

THERAPEUTIC SOLUTIONS INTERNATIONAL, INC.
Form 10-Q
August 12, 2013

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

**X . QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934**

FOR THE QUARTERLY PERIOD ENDED June 30, 2013

**. TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT
OF 1934**

FOR THE TRANSITION PERIOD FROM _____ TO _____

Commission File Number: **000-54554**

THERAPEUTIC SOLUTIONS INTERNATIONAL, INC.

(Exact Name of Registrant as Specified in Its Charter)

Nevada
(State or Other Jurisdiction of
Incorporation or Organization)

45-1226465
(I.R.S. Employer
Identification No.)

4093 Oceanside Boulevard, Suite B

Oceanside, California 92056

(Address of principal executive offices, including zip code)

(760) 295-7208

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes . No .

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes . No .

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer . Accelerated filer .
Non-accelerated filer . (Do not check if a smaller reporting company) .
Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes . No .

As of August 12, 2013, the Registrant had 89,466,400 outstanding shares of Common Stock with a par value of \$0.001 per share.

IMPORTANT PREFATORY NOTE

On August 24, 2012, we entered into a Master Dispute Resolution Agreement (the "MDRA") with James P. Boyd ("Boyd"), Boyd Research, Inc. ("Boyd Research") and TMD Courses, Inc. ("TMD") and together with Boyd and Boyd Research, the "Boyd Parties") and Timothy G. Dixon ("Dixon") and Gerry B. Berg ("Berg"), and on August 24, 2012 we also entered into a License Agreement with Boyd Research and TMD (the "New License Agreement"), an Escrow Agreement with Boyd and with Chicago Title Company as escrow agent (the "Escrow Agreement"), and a Voting Agreement with Boyd. We filed Form 8-K's with the Securities and Exchange Commission on August 28, 2012, August 29, 2012 and August 30, 2012 in regard to these matters.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements contained in this report and the information incorporated by reference herein may contain forward-looking statements (as such term is defined in Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended). These statements, which involve risks and uncertainties, reflect our current expectations, intentions, or strategies regarding our possible future results of operations, performance, and achievements. Forward-looking statements include, without limitation: statements regarding future products or product development; statements regarding future selling, general and administrative costs and research and development spending; statements regarding our product development strategy; and statements regarding future financial performance, results of operations, capital expenditures and sufficiency of capital resources to fund our operating requirements. These forward-looking statements are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 and applicable rules of the Securities and Exchange Commission and common law.

These forward-looking statements may be identified in this report and the information incorporated by reference by words such as "anticipate", "believe", "could", "estimate", "expect", "intend", "plan", "predict", "project", "should" expressions, including references to assumptions and strategies. These statements reflect our current beliefs and are based on information currently available to us. Accordingly, these statements are subject to certain risks, uncertainties, and contingencies, which could cause our actual results, performance, or achievements to differ materially from those expressed in, or implied by, such statements.

The following factors are among those that may cause actual results to differ materially from our forward-looking statements:

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Need for additional capital;

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Limited operating history in our new business model;

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Exclusion from the United States market for AMPSA Products;

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Limited experience introducing new products;

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Limited operating history in international markets;

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Our ability to successfully expand our operations and manage our future growth;

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Difficulty in managing our growth and expansion;

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Dilutive effects of any raising of additional capital;

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The deterioration of global economic conditions and the decline of consumer confidence and spending;

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Material weaknesses reported in our internal control over financial reporting;

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Our ability to retain independent distributors or to hire new independent distributors on an ongoing basis;

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The potential for government or third party actions against us resulting from independent distributor activities that violate applicable laws or regulations;

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Our ability to protect intellectual property rights and the value of our products;

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Potential competition from an authorized seller of identical products;

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The potential for product liability claims against us;

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Our dependence on third party manufacturers to manufacture our products;

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Our common stock is currently classified as a penny stock;

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Our stock price may experience future volatility;

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The illiquidity of our common stock; and

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Substantial sales of shares of our common stock.

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Other factors not specifically described above, including the other risks, uncertainties, and contingencies described under Description of Business , Risk Factors and Management s Discussion and Analysis of Financial Condition and Results of Operations in Items 1 and 7 of our Annual Report on Form 10-K for the year ended December 31, 2012.

When considering these forward-looking statements, you should keep in mind the cautionary statements in this report and the documents incorporated by reference. We have no obligation and do not undertake to update or revise any such forward-looking statements to reflect events or circumstances after the date of this report.

Actual results may vary materially from those in such forward-looking statements as a result of various factors. No assurance can be given that the risk factors described in this Quarterly Report on Form 10-Q are all of the factors that could cause actual results to vary materially from the forward-looking statements. References in this Quarterly Report on Form 10-Q to the Company, TSOI, we, our, and us refer to Therapeutic Solutions International, Inc.

THERAPEUTIC SOLUTIONS INTERNATIONAL, INC.

INDEX

PART 1. Financial Information	PAGE
Item 1. Financial Statements	4
Consolidated Balance Sheets as of June 30, 2013 (unaudited) and December 31, 2012 (audited)	4
Consolidated Statements of Operations (unaudited) for the three and six months ended June 30, 2013 and June 30, 2012	5
Consolidated Statements of Cash Flows (unaudited) for the six months ended June 30, 2013 and June 30, 2012	6
Notes to Consolidated Financial Statements (unaudited)	7
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	14
Item 3. Quantitative and Qualitative Disclosures about Market Risk	18
Item 4. Controls and Procedures	18
PART 2. Other Information	
Item 1. Legal Proceedings	18
Item 1A. Risk Factors	18
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	18
Item 3. Defaults upon Senior Securities	18
Item 4. Mine Safety Disclosures	18
Item 5. Other Information	18
Item 6. Exhibits	19
Signatures	19
EX-31.1	
EX-31.2	
EX-32.1	

PART I Financial Information**Item 1. Financial Statements**

THERAPEUTIC SOLUTIONS INTERNATIONAL, INC.
Consolidated Balance Sheets

	June 30,	December 31,
	2013	2012
	(Unaudited)	(Audited)
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 5,704	\$ 35,011
Accounts receivable, net	29,615	16,358
Inventories	27,007	30,790
Prepaid expenses and other current assets	53,243	14,535
Total current assets	115,570	96,694
Other non-current assets	14,935	12,410
Property and equipment, net	80,793	92,453
Total assets	\$ 211,297	\$ 201,557
LIABILITIES AND SHAREHOLDERS' DEFICIT		
Current liabilities:		
Accounts payable	\$ 277,613	\$ 230,786
Accrued expenses and other current liabilities	146,867	24,814
Due to related parties	227,098	30,013
Royalties payable, related party	-	48,842
Total current liabilities	651,579	334,454
Long term liabilities:		
Due to related parties	\$ 30,000	\$ 60,000
Total long term liabilities	30,000	60,000
Shareholders' Deficit		

Preferred stock, \$.001 par value; 5,000,000 shares authorized	-	-
Common stock, \$.001 par value; 699,999,999 shares authorized, 83,466,400 issued and outstanding at June 30, 2013 and 699,999,999 shares authorized, 305,458,333 issued and outstanding at December 31, 2012	83,466	305,458
Capital in excess of par	1,649,725	1,285,533
Deficit accumulated	(2,203,473)	(1,783,888)
Total shareholders' deficit	(470,282)	(192,897)
Total liabilities and shareholders' deficit	\$ 211,297	\$ 201,557

See accompanying notes to financial statements.

THERAPEUTIC SOLUTIONS INTERNATIONAL, INC.
Condensed Consolidated Statements of Operations
(Unaudited)

	For the Three Months ended June 30, 2013	For the Three Months ended June 30, 2012	For the Six Months ended June 30, 2013	For the Six Months ended June 30, 2012
Net domestic sales	\$ -	\$ 454,897	\$ -	\$ 961,519
Net international sales	89,945	144,828	189,481	245,980
	89,945	599,725	189,481	1,207,499
Cost of goods sold	2,923	13,753	6,527	27,616
Gross profit	87,022	585,972	182,955	1,179,884
Operating expenses:				
Selling	3,292	28,179	6,507	50,828
General and administrative	20,358	31,327	37,430	70,322
Salaries, wages, and related costs	238,009	285,294	398,272	605,947
Royalties	-	175,579	4,158	354,315
Amortization and depreciation	5,830	76,049	11,660	152,098
Consulting	20,100	218,621	25,133	478,761
Legal and professional	23,782	135,725	101,213	221,774
Total operating expenses	311,371	950,774	584,374	1,934,045
Loss from operations	(224,349)	(364,802)	(401,419)	(754,161)
Other income (expense):				
Net other income	856	7,100	12,046	18,832
Interest expense	(803)	(3,001)	(1,212)	(3,010)
Total other income (expense)	52	4,099	10,834	15,822
Net loss	\$ (224,297)	\$ (360,703)	\$ (390,585)	\$ (738,339)
Basic and diluted loss per common share	\$ (0.0027)	\$ (0.0044)	\$ (0.0025)	\$ (0.0091)
Weighted average shares outstanding	83,466,400	81,466,400	82,679,733	81,466,400

See accompanying notes to financial statements.

THERAPEUTIC SOLUTIONS INTERNATIONAL, INC.
Condensed Consolidated Statement of Cash Flows
(Unaudited)

	For the Six	For the Six
	Months	Months
	Ended	Ended
	June 30,	June 30,
	2013	2012
Cash flows from operating activities		
Net loss	\$ (390,585)	\$ (738,339)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Non-cash expenses:		
Amortization	-	150,000
Depreciation	11,660	2,098
Stock based compensation to officers	-	-
Stock based compensation to consultants	45,200	-
Compensation expense - employee stock option plan	78,000	140,265
Changes in operating assets and liabilities:		
(Increase) decrease in inventory	3,783	4,700
(Increase) decrease in accounts receivable	(13,257)	8,840
(Increase) decrease in prepaid expenses and other current assets	(38,708)	477,873
(Increase) decrease in other assets	(2,525)	(5,040)
Increase (decrease) in accounts payable	46,827	(20,233)
Increase (decrease) in accrued expenses and other current liabilities	109,053	(6,427)
Increase (decrease) in other related party liabilities	113,243	(13,100)
Net cash provided by operating activities	(37,308)	637
Cash flows from investing activities		
Acquisition of fixed assets	-	(182,763)
Net cash used by investing activities	-	(182,763)
Cash flows from financing activities		
Note payable to related party	-	180,000
Borrowing and other advances	15,000	-
Repayments	(7,000)	-
Net cash provided by financing activities	8,000	180,000

Increase in cash	(29,307)	(2,126)
Cash at beginning of period	35,011	87,976
Cash at end of period	\$ 5,704	\$ 85,851

Supplemental disclosure of non-cash investing and financing activities:

Increase in liabilities from merger	\$ -	\$ -
Increase in License agreement and due to related party	-	-

Supplemental Cash Flow Information:

Cash paid for interest	\$ 1,212	\$ 3,010
Cash paid for income taxes	\$ 800	\$ 800

See accompanying notes to financial statements.

THERAPEUTIC SOLUTIONS INTERNATIONAL, INC.

NOTES TO THE FINANCIAL STATEMENTS

As of and for the three and six months ended June 30, 2013

(Unaudited)

These unaudited Financial Statements and Notes should be read in conjunction with the audited financial statements and notes of Therapeutic Solutions International, Inc. as of and for the year ended December 31, 2012 included in its Annual Report on Form 10-K.

Note 1 Organization and Presentation Basis

The consolidated financial statements included herein have been prepared by Therapeutic Solutions International, Inc. (the Company), without audit, pursuant to the rules and regulations of the Securities and Exchange Commission (SEC). In the opinion of the management of the Company, these interim Financial Statements include all adjustments, consisting of normal recurring adjustments, that are considered necessary for a fair presentation of the Company's financial position as of June 30, 2013 and the results of operations for the three and six months ended June 30, 2013 and 2012. Interim results are not necessarily indicative of results for a full year or for any future period.

The consolidated financial statements and notes included herein are presented as required by Form 10-Q, and do not contain certain information included in our audited financial statements and notes for the fiscal year ended December 31, 2012 pursuant to the rules and regulation of the SEC. For further information, refer to the financial statements and notes thereto as of and for the year ended December 31, 2012, and included in the Annual Report on Form 10-K on file with the SEC.

The Company was organized August 6, 2007 under the name Friendly Auto Dealers, Inc. under the laws of the State of Nevada. In the first quarter of 2011 the Company changed its name from Friendly Auto Dealers, Inc. to Therapeutic Solutions International, Inc., and acquired Splint Decisions Inc., a California corporation organized September 21, 2010 (Splint). Splint is treated as the accounting acquirer in the accompanying financial statements. In the transaction, the Company issued 250,523,333 common shares to the shareholders of Splint; such shares represented, immediately following the transaction, 85% of the outstanding shares of the Company. The transaction was accounted for as a reverse merger and a reverse recapitalization and the issuances of common stock were recorded as a reclassification between paid-in-capital and par value of Common Stock.

On August 24, 2012, the Company entered into a Master Dispute Resolution Agreement (the "MDRA") with James P. Boyd ("Boyd"), Boyd Research, Inc. and TMD Courses, Inc. (together with Boyd, the "Boyd Parties") and Timothy G. Dixon ("Dixon") and Gerry B. Berg, and on August 24, 2012, the Company also entered into a License Agreement with Boyd Research, Inc. and TMD Courses, Inc. (the "New License Agreement"), an Escrow Agreement with Boyd and with Chicago Title Company as escrow agent, and a Voting Agreement with Boyd.

Before the New License Agreement, the Company and certain Boyd Parties were party to an Exclusive License Agreement dated April 1, 2011, as amended on November 1, 2011 (the "2011 Agreement"). Also, the Company's predecessor Splint Decisions Inc. and certain Boyd Parties were party to an Exclusive License Agreement dated October 22, 2010, as amended on July 8, 2011 (together with the 2011 Agreement, the "Exclusive Agreements"). The Exclusive Agreements granted the Company an exclusive worldwide license to certain Boyd Parties patent rights and related technology. Since April 1, 2011, essentially the Company's entire active business has consisted of the manufacture and sale of Anterior Midpoint Stop Appliance intraoral devices ("AMPSA Products") as authorized by the Exclusive Agreements and the New License Agreement.

The New License Agreement terminated the Exclusive Agreements. However, the New License Agreement grants the Company new licenses under the applicable patent rights and related technology of the Boyd Parties to manufacture and sell the Company's existing chairside AMPSA Products (but not any such products other than the Company's currently existing ones) and laboratory-manufactured semi-custom AMPSA Products.

The New License Agreement essentially carried forward the Exclusive Agreements' terms as to sales to the US up to December 31, 2012, but under the New License Agreement the Company's rights to sell AMPSA Products to the US market expired at the end of 2012. For sales of the existing AMPSA Products to non-US markets, the New License Agreement granted the Company an exclusive license until December 31, 2012, and then converted to a non-exclusive license on January 1, 2013. Under the New License Agreement, the Company paid a 30% royalty on 2012 net sales, but, under the New License Agreement, on January 1, 2013 the Company's net sales of AMPSA products are royalty-free.

The Company had been paying a 30% royalty on all net sales of the existing AMPSA Products (to both the US and non-US markets) under the Exclusive Agreements.

The 2011 Agreement required the Company to pay a deferred \$3,000,000 license inception fee. The New License Agreement eliminated this license inception fee.

Under the MDRA, which was entered into on August 24, 2012, James P. Boyd agreed to surrender 223,991,933 shares of Company common stock when certain conditions were met. On January 17, 2013 all the conditions were met, and the 223,991,933 shares were surrendered to the Company, and on January 18, 2013 the Company cancelled such shares, and reduced its number of total outstanding common shares from 305,458,333 to 81,466,400. Beginning January 1, 2014, the Company will no longer be able to use the in-licensed NTI trademark for its AMPSA Products.

Note 2 Significant Accounting Policies

Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash

For the Statements of Cash Flows, all highly liquid investments with maturity of three months or less are considered to be cash equivalents. There were no cash equivalents as of June 30, 2013 and December 31, 2012. Other assets include restricted cash of \$10,000 that is used to secure a company credit card.

Inventory

Inventory consists of finished goods, and is stated at the lower of cost or market. The Company records cost of sales using the moving average cost method. There was no excess or obsolete inventory reserve at June 30, 2013 and

December 31, 2012.

Depreciation and Amortization

Depreciation is calculated using the straight line method over the estimated useful lives of the assets. Amortization is computed using the straight line method over the term of the agreement.

Intangible Assets

Intangible assets consist primarily of intellectual properties such as regulatory product approvals and patents. The Company does not own any such intangible assets. However, the Company entered into a License Agreement on August 24, 2012, which grants the Company a royalty-free nonexclusive worldwide license to make and sell certain products under certain patent rights and related technology (but excludes the United States market). See Note 5 License Agreements.

Income Taxes

The Company accounts for income taxes under ASC 740 "Income Taxes," which codified SFAS 109, "Accounting for Income Taxes" and FIN 48 *Accounting for Uncertainty in Income Taxes - an Interpretation of FASB Statement No. 109*. Under the asset and liability method of ASC 740, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statements carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Under ASC 740, the effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period the enactment occurs. A valuation allowance is provided for certain deferred tax assets if it is more likely than not that the Company will not realize tax assets through future operations.

Going Concern

The Company's financial statements are prepared using accounting principles generally accepted in the United States of America applicable to a going concern which contemplates the realization of assets and liquidation of liabilities in the normal course of business. Under the New License Agreement the Company's rights to sell AMPSA Products to the US market (81% of total revenue) expired at the end of 2012. The accompanying financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

Share Based Expenses

ASC 718 "*Compensation - Stock Compensation*," which codified SFAS 123, prescribes accounting and reporting standards for all stock-based payments awarded to employees, including employee stock options, restricted stock, employee stock purchase plans and stock appreciation rights. Such payments may be classified as either equity or liabilities. The Company should determine if a present obligation to settle the share-based payment transaction in cash or other assets exists. A present obligation to settle in cash or other assets exists if: (a) the option to settle by issuing equity instruments lacks commercial substance or (b) the present obligation is implied because of an entity's past practices or stated policies. If a present obligation exists, the transaction should be recognized as a liability; otherwise, the transaction should be recognized as equity. See also Note 6 Equity Transactions.

The Company accounts for stock-based compensation issued to non-employees and consultants in accordance with the provisions of ASC 505-50 "*Equity-Based Payments to Non-Employees*," which codified SFAS 123, and the Emerging Issues Task Force consensus in Issue No. 96-18, "*Accounting for Equity Instruments that are Issued to Other Than Employees for Acquiring or in Conjunction with Selling, Goods or Services*". Measurement of share-based payment transactions with non-employees shall be based on the fair value of whichever is more reliably measurable: (a) the goods or services received; or (b) the equity instruments issued. The fair value of the share-based payment transaction should be determined at the earlier of the performance commitment date or performance completion date. See also Note 6 Equity Transactions.

Recently Implemented Standards

Accounting standards that have been issued or proposed by the FASB or other standards-setting bodies that do not require adoption until a future date are not expected to have a material impact on the Company's consolidated financial statements upon adoption.

