------------------------|------------------------|------------------------|-----------------|-----------------------------|----------------------|------------------------------|--|
| Contracting party | Buying position | position | position | exchange rate | exchange rate | Maturity date | |
| Kookmin Bank and others | US\$ 150 | | (Won) 143,269 | 3M Libor ~ 3M Libor + 0.53% | 4.54% - 5.35% | Aug. 29, 2011 -Jan. 31, 2012 | |

Table of Contents**LG.Philips LCD Co., Ltd. and Subsidiaries****Notes to Consolidated Financial Statements****June 30, 2007 and 2006, and December 31, 2006****(Unaudited)**

As of June 30, 2007, unrealized gains of (Won)1,701 million were recognized as accumulated other comprehensive income as these contracts fulfill the requirements for hedge accounting for financial statement purposes, while unrealized losses of (Won)1,039 million were charged to current income as these contracts do not fulfill those requirements.

For the six-month period ended June 30, 2007, the Controlling Company recorded realized gains of (Won)419 million (2006: losses of (Won)620 million) and no realized losses (2006: (Won)5,810 million) on cross-currency swap contracts upon settlement.

The Controlling Company entered into interest rate swap contracts to manage the exposure to changes in currency exchange rates in accordance with its foreign currency risk management policy and to manage the exposure to changes in interest rates related to floating rate notes.

A summary of such contracts follows:

(in millions)

| Contracting party | Contract Amount | Contract foreign exchange rate | | Maturity date |
|-------------------|-----------------|--------------------------------|-----------------|-----------------------------|
| SC First Bank | US\$ 150 | Accept floating rate | 6M Libor | May 21, 2009 - May 24, 2010 |
| | | Pay fixed rate | 5.375% - 5.644% | |

As of June 30, 2007, unrealized losses of (Won)851 million were recognized as accumulated other comprehensive income as these contracts fulfill the requirements for hedge accounting for financial statement purposes.

The Controlling Company entered into option contracts to manage the exposure to changes in currency exchange rates in accordance with its foreign currency risk management policy and to manage the exposure to changes in interest rates related to floating rate notes. These transactions do not meet the requirements for hedge accounting for financial statement purposes. Therefore, the resulting realized and unrealized gains or losses, measured by quoted market prices, are recognized in current income as gains or losses as the exchange rates change.

A summary of such contracts follows:

(in millions)

| Contracting party | USD Put Buying | USD Call Selling | Strike Price | Maturity date |
|-------------------|----------------|------------------|-----------------------------------|-------------------------------|
| KDB and others | US\$ 70 | US\$ 70 | (Won)922.0:US\$1-(Won)933.2:US\$1 | Aug. 28, 2007 - Oct. 11, 2007 |

(in millions)

| Contracting party | JPY Call Buying | JPY Put Selling | Strike Price | Maturity date |
|---------------------|-----------------|-----------------|-------------------------------------|-------------------------------|
| Citibank and others | JP¥ 23,000 | JP¥ 23,000 | (Won)7.4457: JP¥1-(Won)8.1000: JP¥1 | Aug. 14, 2007 - Dec. 12, 2007 |

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LG.Philips LCD Co., Ltd. and Subsidiaries

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(Unaudited)

As of June 30, 2007, unrealized gains of (Won)392 million (2006: nil) and unrealized losses of (Won)833 million (2006: (Won)291 million), were charged to current income, as these contracts do not fulfill the requirements for hedge accounting for financial statement purposes.

For the six-month period ended June 30, 2007, the Company recorded realized gains of (Won)54 million (2006: nil) upon settlement of target forward option contracts.

The Controlling Company is involved in several legal proceedings and claims arising in the ordinary course of business. On August 29, 2002, the Controlling Company filed a complaint against Chunghwa Picture Tubes, Tatung Company and Tatung Co. of America, alleging patent infringement relating to liquid crystal displays and the manufacturing process of TFT-LCDs. On June 21, 2004, Chunghwa Picture Tubes filed a counter-claim against the Controlling Company in the United States District Court for the Central District of California for alleged ownership for certain patents and violation of U.S. antitrust laws. In October 2006, the court of the Central District of California dismissed the counter-claim for alleged ownership for certain patents. On November 21, 2006, the Jury in California issued a verdict that Chunghwa Picture Tubes, Tatung Company and Tatung Co. of America had willfully infringed a patent owned by the Controlling Company, and awarded the Controlling Company US\$53.5 million in damages.

On May 27, 2004, the Controlling Company filed a complaint in the United States District Court for the District of Delaware against Tatung Co., the parent company of Chunghwa Picture Tubes, and ViewSonic Corp., and others claiming patent infringement of rear mountable liquid crystal display devices.

On January 10, 2005, Chunghwa Picture Tubes filed a complaint for a portable computer patent infringement against LG Electronics Inc. and the Controlling Company in the United States District Court for the Central District of California. On March 29, 2007, the United States District Court for the Central District of California dismissed the case without prejudice.

On May 13, 2005, the Controlling Company also filed a complaint against Chunghwa Picture Tubes, Tatung Company and Viewsonic Corporation, alleging patent infringement related to liquid crystal display and the manufacturing process of TFT-LCDs in the United States District Court for the District of Delaware. On July 27, 2006, the Jury in Delaware issued a verdict that Chunghwa Picture Tubes had willfully infringed a patent owned by the Company, and awarded the Controlling Company US\$52.4 million in damages.

On January 9, 2006, New Medium Technology LLC, AV Technologies LLC, IP Innovation LLC, and Technology Licensing Corporation filed a complaint for patent infringement against the Controlling Company in the United States District Court of Illinois Eastern Division. On June 28, 2007, the Controlling Company settled with IP Innovation LLC and Technology Licensing Corporation, and the case was dismissed on July 6, 2007.

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LG.Philips LCD Co., Ltd. and Subsidiaries

Notes to Consolidated Financial Statements

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(Unaudited)

On December 1, 2006, the Controlling Company filed a complaint against Chi Mei Optoelectronics Corp., AU Optronics Corp., Tatung Company, ViewSonic Corp. and others alleging patent infringement related to liquid crystal display and manufacturing process for TFT-LCDs in the United States District Court for the District of Delaware. On March 8, 2007, AU Optronics Corp. countersued against the Company in the United States District Court for the Western District of Wisconsin, but the suit was transferred to the United States District Court for the District of Delaware according to the Controlling Company's request to transfer. On May 4, 2007, Chi Mei Optoelectronics Co. countersued the Controlling Company for patent infringement in the United States District Court for the Eastern District of Texas.

