

LG Electronics Inc.

**Non-Consolidated Interim Financial Statements
June 30, 2009 and 2008**

LG Electronics Inc.
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June 30, 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 June 30, 2009, and the related non-consolidated statements of income for the three-month and six-month periods ended June 30, 2009 and 2008, and the statements of changes in shareholders' equity and cash flows for the six-month periods ended June 30, 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
August 7, 2009

This report is effective as of August 7, 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
June 30, 2009 and December 31, 2008
(Unaudited)

(In millions of Korean won)

	2009	2008
Assets		
Current assets		
Cash and cash equivalents	₩ 1,199,575	₩ 1,156,645
Short-term financial instruments	-	50,000
Trade accounts and notes receivable, net (Notes 10, 21 and 22)	4,380,645	1,434,280
Inventories, net (Note 4)	891,046	901,121
Other accounts receivable, net	233,669	237,940
Prepaid expenses	219,680	154,323
Accrued income, net	79,547	134,137
Advances, net	96,810	79,471
Derivative transaction assets (Note 11)	-	5,371
Deferred income tax assets	354,129	290,323
Other current assets, net	42,289	74,027
Total current assets	7,497,390	4,517,638
Property, plant and equipment, net (Notes 6 and 22)	3,594,234	3,710,704
Long-term financial instruments (Note 3)	26,162	25,037
Long-term investment securities	8,780	12,079
Equity-method investments (Note 5)	7,944,014	7,760,488
Refundable deposits	317,269	325,201
Long-term advance payments, net	258,896	233,256
Long-term prepaid expenses	179,196	201,029
Long-term loans receivable, net	85,643	75,900
Intangible assets, net (Notes 7 and 22)	457,664	470,610
Other investment assets	5,943	5,939
Total assets	₩ 20,375,191	₩ 17,337,881

LG Electronics Inc.
Non-Consolidated Statements of Financial Position
June 30, 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)	₩ 171,493	₩ 302,305
Current maturities of long-term debts, net (Note 8)	1,048,015	275,378
Trade accounts and notes payable (Notes 21 and 22)	3,546,360	2,149,433
Other accounts payable	838,805	1,286,398
Income taxes payable	185,464	96,751
Accrued expenses	1,617,632	1,160,641
Withholdings	54,613	70,403
Unearned income	53,390	63,054
Advances from customers	344,863	263,159
Derivative instrument liabilities (Note 11)	57,884	53,182
Product warranty reserve (Note 12)	199,300	220,884
Provisions for sales return (Note 12)	992	-
Total current liabilities	8,118,811	5,941,588
Debentures, net (Note 9)	1,208,347	1,568,435
Long-term debts, net (Note 9)	636,940	441,500
Accrued severance benefits, net	199,777	228,984
Deferred income tax liabilities	791,295	621,153
Derivative instrument liabilities (Note 11)	64,880	129,416
Provisions for restoration (Notes 6 and 12)	3,507	-
Total liabilities	11,023,557	8,931,076
Commitments and contingencies (Note 10)		
Shareholders' equity		
Capital stock (Note 13)	809,169	809,169
Capital surplus		
Paid-in capital in excess of par value	2,207,919	2,207,919
Other capital surplus	446,821	443,992
Capital adjustments		
Treasury stock (Note 13)	(44,893)	(44,893)
Accumulated other comprehensive income		
Gain on valuation of available-for-sale securities	3,105	4,235
Gain on valuation of equity-method investments	953,051	886,794
Loss on valuation of equity-method investments	(31,986)	(17,634)
Retained earnings (Note 16)		
Statutory reserve	110,549	104,826
Discretionary reserve	3,949,343	3,280,276
Unappropriated retained earnings	948,556	732,121
Total shareholders' equity	9,351,634	8,406,805
Total liabilities and shareholders' equity	₩ 20,375,191	₩ 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 Income
Three-Month and Six-Month Periods Ended June 30, 2009 and 2008
(Unaudited)

(in millions of Korean won, except per share amounts)