Note 3 Restricted Cash

Other non-current asset is a \$10,000 certificate of deposit with an annual interest rate of 0.6%. This certificate matures on June 17, 2014, and is used as collateral for a Company credit card, pursuant to a security agreement dated June 20, 2011.

Note 4 Equipment

The cost and accumulated depreciation of fixed assets and equipment at June 30, 2013 and December 31, 2012 are summarized below:

	June 30, 2013	December 31, 2012
Computer Hardware	\$ 10,747	\$ 10,747
Office Furniture and Equipment	3,639	3,639
Shipping and Other Equipment	1,575	1,575
Molding Equipment Interests	90,000	90,000
Total	105,961	105,961
Accumulated Depreciation	(25,168)	(13,508)
Property and Equipment, net	\$ 80,793	\$ 92,453

Depreciation is calculated using the straight line method over the estimated useful lives of the assets. Depreciation expenses for six months ended June 30, 2013 and 2012 were \$11,660 and \$2,098, respectively.

Note 5 License Agreements

The Exclusive Agreements, which terminated on August 24, 2012, granted the Company an exclusive worldwide license to make and sell under certain Boyd Parties patent rights and related technology (but excluding the United States market as to the laboratory-products semi-custom field of use), with a 30% royalty on net sales (subject to reduction under certain conditions) and, for the 2011 Agreement, a deferred \$3,000,000 license inception fee.

The New License Agreement, dated August 24, 2012, granted the Company, for the period from August 24, 2012 to December 31, 2012, an exclusive worldwide license to make and sell under certain Boyd Parties patent rights and related technology (but excluding the United States market as to the laboratory-products semi-custom field of use), with a 30% royalty on net sales (subject to reduction under certain conditions). Also, the New License Agreement granted the Company, for the period from January 1, 2013 forward, a royalty-free nonexclusive worldwide license to make and sell certain products under certain Boyd Parties patent rights and related technology (but excluding the United States market). The New License Agreement eliminated the 2011 Agreement's license inception fee.

From April 1, 2011 through December 31, 2012, essentially the Company's entire active business consisted of the manufacture and sale of AMPSA Products as authorized by the Exclusive Agreements and the New License Agreement. The Exclusive Agreements licensor and the New License Agreement licensors are wholly owned by James P. Boyd, who was, at the time those agreements were entered into, a related party of the Company.

Under the MDRA, which was entered into on August 24, 2012, James P. Boyd agreed to surrender 223,991,933 shares of Company common stock when certain conditions were met. On January 17, 2013 all the conditions were met, and so the 223,991,933 shares were surrendered to the Company and on January 18, 2013 the Company cancelled such shares, and reduced its number of total outstanding common shares from 305,458,333 to 81,466,400.

Note 6 Equity Transactions

Preferred Stock

The Company is authorized to issue 5,000,000 shares of \$.001 par value preferred stock. The Company has not issued any preferred stock.

Common Stock

The Company is authorized to issue 699,999,999 shares of \$.001 par value common stock. All shares have equal voting rights, are non-assessable, and have one vote per share. Voting rights are not cumulative and, therefore, the holders of more than 50% of the common stock could, if they choose to do so, elect all of the directors of the Company.

Under the MDRA, which was entered into on August 24, 2012, James P. Boyd agreed to surrender 223,991,933 shares of Company common stock when certain conditions were met. On January 17, 2013 all the conditions were met, and the 223,991,933 shares were surrendered to the Company, and on January 18, 2013 the Company cancelled such shares, and reduced its number of total outstanding common shares from 305,458,333 to 81,466,400.

On March 8, 2013, the Company issued 2,000,000 shares of its common stock to two consultants as compensation for services to be rendered in assisting the Company with its business plan.

Warrants

On February 20, 2009, the Company granted certain compensatory warrants. The fair value of each compensatory warrant granted is estimated on the date of grant using the Black-Scholes option valuation model that uses the assumptions noted in the following table. Expected volatilities are based on volatilities from the Company's traded common stock since February 20, 2009.

The risk-free rate for the periods within the contractual life of the compensatory warrants is based on the U.S. Treasury bond rate in effect at the time of grant for bonds with maturity dates at the estimated term of the warrants.

The following values were used to calculate the intrinsic values of the Company's outstanding compensatory warrants as of their issuance dates:

Expected volatility	136.53% - 217.26%
Expected dividends	0
Expected term (in years)	2 - 4
Risk-free rate	1.29% - 1.86%

A summary of these compensatory warrants outstanding at December 31, 2012 and June 30, 2013 and changes during the period is presented below:

		Weighted- Average Exercise	Weighted- Average Contractual	Weighted- Average Aggregate Intrinsic
Warrants	Shares	Price	Term	Value
Exercisable at December 31, 2012	250,000	\$1.00	1.25	\$-
Granted	0			
Exercised	0			
Cancelled	0			
Exercisable at June 30, 2013	250,000	\$1.00	0.75	\$-

Stock Based Compensation

On August 31, 2011, the Company issued options to purchase an aggregate of 7,950,000 shares of the Company's common stock with an estimated fair value of \$636,000 to its officers and employees. The options have an exercise price of \$0.08 per share. As of June 30, 2013, 4,300,000 options had vested and no options were exercised. The options expire ten years from the date of grant unless earlier terminated. Compensation cost, using the graded vesting attribute method in accordance with ASC 718, is recognized over the requisite service period.

The fair value of these options was estimated at the date of grant using the Black-Scholes option-pricing model with dividend yield of 0%; expected volatility of 191%; risk-free interest rate of 2.23%; contractual life of ten years; and an exercise price (\$0.08) equal to 100% of the grant-date common stock fair market value. Expected volatility is calculated based on the historic trade day stock market closing price of the preceding 406 trading days.

The expected term of options granted is estimated at half of the contractual term as noted in the individual option agreements and represents the period of time that options granted are expected to be outstanding.

The following table summarizes information regarding stock options outstanding as of June 30, 2013:

Exercise prices	Number Outstanding	Options Outstanding Weighted		Options Exercisable Weighted		
		average remaining contractual life (years)	Weighted average exercise price	Number exercisable	average remaining contractual life (years)	Weighted average exercise price
\$0.08	4,300,000	8.25	\$0.08	4,300,000	8.25	\$0.08

A summary of the stock options available under the 2009 Stock Incentive Plan at December 31, 2012 and June 30, 2013 and changes during the period then ended is presented below:

Available at December 31, 2012	3,100,000
Expired	2,600,000
Exercised	-
Canceled	-
Available at June 30, 2013	5,700,000

On June 29, 2013, the Company issued options to purchase an aggregate of 9,750,000 shares of the Company's common stock under the 2012 Stock Incentive Plan with an estimated fair value of \$78,000 to its officers and employees. The options have an exercise price of \$0.01 per share. As of June 30, 2013, 9,750,000 options had vested and no options were exercised. The options expire ten years from the date of grant unless earlier terminated. Compensation cost, using the graded vesting attribute method in accordance with ASC 718, is recognized over the requisite service period.

The fair value of these options was estimated at the date of grant using the Black-Scholes option-pricing model with dividend yield of 0%; expected volatility of 360%; risk-free interest rate of 2.29%; contractual life of ten years; and an exercise price (\$0.01) equal to 100% of the grant-date common stock fair market value. Expected volatility is calculated based on the historic trade day stock market closing price of the preceding 406 trading days.

The expected term of options granted is estimated at half of the contractual term as noted in the individual option agreements and represents the period of time that options granted are expected to be outstanding.

The following table summarizes information regarding stock options outstanding as of June 30, 2013:

Exercise price	Number Outstanding	Options Outstanding Weighted		Options Exercisable Weighted		
		average remaining contractual life (years)	Weighted average exercise price	Number exercisable	average remaining contractual life (years)	Weighted average exercise price
\$0.01	9,750,000	10.00	\$0.01	9,750,000	10.00	\$0.01

A summary of the stock options available under the 2012 Stock Incentive Plan at December 31, 2012 and June 30, 2013 and changes during the period then ended is presented below:

Available at December 31, 2012	12,000,000
Granted	9,750,000
Exercised	-
Canceled	-
Available at June 30, 2013	2,250,000

Note 7 Related Party Transactions

Under the 2011 Agreement and the New License Agreement, the Company incurred royalty expense payable to a related party of \$53,000 at December 31, 2012 and this amount was paid in full in January 2013.

On August 24, 2012, the Company entered into the MDRA and the New License Agreement with various related parties, and the Company agreed under the MDRA to make deferred payments of \$5,000 per month for 18 months (totaling \$90,000; \$55,000 is in short-term liabilities and \$30,000 is in long-term liabilities) beginning July 1, 2013. The Company paid \$5,000 in June 30, 2013. This obligation does not bear interest and is unsecured.

Under the MDRA, James P. Boyd agreed to surrender 223,991,933 shares of Company common stock when certain conditions were met. On January 17, 2013 all the conditions were met, and the 223,991,933 shares were surrendered to the Company, and on January 18, 2013 the Company cancelled such shares, and reduced its number of total outstanding common shares from 305,458,333 to 81,466,400.

On June 29, 2013 the Company converted accrued wages for the following Officers into one year convertible notes; 1) Timothy G. Dixon for \$50,000; Gerry Berg for \$50,000; and Barry Glassman for \$40,000. The notes are convertible into the Company's common stock at a conversion price of \$.01 per share, and on June 29, 2013 the Company approved a deferred bonus to Gerry Berg for \$40,000 in a one year convertible note of the Company's common stock at a conversion price of \$.01 per share. All of the notes bear interest at the rate of 5% per annum.

Note 8 Geographic Information

The following table provides information related to the Company's revenues for the three and six months ended June 30, 2013 and June 30, 2012:

Net Revenues	Three Months June 30, 2013	Three Months June 30, 2012	Six Months June 30, 2013	Six Months June 30, 2012
Net domestic revenues	\$ -	\$ 454,897	\$ -	\$ 961,519
Net international revenues	89,945	144,828	189,481	245,980
Total	\$ 89,945	\$ 599,725	\$ 189,481	\$ 1,207,499

Note 9 Legal proceedings

On April 29, 2013 a former employee of the Company, Reid Jilek, sued the Company, its two directors and its three officers in San Diego County (California) Superior Court for breach of contract, retaliation, constructive discharge, failure to pay wages, failure to reimburse, conversion and fraudulent inducement. The case number is 37-2013-00046761-CU-OE-CTL. The complaint seeks damages of at least \$50,000. The Company denies Jilek's allegations and is vigorously defending against his action.

Note 10 Subsequent Event

On July 17, 2013, the Company issued 2,000,000 shares of its common stock to a law office as compensation for non-litigation legal services to be rendered to the Company through July 2014, and 4,000,000 shares of its common stock to a consultant as compensation for services to be rendered in assisting the Company for a six-month period in connection with an investor relations plan. Under its agreement with the law office, the Company also agreed to provide an automobile allowance of \$300 per month.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

*The following discussion and analysis contains forward-looking statements within the meaning of the federal securities laws. The safe harbor provided in section 27A of the Securities Act of 1933 and section 21E of the Securities Exchange Act of 1934 ("statutory safe harbors") shall apply to forward-looking information provided pursuant to the statements made in this filing by the Company. We urge you to carefully review our description and examples of forward-looking statements included in the section entitled *Cautionary Note Regarding Forward-Looking Statements* at the beginning of this report. Forward-looking statements speak only as of the date of this report and we undertake no obligation to publicly update any forward-looking statements to reflect new information, events or circumstances after the date of this report. Actual events or results may differ materially from such statements. In evaluating such statements, we urge you to specifically consider various factors identified in this report, any of which could cause actual results to differ materially from those indicated by such forward-looking statements. The following discussion and analysis should be read in conjunction with the accompanying financial statements and related notes, as well as the Financial Statements and related notes in our Annual Report on Form 10-K for the fiscal year ended December 31, 2012 and the risk factors discussed therein.*

General

Our principal executive office is located at 4093 Oceanside Blvd., Suite B, Oceanside, California 92056, our telephone number is (760) 295-7208 and our website is www.therapeuticsolutionsint.com. The reference to our website does not constitute incorporation by reference of the information contained on our website.

We file our quarterly and annual reports with the Securities and Exchange Commission (SEC), which the public may view and copy at the SEC's Public Reference Room at 100 F Street, N.E. Washington D.C. 20549, on official business days during the hours of 10 a.m. to 3 p.m. The public may obtain information on the operation of the SEC's Public Reference Room by calling the SEC at 1 800 SEC 0330. The SEC also maintains an Internet site, the address of which is www.sec.gov, which contains reports, proxy and information statements, and other information regarding issuers which file electronically with the SEC. The periodic and current reports that we file with the SEC can also be obtained from us free of charge by directing a request to Therapeutic Solutions International, Inc., 4093 Oceanside Blvd, Suite B, Oceanside, California 92056, Attn: Corporate Secretary.

Description of Business

We manufacture and sell (directly and through distributors and sublicensees), in non-US countries, plastic intraoral devices known as **Anterior Midpoint Stop Appliances (AMPSA Products)**. Our customers are dentists and doctors; we do not sell directly to patients or consumers. The AMPSA Products, which are used for the treatment and prevention of common neurological and temporomandibular disorders including migraine headaches, migraine pain

and bruxism, are based on patents which we in-license from the Boyd Parties. We sell our AMPSA Products under our registered trademarks AMPSA CS® and Migran-X®, and under the legacy in-licensed trademarks NTI and NTI-tss ®.

We also provide AMPSA-related educational programs; we have been approved as a Program Approval for Continuing Education (PACE) Provider of Dental Continuing Education by the Academy of General Dentistry.

The AMPSA Products are US FDA cleared for the prophylactic treatment of medically diagnosed migraine pain as well as migraine associated tension-type headaches, by reducing their signs and symptoms through reduction of trigeminally innervated muscular activity. The trigeminal nucleus complex of nerves is a relay nucleus for head and face pain and has three distinct branches: ophthalmic, mandibular and maxillary. From studies and clinical trials, we have determined that many migraine headaches most likely result from a dysfunction of the trigeminal nerve that is triggered by the clenching of the teeth, usually, but not always, at night. When such migraine sufferers clench their teeth, their distinct pathology allows for the trigeminal innervation of the surrounding blood vessels and meninges, the reflex connections of the trigeminal system with the cranial parasympathetic outflow, and local and descending pain modulation.

AMPSA Products are either fitted chairside by licensed dentists or produced and sold on a semi-custom basis by dental laboratories. AMPSA Products are made of polycarbonate plastic and are designed to fit over either the upper or lower front incisor teeth and protect teeth, muscles and joints by significantly suppressing parafunctional muscle contraction.

AMPSA Products treat patients suffering from tension and migraine headaches by reducing the intensity of jaw clenching while the patient sleeps. Specifically, AMPSA Products patented design prevents the posterior and canine teeth from clenching, as studies have found that when these particular teeth are clenched, the trigeminally induced muscular activity is exacerbated and the pathology of a migraine exists.

AMPSA Products include a patented design that we refer to as the discluding element. This discluding element prevents the posterior and canine teeth from clenching, thereby preventing the triggering pathology leading to many migraine headaches from occurring. As noted above, we in-license the relevant patents. We have not engaged in research and development.

We manufacture the chairside-fitted AMPSA Products through a sole-source contract manufacturer in the United States. The raw materials used in AMPSA Products are readily available.

We have CE Mark certification for our AMPSA Products. Our AMPSA Products received 510(k) clearance from the US Food and Drug Administration.

AMPSA Products generally also require, in each national market, some sort of clearance or approval from the national government agency with jurisdiction over dental and/or medical devices.

On June 14, 2013, we entered into a Distribution Agreement with S4S (UK) Limited for the exclusive rights to promote, sell, market and distribute Sleepwell™ hardware in the United States to licensed dental professionals, licensed medical professionals, and licensed (and suitably trained) dental labs. The Sleepwell titratable sleep appliance hardware is U.S. Patented and FDA cleared. Sleepwell appliances are designed to treat snoring and obstructive sleep apnea by keeping the airway open to allow for additional air to pass.

Business prior to January 1, 2013

Through December 31, 2012 we made (through our contract manufacturer) and sold chairside-fitted AMPSA Products directly to licensed dentists in the United States, and to licensed dentists in foreign countries both directly and through distributors.

On April 1, 2011, we entered into an Exclusive License Agreement (as amended on November 1, 2011, the 2011 Agreement) with Boyd Research. Our predecessor, Splint Decisions Inc., and Boyd Research and TMD were party to

an Exclusive License Agreement dated October 22, 2010, as amended on July 8, 2011 (together with the 2011 Agreement, the Exclusive Agreements). The Exclusive Agreements provided us with, among other things, an exclusive worldwide license for all patents and other information regarding the design, manufacture, operation, use, or sale of the AMPSA Products theretofore sold by Boyd Research. The only exception to such worldwide exclusivity was that Keller Laboratories, Inc. had the exclusive right to manufacture and distribute laboratory fabricated semi-custom versions of the AMPSA Products in the United States. The Exclusive Agreements called for us to pay a 30% royalty rate and a \$3,000,000 license inception fee.

From the time we entered into the 2011 Agreement until December 31, 2012, essentially our entire active business consisted of the manufacture and sale of AMPSA Products to licensed dentists as authorized by the Exclusive Agreements.

On August 24, 2012, in connection with the MDRA, we entered into the New License Agreement with Boyd Research and TMD.

The New License Agreement terminated the Exclusive Agreements. However, the New License Agreement granted us new licenses under the applicable patent rights and related technology of the Boyd Parties to manufacture and sell our existing AMPSA Products (but not any such products other than our currently existing ones) and laboratory-manufactured semi-custom AMPSA Products.

The New License Agreement essentially carried forward the Exclusive Agreements terms as to the United States market for the remainder of 2012, but under the New License Agreement our rights to sell AMPSA Products to the United States market expired at the end of 2012. Specifically, for chairside AMPSA Product in the United States market, the New License Agreement granted us an exclusive license, carrying a 30% royalty on net sales; but such license expired on December 31, 2012.

For sales of the existing AMPSA Products to non-US markets, the New License Agreement granted us for the remainder of 2012 an exclusive license, which converted to a non-exclusive license on January 1, 2013. Under the New License Agreement, we paid a 30% royalty on 2012 net sales of the existing AMPSA Products to both US and non-US markets.

In the transition from the Exclusive Agreements to the New License Agreement, we gave up our license rights to the Total Splint System intraoral devices (which we had not successfully commercialized) and to all potential chairside AMPSA Products which could have been commercialized using our Exclusive Agreements rights but which we were not selling as of August 2012.

The MDRA and New License Agreement contained various provisions pertaining to the transition of US market sales of the existing AMPSA Products from us to a Boyd Party on January 1, 2013, joint access to AMPSA Products production molds, website and toll-free telephone number transition, regulatory matters, etc. We provided a limited supply of the existing AMPSA Products to the Boyd Parties so they were able to begin selling and shipping without interruption effective January 1, 2013.

