

Digitally yours



LG Electronics Inc.

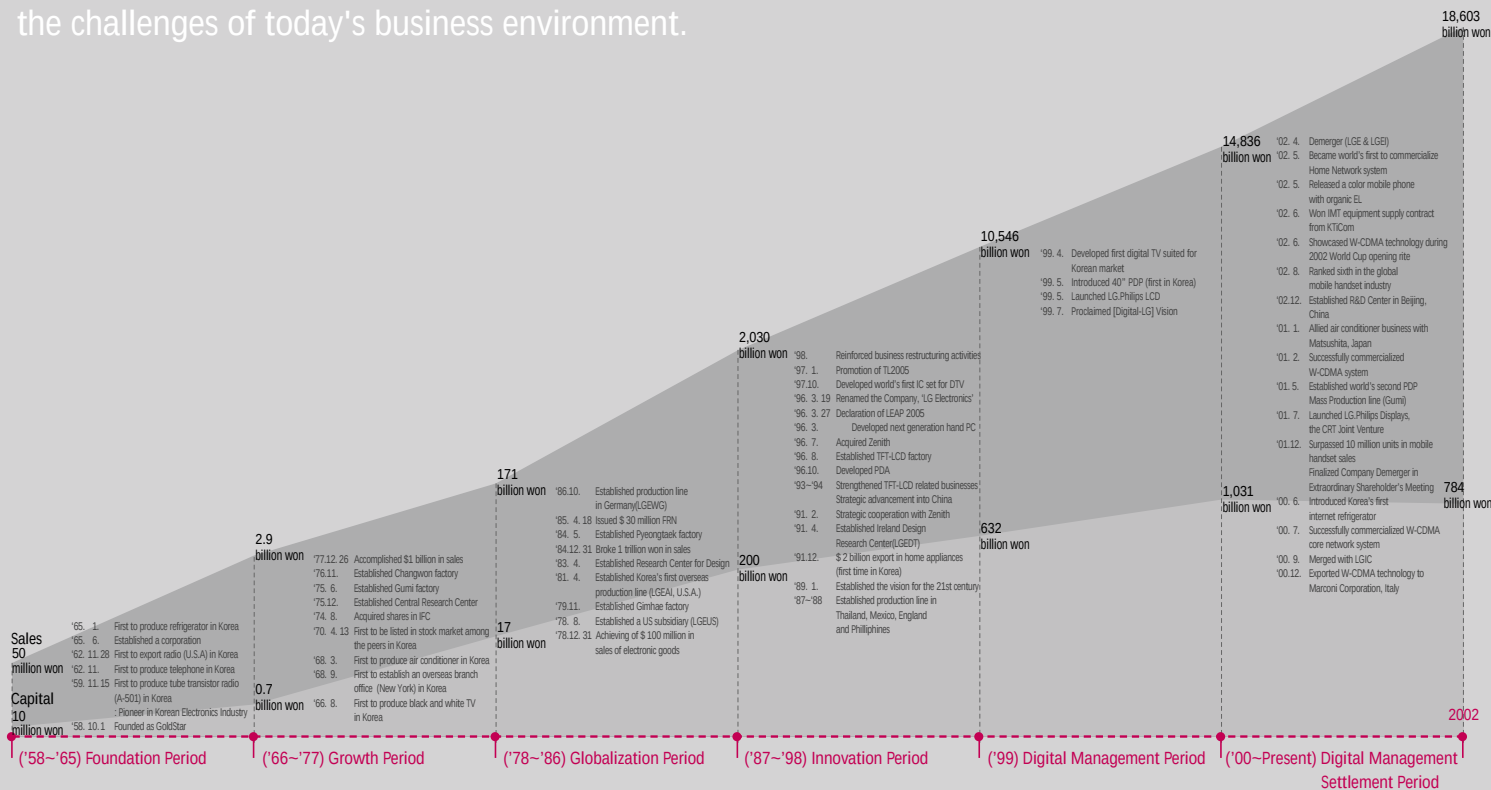


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The forward-looking statements in this report involve significant risks and uncertainties and are subject to change based on various factors. Factors that may be beyond LG Electronics' control include interest rate volatility, foreign exchange fluctuation, changes in consumer taste, technical advances, social changes in LG Electronics-based economics, competition and a changing business environment.

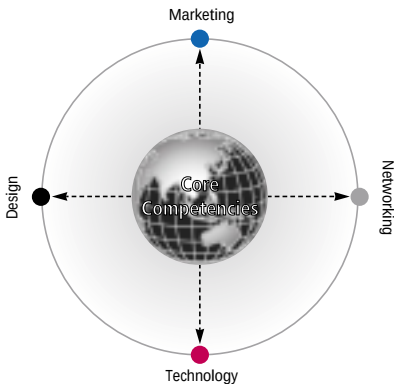
Core competencies for the digital era

Driven by its keen insight into the specific needs of the digital age and its innovative technology, LG Electronics is on track to become a premier global enterprise in the near term. To this end, the company constantly strives to build closer relationships with its partners and customers around the globe, while promoting optimal efficiency and world-leading product quality. In addition, LG Electronics is actively pursuing management transparency to live up to the challenges of today's business environment.



Corporate Profile

LG Electronics is a leading global player in the electronics and telecommunications industries, operating more than 70 subsidiaries worldwide with a workforce of more than 55,000 employees. Effective April 1, 2002, LG Electronics was formally split off into two separated entities, an operating company and an investment holding company, with a view to maximizing shareholder value and overall profitability. LG Electronics focuses on the digital appliance, display & media and telecommunication equipment and handset businesses. The company will accelerate efforts to develop into a premier global digital enterprise backed by its great insight of the digital era and technological innovations.



Financial Highlights

The financial highlights and figures for 2002 reflect LG Electronics results from April 1, 2002 to December 31, 2002, post demerger, and the results of the entire fiscal year ended on December 31, 2002, assuming no demerger. The official first-term financial statements of LG Electronics are based on the nine-month period from April to December 2002.

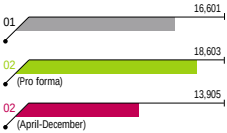
Income Statement

	2002		(Millions of Korean Won)
	April-December	Pro forma (prior to demerger)	2001 January-December
Sales	13,905,098	18,602,926	16,600,971
Domestic	5,054,523	6,654,949	6,083,981
Exports	8,850,575	11,947,977	10,516,990
Cost of Sales	10,731,086	14,253,644	12,914,998
Gross Profit	3,174,012	4,349,282	3,685,973
SG&A	2,512,339	3,320,702	2,890,007
Operating Profit	661,673	1,028,580	795,966
Non-operating Income	473,710	721,097	2,145,066
Non-operating Expenses	736,270	1,074,446	2,367,332
Recurring Profit	399,113	675,231	573,700
Tax	121,397	177,679	66,418
Net Profit	277,716	497,552	507,282

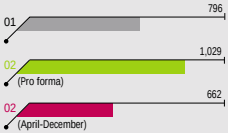
Balance Sheet

	2002		(Millions of Korean Won)
	December 31	Effective April 1	2001 December 31
Total Assets	10,132,578	9,443,488	11,592,985
Current Assets	2,962,609	2,608,846	2,485,024
Fixed Assets	7,169,969	6,834,642	9,107,961
Investment Assets	3,304,130	3,010,810	5,113,304
Tangible Assets	2,893,372	2,792,980	2,923,487
Intangible Assets	972,467	1,030,852	1,071,170
Total Liabilities	7,127,526	6,627,781	7,327,749
Current Liabilities	4,736,639	4,231,719	4,614,085
Fixed Liabilities	2,390,887	2,396,062	2,713,664
Total Shareholders' Equity	3,005,052	2,815,707	4,265,236
Capital	783,961	783,961	1,031,068
Capital Surplus	1,876,153	1,876,153	2,353,626
Retained Earnings	277,716	-	1,451,991
Capital Adjustment	67,222	155,593	-571,449

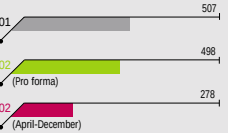
Sales (Billions of Korean Won)



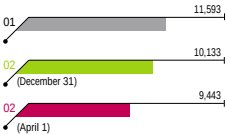
Operating Profit (Billions of Korean Won)



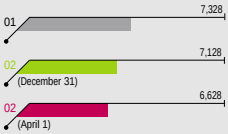
Net Profit (Billions of Korean Won)



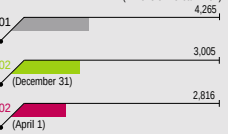
Total Assets (Billions of Korean Won)



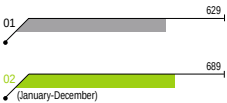
Total Liabilities (Billions of Korean Won)



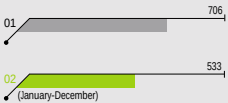
Total Shareholders' Equity (Billions of Korean Won)



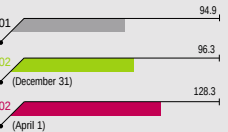
R&D Investment (Billions of Korean Won)



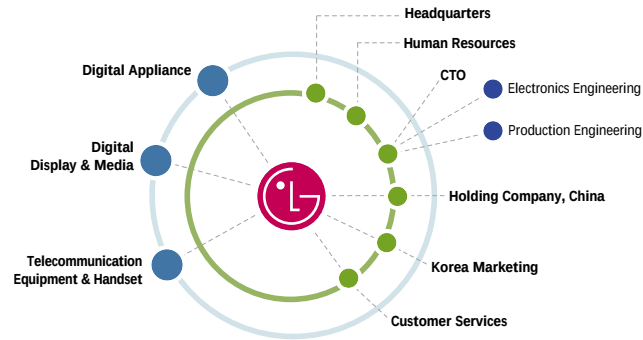
Capex (Billions of Korean Won)



Debt-to-equity Ratio (%)



2003 Organization



- > Digital Appliance
 - Areas : Research, development and production of home appliances in general
 - Location
 - Korea : Changwon1, Changwon2, Gimhae, GumiMGT
 - Overseas : LGETA (Tianjin, China), LGECT (Taizhou, China), LGEPN (Nanjing, China), LGEQH (Qinhuangdao, China), LGEIL (New Delhi, India), LGETH (Rayong, Thailand), LGENE (Newcastle, U.K.), LGEMH (Haiphong, Vietnam), LGEAT (Istanbul, Turkey), LGEMM (Monterrey, Mexico)
- > Digital Display & Media
 - Areas : Research, development and production of multimedia related products, display products and core components
 - Location
 - Korea : Pyeongtaek, Osan, Cheongju, Gumi1, Gumi2
 - Overseas : LGESY (Shenyang, China), LGENT (Nanjing, China), LGESH (Shanghai, China), LGEHZ (Huizhou, China), LGEDI (Jakarta, Indonesia), LGESV (Hanoi, Vietnam), LGEIN (Jakarta, Indonesia), LGEMT (Bangkok, Thailand), LGECM (Philippines, Manila), LGEAI (Alabama, U.S.), LGEWA (Wales, U.K.), LGEYS (Reynosa, Mexico), LGEMX (Mexicali, Mexico), LGEMA (Mlaw, Poland), LGEAK (Kazakhstan, CIS), LGEEG (Ismalia, Egypt), LGEAZ (Amazonia, Brazil), LGESP (San Paulo, Brazil)
- > Telecommunication Equipment & Handset
 - Area : Research, development and production of CDMA handset, GSM handset, wired and wireless handset, mobile communication system, switching system, transmitting equipment, network equipment
 - Location
 - Korea : Seoul, Cheongju, Gasan, Anyang, Gumi
 - Overseas : LGICUS (San Diego, U.S.), LGICTH (Bangkok, Thailand), LGESP(San Paulo, Brazil), LGEMS (Mexicali, Mexico), LGSYS (Noida, India), VKX (Hanoi, Vietnam), LG-TOPS (Guangzhou, China), EMGS (Bucharest, Romania), SLD (Kepel, Singapore)

2003 Management

Board of Directors

Standing		
Name	BOD Title	Current position held
John Koo	Representative director	BOD Chairman
Ssang Soo Kim	Representative director	Head of Digital Appliance Division
Young Soo Kwon	Representative director	Chief Financial Officer

Non-standing		
Name	BOD Title	Current position held
Yu Sig Kang	Director	COO, LG Corp.
Byung Rak Song	Outside Director	Professor of Economics, Seoul National University
Young Chan Kim	Outside Director	KERIS Director
Jae Hyung Lee	Outside Director	Chairman, Accenture Korea
Seuk Jin Kang	Outside Director	President, CEO Korea

Audit Committee

Name	Title	Current position held
Young Chan Kim	Outside Director	KERIS Director
Byung Rak Song	Outside Director	Professor of Economics, Seoul National University
Jae Hyung Lee	Outside Director	Chairman, Accenture Korea

Senior Corporate Officers

Name	Title	Current position held
Yong Ak Ro	Vice Chairman	CEO, LGE Holding Company in China
Ssang Soo Kim	Vice Chairman	Head of Digital Appliance Division
Woo Hyun Paik	President	CTO
Jong Eun Kim	President	Head of Telecommunication Equipment & Handset Division
Nam Kyun Woo	President	Head of Digital Display & Media Division
Hee Gook Lee	President	Chief of LG Electronics Institute of Technology
Ju Ik Song	Vice President	Chief of Korea Marketing Operation
Kwang Soo Jung	Vice President	Chief Manufacturing Technology Officer
Young Ki Kim	Vice President	Chief of Human Resources
Young Soo Kwon	Vice President	Chief Financial Officer

A Message from CEO



Based on its recognized strengths in the Information & Telecommunications, Display and Home Appliance sectors, LG Electronics is moving ahead toward achieving its "No.1 LG" goal. At the same time, we will not neglect our efforts to explore new businesses that will serve as engines of our future growth.

> Performance Overview

Before discussing LG Electronics' business results for fiscal 2002, I would like to take this opportunity to express my deepest appreciation to our shareholders for their unwavering support and encouragement, which enabled the company to post another year of steady growth.

Despite a challenging business environment, 2002 was truly a year of solid achievements for us. Global economic uncertainties grew amid the prolonged U.S. economic slowdown and concerns over the possibility of war in Iraq. Undaunted, our employees once again displayed a spirit of drive and determination, giving the company its best-ever performance.

Of special note, the demerger of LG Electronics into a holding company and an operating company, effective as of April 1, 2002, will go down in the company's annals as a historic turning point. LG Electronics can now move on to greater heights, freed from the burden of investment in subsidiaries. This move will also serve to maximize shareholder value through fostering "accountable management by experienced managers."

Furthermore, the recent reorganization of LG Electronics gives new impetus to management transparency. Completely exempted from investment requirements for related companies, LG Electronics' management transparency now meets global standards. Over the longer term, this also will benefit efforts to maximize profitability.

Building on this initiative, LG Electronics achieved sales of 18.6 trillion won in 2002, an upswing of 12% as compared to the previous year, with net income reaching 497.6 billion won. Growth in the CDMA handset business was exceptional, with the number of mobile phones sold rising 35% in 2002 over the previous year. The GSM handset business, which commenced operations only in 2001, also showed an incredible 10-fold growth year on year. Overall, the Mobile Handset business grew exponentially, pushing LG Electronics to sixth place in 2002 in terms of number of mobile phones sold, advancing from tenth in 2001.

A Message from CEO

> Sustaining Rapid Growth

Driven by robust sales of high value-added products, the Digital Appliance business surged by 22% in 2002 over the previous year. Indeed, the company has sustained rapid growth in this sector for several years, and is nearing its goal of joining the “Global Top 3” in the field of digital consumer appliances. Once the Home Network market begins to take off in earnest, the company’s Digital Appliance business will be ideally positioned for continued strong growth. Despite a challenging operating environment, the Display & Media business also performed superbly, growing by 17% in 2002 over the previous year.

These remarkable operating results of the past year can be attributed to the strenuous efforts of each business sector to solidify its leadership in the global market. Yet without the abiding faith and support of our shareholders in the company’s vision and capabilities, none of this would have been possible. Thus, I would like to reaffirm my gratitude to them.

In the year ahead, we will again endeavor to realize our vision and meet the expectations of our shareholders. The global economy remains mired in uncertainty, and domestic business conditions are still highly volatile. Nevertheless, we will accelerate efforts to develop premium products tailored to the changing needs of customers, expand overseas sales, and continue to enhance profitability.

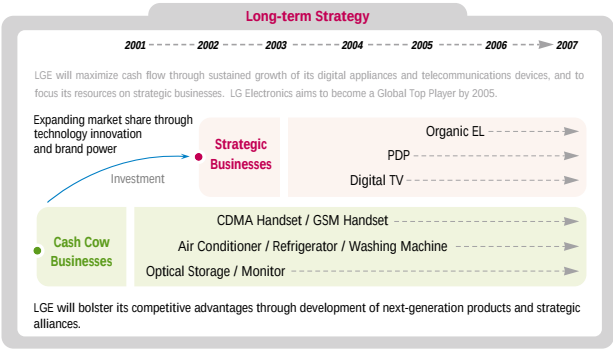
We have set a goal of becoming one of the Top 3 companies in electronics and information and telecommunications by 2010, and we have established strategic action programs to achieve that goal. Each business sector has already begun to advance toward its respective target, armed with a pioneering spirit and the ambition to write a “new chapter” in the unfolding history of LG Electronics.

> Outlook for 2003

Reviewing our management strategies for the new year, the Mobile Handset business will strive to sustain its current steady growth in GSM handset sales and enlarge its share of the domestic CDMA phone market. The GSM business will focus on promoting profit-oriented management and creating a strong profitability structure. Our overall goal for 2003 is to move up to fifth place in the worldwide mobile handset market.

With respect to the Display & Media business, LG Electronics will commit all available resources to develop next-generation display products, such as digital TVs, PDPs, LCDs and organic ELs, while consolidating its market leadership. The Digital Appliance business will target global markets with higher value-added products, and will move quickly to reinforce its market position in the Home Network sector.

We will also exert maximum efforts to foster a corporate culture conducive to attaining our vision of the “No. 1 LG.” We believe that only those enterprises with a strong corporate culture and resilience to the



changing business environment will be able to overcome adverse business conditions and achieve sustained growth.

The aspiration and passion for “No. 1,” along with a flexible and creative mindset, will enable the management and employees of LG Electronics to build a paragon of entrepreneurial culture, while propelling LG Electronics into a global “Great Company.”