On April 14, 2006, Positive Technologies, Inc. filed a complaint in the United States District Court for the Eastern District of Texas against, among others, several of the Controlling Company's customers, including BenQ America Corp., Hitachi America Ltd., Panasonic Corp. of North America, Philips Electronics North America Corp. and Toshiba America, Inc., for alleged infringement of two of its patents relating to LCD displays. Positive Technologies, Inc. is seeking, among other things, damages for past infringement. On March 7, 2007, the United States District Court for the Eastern District of Texas granted the Controlling Company's intervention in the patent infringement case brought by Positive Technologies, Inc.

On February 2, 2007, Anvik Corporation filed a patent infringement case against the Controlling Company, along with other LCD manufacturing companies, in connection with the usage of photo-masking equipment manufactured by Nikon Corporation.

The Controlling Company's management does not expect that the outcome in any of these legal proceedings and claims, individually or collectively, will have material adverse effect on the Company's financial condition, results of operations or cash flows.

The Controlling Company 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 Controlling Company, 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.

In February 2007, the Controlling Company and certain of its officers and directors have been named as defendants in a federal class action in the United States by the shareholders of the Controlling Company alleging violations of the U.S. Securities Exchange Act of 1934, as amended, by the Controlling Company and certain of its officers and directors in connection with possible anti-competitive activities in the LCD industry. The Controlling Company and the officers and directors intend to defend themselves vigorously in this matter.

Each of these matters remains in the very early stages and the Controlling Company is not in a position to predict their ultimate outcome. However, the Controlling Company intends to defend itself vigorously in these matters.

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Notes to Consolidated Financial Statements

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(Unaudited)

10. Deferred Income Tax Assets and Liabilities

Deferred income tax assets (liabilities) as of June 30, 2007 and December 31, 2006, consist of the following:

| <i>(in millions of Korean won)</i> | 2007 | 2006 |
|---|---------------|---------------|
| Inventories | (Won) 8,197 | (Won) 21,267 |
| Other current assets (liabilities) | 684 | 492 |
| Property, plant and equipment | 51,057 | 59,974 |
| Tax credit carryforwards | 475,395 | 436,486 |
| Deferred income taxes added to shareholders' equity | (10,548) | (10,892) |
| Net loss carryforwards | 269,643 | 248,493 |
| Others | 5,700 | 5,850 |
| | 800,128 | 761,670 |
| Less: Valuation allowance | (18,547) | (159,527) |
| | (Won) 781,581 | (Won) 602,143 |

As the Company anticipates that all tax benefits from tax credits would not be fully realized, a valuation allowance amounting to (Won)18,547 million has been provided as of June 30, 2007.

Table of Contents**LG.Philips LCD Co., Ltd. and Subsidiaries****Notes to Consolidated Financial Statements****June 30, 2007 and 2006, and December 31, 2006****(Unaudited)****11. Consolidated Comprehensive Income and Loss**

Consolidated comprehensive income and loss for the six-month periods ended June 30, 2007 and 2006, are as follows:

| <i>(in millions of Korean won)</i> | 2007 | 2006 |
|--|--------------|-----------------|
| Net income | (Won) 59,888 | (Won) (274,002) |
| Other comprehensive income: | | |
| Gain (loss) on overseas subsidiary translation adjustment (tax effect: (Won)1,526 million in 2007) | 9,181 | (16,179) |
| Gain on valuation of derivatives (tax effect: (Won)4,587 million in 2007) | (12,094) | 37,750 |
| Loss on valuation of derivatives (tax effect: (Won)(1,278) million in 2007) | 3,370 | 4,593 |
| Comprehensive income(loss) | (Won) 60,345 | (Won) (247,838) |

12. Cost of Sales

Cost of sales for the six-month periods ended June 30, 2007 and 2006, are as follows:

| <i>(in millions of Korean won)</i> | 2007 | 2006 |
|------------------------------------|-----------------|-----------------|
| Finished goods | | |
| Beginning balance of inventories | (Won) 572,210 | (Won) 329,378 |
| Cost of goods manufactured | 5,761,958 | 5,315,323 |
| Ending balance of inventories | (533,195) | (826,273) |
| | 5,800,973 | 4,818,428 |
| Others | 12,992 | 4,880 |
| | (Won) 5,813,965 | (Won) 4,823,308 |

Table of Contents**LG.Philips LCD Co., Ltd. and Subsidiaries****Notes to Consolidated Financial Statements****June 30, 2007 and 2006, and December 31, 2006****(Unaudited)****13. Selling and Administrative Expenses**

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

| <i>(in millions of Korean won)</i> | 2007 | 2006 |
|------------------------------------|---------------|---------------|
| Salaries | (Won) 46,816 | (Won) 31,595 |
| Severance benefits | 5,098 | 3,190 |
| Employee benefits | 5,948 | 4,148 |
| Freight expenses | 93,056 | 100,438 |
| Rental expenses | 5,240 | 4,049 |
| Commission expenses | 36,938 | 33,132 |
| Entertainment expenses | 1,655 | 1,822 |
| Depreciation | 5,530 | 2,786 |
| Taxes and dues | 2,611 | 1,803 |
| Advertising expenses | 12,867 | 11,447 |
| Promotional expenses | 8,908 | 15,062 |
| Development costs | 1,456 | 114 |
| Research expenses | 49,588 | 35,704 |
| Product warranty expenses | 31,083 | 22,204 |
| Others | 14,146 | 15,716 |
| | (Won) 320,940 | (Won) 283,210 |

Table of Contents**LG.Philips LCD Co., Ltd. and Subsidiaries****Notes to Consolidated Financial Statements****June 30, 2007 and 2006, and December 31, 2006****(Unaudited)****14. Earnings (Loss) Per Share**

Earnings (loss) per share is computed by dividing net income by the weighted-average number of common shares outstanding during the period. Ordinary income (loss) per share is computed by dividing ordinary income (loss) allocated to common stock, which is net income (loss) allocated to common stock as adjusted by extraordinary gains or losses, net of related income taxes, by the weighted-average number of common shares outstanding during the period.