Our Business January 1, 2013 forward

Under the New License Agreement, we have the non-exclusive right to manufacture and sell, free of any royalty or inception-fee obligations, our existing AMPSA Products in all non-US countries beginning January 1, 2013. However, beginning January 1, 2013, we have no right to sell AMPSA Products in the United States.

As of January 1, 2013, we no longer sell to the US market. Sales of chairside AMPSA Products to the US market constituted over 80% of our AMPSA business in 2011 and 2012. Our challenge in 2013 and future years is to counter the loss of our chairside AMPSA Products sales to the US market and the loss of the ability to introduce new products based on Boyd Party technology, by increasing sales of our existing AMPSA Products to non-US markets, making sales of laboratory-produced AMPSA Products to non-US markets and/or by successfully introducing into the US and non-US markets new products which do not require licenses from the Boyd Parties.

We currently have distributors for chairside-fitted AMPSA Products in the following markets: Canada, the United Kingdom, Ireland, France, Spain, Scandinavia, Germany, Switzerland, Austria, the Netherlands, Poland, Russia, Israel, Morocco, Turkey, South Africa, China, Singapore, Japan, Cambodia, Australia, New Zealand, and Hong Kong. In addition, we have a sublicensee for semi-custom laboratory-produced AMPSA Products in the United Kingdom, Ireland, France, Spain and Scandinavia, and we plan to sell chairside-fitted AMPSA Products directly to dentists and/or doctors in many countries, particularly Brazil. (There are almost three times as many dentists in Brazil as there are in the United States.)

On June 14, 2013, we entered into a Distribution Agreement (the Agreement) with S4S (UK) Limited for the exclusive rights to promote, sell, market and distribute Sleepwell™ hardware in the United States to licensed dental professionals, licensed medical professionals, and licensed (and suitably trained) dental labs. The Sleepwell titratable sleep appliance hardware is U.S. Patented and FDA cleared. Sleepwell appliances are designed to treat snoring and obstructive sleep apnea by keeping the airway open to allow for additional air to pass. We hope to begin operations under this Distribution Agreement in the second half of 2013.

Results of Operations

You should read the following discussion of our financial condition and results of operations together with the unaudited financial statements and the notes to the unaudited financial statements included in this quarterly report. This discussion contains forward-looking statements that reflect our plans, estimates and beliefs. Our actual results may differ materially from those anticipated in these forward-looking statements.

For the three months ended June 30, 2013 and June 30, 2012

Net revenues for the three month periods ended June 30, 2013 and 2012 were \$89,945 and \$599,725, a decrease of \$509,780 in the 2013 period and net revenues for the six month periods ended June 30, 2013 and 2012 were \$189,481 and \$1,207,499, a decrease of \$1,018,018 in the 2013 period. This decrease was primarily due to the Company no longer being able to sell AMPSA products in the U.S. as of January 1, 2013 under the New License Agreement. Under the New License Agreement, we have the non-exclusive right to manufacture and sell, free of any royalty or inception-fee obligations, our existing AMPSA Products in all non-US countries. Our international sales have to increase for us to achieve profitability. In addition, our international sales of AMPSA products were down substantially in the second quarter of 2013, because our international sales are made upon distributors orders and can be bunched, quarter to quarter comparisons are not necessarily instructive.

Operating expenses for the three month periods ended June 30, 2013 and 2012 were \$311,371 and \$950,774, a decrease of \$639,403 in the 2013 period and operating expenses for the six month periods ended June 30, 2013 and 2012 were \$584,374 and \$1,934,045, a decrease of \$1,349,671. This decrease was mainly due to the elimination of royalty obligations for 2013 sales, the elimination of amortization charges which arose under the 2011 Agreement, the absence of investor relations consulting fees, headcount reductions, and the nonrecurrence of legal fees associated with the 2012 negotiation of the MDRA.

Selling expenses decreased \$24,887, from \$28,179 to \$3,292 and General and Administrative costs decreased \$10,969, from \$31,327 to \$20,358, for the three months ended June 30, 2012 and 2013, respectively and selling expenses decreased \$44,321, from \$50,828 to \$6,507 and General and Administrative costs decreased \$32,892, from \$70,322 to \$37,430, for the six months ended June 30, 2012 and 2013, respectively, due to the end of promotion of AMPSA products in the U.S. in 2013.

Salaries, wages and related costs decreased \$47,285, due to a reduced employee headcount, from \$285,294 to \$238,009 for the three months ended June 30, 2012 and 2013, respectively and salaries, wages and related costs decreased \$207,675, from \$605,947 to \$398,272 for the six months ended June 30, 2012 and 2013, respectively.

Royalties decreased \$175,579, from \$175,579 to \$-0- for the three months ended June 30, 2012 and 2013, respectively and royalties decreased \$350,157, from \$354,515 to \$4,158 for the six months ended June 30, 2012 and 2013, respectively. The decrease in Royalty expense was due to sales under the New License Agreement being royalty free effective January 1, 2013.

Amortization and depreciation decreased \$70,219, from \$76,049 to \$5,830 for the three months ended June 30, 2012 and 2013, respectively and amortization and depreciation decreased \$140,438, from \$152,098 to \$11,660 for the six months ended June 30, 2012 and 2013, respectively. The decrease was mainly due to the absence in 2013 of amortization costs from the 2011 Agreement.

Consulting fees decreased \$198,521, from \$218,621 to \$20,100 for the three months ended June 30, 2012 and 2013, respectively and consulting fees decreased \$453,628, from \$478,761 to \$25,133 for the six months ended June 30, 2012 and 2013, respectively. This decrease was mainly due to the recognition in the 2012 periods of pro-rata expense of the one year investor relations consulting agreement signed in June 2011.

Legal and professional fees decreased \$111,943, from \$135,725 to \$23,782 for the three months ended June 30, 2012 and 2013, respectively and legal and professional fees decreased \$120,561, from \$221,774 to \$101,213 for the six months ended June 30, 2012 and 2013, respectively. This decrease was mainly due to higher fees in 2012 related to legal negotiations which ultimately resulted in the MDRA and the New License Agreement signed on August 24, 2012.

Our net loss for the three months ended June 30, 2013 was \$224,297 as compared to a net loss of \$360,703 for the three month period ended June 30, 2012 and our net loss for the six months ended June 30, 2013 was \$390,585 as compared to a net loss of \$738,339 for the six month period ended June 30, 2012.

Liquidity and Capital Resources

Net cash used in operating activities totaled \$37,308 for the six months ended June 30, 2013 and our loss for the six months ended June 30, 2013 was \$390,585. The primary reasons for the difference were non-cash stock-based compensation, increases in related party liabilities and in accrued expenses and other current liabilities, and an increase in accounts payable.

We had no material commitments for capital expenditures at June 30, 2013. On August 24, 2012, the MDRA provided us with a contractual right to continue to access the production molds to manufacture our AMPSA Products. For the rights to access and use the molds for production of AMPSA Products we will pay to TMD a total of \$90,000, payable in equal monthly payments of \$5,000 per month, for 18 months, beginning July 1, 2013.

As of June 30, 2013, we had approximately \$6,000 of cash. We had no cash equivalents at the end of the quarter. Clearly, such a cash level is untenable. Based upon our current plans, we believe that our existing capital resources will be sufficient to meet our operating expenses into fall 2013. However, changes in our product development or marketing plans or other events affecting our operating expenses may result in the expenditure of such cash before that time.

In view of the MDRA and the New License Agreement, we believe we will need outside financing to execute our business plan in 2013 and beyond. There is no guarantee we will receive the required financing to complete our business strategies, and it is uncertain whether future financing will be available to us on acceptable terms. If financing is not available on satisfactory terms, we may be unable to continue, develop or expand our operations. Our auditor has stated in their opinion on our 2012 annual financial statements that there is substantial doubt about our ability to continue as a going concern.

Off Balance Sheet Arrangements

We currently do not have any off-balance sheet arrangements.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

No disclosure required.

Item 4. Controls and Procedures

A.

Disclosure Controls and Procedures

As required by Rule 13a-15(b) under the Securities Exchange Act of 1934, or Exchange Act, our principal executive officer and principal financial officer evaluated our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) as of June 30, 2013. Based on this evaluation, these officers concluded that as of the end of the period covered by this Quarterly Report on Form 10-Q, these disclosure controls and procedures were adequate to ensure that the information required to be disclosed by the Company in reports it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC and include controls and procedures designed to ensure that such information is accumulated and communicated to our management, including our principal executive officer and principal financial officer, to allow timely decisions regarding required disclosure.

Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake.

B.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting that occurred during our fiscal quarter ended June 30, 2013 that materially affected, or are reasonable likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

On April 29, 2013 a former employee of the Company, Reid Jilek, sued the Company, its two directors and its three officers in San Diego County (California) Superior Court for breach of contract, retaliation, constructive discharge, failure to pay wages, failure to reimburse, conversion and fraudulent inducement. The case number is 37-2013-00046761-CU-OE-CTL. The complaint seeks damages of at least \$50,000. The Company denies Jilek's allegations and is vigorously defending against his action.

Item 1A. Risk Factors

No disclosure required.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

EXHIBIT

NUMBER	DESCRIPTION
3.1	Articles of Incorporation
3.1.1	Certificate of Merger, filed on February 22, 2011
3.1.2	Certificate of Amendment to Articles of Incorporation filed on October 15, 2012 (incorporated herein by reference to Form 8-K, filed on October 17, 2012)
3.2	Bylaws (incorporated herein by reference to Form SB-2, filed on November 21, 2007)
3.2.1	Bylaws amendments adopted August 22, 2012, August 24, 2012 and September 26, 2012
10.1	Distribution Agreement with S4S (UK) Limited, dated as of June 14, 2013 (incorporated herein by reference to Form 8-K, filed on June 18, 2013)
31.1	Rule 13a-14(a)/Section 302 Certification of Principal Executive Officer
31.2	Rule 13a-14(a)/Section 302 Certification of Principal Financial Officer
32.1	Certification pursuant to 18 U.S.C. Section 1350/Rule 13a-14(b)

SIGNATURES

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

THERAPEUTIC SOLUTIONS INTERNATIONAL, INC.

Date: August 12, 2013

By: /s/ Timothy G. Dixon

Timothy G. Dixon

President and Chief Executive Officer

(Principal Executive Officer)

Date: August 12, 2013

By: /s/ Gerry B. Berg

Gerry B. Berg

Chief Financial Officer

(Principal Financial Officer)

ALIGN="left" VALIGN="top">Development of the world's lowest power consumption, under 90W model (EEFL applied)

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

Table of Contents

[Achievements in 2005]

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

- World's 1st 500nit luminance and 72% color gamut in 17-inch wide for Notebook Computer
- Development of 6200nit luminance backlight

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

- Joint development with E-ink Corporation

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

- World's 1st mass production of copper bus line model
- Realize Full HD Resolution (1920x1080)

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

- The lowest power consumption of below 120W (applying EEFL)
- High Contrast Ratio, Fast Response Time with DCR, ODC Technology.

[Achievements in 2006]

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

- Slim model (10t→7t), featuring 500nit, NTSC 72%
- Development of Slim and High Brightness Backlight

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

- High quality image without noise or signal distortion, applying low resistance copper bus line
 - High dignity picture for Full HDTV
- 12) 32-inch/42-inch HCFL Scanning Backlight applied LCD TV Model Development
- Realization of MBR (Motion Blur Reduction) by application of Backlight Scanning Technology
 - Lamp Quantity Reduction by HCFL (Hot Cathode Fluorescent Lamp) Application
- 13) Development of World's largest 20.1-inch TFT-LCD for notebook computers
- S-IPS Mode, sRGB, Realization of DCR 3000:1 by Backlight Control, Brightness 300nit
- 14) Ultra-slim TFT-LCD development for mobile phones
- Realization of 1.3t by reducing light guide plate & glass thickness
- 15) The fast response 2.0 TFT-LCD development for mobile phones
- Realization of high quality image by new liquid crystal development (25ms→16ms)
- 16) Wide Color Gamut 30" Wide TFT-LCD monitor development
- Realization of 92% high color gamut by application of WCG CCFL
- 17) LGE Chassis integration model (Tornado) development (32" /37" /42")
- Maximized cost reduction by co-design with LGE & LPL
 - Improved product competitiveness by thin & light design
- 18) 32" 120Hz new-mode panel development
- Cost reduction & spec. upgrade by new-mode panel

Table of Contents

- MBR (Motion Blur Reduction) by 120Hz driving

 - 19) CI model development (new concept BL)
 - Cost reduction and productivity improvement by new concept backlight
- [Achievements in 2007]
- 20) Development of 1st Poland model
 - 32-inch HD model

 - 21) Development of socket type backlight model
 - 42-inch FHD model

 - 47-inch HD/FHD model

 - 22) Development of new concept backlight model
 - 32-inch HD model

 - 42-/47-inch model (under development)

 - 23) Development of interlace image sticking free technology and model
 - Improvement of low picture quality caused by TV interlace signal

 - 24) Development of TFT-LCD with ODF (One Drop Filling) for mobile phone application
 - Our first ODF model for mobile phone application (1.52 inch)

 - 25) Development of GIP (Gate in Panel) application model 15XGA
 - Removed gate drive IC

- Reduction of material cost and shortened assembly process

- 26) 24-inch TN (92%) monitor model development
 - The world's first large-size panel TN application

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

- 27) 15.4-inch LED backlight applied model development
 - The world's first 15.4-inch wide LED-applied display panel for notebooks

 - The world's largest LED-applied panel for notebooks

- 28) Development of FHD 120Hz display panel
 - 37- to 47-inch FHD model

- 29) Development of backlight localization model
 - 32-inch HD model

- 30) Development of enhanced Dynamic Contrast Ratio technology
 - 32-inch HD Model

 - Enhanced from 5000:1 to 10000:1

- 31) Development of technology that improves panel transmittance
 - Expected to be applied to new model

- 32) Development of THM (through-hole mounting) technology and model

Table of Contents

- 37~47 inch Model

- Providing more mounting options

- 33) Development of DRD (Double Rate Driving) applied model
 - Development of the world's first DRD technology-applied model

 - Source Drive IC reduction: 6ea → 3ea
 - reduction of net material costs and shortening of assembly progress

Table of Contents

C. Domestic Credit Rating

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

Table of Contents

D. Remuneration for directors in 2007 (Q1 ~ Q3)

(Unit: KRW Million)

Classification	Salary Paid	Approved Salary at Shareholders Meeting	Per Capita	Remarks
			Average Salary Paid	
Inside Directors (4 persons)	1,078		270	
Outside Directors (5 persons)	208	13,400	42	Audit committee consists of three outside directors.
Inside Directors (1 person)	2,111		2,111	Payment of severance benefits

E. Derivative contracts

(1) Foreign currency forward contracts

(Unit: In millions)

Contracting party	Selling position	Buying position	Contract foreign exchange rate	Maturity date
Woori and others	US\$ 1,306	(Won) 1,213,278	(Won)915.40:US\$1-	Oct. 1, 2007
			(Won)946.77:US\$1	Feb. 4, 2008
Citibank and others	EUR 100	(Won) 127,499	(Won)1,204.29:EUR1-	Oct. 9, 2007
			(Won)1,298.82:EUR1	Jan. 4, 2008
HSBC and others	(Won) 60,123	JP¥ 7,500	(Won)7.590:JP¥1-	Oct. 12, 2007
			(Won)8.287:JP¥1	Dec. 14, 2007
DBS and others	US\$ 60	JP¥ 7,000	JP¥114.52:US\$1-	Oct. 15, 2007
			JP¥121.99:US\$1	Dec. 20, 2007

(2) Cross Currency Swap

(Unit: In millions)

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

Table of Contents

(3) Interest Rate Swap

(Unit: In millions)

Contracting party	Contract			
	Amount	Contract interest rate		Maturity date
SC First Bank	US\$ 150	Floating Rate Receipt Fixed Rate Payment	6 Month Libor 5.375% ~ 5.644%	May 21, 2009 ~ May 24, 2010

(4) Currency Option

(Unit: In millions)

Contracting party	USD Put Option		USD Call Option		Strike Price	Maturity date
	Buying Position	Selling Position	Buying Position	Selling Position		
KDB and others	US\$ 70	US\$ 70			(Won)929.40:US\$1 - (Won)938.00:US\$1	Oct. 15, 2007 - Dec. 26, 2007

Contracting party	JPY Call Option		JPY Put Option		Strike Price	Maturity date
	Buying Position	Selling Position	Buying Position	Selling Position		
Citibank and others	JP¥ 25,000	JP¥ 25,000			(Won)7.700:JP¥1 - (Won)8.000:JP¥1	Oct. 12, 2007 - Feb. 14, 2008

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

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

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

Table of Contents

LG.Philips LCD Co., Ltd.

Interim Non-Consolidated Financial Statements

September 30, 2007 and 2006

Table of Contents

LG.Philips LCD Co., Ltd.

Index

September 30, 2007 and 2006

	Page(s)
<u>Report of Independent Accountants</u>	1 2
Non-Consolidated Financial Statements	
<u>Balance Sheets</u>	3
<u>Statements of Operations</u>	4
<u>Statements of Cash Flows</u>	5 6
<u>Statement of Changes in Shareholders' Equity</u>	7
<u>Notes to Non-Consolidated Financial Statements</u>	8 27

Table of Contents

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Report of Independent Accountants

To the Board of Directors and Shareholders of

LG.Philips LCD Co., Ltd.

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

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

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

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

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Table of Contents

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

/s/ Samil PricewaterhouseCoopers

Seoul, Korea

October 26, 2007

This report is effective as of October 26, 2007, the review report date. Certain subsequent events or circumstances, which may occur between the review report date and the time of reading this report, could have a material impact on the accompanying financial statements and notes thereto. Accordingly, the readers of the review report should understand that there is a possibility that the above review report may have to be revised to reflect the impact of such subsequent events or circumstances, if any.