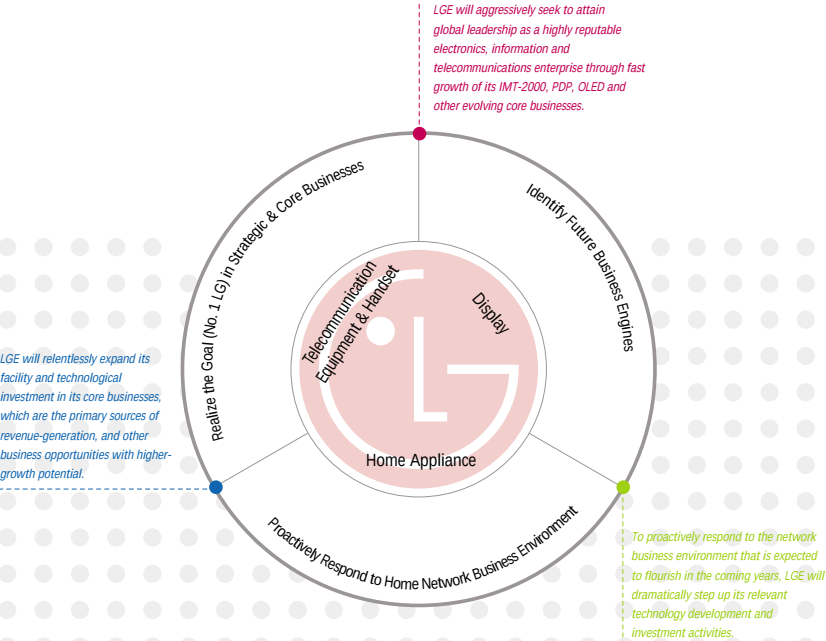
At this time, I cordially solicit the continued encouragement and valued support of our shareholders as we move toward our targets for the year ahead and our long-term goals for the future.

Chief Executive Officer **John Koo**

Vision

Achieving our vision requires a relentless focus on the network business environment so that future growth engines can be identified and developed in a timely manner. We are wholly committed to the goal of becoming the “No.1” in our strategic and core businesses, including information & telecommunications, display and home appliances.

“Challenge Toward No. 1 LG”



Reorganization of LG Electronics

LG Electronics has been reorganized into a holding company structure in which business operation and equity investments are separated in order to enhance shareholder value. Following approval by its board of directors, LGE was formally split into a holding company and an operating company as of April 1, 2002. The holding company was named LGEI (LG Electronics Investment, Ltd.), while the business operating company will continue to be known as LG Electronics, Inc.

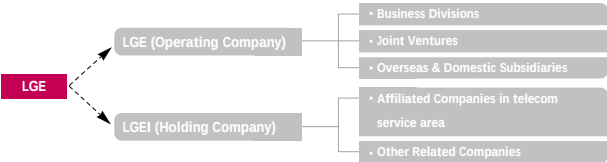
Of note, by reinvesting internally generated cash flow into expansion of its core businesses based on a “selection and focus” strategy, LGE will establish an advanced corporate governance structure befitting a world-class enterprise. The holding company will focus on managing investment assets while being responsible for evaluation and compensation of the operating company’s management.

LGE will also take steps to maximize synergy benefits through vertical integration of its affiliates including LG.Philips LCD, LG.Philips Displays, and LG Innotek. With the home appliance segment serving as a stable profit base, LGE will commit available resources to the development of its digital business activities (display and IT related products) so as to emerge as a pre-eminent global leader in the digital information and telecommunication sector.

Meanwhile, the stock split ratio was one share of LGEI to nine shares of LGE. This means that an investment with 10 shares of LGE stock was issued one share of LGEI and nine shares of the new LGE, which will boost shareholder value when the share price of the new operating company (LG Electronics) trends upward.



After the demerger, LGEI initially maintained assets of 2,972 billion won, debt of 887 billion won, and capital of 2,085 billion won. As for LGE, it started with 9,443 billion won of total assets, 6,628 billion won of total debts and 2,816 billion won in capital. The demerger will completely free LGE from the investment burden of its affiliates such that it can now devote itself wholly to business operations.



R&D...A Message from CTO



Woo Hyun Paik

Woo Hyun Paik
Chief Technology Officer

We committed all available resources to the development of core technologies and next-generation products through increased R&D investment in strategic businesses, including digital TV, PDPs and mobile handsets.

Performance in 2002

The year 2002 posed a challenging business environment. In particular, global geopolitical and economic conditions have deteriorated primarily due to concerns over the possibility of war in Iraq, amid delayed recovery of the global IT sector and volatility in international interest rates, oil prices, and the won-dollar exchange rate. Despite this adversity, LGE realized significant advance in its product development activities in 2002.

The company concentrated its R&D activities on its core businesses including digital TV and PDPs (plasma display panels), while aggressively pursuing core technologies and new business opportunities. As a result, LGE obtained new patents for core DTV technology. Our recent successes also include development of a HD (high definition)-grade PDP as well as mobile phones for CDMA EV-DO service, demonstrating LGE's world-leading technology prowess.

Furthermore, we have created a range of premium home appliances and new digital solutions, augmenting our technological capabilities. These next-generation products include a turbo-drum washing machine, DVD with multiple-write function, Home Theater, HD-grade VDR (video disc recorder) with embedded VSB tuner, a cutting-edge AV product that can record and play HD-grade video signals, and mobile handsets featuring state-of-the-art OLED (organic electro-luminescence displays). Indeed, LGE stands at the forefront of next-generation technology development by building new technological platforms and earning commercial patents. We were also actively involved in the establishment of hardware standards for home networking and optical storage.

> Digital TV

We consolidated our leadership position in domestic HD Projection TV through the release of Xcanvas II, boosted by robust demand for next-generation TVs sparked by the 2002 Korea-Japan World Cup finals. Of note, the U.S. Federal Communications Commission (FCC) revised its rules on digital TV by requiring off-air DTV tuners on practically all new TV sets by 2007. This regulation will serve to bolster utilization of the transmission standard for which LGE possesses the source patent for technology. Consequently, LGE is ideally positioned to become a high-profile player in the rapidly growing North American digital TV market.

I would like to explain some of our major technological developments. First, the transmission technology for VSB (vestigial side band) chip set for DTV has been significantly upgraded with the launch of full data broadcasting services, especially in terms of indoor reception quality. Development of new transmission standards has required LGE to actively pursue business partnerships with leading global players. LGE will soon have its upgraded transmission standards registered with the FCC.



Second, in regard to the ASIC chip set, a key DTV component in which LGE maintains world-leading technology, the company developed both Ready Chip, which reinforces the display function and HD-II chip. The innovative HD-II chip added audio function and conforms to various broadcast requirements, including those of Japan's ARIB. This leading-edge product was applied for the production of a new

R&D...A Message from CTO

DTV model, Xcanvas-II, and the company's built-in digital TV and HD set-top box (STB) products, thereby enhancing our advantage in product competitiveness.

Third, LGE-developed DTV software was adopted for the experimental data broadcasts on the DASE format of the Korea Broadcasting System (KBS) during the 2002 World Cup finals. Data services were also broadcast on a trial basis during the 2002 Busan (Korea) Asian Games. We were also successful in developing HD-PVR STB technology designed to facilitate EPG (electronic program guide) data broadcasting.

Fourth, LGE completed the development of Ready DTV technology ahead of the competition, in compliance with the Cable MOS-Consumer Electronics Industry Agreement on Plug&Play Digital Cable Compatibility. This innovation was presented at the 2003 International CES held in Las Vegas in January, winning accolades from North America's leading MSOs (multiple system operators) and the FCC chairman for this technology breakthrough. As a reflection of our leading-edge technological capability, we have received numerous proposals for strategic business and technology alliances from the world's industry leaders.

> PDP

In response to surging global demand for PDPs, which is exceeding our own expectations, LGE has embarked on construction of its second mass production facility with an annual capacity of 300,000 units. By taking advantage of our world-leading product technology and commercial production facilities, LGE plans to expand its annual PDP production capacity to 1.55 million units by 2005 that will establish us as the world's No. 1 PDP manufacturer. PDP is a new concept digital image device where color images are created by emitting (plasma effect) ion gas. Ion gas is generated by adding high electric pressure to two layers of thin glass panels containing composite gas.

Additionally, LGE created new 37-inch and 50-inch models and a 42-inch HD model, thereby expanding the breadth of its PDP product line. Furthermore, the company dramatically enhanced the brightness and contrast quality of the existing 42-, 50- and 60-inch models, thus developing the world's most advanced PDP products. We also made significant progress in the development of new cost-saving technology and production processes, including a direct-applied optical filter, dielectric material green tape and multi-chip module packaging technology.

> Organic EL

In response to the anticipated rapid growth in global demand for next generation displays, concerted efforts have been made to build a massive production system, with an emphasis on timely development of a top-line production process and commercial production technology based on pilot operations. Furthermore, the development of 2-inch active matrix EL displays for mobile handsets will be

accelerated. Organic EL reduces power consumption since it does not require backlight with its self-light emission capability while having a 1,000-times faster response time than a LCD. It is also very light and thin, making it ideal for use in IMT-2000, PDAs, handheld PCs, and compact TV devices which involve video image, data, voice and Internet functions.

> Mobile Handsets

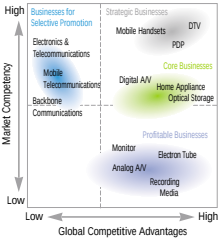
LGE has created next-generation mobile phones for CDMA EV-DO service, capable of handling transmissions of high-speed data and multimedia services, and integrated high value-added functions, such as VOD (video on demand) and built-in cameras. As a result, the company has reinforced its product leadership in the domestic and overseas handset markets by creating innovative products tailored to our consumers' changing preferences. These include a range of differentiated and diverse handsets, such as a 65,000-color tone CDMA2000 1x handset featuring a cutting-edge organic EL display and voice recognition function. The swivel hinge-type handsets are also among LGE's latest innovations.

For the GSM phone market, LGE launched a GPRS (general packet radio service) handset featuring multimedia messaging service that is now in great demand worldwide and it will soon be available in the markets of Europe and China. Of note, LGE's handsets have been certified by the GSM Certification Forum (GCF) after passing network interoperability tests between handset and mobile communication systems required by European mobile operators. Certification has been awarded to LGE's GSM handset LG-510W and W7000 models and GPRS color handset: G7000 model, developed with LGE's proprietary technology in April 2002.

LGE also demonstrated its technological expertise in mobile handsets during the opening ceremony of the 2002 World Cup finals with test operation of the world's first mobile video phone in which users can see each other during calls. The company has scheduled the release of a highly competitive and up-to-date mobile phone to coincide with the launch of IMT-2000 service during the second half of 2003.

> Telecommunications Systems

LGE, the first Korean enterprise to commercialize UMTS (Universal Mobile Telecommunications System) for 3G mobile networks, successfully completed its trial operation of KTICOM service during the World Cup finals. With this success, the company was selected as a major supplier of equipment for KTICOM service. In addition, LGE earned the right to supply equipment for IMT-2000 service from SKIMT, thereby solidifying its leadership in the WCDMA market. Another notable achievement was made in the CDMA handset sector. Driven by the product reliability and leadership of its 1x Overlay and 1x EV-DO systems, LGE was awarded contracts to supply equipment to Korea's major telecommunications service operators, LG Telecom and KTF.



R&D...A Message from CTO

> Optical Storage

Armed with the development and commercialization of 48-speed Combo Drive and DVD±RW Drive and technology for an innovative DVD recorder (digital versatile disc recorder), LGE has distinguished itself as the frontrunner in the global optical storage market. Of particulate note, the development of a multi-write DVD Drive, which can accommodate record and playback functions based on DVD Ram and DVD±RW format, enabled the company to secure global leadership in DVD recording technology. Driven by its Blue Laser technology, LGE created VDR working samples that can record and playback HD-grade programming of more than two hours, which were presented at the 2003 International CES. Also included in the new developments was patented standards for Blue-day Disc (BD) and next-generation optical recording.

> Digital A/V

LGE retained its market leadership in the Digital A/V sector through the development and release of a range of multifunctional products, including HDD/DVD Combi, DVD recorder, and Home Theater systems. The development of high-performance core components, such as DSP (digital signal processing) IC, enabled LGE to noticeably strengthen its product leadership in the digital audio/visual sector.

> Home Appliance

To join the "Global Top 3" in the household appliance sector, LGE is committing its resources to the development of premium products on the strength of its core competence. In the room air conditioner sector, in which LGE maintains the No. 1 market share globally, the company created a multi-unit air conditioner for buildings that can control the temperature of air of 16 rooms simultaneously. LGE also became the world's first to operate an independent multi-unit air conditioner lab at one of its R&D centers.

Furthermore, our drive to lead the digital revolution has resulted in development of a diverse range of state-of-the-art home appliances, such as the DIOS refrigerator equipped with the cutting-edge linear compressor; next-generation refrigerator "1124 Kimchi;" the world's largest turbo-drum washing machine TROMM; high-performance vacuum cleaner without a dust bag Cyking; and a light oven. In addition, the company is intensifying efforts to beef up the competitiveness of its leading-edge components, including linear, scroll and SR motor compressors, while promoting the reliability and differentiation of these products. Overall, LGE remains fully committed to enhancing its brand image through its Home Network product lineup.

> Home Network

Noteworthy achievements in the Home Network area included the development of cutting-edge

products, such as an Internet-enabled refrigerator, Kimchi refrigerator, washing machine, microwave oven, air conditioner and gas oven, which have enabled LGE to lead the way in this fast-emerging market. In particular, the company is expanding its market presence in the home network sector through rapid development of Home Network-linked audio/visual products that feature a wide range of multimedia solutions, including digital TV.

Furthermore, efforts will be focused on the development of new products and services in such areas as home digital services, mobile home network solutions and home automation-enabled innovations in partnership with telecommunications service operators and companies specializing in home automation. Meanwhile, LGE is playing a leading role in the development of technology standards for next-generation Home Networking products as evidenced by our independent development of the LnCP (Living Network Control Protocol). Other notable developments in this sector involved creation of the protocols for A/V & Data Network and Control Network that support UPnP, HAVi and Echonet.

Plans for 2003 and Beyond

To attain our goal of "No. 1 LG," we will emphasize the following R&D activities to ensure the timely development of innovative products for our primary and strategic business areas and new technological applications.

First, we will commit available resources to the development of "No. 1" products, while beefing up our core technological capability under a "selection and concentration" initiative. In 2003, up to 75% of our R&D investment will be channeled into the company's strategic and market-leading core businesses. Of special note, LGE will focus its R&D resources on upgrading the product competitiveness of mobile phones this year, while introducing a top-of-the-line handset for IMT-2000 service to the market in a timely manner. We also are determined to go an extra mile for creation of cutting-edge PDA phones, high-end phones and other mobile handsets, which will feature wireless Internet and multimedia solutions. These innovations will enable us to build a solid platform to position ourselves as Korea's premier mobile handset maker.

As for our digital TV and PDP businesses, we will further expand our product offerings while being committed to development of advanced components such as the ASIC chip set in order to dramatically enhance the video quality of these products.

Second, the company will become more aggressive in its efforts to fortify its product leadership and strengthen its R&D activities on new products with high-growth potential in the home appliance, digital A/V, and optical storage areas. Efforts in the home appliance sector will be focused on the creation of products with higher value-added, including a commercial air conditioner and new side-by-side



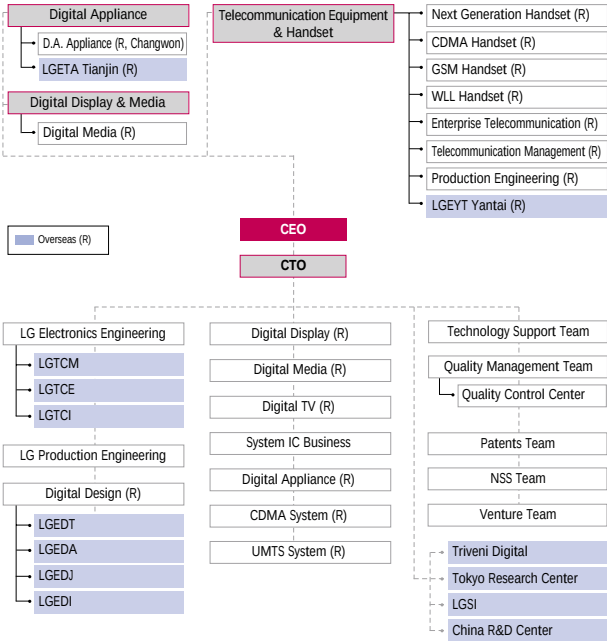
R&D...A Message from CTO



refrigerator and drum-type washing machine models. As a proactive initiative to expand our market shares in the digital A/V and optical storage sectors, maximum efforts will be exerted for the development of DVD recorders, whose demand is surging as well as HD-grade standard products.

Third, in the evolving Home Network and Mobile Network businesses, we will emphasize the creation of multifunctional products with advanced technology and innovative solutions in response to the global trend of product fusion. Also by leveraging our digital technology leadership, we will push harder for development of new products in alliance with our service partners, and actively participate in their trial operations, thereby creating market trends.

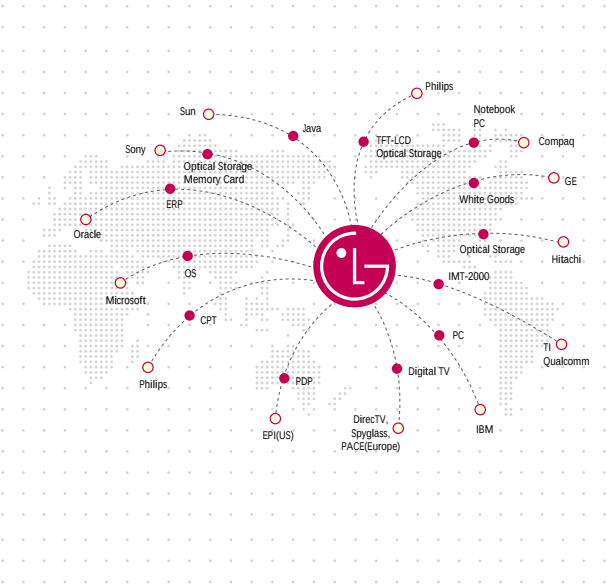
> R&D Structure



Internationally, LGE plans to strengthen its R&D activities in such high-growth markets as China and India. Strategic alliances with leading foreign manufacturers will be sought to facilitate technology standards as well as product development activities.

