

LG Electronics Inc.

**Non-Consolidated Interim Financial Statements
March 31, 2009 and 2008**

LG Electronics Inc.
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March 31, 2009 and 2008

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Report of Independent Accountants

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

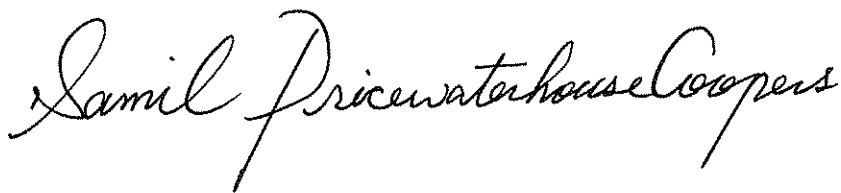
We have reviewed the accompanying non-consolidated statement of financial position of LG Electronics Inc. (the "Company") as of March 31, 2009, and the related non-consolidated statements of operations, changes in shareholders' equity and cash flows for the three-month periods ended March 31, 2009 and 2008, expressed in Korean won. These interim financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these interim financial statements based on our reviews.

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

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

We have audited the non-consolidated statement of financial position of LG Electronics Inc. as of December 31, 2008, and the related non-consolidated statements of income, appropriations of retained earnings, changes in shareholders' equity 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 19, 2009. These financial statements are not included in this review report. The non-consolidated statement of financial position as of December 31, 2008, presented herein for comparative purposes, is consistent, in all material respects, with the above audited statement of financial position as of December 31, 2008.

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, changes in shareholders' equity 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.

A handwritten signature in black ink that reads "Samil PricewaterhouseCoopers". The signature is written in a cursive, flowing style.

Seoul, Korea
May 11, 2009

This report is effective as of May 11, 2009, 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 non-consolidated 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.

LG Electronics Inc.
Non-Consolidated Statements of Financial Position
March 31, 2009 and December 31, 2008
(Unaudited)

<i>(in millions of Korean won)</i>	2009	2008
Assets		
Current assets		
Cash and cash equivalents	₩ 1,353,856	₩ 1,156,645
Short-term financial instruments	-	50,000
Trade accounts and notes receivable, net (Notes 10 and 21)	2,773,783	1,434,280
Inventories, net (Note 4)	958,963	901,121
Other accounts receivable, net	277,949	237,940
Prepaid expenses	223,599	154,323
Accrued income, net	66,609	134,137
Advances, net	108,616	79,471
Derivative instrument assets (Note 11)	858	5,371
Deferred income tax assets	251,102	290,323
Other current assets, net	72,282	74,027
Total current assets	6,087,617	4,517,638
Property, plant and equipment, net (Note 6)	3,632,548	3,710,704
Long-term financial instruments (Note 3)	15,568	25,037
Long-term investment securities	9,412	12,079
Equity-method investments (Note 5)	7,618,282	7,760,488
Refundable deposits	317,018	325,201
Long-term advance payments	246,989	233,256
Long-term prepaid expenses	201,416	201,029
Long-term loans receivable, net	72,163	75,900
Intangible assets, net (Note 7)	463,123	470,610
Other investment assets	5,943	5,939
Total assets	₩ 18,670,079	₩ 17,337,881

LG Electronics Inc.
Non-Consolidated Statements of Financial Position
March 31, 2009 and December 31, 2008
(Unaudited)

<i>(in millions of Korean won)</i>	2009	2008
Liabilities and Shareholders' Equity		
Current liabilities		
Short-term borrowings (Note 8)	₩ 312,759	₩ 302,305
Current maturities of long-term debts, net (Note 8)	287,465	275,378
Trade accounts and notes payable (Note 21)	3,363,832	2,149,433
Other accounts payable	842,860	1,286,398
Accrued expenses	1,257,725	1,160,641
Advances from customers	303,212	263,159
Withholdings	72,070	70,403
Unearned income	58,003	63,054
Income taxes payable	62,894	96,751
Dividends payable	57,232	-
Derivative instrument liabilities (Note 11)	41,800	53,182
Product warranty reserve (Note 12)	214,638	220,884
Provisions for sales return (Note 12)	402	-
Total current liabilities	6,874,892	5,941,588
Debentures, net (Note 9)	1,889,338	1,568,435
Long-term debts, net (Note 9)	655,420	441,500
Accrued severance benefits, net	223,235	228,984
Deferred income tax liabilities	632,944	621,153
Derivative instrument liabilities (Note 11)	122,618	129,416
Provisions for restoration (Notes 6 and 12)	3,507	-
Total liabilities	10,401,954	8,931,076
Commitments and contingencies (Note 10)		
Shareholders' equity		
Capital stock (Notes 13)	809,169	809,169
Capital surplus		
Paid-in capital in excess of par value	2,207,919	2,207,919
Other capital surplus	443,864	443,992
Capital adjustment (Note 13)		
Treasury stock	(44,893)	(44,893)
Accumulated other comprehensive income		
Gain on valuation of available-for-sale securities	2,214	4,235
Gain on valuation of equity-method investments	1,024,148	886,794
Loss on valuation of equity-method investments	(36,648)	(17,634)
Retained earnings (Note 16)		
Statutory reserve	110,549	104,826
Discretionary reserve	3,949,343	3,280,276
Unappropriated retained earnings (Undisposed accumulated deficit)	(197,540)	732,121
Total shareholders' equity	8,268,125	8,406,805
Total liabilities and shareholders' equity	₩ 18,670,079	₩ 17,337,881

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

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LG Electronics Inc.
Non-Consolidated Statements of Operations
Three-Month periods Ended March 31, 2009 and 2008
(Unaudited)

<i>(in millions of Korean won)</i>	2009	2008
Sales, net (Notes 18, 21 and 22)	₩ 7,074,097	₩ 6,927,232
Cost of sales (Notes 19 and 21)	<u>5,401,969</u>	<u>5,141,570</u>
Gross profit	1,672,128	1,785,662
Selling and administrative expenses (Note 20)	<u>1,234,944</u>	<u>1,221,440</u>
Operating income	<u>437,184</u>	<u>564,222</u>
Non-operating income		
Interest income	15,331	13,866
Rent income	5,864	8,429
Foreign exchange gains	746,694	97,671
Gain on disposal of investment securities	5,838	1,581
Gain on disposal of property, plant and equipment	2,984	1,546
Gain on valuation of equity-method investments (Note 5)	224,977	446,055
Gain on settlement of derivatives (Note 11)	9,683	8,482
Gain on valuation of derivatives (Note 11)	20,572	381
Others	10,915	4,726
	<u>1,042,858</u>	<u>582,737</u>
Non-operating expenses		
Interest expense	27,548	26,667
Foreign exchange losses	1,047,973	239,385
Donations	2,123	1,636
Loss from disposal of property, plant and equipment	5,349	222
Loss from transfer of trade accounts receivable	35,471	35,796
Loss on impairment of property, plant and equipment	-	3,047
Loss on valuation of equity-method investments (Note 5)	436,328	181,493
Loss on settlement of derivatives (Note 11)	21,332	8,089
Loss on valuation of derivatives (Note 11)	23,118	94,895
Loss on valuation of long-term advance payments	4,806	23,943
Other depreciation	16,952	8,047
Others	2,620	25,697
	<u>1,623,620</u>	<u>648,917</u>
Income (loss) before income taxes	(143,578)	498,042
Income tax expense	<u>54,060</u>	<u>75,824</u>
Net income (loss)	<u>₩ (197,638)</u>	<u>₩ 422,218</u>
Basic earnings (loss) per share (in won) (Note 17)	₩ (1,228)	₩ 2,620

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

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LG Electronics Inc.
Non-Consolidated Statements of Changes in Shareholders' Equity
Three-Month periods Ended March 31, 2009 and 2008
(Unaudited)