Earnings (loss) per share for the three-month and six-month periods ended June 30, 2007 and 2006, is calculated as follows:

| <i>(in millions, except for per share amount)</i> | For the six-month | |
|---|-------------------------------|--------------------|
| | periods ended June 30, | |
| | 2007 | 2006 |
| Net income (loss) as reported on the statements of income | (Won) 59,888 | (Won) (274,002) |
| Weighted-average number of common shares outstanding | 358 | 358 |
| Earnings (loss) per share | (Won) 167 | (Won) (766) |

Prior to the issuance of convertible bonds were issued on April 19, 2005, the Company had not issued any dilutive securities. Diluted loss per share is identical to basic loss per share as the Company recorded net loss during the three-month period and six-month periods ended June 30, 2006. Additionally, diluted loss per share is identical to basic loss per share as convertible bonds have no dilutive effect for the six-month period ended June 30, 2007.

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LG.Philips LCD Co., Ltd. and Subsidiaries

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

(Unaudited)

Dilutive effect for the six-month period ended June 30, 2007, is as follows:

| <i>(in millions, except for per share amount)</i> | For the six-month period ended June 30, 2007 | |
|---|---|---------------|
| Net income allocated to common stock | (Won) | 59,888 |
| Add: Interest expense on convertible bonds ¹ | | 12,056 |
| Diluted net income allocated to common stock | | 71,944 |
| Weighted average number of common shares and diluted securities outstanding during the period | | 370 |
| Diluted earnings per share | (Won) | 194 |

¹ Net of (Won)(4,573) million tax effect.

Additionally, loss per share for the year ended December 31, 2006, are as follows:

| | December 31, 2006 | |
|------------------------|--------------------------|-------|
| Basic loss per share | (Won) | 2,150 |
| Diluted loss per share | (Won) | 2,150 |

Table of Contents**LG.Philips LCD Co., Ltd. and Subsidiaries****Notes to Consolidated Financial Statements****June 30, 2007 and 2006, and December 31, 2006****(Unaudited)****15. Related Party Transactions**

The ultimate parent company is LG Corporation and the parent company of the Company is LG Electronics Inc., 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 period 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:

Between LG.Philips LCD and consolidated subsidiaries

| <i>(in millions of Korean won)</i> | 2007 | 2006 |
|------------------------------------|-----------------|-----------------|
| Sales | (Won) 4,857,886 | (Won) 3,766,312 |
| Purchases | 170,712 | 39,505 |
| Accounts receivable | 1,234,791 | 1,167,626 |
| Accounts payable | 35,318 | 27,449 |

Between consolidated subsidiaries

| <i>(in millions of Korean won)</i> | 2007 | 2006 |
|------------------------------------|-------------|---------------|
| Accounts receivable and payable | (Won) 4,295 | (Won) 450,335 |
| Sales and purchases | 19,830 | 1,373,180 |

In the normal course of business, the Company purchases raw materials from, and sells its products to, shareholder companies and other companies within the LG Group. Such transactions and the related accounts receivable and payable, excluding consolidated subsidiaries, for the six-month periods ended June 30, 2007 and 2006, and as of June 30, 2007 and December 31, 2006, are summarized as follows:

| <i>(in millions of Korean won)</i> | Sales | | Purchases | |
|---|------------------------|------------------------|------------------------|------------------------|
| | 2007 | 2006 | 2007 | 2006 |
| Parent companies | (Won) 1,946,081 | (Won) 921,194 | (Won) 54,862 | (Won) 126,503 |
| Company that has significant influence over the Company | | | 7,482 | 5,853 |
| Equity-method investee | | 13 | 115,564 | 54,864 |
| Other related parties | 410,686 | 873,557 | 985,794 | 1,346,263 |
| Total | (Won) 2,356,767 | (Won) 1,794,764 | (Won) 1,163,702 | (Won) 1,533,483 |

¹ Includes purchases of property, plant and equipment of (Won)228,566 million.

Table of Contents**LG.Philips LCD Co., Ltd. and Subsidiaries****Notes to Consolidated Financial Statements****June 30, 2007 and 2006, and December 31, 2006****(Unaudited)**

| <i>(in millions of Korean won)</i> | Receivables | | Payables | |
|--|----------------------|----------------------|----------------------|----------------------|
| | 2007 | 2006 | 2007 | 2006 |
| Parent companies ² | (Won) 399,343 | (Won) 251,528 | (Won) 30,760 | (Won) 19,437 |
| Company that has significant influence over the Company ³ | 2,447 | 2,340 | 765 | 548 |
| Equity-method investee ⁴ | | | 24,638 | 22,535 |
| Other related parties ⁵ | 68,774 | 73,485 | 380,595 | 436,614 |
| Total | (Won) 470,564 | (Won) 327,353 | (Won) 436,758 | (Won) 479,134 |

² LG Electronics Inc., Koninklijke Philips Electronics N.V.

³ LG Corp

⁴ Paju Electric Glass Co., Ltd.

⁵ LG Management Development Institute Co., Ltd., LG Micron Ltd., LG Household and Healthcare, LG CNS, LG N-sys, LG Powercom Corp., Serveone, LG Innotek, LG Telecom Co., Ltd., LG Chem, Ltd., LG International, LG Dacom Corporation, Hi Logistics Co. Ltd., Siltron Inc., Lusem Co., Ltd.

Key management⁷ compensation costs for the six-month periods ended June 30, 2007 and 2006, are as follows:

| <i>(in millions of Korean won)</i> | 2007 | 2006 |
|------------------------------------|-------------|-------------|
| Officers salaries | (Won) 838 | (Won) 791 |
| Post-retirement benefits | 531 | 228 |
| | (Won) 1,369 | (Won) 1,019 |

⁷ Key management refers to the directors who have significant control and responsibilities on the Company's operations and business. Total ceiling for compensation for such directors in 2007 and 2006 is (Won)13.4 billion.

Table of Contents**LG.Philips LCD Co., Ltd. and Subsidiaries****Notes to Consolidated Financial Statements****June 30, 2007 and 2006, and December 31, 2006****(Unaudited)****16. Segment Information**

The Company operates only one segment, the TFT-LCD division. Export sales represent about 93% of total sales for the six-month period ended June 30, 2007.