Over the mid-term, we will continue this momentum and search for engines of new growth businesses in such areas as Home/Mobile Network, Internet appliances and Home Network in response to the rapidly changing business environment, characterized by value restructuring of the electronic and telecommunications sectors as well as China's robust economic growth. We will also aggressively seek to retain "No.1 Human Resources" who will contribute to the fulfillment of our goals through the retention of talented workers. Such endeavors will reinforce our R&D capability and help us achieve our "No. 1 LG" goal, while fostering a corporate culture that is rooted in a result-driven performance.

> Business Partnership



LGE Innovations

– Global Leading Products

Air Conditioner

Driven by its technological prowess and an aggressive marketing strategy, LGE has solidified its market leadership in the global air conditioner market.



IMT-2000 Handset

LGE's new color handset with an embedded camera for cdma2000 1x EV-DO service supports all the latest service features.



PDP

LGE maintains a leading market position in the global PDP industry on the strength of its superior technology and production capacity.



IMT-2000 System

LGE has built unrivaled technological leadership in the next-generation mobile sector through the timely supply of WCDMA and IMT-2000 service equipment.



Gas Oven



LGE developed and released a premium gas oven, "Preo."

Household Refrigerator

LGE has already attained the "Global Top" in the global white appliance market through introduction of DIOS equipped with the world's first linear compressor.



LGE is wholly committed to the development and production of a range of world-class products to maintain its market leadership in related industries. Indeed, LGE has successfully developed a number of innovative products ahead of the competition, including the following:

Mobile Phone with Organic EL

LGE has released a cutting-edge color mobile handset with an organic EL display window and a high-quality TFD-LCD screen. This dual-folder product (Model: LG-SD1100/LG-KP6100) comes with 40 chord mid chip which enables our customer to enjoy surround sound capabilities. LGE is the first Korean mobile handset maker to adopt the innovative

organic EL technology. Based on its technology leadership, LGE is committed to creation of next-generation mobile phones tailored to the needs of our customers.

PDP

While entering the PDP market 10 years later than most of its global rivals, our superiority technology expertise and

production capacity has enabled the company to dominate the global PDP market. Of particular note, in May 2001, LGE completed the world's second PDP mass production line, propelling LGE to its current leadership position in the PDP production. In 1998, the company developed the world's first 60-inch digital PDP TV, attesting to its technological leadership.

Optical Storage

> **CD-RW Drive** LGE's CD-RW Drive has gained widespread popularity in the global market thanks to its superior

quality. LGE currently supplies to leading PC makers such as Compaq, IBM, HP, and Dell. Along with CD-ROM drives, which have maintained No. 1 global market share for the fourth consecutive year, our CD-RW drives are making significant advances in the global market.

> **CD-ROM** Backed by its unrivaled performance worldwide, LGE's CD-ROM has secured a solid market position through its extensive supply contracts with major PC makers.

CDMA WLL Terminal

LGE is a major global player in the CDMA

equipment sector as well. In 2002, LGE retained its No. 1 position in the global CDMA equipment market. The company will continue to supply cutting-edge products to preserve its leadership positions in the global CDMA WLL market.

Air Conditioner

LGE has ranked first in global sales of room air conditioners for three consecutive years based on its technological prowess and aggressive marketing strategy. In 2002, LGE air conditioners were the top selling brand in 41 countries worldwide.

By strengthening its competitive edge in cost and product quality while continuing to introduce new value-added products, LGE is confident that it will be able to maintain its world No. 1 position in the coming years.

At a Glance

Business Description		Operating Results (2002.1~12)	Plans for 2003 and Beyond
Digital Appliance	- LGE's product lines include state-of-the-art household and consumer appliances, such as refrigerators, washing machines, air conditioners, microwave ovens and vacuum cleaners. Of particular note, LGE's WHISEN digital room air conditioner line maintains number one global market share, based on its technological prowess and up-to-date marketing activities. - Major products : Digital Network Refrigerator, 3-way Dishcharge Air Conditioner, WHISEN Intello Washer, Turbo-Drum Washing Machine, Internet Intellrowave Oven Vacuum Cleaner, Cyclone	- Sales : 6,043 billion won - Operating Profit : 604 billion won 6.0trillion won	Achieving "Global Top 3" position Capitalizing on brand-enhancement strategy, LGE is determined to join the ranks of "Global Top 3" in the field of consumer appliances by 2005. To this end, LGE will set in motion an aggressive marketing strategy and consolidate leadership position in premium models, while accelerating efforts to optimize global production system.
Digital Display & Media	- LGE's world-class digital display and media products include digital TVs, flat-screen TVs, PDPs, PCs, monitors, CD-ROM drives, CD-RW drives, DVD players, and home theaters. LGE will continue to develop next-generation products, such as digital A/V multifunctional products, in response to the global trend of convergence of diverse technologies. - Major products : 64" High Definition Digital TV, 42" PDP TV, DVD Player, TFT-LCD Monitor	- Sales : 7,943 billion won - Operating Profit : 258 billion won 7.9trillion won	Integration of products to be accelerated LGE will seek to significantly reinforce cost-control management of operations, while powerfully pursuing ahead with the integration of analog and digital technologies. With the view to bolstering its market leadership, LGE will push for a fusion of products, along with the strengthening of the business capabilities of its overseas affiliates.
Mobile Handset	- Backed by LGE's world leading CDMA technology, LGE has expanded its presence in the global GSM market. On the domestic front, the company has solidified its market position in the premium color-video phone and EV-DO handset sectors. In the overseas market, LGE is on the road to high growth thanks to a steadily expanding supply of its product to CDMA and GSM service providers. - Major products : LG-SV110 (EV-DO), LG-SD1250 (Slide), LG-SD1100 (Organic EL), TM540C, DB530C, G7000 (GPRS)	- Sales : 3,524 billion won - Operating Profit : 343 billion won 3.5trillion won	Targeting the high-growth Chinese market LGE will strive to expand share in the CDMA market in China by stepping up investment and product lines. The company is also positioned to increase its GSM sales in China as well as Europe. On the domestic front, LGE will endeavor to enhance its brand image through differentiation of product design and high-performance products. While expanding share of high-end markets, the company will reinforce core competencies in the 3G sector.
Telecommunication System	- LGE, a global leader in IMT-2000 mobile communications systems, successfully developed both synchronous and asynchronous versions of the IMT-2000 backbone network in 1999. Moreover, commercialization of the advanced asynchronous IMT-2000 system has been underway since 2001. - Major products : GENEREX-2000, STAREX-IS, MSR40, CellBit, TAM, FLC-D STAREX-ARIEL, STAREX-NCS	- Sales : 904 billion won - Operating Profit : -74 billion won 0.9trillion won	Bolstering technological capabilities in 3G sector LGE will fortify next-generation capabilities in the 3G system sector and build a strong platform to support mobile system integration business. The company will be the first in Korea to supply WCDMA equipment, while actively promoting sales in CDMA business.

Digital Appliance Division



S. S. Kim
Ssang-Soo Kim
Head of Digital Appliance

Despite market uncertainties, We are determined to expand its global reach by capitalizing on a value-oriented and “fast-growth” strategy.

Backed by its superior product quality, LGE launched a brand-name offensive in the high-end market of North America, reinforcing our position as a top-tier brand.

Review

Driven by the strong growth of premium products, including popular washing machine and refrigerator models, LGE sales of digital appliances in 2002 were up a sharp 21.7% over the previous year, totaling 6.04 trillion won. This impressive performance, augmented by vigorous cost-saving 6 Sigma activities launched in and out of Korea, enabled the Digital Appliance Division to attain a remarkable 10% operating profit margin. Domestic sales of the Digital Appliance Division grew sharply by 32.7% in 2002, led by the past-growing popularity of next-generation consumer appliances, including washing machine “TROMM,” vacuum cleaner “Cyking,” leading-edge refrigerator “DIOS,” and Kimchi refrigerator “1124.”

LGE marked a noteworthy milestone in the field of air conditioners in 2002 as the company maintained its global leadership for the third consecutive year. LGE-made air conditioners captured the leading market share in 32 countries, including Russia, Saudi Arabia, India and Panama. Of special note, WHISEN (Model: M1003L) was designated a “BEST BUY” by the highly regarded U.S. Consumer Report in July 2002 for its superior product quality in terms of energy efficiency and reliable performance. Microwave ovens also turned in an outstanding performance with sales totaling 12 million units in 2002, vaulting LGE into the top spot in the global oven market, including China.

During the year under review, overseas sales of digital appliances were also exceptional, recording a healthy 12.9% gain thanks to the timely release of state-of-the-art products, such as DIOS refrigerators equipped with cutting-edge linear compressor, super-size washing machine TROMM, commercial A/C systems and a new-concept Light Oven. Moreover, sales during the fourth quarter were up by a hefty 30% over the same period of 2001, driven by the rapid gains of premium products.

Outlook

Prospects for the global economy are especially volatile over concerns of a war in Iraq and North Korea’s nuclear ambitions. On the domestic front, worsening market conditions are forecast as well due to continued weakness in consumer sentiments. This heightened adversity and uncertainty will force corporations in general to adopt a more cautious approach to their business operations. Nevertheless,



Digital Appliance Division

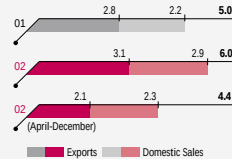
the Digital Appliance Division is committed to further expanding its global reach by capitalizing on a value-oriented and fast growth strategy.

The Division will thus commit all available resources to leveling up its market shares in various fields through market-driven efforts centered on higher value-added products, including TROMM, DIOS, and commercial A/C systems. Furthermore, we will intensify efforts to enhance our brand value by means of innovative marketing activities tailored to individual market characteristics.

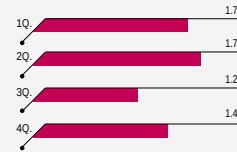
Investment in Home Network and core components will be aggressively expanded, thereby enabling the company to put more market-leading products with high-level price competitiveness into the hands of consumers. In order to optimize its operational excellence, LG Electronics will invigorate its cost-cutting 6 Sigma and DMS (Digital Manufacturing System) initiatives, while rapidly and flexibly responding to market trends by dint of efficient management of its global production network.



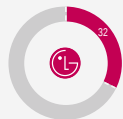
Sales (Trillions of Korean won)



Quarterly Sales (Trillions of Korean won)

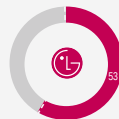


Contribution to Sales (%)

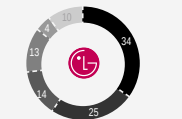


■ Total Sales
■ Digital Appliance

Contribution to Operating Income (%)



Product Composition (%)



■ Air Conditioner ■ Refrigerator
■ Washing Machine ■ Cooking Appliance
■ Vacuum Cleaner ■ Others

In the Vanguard of Digital Convergence



Digital Display & Media Division



Nam K. Woo
Head of Digital Display & Media

We will endeavor to bolster our “product leadership,” “market leadership” and “operational excellence” in 2003 in an effort to overcome the challenging business environment.

The Display and Media business enjoyed excellent operating results in 2002. In particular, the Division consolidated its No.1 global market position in the optical storage market, through introduction of new products such as high-speed CD-RW and Combo Drive.

Review

Bucking the trend related to the continued stagnation of the global IT industry, the Display and Media Division enjoyed excellent operating results in 2002, primarily attributable to the 2002 World Cup finals that sparked immense demand for home electronics. Sales advanced 17.2% year on year to 7.9 trillion won, with domestic sales jumping 18.1%, while sales outside of Korea rose 16.9% as well. As a result, the share of Digital Display & Media Division moved up to 42.7% of total sales. Other factors contributing to its outstanding sales performance included upgrades in the technology and price competitiveness of various products, added sophistication of business lines and the 6 Sigma activities.

By sector, the Optical Storage business solidified its worldwide leadership position through the release of highly-performance products, such as high-speed CD-RW and Combo Drive, while enhancing the competitive advantages of other products. The Digital TV business recorded equally impressive sale results with Xcanvas; the Audio-Visual business with DVD COMBI; and the Home Theater business with DVD Receiver. Overall, new digital products registered robust sales growth in 2002. In particular, demand for PDP units, a new business line, expanded substantially as a result of its proven quality and cost-competitiveness, such that an additional PDP production line is now in the works.

Outlook

Business conditions for 2003 will likely remain turbulent, due to such factors as the war in Iraq, oil price hikes, unfavorable exchange rates and delayed recovery of the global IT industry. Simply put, the business environment is likely to worsen in 2003, however, we will squarely face up to the challenges to achieve our management targets.

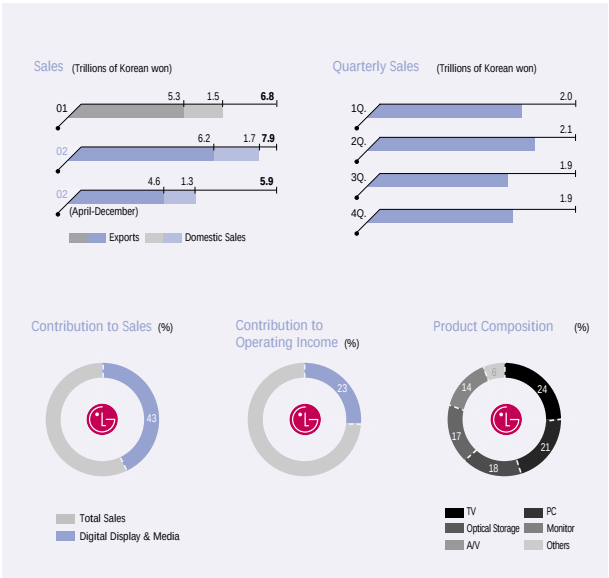
Our efforts will be centered on the following three action points:

First, efforts will be focused on bolstering our “product leadership” in response to the ever-intensifying global competition. This effort requires further improvement in our cost structure and differentiation of product design including harmonization of digital technology and analog systems.



Second, continuous efforts to consolidate our "market leadership." To this end, the Division will step up its brand-enhancement activities in major markets, such as China, Europe and North America. Furthermore, LGE will place particular emphasis on the development of new business models through a convergence of products, while striving to level up the operational capabilities of affiliate firms doing business in foreign countries.

Third, our "operational excellence" will be maximized through our "6 Sigma Plus" campaign that will supplement the cost-saving 6 Sigma activities and upgrades in software development capability and e-Transformation initiatives.



Unrivaed 3G Technology



Telecommunication Equipment & Handset Division



Jong-Eun Kim
Jong-Eun Kim
Telecommunication
Equipment & Handset

We will aggressively pursue high-potential business opportunities in China through
a broadening of our product offerings and increased facility investment.

LGE enjoyed robust growth of 46% in the mobile handset business in 2002, enabling the company to rank sixth in the global handset market. LGE is also well-positioned to reap benefits from its extensive investment in the 3G sector.

1. Mobile Handset

Review

In retrospect, 2002 was a landmark year in which the Mobile Handsets Division successfully overcame numerous internal and external challenges to emerge as a "global player." In the CDMA business, LGE has built up a broad customer base among major mobile carriers in North America, while diversifying its export sales as well. Moreover, a solid platform for sustained growth has been laid for the GSM sector through the timely release of cutting-edge mobile phones and the strengthening of our customer base in Europe.

Of significant note, we acquired a CDMA brand license for the LG brand in China. The company now has in place a full-line operating system in China in terms of R&D, production, marketing, and service. Furthermore, the successful trial operation of 3G (third-generation) service during the 2002 World Cup finals enabled the Division to lead the way in the supply of state-of-the-art mobile devices.

These initiatives enabled the Division to record dramatic sales growth of 45.9% in 2002 over the previous year, amounting to 3.5 trillion won. This included the sale of 16 million mobile phones, representing a 58% growth from a year ago. As a result, LGE ranked sixth among global mobile handset makers in 2002. In particular, LGE was able to capture a 19% share in the global CDMA market through a significant expansion of its overseas customer base. Thanks to the burgeoning sales, the Division's operating profit margin improved to 9.7% in 2002.

Outlook

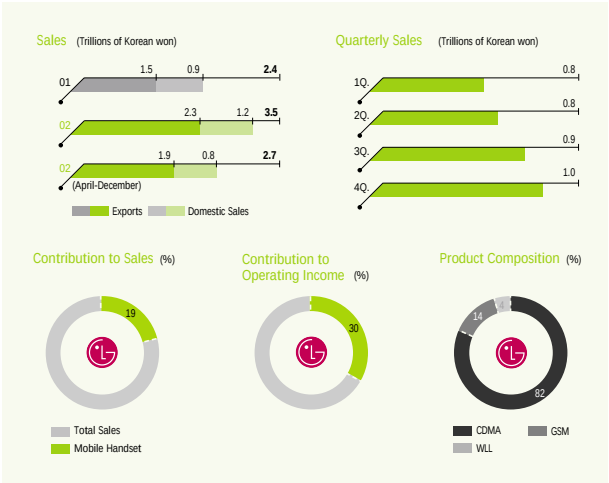
The year 2003 will likely pose serious challenges to our continued success. However, we are prepared to overcome any adversity and position ourselves as a truly key player in the mobile handset market. To achieve this goal, we will have to constantly reinforce our business capabilities.

In 2003, the global mobile phone market is expected to grow 6% as compared to the previous year. In particular, strong demand for color-screen and multifunctional phones is likely to continue over the near term. Efforts will be concentrated on initiatives to boost our market share in Korea's CDMA sector and



Telecommunication Equipment
& Handset Division

ensure continued robust growth of its GSM sales worldwide. Furthermore, we will move proactively to expand its market share in the 3G service for CDMA/WCDMA mobile networks ahead of the competition. To this end, we will strive to acquire additional intellectual property rights (IPRs) related to 3G mobile service.



2. Telecommunication System

Review

In 2002, most wired and wireless communications equipment makers experienced drastic downturns in their sales and bottom line, primarily as a result of the continued stagnation of the global communications infrastructure industry. LGE was no exception to this difficult operating environment, with its telecommunication systems revenue slumping by 39.5% in 2002 year on year to 904 billion won.