(in millions of Korean won)

	Capital stock	Capital surplus	Capital adjustments	Accumulated other comprehensive income(expense)	Retained earnings	Total
Balance at January 1, 2008	₩ 809,169	₩ 2,219,993	₩ (44,893)	₩ 703,467	₩ 3,522,966	₩ 7,210,702
Cumulative effect of changes in accounting principles	-	339,612	-	(604,499)	290,123	25,236
Restated balance	809,169	2,559,605	(44,893)	98,968	3,813,089	7,235,938
Cash dividends	-	-	-	-	(137,765)	(137,765)
Retained earnings after dividends	-	-	-	-	3,675,324	7,098,173
Net income	-	-	-	-	422,218	422,218
Change in capital surplus	-	2,215	-	-	-	2,215
Change in equity from equity method	-	-	-	197,123	-	197,123
Change in negative equity from equity method	-	-	-	71,978	-	71,978
Loss on valuation of available-for-sale securities	-	-	-	(268)	-	(268)
Balance at March 31, 2008	₩ 809,169	₩ 2,561,820	₩ (44,893)	₩ 367,801	₩ 4,097,542	₩ 7,791,439
Balance at January 1, 2009	₩ 809,169	₩ 2,651,911	₩ (44,893)	₩ 873,395	₩ 4,117,223	₩ 8,406,805
Cash dividends	-	-	-	-	(57,233)	(57,233)
Retained earnings after dividends	-	-	-	-	4,059,990	8,349,572
Net loss	-	-	-	-	(197,638)	(197,638)
Change in capital surplus	-	(128)	-	-	-	(128)
Change in equity from equity method	-	-	-	137,354	-	137,354
Change in negative equity from equity method	-	-	-	(19,014)	-	(19,014)
Loss on valuation of available-for-sale securities	-	-	-	(2,021)	-	(2,021)
Balance at March 31, 2009	₩ 809,169	₩ 2,651,783	₩ (44,893)	₩ 989,714	₩ 3,862,352	₩ 8,268,125

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

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LG Electronics Inc.
Non-Consolidated Statements of Cash Flows
Three-Month periods Ended March 31, 2009 and 2008
(Unaudited)

<i>(in millions of Korean won)</i>	2009	2008
Cash flows from operating activities		
Net Income (loss)	₩ (197,638)	₩ 422,218
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities		
Depreciation	136,716	149,044
Amortization	33,505	26,296
Provision for severance benefits	44,771	59,822
Loss from transfer of trade accounts receivable	35,471	35,796
Bad debts expense	2,009	17,934
Loss on foreign currency translation, net	139,939	143,426
Gain from disposal of investment securities, net	(5,838)	(1,581)
Loss on disposal of property, plant and equipment, net	5,349	222
Loss (gain) on valuation of equity-method investments, net	211,351	(264,562)
Loss on valuation of derivatives, net	2,546	94,514
Loss (gain) on settlement of derivatives, net	11,649	(393)
Provision for product warranty, net	71,594	89,884
Loss on valuation of long-term advance payments	4,806	23,943
Others	(1,837)	4,003
	<u>692,031</u>	<u>378,348</u>
Changes in operating assets and liabilities		
Increase in trade accounts and notes receivable	(1,425,065)	(559,400)
Decrease (increase) in other accounts receivable	41,670	(60,472)
Decrease (increase) in accrued income	62,158	(19,893)
Increase in advances	(29,132)	(15,350)
Decrease in other current assets	1,719	24,671
Increase in inventories	(61,438)	(301,330)
Increase in prepaid expenses	(69,276)	(45,998)
Increase (decrease) in long-term advance payments	(25,881)	775
Increase in long-term prepaid expenses	(387)	(69,524)
Decrease (increase) in deferred income tax assets	39,222	(18,634)
Decrease trade accounts and notes payable	1,313,475	735,406
Increase in other accounts payable	(442,575)	(259,828)
Decrease in accrued expenses	80,387	309,417
Decrease in withholdings	1,667	6,810
Decrease in advances from customers	40,052	21,895
Increase in income taxes payable	(33,856)	(20,000)
Payment of severance benefits	(62,578)	(53,407)
Decrease in severance insurance deposits	17,837	9,031
Decrease in contribution to the National Pension Fund	565	420
Increase (decrease) in deferred income tax liabilities	(10,617)	63,138
Increase in product warranty reserve	(77,840)	(73,818)
Dividends received	1,705	104,953
Others	(5,610)	(6,560)
	<u>(643,798)</u>	<u>(227,698)</u>
Net cash provided by (used in) operating activities	<u>(149,405)</u>	<u>572,866</u>

LG Electronics Inc.
Non-Consolidated Statements of Cash Flows
Three-Month periods Ended March 31, 2008 and 2007
(Unaudited)

<i>(in millions of Korean won)</i>	2009	2008
Cash flows from investing activities		
Disposal of short-term financial instruments	50,000	-
Disposal of long-term financial instruments	14,505	9,720
Disposal of short-term and long-term loans	9,184	15,947
Disposal of investment securities	75	17,882
Proceeds from disposal of derivatives	13,845	8,870
Proceeds from disposal of property, plant and equipment	16,177	6,097
Proceeds from disposal of intangible assets	1,626	1,447
Return of refundable deposits	17,774	16,850
Acquisition of short-term financial instruments	-	(50,000)
Acquisition of long-term financial instruments	(5,036)	(6,350)
Increase in short-term and long-term loans	(5,422)	(13,924)
Acquisition of investment securities	(89)	(24,428)
Acquisition of derivatives	(41,707)	(20,472)
Acquisition of property, plant and equipment	(79,823)	(100,799)
Acquisition of intangible assets	(14,601)	(10,905)
Payment of refundable deposits	(9,414)	(12,590)
Others	364	60
Net cash used in investing activities	<u>(32,542)</u>	<u>(162,595)</u>
Cash flows from financing activities		
Issuance of debentures	189,158	-
Issuance of long-term debts	190,000	-
Net cash used in financing activities	<u>379,158</u>	<u>-</u>
Net increase in cash and cash equivalents	197,211	410,273
Cash and cash equivalents		
Beginning of the period	1,156,645	532,371
End of the period	<u>₩ 1,353,856</u>	<u>₩ 942,644</u>

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

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LG Electronics Inc.
Notes to the Non-Consolidated Financial Statements
March 31, 2009 and 2008, and December 31, 2008

1. The Company

LG Electronics Inc. (the "Company") was spun-off from LG Electronics Investment Ltd. (formerly LG Electronics Inc.) on April 1, 2002, to engage in the manufacture and sale of electronic, information and communication products. The former LG Electronics Inc. was incorporated in October 1958 under the Commercial Code of the Republic of Korea to manufacture and sell electronic, information and communication products, and had its shares listed on the Korea Stock Exchange in April 1970.

As of March 31, 2009, the Company's main manufacturing facilities are in Pyeongtaek, Chongju, Gumi and Changwon in the Republic of Korea.

As of March 31, 2009, the Company has outstanding capital stock amounting to ₩809,169 million, including non-voting preferred stock. The Company's stock was relisted on the Korea Stock Exchange on April 22, 2002, and its depository receipts ("DRs") were relisted on the London Stock Exchange in September 2002.

2. Summary of Significant Accounting Policies

The significant accounting policies followed by the Company in the preparation of its non-consolidated interim financial statements are the same as the policies adopted for the financial statements for the year ended December 31, 2008, unless otherwise stated.

3. Long-Term Financial Instruments

As of March 31, 2009 and December 31, 2008, long-term financial instruments are deposited in connection with maintaining checking accounts or research and development projects funded by the government. The withdrawal of these financial instruments is restricted.