The following is a summary of operations by country based on the location of the customers for the six-month periods ended June 30, 2007 and 2006:

(in millions of Korean won)

| | Korea | | | | | | Consolidation | Total |
|------------------|---------------|-----------------|-----------------|---------------|-----------------|-------------------|------------------|-------|
| | Domestic | Export | Asia | USA | Europe | Adjustment | | |
| Sales | (Won) 452,398 | (Won) 5,421,188 | (Won) 3,547,175 | (Won) 633,215 | (Won) 1,061,389 | (Won) (391) | (Won) 11,114,974 | |
| Internal sales | | (4,847,161) | (153,850) | | (36,926) | | (5,037,937) | |
| Net sales | (Won) 452,398 | (Won) 574,027 | (Won) 3,393,325 | (Won) 633,215 | (Won) 1,024,463 | (Won) (391) | (Won) 6,077,037 | |
| Operating income | (Won) | (98,613) | (Won) 35,923 | (Won) 4,472 | (Won) 4,608 | (Won) (4,258) | (Won) (57,868) | |
| Total assets | (Won) | 13,267,331 | (Won) 1,482,122 | (Won) 177,812 | (Won) 529,476 | (Won) (1,762,383) | (Won) 13,694,358 | |

17. Reclassification of Prior Period Financial Statements

Due to the adoption of SKFAS No.21, certain amounts in the June 30, 2006 and December 31, 2006, financial statements have been reclassified to conform to the June 30, 2007 financial statement presentation. These reclassifications have no effect on previously reported net income or shareholders' equity.

Table of Contents**LG.Philips LCD Co., Ltd.****Consolidated Balance Sheets****(Unaudited)***(in millions of Korean won, and thousands of US dollars, except for share data)*

(Note 2)

| | December 31, 2006 | June 30, 2007 | June 30, 2007 |
|---|-------------------------|-------------------------|----------------------|
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | (Won) 954,362 | (Won) 1,237,643 | \$ 1,341,473 |
| Accounts receivable, net | | | |
| Trade, net | 531,947 | 999,461 | 1,083,309 |
| Due from affiliates | 327,353 | 470,564 | 510,041 |
| Others, net | 112,182 | 92,294 | 100,037 |
| Inventories | 1,051,590 | 961,166 | 1,041,801 |
| Deferred income taxes | | 278,797 | 302,186 |
| Prepaid expense | 25,002 | 66,960 | 72,577 |
| Prepaid value added tax | 93,058 | 86,512 | 93,770 |
| Other current assets | 58,807 | 39,989 | 43,345 |
| Total current assets | 3,154,301 | 4,233,386 | 4,588,539 |
| Long-term prepaid expenses | 138,051 | 169,435 | 183,649 |
| Property, plant and equipment, net | 9,485,148 | 8,686,465 | 9,415,202 |
| Deferred income taxes | 610,103 | 531,524 | 576,115 |
| Intangibles, net | 61,911 | 71,608 | 77,615 |
| Other assets | 46,844 | 48,004 | 52,032 |
| Total assets | (Won) 13,496,358 | (Won) 13,740,422 | \$ 14,893,152 |
| Liabilities and Stockholders' Equity | | | |
| Current liabilities | | | |
| Short-term borrowings | (Won) 250,105 | (Won) 13,421 | \$ 14,547 |
| Trade accounts and notes payable | | | |
| Trade | 663,353 | 729,921 | 791,157 |
| Due to affiliates | 286,083 | 246,613 | 267,302 |
| Other accounts payable | | | |
| Others | 1,056,354 | 567,463 | 615,069 |
| Due to affiliates | 193,051 | 189,955 | 205,891 |
| Accrued expenses | 55,867 | 71,323 | 77,307 |
| Income taxes payables | 4,449 | 3,670 | 3,978 |
| Current portion of long-term debts and debentures | 564,672 | 617,032 | 668,797 |
| Other current liabilities | 173,233 | 184,415 | 199,885 |
| Total current liabilities | 3,247,167 | 2,623,813 | 2,843,933 |
| Long-term debt, net of current portion | 3,291,065 | 4,051,842 | 4,391,765 |
| Long-term accrued expense | 2,671 | 6,117 | 6,630 |
| Accrued severance benefits, net | 81,885 | 93,822 | 101,693 |

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| | | | |
|--|------------------|------------------|---------------|
| Total liabilities | 6,622,788 | 6,775,594 | 7,344,021 |
| Commitments and contingencies (Note 7) | | | |
| Stockholders' equity | | | |
| Capital stock | | | |
| Common stock : (Won)5,000 par value; authorized 400 and 500 million shares; issued and outstanding 358 million shares at December 31, 2006 and June 30, 2007 | 1,789,078 | 1,789,078 | 1,939,170 |
| Capital Surplus | 2,246,947 | 2,248,161 | 2,436,767 |
| Retained earnings | 2,849,912 | 2,942,939 | 3,189,832 |
| Accumulated other comprehensive income | (12,367) | (15,350) | (16,638) |
| Total stockholders' equity | 6,873,570 | 6,964,828 | 7,549,131 |
| Total liabilities and stockholders' equity | (Won) 13,496,358 | (Won) 13,740,422 | \$ 14,893,152 |

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

Table of Contents**LG.Philips LCD Co., Ltd.****Consolidated Statements of Income****(Unaudited)***(in millions of Korean won, and thousands of US dollars, except for share amount)*