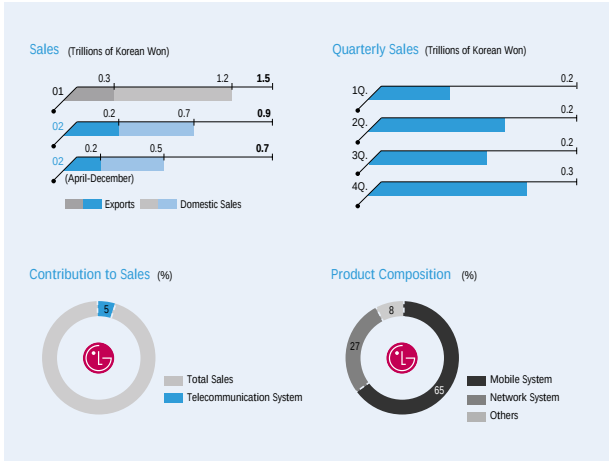
To cope with such a negative business environment, the Division implemented a set of extensive measures for comprehensive business rationalization and restructuring. These efforts were focused on the winding up of various business lines that were deemed less competitive and held little potential for



strong profitability growth. On the other hand, there have been positive developments as well. In the 3G sector, we began to reap benefits of R&D investment. For example, LGE earned the right to supply IMT-2000 systems for WCDMA service to KTICOM and SKIMT. In the wired sector, LGE was selected as a co-developer of softswitch, a key component of next-generation networking, by KT (formerly Korea Telecom). Moreover, we managed to solidify its No. 1 market position in the Key-phone and PBX (Private Branch eXchange) sectors.

Outlook

Lucrative business opportunities are projected to evolve from commencement of development of 3G mobile service infrastructure and new investment in high-speed data services. In this regard, Telecommunication System Division will implement a set of initiatives in the new year. For example, we will focus on fortifying the mobile telecommunication business base. On the domestic front, we will seek to expand its market share through early stabilization of its commercial systems for WCDMA service and to expand sales in the CDMA sector, in which business is already normalized. In foreign markets, priority will be placed on the pursuit of profitable projects along with the steady development of cost-efficient products and components that will help to enhance the overall competitiveness of our systems.



Management Issues

Corporate Ethics

As a premier global enterprise, LGE adheres to ethical and transparent management practices. Corporate responsibility and deeply ingrained business ethics have always been at the core of LGE's management values. The fundamental objective of ethical management is to ensure fairness and transparency in all facets of operations with a view to maximizing customer satisfaction. LGE realizes that by avoiding unnecessary risk through responsible and ethical management, its business will be more sustainable over the longer term.

LGE has adopted a Code of Conduct that requires all company executives and staff to always comply with relevant laws and company regulations when conducting business transactions and company operations. To promote fair competition, the code requires all business transactions to be conducted on the basis of principles of fair competition with equal opportunity guaranteed for the participation of all qualified parties. The company also seeks to build trust and cooperative relationships through fair and transparent transactions.



With an unwavering commitment to ensure integrity and fairness, LGE employees maintain a positive value system and fulfill their duties through continuous self-development and objectivity in performance. As for ethical behavior, the code mandates that all employees maintain high standards of morality and personal integrity, while protecting the company's reputation. All LGE employees are required to shun any individual behavior or relationships that conflict with company interests, while avoiding the use of company property in pursuit of personal interests.

Social Commitment

> Focus on Environment-friendly Products

LGE has been utilizing the tools of LCA (Life Cycle Assessment) and DfE (Design for Environment) to assess the impact on the environment from the initial stage of product design. This environment-friendly design process is gradually applied to all product models of the company. LCA identifies and quantifies pollutants emitted throughout the different stages of product development for scientific analysis to explore any room for improvement.

Of late, LGE's built-in type refrigerator (Model: GR-171/130 liter capacity) received the Environmental Award from the European Commission by acquiring Eco-Label designation, thereby gaining valuable ground in the high-potential European refrigerator market. The Eco-Label designation is awarded to environmentally friendly products in the European Union that promote energy conservation, ozone protection, and prevention of global warming. Only two kinds of refrigerators have to date received the EA. LG Electronics is committed to development of a diverse range of innovative products in response to

rising consumer demands for environmentally sensitive products. Based on its DfE system, LGE incorporates environmentally friendly materials from the initial stage of product design. LGE has operated a Recycling Center for home appliances in Chilseo, South Gyeongsang Province, since August 2001. This center is capable of processing some 250,000 units of home appliances a year. And to promote more proactive environmentally friendly business operation, the company has adopted its EESH (Energy, Environment Safety & Health) system for its business locations throughout Korea.

Back in 1994, LGE adopted a declaration on environmental protection that allowed the company to carefully consider the environmental and social consequences as well as economic factors in its management decision-making. In line with this philosophy, the company has acquired ISO 124001, an international certification for systematic environmental management.

> Model Corporate Citizen

LGE, which maintains operations around the globe, is committed to making the world a better place through its efforts as a model corporate citizen. It thus encourages young people to develop their individual potential to the fullest, while seeking to broaden international understanding by sponsoring various cultural and sports events.

Since 1990, LGE has provided financial support for a nationwide invention exhibition in Korea in order to encourage young Koreans to demonstrate their creative potential in the science and technology fields. This exhibition is supported by several government agencies, including the Ministry of Science and Technology, and private industry groups.

Internationally, LG Electronics has also sponsored a cultural festival that has been presented in 14 Russian cities as well as Kazakhstan and other CIS member countries since 1997. The "two-way" cultural exchange, which features talent contests and door prizes, attracts many people, including community leaders. LG Electronics also sponsors baduk (go) tournaments in Russia and the CIS region as part of its "cultural-marketing efforts." In Thailand, LG Electronics sponsors the "LG Champion Quiz" involving high-school student contestants, in cooperation with a local network that airs this TV program on Saturdays. In Mexico, the company sponsored an international archery event in January 2003 in an effort to boost global understanding and friendship through sports competition.



Management's Discussion and Analysis

...A Message from CFO



Young Soo Kwon
Chief Financial Officer

In 2002, operating profit exceeded 1 trillion won for the first time, jumping 29.2% year-on-year to 1.03 trillion won.

1. Analysis of 2002 Performance

On April 1, 2002, LG Electronics was split into LG Electronics Inc. (new LG Electronics) and LG Electronics Investment, Ltd. (LGEI). The new LG Electronics holds the core business-related subsidiaries and runs underlying operations, including home appliances, handsets and telecommunication equipment among others. LGEI, as a pure holding company, is responsible for the control of stakes in several subsidiaries including LG Telecom and Dacom. In accordance with the demerger, LG Electronics was legally established on April 1, 2002. Thus, the official financial statements of LG Electronics for fiscal year 2002 cover nine months from April 1 to December 31. The term "the Company" used here without any other qualifying description will refer to "new LG Electronics" as a pure operating company.

In order to discuss and analyze the Company's performance and financial status more accurately, the following section is based on figures for the full fiscal year 2002, rather than on the official financial statements for the nine months from April 1 to December 31 that record the Company's performance after "demerger." The spin-off of the Company's CRT (cathode ray tubes) business in the second half of 2001 has been taken into account by revising total sales to 15.91 trillion won from the 16.60 trillion won shown in the official financial statements for 2001.

The following section contains forward-looking statements with respect to results of operations, the financial conditions and plans and objectives of the management of LG Electronics. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results of performance of LG Electronics to be materially different from any future results or performance expressed or implied. LG Electronics, therefore, does not make any warranty as to the accuracy or completeness of the statements in this section. Forward-looking statements refer only to conditions as of the date they are made, and LG Electronics undertakes no obligation to update publicly any of them in light of new information or future events.

Overview

In 2002, sales increased 16.9% to 18.60 trillion won despite the global economic slowdown. Surging overseas sales played a major role in boosting total sales. By business division, the Mobile Handset Division and the Digital Appliance Division led the growth. Mobile handset sales soared 45.9% YoY to 3.52 trillion won. Moreover, operating profit exceeded 1 trillion won for the first time, jumping 29.2% YoY to 1.03 trillion won. Robust profitability of the Digital Appliance Division and significant improvement in profit margin from

Management's Discussion and Analysis

...A Message from CFO

the Mobile Handset Division were the main contributors to the Company's overall profitability improvement. Operating profit margin improved to 5.5% in 2002 compared to 4.8% in the previous year. Recurring profit also recorded a 17.7% increase to reach 675.2 billion won in 2002. Recurring profit margin, however, edged up only slightly to 3.6% compared to 3.5% in 2001.

Sales

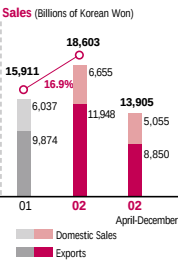
The Company's total revenue grew 16.9% YoY to 18.60 trillion won in 2002. Exports, with a 21.0% increase, led the growth while domestic sales increased 10.2%. Consequently, the contribution of exports to total sales (excluding CRT sales) increased from 62.1% in 2001 to 64.2% in 2002. The main contributor to soaring exports was a 59.8% increase in mobile handset shipments, especially to North America and China. As a result, exports of mobile handsets accounted for one fifth of the Company's total exports and are expected to continue to rise in the foreseeable future. Domestic sales, meanwhile, increased 10.2% over the previous year on the back of strong demand for home appliances and mobile handsets. Accordingly, in 2002 the Digital Appliance Division and the Mobile Handset Division posted 32.7% growth and 24.2% growth respectively. However, the Telecommunication System Division experienced a drop of 45.5% in domestic sales, mostly affected by withdrawal from non-profitable businesses and a decrease in capital expenditure by telecommunication operators.

Sales by Division

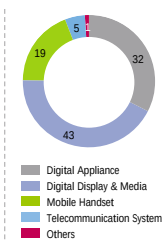
		(Billions of Korean Won)			
		2001	2002	Change(%)	
		January-December	Pro forma	April-December	
Digital Appliance	Domestic Sales	2,210	2,933	2,273	32.7
	Exports	2,753	3,109	2,084	12.9
	Sub Total	4,963	6,042	4,357	21.7
Digital Display & Media	Domestic Sales	1,475	1,743	1,279	18.1
	Exports	5,305	6,200	4,652	16.9
	Sub Total	6,780	7,943	5,931	17.2
Mobile Handset	Domestic Sales	942	1,170	868	24.2
	Exports	1,473	2,354	1,873	59.8
	Sub Total	2,415	3,524	2,741	45.9
Telecommunication System	Domestic Sales	1,203	655	529	-45.5
	Exports	292	249	212	-14.8
	Sub Total	1,495	904	741	-39.5
Others	Domestic Sales	207	154	106	-25.6
	Exports	51	36	29	-30.7
	Sub Total	258	190	135	-26.6
Total	Domestic Sales	6,037	6,655	5,055	10.2
	Exports	9,874	11,948	8,850	21.0
	Total	15,911	18,603	13,905	16.9

*Change % is year-on-year basis.

*CRT business was spun off in the second half of 2001 and its sales were excluded in 2001.



Sales Breakdown (%)



> Digital Appliance

The Division's main products are white goods such as air-conditioners and refrigerators, which in total recorded 21.7% growth in 2002. The performance strengthened the Company's top-tier position in the global industry, which has shown 3% to 4% annual growth for the last couple of years. The Division's revenue reached 6.04 trillion won, representing 32.5% of the Company's total revenue. Domestic sales surged 32.7% to 2.93 trillion won, boosted by strong demand for high-end products such as TROMM (washing machine), DIOS (refrigerator) and Cyking (vacuum cleaner), while exports increased 12.9% to 3.11 trillion won, on the strength of improving product quality and high brand recognition. Side-by-side door refrigerators, drum-type washing machines, commercial air-conditioners and light ovens were the main drivers of overseas sales. In terms of sales both at home and abroad, washing machines posted the highest growth followed by air-conditioners, refrigerators and vacuum cleaners. Most other white goods also recorded double-digit growth.

> Digital Display and Media

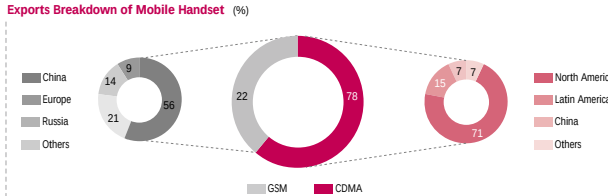
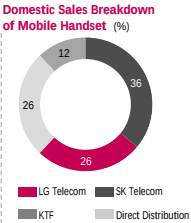
The Division produces monitors, television sets, optical storage units, personal computers, PDPs (plasma display panels) and so on. The Division's sales grew 17.2% to 7.94 trillion won in 2002 on the back of a spike in demand from the 2002 World Cup finals, which was held in Korea and Japan, strong demand for premium products and timely marketing of new products. Domestic sales rose 18.1% to 1.74 trillion won while exports increased 16.9% to 6.20 trillion won in 2002. As a result, the Division accounted for 42.7% of the Company's total sales. By product, consumer electronics such as television sets and audio/video equipment led the growth, jumping 42% and 30% respectively in 2002. However, products in the IT category exhibited relatively low growth due to weak demand caused by an overall slowdown of the IT industry and falling average selling prices of major products. Monitors, optical storage units and personal computers recorded 11%, 6% and 4% growth respectively. Digital TVs, core products in the digital age, enjoyed significant growth in the wake of the World Cup. In the case of audio/video equipment, newly introduced digital products such as Combi (combined DVD/VCRs) and home theater systems led growth. Sales of PDPs surged on the back of excellent quality and productivity and are expected to continue to grow substantially in the future given the strong demand and the Company's production capacity expansion plan. As optical storage business maintained global top position in 2002, the Company solidified its leading global position by the timely introduction to the market of new products such as high-speed CD-RWs.

> Mobile Handset

In 2001, the Division made a significant breakthrough by recording annual mobile handset sales of over 10 million units. With the help of product leadership, strong global marketing and distribution channels, enhanced brand power, and cost leadership, the Division recorded 3.52 trillion won in handset sales in 2002, a 45.9% increase from the previous year's 2.42 trillion won. Domestic sales increased 24.2% to reach 1.17 trillion won while overseas sales soared 59.8% to 2.35 trillion won. In terms of sales volume, the Company shipped around 16 million units in 2002, up 58% over the previous year. Domestic sales of CDMA handsets increased 10.7% while exports of CDMA handsets jumped 47.2%. Moreover, sales of GSM handsets increased tenfold in 2002, just one year after the Company started GSM production. With the soaring sales,

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the Company climbed four places to rank 6th in the global mobile handset market in 2002. Of total shipments, CDMA handsets accounted for 83.5% with approximately 13.3 million units while GSM handsets represented the remaining 16.5%. In the domestic market, sales of units to local service providers SK Telecom, LG Telecom and KTF accounted for 36%, 26% and 26% respectively. The remaining 12% were sold through direct distribution channels. In terms of export volume in 2002, CDMA handsets were again dominant with a 78% share, while GSM handsets accounted for 22%. Of CDMA handset sales to foreign countries, North America, mainly through Verizon and Sprint, accounted for 71%, followed by Latin America with 15% and China with 7%. In the case of GSM handset sales to foreign nations, China represented 56%, well ahead of Europe at 21% and Russia at 14%. With GSM handsets in particular, the Company successfully penetrated Southern European markets with sales through operators such as Orange, Wind, and Telefonica. In China, the Company sold over 1.5 million GSM handsets through companies including Legend, Eastcom and Bodao, and over 0.6 million LG-branded CDMA handsets through China Unicom in the second half of the year.

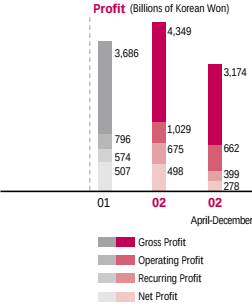


> Telecommunication System

In contrast to the Company's three other divisions, which recorded double-digits sales growth, the Telecommunication System Division performed poorly in 2002. Sales declined 39.5% to 903.8 billion won. As a result, the proportion of the Division's sales to the Company's total sales fell to 4.9% in 2002 from 9.4% in 2001. The main factor behind the disappointing result was a sharp decline in domestic sales, which inevitably suffered from a decrease in overall capital expenditure by telecommunications operators. In addition, strategic withdrawal from non-profitable businesses such as network solutions and data networks, led to a decline in the Division's sales. In 2002, the Division focused on improvement of profitability and building the basis of 3G. In addition, the Division achieved some notable successes, including the right to provide WCDMA equipment to KTICOM, and was chosen as one of the co-developers for Softswitch with Korea Telecom. Backed by the Division's vigorous restructuring, profitability improved toward the end of the fiscal year.

Income

Operating profit increased 29.2% to 1.03 trillion won on the back of robust sales growth and increasing weight of high-end products. Recurring profit rose 17.1% to 675.2 billion won while net profit dipped 1.9% to 497.6 billion won.



Profit

	(Billions of Korean Won)			Change(%)
	2001 January-December	2002 Pro forma April-December	2002 April-December	
Gross Profit	3,686	4,349	3,174	18.0
Profit Margin	22.2%	23.4%	22.8%	
Operating Profit	796	1,029	662	29.2
Profit Margin	4.8%	5.5%	4.8%	
Recurring Profit	574	675	399	17.7
Profit Margin	3.5%	3.6%	2.9%	
Net Profit	507	498	278	-1.9
Profit Margin	3.1%	2.7%	2.0%	

*Change % is year-on-year basis.

> Gross profit

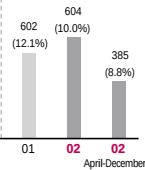
Gross profit rose 18.0% to 4.35 trillion won in 2002 from 3.69 trillion won in 2001 on the back of robust sales increases. Gross profit margin improved 1.2%p from 22.2% in 2001 to 23.4% in 2002. Overall, the high portion of high-end products such as digital TVs and handsets brought about the improvement. By division, the Mobile Handset Division became the most profitable division with a 30.1% gross profit margin in 2002 compared to 26.9% in 2001. The Digital Appliance Division lost its top position since its gross margin, albeit still high, fell slightly to 28.9% in 2002 from 31.0% in 2001. Boosted by the strong demand for high-priced products such as digital TVs, A/V equipment and CD-RWs, the Digital Display and Media Division enjoyed the biggest gain in gross profit margin improving to 16.2% in 2002 from 12.6% in 2001. On the other hand, the Telecommunication System Division, which experienced a sharp decline in sales, failed to show improvement in profitability. Gross profit margin of the Division fell to 23.3% in 2002 from 26.4% in 2001.