4. Inventories

Inventories as of March 31, 2009 and December 31, 2008, consist of:

<i>(in millions of Korean won)</i>	2009		
	Acquisition cost	Inventory valuation allowance	Carrying value
Merchandise	₩ 54,723	₩ (4,599)	₩ 50,124
Finished products	310,360	(20,462)	289,898
Work-in-process	137,040	(4,130)	132,910
Raw materials	407,492	(16,080)	391,412
Parts and supplies	104,084	(9,465)	94,619
	<u>₩ 1,013,699</u>	<u>₩ (54,736)</u>	<u>₩ 958,963</u>

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<i>(in millions of Korean won)</i>	2008		
	Acquisition cost	Inventory valuation allowance	Carrying value
Merchandise	₩ 62,496	₩ (4,481)	₩ 58,015
Finished products	361,324	(31,344)	329,980
Work-in-process	87,739	(2,673)	85,066
Raw materials	352,083	(13,357)	338,726
Parts and supplies	95,379	(6,045)	89,334
	₩ 959,021	₩ (57,900)	₩ 901,121

5. Equity-Method Investments

Changes in equity-method investments for the three-month period ended March 31, 2009, are as follows:

<i>(in millions of Korean won)</i>	Percentage of ownership (%) at March 31, 2009	Acquisition cost	December 31, 2008	Equity in earnings (losses) of associates, net ¹	Others	March 31, 2009
Domestic companies						
LG Micron Ltd.	52.02	₩ 192,277	₩ 161,653	₩ 4,440	₩ 1,029	₩ 167,122
LG Innotek Co., Ltd.	50.06	59,825	250,191	2,815	(1,484)	251,522
Hankuk Electric Glass Co., Ltd.	20.00	119,282	84,006	1,194	(3,258)	81,942
LG Display Co., Ltd.	37.90	679,218	3,480,623	(90,027)	(70,740)	3,319,856
Hi Plaza Inc.	100.00	100,511	104,459	(8,131)	(485)	95,843
Hi Business Logistics	100.00	8,000	31,996	1,559	636	34,191
LG-Nortel Co., Ltd.	50.00	153,254	263,503	29,611	1,370	294,484
Korea Information Certificate Authority Inc.	9.27	1,852	2,242	60	(111)	2,191
LG fund for small and medium enterprises	50.00	12,500	10,958	(715)	(345)	9,898
Innovation Investment Fund	83.33	15,000	14,803	(325)	-	14,478
System Air-con Engineering Ltd.	100.00	1,854	1,854	-	-	1,854
ADP Engineering Co., Ltd. ²	5.82	5,549	-	-	5,414	5,414
		1,349,122	4,406,288	(59,519)	(67,974)	4,278,795
Overseas companies						
LG Electronics Huizhou Inc. (LGEHZ)	80.00	1,277	41,984	4,955	3,075	50,014
LG Electronics (Nanjing) Plasma Co., Ltd.(LGENP)	70.00	9,367	38,744	3,160	3,082	44,986
LG Electronics Shenyang Inc.(LGESY)	78.87	11,149	66,668	4,373	1,911	72,952
LG Electronics Tianjin Appliance Co., Ltd. (LGETA)	80.00	42,948	161,331	22,450	14,263	198,044

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Taizhou LG Electronics refrigeration Co., Ltd. (LGETR)	100.00	72,129	97,608	3,875	9,009	110,492
LG Electronics India Pvt. Ltd. (LGEIL)	100.00	38,476	311,746	18,486	6,739	336,971
PT LG Electronics Indonesia. (LGEIN)	100.00	79,946	94,124	7,519	10,677	112,320
LG Electronics Panama S.A.(LGEPS)	100.00	18,222	79,222	(4,162)	6,478	81,538
LG Electronics U.S.A., Inc. (LGEUS)	100.00	148,109	955,542	(6,115)	93,432	1,042,859
LG Electronics European Holdings B.V. (LGEEH)	100.00	83,324	148,552	(111,913)	(8,993)	27,646
LG Electronics Mlawa SP.Zo.O. (LGEMA)	100.00	133,618	214,091	54,568	(25,466)	243,193
LG Electronics Mexico S.A. de C.V. (LGEMS)	100.00	103,808	68,720	(64,492)	5,112	9,340
LG Electronics de Sao Paulo Ltd. (LGESP)	100.00	112,491	270,631	(53,576)	31,547	248,602
Others	-	802,972	805,237	(30,960)	(13,747)	760,530
		<u>1,657,836</u>	<u>3,354,200</u>	<u>(151,832)</u>	<u>137,119</u>	<u>3,339,487</u>
		<u>₩ 3,006,958</u>	<u>₩7,760,488</u>	<u>₩ (211,351)</u>	<u>₩ 69,145</u>	<u>₩7,618,282</u>

¹ Positive (negative) numbers represent gain (loss) on valuation of equity-method investments.

² During the three-month period ended March 31, 2009, it is reclassified as equity-method investments from long-term investment securities.

Changes in equity-method investments for the three-month period ended March 31, 2008, were as follows:

	Percentage of ownership (%) at March 31, 2008	Acquisition cost	December 31, 2007	Equity in earnings (losses) of associates, net	Others	March 31, 2008
<i>(in millions of Korean won)</i>						
Domestic companies						
LG Micron Ltd.	31.06	₩ 58,767	₩ 99,078	₩ 3,576	₩ (11,114)	₩ 91,540
LG Innotek Co., Ltd.	69.80	59,825	189,515	9,750	5,330	204,595
Hankuk Electric Glass Co., Ltd.	20.00	119,282	82,608	2,309	(774)	84,143
LG Display Co., Ltd.	37.90	679,218	3,072,004	273,099	(94,106)	3,250,997
Hi Plaza Inc.	100.00	100,511	109,100	(11,110)	1	97,991
Hi Business Logistics	100.00	8,000	21,800	1,249	700	23,749
LG-Nortel Co., Ltd.	50.00	153,254	231,934	33,551	391	265,876
Korea Information Certificate Authority Inc.	9.27	1,852	1,940	37	(19)	1,958
LG fund for small and medium enterprises	50.00	10,000	8,858	(11)	-	8,847
Innovation Investment Fund	83.33	10,000	9,858	50	-	9,908
System Air-con Engineering Ltd.	100.00	1,854	1,854	-	-	1,854
		<u>1,202,563</u>	<u>3,828,549</u>	<u>312,500</u>	<u>(99,591)</u>	<u>4,041,458</u>

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Overseas companies

LG Electronics Huizhou Inc. (LGEHZ)	80.00	1,277	29,204	6,203	2,685	38,092
LG Electronics (Nanjing) Plasma Co., Ltd.(LGENP)	70.00	9,367	23,928	(354)	2,189	25,763
LG Electronics Shenyang Inc.(LGESY)	78.87	11,149	33,228	3,997	3,879	41,104
LG Electronics Tianjin Appliance Co., Ltd. (LGETA)	80.00	42,948	114,618	453	11,839	126,910
Taizhou LG Electronics refrigeration Co., Ltd. (LGETR)	100.00	72,129	54,370	2,563	6,986	63,919
LG Electronics India Pvt. Ltd. (LGEIL)	100.00	38,476	247,944	12,738	12,034	272,716
PT LG Electronics Indonesia. (LGEIN)	100.00	79,946	63,985	2,259	5,244	71,488
LG Electronics Panama S.A.(LGEPS)	100.00	18,222	44,334	1,516	5,601	51,451
LG Electronics U.S.A., Inc. (LGEUS)	100.00	148,109	588,990	(30,669)	41,191	599,512
LG Electronics European Holdings B.V. (LGEEH)	100.00	83,324	95,049	(77,739)	79,258	96,568
LG Electronics Mlawa SP.Zo.O. (LGEMA)	100.00	133,618	130,831	19,993	23,997	174,821
LG Electronics Mexico S.A. de C.V. (LGEMS)	100.00	103,807	107,235	(1,656)	25,212	130,791
LG Electronics de Sao Paulo Ltd. (LGESP)	100.00	112,491	299,314	(26,271)	27,673	300,716
Others	-	793,464	646,049	39,029	33,109	809,887
		<u>1,648,327</u>	<u>2,479,079</u>	<u>(47,938)</u>	<u>326,747</u>	<u>2,757,888</u>
		<u>₩ 2,850,890</u>	<u>₩ 6,307,628</u>	<u>₩ 264,562</u>	<u>₩ 227,156</u>	<u>₩ 6,799,346</u>

¹ Positive (negative) numbers represent gain (loss) on valuation of equity-method investments.