| | For the three month periods ended June 30, | | For the six month periods ended June 30, | | |
|---|--|-----------------|--|-----------------|------------------|
| | 2006 | 2007 | 2006 | 2007 | 2007 (Note 2) |
| Sales | | | | | |
| Related parties | (Won) 854,066 | (Won) 1,310,104 | (Won) 1,794,764 | (Won) 2,356,767 | \$ 2,554,484 |
| Others | 1,460,930 | 2,044,477 | 2,991,368 | 3,720,270 | 4,032,376 |
| | 2,314,996 | 3,354,581 | 4,786,132 | 6,077,037 | 6,586,860 |
| Cost of sales | 2,530,336 | 3,033,197 | 4,825,652 | 5,792,138 | 6,278,060 |
| Gross profit (loss) | (215,340) | 321,384 | (39,520) | 284,899 | 308,800 |
| Selling, general and administrative expenses | 162,735 | 174,320 | 293,031 | 342,608 | 371,351 |
| Operating income (loss) | (378,075) | 147,064 | (332,551) | (57,709) | (62,551) |
| Other income (expense) | | | | | |
| Interest income | 7,933 | 12,419 | 18,385 | 20,854 | 22,604 |
| Interest expense | (37,807) | (50,386) | (73,693) | (97,362) | (105,530) |
| Foreign exchange gain (loss), net | 12,857 | 25,610 | 30,578 | 23,275 | 25,228 |
| Rental income | 2,234 | 1,043 | 4,043 | 2,050 | 2,222 |
| Others, net | 11,460 | 11,175 | 12,483 | 13,331 | 14,449 |
| Total other income (expense) | (3,323) | (139) | (8,204) | (37,852) | (41,027) |
| Income (loss) before income tax expense | (381,398) | 146,925 | (340,755) | (95,561) | (103,578) |
| Income tax benefit | 79,705 | 115,343 | 100,228 | 188,588 | (204,409) |
| Net income (loss) | (Won) (301,693) | (Won) 262,268 | (Won) (240,527) | (Won) 93,027 | \$ 100,831 |
| Net income (loss) per common share | | | | | |
| Basic | (Won) (843) | (Won) 733 | (Won) (672) | (Won) 260 | \$ 282 |
| Diluted | (Won) (843) | (Won) 733 | (Won) (672) | (Won) 260 | \$ 282 |

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

Table of Contents**LG. Philips LCD Co., Ltd.****Consolidated Statements of Changes in Shareholders' Equity****(Unaudited)**

| <i>(in millions of Korean won)</i> | Common Stock | | Capital Surplus | | Retained Earnings | Accumulated Other | Total |
|---|--------------|-----------------|----------------------------|-----------------------|-------------------|-----------------------------|-----------------|
| | Shares | Amount | Additional Paid-In Capital | Unearned Compensation | | Comprehensive Income (Loss) | |
| Balance as of December 31, 2005 | 357,815,700 | (Won) 1,789,078 | (Won) 2,251,112 | (Won) (7,312) | (Won) 3,542,691 | (Won) (1,367) | (Won) 7,574,202 |
| Stock compensation expense | | | | 3,147 | | | 3,147 |
| Comprehensive income : | | | | | | | |
| Net income (loss) | | | | | (692,779) | | (692,779) |
| Cumulative translation adjustment | | | | | | (14,396) | (14,396) |
| Net unrealized gains on derivative, net of tax | | | | | | 3,396 | 3,396 |
| Total comprehensive income | | | | | | | (703,779) |
| Balance as of December 31, 2006 | 357,815,700 | (Won) 1,789,078 | (Won) 2,251,112 | (Won) (4,165) | (Won) 2,849,912 | (Won) (12,367) | (Won) 6,873,570 |
| Stock compensation expense | | | | 1,214 | | | 1,214 |
| Comprehensive income : | | | | | | | |
| Net income (loss) | | | | | 93,027 | | 93,027 |
| Cumulative translation adjustment | | | | | | 8,121 | 8,121 |
| Net unrealized gains (losses) on derivative, net of tax | | | | | | (11,104) | (11,104) |
| Total comprehensive income | | | | | | | 90,044 |
| Balance as of June 30, 2007 | 357,815,700 | 1,789,078 | (Won) 2,251,112 | (Won) (2,951) | (Won) 2,942,939 | (Won) (15,350) | (Won) 6,964,828 |

| <i>(in thousands of US dollars) (Note 2)</i> | Common Stock | | Capital Surplus | | Retained Earnings | Accumulated Other | Total |
|---|--------------|--------------|----------------------------|-----------------------|-------------------|----------------------|--------------|
| | Shares | Amount | Additional Paid-In Capital | Unearned Compensation | | Comprehensive Income | |
| Balance as of December 31, 2006 | 357,815,700 | \$ 1,939,170 | \$ 2,439,965 | \$ (4,514) | \$ 3,089,001 | \$ (13,405) | \$ 7,450,217 |
| Stock compensation expense | | | | 1,316 | | | 1,316 |
| Comprehensive income : | | | | | | | |
| Net income (loss) | | | | | 100,831 | | 100,831 |
| Cumulative translation adjustment | | | | | | 8,802 | 8,802 |
| Net unrealized gains (losses) on derivative, net of tax | | | | | | (12,035) | (12,035) |
| Total comprehensive income | | | | | | | 97,598 |

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| | | | | | | | | | | | | | |
|-----------------------------|-------------|----|-----------|----|-----------|----|---------|----|-----------|----|----------|----|-----------|
| Balance as of June 30, 2007 | 357,815,700 | \$ | 1,939,170 | \$ | 2,439,965 | \$ | (3,198) | \$ | 3,189,832 | \$ | (16,638) | \$ | 7,549,131 |
|-----------------------------|-------------|----|-----------|----|-----------|----|---------|----|-----------|----|----------|----|-----------|

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

Table of Contents**LG. Philips LCD Co., Ltd.****Consolidated Statements of Cash Flows****(Unaudited)***(in millions of Korean won, and thousands of US dollars)*