> Operating profit

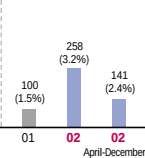
The effect of improving gross profit margin trickled down to operating profitability since there was no significant impact on operating profit margin from SG&A expenses. Operating profit margin improved to 5.5% in 2002 compared to the previous year's 4.8%. Thus the Company's operating profit increased 29.2% to 1.03 trillion won, passing one trillion won for the first time in 2002, from 796.0 billion won in 2001. By division, the Digital Appliance Division remained the most profitable with operating profit margin of 10.0%. Although this was a slight drop from the previous year's 12.1%, due mainly to the strong Korean won and a rise in marketing expenses, increasing demand for high-end products such as Kimchi refrigerators and drum washing machines maintained the overall high margin. The most significant improvement in terms of profitability, however, was achieved by the Handset Division. Operating profit margin from this Division improved by 3.2%p to 9.7% in 2002 posting 342.7 billion won of operating profit in 2002, 117.9% higher from a year earlier. Given that the Division contributed 18.9% to the Company's revenue, but accounted for 30.3% to total operating profit in 2002, it was the driving force for the structural change. On the other hand, the Digital Display and Media Division, which generated 42.7% of the Company's operating revenue, continued to exhibit low profitability. However, the operating profit margin of the Division improved to 3.2%, higher than the

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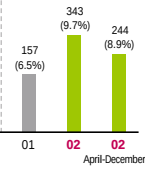
Operating Profit (margin)
Digital Appliance
(Billions of Korean Won)



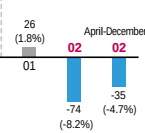
Operating Profit (margin)
Digital Display & Media
(Billions of Korean Won)



Operating Profit (margin)
Mobile Handset
(Billions of Korean Won)



Operating Profit (margin)
Telecommunication System
(Billions of Korean Won)



previous year's 1.5% thanks to robust growth of newly introduced products including combination DVD/VCRs and optical storage units. The Telecommunication System Division recorded an operating loss of 73.9 billion, its largest ever, mainly due to falling sales and the effects of vigorous restructuring.

Of note, however, is that the operating profit margin of the Company would have improved to 6.3% had it not been for performance bonuses amounting to 145.1 billion won. Usually the Company reflects bonuses in the next fiscal year. However, the Company reflected bonus payments in the financial statements twice in 2002: once in the first quarter for performance bonuses in fiscal year 2001 and once in the fourth quarter for performance bonuses in 2002.

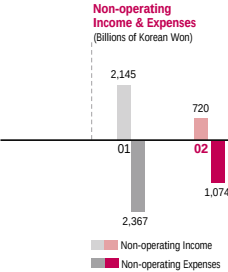
Operating Profit by Division

	2001		2002		Change(%)	
	January-December		Pro forma		April-December	
	Operating Profit	Margin	Operating Profit	Margin	Operating Profit	Margin
Digital Appliance	602	12.1%	604	10.0%	385	8.8%
Digital Display & Media	100	1.5%	258	3.2%	141	2.4%
Mobile Handset	157	6.5%	343	9.7%	244	8.9%
Telecommunication System	26	1.8%	-74	-8.2%	-35	-4.7%

*Change % is year-on-year basis.

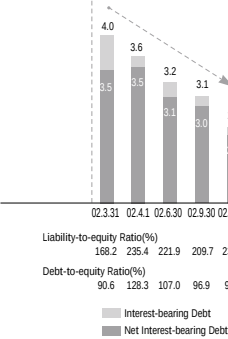
> Recurring profit

Recurring profit increased 17.7% to 675.2 billion won in 2002 from 573.7 billion won in 2001 on the back of robust operating performance. Moreover, recurring profit margin remained close to the previous year's level. In 2002, the margin was up by 0.1%p on the figure for 2001 to 3.6%. Both non-operating income and non-operating expenses declined significantly in the wake of demerger since non-operating accounting was simplified. Non-operating income fell to 720.2 billion won in 2002 from 2.15 trillion won in 2001 while non-operating expenses declined sharply from 2.37 trillion won to 1.07 trillion won during the same period. As a result, net non-operating loss widened by 131.1 billion won to 353.4 billion won. A large reduction in gains on business transfer was behind the fall in non-operating income. In June 2001, the Company realized a business transfer gain of 1.36 trillion won when it spun off its CRT business and established LG.Philips Displays, a joint venture with Philips. Although a further gain of 139.3 billion won was realized in 2002, it was significantly less than in the previous year. The decline in non-operating expenses, meanwhile, was due to two factors. First, loss on equity method of 901.5 billion won in 2001, arising from losses by Dacom, LG Industrial Systems and LG Telecom, fell significantly to 143.4 billion won in 2002. Despite realizing gains on equity method of 183.4 billion won from LG.Philips LCD, loss on equity method from LG.Philips Displays totaling 394.4 billion won was reflected on the income statement. Most of the loss from LG.Philips Displays came from disposal of property and equipment during the restructuring carried out to boost profitability. Second, interest expenses were reduced by 149.8 billion won to 242.7 billion won in 2002, helped by reduction in interest-bearing debt. Interest-bearing debt decreased by 1.16 trillion won to 2.89 trillion won in 2002.



Non-operating Income
Non-operating Expenses

Interest-bearing Debt
(Trillions of Korean Won)



Liability-to-equity Ratio(%)
Debt-to-equity Ratio(%)

Interest-bearing Debt
Net Interest-bearing Debt

> Net profit

The Company's net profit totaled 497.6 billion won in 2002, a 1.9% decrease from the previous year. The net profit margin, which stood at 3.1% in 2001, deteriorated a little to 2.7% in 2002 as adjustments in income and expenses for tax accounting brought the effective income tax rate up to 26.3% from 11.6% in 2001.

Financial position

Here we compare the balance sheet ending December 2002 with that ending March 2002 and that as of April 1, the initial balance sheet of the Company after demerger, instead of that ending December 2001. This is in order to analyze separately the changes in the balance sheet caused by the Company's financial policy and operating performance.

The company's total assets at the end of 2002 totaled 10.13 trillion won, a reduction of 1.85 trillion won compared to 11.98 trillion won at the end of March in 2002. This was mainly due to the split of assets arising from the demerger, as investment assets which were not related to the Company's operation, such as LG Telecom, Dacom and LG Industrial Systems, were transferred to LG&I. After the demerger, assets increased by 689.1 billion won.

Likewise, total liabilities were reduced by 387.3 billion won during the same period, but increased by 499.7 billion won to 7.13 trillion won after demerger. The increase was attributable to a big change in current liabilities. However, debt declined by 718.7 billion won from 3.61 trillion won as of April 1 to 2.89 trillion won at the end of 2002 since the Company continuously repaid borrowings. Accordingly, the debt-to-equity ratio declined significantly to 96.3% at the end of 2002 from the initial ratio of 128.3%.

Financial Position

	2002.3(a)	2002.4.1(b)	2002.12(c)	(c)-(a)	(c)-(b)
Total Assets	11,983	9,444	10,133	-1,850	689
Current Assets	3,342	2,609	2,963	-379	354
Fixed Assets	8,641	6,835	7,170	-1,471	335
Investment Assets	4,767	3,011	3,304	-1,463	293
Tangible Assets	2,843	2,793	2,893	50	100
Intangible Assets	1,031	1,031	973	-58	-58
Total Liabilities	7,515	6,628	7,128	-387	500
Current Liabilities	4,932	4,232	4,737	-195	505
Fixed Liabilities	2,583	2,396	2,391	-192	-5
Total Shareholders' Equity	4,468	2,816	3,005	-1,463	189
Total Liabilities and Shareholders' Equity	11,983	9,444	10,133	-1,850	689

*Day of demerger

Management's Discussion and Analysis
...A Message from CFO

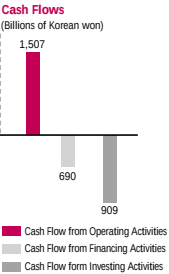
Meanwhile, the liability-to-equity ratio remained almost unchanged during the period because the increase in total liabilities was fully offset by the increase in shareholders' equity. Liability-to-equity as of April 1 was 235.4% and was barely changed at 237.2% as of the end of 2002. The ratio of won-denominated debt declined to 74.7% while that of foreign currency debt increased to 25.3%. The total amount of borrowings due in 2003 is 745.8 billion won, which the Company plans to continue to repay with the help of robust operating cash flow.

Shareholders' equity was reduced to 2.82 trillion won just after the demerger, from 4.47 trillion won as of the end of March 2002. However, it rose to 3.01 trillion won, 189.4 billion won higher than the initial shareholders' equity mainly due to the increase in retained earnings.

Debt Maturity

		(Billions of Korean won, Millions of U.S. dollar)							
		2001	2002	Due in 2003				After 2003	
		Balance	Balance	1Q	2Q	3Q	4Q	Sub Total	Total
Short-term	Won	44.7	42.4	42.4				42.4	-
	Foreign Currency	7.2						-	-
		(US\$5)							
	Sub Total	51.9	42.4	42.4	-	-	-	42.4	-
Long-term	Won Loans	28.5	0.2					-	0.2
	Won Bonds	3,135.0	2,140.0	100.0	270.0		200.0	570.0	1,570.0
	Sub Total	3,163.5	2,140.2	100.0	270.0	-	200.0	570.0	1,570.2
	Foreign Currency	260.4	19.9	2.2	8.0	1.7	3.5	15.4	4.5
	Loans	(US\$196)	(US\$17)	(US\$2)	(US\$7)	(US\$1)	(US\$3)	(US\$13)	(US\$4)
	Foreign Currency	632.1	720.2			118.0		118.0	602.2
	Bonds	(US\$477)	(US\$600)			(US\$100)		(US\$100)	(US\$500)
	Sub Total	892.5	740.1	2.2	8.0	119.7	3.5	133.4	606.7
		(US\$673)	(US\$617)	(US\$2)	(US\$7)	(US\$101)	(US\$3)	(US\$113)	(US\$504)
	Total	4,056.0	2,880.3	102.2	278.0	119.7	203.5	703.4	2,176.9
	Total	4,107.9	2,922.7	144.6	278.0	119.7	203.5	745.8	2,176.9
		(US\$678)	(US\$617)	(US\$2)	(US\$7)	(US\$101)	(US\$3)	(US\$113)	(US\$504)

* Bonds are based on par value.



Cash flows

Cash flows for the nine months from April 1 to the end of fiscal year 2002 are summarized as follows: cash inflows from operating activities of 1.51 trillion won, cash outflows from investing activities of 908.8 billion won and cash outflows from financing activities of 690.2 billion won. Operating cash flows comprised net profit of 277.7 billion won, depreciation expenses of 447.8 billion won and increases in liabilities from operating activities. Cash outflows from investing activities were attributable to investment in investment securities and tangible assets while cash outflows from financing activities were due to debt repayment. As a result, cash at the end of the year was reduced by 91.8 billion won to 17.2 billion won.

2. Business outlook for 2003

The following statements are made on the basis of the Company's strategies and reasonable assumptions based on the several factors. For information, the new accounting principles will be adopted. Thus, "sales on raw material (outsourcing related sales)," which was included sales in the past, will be excluded in the financial statements.

Sales and profits

Overall business conditions in 2003 are expected to be less favorable than they were in the previous few years. Soaring oil prices coupled with a strong Korean won are likely to exert a negative influence on the Company's operations. However, the Company expects to manage the difficulties and uncertainties by maintaining high growth in mobile handset sales, high-end home and consumer electronic goods such as digital TVs, PDPs and home theater systems in 2003. Furthermore, the Company will maintain a cash-oriented strategy. So far, the Company has carried out rigorous restructuring activities and will continue to rationalize the monitor and PC businesses. In 2003, the effect is likely to be more evident, especially in the Telecommunication System Division, which underwent radical restructuring. Net income of the Division is expected to swing to surplus in 2003. The Digital Appliance Division, which generated more than half of total operating profit in 2002, should continue to be a major source of income through the strategic placement of new products on the market and higher brand recognition in the global market.

Investments

Under the assumption that the business environment for 2003 is likely to be less favorable than in 2002, the Company will maintain a cautious stance on investments. The Company will focus on core businesses of PDPs, mobile handsets, digital TVs and OLEDs in order to strengthen its position as a leading global electronics company. Since these businesses are expected to grow robustly and generate higher profits in the future, the Company will devote more capital to them. In 2003, the Company plans to invest 770 billion won in new facilities, an increase of 236.6 billion won over 2002. Moreover, the Company will strengthen its R&D capability in core businesses in 2003 by investing 980 billion won, the highest ever and significantly more than the 689.2 billion won in 2002. Through such investments, LG Electronics intends to become a stronger and more competitive global company.

Financial Report

DIGITAL

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82	Other Information

SAMIL ACCOUNTING CORPORATION

Independent Auditor's Report



Samil Accounting Corporation
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191 Hangangro 2ga, Yongsanku,
Seoul 140-702, KOREA
(Yongsan P.O Box 266, 140-600)

**To the Board of Directors and Shareholders of
LG Electronics Inc.**

We have audited the accompanying non-consolidated balance sheet of LG Electronics Inc. (the "Company") as of December 31, 2002, and the related non-consolidated statements of income, appropriations of retained earnings (draft) and cash flows for the nine-month period from April 1, 2002 (date of spin-off) to December 31, 2002, expressed in Korean Won. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audit in accordance with auditing standards generally accepted in the Republic of Korea. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the non-consolidated financial statements referred to above present fairly, in all material respects, the financial position of LG Electronics Inc. as of December 31, 2002, and the results of its operations, the changes in its retained earnings and its cash flows for the nine-month period from April 1, 2002 (date of spin-off) to December 31, 2002, in conformity with financial accounting standards generally accepted in the Republic of Korea.

Without qualifying our opinion, we draw attention to the following matters.

As discussed in Notes 1 and 24 to the accompanying non-consolidated financial statements, the Company was spun off from LG Electronics Investment Ltd. (formerly LG Electronics Inc.) on April 1, 2002. The electronics, and information and communications businesses were transferred from LG Electronics Investment Ltd. to the Company. As of April 1, 2002, the Company has outstanding capital stock amounting to ₩783,961 million, including non-voting preferred stock, and the Company's stock was listed on the Korean Stock Exchange on April 22, 2002.

As discussed in Note 22 to the accompanying non-consolidated financial statements, for the nine-month period ended December 31, 2002, the Company entered into various transactions with affiliated companies including sales amounting to ₩7,360,895 million and purchases amounting to ₩2,120,313 million. As of December 31, 2002, related receivables and payables approximate ₩990,556 million and ₩819,649 million, respectively.

Independent Auditor's Report

Non-consolidated Balance Sheet

December 31, 2002

As discussed in Note 2 to the accompanying non-consolidated financial statements, the Company made an early adoption of Statement of Korean Financial Accounting Standards ("SKFAS") No. 6 on subsequent events for the nine-month period from April 1, 2002 to December 31, 2002. Accordingly, the dividends included in the appropriations of retained earnings (draft) were not recognized as liabilities in the balance sheet as of December 31, 2002. The effect of this early adoption of SKFAS No. 6 was to decrease liabilities and increase retained earnings as of December 31, 2002 by ₩157,431 million

Accounting principles and auditing standards and their application in practice vary among countries. The accompanying non-consolidated 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 audit such financial statements may differ from those generally accepted and applied in other countries. Accordingly, this report and the accompanying non-consolidated financial statements are for use by those who are knowledgeable about Korean accounting principles or auditing standards and their application in practice.



Seoul, Korea
January 25, 2003

This report is effective as of January 25, 2003, the audit report date. Certain subsequent events or circumstances, which may occur between the audit report date and the time of reading this report, could have a material impact on the accompanying non-consolidated financial statements and notes thereto. Accordingly, the readers of the audit report should understand that there is a possibility that the above audit report may have to be revised to reflect the impact of such subsequent events or circumstances, if any.