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

<i>(in millions of Korean won)</i>	2007	2006
Assets		
Current assets		
Cash and cash equivalents	(Won) 1,500,731	(Won) 788,066
Available-for-sale securities	23	23
Trade accounts and notes receivable, net (Note 15)	2,445,076	1,049,408
Other accounts receivable, net (Note 15)	24,136	27,036
Accrued income, net	5,775	820
Advanced payments, net	3,797	5,431
Prepaid expenses	50,015	22,051
Prepaid value added tax	72,142	52,837
Other current assets (Note 9)	33,266	50,608
Deferred income tax assets (Note 10)	121,691	
Inventories, net (Note 4)	739,513	735,376
Total current assets	4,996,165	2,731,656
Long-term financial instruments (Note 3)	13	13
Equity-method investments	490,206	361,545
Property, plant and equipment, net (Note 5)	7,393,987	8,860,076
Intangible assets, net	88,255	114,182
Long-term prepaid expenses	162,716	137,974
Deferred income tax assets (Note 10)	513,248	593,063
Other assets	29,059	17,338
Total assets	(Won) 13,673,649	(Won) 12,815,847
Liabilities and Shareholders Equity		
Current liabilities		
Trade accounts and notes payable (Note 15)	(Won) 1,140,992	(Won) 943,924
Other accounts payable (Note 15)	474,088	1,066,642
Advances received	4,696	461
Withholdings	3,639	9,045
Accrued expenses	185,958	67,814
Warranty reserve	42,469	28,015
Current portion of long-term debts and debentures (Note 6)	870,394	553,089
Other current liabilities (Note 9)	12,925	25,399
Total current liabilities	2,735,161	2,694,389
Debentures, net of current portion and discounts on debentures (Note 7)	2,308,822	2,319,391
Long-term debts, net of current portion (Note 7)	1,009,393	830,540
Accrued severance benefits, net	101,604	81,851
Total liabilities	6,154,980	5,926,171

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Commitments and contingencies (Note 9)

Shareholders' equity		
Capital stock		
Common stock, (Won)5,000 par value per share	1,789,079	1,789,079
Capital surplus	2,311,071	2,275,172
Accumulated other comprehensive loss, net (Notes 9 and 11)	(4,973)	(13,948)
Retained earnings	3,423,492	2,839,373
Total shareholders' equity	7,518,669	6,889,676
 Total liabilities and shareholders' equity	 (Won) 13,673,649	 (Won) 12,815,847

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

See Report of Independent Accountants

Table of Contents

LG.Philips LCD Co., Ltd.

Non-Consolidated Statements of Operations**Three-Month and Nine-Month Periods Ended September 30, 2007 and 2006****(Unaudited)**

<i>(in millions of Korean won,</i>	For the three-month periods ended September 30		For the nine-month periods ended September 30	
<i>except per share amounts)</i>	2007	2006	2007	2006
Sales (Notes 15 and 16)	(Won) 3,975,052	(Won) 2,729,486	(Won) 9,848,638	(Won) 7,233,521
Cost of sales (Notes 12 and 15)	3,098,239	3,017,868	8,811,794	7,684,498
Gross profit (loss)	876,813	(288,382)	1,036,844	(450,977)
Selling and administrative expenses (Note 13)	167,968	96,065	426,612	343,393
Operating income (loss)	708,845	(384,447)	610,232	(794,370)
Non-operating income				
Interest income	14,621	4,586	33,499	21,876
Rental income	894	1,850	2,945	5,893
Commission earned	1,851	1,390	19,647	13,934
Foreign exchange gains	47,178	22,096	91,332	136,329
Gain on foreign currency translation	61,354	25,321	68,614	53,322
Gain on valuation of equity method investments	3,532	29,810	31,811	79,921
Gain on disposal of property, plant and equipment	1,978	396	3,842	486
Others	3,214	3,543	7,196	10,127
	134,622	88,992	258,886	321,888
Non-operating expenses				
Interest expenses	49,601	39,563	143,540	110,599
Foreign exchange losses	45,082	23,657	91,753	174,255
Loss on foreign currency translation	38,125	26,090	38,125	26,120
Donations	97	288	214	1,542
Loss on disposal of accounts receivable	279	5,256	2,084	8,319
Loss on valuation of equity method investments	23,174	35,525	35,407	4,006
Loss on disposal of property, plant and equipment			219	1,046
Impairment loss on property, plant, and equipment (Note 5)	24,401		24,401	
Loss on disposal of available-for-sale securities		118		153
Ramp up costs				18,043
Loss on retirement of bonds	284		284	
Others	3		4	5
	181,046	130,497	336,031	344,088
Income (loss) before income tax benefit (expense)	662,421	(425,952)	533,087	(816,570)
Income tax benefit (expense)	(138,190)	104,986	51,032	221,602

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Net income (loss)	(Won)	524,231	(Won)	(320,966)	(Won)	584,119	(Won)	(594,968)
Earnings (loss) per share (Note 14)	(Won)	1,465	(Won)	(897)	(Won)	1,632	(Won)	(1,663)
Diluted earnings (loss) per share (Note 14)	(Won)	1,435	(Won)	(897)	(Won)	1,626	(Won)	(1,663)

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

See Report of Independent Accountants

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

<i>(in millions of Korean won)</i>	2007		2006	
Cash flows from operating activities				
Net income (loss)	(Won)	584,119	(Won)	(594,968)
Adjustments to reconcile net income (loss) to net cash provided by operating activities				
Amortization of intangible assets		33,782		37,094
Depreciation		1,948,904		1,830,776
Loss (gain) on disposal of property, plant and equipment, net		(3,623)		560
Impairment loss on property, plant and equipment		24,401		
Loss (gain) on foreign currency translation, net		(37,547)		(34,548)
Amortization of discount on debentures		37,349		27,042
Loss on retirement of bonds		284		
Provision for warranty reserve		48,897		21,276
Provision for severance benefits		50,444		39,338
Loss (gain) on valuation of equity method investments, net		3,596		(75,915)
Loss on disposal of available-for-sale securities				35
Loss on disposal of investment assets				118
		2,106,487		1,845,776
Changes in operating assets and liabilities				
Increase in trade accounts and notes receivable		(1,424,337)		(348,135)
Increase in inventories		(4,137)		(255,153)
Decrease (increase) in other accounts receivable		2,888		(4,473)
Decrease (increase) in accrued income		(4,955)		712
Decrease in advance payments		1,635		3,368
Increase in prepaid expenses		(6,230)		(2,412)
Decrease (increase) in prepaid value added tax		(19,305)		59,775
Increase in current deferred income tax		(118,280)		(36,249)
Decrease in other current assets		10,128		23,726
Increase in long-term prepaid expenses		(46,475)		(71,816)
Increase in long-term other account receivable		(365)		
Decrease (increase) in non-current deferred income tax		67,249		(185,353)
Increase trade accounts and notes payable		203,354		315,223
Decrease in other accounts payable		(23,631)		(105,943)
Increase in advances received		4,235		243
Decrease in withholdings		(5,406)		(8,033)
Increase in accrued expenses		104,061		43,076
Decrease in income tax payable				(19,499)
Decrease in warranty reserve		(34,443)		(15,340)
Decrease in other current liabilities		(5,885)		(5,289)
Accrued severance benefits transferred from affiliated company, net		2,021		2,947
Payments of severance benefits		(41,555)		(24,035)
Decrease in severance insurance deposits		8,758		10,025
Decrease in contribution to National Pension Fund		85		24

	(1,330,590)	(622,611)
Net cash provided by operating activities	1,360,016	628,197

Table of Contents

LG.Philips LCD Co., Ltd.

Non-Consolidated Statements of Cash Flows**Nine-Month Periods Ended September 30, 2007 and 2006****(Unaudited)**

<i>(in millions of Korean won)</i>	2007	2006
Cash flows from investing activities		
Proceeds from non-current guarantee deposits	426	11,183
Proceeds from disposal of property, plant and equipment	31,331	1,710
Proceeds from disposal of available-for-sale securities		349
Proceeds from dividends of equity method investments	1,440	37,643
Acquisition of equity-method investments	(102,699)	(99,856)
Payments of non-current guarantee deposits	(11,783)	(4,633)
Acquisitions of available-for-sale securities		(53)
Acquisitions of property, plant and equipment	(1,104,053)	(2,502,760)
Acquisition of intangible assets	(7,694)	(5,363)
Net cash used in investing activities	(1,193,032)	(2,561,780)
Cash flows from financing activities		
Repayment of current portion of long-term debts	(237,736)	(229,417)
Proceeds from issuance of long-term debts	274,420	632,065
Proceeds from issuance of bond	508,997	399,600
Net cash provided by financing activities	545,681	802,248
Net increase (decrease) in cash and cash equivalents	712,665	(1,131,335)
Cash and cash equivalents		
Beginning of the period	788,066	1,465,025
End of the period	(Won) 1,500,731	(Won) 333,690

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

See Report of Independent Accountants

Table of Contents

LG.Philips LCD Co., Ltd.

Non-Consolidated Statement of Changes in Shareholders' Equity**Nine-Month Period Ended September 30, 2007****(Unaudited)**

<i>(in millions of Korean won)</i>	Capital stock	Capital surplus	Accumulated other comprehensive Income	Retained earnings	Total
Balance as of January 1, 2007	(Won) 1,789,079	(Won) 2,275,172	(Won) (13,948)	(Won) 2,839,373	(Won) 6,889,676
Net income				584,119	584,119
Changes in equity securities (Note 11)			17,965		17,965
Gain on valuation of derivatives (Note 11)			(16,616)		(16,616)
Loss on valuation of derivatives (Note 11)			7,626		7,626
Changes in consideration for conversion rights		35,899			35,899
Balance as of September 30, 2007	(Won) 1,789,079	(Won) 2,311,071	(Won) (4,973)	(Won) 3,423,492	(Won) 7,518,669

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

See Report of Independent Accountants

Table of Contents

LG.Philips LCD Co., Ltd.

Notes to Non-Consolidated Financial Statements

September 30, 2007 and 2006

(Unaudited)

1. The Company

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

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

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

2. Summary of Significant Accounting Policies

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

Basis of Financial Statement Presentation

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

See Report of Independent Accountants

Table of Contents

LG.Philips LCD Co., Ltd.

Notes to Non-Consolidated Financial Statements

September 30, 2007 and 2006

(Unaudited)

Accounting Estimates

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

Application of the Statements of Korean Financial Accounting Standards

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

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

3. Financial Instruments

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

4. Inventories

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

<i>(in millions of Korean won)</i>	2007	2006
Finished products	(Won) 343,452	(Won) 311,808
Work-in-process	219,454	312,231
Raw materials	118,425	129,373
Supplies	96,666	101,068
	777,997	854,480
Less: Valuation loss	(38,484)	(119,104)
	(Won) 739,513	(Won) 735,376

See Report of Independent Accountants

Table of Contents

LG.Philips LCD Co., Ltd.

Notes to Non-Consolidated Financial Statements

September 30, 2007 and 2006

(Unaudited)

5. Property, Plant and Equipment

Property, plant and equipment as of September 30, 2007 and December 31, 2006, consist of the following:

<i>(in millions of Korean won)</i>	2007	2006
Buildings	(Won) 1,934,791	(Won) 1,875,511
Structures	174,924	170,631
Machinery and equipment	14,237,457	13,754,035
Tools	135,873	138,303
Furniture and fixtures	417,086	411,459
Vehicles	10,216	12,293
Others	8,460	8,460
	16,918,807	16,370,692
Less: Accumulated depreciation	(10,622,078)	(8,715,763)
Government subsidies	(2,961)	(3,015)
	6,293,768	7,651,914
Land	316,893	317,161
Machinery-in-transit	40,063	42,010
Construction-in-progress ¹	743,263	848,991
	(Won) 7,393,987	(Won) 8,860,076

¹ For the nine-month period ended September 30, 2007, the Company recorded impairment loss of (Won)24,401 million due to the change in the facilities investment plan.

See Report of Independent Accountants

Table of Contents

LG.Philips LCD Co., Ltd.

Notes to Non-Consolidated Financial Statements

September 30, 2007 and 2006

(Unaudited)

6. Current Portion of Long-Term Debts

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

(in millions of Korean won)

Type of borrowing	Creditor	Annual interest rates (%) as of September 30, 2007	2007	2006
Long-term debt in won currency loans	Korea Export-Import Bank	5.84 - 6.08	(Won) 54,267	(Won) 39,267
Corporate bonds in won currency		5.00	300,000	300,000
Long-term debt in foreign currency debentures of US\$ 200 million				185,920
Long-term debt in foreign currency loans of US\$ 50 million	Korea Export-Import Bank and others	6ML+1.20, 3ML+0.99-1.35	45,406	32,071
Convertible bonds ¹ of US\$ 475 million			435,718	
			835,391	557,258
Less : Discounts on debentures			(422)	(4,169)
Conversion rights adjustment			(348)	
Add : Call premium			35,773	
			(Won) 870,394	(Won) 553,089

¹ On September 19, 2007, as the bond holders exercised their put option, the Company reclassified convertible bonds as current (Note 7). See Report of Independent Accountants

Table of Contents

LG.Philips LCD Co., Ltd.

Notes to Consolidated Financial Statements

September 30, 2007 and 2006

(Unaudited)

7. Long-Term Debts

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

<i>(in millions of Korean won)</i>	Annual interest rates (%) as of		2007	2006
Type of borrowing	September 30, 2007			
Won currency debentures				
Non-guaranteed, payable through 2010	3.5	5.0	(Won) 1,550,000	(Won) 1,550,000
Private debentures, payable in 2011	5.3	5.9	600,000	600,000
Less : Current portion			(300,000)	(300,000)
Discounts on debentures			(11,709)	(16,036)
			1,838,291	1,833,964
Convertible bonds¹				
US dollar-denominated bond, payable through 2012			947,273	483,780
Add : Call premium			85,788	84,613
Less : Current portion			(435,718)	
Discounts on debentures			(2,353)	(2,139)
Conversion rights adjustment			(124,459)	(80,827)
			470,531	485,427
			(Won) 2,308,822	(Won) 2,319,391
Won currency loans				
General loans	5.84	6.08,	(Won) 199,117	(Won) 238,383
		4.00	16,040	14,634
Less : Current portion			(54,267)	(39,267)
			160,890	213,750
Foreign currency loans				
General loans	3ML+0.35 -1.35,		893,909	648,861
	6ML+0.41 - 1.20,			
	6.01			
Less : Current portion			(45,406)	(32,071)
			848,503	616,790

See Report of Independent Accountants

Table of Contents

LG.Philips LCD Co., Ltd.

Notes to Non-Consolidated Financial Statements

September 30, 2007 and 2006

(Unaudited)

¹ On April 19, 2005, the Company issued US dollar-denominated convertible bonds totaling US\$475 million, with a zero coupon rate. On or after June 27, 2005 through April 4, 2010, the bonds are convertible into common shares at a conversion price of (Won)58,251 per share of common stock, subject to adjustment based on certain events. The bonds will mature in five years from the issue date and will be repaid at 117.49% of the principal amount at maturity. The bondholders have a put option to be repaid at 108.39% of the principal amount on October 19, 2007. On September 19, 2007, put option for US\$459.6 million was exercised and bonds were repaid at 108.39 % of their principal amount on October 19, 2007. On the same date, the Company exercised its call option to pay off the rest of convertible bonds amounting to US\$15.4 million which will be paid in November 2007.

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

As of September 30, 2007, the number of shares convertible from the outstanding convertible bonds is 10,732,572. On October 19, 2007, the number of shares convertible from the outstanding convertible bonds is 10,464,234 as call option was exercised.

As of September 30, 2007, foreign currency loans denominated in U.S. dollars amount to US\$ 975 million (December 31, 2006 : US\$ 698 million).

8. Stock Appreciation Plan

On April 7, 2005, the Company granted 450,000 shares of stock appreciations rights (SARs) to certain executives. Under the terms of this plan, the executives, upon exercising their SARs, are entitled to receive cash equal to the excess of the market price of the Company's common stock over the exercise price of (Won)44,050 per share. The exercise price decreased from (Won)44,260 to (Won)44,050 due to the additional issuance of common stock in 2005. These SARs are exercisable starting April 8, 2008, through April 7, 2012. Additionally, when the increase rate of the Company's share price is the same or less than the increase rate of the Korea Composite Stock Price Index (KOSPI) over the three-year period following the grant date, only 50% of the initially granted shares is exercisable.

See Report of Independent Accountants

Table of Contents

LG.Philips LCD Co., Ltd.

Notes to Non-Consolidated Financial Statements

September 30, 2007 and 2006

(Unaudited)

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

	2007		2006	
	Number of shares under SARs	Weighted average exercise price	Number of shares under SARs	Weighted average exercise price
Beginning	260,000	44,050	410,000	44,050
Granted				
Cancelled/Expired ¹	40,000	44,050	150,000	44,050
Exercised				
Ending	220,000	44,050	260,000	44,050
Exercisable As of September 30, 2007				

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

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

9. Commitments and Contingencies

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

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

As of September 30, 2007, the Company has agreements with several banks for U.S. dollar denominated accounts receivable negotiating facilities of up to an aggregate of US\$1,193.5 million. The Company has agreements with several banks in relation to the opening of letters of credit amounting to (Won)90,000 million and US\$35.5 million.

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

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

See Report of Independent Accountants

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

In October 2006, the subsidiaries entered into a five-year accounts receivable selling program with Standard Chartered Bank, selling accounts receivables of four subsidiaries, namely, LG.Philips LCD America Inc., LG.Philips LCD Germany GmbH, LG.Philips LCD Shanghai Co., Ltd. and LG.Philips LCD Hong Kong Co., Ltd., on a revolving basis, of up to US\$600 million. The Company joined this program in April 2007. As of September 30, 2007, the amount of accounts receivables sold is (Won)7,780 million. Losses including the loss on sale of receivables, and various program and facility fees associated with the Program totaled approximately (Won)558 million for the nine-month period ended September 30, 2007.

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

A summary of these contracts follows :

(in millions)

Contracting party	Selling position	Buying position	Contract foreign exchange rate	Maturity date
Woori and others	US\$ 1,306	(Won) 1,213,278	(Won)915.40:US\$1- (Won)946.77:US\$1	Oct. 1, 2007 Feb. 4, 2008
Citibank and others	EUR 100	(Won) 127,499	(Won)1,204.29:EUR1- (Won)1,298.82:EUR1	Oct. 9, 2007 Jan. 4, 2008
HSBC and others	(Won) 60,123	JP¥ 7,500	(Won)7.590:JP¥1- (Won)8.287:JP¥1	Oct 12, 2007 Dec. 14, 2007
DBS and others	US\$ 60	JP¥ 7,000	J¥114.52:US\$1- JP¥121.99:US\$1	Oct. 15, 2007 - Dec. 20, 2007

As of September 30, 2007, the Company recorded unrealized gains and losses on outstanding foreign currency forward contracts of (Won)19,944 million and (Won)3,887 million, respectively. Total unrealized gains and losses amounted to (Won)10,050 million and (Won)1,465 million, respectively, for the nine-month period ended September 30, 2007, as these contracts did not meet the requirements for a cash flow hedge. Net unrealized gains and losses, net of related taxes, incurred relating to cash flow hedges from forecasted exports and the purchase of materials, were recorded as accumulated other comprehensive income.

See Report of Independent Accountants

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

The forecasted hedged transactions are expected to occur by February 4, 2008. The aggregate amount of all deferred gains and losses of (Won)9,894 million and (Won)2,422 million, respectively, recorded net of tax under accumulated other comprehensive income, are expected to be included in the determination of gain and loss within a year from September 30, 2007.

For the nine-month period ended September 30, 2007, the Company recorded realized gains of (Won)36,088 million (2006: (Won)201,617 million) on foreign currency forward contracts upon settlement, and for the nine-month period ended September 30, 2007, realized losses amounted to (Won)37,895 million (2006: (Won)61,892 million).

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

A summary of such contracts follows:

(in millions)

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

As of September 30, 2007, unrealized gains of (Won)875 million and unrealized losses of (Won)176 million were recognized as accumulated other comprehensive income as these contracts fulfill the requirements for hedge accounting for financial statement purposes, while unrealized losses of (Won)2,464 million were charged to current income as these contracts do not fulfill those requirements.