| | For the six month periods ended June 30 | | |
|---|--|--------------|--------------------------|
| | 2006 | 2007 | 2007 (Note 2) |
| Cash flows from operating activities: | | | |
| Net income (loss) | (Won) (240,527) | (Won) 93,027 | \$ 100,831 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | | |
| Depreciation | 1,224,767 | 1,385,024 | 1,501,218 |
| Provision for severance benefits | 31,402 | 39,444 | 42,753 |
| Foreign exchange gain, net | (52,099) | (10,313) | (11,178) |
| Amortization of intangible assets | 3,243 | 3,813 | 4,133 |
| Loss on disposal of property, plant and equipment | 960 | 2,106 | 2,283 |
| Amortization of debt issuance cost | 2,517 | 1,986 | 2,153 |
| Increase in deferred income taxes assets, net | (105,010) | (192,827) | (209,004) |
| Others, net | 17,156 | 50,625 | 54,872 |
| Change in operating assets and liabilities: | | | |
| Decrease (increase) in accounts receivable | 281,576 | (619,271) | (671,224) |
| Decrease (increase) in inventories | (580,565) | 90,424 | 98,010 |
| Increase in other current assets | (34,959) | (25,599) | (27,747) |
| Increase (decrease) in trade accounts and notes payable | (60,271) | 32,090 | 34,782 |
| Decrease in other accounts payable | (55,493) | (85,953) | (93,164) |
| Increase (decrease) in accrued expenses | (7,606) | 15,456 | 16,753 |
| Decrease in other current liabilities | (53,533) | (63,696) | (69,040) |
| Net cash provided by operating activities | 371,558 | 716,336 | 776,431 |
| Cash flows from investing activities: | | | |
| Purchase of property, plant and equipment | | | |
| Purchase from related parties | (726,720) | (274,665) | (297,708) |
| Purchase from others | (1,110,559) | (719,254) | (779,595) |
| Proceeds from sales of property, plant and equipment | 789 | 847 | 918 |
| Acquisition of intangible assets | (3,393) | (12,091) | (13,105) |
| Others, net | 5,178 | 1,587 | 1,721 |
| Net cash used in investing activities | (1,834,705) | (1,003,576) | (1,087,769) |
| Cash flows from financing activities: | | | |
| Proceeds from (repayment on) short-term borrowings | 33,428 | (236,576) | (256,423) |
| Proceeds from issuance of long-term debt | 644,050 | 844,086 | 914,899 |
| Repayment on long-term debt | (15,248) | (35,708) | (38,704) |
| Net cash provided by financing activities | 662,230 | 571,802 | 619,772 |
| Effect of exchange rate changes on cash and cash equivalents | 342 | (1,281) | (1,388) |

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| | | | |
|--|---------------|-----------------|--------------|
| Net increase (decrease) in cash and cash equivalents | (800,575) | 283,281 | 307,046 |
| Cash and cash equivalents: | | | |
| Beginning of period | 1,579,452 | 954,362 | 1,034,427 |
| End of period | (Won) 778,877 | (Won) 1,237,643 | \$ 1,341,473 |

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

Table of Contents**LG. Philips LCD Co., Ltd.****Notes to Consolidated Financial Statements (Unaudited)****June 30, 2006 and 2007****1. Basis of presentation**

The accompanying unaudited interim consolidated financial statements and related notes should be read in conjunction with the Consolidated Financial Statements of LG.Philips LCD Co., Ltd. (LPL), and its consolidated subsidiaries (hereinafter collectively referred to as the Company) and related notes thereto for the year ended December 31, 2006. The accompanying unaudited interim consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America and reflect all adjustments of a normal, recurring nature that are, in the opinion of management, necessary for a fair statement of results for these interim periods. The results of operations for the six months ended June 30, 2007 are not necessarily indicative of the results that may be expected for the year ending December 31, 2007.

2. United States dollar amounts

The Company operates primarily in Korea and its financial accounting records are maintained in Korean Won. These translations should not be construed as a representation that the Korean Won amounts shown could be converted, realized or settled in US dollars at this or any other rate. The US dollar amounts are provided herein as supplemental information solely for the convenience of the reader. Korean Won amounts are expressed in US dollars at the rate of (Won)922.60: US \$1, the US Federal Reserve Bank of New York noon buying exchange rate in effect on June 30, 2007. The US dollar amounts are unaudited and are not presented in accordance with generally accepted accounting principles in either Korea or the United States of America.

3. Inventories

Inventories at December 31, 2006 and June 30, 2007 comprise the following:

| <i>(in millions of Korean won)</i> | December 31, 2006 | June 30, 2007 |
|------------------------------------|--------------------------|----------------------|
| Finished products | (Won) 571,849 | (Won) 532,786 |
| Work in process | 264,377 | 204,480 |
| Raw materials | 215,364 | 223,900 |
| Inventories | (Won) 1,051,590 | (Won) 961,166 |

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LG. Philips LCD Co., Ltd.

Notes to Consolidated Financial Statements (Unaudited)

June 30, 2006 and 2007

4. Derivative Instruments and Hedging Activities

Derivatives for cash flow hedge

During the six month periods ended June 30, 2006 and 2007, 415 and 182 foreign currency forward contracts were designated as cash flow hedges, respectively. During the six month periods ended June 30, 2006 and 2007, these cash flow hedges were fully effective and changes in the fair value of the derivatives, of (Won)72,627 million and (Won)4,498 million, were recorded in other comprehensive income. The deferred gains of (Won)4,498 million for derivatives designated as cash flow hedges are expected to be reclassified into losses within the next twelve months.

Derivatives for trading

For the six month periods ended June 30, 2006 and 2007, the Company recorded realized exchange gains of (Won)61,843 million and (Won)45 million and realized exchange losses of (Won)11,582 million and (Won)6,536 million, respectively, on derivative contracts designated for trading upon settlement.

In addition, for the six month periods ended June 30, 2006 and 2007, the Company recorded unrealized gains of (Won)2,916 million and (Won)3,313 million and unrealized losses of (Won)27,052 million and (Won)3,033 million, respectively, relating to these derivative contracts designated for trading.

5. Shareholders equity

On May 21, 2004, employees of the Company formed an employee stock ownership association, (ESOA), which has the right to purchase on behalf of its membership up to 20% (1,728,000 shares) of shares offered publicly in Korea, pursuant to the Korean Securities and Exchange Act. Employees purchased the shares through the ESOA with loans provided by the Company at the initial public offering price ((Won)34,500) and put under each individual employee s account. 20% of the 20% of shares (345,600 shares) purchased by employees with loans from the Company is accounted for as a restricted stock award which vests over four years. Unearned compensation, shown as a deduction of Capital Surplus, will be amortized over the 4 year vesting period. During the six month period ended June 30, 2006 and 2007, the Company recorded compensation expense of (Won)1,758 million and (Won)1,214 million, respectively.

Table of Contents**LG. Philips LCD Co., Ltd.****Notes to Consolidated Financial Statements (Unaudited)****June 30, 2006 and 2007****6. Stock Appreciation Plan**

Effective January 1, 2005, the company adopted the provisions of Statement of Financial Accounting Standards (SFAS) No. 123(R), Share-Based Payment (SFAS 123(R)). SFAS 123(R) establishes accounting for stock-based awards exchanged for employee services. SFAS No. 123(R) requires that an award that is classified as a liability to be initially measured at its grant date fair value and remeasured at fair value at the end of each reporting period until the award is settled or expires. The measurement is based on the current stock price and other relevant factors. The difference between the fair value amounts is recognized as compensation expense during the requisite service period, based on the percentage of the requisite service that the employee has rendered as of that date. In accordance with SFAS No. 123(R), compensation expense is remeasured at each reporting date, based on the fair value of the award, and is recognized as expense over the employee requisite service period.