(In millions of Korean Won)		
ASSETS		
Current assets:		
Cash and cash equivalents (Note 5)	₩	17,176
Short-term financial instruments		766
Trade accounts and notes receivable, net (Notes 4, 5 and 22)		1,187,275
Inventories (Notes 6 and 8)		1,180,690
Other accounts receivable, net (Notes 4 and 5)		194,404
Prepaid expenses		67,896
Accrued income (Notes 4 and 5)		143,167
Advances (Note 4)		166,951
Derivatives transaction debit (Note 14)		2,110
Other current assets (Note 4)		2,174
Total current assets		2,962,609
Property, plant and equipment, net of accumulated depreciation (Notes 8 and 23)		2,893,372
Long-term financial instruments (Note 3)		8,729
Investment securities (Note 7)		2,652,630
Refundable deposits (Note 5)		293,619
Long-term trade accounts receivable (Note 4)		123
Long-term prepaid expenses		68,878
Deferred income tax assets, net (Note 19)		237,905
Long-term loans (Notes 4 and 22)		42,246
Intangible assets (Notes 9 and 23)		972,467
Total assets	₩	10,132,578

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

Non-consolidated Balance Sheet

(In millions of Korean Won)		
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Short-term borrowings (Note 10)	₩	42,393
Current maturities of long-term debt (Note 10)		703,018
Trade accounts and notes payable (Notes 5 and 22)		1,954,039
Other accounts payable (Note 5)		1,051,833
Income taxes payable (Note 19)		156,609
Accrued expenses (Note 5)		585,433
Withholdings		45,352
Advances from customers		197,428
Derivatives transaction credit (Note 14)		534
Total current liabilities		4,736,639
Debentures, net of current maturities and discounts on debentures (Note 11)		2,143,841
Long-term debt, net of current maturities (Note 11)		4,720
Accrued severance benefits, net (Note 13)		162,960
Product warranty provision		79,200
Other long-term liabilities		166
Total liabilities		7,127,526
Commitments and contingencies (Note 14)		
Shareholders' equity:		
Capital stock (Note 15)		783,961
Capital surplus:		
Additional paid-in capital (Note 16)		1,876,153
Retained earnings:		
Unappropriated retained earnings before appropriations (Note 17)		277,716
Capital adjustments (Note 18)		67,222
Total shareholders' equity		3,005,052
Total liabilities and shareholders' equity	₩	10,132,578

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

Non-consolidated Statement of Income

For the nine-month period from April 1, 2002 (date of spin-off) to December 31, 2002

(In millions of Korean Won except for earnings per share amounts)		
Sales (Notes 22 and 23)	₩	13,905,098
Cost of sales (Note 22)		10,731,086
Gross profit		3,174,012
Selling and administrative expenses		2,512,339
Operating income (Note 23)		661,673
Non-operating income:		
Interest income		35,506
Rental income		6,648
Foreign exchange gains		235,662
Gain on disposal of investments		10,403
Gain on disposal of property, plant and equipment		1,364
Gain on disposal of intangible assets		60
Equity in earnings of affiliates, net (Note 7)		26,666
Gain on business transfer		579
Gain on derivatives transactions (Note 14)		23,222
Gain on valuation of derivatives (Note 14)		2,110
Refund of income taxes		2,493
Reversal of bad debt allowance		6,302
Others		122,695
	₩	473,710

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

Continued:

Non-consolidated Statement of Income

(In millions of Korean Won except for earnings per share amounts)		
Non-operating expenses:		
Interest expense	₩	171,567
Foreign exchange losses		167,769
Loss from transfer of trade accounts and notes receivable		72,121
Loss from disposal of investments		7,448
Loss from disposal of property, plant and equipment		59,815
Loss from disposal of intangible assets		439
Loss from redemption of debentures		1,302
Donations		5,731
Other bad debt expense		85,605
Loss on derivatives transactions (Note 14)		11,506
Loss on valuation of derivatives (Note 14)		534
Additional payment of income taxes		6,388
Others		146,045
		736,270
Ordinary income		
		399,113
Extraordinary gains		
		-
Extraordinary losses		
		-
Income before income taxes		399,113
Income taxes (Note 19)		121,397
Net income	₩	277,716
Basic earnings per share (Note 20) (in Korean Won)		
	₩	1,768
Basic ordinary income per share (Note 20) (in Korean Won)		
	₩	1,768

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

Non-consolidated Statement of
Appropriations of Retained Earnings (Draft)

For the nine-month period from April 1, 2002 (date of spin-off) to December 31, 2002
Date to be appropriated: March 14, 2003

(In millions of Korean Won)		
Unappropriated retained earnings before appropriations:		
Net income	₩	277,716
Appropriations of retained earnings (Note 17):		
Legal reserve		15,743
Reserve for improvement of financial structure		27,771
Reserve for research and manpower development		76,590
Loss from disposal of treasury stock		166
Cash dividends (Note 21)		157,431
		277,701
Unappropriated retained earnings to be carried forward to the subsequent year		
	₩	15

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

Non-consolidated Statement of Cash Flows

For the nine-month period from April 1, 2002 (date of spin-off) to December 31, 2002

(In millions of Korean Won)		
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	₩	277,716
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	447,809	
Amortization of discounts and premiums on on debentures	3,031	
Provision for severance benefits	102,618	
Loss on transfer of trade accounts and notes receivable	72,121	
Bad debt expense	85,719	
Foreign currency translation gains, net	(29,283)	
Gain on disposal of investments, net	(2,955)	
Loss on disposal of property, plant and equipment, net	58,451	
Loss on disposal of intangible assets, net	379	
Loss on redemption of debentures	1,302	
Equity in earnings of affiliates, net	(26,666)	
Gain on valuation of derivatives, net	(1,576)	
Gain on derivatives transactions, net	(11,716)	
Product warranty provision	38,979	
Others	(5,455)	
Changes in assets and liabilities:		
Increase in trade accounts and notes receivable	(67,074)	
Increase in other accounts receivable	(33,711)	
Increase in inventories	(325,609)	
Increase in accrued income	(61,431)	
Increase in prepaid expenses	(19,112)	
Increase in advances	(44,012)	
Increase in other current assets	(671)	
Increase in deferred income tax assets	(47,297)	
Increase in trade accounts and notes payable	394,742	
Increase in other accounts payable	593,967	
Decrease in accrued expenses	(585)	
Increase in advances from customers	57,031	
Increase in income taxes payable	156,609	
Increase in withholdings	13,653	
Payment of severance benefits	(86,363)	
Increase in severance insurance deposits	(36,170)	
Decrease in contributions to the National Pension Fund	3,048	
Others	(265)	
Net cash provided by operating activities	₩	1,507,224

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

Non-consolidated Statement of Cash Flow

(In millions of Korean Won)		
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of short-term financial instruments	₩	(436)
Acquisition of marketable securities		(48)
Decrease in short-term and long-term loans, net		24,398
Disposal of long-term financial instruments		5,374
Disposal of refundable deposits		(38,041)
Proceeds from disposal of investments		315,505
Acquisition of investments		(678,612)
Proceeds from disposal of property, plant and equipment		15,917
Proceeds from disposal of intangible assets		3,188
Acquisition of property, plant and equipment		(472,001)
Acquisition of intangible assets		(95,832)
Disposal of derivatives		11,716
Others		96
Net cash used in investing activities		(908,776)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from short-term borrowings, net		23,694
Proceeds from issuance of debentures		696,702
Payment of current maturities of long-term debt		(1,311,748)
Payment of debentures		(41,302)
Payment of long-term debt		(45,079)
Acquisition of treasury stock		(12,514)
Net cash used in financing activities		(690,247)
DECREASE IN CASH AND CASH EQUIVALENTS		(91,799)
CASH AT APRIL 1, 2002 (DATE OF SPIN-OFF) (Note 25)		108,975
CASH AT THE END OF THE PERIOD (Note 25)	₩	17,176

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

Notes to Non-Consolidated Financial Statements

As of December 31, 2002 and for the nine-month period from April 1, 2002 (date of spin-off) to December 31, 2002

1. The Company:

LG Electronics Investment Ltd. (formerly LG Electronics Inc.) was incorporated in 1959 under the Commercial Code of the Republic of Korea to manufacture and sell electronics products. In 1970, LG Electronics Investment Ltd. offered its shares for public ownership.

As discussed in Note 24 to the accompanying financial statements, the Company was spun off from LG Electronics Investment Ltd. (formerly LG Electronics Inc.) on April 1, 2002, to engage in the manufacture and sale of electronic, and information and communication products.

As of December 31, 2002, the Company has its manufacturing facilities in Kuro, Pyeongtaek, Choungju, Gumi, Changwon, etc. The Company is a member of the LG Group, which comprises affiliated companies under common management direction.

As of December 31, 2002, the Company has outstanding capital stock amounting to ₩783,961 million, including non-voting preferred stock. The Company's stock was listed on the Korean Stock Exchange on April 22, 2002, and its depositary receipts ("DRs") were listed on the London Stock Exchange in September 2002.

As of December 31, 2002, affiliated companies comprised of the LG Group including LG Electronics Investment Ltd. own a total of 36.1% of the Company's common stock, and financial institutions, foreign investors and others own the rest of the Company's common stock.

2. Summary of Significant Accounting Policies:

The significant accounting policies followed by the Company in the preparation of its non-consolidated financial statements in accordance with Financial Accounting Standards of the Republic of Korea are summarized below:

> Basis of Financial Statement Presentation

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

The preparation of non-consolidated financial statements requires management to make estimates and assumptions that affect amounts reported therein. Due to the inherent uncertainty involved in making estimates, actual results reported in future periods may differ from those estimates.

> Spin-Off Accounting

Upon a resolution of the shareholders of LG Electronics Investment Ltd. (formerly LG Electronics Inc.) on December 28, 2001, the Company was spun off from LG Electronics Investment Ltd. on April 1, 2002. The significant accounting policies followed by the Company in the spin off are as follows:

- *Assets and liabilities are transferred based on the book value.*
- *Capital adjustments including gain or loss on valuation of investment securities, which are directly related to assets and liabilities transferred to the Company, are also transferred to the Company.*
- *The difference between the Company's net assets transferred from LG Electronics Investment Ltd. and capital, after adjustments arising from capital adjustments, is credited to paid-in capital in excess of par value.*

> Revenue Recognition

Sales of finished products and merchandise are recognized when delivered. Revenue from installation service contracts is recognized using the percentage-of-completion method.

> Marketable Securities and Investments in Debt and Equity Securities

All marketable securities and investments in equity and debt securities are initially carried at cost determined by the weighted average method, including incidental expenses. In the case of debt securities, cost includes the premium paid or discount received at the time of purchase. The following paragraphs describe the subsequent accounting for securities by type of security.

Marketable securities and investments in marketable equity securities of non-controlled investees are carried at fair value. Temporary changes in fair value are recorded in current operations for marketable securities and accounted for in the capital adjustments account, a component of shareholders' equity, for investments in marketable equity securities.

Investments in non-marketable equity securities of non-controlled investees are carried at cost, except for declines in the Company's proportionate ownership of the underlying book value of the investee which are anticipated to be permanent, which are recorded in current operations. Subsequent recoveries are also recorded in current operations up to the original cost of the investment.

> Marketable Securities and Investments in Debt and Equity Securities,

Investments in equity securities of companies over which the Company exerts a significant control or influence (controlled investees) are recorded using the equity method of accounting. Differences between the initial purchase price and the Company's initial proportionate ownership of the net book value of the investee are amortized over five years using the straight-line method. Under the equity method, the Company records changes in its proportionate ownership of the book value of the investee in current operations, as capital adjustments or as adjustments to retained earnings, depending on the nature of the underlying change in book value of the investee.

Unrealized profit arising from sales by the Company to the equity-method investees is fully eliminated. Unrealized profit arising from sales by the equity-method investees to the Company or sales between equity-method investees is also eliminated considering the percentage of ownership.

Premiums and discounts on debt securities are amortized over the term of the debt using the effective interest rate method. Investments in debt securities which the Company has the intent and ability to hold to maturity are generally carried at cost, adjusted for the amortization of discounts or premiums (amortized cost). Other investments in debt securities are carried at fair value. Temporary differences between fair value and amortized cost are accounted for in the capital adjustments account.

> Allowance for Doubtful Accounts

The Company provides an allowance for doubtful accounts and notes receivable based on the aggregate estimated collectibility of the accounts and notes receivable.

> Inventories

Inventories are stated at the lower of cost or market, with cost being determined using the weighted average method, except for inventory in-transit which is determined using the specific identification method.

> Property, Plant and Equipment

Property, plant and equipment are recorded at cost, except for upward revaluation in accordance with the Korean Asset Revaluation Law. Such revaluation presents land at the prevailing market price and buildings and other production facilities at their depreciated replacement cost as of the effective date of the revaluation. Depreciation is computed using the straight-line method over the following estimated useful lives of the assets.

	Estimated useful life (years)
Buildings	20 - 40
Structures	20 - 40
Machinery and equipment	5 - 10
Tools	5
Furniture and fixtures	5
Vehicles	5

Routine maintenance and repairs are charged to expense as incurred. Expenditures which enhance the value or significantly extend the useful lives of the related assets are capitalized.

Interest expense and other similar expenses incurred during the construction period of assets on funds borrowed to finance the construction are capitalized. Capitalized financing costs for the nine-month period from April 1, 2002 to December 31, 2002 amounted to approximately ₩3,663 million.

> Lease Transactions

Lease agreements that include a bargain purchase option, result in the transfer of ownership at the end of the lease term, have a term longer than 75 percent of the estimated economic life of the leased property, or have a present value of the minimum lease payments at the beginning of the lease term amounting to more than 90 percent of the fair value of the leased property are accounted for as capital leases. Leases that do not meet these criteria are accounted for as operating leases, of which the total minimum lease payments are charged to expense over the lease period on a straight-line basis.

> Research and Development Costs

Research costs are expensed as incurred. Development costs directly relating to a new technology or new products of which the estimated future benefits are probable are recognized as intangible assets. Amortization of development costs is computed using the straight-line method over five years from the commencement of the commercial production of the related products. Such costs are subject to continual analysis of recoverability. In the event that such amounts are estimated to be not recoverable, they are written-down or written-off.

> Intangible Assets

Intangible assets are stated at cost, net of accumulated amortization. Amortization is computed using the straight-line method over the estimated useful lives ranging from five to ten years.

> Discounts (Premiums) on Debentures

Discounts (premiums) on debentures are amortized using the effective interest rate method over the repayment period of the debentures. The amortized amount is included in interest expense.

> Treasury Stock

Treasury stock are stated at cost and recorded as a capital adjustment in shareholders' equity. Gain on disposal of treasury stock is recorded as capital surplus. Any loss on disposal of treasury stock is offset against prior gains on disposal of treasury stock included in capital surplus. The remaining loss is offset against retained earnings.

> Product Warranty Provision

The Company provides product warranties relating to product defects for a specified period of time after sale. Estimated costs of product warranties are charged to current operations at the time of sale and are included in the accompanying balance sheet as a product warranty provision.

> Accrued Severance Benefits

Employees and directors with more than one year of service in the Company and LG Electronics Investment Ltd. (formerly LG Electronics Inc.) on an aggregate basis are entitled to receive a lump-sum severance payment upon termination of their employment with the Company, based on their length of service and rate of pay at

the time of termination. Accrued severance benefits represent the amount which would be payable assuming all eligible employees and directors were to terminate their employment as of the balance sheet date.

Contributions made under the National Pension Plan and severance insurance deposits are deducted from accrued severance benefits. Contributed amounts are refunded from the National Pension Plan and the insurance companies to employees upon their retirement.

> Income Taxes

The Company recognizes deferred income taxes for anticipated future tax consequences resulting from temporary differences between amounts reported for financial reporting and income tax purposes. Deferred income tax assets and liabilities are computed on such temporary differences by applying enacted statutory tax rates applicable to the years when such differences are expected to be reversed. Deferred income tax assets are recognized to the extent that it is certain that such deferred income tax assets will be realized. The total income tax provision includes current tax expense under applicable tax regulations and the change in the balance of deferred income tax assets and liabilities.

Tax credits for investments and development of technology and manpower are accounted for using the flow-through method, whereby income taxes are reduced in the period the assets giving rise to such credits are placed in service. To the extent such credits are not currently utilized, deferred income tax assets, subject to realizability as stated above, are recognized for the carry-forward amount.

> Sale of Accounts and Notes Receivable

The Company sells certain accounts or notes receivable to financial institutions at a discount, and accounts for the transactions as a sale of the receivables if the rights and obligations relating to the receivables are substantially transferred to the buyers. The gains and losses from the sale of the receivables are charged to operations as incurred.

> Foreign Currency Translation

Monetary assets and liabilities denominated in foreign currencies are translated into Korean Won at the basic rates in effect at the balance sheet date, and resulting translation gains and losses are recognized in current operations.

The exchange rate used to translate U.S. Dollar denominated monetary assets and liabilities as of December 31, 2002 is ₩1,200.4: US\$1.

> Derivative Financial Instruments

The Company utilizes several derivative financial instruments ("derivatives") such as forward exchanges, swaps and option contracts to reduce its exposure resulting from fluctuations in foreign currency and interest rates. The derivatives are carried at fair market value. Unrealized gains or losses on derivatives for trading or fair value hedging purposes are recorded in current operations. Unrealized gains or losses on derivatives for cash flow hedging purposes are recorded in current operations for the portion of the hedge that is not effective. For the portions of cash flow hedges which are effective, unrealized gains or losses are accounted for in the capital adjustments account and recorded in operations in the period when the underlying transactions have an effect on operations.

> Early Adoption of the Statements of Korean Financial Accounting Standards

On December 27, 2001, the Korean Accounting Standards Board ("KASB") 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 and Supervisory Board. SKFAS No. 2 through No. 9 became effective for the Company on January 1, 2003, and the Company plans to adopt these statements in its financial statements for the year ending December 31, 2003, except for SKFAS No. 6 on subsequent events, of which the Company made an early adoption for the nine-month period from April 1, 2002 to December 31, 2002. In accordance with the addendum of SKFAS No. 6. Accordingly, the dividends included in the appropriations of retained earnings (draft) were not recognized as liabilities in the balance sheet as of December 31, 2002. The effect of this early adoption of SKFAS No. 6 was to decrease liabilities and increase retained earnings as of December 31, 2002 by ₩157,431 million.

3. Restricted Financial Instruments:

As of December 31, 2002, long-term financial instruments amounting to ₩8,300 million are deposited in connection with maintaining checking accounts, debt or research and development projects funded by government. The withdrawal of these financial instruments is restricted (see Notes 10 and 11).

4. Receivables:

Receivables, including trade accounts and notes receivable, as of December 31, 2002 comprise the following (Millions of Won):

	Original amount	Allowance for doubtful accounts	Discounts for present value	Carrying value
Trade accounts and notes receivable	₩ 1,269,200	₩ (81,834)	₩ (91)	₩ 1,187,275
Other accounts receivable	241,688	(47,284)	-	194,404
Accrued income	145,814	(2,647)	-	143,167
Advances	171,517	(4,566)	-	166,951
Other current assets	2,184	(10)	-	2,174
Long-term trade accounts receivable	124	(1)	-	123
Long-term loans	100,011	(57,765)	-	42,246
	₩ 1,930,538	₩ (194,107)	₩ (91)	₩ 1,736,340

5. Assets and Liabilities Denominated in Foreign Currencies:

As of December 31, 2002, monetary assets and liabilities denominated in foreign currencies, other than those disclosed in Note 11, are as follows:

	Foreign currencies (In Millions)	Won Equivalent (In Millions of Won)
Cash and cash equivalents	US\$ 2	₩ 2,589
	JPY 265	2,681
	EUR 1	1,594
	Others -	990
		7,854
Trade accounts receivable	US\$ 427	512,160
	JPY 409	4,138
	EUR 18	22,717
	GBP 1	2,447
	AUD 4	2,813
	Others -	1,974
		546,249
Other accounts receivable	FRF 4	729
	US\$ 34	41,412
		42,141
Accrued income	US\$ 71	84,711
	Others -	148
		84,859
Refundable deposits	JPY 58	582
	US\$ 2	1,920
	Others -	62
		2,564

Continued;

	Foreign currencies (In Millions)	Won Equivalent (In Millions of Won)
Trade accounts payable	US\$ 457	₩ 549,010
	JPY 20,880	211,491
	EUR 3	3,606
	Others -	282
		764,389
Other accounts payable	AUD 14	9,541
	CAD 5	3,912
	EUR 26	32,100
	JPY 4,063	41,151
	US\$ 140	168,555
	Others -	3,479
		258,738
Accrued expenses	US\$ 42	50,078
	Others -	1,465
		51,543

6. Inventories:

Inventories as of December 31, 2002 comprise the following:

	(Millions of Won)
Merchandise	₩ 26,795
Finished products	479,835
Work-in-process	244,200
Raw materials	325,494
Parts and supplies	104,366
	₩ 1,180,690

See Note 8 for inventories insured against various property risks.