For the nine-month period ended September 30, 2007, the Company recorded realized gains of (Won)661 million (2006: gains of (Won)(83) million) and no realized losses (2006 : losses of (Won)15,024 million) on cross-currency swap contracts upon settlement.

The Company entered into interest rate swap contracts to manage the exposure to changes in interest rates related to floating rate loans.

A summary of such contracts follows:

(in millions)

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

See Report of Independent Accountants

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

As of September 30, 2007, unrealized losses of (Won)3,188 million were recognized as accumulated other comprehensive income as these contracts fulfilled the requirements for hedge accounting for financial statement purposes.

For the nine-month period ended September 30, 2007, the Company recorded realized gains of (Won)4 million (2006: nil) and realized losses of (Won)119 million (2006: nil) on interest-rate swap contracts upon settlement.

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

A summary of such contracts follows:

<i>(in millions)</i>					
Contracting party	USD Put Buying	USD Call Selling	Strike Price	Maturity date	
KDB and others	US\$ 70	US\$ 70	(Won)929.40:US\$1 - (Won)938.00:US\$1	Oct. 15, 2007 - Dec. 26, 2007	

<i>(in millions)</i>					
Contracting party	JPY Call Buying	JPY Put Selling	Strike Price	Maturity date	
Citibank and others	JP¥ 25,000	JP¥ 25,000	(Won)7.700:JP¥1 - (Won)8.000:JP¥1	Oct. 12, 2007 - Feb. 14, 2008	

As of September 30, 2007, unrealized gains of (Won)5,657 million and no unrealized losses were charged to current income, as these contracts did not fulfill the requirements for hedge accounting for financial statement purposes.

For the nine-month period ended September 30, 2007, the Company recorded realized gains of (Won)54 million (2006: nil) and no losses (2006: nil) upon settlement of target forward option contracts and realized gains of (Won)625 million and losses of (Won)323 million upon settlement of range forward options.

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

See Report of Independent Accountants

Table of Contents

LG.Philips LCD Co., Ltd.

Notes to Non-Consolidated Financial Statements

September 30, 2007 and 2006

(Unaudited)

The Company is involved in several legal proceedings and claims arising in the ordinary course of business. On August 29, 2002, the Company filed a complaint against Chunghwa Picture Tubes, Tatung Company and Tatung Co. of America, alleging patent infringement relating to liquid crystal displays and the manufacturing process of TFT-LCDs in the United States District Court for the Central District of California. On November 21, 2006, the Jury in California issued a verdict that Chunghwa Picture Tubes, Tatung Company and Tatung Co. of America had willfully infringed a patent owned by the Company, and awarded the Company US\$53.5 million in damages. On September 12, 2007, the United States District Court in California granted the Company's request for enhanced damages, interest for the damages, and additional damages of continuing infringement and legal fees. On September 17, 2007, the United States District Court in California granted the Company's request for permanent injunction against Chunghwa Picture Tubes to stop sale or import of infringing products in the United States.

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

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

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

On September 20, 2007, the Company and Chunghwa Picture Tubes have signed a binding memorandum of understanding regarding the dismissal of two pending claims, and a cross licensing agreement allowing the companies to share patented technology. As part of the settlement, Chunghwa Picture Tubes will pay a settlement payment to the Company in compensation.

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

See Report of Independent Accountants

Table of Contents

LG.Philips LCD Co., Ltd.

Notes to Non-Consolidated Financial Statements

September 30, 2007 and 2006

(Unaudited)

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

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

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

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

The Company is currently under investigation by the fair trade or antitrust authorities in Korea, Japan, US and other markets with respect to possible anti-competitive activities in the LCD industry. As of September 30, 2007, the Company, along with a number of other companies in the LCD industry, has been named as defendant in a number of federal class actions in the United States alleging that the defendants violated the antitrust laws in connection with the sale of LCD panels.

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

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

See Report of Independent Accountants

Table of Contents

LG.Philips LCD Co., Ltd.

Notes to Non-Consolidated Financial Statements

September 30, 2007 and 2006

(Unaudited)

10. Deferred Income Tax Assets and Liabilities

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

<i>(in millions of Korean won)</i>	2007	2006
Inventories	(Won) 5,865	(Won) 21,098
Equity method investments	(20,786)	(11,578)
Other current assets	(3,370)	492
Property, plant and equipment	42,466	40,875
Tax credit carryforwards	487,454	436,486
Deferred income taxes added to shareholders' equity	(10,921)	(10,892)
Net loss carryforwards	105,877	248,493
Others	28,354	27,616
	634,939	752,590
Less: Valuation allowance		(159,527)
	(Won) 634,939	(Won) 593,063

As of September 30, 2007, the Company anticipates that all tax benefits from tax credits would be fully realized.

See Report of Independent Accountants

Table of Contents

LG.Philips LCD Co., Ltd.

Notes to Non-Consolidated Financial Statements

September 30, 2007 and 2006

(Unaudited)

11. Comprehensive Income and Loss

Comprehensive income and loss for the nine-month periods ended September 30, 2007 and 2006, consist of the following :

<i>(in millions of Korean won)</i>	2007	2006
Net income (loss)	(Won) 584,119	(Won) (594,968)
Other comprehensive income:	8,975	(4,990)
Gain (loss) on overseas subsidiary translation adjustments (tax effect : (Won)1,051 million in 2007)	17,965	(16,868)
Gain on valuation of derivatives (tax effect : (Won)6,303 million in 2007)	(16,616)	8,762
Loss on valuation of derivatives (tax effect : (Won)(2,892) million in 2007)	7,626	3,116
Comprehensive income (loss)	(Won) 593,094	(Won) (599,958)

12. Cost of Sales

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

<i>(in millions of Korean won)</i>	2007	2006
Finished goods		
Beginning balance of inventories	(Won) 256,002	(Won) 173,404
Cost of goods manufactured	8,861,973	6,844,672
Ending balance of inventories	(322,249)	(312,485)
	8,795,726	6,705,591
Others	16,068	978,907
	(Won) 8,811,794	(Won) 7,684,498

See Report of Independent Accountants

Table of Contents

LG.Philips LCD Co., Ltd.

Notes to Non-Consolidated Financial Statements

September 30, 2007 and 2006

(Unaudited)

13. Selling and Administrative Expenses

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

<i>(in millions of Korean won)</i>	2007	2006
Salaries	(Won) 53,225	(Won) 32,490
Severance benefits	6,686	4,114
Employee benefits	5,891	4,108
Freight expenses	109,640	127,923
Rental expenses	2,995	2,282
Commission expenses	63,302	37,392
Entertainment expenses	1,168	941
Depreciation	3,337	1,871
Taxes and dues	1,228	1,185
Advertising expenses	21,124	17,268
Promotional expenses	11,758	20,588
Development costs	1,981	925
Research expenses	74,974	55,241
Bad debt expenses	1,302	306
Product warranty expenses and SVC expenses	48,898	21,276
Others	19,103	15,483
	(Won) 426,612	(Won) 343,393

See Report of Independent Accountants

Table of Contents

LG.Philips LCD Co., Ltd.

Notes to Non-Consolidated Financial Statements

September 30, 2007 and 2006

(Unaudited)

14. Earnings (Loss) Per Share

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

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

<i>(in millions, except for per share amount)</i>	For the three-month		For the nine-month	
	periods ended September 30, 2007	periods ended September 30, 2006	periods ended September 30, 2007	periods ended September 30, 2006
Net income (loss) as reported on the statements of income	(Won) 524,231	(Won) (320,967)	(Won) 584,119	(Won) (594,968)
Weighted-average number of common shares outstanding	358	358	358	358
Earnings (loss) per share	(Won) 1,465	(Won) (897)	(Won) 1,632	(Won) (1,663)

Prior to the issuance of convertible bonds on April 19, 2005, the Company had not issued any dilutive securities. Diluted loss per share is identical to basic loss per share as the Company recorded net loss during the three-month and nine-month periods ended September 30, 2006.

See Report of Independent Accountants

Table of Contents

LG.Philips LCD Co., Ltd.

Notes to Non-Consolidated Financial Statements**September 30, 2007 and 2006****(Unaudited)**

Dilutive effect for the three-month and nine-month periods ended September 30, 2007, is as follows:

	For the three-month period ended	For the nine-month period ended
<i>(in millions, except for per share amount)</i>	September 30, 2007	September 30, 2007
Net income allocated to common stock	(Won) 524,231	(Won) 584,119
Add : Interest expense on convertible bonds ¹	4,587	8,427
Diluted net income allocated to common stock	528,818	592,546
Weighted average number of common shares and diluted securities outstanding during the period	369	364
Diluted earnings per share	(Won) 1,435	(Won) 1,626

¹ For the three-month and nine-month periods ended September 30, 2007, net of tax effect of (Won)(1,740) million and (Won)(3,196) million, respectively.

Additionally, earnings (loss) per share for the three-month period ended March 31, 2007, three-month period ended June 30, 2007 and for the year ended December 31, 2006, are as follows:

	December 31, 2006	March 31, 2007	June 30, 2007
Basic earnings (loss) per share	(Won) (2,150)	(Won) (471)	(Won) 639
Diluted earnings (loss) per share	(Won) (2,150)	(Won) (471)	(Won) 631

See Report of Independent Accountants

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

The ultimate parent company is LG Corporation and the parent company of the Company is LG Electronics Inc., which is responsible for the consolidated financial statements.

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

<i>(in millions of Korean won)</i>	Sales ¹		Purchases ¹	
	2007	2006	2007	2006
Parent companies	(Won) 689,713	(Won) 655,356	(Won) 66,198	(Won) 178,014
Company that has significant influence over the Company			12,173	9,327
Overseas subsidiaries	8,020,261	6,050,730	258,420	83,572
Equity-method investee		6	210,054	96,552
Other related parties	176,091	141,471	1,336,304	1,628,531
Total	(Won) 8,886,065	(Won) 6,847,563	(Won) 1,883,149	(Won) 1,995,996

¹ Includes sales of (Won)29,857 million and purchases of property, plant and equipment of (Won)168,501 million.

<i>(in millions of Korean won)</i>	Receivables		Payables	
	2007	2006	2007	2006
Parent companies ²	(Won) 205,661	(Won) 70,805	(Won) 27,244	(Won) 19,328
Company that has significant influence over the Company ³	2,444	2,340	2,331	548
Overseas subsidiaries ⁴	1,865,276	963,098	43,320	27,449
Equity-method investee ⁵			33,938	22,535
Other related parties ⁶	93,347	22,897	444,431	424,572
Total	(Won) 2,166,728	(Won) 1,059,140	(Won) 551,264	(Won) 494,432

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

³ LG Corp.

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

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

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

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LG.Philips LCD Guangzhou Co.,Ltd., LG.Philips LCD Shenzhen Co.,Ltd.,

Global Professional Sourcing Co., Ltd.

⁵ Paju Electric Glass Co., Ltd.

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

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

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

See Report of Independent Accountants

Table of Contents

LG.Philips LCD Co., Ltd.

Notes to Non-Consolidated Financial Statements

September 30, 2007 and 2006

(Unaudited)

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

<i>(in millions of Korean won)</i>	2007	2006
Officers salaries	(Won) 1,286	(Won) 1,218
Post-retirement benefits	605	301
	(Won) 1,891	(Won) 1,519

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

16. Segment Information

The Company operates only one segment, the TFT-LCD division where export sales represents 93% of total sales.

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

<i>(in millions of Korean won)</i>								
Sales	Domestic	Taiwan	Japan	America	China	Europe	Others	Total
2007	(Won) 729,422	(Won) 2,534,685	(Won) 938,428	(Won) 1,112,042	(Won) 1,905,029	(Won) 1,652,208	(Won) 976,824	(Won) 9,848,638
2006	(Won) 644,409	(Won) 1,159,052	(Won) 896,483	(Won) 700,507	(Won) 2,178,699	(Won) 1,297,249	(Won) 357,122	(Won) 7,233,521

17. Supplemental Cash Flow Information

Significant transactions not affecting cash flows for the nine-month periods ended September 30, 2007 and 2006, are as follows:

<i>(in millions of Korean won)</i>	2007	2006
Current portion of convertible bond	(Won) 471,110	(Won)
Acquisition of other account payables for tangible asset	171,425	615,344

See Report of Independent Accountants

Table of Contents

LG.Philips LCD Co., Ltd.

Notes to Non-Consolidated Financial Statements

September 30, 2007 and 2006

(Unaudited)

18. Subsequent Event

On October 15, 2007, Philips Electronics sold 46,400,000 shares of the Company. Following this transaction, Philips Electronics has a remaining 19.9% (71,225,000 shares) ownership interest in the Company.

19. Reclassification of Prior Period Financial Statements

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

See Report of Independent Accountants

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

<i>(in millions of Korean won)</i>	2007	2006
Assets		
Current assets		
Cash and cash equivalents	(Won) 1,656,419	(Won) 954,362
Available-for-sale securities	23	23
Trade accounts and notes receivable, net (Notes 9 and 15)	2,258,545	859,300
Other accounts receivable, net (Notes 9 and 15)	26,076	112,182
Accrued income, net	5,771	850
Advance payments, net	4,241	7,050
Prepaid expenses	51,084	23,536
Prepaid value added tax	103,093	93,058
Other current assets (Note 9)	35,341	50,884
Deferred income tax assets (Note 10)	124,918	677
Inventories, net (Note 4)	905,802	1,052,705
Total current assets	5,171,313	3,154,627
Long-term financial instruments (Note 3)	13	13
Equity method investment	22,223	19,284
Property, plant and equipment, net (Note 5)	8,027,862	9,428,046
Intangible assets, net	105,449	123,826
Long-term prepaid expenses	162,787	138,051
Deferred income tax assets (Note 10)	522,526	601,485
Other Assets	31,433	22,455
Total assets	(Won) 14,043,606	(Won) 13,487,787
Liabilities and Shareholders Equity		
Current liabilities		
Trade accounts and notes payable (Note 15)	(Won) 1,144,782	(Won) 949,436
Short-term borrowings (Note 6)	15,006	250,105
Other accounts payable (Note 15)	530,483	1,249,405
Advances received	68,216	45,785
Unearned income	13,872	7,055
Withholdings	23,849	25,376
Accrued expenses	141,972	55,867
Income tax payable	2,535	4,658
Warranty reserve	42,624	31,261
Current portion of long-term debts and debentures (Note 6)	907,692	563,630
Other current liabilities (Note 9)	12,925	26,211
Total current liabilities	2,903,956	3,208,789
Debentures, net of current portion and discounts on debentures (Note 7)	2,308,822	2,319,391
Long-term debts, net of current portion (Note 7)	1,200,520	987,597
Accrued severance benefits, net	101,807	81,885
Long-term accrued expenses	9,411	430

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Deferred income tax liabilities (Note 10)	337	19
Total liabilities	6,524,853	6,598,111
Commitments and contingencies (Note 9)		
Shareholders' equity		
Controlling interest	7,518,669	6,889,676
Capital stock		
Common stock, (Won)5,000 par value per share	1,789,079	1,789,079
Capital surplus	2,311,071	2,275,172
Accumulated other comprehensive income (Notes 9 and 11)	(4,973)	(13,948)
Retained earnings	3,423,492	2,839,373
Minority interest	84	
Total shareholders' equity	7,518,753	6,889,676
Total liabilities and shareholders' equity	(Won) 14,043,606	(Won) 13,487,787

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

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

<i>(in millions of Korean won, except per share amounts)</i>	2007	2006
Sales (Notes 15 and 16)	(Won) 10,030,102	(Won) 7,558,906
Cost of sales (Notes 12 and 15)	8,875,407	7,842,081
Gross profit (loss)	1,154,695	(283,175)
Selling and administrative expenses (Note 13)	519,470	419,275
Operating income (loss)	635,225	(702,450)
Non-operating income		
Interest income	37,084	23,536
Rental income	2,945	5,893
Commission earned	10,581	10,141
Foreign exchange gains	160,829	228,071
Gain on foreign currency translation	89,045	61,395
Gain on valuation equity-method of investments	4,378	3,775
Gain on disposal of property, plant and equipment	927	488
Others	7,560	8,690
	313,349	341,989
Non-operating expenses		
Interest expenses	155,577	125,759
Foreign exchange losses	152,713	260,161
Loss on foreign currency translation	54,400	30,348
Donations	233	1,549
Loss on disposal of accounts receivable	18,219	11,798
Loss on disposal of available-for-sale securities		35
Loss on disposal of property, plant and equipment	263	1,054
Impairment loss on disposal of property, plant and equipment (Note 5)	28,681	
Loss on retirement of bonds	284	
Loss on disposal of investment assets		118
Other bad debt expenses	1,037	
Ramp up costs		18,043
others	236	311
	411,643	449,176
Income (loss) before income tax benefit	536,931	(809,637)
Income tax benefit	47,188	214,669
Net income (loss)	(Won) 584,119	(Won) (594,968)
Earnings (loss) per share (Note 14)	(Won) 1,632	(Won) (1,663)

Diluted earnings (loss) per share (Note 14)	(Won)	1,626	(Won)	(1,663)
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The accompanying notes are an integral part of these consolidated financial statements.