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As of March 31, 2009 and December 31, 2008, the respective accumulated losses of equity-method investees from which the application of the equity method of accounting has been suspended due to their accumulated losses are as follows:

<i>(in millions of Korean won)</i>	December 31, 2008		March 31, 2009	
	Accumulated losses	Increase (Decrease)	Accumulated losses	Accumulated capital adjustment ¹
LG Electronics Almaty Kazakstan (LGEAK)	₩ -	₩ 7,750	₩ 7,750	₩ -
LG Electronics Malaysia SDN.BHD (LGEML)	-	525	525	-
LG Electronics HK Ltd.(LGEHK)	1,241	(1,241)	-	-
LG Electronics China Co., Ltd.(LGECH)	9,640	(9,640)	-	-
LG Electronics Canada, Inc.(LGECI)	-	1,202	1,202	-
LG Electronics Overseas Trading FZE (LGEOT)	47,485	35,877	83,362	(18,205)
LG Electronics Argentina S.A. (LGEAR)	143	337	480	(79)
Equity-method investees of LGEWA ²	328,704	-	328,704	(50,622)
LG Electronics S.A. (Pty) Ltd.(LGESA)	2,921	20,728	23,649	(1,799)
LG Electronics RUS, LLC (LGERA)	14,070	28,607	42,677	(821)
	₩ 404,204	₩ 84,145	₩ 488,349	₩ (71,526)

¹ Negative numbers represent negative capital adjustment from the application of the equity method of accounting.

² The amounts include the accumulated losses on LG. Philips Display Holdings B.V. from the application of the equity method of accounting.

6. Property, Plant and Equipment

Property, plant and equipment as of March 31, 2009 and December 31, 2008, consist of:

<i>(in millions of Korean won)</i>	March 31, 2009	December 31, 2008
Buildings	₩ 2,234,959	₩ 2,030,189
Structures	151,682	152,932
Machinery and equipment	1,868,861	2,018,136
Tools	1,187,431	1,172,765
Furniture and fixtures	426,428	504,030
Vehicles	68,503	69,277
Leasehold improvements ¹	3,507	-
	5,941,371	5,947,329
Less : Accumulated depreciation	(3,071,997)	(3,151,614)
Accumulated impairment loss	(44)	(31,105)
	2,869,330	2,764,610
Land	614,467	615,354
Trees	4,740	4,740
Construction-in-progress	123,891	324,879
Machinery-in-transit	20,120	1,121
	₩ 3,632,548	₩ 3,710,704

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¹ The Company, as a tenant, is required to restore the leased assets to its original state when the lease contract expires. Accordingly, the Company accrues the present value of the estimated cost of restoration as provisions amounting to ₩3,507 million (Note 12).

7. Intangible Assets

Intangible assets as of March 31, 2009 and December 31, 2008, consist of:

<i>(in millions of Korean won)</i>	March 31, 2009	December 31, 2008
Goodwill	₩ 28,729	₩ 34,097
Industrial property rights	197,743	200,819
Development costs	174,326	167,284
Other intangible assets	62,325	68,410
	<u>₩ 463,123</u>	<u>₩ 470,610</u>

8. Short-Term Borrowings and Current Maturities of Long-Term Debts

Short-term borrowings as March 31, 2009 and December 31, 2008, consist of:

<i>(in millions of Korean won)</i>	Annual interest rate (%) at	March 31, 2009	March 31, 2009	December 31, 2008
Foreign currency borrowings	1M Libor + 2.18	₩	137,710	₩ 125,750
Foreign currency borrowings	3M Libor + 1.125		141,480	139,389
Foreign currency borrowings	3M Libor + 2.56		33,569	37,166
		<u>₩</u>	<u>312,759</u>	<u>₩ 302,305</u>

Current maturities of long-term debts and debentures as of March 31, 2009 and December 31, 2008, consist of:

<i>(in millions of Korean won)</i>	March 31, 2009	December 31, 2008
Debentures	₩ 150,000	₩ 150,000
Discount on debentures	(245)	(372)
	<u>149,755</u>	<u>149,628</u>
Long-term debts	137,710	125,750
	<u>₩ 287,465</u>	<u>₩ 275,378</u>

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9. Debentures, Convertible Bonds and Long-Term Debts

Debentures as of March 31, 2009 and December 31, 2008, consist of:

<i>(in millions of Korean won)</i>	Annual interest rate (%) at March 31, 2009	March 31, 2009	December 31, 2008
Debentures			
Public, non-guaranteed bonds	4.0 ~ 5.99	₩ 530,000	₩ 340,000
Fixed rate notes of US \$ 600 million (2008: US \$600 million)	5.0	826,260	754,500
Floating rate notes of US \$ 500 million (2008: US \$500 million)	3M Libor + 0.65	688,550	628,750
		2,044,810	1,723,250
Less: Current maturities		(150,000)	(150,000)
Discount on debentures		(5,472)	(4,815)
		₩ 1,889,338	₩ 1,568,435

Long-term debts as of March 31, 2009 and December 31, 2008, consist of:

<i>(in millions of Korean won)</i>	Annual interest rate(%) at March 31, 2009	March 31, 2009	December 31, 2008
Foreign currency loans¹			
Kookmin Bank	6M Libor + 0.8	₩ 137,710	₩ 125,750
The Korea Development Bank	3M Libor + 0.4	275,420	251,500
Local currency loans			
The Korea Development Bank	3M CD + 0.88~5.81	380,000	190,000
		793,130	567,250
Less: Current maturities		(137,710)	(125,750)
		₩ 655,420	₩ 441,500

¹ Total face value is US \$300 million (2008: US \$300 million).

The maturities of debentures and long-term debts outstanding as of March 31, 2009, are as follows:

<i>(in millions of Korean won)</i>				
Year ending March 31,	Debentures	Long-term debts	Total	
2011	₩ 826,260	₩ 190,000	₩ 1,016,260	
2012	190,000	465,420	655,420	
Thereafter	878,550	-	878,550	
	₩ 1,894,810	₩ 655,420	₩ 2,550,230	

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10. Commitments and Contingencies

As of March 31, 2009, the Company provided a note to financial institutions as collateral in relation to guarantees of indebtedness.

As of March 31, 2009, the Company has various technical assistance agreements with various foreign companies such as Qualcomm and Matsushita for the manufacture of certain product lines.

As of March 31, 2009, the Company has bank overdraft facility agreements with various banks amounting to ₩250,500 million.

As of March 31, 2009, the trade bills negotiated through banks that have not matured amount to approximately ₩2,692,177 million.

As of March 31, 2009, the Company has sales agreements for export trade accounts receivable with various banks amounting to ₩9,352,503 million, and also has sales agreements for domestic trade accounts receivable with Woori Bank amounting to ₩50,000 million. The Company has corporate electronic settlement services contracts for collection of accounts receivable with two banks of up to ₩200,000 million.

As of March 31, 2009, the Company has corporate electronic settlement services contracts for payment of trade accounts payable with various banks of up to ₩965,450 million.

