



# **FINANCIAL RESULTS OF 1Q 2006**

**LOTTE SHOPPING**

**MAY 16, 2006**

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# Income Statements

	<b>1Q06</b> (Billion KRW)		<b>1Q05</b> (Billion KRW)		<b>Change</b> (YOY)
<b>Gross sales</b> (Net sales)	<b>2,254</b> (2,201)	100.0%	<b>2,084</b> (2,022)	100.0%	8.2% (8.9%)
<b>Gross profit</b>	<b>642</b>	28.5%	<b>569</b>	27.3%	13.0%
<b>SG&amp;A expenses</b>	<b>455</b>	20.2%	<b>403</b>	19.4%	12.7%
<b>Operating profit</b>	<b>188</b>	8.3%	<b>165</b>	7.9%	13.7%
<b>Non-operating profit</b>	<b>95</b>	4.2%	<b>56</b>	2.7%	68.1%
<b>Non-operating expenses</b>	<b>35</b>	1.6%	<b>38</b>	1.8%	8.7%
<b>Ordinary profit</b>	<b>248</b>	11.0%	<b>183</b>	8.8%	35.1%
<b>Net profit</b>	<b>180</b>	8.0%	<b>133</b>	6.4%	35.3%

# Balance Sheet and Key Financial Ratios

## Balance sheet

	<b>1Q06</b> (Billion KRW)	<b>2005</b> (Billion KRW)	<b>2004</b> (Billion KRW)
<b>Assets</b>	<b>11,298</b>	<b>8,392</b>	<b>7,621</b>
<b>Liabilities</b>	<b>4,344</b>	<b>5,156</b>	<b>4,933</b>
<b>Borrowings</b>	<b>1,814</b>	<b>2,554</b>	<b>2,572</b>
<b>Shareholders' equity</b>	<b>6,954</b>	<b>3,236</b>	<b>2,688</b>

## Key Financial Ratios

	<b>1Q06</b>	<b>2005</b>	<b>2004</b>
<b>Debt / Equity</b>	<b>62.5%</b>	<b>159.3%</b>	<b>183.5%</b>
<b>Borrowings / Equity</b>	<b>26.1%</b>	<b>78.9%</b>	<b>95.7%</b>
<b>ROE*</b>	<b>-</b>	<b>18.4%</b>	<b>11.9%</b>

\* Net profit / (beginning shareholders' equity + ending shareholders' equity)/2

# Operating Results by Segment

## Department store

	1Q06 (Billion KRW)		1Q05 (Billion KRW)		Change (YOY)	Comp. sales* (YOY)
<b>Gross sales (Net sales)</b>	<b>1,315</b>	100.0%	<b>1,265</b>	100.0%	4.0%	4.6%
	(1,286)		(1,230)		(4.6%)	
<b>Gross profit</b>	<b>420</b>	31.9%	<b>389</b>	30.7%	7.9%	-
<b>SG&amp;A expenses</b>	<b>265</b>	20.1%	<b>248</b>	19.6%	6.7%	-
<b>Operating profit</b>	<b>155</b>	11.8%	<b>140</b>	11.1%	10.1%	-

\* Based on net sales

# Operating Results by Segment

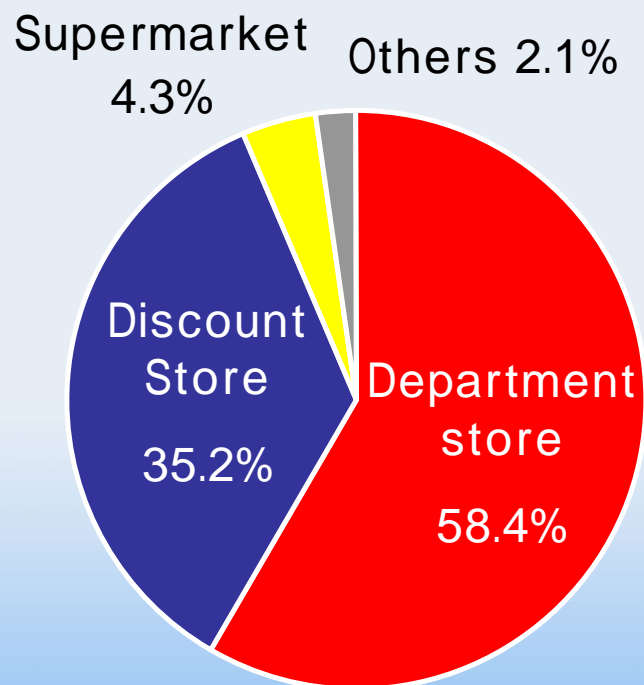
## Discount Store

	1Q06 (Billion KRW)		1Q05 (Billion KRW)		Change (YOY)	Comp. sales* (YOY)
<b>Gross sales (Net sales)</b>	<b>794</b>	100.0%	<b>681</b>	100.0%	16.7% (17.0%)	0.8%
<b>Gross profit</b>	<b>176</b>	22.2%	<b>142</b>	20.9%	23.8%	-
<b>SG&amp;A expenses</b>	<b>145</b>	18.2%	<b>121</b>	17.7%	20.1%	-
<b>Operating profit</b>	<b>31</b>	3.9%	<b>22</b>	3.2%	44.6%	-

\* Based on net sales

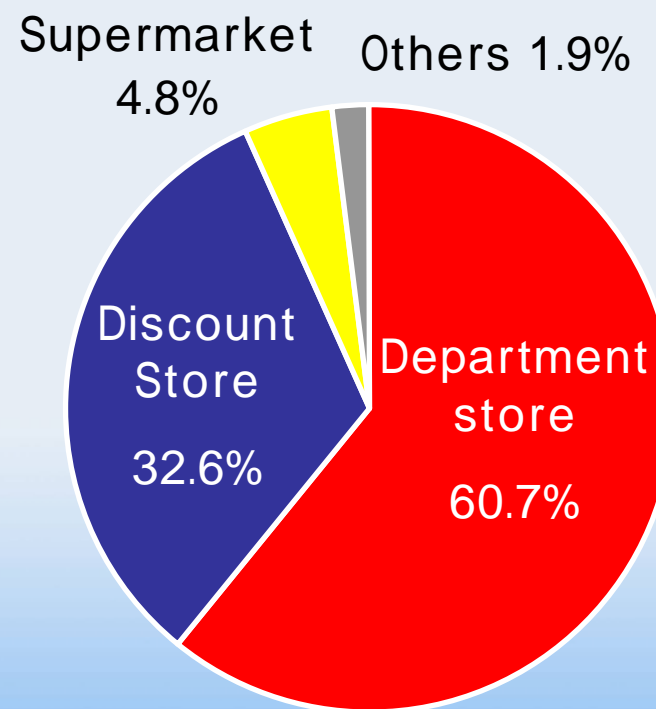
# Sales Contribution by Business Segment

1Q 2006



Gross Sales = KRW2,254 bn

1Q 2005



Gross Sales = KRW2,084 bn

# Non-operating items

## Non-operating income

	1Q06 (Billion KRW)	1Q05 (Billion KRW)	Change
Non-operating income	94.8	56.4	68.1%
Interest income	18.7	2.1	770.5%
Gain on valuation using the equity method	55.3	46.5	18.9%

## Non-operating expenses

	1Q06 (Billion KRW)	1Q05 (Billion KRW)	Change
Non-operating expenses	35.0	38.3	8.7%
Interest expenses	26.8	33.9	21.0%