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

<i>(in millions of Korean won)</i>	2007		2006	
Cash flows from operating activities				
Net income (loss)	(Won)	584,119	(Won)	(594,968)
Adjustments to reconcile net income (loss) to net cash provided by operating activities				
Amortization of intangible assets		35,659		37,954
Depreciation		2,049,497		1,878,125
Loss (Gain) on disposal of property, plant and equipment, net		(664)		566
Loss (Gain) on foreign currency translation, net		(44,081)		(38,476)
Amortization of discount on debentures		37,349		27,042
Provision for warranty reserve		52,535		30,861
Provision for severance benefits		50,464		39,364
Gain (Loss) on valuation equity-method of investments, net		(4,378)		(3,775)
Loss on disposal of available-for-sale securities				118
Loss on disposal of investment assets				35
Impairment loss on disposal of property, plant and equipment		28,681		
Loss on retirement of bonds		284		
		2,205,346		1,971,814
Changes in operating assets and liabilities				
Increase in trade accounts and notes receivable		(1,430,809)		(74,461)
Decrease (Increase) in inventories		146,903		(457,501)
Decrease (Increase) in other accounts receivable		86,093		(20,808)
Decrease (Increase) in accrued income		(4,920)		712
Decrease in advance payments		2,808		2,232
Increase in prepaid expenses		(5,813)		(2,303)
Decrease (Increase) in prepaid value added tax		(10,035)		48,815
Decrease in other current assets		8,341		24,060
Increase in current deferred income tax assets		(120,831)		(36,352)
Increase in long-term accrued expenses		9,130		265
Decrease in long-term prepaid expenses		(46,471)		(71,805)
Decrease (Increase) in non-current deferred income tax assets		66,393		(188,300)
Increase in trade accounts and notes payable		205,324		193,604
Decrease in other accounts payable		(87,751)		(59,042)
Increase in advances received		22,933		10,435
Decrease in withholdings		(1,527)		(7,304)
Increase in accrued expenses		86,105		32,381
Decrease in income tax payable		(2,123)		(15,708)
Decrease in warranty reserve		(41,172)		(28,477)
Increase (Decrease) in other current liabilities		121		(9)
Increase (Decrease) in deferred income tax liabilities		318		(449)
Accrued severance benefits transferred from affiliated company, net		2,021		2,947
Payment of severance benefits		(41,556)		(24,044)
Decrease in severance insurance deposits		8,758		10,025
Decrease in contributions to the National Pension Fund		85		24
Increase (Decrease) in consolidation adjustments, net		18,858		(22,148)

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Increase in long-term accounts receivable	(365)	
	(1,129,182)	(683,211)
Net cash provided by operating activities	1,660,283	693,635

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

<i>(in millions of Korean won)</i>	2007	2006
Cash flows from investing activities		
Acquisition of available-for-sale securities		(53)
Payment of non-current guarantee deposits	(9,041)	(4,632)
Proceeds from disposal of available-for-sale securities		349
Proceeds from non-current guarantee deposits	426	10,277
Proceeds from disposal of property, plant and equipment	2,325	1,736
Proceeds from dividends of equity-method investments	1,440	
Acquisition of property, plant and equipment	(1,311,029)	(2,745,098)
Acquisition of intangible assets	(15,572)	(5,363)
Increase of short-term loan	(4)	(7)
Net cash used in investing activities	(1,331,455)	(2,742,791)
Cash flows from financing activities		
Proceeds from issuance of short-term borrowings		112,626
Repayment of short-term borrowings	(234,991)	
Proceeds from issuance of debentures	508,997	399,600
Proceeds from long-term borrowings	366,112	669,537
Repayment of current maturities of long-term debts	(250,801)	(240,312)
Repayment of long-term borrowings	(16,172)	
Proceeds from minority interest	84	
Net cash provided by financing activities	373,229	941,451
Net increase (decrease) in cash and cash equivalents	702,057	(1,107,705)
Cash and cash equivalents		
Beginning of the period	954,362	1,579,452
End of the period	(Won) 1,656,419	(Won) 471,747

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

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

	Accumulated					Total
	Capital stock	Capital surplus	other comprehensive income	Retained earnings	Minority interest	
<i>(in millions of Korean won)</i>						
Balance as of January 1, 2007	(Won) 1,789,079	(Won) 2,275,172	(Won) (13,948)	(Won) 2,839,373	(Won)	(Won) 6,889,676
Net income				584,119		584,119
Changes in overseas subsidiary translation adjustment (Note 11)			17,965			17,965
Gain on valuation of derivatives (Note 11)			(16,616)			(16,616)
Loss on valuation of derivatives (Note 11)			7,626			7,626
Changes in consideration for conversion rights		35,899				35,899
Change in the investor's share of subsidiary					84	84
Balance as of September 30, 2007	(Won) 1,789,079	(Won) 2,311,071	(Won) (4,973)	(Won) 3,423,492	(Won) 84	(Won) 7,518,753

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

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

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

The Controlling Company

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

The Controlling Company listed its shares with the Korea Stock Exchange and with the US Securities and Exchange Commission in July 2004. As of September 30, 2007, the Controlling Company has outstanding capital stock amounting to (Won)1,789,079 million.

Consolidated Subsidiaries

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

	Total issued and outstanding shares	No. of shares owned by the Controlling Company	Percentage of Ownership (%)
Overseas Subsidiaries			
LG.Philips LCD America, Inc.	5,000,000	5,000,000	100
LG.Philips LCD Japan Co., Ltd.	1,900	1,900	100
LG.Philips LCD Germany GmbH	960,000	960,000	100
LG.Philips LCD Taiwan Co., Ltd.	11,550,000	11,549,994	100
LG.Philips LCD Nanjing Co., Ltd.	1	1	100
LG.Philips LCD Hong Kong Co., Ltd.	115,000	115,000	100
LG.Philips LCD Shanghai Co., Ltd.	1	1	100
LG.Philips LCD Poland Sp.z o.o.	4,103,277	4,103,277	100
LG.Philips LCD Guangzhou Co., Ltd.	1	1	100
LG.Philips LCD Shenzhen Co., Ltd.	1	1	100
Global Professional Sourcing Co., Ltd	1,000,000	700,000	70

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

Table of Contents

LG.Philips LCD Co., Ltd. and Subsidiaries

Notes to Consolidated Financial Statements

September 30, 2007 and 2006

(Unaudited)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Table of Contents

LG.Philips LCD Co., Ltd. and Subsidiaries

Notes to Consolidated Financial Statements

September 30, 2007 and 2006

(Unaudited)

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

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

(10) LG.Philips LCD Shenzhen Co., Ltd. (LPLSZ)

LPL Shenzhen was incorporated in Shenzhen, China on August 28, 2007, to sell TFT LCD products of LG.Philips LCD Co., Ltd. As of September 30, 2007, its capital stock amounted to CNY 4 million, and is wholly owned by LG.Philips LCD Co., Ltd.

(11) Global Professional Sourcing Co., Ltd (GPS)

GPS was incorporated in Taipei, Taiwan on September 11, 2007, to survey and search of LCD panels. As of September 30, 2007, its capital stock amounted to NTD 10 million, and is 70% owned by LG.Philips LCD Taiwan Co., Ltd.

Equity-method investment

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

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

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

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

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

Condensed Balance Sheets

	LG.Philips LCD	LG.Philips LCD	LG.Philips LCD	LG.Philips LCD
<i>(in millions of Korean won)</i>	America, Inc.	Germany GmbH	Japan Co., Ltd.	Taiwan Co., Ltd.
Current assets	(Won) 302,116	(Won) 569,132	(Won) 153,558	(Won) 512,569
Non-current assets	3,709	751	891	709
Total assets	(Won) 305,825	(Won) 569,883	(Won) 154,449	(Won) 513,278
Current liabilities	(Won) 295,030	(Won) 562,759	(Won) 148,589	(Won) 498,226
Non-current liabilities			51	337
Total liabilities	295,030	562,759	148,640	498,563
Capital stock	6,082	1,252	1,088	4,189
Accumulated other comprehensive income	(2,493)	176	(1,215)	(2,890)
Retained earnings	7,206	5,696	5,936	13,332
Minority interest				84
Total shareholders equity	10,795	7,124	5,809	14,715
Total liabilities and shareholders equity	(Won) 305,825	(Won) 569,883	(Won) 154,449	(Won) 513,278
	LG.Philips LCD	LG.Philips LCD	LG.Philips LCD	LG.Philips LCD
<i>(in millions of Korean won)</i>	Nanjing Co., Ltd	Hong Kong Co., Ltd.	Shanghai Co., Ltd.	Poland Sp z o.o.
Current assets	(Won) 70,054	(Won) 90,498	(Won) 248,474	(Won) 32,309
Non-current assets	353,057	146	166	255,132
Total assets	(Won) 423,111	(Won) 90,644	(Won) 248,640	(Won) 287,441
Current liabilities	(Won) 74,483	(Won) 82,426	(Won) 243,924	(Won) 61,407
Non-current liabilities	99,436			92,982

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Total liabilities	173,919	82,426	243,924	154,389
Capital stock	212,297	1,736	596	131,761
Accumulated other comprehensive income	(14,784)	(863)	(452)	9,567
Retained earnings	51,679	7,345	4,572	(8,276)
Minority interest				
Total shareholders equity	249,192	8,218	4,716	133,052
Total liabilities and shareholders equity	(Won) 423,111	(Won) 90,644	(Won) 248,640	(Won) 287,441

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

	Global						
	LG.Philips LCD		LG.Philips LCD		Professional	Total	
<i>(in millions of Korean won)</i>	Guangzhou Co., Ltd.		Shenzhen Co., Ltd.		Sourcing Co., Ltd		
Current assets	(Won)	35,218	(Won)	118,710	(Won)	281	(Won) 2,132,919
Non-current assets		42,729		158			657,448
Total assets	(Won)	77,947	(Won)	118,868	(Won)	281	(Won) 2,790,367
Current liabilities	(Won)	5,668	(Won)	119,803	(Won)		(Won) 2,092,315
Non-current liabilities		8,272					201,078
Total liabilities		13,940		119,803			2,293,393
Capital stock		70,475		469		281	430,226
Accumulated other comprehensive income		341		(37)			(12,650)
Retained earnings		(6,809)		(1,367)			79,314
Minority interest							84
Total shareholders equity		64,007		(935)		281	496,974
Total liabilities and shareholders equity	(Won)	77,947	(Won)	118,868	(Won)	281	(Won) 2,790,367

Condensed Statements of Income

	LG.Philips LCD,		LG.Philips LCD,		LG.Philips LCD,		LG.Philips LCD,	
	America, Inc.		Germany GmbH		Japan Co., Ltd.		Taiwan Co., Ltd.	
<i>(in millions of Korean won)</i>								
Sales	(Won)	1,130,193	(Won)	1,743,460	(Won)	933,271	(Won)	2,573,664
Cost of sales		1,115,431		1,724,006		925,480		2,556,257
Gross profit		14,762		19,454		7,791		17,407
Selling and administrative expenses		9,626		9,491		5,642		7,908
Operating income		5,136		9,963		2,149		9,499
Non-operating income (expense)		(2,643)		(5,659)		186		(6,082)

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Income (loss) before income taxes	2,493	4,304	2,335	3,417
Income tax expense	958	1,664	1,211	992
Net income (loss)	(Won) 1,535	(Won) 2,640	(Won) 1,124	(Won) 2,425

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

	LG.Philips LCD,	LG.Philips LCD	LG.Philips LCD	LG.Philips LCD
<i>(in millions of Korean won)</i>	Nanjing Co., Ltd.	Hong Kong Co., Ltd.	Shanghai Co., Ltd.	Poland Sp z o.o.
Sales	(Won) 202,532	(Won) 726,692	(Won) 1,010,386	(Won) 56,614
Cost of sales	139,143	722,249	1,004,105	43,913
Gross profit	63,389	4,443	6,281	12,701
Selling and administrative expenses	42,058	3,107	4,764	14,469
Operating income (loss)	21,331	1,336	1,517	(1,768)
Non-operating income (expense)	(1,409)	(259)	(882)	3,878
Income (loss) before income taxes	19,922	1,077	635	2,110
Income tax expense	222	(1,227)		24
Net income (loss)	(Won) 19,700	(Won) 2,304	(Won) 635	(Won) 2,086

	LG.Philips LCD	LG.Philips LCD	Global	
<i>(in millions of Korean won)</i>	Guangzhou Co., Ltd.	Shenzhen Co., Ltd.	Professional	Total
			Sourcing Co., Ltd	
Sales	(Won)	(Won) 104,398	(Won)	(Won) 8,481,210
Cost of sales		104,480		8,335,064
Gross profit		(82)		146,146
Selling and administrative expenses	1,744	1,122		99,931
Operating income (loss)	(1,744)	(1,204)		46,215
Non-operating income (expense)	(4,107)	(163)		(17,140)
Income (loss) before income taxes	(5,851)	(1,367)		29,075
Income tax expense				3,844
Net income (loss)	(Won) (5,851)	(Won) (1,367)	(Won)	(Won) 25,231

Table of Contents

LG.Philips LCD Co., Ltd. and Subsidiaries

Notes to Consolidated Financial Statements

September 30, 2007 and 2006

(Unaudited)

2. Summary of Significant Accounting Policies

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

Basis of Consolidated Financial Statement Presentation

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

Accounting Estimates

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

Application of the Statements of Korean Financial Accounting Standards

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

And as SKFAS Nos. 21 through 23, including No.11 and 25, became effective for the Company on January 1, 2007, the Company adopted these Standards in its financial statements as of and for the nine-month period ended September 30, 2007. However, the consolidated statement of changes in shareholders' equity is not presented comparatively in accordance with SKFAS No. 21.

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

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

4. Inventories

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

<i>(in millions of Korean won)</i>	2007	2006
Finished products	(Won) 511,058	(Won) 641,913
Work-in-process	219,454	312,231
Raw materials	118,437	129,981
Supplies	98,263	101,581
	947,212	1,185,706
Less: Valuation loss	(41,410)	(133,001)
	(Won) 905,802	(Won) 1,052,705

Table of Contents**LG.Philips LCD Co., Ltd. and Subsidiaries****Notes to Consolidated Financial Statements****September 30, 2007 and 2006****(Unaudited)****5. Property, Plant and Equipment**

Property, plant and equipment as of September 30, 2007 and December 31, 2006, consist of the following:

<i>(in millions of Korean won)</i>	2007	2006
Buildings	(Won) 2,205,460	(Won) 2,026,462
Structures	176,039	171,743
Machinery and equipment	14,689,599	14,035,368
Tools	202,505	167,291
Furniture and fixtures	447,189	435,467
Vehicles	13,818	14,875
Others	8,773	8,460
	17,743,383	16,859,666
Less: Accumulated depreciation	(10,859,556)	(8,849,494)
Government subsidies	(2,961)	(3,015)
	6,880,866	8,007,157
Land	336,801	335,563
Machinery-in-transit	40,665	118,373
Construction-in-progress ¹	789,438	985,355
	8,047,770	9,446,448
Government subsidies	(19,908)	(18,402)
	(Won) 8,027,862	(Won) 9,428,046

¹ For the nine-month period ended September 30, 2007, the Company recorded impairment loss of (Won)28,681 million due to the change in the facilities investment plan.

See Report of Independent Accountants

Table of Contents**LG.Philips LCD Co., Ltd. and Subsidiaries****Notes to Consolidated Financial Statements****September 30, 2007 and 2006****(Unaudited)****6. Short-Term Borrowings and Current Portion of Long-Term Debts**

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

<i>(in millions of Korean won)</i>	Creditor	Annual interest rates (%) as of		
		September 30, 2007	2007	2006
Documents against acceptance (2006: US\$ 220 million)				(Won) 204,528
General Loans	Mizuho Bank and others	Tibor + 0.40	0.45,	
			Wibor + 0.45	
of JPY 760 million and PLN 26 million (2006: US\$ 13 million, JPY 1,520 million, EUR 8 million, and PLN 39 million)				15,006
				45,577
				(Won) 15,006 (Won) 250,105

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

<i>(in millions of Korean won)</i>	Annual interest rate (%) as of		
	September 30, 2007	2007	2006
Type of borrowing			
Long-term debts in won currency loans	5.84 - 6.08	(Won) 54,267	(Won) 39,267
Long-term debts in won currency debt	5.00	300,000	300,000
Long-term debentures in foreign currency			185,920
Long-term debts in foreign currency	6ML + 1.02		
	3ML + 0.99		
	Libor + 0.5 -0.6	82,704	42,612
Convertible bonds ¹		435,718	
		872,689	567,799
Add: Call premium		35,773	

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Less: Discount on debentures	(422)	(4,169)
Conversion rights adjustment	(348)	
	(Won) 907,692	(Won) 563,630

¹ On September 19, 2007, as the bond holders exercised their put option, the Company reclassified convertible bonds as current (Note 7).

Table of Contents

LG.Philips LCD Co., Ltd. and Subsidiaries

Notes to Consolidated Financial Statements

September 30, 2007 and 2006

(Unaudited)

7. Long-Term Debts

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

<i>(in millions of Korean won)</i>	Annual interest		2007	2006
	rates (%) as of			
	September 30, 2007			
Won currency debentures				
Non-guaranteed, payable through 2010	3.5	5.0	(Won) 1,550,000	(Won) 1,550,000
Private debentures, payable in 2011	5.3	5.9	600,000	600,000
Less: Current portion			(300,000)	(300,000)
Discounts on debentures			(11,709)	(16,036)
			1,838,291	1,833,964
Convertible bonds¹				
US dollar-denominated bonds, payable through 2012			947,273	483,780
Add: Call premium			85,788	84,613
Less: Current portion			(435,718)	
Discount on debentures			(2,353)	(2,139)
Conversion rights adjustment			(124,459)	(80,827)
			470,531	485,427
Total debentures			(Won) 2,308,822	(Won) 2,319,391
Won currency loans				
General loans	5.84	6.08	(Won) 199,117	(Won) 238,383
	4.00		16,040	14,634
Less: Current portion			(54,267)	(39,267)
			160,890	213,750
Foreign currency loans				
General loans	5.832		228,425	167,599
	Libor + 0.5	0.6		
	6ML + 0.69	1.20	84,392	44,621
	3ML + 0.99	1.35,		
			259,137	139,440
	6.01			
	3ML + 0.35-	0.53	550,380	464,800

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	6ML + 0.41		
Less: Current portion		(82,704)	(42,613)
		1,039,630	773,847
Total long-term loans		(Won) 1,200,520	(Won) 987,597

Table of Contents

LG.Philips LCD Co., Ltd. and Subsidiaries

Notes to Consolidated Financial Statements

September 30, 2007 and 2006

(Unaudited)

¹ On April 19, 2005, the Company issued US dollar-denominated convertible bonds totaling US\$475 million, with a zero coupon rate. On or after June 27, 2005 through April 4, 2010, the bonds are convertible into common shares at a conversion price of (Won)58,251 per share of common stock, subject to adjustment based on certain events. The bonds will mature in five years from the issue date and will be repaid at 117.49 % of their principal amount at maturity. The bondholders have a put option to be repaid at 108.39 % of the principal amount on October 19, 2007. On September 19, 2007, put option for US\$459.6 million was exercised and bonds were repaid at 108.39 % of the principal amount on October 19, 2007. On the same date, the Company exercised its call option to pay off the rest of convertible bonds amounting to US\$15.4 million which will be paid in November 2007.

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

As of September 30, 2007, the number of shares convertible from the outstanding convertible bonds is 10,732,572. On October 19, 2007, the number of shares convertible from the outstanding convertible bonds is 10,464,234 as call option was exercised

As of September 30, 2007, there was no foreign currency debentures denominated in U.S. dollars (December 31, 2006: US\$200 million) and foreign currency denominated loans amounted to US\$1,083 million and EUR 70 million (December 31, 2006: US\$ 845 million and CNY 260 million).

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

On April 7, 2005, the Company granted 450,000 shares of stock appreciations rights (SARs) to certain executives. Under the terms of this plan, the executives, upon exercising their SARs, are entitled to receive cash equal to the excess of the market price of the Company's common stock over the exercise price of (Won)44,050 per share. The exercise price decreased from (Won)44,260 to (Won)44,050 due to the additional issuance of common stock in 2005. These SARs are exercisable starting April 8, 2008, through April 7, 2012. Additionally, when the increase rate of the Company's share price is the same or less than the increase rate of the Korea Composite Stock Price Index (KOSPI) over the three-year period following the grant date, only 50% of the initially granted shares is exercisable.