In accordance with the Asset Securitization Law, on May 18, 2006, the Company entered into a three-year sales contract with a special purpose entity for asset securitization to transfer its trade receivables, on a revolving basis, of up to ₩190,000 million. With regard to the program, the Company is required to maintain the outstanding receivables transferred to the entity of at least ₩212,000 million.

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As of March 31, 2009 and December 31, 2008, the Company is contingently liable for guarantees approximating ₩3,640,141 million (US\$ 2,643 million) and ₩3,484,728 million (US\$ 2,771 million), respectively, on the indebtedness of its subsidiaries and associates, as follows:

<i>(in millions of Korean won)</i>	2009	2008
LG Electronics European Shared Service Center B.V. (LGESC)	₩ 656,173	₩ 669,462
LG Electronics U.S.A., Inc. (LGEUS)	275,420	251,500
P.T. LG Electronics Indonesia (LGEIN)	261,057	279,637
LG Electronics Mlawa Sp.Zo.o. (LGEMA)	192,597	196,016
LG Electronics Thailand Co.,Ltd. (LGETH)	259,368	236,865
LG Electronics Tianjin Appliances Co., Ltd. (LGETA)	219,722	200,656
LG Electronics RUS, LLC (LGERA)	190,040	211,260
LG Electronics Monterrey Mexico S.A. de C.V. (LGEMM)	157,014	143,990
LG Electronics Italia S.P.A (LGEIS)	27,542	25,150
LG Electronics Nanjing Display Co., Ltd. (LGEND)	61,230	81,063
LG Electronics Wroclaw Sp.Zo.o. (LGEWR)	74,472	72,825
LG Electronics (China) Co., Ltd. (LGECH)	232,691	124,629
LG Electronics S.A. (Pty) Ltd. (LGESA)	83,274	76,686
LG Electronics Inc. Chile Ltda. (LGECL)	55,084	50,300
LG Electronics Peru S.A. (LGEPR)	77,118	70,420
LG Electronics Shenyang Inc. (LGESY)	86,757	82,366
Others	730,582	711,903
	<u>₩ 3,640,141</u>	<u>₩ 3,484,728</u>

As of March 31, 2009, the Company is named as a defendant in various foreign and domestic legal actions arising from the normal course of business. The aggregate amounts of foreign and domestic claims as the defendant amounted to approximately US\$116 million and ₩5,410 million as of March 31, 2009, excluding the claims from 17 intellectual property cases and 10 cases claiming compensation for damages.

The Company is currently under investigation by the fair trade or antitrust authorities in Korea, the European Union and other markets with respect to possible anti-competitive activities among CRT manufacturers. The Superior Court of Justice of the Court of Ontario in the Toronto Region has issued an injunction on LG Electronics Canada, Inc., a subsidiary, to submit the documents relating to anti-competitive activities among CRT manufacturers.

As of March 31, 2009, the Company has been named as defendant in a number of federal class actions in Canada and the United States alleging that the defendants violated the antitrust laws in connection with the anti-competitive activities among CRT manufacturers. Several federal class actions in Canada are pending at the Superior Court of Justice of the Court of Ontario in the Toronto Region and are consolidated in the Northern District of California in the United States. The subsidiaries, LG Electronics Canada, Inc. and LG Electronics USA, Inc. are also named as

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defendants in several class actions in Canada and the United States in connection with above class actions. The outcome of the cases could not be ascertained as of the report date.

LG Display Co., Ltd. is currently under investigation by the fair trade or antitrust authorities in Korea, Japan, the EU and other markets with respect to possible anti-competitive activities in the LCD industry. In addition, LG Display Co., Ltd., 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 and Canada alleging that the defendants violated the antitrust laws in connection with the sale of LCD panels. These class actions are consolidated in United States District Court, Northern District of California. In February 2007, LG Display Co., Ltd. and certain officers and directors of the company have been named as defendants in a federal class action suit in the United States by the shareholders of the company alleging violations of the U.S. Securities Exchange Act of 1934, in connection with possible anti-competitive activities in the LCD industry.

As of March 31, 2009, the Company is a plaintiff in various legal actions arising from the normal course of business. The Company's management does not expect that the outcome of any of these legal proceedings, individually or collectively, will have any material impact on the Company's financial condition, results of operations or cash flows. As of report date, the outcome of this case cannot be reasonably determined.

As of March 31, 2009, the Company is provided with a performance guarantee of ₩75,607 million from Seoul Guarantee Insurance Company relating to the sales contracts.

The Company leases equipment such as laptops under operating leases. The Company's future lease payments according to operating lease agreements as of March 31, 2009, are as follows:

(in millions of Korean won)

Period	Amount
April 1, 2009 ~ March 31, 2010	₩ 14,756
April 1, 2010 ~ March 31, 2011	15,552
April 1, 2011 ~ March 31, 2012	17,458
April 1, 2012 ~ March 31, 2013	15,177
Thereafter	8,907
Total lease payments	₩ 71,850

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11. Derivative Transactions

In order to reduce the impact of changes in exchange rates on future cash flows, the Company has entered into foreign currency forward contracts. As of March 31, 2009, the Company has outstanding forward contracts with financial institutions for selling US dollars amounting to US\$ 8 million at contract exchange rates of ₩1,392.50: US\$ 1 ~ ₩1,394.00: US\$ 1, with contract due dates in April 2009. Also, the Company has outstanding forward contracts with financial institutions for selling euro and buying US dollars amounting to EUR 11 million at contract exchange rates of US\$ 1.2636 : EUR 1 ~ US\$ 1.4103 : EUR 1, with contract due dates from April 2009 to June 2009.

As a result of the above foreign currency forward contracts, an unrealized valuation gain and loss amounting to ₩1,182 million and ₩1,047 million, respectively, were recorded for the three-month period ended March 31, 2009.

In order to reduce the impact of changes in interest rates and exchange rates, the Company has also entered into a cross currency swap contract. An unrealized valuation gain of ₩19,390 million and an unrealized valuation loss of ₩22,071 million were recorded for the three-month period ended March 31, 2009.

A summary of the terms of the outstanding cross currency swap and interest rate swap contracts as of March 31, 2009, is as follows:

<i>(in millions of Korean won)</i>	<u>Notional amount</u>		<u>Annual interest rate (%)</u>		Maturity
	Buy	Sell	Buy	Sell	
US\$/€ Swap	US\$300	€ 246	5.00%	3.70%	June 17, 2010
₩/ US\$ Swap	₩47,530	US\$50	4.35%	6M USD LIBOR	May 26, 2009
₩/ US\$ Swap	₩48,000	US\$50	4.32%	6M USD LIBOR	June 19, 2009

<i>(in millions of Korean won)</i>	<u>Notional amount</u>	<u>Annual interest rate (%)</u>		Maturity
		Buy	Sell	
Interest Rate Swap	US\$500	3M Libor + 65bp	5.62%	May 15, 2012
Interest Rate Swap	₩190,000	3M CD	5.60%	October 6, 2011

As a result of the above derivatives contracts, a realized gain of ₩9,683 million and a realized loss of ₩21,332 million were recorded as non-operating income and expense, respectively, on transactions of derivatives for the three-month period ended March 31, 2009.

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12. Provisions for other liabilities and charges

Changes in provisions for other liabilities and charges during the three-month period ended March 31, 2009, is as follows:

<i>(in millions of Korean won)</i>	December 31, 2008	Increase	Decrease	March 31, 2009
Product warranty reserve ¹	₩ 220,884	₩ 71,594	₩ (77,840)	₩ 214,638
Provisions for sales returns ²	-	402	-	402
Provisions for restoration ³	-	3,507	-	3,507

¹ As of March 31, 2009, the Company accrues product warranty reserve for the estimated costs of future service, repairs and recalls, based on historical experience and terms of guarantees over two years.

² At the sales for return permitted products, the Company charges estimated sales return based upon the historical patterns and its cost of sale against sales and cost of sales. The Company reserves gross profit for the sales return as provisions for sales returns.