On April 7, 2005, the Company granted 450,000 shares of stock appreciations rights (SARs) for selected management employees. Under the terms of this plan, management, on exercise, receive cash equal to the amount that the market price of the Company's common stock exceeds the strike price ((Won)44,050) of the SARs. The vesting period is two years starting from the grant date, and exercisable period is April 08, 2008 through April 07, 2012. As of June 30, 2007, 190,000 shares of previously granted SARs have been cancelled which leaves 260,000 SARs currently outstanding.

The following table shows total stock-based compensation expense included in the consolidated statement of income:

| <i>(in millions of Korean won)</i> | June 30, 2006 | June 30, 2007 |
|------------------------------------|----------------------|----------------------|
| Cost of goods sold | (Won) 405 | (Won) 494 |
| Selling general and administrative | 217 | 2,245 |
| Income tax benefits | (308) | (753) |

There were no capitalized stock-based compensation costs at June 30, 2006 and 2007.

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LG. Philips LCD Co., Ltd.

Notes to Consolidated Financial Statements (Unaudited)

June 30, 2006 and 2007

The following tables summarize option activity under the SARs for the six month period ended June 30, 2007:

| <i>(in Korean won)</i> | Weighted-average exercise price | Number of shares under option | Weighted average remaining contractual life (in years) |
|------------------------------|------------------------------------|----------------------------------|---|
| Balance at December 31, 2006 | (Won) 44,050 | 260,000 | 5 |
| Options granted | | | |
| Options exercised | | | |
| Options canceled/expired | | | |
| Balance at June 30, 2007 | (Won) 44,050 | 260,000 | 4.5 |
| Exercisable at June 30, 2007 | (Won) | | |

The fair value of SARs was estimated using a Black-Scholes valuation model with the following assumptions:

| | June 30, 2007 |
|--|---------------|
| Option term (years) | 5 |
| Volatility | 47.69% |
| Risk-free interest rate (Korean government bond) | 5.38 |
| Dividend yield | 0% |
| Weighted average fair value per option granted | (Won) 19,152 |

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LG. Philips LCD Co., Ltd.

Notes to Consolidated Financial Statements (Unaudited)

June 30, 2006 and 2007

7. Commitments and Contingencies

The Company is involved in several legal proceedings and claims arising in the ordinary course of business. On August 29, 2002, the Company filed a complaint against Chunghwa Picture Tubes, Tatung Company and Tatung Co. of America, alleging patent infringement relating to liquid crystal displays and the manufacturing process of TFT-LCDs. On June 21, 2004, Chunghwa Picture Tubes filed a counter-claim against the Company in the United States District Court under the Central District of California for alleged ownership for certain patents and violation of U.S. antitrust laws. In October 2006, the court of the Central District of California dismissed the counter-claim for alleged ownership for certain patents. On November 21, 2006, the Jury in California issued a verdict that Chunghwa Picture Tubes, Tatung Company and Tatung Co. of America had willfully infringed a patent owned by the Company, and awarded the Company US\$53.5 million in damages.

On May 27, 2004, the Company filed a complaint in the United States District Court for the District of Delaware against Tatung Co., the parent company of Chunghwa Picture Tubes, and ViewSonic Corp., and others claiming patent infringement of rear mountable liquid crystal display devices.

On January 10, 2005, Chunghwa Picture Tubes filed a complaint for patent infringement against LG Electronics Inc.(LGE) and the Company in the United States District Court for the Central District of California. On March 29, 2007, the United States District Court for the Central District of California dismissed the case without prejudice.

On May 13, 2005, the Company also filed a complaint against Chunghwa Picture Tubes, Tatung Company and ViewSonic Corporation, alleging patent infringement related to liquid crystal display and the manufacturing process of TFT-LCDs in the United States District of Delaware. On July 27, 2006, the Jury in Delaware issued a verdict that Chunghwa Picture Tubes had willfully infringed a patent owned by the Company, and awarded the Company US\$52.4 million in damages.

On January 9, 2006, New Medium Technology LLC, AV Technologies LLC, IP Innovation LLC, and Technology Licensing Corporation filed a complaint for patent infringement against the Company in the United States District Court for the Northern District of Illinois. On June 28, 2007, the Company settled with IP Innovation LLC and Technology Licensing Corporation, and the case was dismissed on July 6, 2007.

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LG. Philips LCD Co., Ltd.

Notes to Consolidated Financial Statements (Unaudited)

June 30, 2006 and 2007

On December 1, 2006, the Company filed a complaint against Chi Mei Optoelectronics Corp., AU Optronics Corp., Tatung Company, ViewSonic Corp. and others alleging patent infringement related to liquid crystal display and manufacturing process for TFT-LCDs in the United States District Court for the District of Delaware. On March 8, 2007, AU Optronics Corp. countersued against the Company in the United States District Court for the Western District of Wisconsin, but it has been transferred to United States District Court for the District of Delaware according to the Company's motion to transfer. On May 4, 2007, Chi Mei Optoelectronics Co. countersued the Company for patent infringement in the United States District Court for the Eastern District of Texas.

On April 14, 2006, Positive Technologies, Inc. filed a complaint in the United States District Court for the Eastern District of Texas against, among others, several of our customers, including BenQ America Corp., Hitachi America Ltd., Panasonic Corp. of North America, Philips Electronics North America Corp. and Toshiba America, Inc., for alleged infringement of two of its patents relating to LCD displays. Positive Technologies, Inc. is seeking, among other things, damages for past infringement. On March 7, 2007, the United States District Court for the Eastern District of Texas granted our motion to intervene in the patent infringement case brought by Positive Technologies, Inc.

On February 2, 2007, Anvik Corporation filed a patent infringement case against the Company, along with other LCD manufacturing companies, in connection with the usage of photo-masking equipment manufactured by Nikon Corporation.

The Company's management does not expect that the outcome in any of these legal proceedings and claims, individually or collectively, will have any material adverse effect on the Company's financial condition, results of operations or cash flows.