7. Investments Securities:

Investments securities as of December 31, 2002 are as follows:

	Percentage of ownership (%) at December 31, 2002	Acquisition cost	(Millions of Won) Net asset value	Carrying value
<Equity method of accounting>				
Domestic Companies				
LG Micron Ltd.	17.24	₩ 5,000	₩ 35,541	₩ 35,541
LG Sports Ltd.	39.25	2,204	1,916	1,916
LG Innotek Co., Ltd.	69.80	59,308	117,645	117,645
LG Investments Security Inc. (*3)	8.34	262,432	145,270	145,270
LG.Philips LCD Co., Ltd.	50.00	726,169	715,488	715,488
LG IBM PC Co., Ltd.	49.00	11,907	15,133	15,133
Hi Plaza Inc.	100.00	70,511	55,685	55,685

Continued;

	Percentage of ownership (%) at December 31, 2002	(Millions of Won)			
		Acquisition cost	Net asset value	Carrying value	
Overseas Companies					
Goldstar Electronics Thailand Co., Ltd. (G.S.T.) (*2)	49.00	₩ 36	₩ 36	₩ 36	
Hitachi/LG Data Storage Inc. (*3)	49.00	7,684	18,094	18,094	
LG Electronics Austria GmbH (LGEAG) (*2)	100.00	116	116	116	
LG Electronics Alabama, Inc. (LGEAI)	100.00	63,940	58,736	58,736	
LG Electronics Almaty Kazak Co., Ltd. (LGEAK) (*3)	100.00	3,746	11,3680	11,368	
LG Electronics Antwerp Logistics N.V. (LGEAL) (*3)	100.00	967	224	224	
LG Electronics Australia PTY, Ltd. (LGEAP) (*1)	100.00	1,558	-	-	
LG Electronics Argentina S.A. (LGEAR) (*1) (*3)	100.00	7,410	-	-	
Arcelik-LG Klima Sanayi ve Ticaret A.S. (LGEAT) (*3)	50.00	14,718	12,856	12,856	
LG Electronics da Amazonia Ltda. (LGEAZ) (*1)	100.00	46,652	-	-	
LG Electronics Colombia, Ltda. (LGECEB) (*3)	60.00	3,330	1,445	1,445	
LG Electronics China Co., Ltd. (LGECH)	100.00	37,614	35,635	35,635	
LG Electronics Canada, Inc. (LGECI) (*3)	100.00	13,779	10,173	10,173	
LG Collins Electronics Manila Inc. (LGECM) (*3)	92.25	20,302	6,187	6,187	
Taizhou LG-ChunLan Home Appliances Co., Ltd. (LGECT)	100.00	59,205	48,420	48,420	
LG Electronics Deutschland GMBH (LGEDG)	100.00	26,938	9,989	9,989	
PT LG Electronics Display Devices Indonesia (LGEDI)	100.00	32,085	46,436	46,436	
LG Electronics Design Tech, Ltd. (LGEDT) (*2)	100.00	1,002	1,002	1,002	
LG Electronics Egypt Cairo S.A.E. (LGECE) (*3)	100.00	4,382	3,292	3,292	
LG Electronics Egypt S.A.E. (LGECEG) (*3)	78.00	2,630	2,519	2,519	
LG Electronics Espana S.A. (LGEES) (*1)	100.00	3,374	-	-	
LG Electronics Gulf FZE (LGEGF) (*3)	100.00	2,489	1,453	1,453	
LG Electronics HK Limited (LGEHK)	100.00	4,316	3,944	3,944	
LG Electronics Hellas S.A. (LGEHS) (*2)	100.00	6,063	6,063	6,063	
LG Electronics Huizhou Inc. (LGEHZ)	80.00	2,319	14,938	14,938	
LG Electronics India Pvt. Ltd. (LGEIL)	100.00	32,076	77,191	77,191	
PT LG Electronics Indonesia (LGEIN)	100.00	29,431	16,434	16,434	
LG Electronics Italy S.P.A. (LGEIS)	100.00	14,136	3,627	3,627	
LG Electronics Japan Inc. (LGEJP) (*3)	100.00	12,978	2,635	2,635	
LG Electronics Miawa SP.Zo.O. (LGEMA) (*3)	100.00	7,066	11,586	11,586	
LG Electronics Morocco S.A.R.L. (LGEML) (*3)	100.00	3,532	2,677	2,677	
LG Electronics Middle East Co., Ltd. (LGEML) (*2)	100.00	462	462	462	
LG-MECA Electronic Haiphong, Inc. (LGEMLH) (*3)	70.00	1,690	1,259	1,259	
LG Electronics Magyar Kft. (LGEMLK) (*3)	100.00	5,575	7,501	7,501	
LG Electronics (M) SDN.BHD (LGEML) (*2)	100.00	11	11	11	
LG Electronics Monterrey Mexico					
S.A. de C.V. (LGEMLM) (*3)	100.00	19,800	18,850	18,850	
LG Electronics Mexico S.A. de C.V. (LGEMLM) (*1)	100.00	1,936	-	-	
LG MITR Electronics Co., Ltd. (LGEMLT) (*3)	87.74	15,925	7,344	7,344	
LG Electronics North of England Ltd. (LGEMLN) (*3)	100.00	11,229	12,430	12,430	
Nanjing LG-Tontru Color Display System Co., Ltd. (LGEMLN)	70.00	14,571	10,520	10,520	
LG Electronics Polska SP.Zo.O. (LGEPL) (*3)	100.00	4,117	5,819	5,819	

Continued;

	Percentage of ownership (%) at December 31, 2002	(Millions of Won)		
		Acquisition cost	Net asset value	Carrying value
Nanjing LG Panda Appliance Co., Ltd. (LGEPLN) (*3)	70.00	9,465	12,422	12,422
LG Electronics Peru S.A. (LGEPR) (*1) (*3)	100.00	1,879	-	-
LG Electronics Panama S.A. (LGEPS)	100.00	2,333	2,142	2,142
LG Electronics Qinhuangdao Co., Ltd. (LGEQH) (*3)	100.00	4,104	6,064	6,064
Triveni Digital Inc. (*2)	100.00	899	899	899
LG Electronics Russia Inc. (LGERI) (*2)	95.00	391	391	391
LG Electronics S.A. Pty Ltd. (LGESA) (*3)	100.00	3,382	6,341	6,341
LG Electronics Service Europe Netherlands B.V. (LGESE)	100.00	10,470	23,498	23,498
Shanghai LG Electronics Co., Ltd. (LGESH)	70.00	4,229	3,763	3,763
LG Electronics de Sao Paulo Ltda. (LGESP) (*1)	100.00	28,481	-	-
LG SEL Electronics Vietnam Ltd. (LGESV) (*3)	100.00	6,035	9,240	9,240
LG Electronics Sweden AB (LGESW) (*3)	100.00	5,668	4,642	4,642
LG Electronics Shenyang Inc. (LGESY)	78.87	15,139	8,205	8,205
LG Electronics Tianjin Appliance Co., Ltd. (LGETA)	80.00	49,479	99,315	99,315
LG Electronics Thailand Co., Ltd. (LGETH) (*3)	93.75	7,122	17,840	17,840
LG Taistar Electronics Taiwan Co., Ltd. (LGETT) (*3)	66.94	5,609	380	380
LG Electronics United Kingdom Ltd. (LGEUK) (*1)	100.00	10,486	-	-
LG Electronics Ukraine Co., Ltd. (LGEUR) (*2)	100.00	1,041	1,041	1,041
LG Electronics U.S.A., Inc. (LGEUS)	100.00	37,985	39,822	39,822
LG Electronics Wales Ltd. (LGEWA)	100.00	101,812	54,262	54,262
Langchao LG (Yantai) Digital Mobile Technology				
Research & Development Co., Ltd. (LGEYT) (*2)	49.00	824	824	824
Langchao LG Digital Mobile Communication Co., Ltd. (*2)	49.00	9,669	9,669	9,669
LG Soft India PVT, Ltd (LGSII) (*2)	88.00	2,920	2,920	2,920
EIC PROPERTIES PTE, Ltd.	38.20	9,636	8,618	8,618
Zenith Electronics Corporation (Zenith) (*1)	100.00	236,860	-	-
LG Infocomm U.S.A. Inc. (LGICUS)	100.00	4,673	2,522	2,522
LG Infocomm Thailand, Inc. (LGICTH) (*3)	60.00	3,246	4,356	4,356
Vietnam Korea Exchange, Ltd. (VKX) (*3)	40.00	1,736	2,316	2,316
LG TOPS (*3)	40.00	2,699	1,267	1,267
LG Electronics System India, Ltd. (LGSYS) (*1)	100.00	6,400	-	-
Electromagnetica Goldstar S.R.L. (*2)	50.00	508	508	508
SLD Telecom Pte. Ltd. (*3)	44.00	10,042	10,042	10,042
LG.Philips Displays Holding B.V.	50.00	1,086,431	433,819	433,819
LG (Yantai) Information & Communication Technology				
Co., Ltd. (*2)	100.00	2,720	2,720	2,720
COMMIT Incorporated (*2)	100.00	4,990	4,990	4,990
LG Holdings (HK) Ltd. (*3)	31.82	23,448	22,241	22,241
Investments using the equity				
method of accounting Sub-total		₩ 3,391,532	₩ 2,355,029	₩ 2,355,029

Continued;

	Percentage of ownership (%) at December 31, 2002	(Millions of Won)		
		Acquisition cost	Market value or net asset value	Carrying value
<Marketable equity securities>				
Hynix Semiconductor Inc.	0.38	₩ 24,298	₩ 527	₩ 527
KT Corp.	0.76	127,441	119,653	119,653
LG Card Co., Ltd.	0.46	1,820	10,842	10,842
Nara MIND	12.34	812	3,570	3,570
Voiceware Co., Ltd.	13.08	206	1,844	1,844
Vodavi Technology Inc.	19.86	2,928	1,853	1,853
		157,505	138,289	138,289
<Non-marketable equity securities>				
Domestic Companies				
Innopla Co., Ltd.	19.90	245	645	245
Castec Korea Co., Ltd.	5.00	150	489	150
Msoltech	10.00	635	242	635
Airlinktek	10.00	589	245	589
Korea Information Certificate Authority Inc.	9.35	1,852	1,774	1,852
STIC Co., Ltd.	94.00	28,200	29,959	28,200
Association of Electronics Environment	36.04	4,349	1,795	4,349
Megaround Co., Ltd.	19.90	318	315	318
TEMCO, Inc.	13.04	1,200	1,200	1,200
Netgenetech. Co., Ltd.	15.01	176	176	176
MACHI	9.50	150	150	150
Manager Society, Inc.	3.70	200	200	200
Mobisys Telecom	11.63	279	279	279
Thermo Metrix Technology	19.90	158	158	158
WOWLINUX	8.33	100	100	100
Others	-	952	952	952
Overseas Companies				
Gemfire Corp.	4.41	1,835	170	1,835
Erlang Technology Inc.	8.40	1,129	187	1,129
Mainstreet Networks (*4)	5.45	1,468	-	-
iTV Corporation (*4)	13.08	1,957	-	-
Pocket Science (*4)	4.42	473	-	-
Neopoint Inc. (*4)	16.62	1,604	-	-
E2OPEN.COM	6.25	12,751	3,606	12,751
Centix Inc.	2.07	3,272	958	3,272
Monet Mobile Networks	1.90	1,299	871	1,299
SUNPOWER.INC	10.35	1,257	219	1,257
Others	-	346	346	346
		66,944	45,036	61,442

Continued;

	Percentage of ownership (%) at December 31, 2002	(Millions of Won)		
		Acquisition cost	Market value or net asset value	Carrying value
<Debt securities>				
Bonds issued by the government		₩ 11	₩ 9	₩ 9
Senior secured note issued by Zenith		131,900	97,817	97,817
Others		44	44	44
		131,955	97,870	97,870
Other investments total		356,404	281,195	297,601
Investments securities Total		₩ 3,747,936	₩ 2,636,224	₩ 2,652,630

(*1) The equity method of accounting has been suspended due to accumulated losses.

(*2) Investments in small sized subsidiaries and affiliates whose total assets as of the previous year-end amounted to less than ₩7,000 million are stated at cost, in accordance with financial accounting standards generally accepted in the Republic of Korea.

(*3) The equity method of accounting is applied based on the affiliates' unaudited financial statements.

(*4) Acquisition cost was written off due to the negative net book value of the investment as of December 31, 2002.

For the nine-month period ended December 31, 2002, the details of changes in differences between the initial purchase price and the Company's initial proportionate ownership of the net book value of the investee are as follows:

	(Millions of Won)			
	April 1, 2002	Addition	Amortization	December 31, 2002
Domestic Companies				
LG Sports Ltd.	₩ (4)	₩ -	₩ 1	₩ (3)
LG Innotek Co., Ltd.	(995)	757	350	112
LG Investments Security Inc.	36,707	-	(11,136)	25,571
LG.Philips LCD Co., Ltd.	2,495	-	(923)	1,572
Hi Plaza Inc.	(2,591)	(772)	400	(2,963)
Overseas Companies				
LG Electronics India Pvt Ltd.(LGEIL)	375	-	(375)	-
Nanjing LG-Tontrou Color Display System Co., Ltd. (LGENT)	13	-	(13)	-
LG Electronics Service Europe Netherlands B.V. (LGESE)	(144)	-	39	(105)
LG Electronics Shenyang Inc. (LGESY)	494	-	(114)	380
TaiZhou LG-ChunLan Home Appliances Co., Ltd. (LGECT)	-	20,731	-	20,731
LG.Philips Displays Holding B.V.	(213,519)	-	37,680	(175,839)
Others	6,418	992	(7,861)	(451)
	₩ (170,751)	₩ 21,708	₩ 18,048	₩ (130,995)

Continued;

For the nine-month period ended December 31, 2002, the details of the elimination of unrealized gain or loss arising from the equity method accounting are as follows:

(Millions of Won)					
	Inventories	Property, plant and equipment	Intangible assets	Total	
Domestic Companies					
LG Micron Ltd.	₩ (212)	₩ -	₩ -	₩	(212)
LG Innotek Co., Ltd.	4,925	-	-		4,925
LG.Philips LCD Co., Ltd.	(140)	1,536	28,873		30,269
LG IBM PC Co., Ltd.	1,293	-	-		1,293
Hi Plaza Inc.	(1,959)	-	-		(1,959)
Overseas Companies					
LG Electronics Alabama, Inc. (LGEAI)	1,662	-	-		1,662
LG Electronics Huizhou Inc. (LGEHZ)	(1,182)	-	-		(1,182)
LG Electronics India Pvt Ltd. (LGEIL)	36	-	-		36
PT LG Electronics Indonesia (LGEIN)	2,873	195	-		3,068
Nanjing LG-Tontru Color Display System Co., Ltd. (LGENT)	(2,299)	105	-		(2,194)
LG Electronics Service Europe Netherlands B.V. (LGESE)	5,134	-	-		5,134
LG Electronics Shenyang Inc. (LGESY)	(4,459)	42	-		(4,417)
LG Electronics Tianjin Appliance Co., Ltd. (LGETA)	1,897	241	-		2,138
LG Electronics U.S.A., Inc. (LGEUS)	5,297	-	-		5,297
LG.Philips Displays Holding B.V.	559	-	-		559
Others	(11,785)	491	-		(11,294)
	₩ 1,640	₩ 2,610	₩ 28,873	₩	33,123

(*) In the above table, positive numbers represent equity in earnings of affiliates and negative numbers represent equity in losses of affiliates.