³ The Company, as a tenant, is required to restore the leased assets to its original state when the lease contract expires. Accordingly, the Company recognizes the present value of the estimated cost of restoration as provisions for restoration (Note 6).

The Company accrues a reserve for contingent losses relating to the estimated costs of future claims, recalls and others. This reserve is recorded as a liability.

13. Capital Stock

Capital stock as of March 31, 2009 and December 31, 2008, consists of:

	Par value per share	March 31, 2009		December 31, 2008
		Number of shares issued	Amount (in millions)	Amount (in millions)
Common stock	₩ 5,000	144,647,814	₩ 723,239	₩ 723,239
Preferred stock ¹	5,000	17,185,992	85,930	85,930
		<u>161,833,806</u>	<u>₩ 809,169</u>	<u>₩ 809,169</u>

¹ The preferred shareholders have no voting rights and are entitled to preferred dividends at a rate of one percentage point over that of common stock. This preferred dividend rate is not applicable to stock dividends.

The Company has treasury stock consisting of 763,157 shares of common stock and 4,683 shares of preferred stock as of March 31, 2009. The Company intends to either grant these treasury shares to employees and directors as compensation, or to sell them in the future.

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14. Stock Options

On March 22, 2005, the Company granted 766,000 shares of stock appreciations rights ("SARs") to certain executives. Under the terms of this plan, 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 ₩71,130¹ per share. These SARs are exercisable on or after March 23, 2008, through March 22, 2012.

	Number of shares under SARs
Balance, January 1, 2009	307,500
Options cancelled	-
Options exercised	-
Balance, March 31, 2009	<u>307,500</u>

¹ Since the increase in the price of the Company's share was less than the market index increase over the three-year period following the grant date, the exercisable rights decreased to 361,000 shares, 50% of the initially granted 722,000 shares, net of cancelled options, among which 53,000 shares were exercised.

Changes in compensation cost recognized in relation to the stock options during the three-month periods ended March 31, 2009 and 2008, are as follows:

<i>(in millions of Korean won)</i>	2009		2008	
Beginning balance	₩	1,900	₩	11,256
Provisions during the period		2,208		4,835
Actual payments		-		-
Ending balance	₩	<u>4,108</u>	₩	<u>16,091</u>

15. Comprehensive income

Comprehensive income for the three-month periods ended March 31, 2009 and 2008, consists of:

<i>(in millions of Korean won)</i>	2009		2008	
Net income (loss)	₩	(197,638)	₩	422,218
Other comprehensive income and expense				
Gain on valuation of equity-method investments, net of tax effects of ₩(22,745) (2008: ₩ 51,218)		137,354		197,123
Loss on valuation of equity-method investments net of tax effects of ₩(104) (2008: ₩ 2,958)		(19,014)		71,978
Gain on valuation of available-for-sale securities net of tax effects of ₩ 570 (2008: ₩(314))		(2,021)		(828)
Loss on valuation of available-for-sale securities net of tax effects of ₩212 in 2008		-		560
Comprehensive income (loss)	₩	<u>(81,319)</u>	₩	<u>691,051</u>

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16. Retained Earnings

Retained earnings as of March 31, 2009 and December 31, 2008, consist of:

<i>(in millions of Korean won)</i>	March 31, 2009	December 31, 2008
Statutory reserve		
Legal reserve ¹	₩ 110,549	₩ 104,826
Discretionary reserve		
Reserve for improvement of financial structure ²	27,772	27,772
Reserve for research and manpower development ³	3,921,571	3,252,504
	<u>3,949,343</u>	<u>3,280,276</u>
Unappropriated retained earnings (loss)	<u>(197,540)</u>	<u>732,121</u>
Retained earnings	<u>₩ 3,862,352</u>	<u>₩ 4,117,223</u>

¹ The Commercial Code of the Republic of Korea requires the Company to appropriate, as a legal reserve, an amount equal to a minimum of 10% of cash dividends paid until such reserve equals 50% of its issued capital stock. The reserve is not available for the payment of cash dividends, but may be transferred to capital stock through an appropriate resolution by the Company's Board of Directors or used to reduce accumulated deficit, if any, with the ratification of the Company's majority shareholders.

² In accordance with the Regulation for Securities Issuance and Disclosure, the Company had appropriated a certain portion of its retained earnings as a reserve for improvement of financial structure. By amendment of that regulation, the Company is no longer required to maintain the reserve and there is no restriction as to its use.

³ The Company appropriates a certain portion of its retained earnings as a reserve for research and human resource development. This is a discretionary reserve and may be distributed as dividends.

17. Earnings Per Share

Basic earnings (loss) per share for the three-month periods ended March 31, 2009 and 2008, are calculated as follows:

	2009	2008
Net income (loss) attributable to common stocks ¹	₩ (176,747) million	₩ 376,987 million
Weighted average number of common stock outstanding ²	143,884,657	143,884,662
Basic earnings (loss) per share	₩ (1,228)	₩ 2,620

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¹ Net income (loss) attributable to common stocks are as follows:

<i>(in millions of Korean won)</i>	2009	2008
Net income (loss)	₩ (197,638)	₩ 422,218
Preferred stock dividends	(1,718)	(3,866)
Additional income available for dividends allocated to preferred stock	<u>22,609</u>	<u>(41,365)</u>
Net income (loss) attributable to common stock	<u>₩ (176,747)</u>	<u>₩ 376,987</u>

² Weighted average numbers of common stocks is calculated as follows:

	2009	2008
Beginning balance	144,647,814	144,647,814
Treasury shares	<u>(763,157)</u>	<u>(763,152)</u>
Weighted average number of common stock outstanding	<u>143,884,657</u>	<u>143,884,662</u>

18. Sales

Sales for the three-month periods ended March 31, 2009 and 2008, consist of:

<i>(in millions of Korean won)</i>	2009	2008
Export sales	₩ 5,569,185	₩ 5,342,831
Domestic sales	<u>1,899,299</u>	<u>1,911,760</u>
	7,468,484	7,254,591
Sales deduction	<u>(394,387)</u>	<u>(327,359)</u>
Net sales	<u>₩ 7,074,097</u>	<u>₩ 6,927,232</u>

19. Cost of Sales

Cost of sales for the three-month periods ended March 31, 2009 and 2008, consists of:

<i>(in millions of Korean won)</i>	2009	2008
Beginning balance of inventories	₩ 412,235	₩ 436,493
Cost of goods manufactured or merchandise purchased ¹	5,370,037	5,564,439
Transfer from other accounts	<u>10,700</u>	<u>79,874</u>
Total	5,792,972	6,080,806
Transfer to other accounts	(34,419)	(424,720)
Ending balance of inventories	<u>(356,584)</u>	<u>(514,516)</u>
Cost of sales	<u>₩ 5,401,969</u>	<u>₩ 5,141,570</u>

¹ Cost of goods manufactured or merchandise purchased includes loss on valuation of inventories (Note 4).

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20. Selling and Administrative Expenses

Selling and administrative expenses for the three-month periods ended March 31, 2009 and 2008, consist of:

<i>(in millions of Korean won)</i>	2009	2008
Salaries	₩ 208,133	₩ 193,757
Severance benefits	18,662	23,981
Employee benefits	29,905	27,744
Freight expense	142,408	182,421
Rental expense	25,941	25,513
Commission expense	193,768	145,720
Depreciation	30,678	33,309
Amortization	27,806	20,881
Taxes and dues	2,714	1,739
Advertising expense	271,182	285,494
Promotional expense	15,725	9,050
Research and development costs	91,226	76,102
Product warranty expense	105,450	100,726
Others	71,346	95,003
	₩ 1,234,944	₩ 1,221,440

21. Related Party Transactions

The ultimate parent company is LG Corporation which is responsible for the consolidated financial statements.