The Company 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 Company, along with a number of other companies in the LCD industry, have been named as defendants in a number of purported federal class actions in the United States alleging that the defendants violated the antitrust laws in connection with the sale of LCD panels.

In February 2007, the Company and certain of its officers and directors have been named as defendants in a federal class action in the United States by the shareholders of the Company alleging violations of the U.S. Securities Exchange Act of 1934, as amended, by the Company and certain of its officers and directors in connection with possible anti-competitive activities in the LCD industry. The Company and the officers and directors intend to defend themselves vigorously in this matter.

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LG. Philips LCD Co., Ltd.

Notes to Consolidated Financial Statements (Unaudited)

June 30, 2006 and 2007

Each of these matters remains 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.

The Company sells a significant portion of products based on non-binding long-term supply agreements to LG Electronics and Philips Electronics, who are currently the largest shareholders of the Company. These agreements are for three-year terms and had expired in 2004. The Company has reentered into a formal master agreement with both LG Electronics and Philips Electronics in 2006.

As of December 31, 2004, the Company has a trademark license agreement with LG Corporation and Philips Electronics. Under this agreement, the Company has to pay some portion of revenue as a license fee. This agreement is for three-year terms and shall expire at the end of year 2007.

As of June 30 2007, the Company has bank overdraft agreements with various banks amounting to (Won)59,000 million and has revolving credit facility agreements with several banks totaling (Won)200,000 million and US\$100 million.

LG.Philips LCD America Co., Ltd. and other subsidiaries have entered into short-term facility agreements up to US\$ 97 million, EUR 3.6 million, and JP¥ 5,200 million with Comerica Bank and other various banks. LG. Philips LCD Japan Co., Ltd. and LG. Philips LCD Taiwan Co., Ltd. are provided with repayment guarantees from Mitsubishi UFJ Bank and ABN AMRO Bank amounting to JP¥1,300 million and US\$ 4 million, respectively, relating to their local tax payments.

The Company has repayment guarantee from ABN AMRO Bank amounting to US\$8.5 million relating to value-added tax payments in Poland.

As of June 30, 2007, the Company entered into a payment guarantee agreements with a syndicate of banks including Kookmin Bank and Societe Generale in connection with a EUR 140 million term loan credit facility for LG.Philips LCD Poland. In connection with these agreements LG. Philips LCD Poland has borrowed EUR 50 million of long term debt maturing in 2013 during the six-month period ended June 30, 2007.

As of December 31, 2004, in relation to its TFT-LCD business, the Company has technical license agreements with Semiconductor Energy Laboratory Co., Ltd. and others. The licensing agreements generally require royalty payments based on a specific percentage of sales. Costs are accrued by the Company as the sales of the specified products are made. Royalty expenses charged to cost of sales under these licensing agreements totaled (Won)14,327 million and (Won)15,247 million for the six month periods ended June 30, 2006 and 2007 respectively.

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LG. Philips LCD Co., Ltd.

Notes to Consolidated Financial Statements (Unaudited)

June 30, 2006 and 2007

On April 18, 2007, the Company issued US dollar-denominated convertible bonds totaling US\$550 million, with a zero coupon rate. On or after April 19, 2008 through April 3, 2012, the bonds are convertible into common shares at a conversion price of (Won)49,070 per share of common stock, subject to adjustment based on certain events. The bonds will mature in five years from the issue date and will be repaid at 116.77 % of their principal amount at maturity. The bondholders have a put option to be repaid at 109.75 % of their principal amount on April 18, 2010.

The Company has additionally borrowed \$100 million of long term debt maturing in 2012 from Mitsubishi UFJ Bank, \$140 million maturing in 2012 from Korea Development Bank, and \$50 million maturing in 2013 from Korea Eximbank during the six-month period ended June 30, 2007.

8. Income Tax

The Company adopted the provisions of FASB Interpretation No. 48, Accounting for Uncertainty in Income Taxes (FIN 48), on January 1, 2007. FIN 48 prescribes a recognition threshold that tax position is required to meet before being recognized in the financial statements and provides guidance on derecognition, measurement, classification, interest and penalties, accounting in interim periods, disclosure and transition issues. The Company does not have any unrecognized uncertain tax positions as of June 30, 2007. The Company files its tax returns as prescribed by the tax laws of the jurisdictions in which it operates. The Company's 2003 ~ 2006 tax years are still subject to examination. Subsidiaries in foreign jurisdiction tax years remain open to examination as well, though the Company believes any additional assessment will be immaterial to its consolidated financial statements.

The Company provides a valuation allowance against deferred tax assets when it is more likely than not that some portion, or all of its deferred tax assets, will not be realized. The Company's deferred tax asset valuation allowance decreased approximately (Won)141 billion during the six months ended June 30, 2007 to (Won)18.5 billion as of June 30, 2007.

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LG. Philips LCD Co., Ltd.

Notes to Consolidated Financial Statements (Unaudited)

June 30, 2006 and 2007

9. Net Income (Loss) Per Share

Net income (loss) per share for the six month periods ended June 30, 2006 and 2007 is calculated as follows:

| <i>(In millions, except for per share amount)</i> | 2006 | 2007 |
|--|-----------------|--------------|
| Net income (loss) as reported on the income statements | (Won) (240,527) | (Won) 93,027 |
| Weighted-average number of common shares outstanding | 358 | 358 |
| Net income (loss) per share | (Won) (672) | (Won) 260 |

Convertible bonds, which have a potentially dilutive effect by decreasing net income allocated to common stock, were excluded from the computation of diluted EPS since they did not have a dilutive effect.

10. Supplemental Cash Flows Information

Supplemental cash flows information for the six month periods ended June 30, 2006 and 2007 is as follows:

| <i>(in millions of Korean won)</i> | 2006 | 2007 |
|---|-----------------|---------------|
| Non-cash investing and financing activities: | | |
| Other accounts payable arising from the purchase of property, plant and equipment | (Won) 1,035,452 | (Won) 449,098 |

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: August 14, 2007

LG.Philips LCD Co., Ltd.
(Registrant)

By: /s/ Ron H. Wirahadiraksa
(Signature)

Name: Ron H. Wirahadiraksa
Title: Joint Representative Director/

President & Chief Financial Officer