Changes in investments in subsidiaries and affiliates accounted for using the equity method for the nine-month period ended December 31, 2002 are as follows:

(Millions of Won)					
	April 1, 2002	Equity in earnings (losses) of affiliates, net	Others	December 31, 2002	
Domestic Companies					
LG Micron Ltd.	₩ 31,870	₩ 4,387	₩ (716)	₩	35,541
LG Sports Ltd.	4,118	(2,202)	-		1,916
LG Innotek Co., Ltd.	78,482	5,795	33,368		117,645
LG Investments Security Inc.	151,959	(4,232)	(2,457)		145,270
LG.Philips LCD Co., Ltd.	572,202	144,027	(741)		715,488
LG IBM PC Co., Ltd.	11,120	4,013	-		15,133
Hi Plaza Inc.	53,508	2,096	81		55,685
LG Card Co., Ltd.	7,183	-	(7,183)		-

Continued;

(Millions of Won)					
	April 1, 2002	Equity in earnings (losses) of affiliates, net	Others	December 31, 2002	
Overseas Companies					
LG Electronics Alabama, Inc. (LGEAI)	₩ 48,491	₩ 10,245	₩ -	₩	58,736
LG Electronics Huizhou Inc. (LGEHZ)	14,173	3,037	(2,272)		14,938
LG Electronics India Pvt Ltd. (LGEIL)	63,878	18,950	(5,637)		77,191
PT LG Electronics Indonesia (LGEIN)	7,953	8,787	(306)		16,434
Nanjing LG-Tontru Color Display System Co., Ltd. (LGENT)	7,779	4,159	(1,418)		10,520
LG Electronics Service Europe Netherlands B.V. (LGESE)	1,611	19,343	2,544		23,498
LG Electronics Shenyang Inc. (LGESY)	9,570	399	(1,764)		8,205
LG Electronics Tianjin Appliance Co., Ltd. (LGETA)	99,287	11,856	(11,828)		99,315
LG Electronics U.S.A., Inc. (LGEUS)	36,277	5,995	(2,450)		39,822
LG.Philips Displays Holding B.V.	507,773	(196,343)	122,389		433,819
Others	445,245	(13,646)	54,274		485,873
	₩ 2,152,479	₩ 26,666	₩ 175,884	₩	2,355,029

As of December 31, 2002, accumulated losses of equity investees to which the equity method of accounting has been suspended due to accumulated losses are follows:

23. Segment Information:

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

The main products that each business division manufactures and sells are as follows:

- Digital Display & Media division: VCR, PC, computer, CD-ROM and audio, TV, monitor and PDP
- Digital Appliance division: Refrigerator, washing machine, air conditioner, microwave oven and vacuum cleaner
- Mobile Handset division: CDMA handset, GSM handset, wireless telephone, WLL handset
- Telecommunication System division: Mobile telecommunication, transmitter, switchboard, keyphone system

Financial Data by Business Division

(Millions of Won)						
	Total	Digital Display & Media	Digital Appliance	Mobile Handset	Telecommunication System	Supporting Division
Sales						
External sales	₩ 13,905,098	₩ 5,931,025	₩ 4,356,961	₩ 2,740,895	₩ 740,900	₩ 135,317
Inter-division sales	175,236	61,254	16,917	32,310	2,061	62,694
	14,080,334	5,992,279	4,373,878	2,773,205	742,961	198,011
Operating income (loss)	661,673	141,082	385,164	243,430	(34,934)	(73,069)
Fixed assets						
Property, plant and equipment	2,893,372	827,438	849,042	218,590	222,004	776,298
Intangible assets	972,467	71,449	13,343	314,204	99,239	474,232
Total	3,865,839	898,887	862,385	532,794	321,243	1,250,530
Depreciation and amortization	₩ 447,809	₩ 130,949	₩ 87,791	₩ 76,539	₩ 42,168	₩ 110,362

Financial Data by Geographic Area

(Millions of Won)									
	Total	Domestic	North America	Europe	Central & South America	Central Asia	Asia	Oceania	Others
Sales									
External sales	₩ 13,905,098	₩ 5,054,623	₩ 3,146,157	₩ 1,361,473	₩ 257,346	₩ 552,951	₩ 3,102,253	₩ 254,874	₩ 175,421
Ratio (%)	100%	36%	23%	10%	2%	4%	22%	2%	1%
Inter-division sales	175,236	175,236	-	-	-	-	-	-	-
	₩ 14,080,334	₩ 5,229,859	₩ 3,146,157	₩ 1,361,473	₩ 257,346	₩ 552,951	₩ 3,102,253	₩ 254,874	₩ 175,421

24. Spin-Off:

Upon a resolution of the Board of Directors on November 15, 2001 and a resolution of the shareholders on December 28, 2001, the Company was spun-off from LG Electronics Investment Ltd. on April 1, 2002. On April 2, 2002, the Company completed the registration process required for new company, in accordance with the Commercial Code of the Republic of Korea.

In accordance with the provisions in the Commercial Code Article No. 530-2, LG Electronics Investment Ltd. established the Company to engage in the electronics and information and communications businesses.

The Company issued shares within the amount of net assets, which is the difference between the transferred assets and liabilities, and the shares were distributed to the shareholders of LG Electronics Investment Ltd. in proportion to their shares.

Accrued severance liabilities for employees working for the Company were transferred effective April 1, 2002.

The Company and LG Electronics Investment Ltd. jointly and severally hold a guarantee for the obligations before the spin-off.

Condensed financial information as of April 1, 2002 of two companies after the spin-off is as follows:

(Millions of Won)			
	Prior to spin-off	Post spin-off	
		LG Electronics Investment Ltd.	LG Electronics Inc.
Assets	₩ 11,982,532	₩ 2,972,213	₩ 9,443,488
Liabilities	7,514,855	887,074	6,627,781
Equity	4,467,677	2,085,139	2,815,707

Depository receipts (4,383,591 shares of non-voting preferred stock) which were transferred to the Company upon the spin-off were listed on the London Stock Exchange in September 2002.

25. Supplemental Cash Flow Information:

The Company considers cash on hand, bank deposits and highly liquid marketable securities with original maturities of three months or less to be cash and cash equivalents.

Significant transactions not affecting cash flow for the nine-month period from April 1, 2002 (date of spin-off) to December 31, 2002 are as follows :

(Millions of Won)	
Transfer to building, machinery and others from construction in-progress	₩ 47,475
Transfer to machinery and equipment from machinery in-transit	72,478
Reclassification of current maturities of debentures	587,599
Reclassification of current maturities of long-term debt	9,639
Changes in retained earnings and capital adjustments arising from the equity method of accounting for investments	63,922

Sector	Institute	Location	Major Products	Production Capacity(yr)	Employees
Digital Appliance	Changwon	Changwon, Gyeongsangnam-do	Refrigerator	4.2 million EA	6,578
			Microwave oven	4.0 million EA	
			RE compressor	12 million EA	
			Air conditioner	5.5 million EA	
			Laundry washer	2.4 million EA	
			Vacuum cleaner	2.5 million EA	
			RO compressor	5.5 million EA	
	Gimhae	Gimhae, Gyeongsangnam-do	Household motor	27.3 million EA	
	Gumi	Gumi, Gyeongsangbuk-do	MGT	12.0 million EA	
	Digital Display & Media	Gumi	Gumi, Gyeongsangbuk-do	Monitor	
TV				2.5 million EA	
PDP				0.3 million EA	
Pyeongtaek		Pyeongtaek, Gyeonggi-do	VCR	1.8 million EA	
			PC	1.0 million EA	
			CD-ROM/DVD-ROM	16.4 million EA	
			Audio	0.3 million EA	
			DVD-Player	1.2 million EA	
Osan		Osan, Gyeonggi-do	PCB	1.5 million EA	
Cheongju		Cheongju, Chungcheongbuk-do	Video tape	276.0 million EA	
Telecommunication System	Gumi	Gumi, Gyeongsangbuk-do	Mobile telecommunication (CDMA/W-CDMA/WWLL)	8,000 BTS	2,419
			Transmitter		
			(Wire/wireless transmitting equipment)	2,500 Rack	
	Cheongju	Cheongju, Chungcheongbuk-do	Switchboard(TDX, ATM)	2.3 million lines	
			PBX	1.0 million lines	
			VoIP G/W	9.0 thousand	
			Keyphone system	0.075 million EA	
			Keyphone	0.45 million EA	
Seoul	Gasna-dong, Geumcheon-gu	Hub, router, network products*	-		
Mobile Handset	Seoul	Gasna-dong, Geumcheon-gu	CDMA handset	24.0 million EA	
	Cheongju	Cheongju, Chungcheongbuk-do	Wireless telephone	0.42 million EA	
			WLL handset	0.6 million EA	
			GSM handset	6.0 million EA	3,564

Type	Institute	Location	Employees
Headquarters	Twin Tower	LG Twin Tower Westwing 20 Yeouido-dong, Yeongdeungpo-gu, Seoul	660
Telecommunication HQ	Gangnam Tower	LG Gangnam Tower 679 Yeoksam-dong, Gangnam-gu, Seoul	114
Domestic sales	Gangnam Tower	LG Gangnam Tower 679 Yeoksam-dong, Gangnam-gu, Seoul	710
Customer service	Gangseo Tower	6-36 Munrae-2-dong, Yeongdeungpo-gu, Seoul	467
CTO	Twin Tower	LG Twin Tower Westwing 20 Yeouido-dong, Yeongdeungpo-gu, Seoul	2,615
Production engineering	Pyeongtaek	19-1 Chungtho-ri, Jinwi-myeon, Pyeongtaek-si, Gyeonggi-do	336

Overseas Production										
Location	Name	Type	Product	Production	Capacity(1000)	Capital(1000)	Invest	Type	Established	
Americas	U.S.	LGEAI	Production/Sales	Video tape	24,000	US\$	61,481	LGE	100%	81.04
	Huntsville		Service							
	Mexico	LGEMX	Production	Monitor	1,300	MXN	103,223	LGE	100%	88.07
	Mexicali							LGEAI	100%	
	Mexico	LGERS	Production	CTV	1,800	US\$	16,321	LGE	100%	00.01
	Reynosa									
	Brazil	LGEAZ	Production/	TV	1,000	R\$	100,942	LGE	100%	95.08
	Amazonia		Sales	VCR/DVD	400					
				Microwave oven	500					
				Air conditioner	200					
Europe	Mexico	LGEMM	Production/	Refrigerator	350	MXN	139,977	LGE	100%	00.04
	Monterrey		Sales							
	Brazil	LGESP	Production/	Monitor	1,000	R\$	73,014	LGE	100%	96.04
	San Paulo		Sales	Cellular	1,000					
					WLL	500				
Europe	U.K	LGENE	Production	Microwave oven	1,200	£	9,000	LGE	100%	88.10
	New Castle									
	U.K	LGewa	Production	Monitor	1,500	£	51,900	LGE	100%	96.09
	Wales									
	Romania	EMGS	Production	Switching system	50	US\$	2,650	LGE	50%	91.10
	Bucharest		Sales					EM S.A & etc	50%	
M. Asia	Poland	LGEMA	Production	TV	1,000	US\$	6,000	LGE	100%	99.03
	Mlawa									
	Egypt	LGEEG	Production	DY	600	EGP	12,000	LGE	51%	90.11
	Ismalia			FBT	1,200			EAID & etc.	49%	
				Tuner	960					
M. Asia	Turkey	LGEAT	Production	Air conditioner	300	US\$	25,000	LGE	50%	99.05
	Istanbul		Sales					Arcelik & etc.	50%	
	India	LGEIL	Production	TV	600	RUPEE	1,126,000	LGE	100%	97.01
	New Delhi		Sales	Air conditioner	150					
				Refrigerator	250					
Asia				Washing machine	250					
				Microwave oven	50					
	India	LGSYS	Production	WLL system/Handset	350	US\$	6,000	LGE	100%	00.09
	Noida									
	Thailand	LGEMT	Production	TV	350	BAHT	507,600	LGE	88%	88.09
	Bangkok		Sales					Mitr	12%	
	Thailand	LGETH	Production	Washing machine	600	BAHT	205,000	LGE	49%	97.03
	Bangkok		Sales	Air conditioner	10			LGEMT	51%	
	Thailand	LGICTH	Production	Wire telephone	1,500	US\$	3,040	LGE	60%	88.05
	Bangkok		Sales	Wireless telephone	300			Siithai & etc.	40%	
Asia	Vietnam	LGMEMH	Production	Air conditioner	30	US\$	2,600	LGE	70%	97.04
	Haipong			Washing machine	30			Mecanimex	30%	
				Refrigerator	30					

Overseas Sales and Other Functions

	Location	Names	Type	Capital(1000)	Investment type	Established
M. Asia	Greece Athens	LGEHS	Sales	EUR 5,000	LGE 100%	02.10
	Austria Vienna	LGEAG	Sales	EUR 100	LGE 100%	02.07
	S. Africa Johanesburg	LGESA	Sales	RAND 18,500 (US\$ 4,000)	LGE 100%	96.10
	Moroco Casablanca	LGEMC	Sales SVC	MAD 31,521	LGE 100%	98.08
	U.A.E. Dubai	LGEGF	Shipping & handling	DHS 11,000 (US\$ 3,014)	LGE 100%	96.10
	U.A.E. Dubai	LGEME	SVC	US\$ 600	LGE 100%	91.04
	Egypt Cairo	LGEEC	Sales	US\$ 3,500	LGE 100%	01.01
	India Bangalow	LGSI	R & D S/W	INR 112,042 AIG 12%	LGE 88%	98.04
	Singapore Kepel	SLD	SVC	US\$ 18,450	Joint SKT & etc. 56%	01.01
	Singapore	EIC Property	Building management company	US\$ 34,170	LGE 38% LG Chemical 9% LG International 53%	00.12
Asia	China Beijing	LGECH	holding company	US\$ 50,800	LGE 100%	96.07
	China Hong Kong	LGEHK	Shipping & handling	US\$ 3,683	LGE 100%	95.03
	Japan Tokyo	HLDS	Sales	JPY 1,500,000	LGE 49% Hitachi 51%	00.11
	Malasia Kuala Lumpur	LGEML	Shipping & handling	US\$ 10	LGE 100%	00.02
	Japan Tokyo	LGEJP	Sales	US\$ 1,380,000	LGE 100%	81.01
	Taiwan Taipai	LGETT	Sales	US\$ 5,500	LGE 67% Others 33%	01.10
Oceania	Austrailia Sydney	LGEAP	Sales	A\$ 2,685 (US\$ 2,000)	LGE 100%	94.07
	Russia CIS	LGERI	SVC	US\$ 526	LGE 95% ALINA 5%	96.01
	Ukraine Kiev	LGEUR	SVC	US\$ 800	LGE 100%	98.06

(Unit : Billion KRW, %)

Type	Issued Date	Issued Amount	Interest	Outstanding	Due Date
237th Convertible bond, foreign currency	1997-07-08	US\$ 75,000	0.25	US\$ 55,670	2007-12-31
259th Debenture, private, non-guaranteed payable	1998-01-03	30	16.5	30	2004-01-05
287th Debenture, public, non-guaranteed payable	1999-11-22	5	8.00	5	2002-11-22
288th Debenture, public, non-guaranteed payable	1999-12-20	5	8.00	5	2002-12-20
289th Debenture, public, non-guaranteed payable	2000-01-25	10	9.00	10	2003-01-25
Debenture, floating note(FRN)	2000-04-25	US\$ 100,000	L+1.40	US\$ 100,000	2002-04-25
290th Debenture, public, non-guaranteed payable	2000-06-29	20	8.00	20	2002-06-29
291th Debenture, private, non-guaranteed payable	2000-07-12	10	7.30	10	2002-07-12
292th Debenture, public, non-guaranteed payable	2000-08-03	10	8.00	10	2002-08-03
293th Debenture, private, non-guaranteed payable	2000-08-08	5	8.00	50	2002-08-08
294th Debenture, private, non-guaranteed payable	2000-08-24	5	3M CD+1.5	5	2002-08-24
295th Debenture, public, non-guaranteed payable	2000-09-06	20	8.00	20	2002-09-06
299th Debenture, private, non-guaranteed payable	1997-12-31	5	16.50	5	2004-01-05
305th Debenture, private, non-guaranteed payable	1999-04-16	5	8.29	5	2002-04-16
306th Debenture, public, non-guaranteed payable	1999-06-17	4.5	7.00	4.5	2002-06-17
307th Debenture, public, non-guaranteed payable	2000-04-10	10	9.00	10	2003-04-10
308th Debenture, public, non-guaranteed payable	2000-04-24	10	9.00	10	2003-04-24
310th FRN	2000-06-28	US\$ 121,000	6M L+1.2	US\$ 121,000	2002-06-28
311th Debenture, private, non-guaranteed payable	2000-07-31	1.5	8.67	1.5	2002-01-31
312th Debenture, private, non-guaranteed payable	2000-07-31	1.5	8.87	1.5	2002-07-31
313th Debenture, private, non-guaranteed payable	2000-10-12	10	8.00	10	2003-10-12
314th Debenture, public, non-guaranteed payable	2000-12-18	11	8.00	11	2003-12-18
315th Debenture, public, non-guaranteed payable	2001-02-08	15	6.00	15	2004-02-08
316th Debenture, private, non-guaranteed payable	2001-02-27	10	7.65	10	2006-02-26
317th Debenture, private, non-guaranteed payable	2001-04-03	10	7.90	10	2004-04-02
318th Debenture, public, non-guaranteed payable	2001-04-12	20	7.00	20	2004-04-12
319th Debenture, public, non-guaranteed payable	2001-05-11	10	7.00	10	2003-05-11
320th Debenture, public, non-guaranteed payable	2001-05-31	15	7.00	15	2006-05-31
321th Debenture, public, non-guaranteed payable	2001-06-25	12	7.00	12	2004-06-25
322th FRN	2001-08-28	US\$ 100,000	6M L+1.6	US\$ 100,000	2003-08-28
323th Debenture, public, non-guaranteed payable	2001-09-12	30	6.00	30	2006-09-12
324th Public, non-guaranteed payable(FRN)	2001-10-18	20	Nation debt 3 years+0.4	20	2004-10-18
325th Public, non-guaranteed payable	2001-10-31	20	5.00	20	2006-10-31
326th FRN	2001-11-14	US\$ 100,000		US\$ 100,000	2006-11-14
327th FRN	2002-05-31	US\$ 200,000	6ML+0.66	US\$ 200,000	2005-05-31
328th Public, non-guaranteed payable	2002-09-17	2,000	5.00	2,000	2005-09-19
329th FRN	2002-10-17	US\$ 100,000	6ML+0.6	US\$ 100,000	2004-10-17
330th FRN	2002-10-17	US\$ 100,000	6ML+0.5	US\$ 100,000	2005-10-17
Total	Foreign currency	US\$ 600,000		US\$600,000	
	Won currency	22,100		21,400	

Listing

Korea Stock Exchange (stocks)
London Stock Exchange (CBs)

Capital Stock

	2001			2002		
	Number of issuance(Shares)	Par value	Millions of Won	Number of issuance(Shares)	Par value	Millions of Won
Common stock	155,118,070	₩ 5,000	₩ 775,590	139,606,263	₩ 5,000	₩ 698,031
Preferred stock	19,095,547	5,000	95,478	17,185,992	5,000	85,930
Redeemable preferred stock	-	-	-			
			₩ 1,031,068	156,792,255		₩ 783,961

Earnings Per Share

	2001	2002
	January-December	April-December
Basic earnings per share	₩ 3,527	₩ 1,768
Diluted earnings per share	₩ 3,527	₩ 1,768

Dividend Ratio

	2001	2002
Common shares	15.0%	20.0%
Diluted earnings per share	16.0%	
Preferred shares		21.0%

Closing date	December 31st
Periodical meeting	Within 3 days of the end of business year
Shareholder's list closing date	From January 1st to January 31st
Announcing newspapers	Donga Ilbo, Chosun Ilbo
Share types	1, 5, 10, 50, 100, 500, 1000, 10000 shares (8 types)
Agency	Korea Security Depository (Tel : 02-3772-9000)
	Location 33 Yeouido-dong, Yeongdeungpo-gu, Seoul
LG Electronics Investors Relations	82-2-3777-3440

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