The related parties are as follows:

	2009
Ultimate parent company	LG Corporation
Subsidiaries	Hi Plaza Inc., Hi Business Logistics, LG Micron Ltd., LG Innotek Co., Ltd., LG Display Co., Ltd., LG Electronics Austria GmbH(LGEAG), LG Electronics Alabama, Inc.(LGEAI), LG Electronics Almaty Kazakstan (LGEAK), LG Electronics Australia Pty, Ltd. (LGEAP), Arcelik-LG Klima Sanayi ve Ticaret A.S. (LGEAT), LG Electronics Da Amazonia Ltda. (LGEAZ), LG Electronics Benelux Sales B.V. (LGEBN), LG Electronics Colombia Ltda. (LGECL), LG Electronics Canada, Inc. (LGEI), LG Electronics Inc. Chile Ltda. (LGECL), LG Electronics Deutschland GmbH (LGEDG), LG Electronics Espana S.A. (LGEES), LG Electronics France S.A.R.L. (LGEFS), LG Electronics Gulf FZE (LGEFG), LG Electronics HK Limited (LGEHK), LG Electronics (Hangzhou) Recording Media Co., Ltd. (LGEHN), LG Electronics Hellas S. A. (LGEHS), LG Electronics Huizhou Inc. (LGEHZ), LG Electronics India PVT Ltd. (LGEIL), PT LG Electronics Indonesia Ltd. (LGEIN), LG Electronics Italy S.P.A. (LGEIS), LG Electronics JIT Europe B.V. (LGEJE), LG Electronics Japan, Inc. (LGEJP), LG Electronics (Kunshan) Computer Co., Ltd (LGEKS), LG Electronics (Levant) – Jordan (LGELF), LG Electronics European

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Subsidiaries	Logistics & Services B.V (LGELS), LG Electronics Latvia, LLC (LGELV), LG Electronics Mlawa SP.Zo.O.(LGEMA), LG Electronics Morocco S.A.R.L. (LGEMC), LG Electronics Malaysia SDN.BHD (LGEML), LG Electronics Monterrey Mexico S.A. DE C.V. (LGEMM), LG Electronics Mobile Research U.S.A.,LLC. (LGEMR), LG Electronics Mexico S.A. de C.V. (LGEMS), LG Electronics Mexicali S.A. de C.V. (LGEMX), LG Electronics (Nanjing) Plazma Co., Ltd. (LGENP), LG Electronics Nanjing Display Co., Ltd (LGEND), LG Electronics Polska SP.Zo.o. (LGEPL), LG Electronics Peru S.A.(LGEPR), LG Electronics Panama S.A. (LGEPS), LG Electronics Portugal S.A. (LGEPT), Qingdao LG Inspur Digital Communication Co., Ltd.(LGEQD), LG Electronics RUS, LLC (LGERA), LG Electronics Russia Inc. (LGERI), LG Electronics Overseas Trading FZE (LGEOT), LG Electronics Reynosa. Inc. (LGERs), LG Electronics S.A. (Pty) Ltd.(LGESA), Shanghai LG Electronics Co., Ltd. (LGESH), LG Electronics Singapore Pte Ltd. (LGESL), LG Electronics de Sao Paulo Ltda. (LGESP), LG Electronics Nordic AB (LGESW), LG Electronics Shenyang Inc. (LGESY), LG Electronics Tianjin Appliance Co., Ltd. (LGETA), LG Electronics Thailand Co., Ltd. (LGETH), TaiZhou LG Electronics Refrigeration Co., Ltd. (LGETR), LG Electronics Taiwan Taipei Co., Ltd. (LGETT), LG Electronics United Kingdom Ltd. (LGEUK), LG Electronics Ukraine Co., Ltd. (LGEUR), LG Electronics U.S.A., Inc. (LGEUS), LG Electronics Vietnam Co., Ltd. (LGEVN), INSPUR LG DIGITAL MOBILE COMMUNICATIONS CO., LTD. (LGEYT), LG Electronics MobileComm U.S.A. Inc. (LGEMU) (Subsidiary of LGEUS), LG Electronics (China) Co., Ltd. (LGECH), LG Electronics Czech S.R.O. (LGE CZ), LG Electronics Egypt S.A.E.(LGE EG), LG Electronics European Holdings B.V. (LGE EH), LG Electronics Mobilecomm France (LGEMF), LG Electronics Magyar KFT (LGEMK), LG Electronics Philippines, Inc. (LGE PH), LG Electronics Qinhuangdao Inc. (LGEQH), LG Electronics European Shared Service Center B.V. (LGE SC), LG Software PVT, Ltd. (LGS I), LG Electronics Wroclaw Sp. Zo.o. (LGEWR), LG Electronics Egypt Cairo S.A.E (LGE EC), LG Electronics Africa Logistics FZE (LGEAF), LG Electronics Argentina S.A. (LGEAR), LG Electronics Ticaret A.S.(LGETK), LG Innotek Indonesia (LGITIN), LG Innoteck USA Inc. (LGITUS), LG Innoteck HuiZhou Co., Ltd. (LGITHZ), LG Innoteck Yantai Co., Ltd (LGITYT), LG Innoteck Poland., Ltd (LGITPL), Zenith Electronics Corporation (ZENITH), LG Holding (HK) Ltd., NanJing LG-Panda Appliances Co., Ltd. (LGE PN), LG Electronics Romania S.R.L (LGERO), LG Display America, Inc. (LGDUS), LG Display Japan Co., Ltd.(LGDJP), LG Display Germany GmbH (LGD DG), LG Display Taiwan Co.,Ltd (LGD TW), LG Display Nanjing Co., Ltd. (LGD NJ), LG Display Hong-Kong Co.,Ltd. (LGD HK), LG Display Singapore Pte. Ltd.(LGD SG), LG Display Shanghai Co.,Ltd. (LGD SH), LG Display Poland Sp. zo.o. (LGDWR), LG Display Guang Zhou Co., Ltd (LGDGZ), LG Display Shen Zhen Co., Ltd (LGD SZ), LG Micron(Fujian) Electronics Co.,Ltd., EIC PROPERTIES PTE, LTD., Beijing LG Building Development Company, LG large & medium & small enterprises cooperation fund, Innovation Investment Fund, Hi Logistics Europe B.V., Suzhou Raken Technology Co.,Ltd.
Equity-method investees	Hi Logistics China Company Limited, HLDS, LG Electronics Middle East Co., Ltd. (LGEME), LG Electronics (China) R&D Center (LGERD), LG Electronics RUS-Marketing, LLC (LGERM), LG-SHAKER Co. Ltd.(LGERs), LG Electronics Wales Ltd.(LGEWA), ElectroMagnetica Goldstar S.R.L (EMGS), Triveni, System Air-con Engineering Ltd., Hankuk Electric Glass Co.,Ltd., Korea Information Certificate Authority Inc., LG-Nortel Co.,Ltd., SKT Vietnam PTE.,Ltd. (formerly SLD Telecom Pte. Ltd.), ADP Engineering Co.Ltd., LG.Philips Display Holding B.V.
Other related parties	LG Chem, LG Telecom, LG-Dacom, LG Household & Health Care Ltd., LG Life Sciences Ltd., LG Siltron, LG CNS, LG MMA, Serveone, Rusem, LG Economic Research Institute, LG Sports, LG Solar Energy Co., LG-Hitachi, LG international Corp., LG Housys

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Significant transactions, which occurred in the normal course of business with related companies for the three-month periods ended March 31, 2009 and 2008, and their related balances as of March 31, 2009 and December 31, 2008, are as follows:

	Sales ¹	Purchases ¹	Receivables	Payables
<i>(in millions of Korean won)</i>				
Ultimate parent company	₩ 247	₩ 28,209	₩ 14,544	₩ 35,236
Subsidiaries	5,423,811	805,577	1,784,969	1,268,879
Equity-method investees	271,773	13,715	155,290	20,016
Other related parties	166,535	248,382	219,656	212,883
2009	<u>₩ 5,862,366</u>	<u>₩ 1,131,883</u>	<u>₩ 2,174,459</u>	<u>₩ 1,537,014</u>
2008	<u>₩ 5,435,611</u>	<u>₩ 1,121,955</u>	<u>₩ 1,139,864</u>	<u>₩ 1,101,377</u>

¹ The sales amount for 2009 above includes sale of certain property, plant and equipment to a subsidiary totaling ₩26,950 million (2008: ₩32,436 million), while the purchase amount for 2009 above includes purchases of certain property, plant and equipment from a subsidiary totaling ₩18,407 million (2008: ₩7,977 million).