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

	2007		2006	
	Number of shares	Weighted average	Number of shares	Weighted average
	under SARs	exercise price	under SARs	exercise price
Beginning	260,000	44,050	410,000	44,050
Granted				
Cancelled/Expired ¹	40,000	44,050	150,000	44,050
Exercised				
Ending	220,000	44,050	260,000	44,050
Exercisable as of September 30,2007				

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

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

Table of Contents

LG.Philips LCD Co., Ltd. and Subsidiaries

Notes to Consolidated Financial Statements

September 30, 2007 and 2006

(Unaudited)

9. Commitments and Contingencies

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

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

As of September 30, 2007, the Controlling Company has agreements with several banks for U.S. dollar denominated accounts receivable negotiating facilities of up to an aggregate of US\$1,193.5 million. The Controlling Company has agreements with several banks in relation to the opening of letters of credit amounting to (Won)90,000 million and US\$35.5 million.

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

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

LG.Philips LCD America Co., Inc. and other subsidiaries have entered into short-term facility agreements of up to US\$ 92 million, EUR 3.6 million, and JPY 5,200 million with Comerica Bank and other various banks. LG.Philips LCD Japan Co., Ltd. and LG.Philips LCD Taiwan Co., Ltd. are provided with repayment guarantees from Mitsubishi UFJ Bank and ABN AMRO Bank amounting to JPY 1,300 million and US\$ 4 million, respectively, relating to their local tax payments.

In October 2006, the Controlling Company entered into a five-year accounts receivable selling program with Standard Chartered Bank. The Company sells accounts receivables of four subsidiaries, namely, LG.Philips LCD America Inc., LG.Philips LCD Germany GmbH, LG.Philips LCD Shanghai Co., Ltd. and LG.Philips LCD Hong Kong Co., Ltd., on a revolving basis, of up to US\$600 million. The Controlling Company joined this program in April 2007. As of September 30, 2007, the amount of accounts receivables sold is (Won)34,670 million. Losses including the loss on sale of receivables, and various program and facility fees associated with the Program totaled approximately (Won)5,971 million for the nine-month period ended September 30, 2007.

Table of Contents

LG.Philips LCD Co., Ltd. and Subsidiaries

Notes to Consolidated Financial Statements

September 30, 2007 and 2006

(Unaudited)

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

As of September 30, 2007, the outstanding balance of securitized accounts receivable held by the third party conduits totaled (Won)91,085 million (December 31, 2006: (Won)364,785 million), of which the Company's subordinated retained interest was (Won)17,769 million (December 31, 2006: (Won)70,643 million). Accordingly, (Won)73,316 million (December 31, 2006: (Won)294,122 million) of accounts receivable balances, net of applicable allowances, was removed from the consolidated balance sheet at September 30, 2007. Losses including the loss on sale of receivables, and various program and facility fees associated with the Program totaled approximately (Won)9,682 million for the nine-month period ended September 30, 2007.

In September 2006, LPLSH entered into an accounts receivable selling program with Standard Chartered Bank for up to US\$200 million. As of September 30, 2007, there are no accounts receivable sold. Losses, including the loss on sale of receivables, and various programs and facility fees associated with the program totaled approximately (Won)432 million for the nine-month period ended September 30, 2007.

In September 2006, the LPLT entered into accounts receivable selling program with ChinaTrust Bank of up to US\$457 million. As of September 30, 2007, there are no accounts receivables sold. Losses including the loss on sale of receivables, and various program and facility fees associated with the Program totaled approximately (Won)3,116 million for the nine-month period ended September 30, 2007.

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

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

A summary of these contracts follows:

<i>(in millions)</i>			Buying	Contract foreign	
Contracting party	Selling position		position	exchange rate	Maturity date
Woori Bank and others	US\$	1,306	(Won) 1,213,278	(Won)915.40:US\$1- (Won)946.77:US\$1	Oct. 1, 2007 - Feb. 4, 2008
Citibank and others	EUR	100	(Won) 127,499	(Won)1,204.29:EUR1- (Won)1,298.82:EUR1	Oct. 9, 2007 - Jan. 4, 2008
HSBC and others	(Won)	60,123	JP¥ 7,500	(Won)7.590:JP¥1- (Won)8.287:JP¥1	Oct. 12, 2007 - Dec. 14, 2007
DBS and others	US\$	60	JP¥ 7,000	JP¥114.52:US\$1- JP¥121.99:US\$1	Oct. 15, 2007 - Dec. 20, 2007

As of September 30, 2007, the Controlling Company recorded unrealized gains and losses on outstanding foreign currency forward contracts of (Won)19,944 million and (Won)3,887 million, respectively. Total unrealized gains and losses amounted to (Won)10,050 million and (Won)1,465 million, respectively, for the nine-month period ended September 30, 2007, as these contracts did not meet the requirements for a cash flow hedge. Net unrealized gains and losses, net of related taxes, incurred relating to cash flow hedges from forecasted exports and the purchase of materials, were recorded as accumulated other comprehensive income.

The forecasted hedged transactions are expected to occur by February 4, 2008. The aggregate amount of all deferred gains and losses of (Won)9,894 million and (Won)2,422 million, respectively, recorded net of tax under accumulated other comprehensive income, are expected to be included in the determination of gain and loss within a year from September 30, 2007.

For the nine-month period ended September 30, 2007, the Controlling Company recorded realized gains of (Won)36,088 million (2006: (Won)201,617 million) on foreign currency forward contracts upon settlement, and for the nine-month period ended September 30, 2007, realized losses amounted to (Won)37,895 million (2006: (Won)61,892 million).

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

A summary of such contracts follows:

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

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

As of September 30, 2007, unrealized gains of (Won)875 million and unrealized losses of (Won)176 million were recognized as accumulated other comprehensive income as these contracts fulfill the requirements for hedge accounting for financial statement purposes, while unrealized losses of (Won)2,464 million were charged to current income as these contracts do not fulfill those requirements.

For the nine-month period ended September 30, 2007, the Controlling Company recorded realized gains of (Won)661 million (2006: gains of (Won)(83) million) and no realized losses (2006: losses of (Won)15,024 million) on cross-currency swap contracts upon settlement.

The Controlling Company entered into interest rate swap contracts to manage the exposure to changes in interest rates related to floating rate loans.

A summary of such contracts follows:

<i>(in millions)</i>	Contract			
Contracting party	Amount	Contract foreign exchange rate		Maturity date
SC First Bank	US\$ 150	Accept floating rate	6M Libor	May 21, 2009 -
		Pay fixed rate	5.375% - 5.644%	May 24, 2010

As of September 30, 2007, unrealized losses of (Won)3,188 million were recognized as accumulated other comprehensive income as these contracts fulfilled the requirements for hedge accounting for financial statement purposes.

For the nine-month period ended September 30, 2007, the Controlling Company recorded realized gains of (Won)4 million (2006: nil) and realized losses of (Won)119 million (2006: nil) on interest-rate swap contracts upon settlement.

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

A summary of such contracts follows:

<i>(in millions)</i>	USD Put		USD Call		Strike Price	Maturity date
Contracting party	Buying	Selling	Buying	Selling		
KDB and others	US\$ 70		US\$ 70		(Won)929.40:US\$1-	Oct. 15, 2007 -
					(Won)938.00:US\$1	Dec. 26, 2007

(in millions)

Contracting party	JPY Call Buying	JPY Put Selling	Strike Price	Maturity date
--------------------------	------------------------	------------------------	---------------------	----------------------

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Citibank and others	JP¥	25,000	JP¥	25,000	Oct. 12, 2007 -
				(Won)7.700:JP¥1-	
				(Won)8.000:JP¥1	Feb. 14, 2008

Table of Contents

LG.Philips LCD Co., Ltd. and Subsidiaries

Notes to Consolidated Financial Statements

September 30, 2007 and 2006

(Unaudited)

As of September 30, 2007, unrealized gains of (Won)5,657 million and no unrealized losses were charged to current income, as these contracts did not fulfill the requirements for hedge accounting for financial statement purposes.

For the nine-month period ended September 30, 2007, the Controlling Company recorded realized gains of (Won)54 million (2006: nil) and no losses (2006: nil) upon settlement of target forward option contracts and realized gains of (Won)625 million and losses of (Won)323 million upon settlement of range forward options.

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

The Controlling Company is involved in several legal proceedings and claims arising in the ordinary course of business. On August 29, 2002, the Controlling Company filed a complaint against Chunghwa Picture Tubes, Tatung Company and Tatung Co. of America, alleging patent infringement relating to liquid crystal displays and the manufacturing process of TFT-LCDs in the United States District Court for the Central District of California. On November 21, 2006, the Jury in California issued a verdict that Chunghwa Picture Tubes, Tatung Company and Tatung Co. of America had willfully infringed a patent owned by the Controlling Company, and awarded the Controlling Company US\$53.5 million in damages. On September 12, 2007, the United States District Court in California granted the Controlling Company's request for enhanced damages, interest for the damages, and additional damages of continuing infringement and legal fees. On September 17, 2007, the United States District Court in California granted the Controlling Company's request for permanent injunction against Chunghwa Picture Tubes to stop sale or import of infringing products in the United States.

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

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

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

Table of Contents

LG.Philips LCD Co., Ltd. and Subsidiaries

Notes to Consolidated Financial Statements

September 30, 2007 and 2006

(Unaudited)

On September 20, 2007, the Controlling Company and Chunghwa Picture Tubes have signed a binding memorandum of understanding regarding the dismissal of two pending claims, and a cross licensing agreement allowing the companies to share patented technology. As part of the settlement, Chunghwa Picture Tubes will pay a settlement payment to the Controlling Company in compensation.

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

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

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

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

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

The Controlling Company is currently under investigation by the fair trade or antitrust authorities in Korea, Japan, US and other markets with respect to possible anti-competitive activities in the LCD industry. As of September 30, 2007, the Controlling Company, along with a number of other companies in the LCD industry, has been named as defendant in a number of federal class actions in the United States alleging that the defendants violated the antitrust laws in connection with the sale of LCD panels.

Table of Contents

LG.Philips LCD Co., Ltd. and Subsidiaries

Notes to Consolidated Financial Statements

September 30, 2007 and 2006

(Unaudited)

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

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

Table of Contents

LG.Philips LCD Co., Ltd. and Subsidiaries

Notes to Consolidated Financial Statements

September 30, 2007 and 2006

(Unaudited)

10. Deferred Income Tax Assets and Liabilities

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

<i>(in millions of Korean won)</i>	2007	2006
Inventories	(Won) 6,029	(Won) 21,267
Other current assets (liabilities)	(3,370)	492
Property, plant and equipment	51,739	59,974
Tax credit carryforwards	487,454	436,486
Deferred income taxes added to shareholders' equity	(10,921)	(10,892)
Net loss carryforwards	105,877	248,493
Others	10,299	5,850
	647,107	761,670
Less: Valuation allowance		(159,527)
	(Won) 647,107	(Won) 602,143

As of September 30, 2007, the Company anticipates that all tax benefits from tax credits would be fully realized.

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

Consolidated comprehensive income and loss for the nine-month periods ended September 30, 2007 and 2006, consist of the following :

<i>(in millions of Korean won)</i>	2007	2006
Net income (loss)	(Won) 584,119	(Won) (594,968)
Other comprehensive income:		
Gain (loss) on overseas subsidiary translation adjustment (tax effect : (Won)1,051 million in 2007)	17,965	(16,868)
Gain on valuation of derivatives (tax effect : (Won)6,303 million in 2007)	(16,616)	8,762
Loss on valuation of derivatives (tax effect : (Won)(2,982) million in 2007)	7,626	3,116
Comprehensive income(loss)	(Won) 593,094	(Won) (599,958)

12. Cost of Sales

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

<i>(in millions of Korean won)</i>	2007	2006
Finished goods		
Beginning balance of inventories	(Won) 572,210	(Won) 329,378
Cost of goods manufactured	8,768,249	8,074,623
Ending balance of inventories	(486,929)	(572,210)
	8,853,530	7,831,791
Others	21,877	10,290
	(Won) 8,875,407	(Won) 7,842,081

Table of Contents

LG.Philips LCD Co., Ltd. and Subsidiaries

Notes to Consolidated Financial Statements

September 30, 2007 and 2006

(Unaudited)

13. Selling and Administrative Expenses

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

<i>(in millions of Korean won)</i>	2007	2006
Salaries	(Won) 72,849	(Won) 49,527
Severance benefits	6,706	4,140
Employee benefits	8,963	6,542
Freight expenses	140,255	140,302
Rental expenses	7,969	6,630
Commission expenses	77,656	52,307
Entertainment expenses	2,697	2,694
Depreciation	8,696	4,579
Taxes and dues	3,679	2,914
Advertising expenses	21,178	17,414
Promotional expenses	11,190	20,554
Development costs	1,999	925
Research expenses	74,974	55,242
Bad debt expenses	2,771	151
Product warranty expenses and SVC expenses	52,535	30,861
Others	25,353	24,493
	(Won) 519,470	(Won) 419,275

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

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

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

<i>(in millions, except for per share amount)</i>	For the nine-month	
	periods ended September 30,	
	2007	2006
Net income (loss) as reported on the statements of income	584,119	(Won) (594,968)
Weighted-average number of common shares outstanding	358	358
Earnings (loss) per share	(Won) 1,632	(Won) (1,663)

Prior to the issuance of convertible bonds on April 19, 2005, the Company had not issued any dilutive securities. Diluted loss per share is identical to basic loss per share as the Company recorded net loss during the nine-month period ended September 30, 2006.

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

Dilutive effect for the nine-month period ended September 30, 2007, is as follows:

	For the nine-month period ended
<i>(in millions, except for per share amount)</i>	September 30, 2007
Net income allocated to common stock	(Won) 584,119
Add : Interest expense on convertible bonds ¹	8,427
Diluted net income allocated to common stock	592,546
Weighted average number of common shares and diluted securities outstanding during the period	364
Diluted earnings per share	1,626

¹ Net of (Won)(3,196) million tax effect.

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

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

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

The ultimate parent company is LG Corporation and the parent company of the Company is LG Electronics Inc., which is responsible for the consolidated financial statements.

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

Between LG.Philips LCD and consolidated subsidiaries

<i>(in millions of Korean won)</i>	2007	2006
Sales	(Won) 8,020,261	(Won) 6,050,730
Purchases	258,420	83,572
Accounts receivable	1,865,276	1,167,626
Accounts payable	43,320	27,449

Between consolidated subsidiaries

<i>(in millions of Korean won)</i>	2007	2006
Accounts receivable and payable	(Won) 14,613	(Won) 19,164
Sales and purchases	34,876	1,388,502

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

<i>(in millions of Korean won)</i>	Sales		Purchases	
	2007	2006	2007	2006
Parent companies	(Won) 3,130,275	(Won) 2,195,161	(Won) 66,206	(Won) 178,086
Company that has significant influence over the Company			12,173	9,327
Equity-method investee		6	115,564	96,552
Other related parties	736,964	656,324	1,551,027	1,823,728
Total	(Won) 3,867,239	(Won) 2,851,491	(Won) 1,744,970	(Won) 2,107,693

¹ Includes sales and purchases of property, plant and equipment of (Won)85 million and (Won)253,835 million, respectively.

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

<i>(in millions of Korean won)</i>	Receivables		Payables	
	2007	2006	2007	2006
Parent companies ²	(Won) 724,773	(Won) 251,528	(Won) 27,587	(Won) 19,437
Company that has significant influence over the Company ³	2,444	2,340	2,331	548
Equity-method investee ⁴			24,638	22,535
Other related parties ⁵	154,832	73,485	484,380	436,614
Total	(Won) 882,049	(Won) 327,353	(Won) 538,936	(Won) 479,134

² LG Electronics Inc., Koninklijke Philips Electronics N.V.³ LG Corp⁴ Paju Electric Glass Co., Ltd.⁵ LG Management Development Institute Co., Ltd., LG Micron Ltd., LG Household and Healthcare, LG CNS, LG N-sys, LG Powercom Corp., Serveone, LG Innotek, LG Telecom Co., Ltd., LG Chem, Ltd., LG International, LG Dacom Corporation, Hi Logistics Co. Ltd., Siltron Inc., Lusem Co., Ltd.Key management⁷ compensation costs for the nine-month periods ended September 30, 2007 and 2006, are as follows:

<i>(in millions of Korean won)</i>	2007	2006
Officers salaries	(Won) 1,286	(Won) 1,218
Post-retirement benefits	605	301
	(Won) 1,891	(Won) 1,519

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

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

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

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

(in millions of Korean won)

	Korea		Asia	USA	Europe	Consolidation Adjustment	Total
	Domestic	Export					
Sales	(Won) 729,422	(Won) 9,119,216	(Won) 5,550,943	(Won) 1,130,193	(Won) 1,800,074	(Won) (691)	(Won) 18,329,157
Internal sales		(8,005,627)	(221,306)	(4)	(72,118)		(8,299,055)
Net sales	(Won) 729,422	(Won) 1,113,589	(Won) 5,329,637	(Won) 1,130,189	(Won) 1,727,956	(Won) (691)	(Won) 10,030,102
Operating income		(Won) 610,232	(Won) 32,884	(Won) 5,136	(Won) 8,195	(Won) (21,222)	(Won) 635,225
Total assets		(Won) 13,673,649	(Won) 1,627,218	(Won) 305,825	(Won) 857,324	(Won) (2,420,410)	(Won) 14,043,606

17. Supplemental Cash Flow Information

Significant transactions not affecting cash flows for the nine-month periods ended September 30, 2007 and 2006, are as follows :

(in millions of Korean won)

	2007	2006
Current portion of convertible bond	(Won) 471,110	(Won)
Acquisition of other account payables for tangible asset	222,804	663,569

18. Subsequent Event

On October 15, 2007, Philips Electronics, sold 46,400,000 shares of the Controlling Company. Following this transaction, Philips Electronics has a 19.9% (71,225,000 shares) ownership interest in the Controlling Company.

19. Reclassification of Prior Period Financial Statements

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

Table of Contents**LG.Philips LCD Co., Ltd.****Consolidated Balance Sheets****(Unaudited)**

	(Note 2)		
<i>(in millions of Korean won, and thousands of US dollars, except for share data)</i>	December 31, 2006	September 30, 2007	September 30, 2007
Assets			
Current assets			
Cash and cash equivalents	(Won) 954,362	(Won) 1,656,419	\$ 1,813,068
Accounts receivable, net			
Trade, net	531,947	1,376,496	1,506,672
Due from affiliates	327,353	882,049	965,465
Others, net	112,182	26,077	28,543
Inventories	1,051,590	904,642	990,195
Deferred income taxes		126,258	138,199
Prepaid expense	25,002	51,085	55,916
Prepaid value added tax	93,058	103,093	112,842
Other current assets	58,807	45,376	49,668
Total current assets	3,154,301	5,171,495	5,660,568
Long-term prepaid expenses	138,051	162,787	178,181
Property, plant and equipment, net	9,485,148	8,069,844	8,833,017
Deferred income taxes	610,103	535,063	585,664
Intangibles, net	61,911	72,995	79,899
Other assets	46,844	58,193	63,697
Total assets	(Won) 13,496,358	(Won) 14,070,377	\$ 15,401,026
Liabilities and Stockholders Equity			
Current liabilities			
Short-term borrowings	(Won) 250,105	(Won) 15,006	\$ 16,425
Current portion of long-term debt	564,672	907,610	993,444
Trade accounts and notes payable			
Trade	663,353	784,564	858,761
Due to affiliates	286,083	360,218	394,284
Other accounts payable			
Others	1,056,354	351,765	385,032
Due to affiliates	193,051	178,718	195,620
Accrued expenses	55,867	141,972	155,398
Income taxes payables	4,449	2,535	2,775
Other current liabilities	173,233	178,281	195,142
Total current liabilities	3,247,167	2,920,669	3,196,881
Long-term debt, net of current portion	3,291,065	3,560,648	3,897,381
Long-term accrued expense	2,671	6,667	7,297
Accrued severance benefits, net	81,885	101,806	111,434
Total liabilities	6,622,788	6,589,790	7,212,993

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Commitments and contingencies (Note 7)

Stockholders' equity			
Capital stock			
Common stock : (Won)5,000 par value; authorized 400 million shares; issued and outstanding 358 million shares at December 31, 2006 and September 30, 2007	1,789,078	1,789,078	1,958,273
Capital Surplus	2,246,947	2,248,899	2,461,579
Retained earnings	2,849,912	3,444,648	3,770,412
Accumulated other comprehensive income	(12,367)	(2,122)	(2,323)
Minority interest		84	92
Total stockholders' equity	6,873,570	7,480,587	8,188,033
Total liabilities and stockholders' equity	(Won) 13,496,358	(Won) 14,070,377	\$ 15,401,026

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

Table of Contents

LG.Philips LCD Co., Ltd.

Consolidated Statements of Operations**(Unaudited)**

(in millions of Korean won, and thousands of US dollars, except for share amount)

	For the three month periods ended September 30,		For the nine month periods ended September 30,		
	2006	2007	2006	2007	2007 (Note 2)
Sales					
Related parties	(Won) 1,056,727	(Won) 1,510,472	(Won) 2,851,491	(Won) 3,867,239	\$ 4,232,967
Others	1,716,047	2,442,593	4,707,415	6,162,863	6,745,691
	2,772,774	3,953,065	7,558,906	10,030,102	10,978,658
Cost of sales	3,008,521	3,053,320	7,834,173	8,845,458	9,681,981
Gross profit (loss)	(235,747)	899,745	(275,267)	1,184,644	1,296,677
Selling, general and administrative expenses	141,829	227,794	434,860	570,402	624,346
Operating income (loss)	(377,576)	671,951	(710,127)	614,242	672,331
Other income (expense)					
Interest income	5,151	16,230	23,536	37,084	40,591
Interest expense	(43,979)	(45,020)	(117,672)	(142,382)	(155,847)
Foreign exchange gain (loss), net	5,123	4,319	35,701	27,594	30,204
Rental income	1,850	894	5,893	2,945	3,223
Others, net	1,491	2,307	13,974	15,637	17,116
Total other income (expense)	(30,364)	(21,270)	(38,568)	(59,122)	(64,713)
Income (loss) before income tax expense	(407,940)	650,681	(748,695)	555,120	607,618
Income tax expense (benefit)	(100,449)	148,972	(200,677)	(39,616)	(43,363)
Net income (loss)	(Won) (307,491)	(Won) 501,709	(Won) (548,018)	(Won) 594,736	\$ 650,981
Net income (loss) per common share					
Basic	(Won) (860)	(Won) 1,402	(Won) (1,532)	(Won) 1,662	\$ 1,819
Diluted	(Won) (860)	(Won) 1,370	(Won) (1,532)	(Won) 1,648	\$ 1,819

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

Table of Contents

LG.Philips LCD Co., Ltd.

Consolidated Statements of Changes in Stockholders' Equity**(Unaudited)**

<i>(in millions of Korean won)</i>	Common Stock		Capital Surplus			Accumulated			Total
	Shares	Amount	Additional Paid-In Capital	Unearned Compensation	Retained Earnings	Other Comprehensive Income (Loss)	Minority interest		
Balance as of December 31, 2005	357,815,700	(Won) 1,789,078	(Won) 2,251,112	(Won) (7,312)	(Won) 3,542,691	(Won) (1,367)	(Won)	(Won) 7,574,200	
Stock compensation expense				3,147				3,147	
Comprehensive income:									
Net income (loss)					(692,779)			(692,779)	
Cumulative translation adjustment						(14,396)		(14,396)	
Net unrealized gains on derivative, net of tax						3,396		3,396	
Total comprehensive income								(703,779)	
Balance as of December 31, 2006	357,815,700	(Won) 1,789,078	(Won) 2,251,112	(Won) (4,165)	(Won) 2,849,912	(Won) (12,367)	(Won)	(Won) 6,873,570	
Stock compensation expense				1,952				1,952	
Comprehensive income:									
Net income (loss)					594,736			594,736	
Cumulative translation adjustment						18,274		18,274	
Net unrealized gains (losses) on derivative, net of tax						(8,029)		(8,029)	
Total comprehensive income								604,981	
Minority interest							84	84	
Balance as of September 30, 2007	357,815,700	1,789,078	(Won) 2,251,112	(Won) (2,213)	(Won) 3,444,648	(Won) (2,122)	(Won) 84	(Won) 7,480,580	

<i>(in thousands of US dollars) (Note 2)</i>	Common Stock		Capital Surplus			Accumulated		Total
	Shares	Amount	Additional Paid-In Capital	Unearned Compensation	Retained Earnings	Other Comprehensive Income	Accumulated Other Comprehensive Income	
Balance as of December 31, 2006	357,815,700	\$ 1,958,273	\$ 2,464,002	\$ (4,559)	\$ 3,119,431	\$ (13,537)	\$	\$ 7,523,610
Stock compensation expense				2,136				2,136
Comprehensive income:								
Net income (loss)					650,981			650,981
						20,003		20,003

Cumulative translation adjustment									
Net unrealized gains (losses) on derivative, net of tax									
							(8,789)		(8,789)
Total comprehensive income									
								92	662,199
Balance as of September 30, 2007									
357,815,700	\$	1,958,273	\$	2,464,002	\$	(2,423)	\$	3,770,412	\$ (2,323) 92 \$ 8,188,039

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

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

	For the nine month periods ended September 30		
	2006	2007	2007
			(Note 2)
Cash flows from operating activities:			
Net income (loss)	(Won) (548,018)	(Won) 594,736	\$ 650,981
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	1,886,696	2,053,603	2,247,814
Provision for severance benefits	39,364	50,464	55,236
Provision for warranty reserve	30,861	52,535	57,503
Foreign exchange (gain) loss, net	(67,867)	(21,240)	(23,248)
Amortization of intangible assets	4,978	6,676	7,308
Loss (gain) on disposal of property, plant and equipment	567	(664)	(727)
Impairment loss on property, plant and equipment		28,681	31,393
Amortization of debt issuance cost	3,379	2,261	2,475
Amortization of discount on debentures	19,088	37,349	40,881
Increase in deferred income taxes assets, net	(210,804)	(40,972)	(44,846)
Others, net	(23,316)	20,247	22,162
Change in operating assets and liabilities:			
Increase in accounts receivable	(74,461)	(1,430,809)	(1,566,121)
Decrease (increase) in inventories	(457,998)	146,948	160,845
Decrease (increase) in other current assets	(25,863)	54,692	59,864
Increase in trade accounts and notes payable	173,454	205,324	224,742
Decrease in other accounts payable	(59,042)	(87,751)	(96,049)
Increase in accrued expenses	52,531	86,105	94,248
Decrease in other current liabilities	(49,898)	(96,316)	(105,425)
Net cash provided by operating activities	693,651	1,661,869	1,819,036
Cash flows from investing activities:			
Purchase of property, plant and equipment			
Purchase from related parties	(774,536)	(360,616)	(394,720)
Purchase from others	(1,970,561)	(950,413)	(1,040,295)
Proceeds from sales of property, plant and equipment	1,736	2,325	2,545
Acquisition of intangible assets	(5,363)	(15,572)	(17,045)
Others, net	5,933	(7,179)	(7,860)
Net cash used in investing activities	(2,742,791)	(1,331,455)	(1,457,375)
Cash flows from financing activities:			
Proceeds from (repayment on) short-term borrowings	112,626	(234,991)	(257,214)
Proceeds from issuance of long-term debt	1,069,136	875,109	957,869
Repayment of long-term debt	(240,312)	(266,973)	(292,221)
Others, net		84	92
Net cash provided by financing activities	941,450	373,229	408,526

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Effect of exchange rate changes on cash and cash equivalents	(15)	(1,586)	(1,736)
Net increase (decrease) in cash and cash equivalents	(1,107,705)	702,057	768,451
Cash and cash equivalents:			
Beginning of period	1,579,452	954,362	1,044,617
End of period	(Won) 471,747	(Won) 1,656,419	\$ 1,813,068

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

Table of Contents

LG.Philips LCD Co., Ltd.

Notes to Consolidated Financial Statements (Unaudited)

September 30, 2006 and 2007

1. Basis of presentation

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

2. United States dollar amounts

The Company operates primarily in Korea and its financial accounting records are maintained in Korean Won. These translations should not be construed as a representation that the Korean Won amounts shown could be converted, realized or settled in US dollars at this or any other rate. The US dollar amounts are provided herein as supplemental information solely for the convenience of the reader. Korean Won amounts are expressed in US dollars at the rate of (Won)913.60: US \$1, the US Federal Reserve Bank of New York noon buying exchange rate in effect on September 30, 2007. The US dollar amounts are unaudited and are not presented in accordance with generally accepted accounting principles in either Korea or the United States of America.

3. Inventories

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

<i>(in millions of Korean won)</i>	December 31, 2006	September 30, 2007
Finished products	(Won) 571,849	(Won) 486,277
Work in process	264,377	210,654
Raw materials	215,364	207,711
Inventories	(Won) 1,051,590	(Won) 904,642

Table of Contents

LG.Philips LCD Co., Ltd.

Notes to Consolidated Financial Statements (Unaudited)

September 30, 2006 and 2007

4. Derivative Instruments and Hedging Activities

Derivatives for cash flow hedge

During the nine month periods ended September 30, 2006 and 2007, 407 and 203 foreign currency forward contracts were designated as cash flow hedges, respectively. During the nine month periods ended September 30, 2006 and 2007, these cash flow hedges were fully effective and changes in the fair value of the derivatives, of (Won)34,491 million and (Won)7,472 million, were recorded in other comprehensive income. The deferred gains of (Won)7,472 million for derivatives designated as cash flow hedges are expected to be reclassified into earnings within the next twelve months.

Derivatives for trading

For the nine month periods ended September 30, 2006 and 2007, the Company recorded realized exchange gains of (Won)65,266 million and (Won)4,009 million and realized exchange losses of (Won)35,066 million and (Won)14,865 million, respectively, on derivative contracts designated for trading upon settlement.

In addition, for the nine month periods ended September 30, 2006 and 2007, the Company recorded unrealized gains of (Won)3,087 million and (Won)16,582 million and unrealized losses of (Won)17,919 million and (Won)5,764 million, respectively, relating to these derivative contracts designated for trading.

5. Shareholders equity

On May 21, 2004, employees of the Company formed an employee stock ownership association, (ESOA), which has the right to purchase on behalf of its membership up to 20% (1,728,000 shares) of shares offered publicly in Korea, pursuant to the Korean Securities and Exchange Act. Employees purchased the shares through the ESOA with loans provided by the Company at the initial public offering price ((Won)34,500) and put under each individual employee s account. 20% of the 20% of shares (345,600 shares) purchased by employees with loans from the Company is accounted for as a restricted stock award which vests over four years. Unearned compensation, shown as a deduction of Capital Surplus, will be amortized over the 4 year vesting period. During the nine month period ended September 30, 2006 and 2007, the Company recorded compensation expense of (Won)2,453 million and (Won)1,952 million, respectively.

Table of Contents

LG.Philips LCD Co., Ltd.

Notes to Consolidated Financial Statements (Unaudited)

September 30, 2006 and 2007

6. Stock Appreciation Plan

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

On April 7, 2005, the Company granted 450,000 shares of stock appreciations rights (SARs) for selected management employees. Under the terms of this plan, management, on exercise, receive cash equal to the amount that the market price of the Company's common stock exceeds the strike price ((Won)44,050) of the SARs. The vesting period is two years starting from the grant date, and exercisable period is April 08, 2008 through April 07, 2012. As of September 30, 2007, 230,000 shares of previously granted SARs have been cancelled which leaves 220,000 SARs currently outstanding.

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

<i>(in millions of Korean won)</i>	September 30, 2006	September 30, 2007
Cost of goods sold	(Won) 553	(Won) 663
Selling general and administrative	388	2,625
Income tax benefits	(396)	(904)

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

Table of Contents

LG.Philips LCD Co., Ltd.

Notes to Consolidated Financial Statements (Unaudited)

September 30, 2006 and 2007

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

<i>(in Korean won)</i>	Weighted-average exercise price	Number of shares under option	Weighted average remaining contractual life (in years)
Balance at December 31, 2006	(Won) 44,050	260,000	5
Options granted			
Options exercised			
Options canceled/expired		40,000	
Balance at September 30, 2007	(Won) 44,050	220,000	4.25
Exercisable at September 30, 2007	(Won)		

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

	September 30, 2007
Option term (years)	5
Volatility	47.46%
Risk-free interest rate (Korean government bond)	5.52
Dividend yield	0%
Weighted average fair value per option granted	(Won) 21,264

Table of Contents

LG.Philips LCD Co., Ltd.

Notes to Consolidated Financial Statements (Unaudited)

September 30, 2006 and 2007

7. Commitments and Contingencies

The Company is involved in several legal proceedings and claims arising in the ordinary course of business. On August 29, 2002, the Company filed a complaint against Chunghwa Picture Tubes, Tatung Company and Tatung Co. of America, alleging patent infringement relating to liquid crystal displays and the manufacturing process of TFT-LCDs in the United States District Court for the Central District of California. On November 21, 2006, the Jury in California issued a verdict that Chunghwa Picture Tubes, Tatung Company and Tatung Co. of America had willfully infringed a patent owned by the Company, and awarded the Company US\$53.5 million in damages. On September 12, 2007, the United States District Court in California granted the Company's request for enhanced damages, interest for the damages, and additional damages of continuing infringement and legal fees. On September 17, 2007, the United States District Court in California granted the Company's request for permanent injunction against Chunghwa Picture Tubes to stop sale or import of infringing products in the United States.

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

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

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

On September 20, 2007, the Company and Chunghwa Picture Tubes have signed a binding memorandum of understanding regarding the dismissal of two pending claims, and a cross licensing agreement allowing the companies to share patented technology. As part of the settlement, Chunghwa Picture Tubes will pay a settlement payment to the Company in compensation.

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

Table of Contents

LG.Philips LCD Co., Ltd.

Notes to Consolidated Financial Statements (Unaudited)

September 30, 2006 and 2007

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

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

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

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

The Company is currently under investigation by the fair trade or antitrust authorities in Korea, Japan, US and other markets with respect to possible anti-competitive activities in the LCD industry. As of September 30, 2007, the Company, along with a number of other companies in the LCD industry, have been named as defendants in a number of purported federal class actions in the United States alleging that the defendants violated the antitrust laws in connection with the sale of LCD panels.

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

Table of Contents

LG.Philips LCD Co., Ltd.

Notes to Consolidated Financial Statements (Unaudited)

September 30, 2006 and 2007

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

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

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

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

LG.Philips LCD America Co., Ltd. and other subsidiaries have entered into short-term facility agreements up to US\$ 92 million, EUR 3.6 million, and JP¥ 5,200 million with Comerica Bank and other various banks. LG.Philips LCD Japan Co., Ltd. and LG.Philips LCD Taiwan Co., Ltd. are provided with repayment guarantees from Mitsubishi UFJ Bank and ABN AMRO Bank amounting to JP¥ 1,300 million and US\$ 4 million, respectively, relating to their local tax payments.

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

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

As of December 31, 2004, in relation to its TFT-LCD business, the Company has technical license agreements with Semiconductor Energy Laboratory Co., Ltd. and others. The licensing agreements generally require royalty payments based on a specific percentage of sales. Costs are accrued by the Company as the sales of the specified products are made. Royalty expenses charged to cost of sales under these licensing agreements totaled (Won)21,637 million and (Won)23,293 million for the nine month periods ended September 30, 2006 and 2007 respectively.

Table of Contents

LG.Philips LCD Co., Ltd.

Notes to Consolidated Financial Statements (Unaudited)

September 30, 2006 and 2007

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

On September 19, 2007, US \$ 459.6 million of investor's put option was exercised out of US \$475 million of convertible bonds issued on April 19, 2005. The Company will redeem US \$459.6 million of convertible bond at 108.39% of its principal amount on October 19, 2007.

As of September 30, 2007, there was no foreign currency debentures denominated in U.S. dollars (December 31, 2006: US\$200 million) and foreign currency denominated loans amounted to US\$1,083 million and EUR 70 million (December 31, 2006: US\$ 845 million and CNY 260 million).

8. Income Tax

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

Table of Contents**LG.Philips LCD Co., Ltd.****Notes to Consolidated Financial Statements (Unaudited)****September 30, 2006 and 2007****9. Net income (loss) per share**

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

<i>(in millions, except for per share amount)</i>	2006	2007
Basic net income per share:		
Numerator:		
Net income (loss) allocated to common stock	(Won) (548,018)	(Won) 594,736
Denominator:		
Weighted-average number of common shares outstanding	358	358
Basic net income (loss) per share	(Won) (1,532)	(Won) 1,662
		2007
Diluted net income per share:		
Numerator:		
Net income allocated to common stock for basic computation		(Won) 594,736
Net income effect of dilutive securities		
Add:		
Interest expense on convertible bonds, net of tax		5,763
		(Won) 600,499
Denominator:		
Number of shares used in basic computation		357,815,700
Weighted average effect of dilutive securities		
Add:		
Convertible bonds unexercised		6,631,205
		364,446,905
Diluted net income per share ¹		(Won) 1,648

¹ For the nine-month periods ended September 30, 2006, convertible bonds which have a potentially dilutive effect by decreasing net income allocated to common stock were excluded from the computation of diluted EPS since they did not have a dilutive effect.

Table of Contents**LG.Philips LCD Co., Ltd.****Notes to Consolidated Financial Statements (Unaudited)****September 30, 2006 and 2007****10. Supplemental Cash Flows Information**

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

<i>(in millions of Korean won)</i>	2006	2007
Non-cash investing and financing activities:		
Convertible bonds which are due within one year	(Won) 663,569	(Won) 471,110
Other accounts payable arising from the purchase of property, plant and equipment	663,569	222,804

11. Subsequent Events

On October 15, 2007, Philips Electronics sold 46,400,000 shares of the Company. Following this transaction, Philips Electronics has a 19.9% (71,225,000 shares) ownership interest in the Company.

Table of Contents

SIGNATURES

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

L.G.Philips LCD Co., Ltd.
(Registrant)

Date: November 14, 2007

By: /s/ Ron H. Wirahadiraksa
(Signature)
Name: Ron H. Wirahadiraksa
Title: Joint Representative Director/

President & Chief Financial Officer