Details of the compensation for key management are as follows:

<i>(in millions of Korean won)</i>	2009	2008
Short-term salaries	₩ 3,194	₩ 4,701
Long-term salaries	685	-
Severance benefits	1,835	954
Share-based compensation	829	1,661
	<u>₩ 6,543</u>	<u>₩ 7,316</u>

Key management refers to the directors who have significant control and responsibilities on the Company's operations and business.

22. Segment Information

The Company has five business divisions: Home Entertainment, Home Appliance, Air Conditioning, Business Solutions and Mobile Communications. In addition, the Company has a centralized supporting division to provide general and administrative, marketing and sales and research and development services to each business division.

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Financial data by business division as of and for the three-month period ended March 31, 2009, are as follows:

<i>(in millions of Korean won)</i>	Business Division						
	Total	Home Entertainment	Mobile Communications	Home Appliance	Air Conditioning	Business Solution	Supporting Division
Sales							
External sales	₩ 7,074,097	₩ 1,512,386	₩ 3,682,182	₩ 994,732	₩ 632,671	₩ 215,131	₩ 36,995
Inter-division sales	146,840	19,676	9,549	31,716	1,211	37,488	47,200
	<u>₩ 7,220,937</u>	<u>₩ 1,532,062</u>	<u>₩ 3,691,731</u>	<u>₩ 1,026,448</u>	<u>₩ 633,882</u>	<u>₩ 252,619</u>	<u>₩ 84,195</u>
Operating income (loss)	<u>₩ 437,184</u>	<u>₩ (73,798)</u>	<u>₩ 310,899</u>	<u>₩ 142,535</u>	<u>₩ 95,862</u>	<u>₩ (34,437)</u>	<u>₩ (3,877)</u>
Property, plant and equipment	₩ 3,632,548	₩ 1,206,189	₩ 513,846	₩ 540,479	₩ 274,776	₩ 4,864	₩ 1,092,394
Intangible assets	463,123	58,943	72,446	44,224	12,775	566	274,169
	<u>₩ 4,095,671</u>	<u>₩ 1,265,132</u>	<u>₩ 586,292</u>	<u>₩ 584,703</u>	<u>₩ 287,551</u>	<u>₩ 5,430</u>	<u>₩ 1,366,563</u>
Depreciation and amortization	<u>₩ 170,221</u>	<u>₩ 72,775</u>	<u>₩ 27,825</u>	<u>₩ 21,056</u>	<u>₩ 8,459</u>	<u>₩ 591</u>	<u>₩ 39,515</u>

Financial data by business division as of and for the three-month period ended March 31, 2008, were as follows:

<i>(in millions of Korean won)</i>	Business Division						
	Total	Home Entertainment	Mobile Communications	Home Appliance	Air Conditioning	Business Solution	Supporting Division
Sales							
External sales	₩ 6,927,232	₩ 1,537,676	₩ 3,422,635	₩ 924,109	₩ 720,522	₩ 251,599	₩ 70,691
Inter-division sales	63,398	6,936	12,663	1,669	2,169	91	39,870
	<u>₩ 6,990,630</u>	<u>₩ 1,544,612</u>	<u>₩ 3,435,298</u>	<u>₩ 925,778</u>	<u>₩ 722,691</u>	<u>₩ 251,690</u>	<u>₩ 110,561</u>
Operating income (loss)	<u>₩ 564,222</u>	<u>₩ (88,878)</u>	<u>₩ 479,069</u>	<u>₩ 78,725</u>	<u>₩ 107,369</u>	<u>₩ (5,227)</u>	<u>₩ (6,836)</u>
Property, plant and equipment	₩ 3,961,537	₩ 1,523,571	₩ 508,357	₩ 549,938	₩ 293,432	₩ 1,240	₩ 1,084,999
Intangible assets	396,733	56,602	74,736	39,958	13,436	147	211,854
	<u>₩ 4,358,270</u>	<u>₩ 1,580,173</u>	<u>₩ 583,093</u>	<u>₩ 589,896</u>	<u>₩ 306,868</u>	<u>₩ 1,387</u>	<u>₩ 1,296,853</u>
Depreciation and amortization	<u>₩ 175,340</u>	<u>₩ 65,072</u>	<u>₩ 37,360</u>	<u>₩ 22,962</u>	<u>₩ 7,727</u>	<u>₩ 694</u>	<u>₩ 41,525</u>

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During the three-month period ended March 31, 2009, the Company restructured its business divisions and reclassified the financial statement for the three-month period ended March 31, 2008.

Financial data by geographical area for the three-month period ended March 31, 2009, are as follows:

<i>(in millions of Korean won)</i>	Total	Domestic	North America	Europe	Central & South America	Central Asia & Africa	Asia	Oceania	CIS
Sales									
External sales	₩ 7,074,097	₩1,628,294	₩2,175,965	₩ 996,609	₩ 322,126	₩ 528,559	₩1,260,211	₩ 95,773	₩ 66,560
Inter-division sales	146,840	146,840	-	-	-	-	-	-	-
	<u>₩ 7,220,937</u>	<u>₩1,775,134</u>	<u>₩2,175,965</u>	<u>₩ 996,609</u>	<u>₩ 322,126</u>	<u>₩ 528,559</u>	<u>₩1,260,211</u>	<u>₩ 95,773</u>	<u>₩ 66,560</u>
Ratio (%)	<u>100%</u>	<u>23%</u>	<u>31%</u>	<u>14%</u>	<u>5%</u>	<u>7%</u>	<u>18%</u>	<u>1%</u>	<u>1%</u>

Financial data by geographical area for the three-month period ended March 31, 2008, were as follows:

<i>(in millions of Korean won)</i>	Total	Domestic	North America	Europe	Central & South America	Central Asia & Africa	Asia	Oceania	CIS
Sales									
External sales	₩6,927,232	₩1,605,789	₩2,010,819	₩1,027,025	₩ 352,762	₩ 399,557	₩1,250,407	₩ 79,393	₩201,480
Inter-division sales	63,398	63,398	-	-	-	-	-	-	-
	<u>₩6,990,630</u>	<u>₩1,669,187</u>	<u>₩2,010,819</u>	<u>₩1,027,025</u>	<u>₩ 352,762</u>	<u>₩ 399,557</u>	<u>₩1,250,407</u>	<u>₩ 79,393</u>	<u>₩201,480</u>
Ratio (%)	<u>100%</u>	<u>23%</u>	<u>29%</u>	<u>15%</u>	<u>5%</u>	<u>6%</u>	<u>18%</u>	<u>1%</u>	<u>3%</u>

23. Early adoption of K-IFRS

The Company is preparing for the early adoption of K-IFRS in 2010 which shall be applied to every listed company by the fiscal year 2011. A separate task force team has been organized to perform in-depth impact assessment concerning the adoption of K-IFRS. The task team reports the assessment to the management. As of March 31, 2009, analysis of major items has been completed, and the accounting policies that the Company will adopt under K-IFRS are now being discussed and formulated.

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