	2009		2008	
	For the three-month period ended June 30, 2009	For the six-month period ended June 30, 2009	For the three-month period ended June 30, 2008	For the six-month period ended June 30, 2008
Sales, net (Notes 18, 21 and 22)	₩ 8,477,122	₩ 15,551,219	₩ 7,233,531	₩ 14,160,763
Cost of sales (Notes 19, 21 and 22)	6,297,113	11,699,082	5,263,703	10,405,273
Gross profit	2,180,009	3,852,137	1,969,828	3,755,490
Selling and administrative expenses (Note 20)	1,465,603	2,700,547	1,334,990	2,556,430
Operating income	714,406	1,151,590	634,838	1,199,060
Non-operating income				
Interest income	12,308	27,639	20,135	34,001
Rent income	6,988	12,852	8,167	16,596
Foreign exchange gains	699,973	1,201,730	87,387	185,058
Gain on disposal of investment securities	222	6,060	52,282	53,863
Gain on disposal of property, plant and equipment	2,292	5,276	331	1,877
Gain on valuation of equity-method investments (Note 5)	461,086	562,985	534,156	980,211
Gain on settlement of derivatives (Note 11)	15,253	24,936	17,370	25,852
Gain on valuation of derivatives (Note 11)	14,813	14,957	31,987	75
Others	32,191	43,106	6,267	10,993
	1,245,126	1,899,541	758,082	1,308,526
Non-operating expenses				
Interest expense	26,783	54,331	24,274	50,941
Foreign exchange losses	411,164	1,214,200	252,674	492,059
Donations	846	2,969	2,296	3,932
Loss from disposal of property, plant and equipment	7,297	12,646	1,950	2,172
Loss from disposal of intangible assets	149	2,296	4,405	4,405
Loss from transfer of accounts receivable	21,914	57,385	37,693	73,489
Loss on impairment of investment securities	37,577	37,577	963	963
Loss on impairment of property, plant and equipment	33	33	41,027	44,074
Loss on equity-method investments (Note 5)	-	313,250	38,270	219,763
Loss on settlement of derivatives (Note 11)	27,549	48,881	54,052	62,141
Loss on valuation of derivatives (Note 11)	5,615	8,305	-	62,602
Other depreciation	11,635	28,587	7,830	15,877
Others	1,046	6,325	2,958	52,598
	551,608	1,786,785	468,392	1,085,016
Income before income tax	1,407,924	1,264,346	924,528	1,422,570
Income tax expense	261,828	315,888	217,585	293,409
Net income	₩ 1,146,096	₩ 948,458	₩ 706,943	₩ 1,129,161
Basic earnings per share (in won) (Note 17)	₩ 7,114	₩ 5,886	₩ 4,388	₩ 7,008

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
Six-Month periods Ended June 30, 2009 and 2008
(Unaudited)

(in millions of Korean won)

	Capital stock	Capital surplus	Capital adjustments	Accumulated other comprehensive income	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	-	-	-	-	1,129,161	1,129,161
Change in capital surplus	-	56,054	-	-	-	56,054
Change in equity method investees with accumulated comprehensive income	-	-	-	392,801	-	392,801
Change in equity method investees with accumulated comprehensive expense	-	-	-	84,807	-	84,807
Gain on valuation of available-for-sale securities	-	-	-	290	-	290
Balance at June 30, 2008	₩ 809,169	₩ 2,615,659	₩ (44,893)	₩ 576,866	₩ 4,804,485	₩ 8,761,286
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 income	-	-	-	-	948,458	948,458
Change in capital surplus	-	2,829	-	-	-	2,829
Change in equity method investees with accumulated comprehensive income	-	-	-	66,257	-	66,257
Change in equity method investees with accumulated comprehensive expense	-	-	-	(14,352)	-	(14,352)
Loss on valuation of available-for-sale securities	-	-	-	(1,130)	-	(1,130)
Balance at June 30, 2009	₩ 809,169	₩ 2,654,740	₩ (44,893)	₩ 924,170	₩ 5,008,448	₩ 9,351,634

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
Six-Month periods Ended June 30, 2009 and 2008
(Unaudited)

<i>(in millions of Korean won)</i>	2009	2008
Cash flows from operating activities		
Net Income	₩ 948,458	₩ 1,129,161
Adjustments to reconcile net income		
to net cash provided by (used in) operating activities		
Depreciation	266,433	298,643
Amortization	63,444	60,182
Bad debts expense	1,738	12,334
Loss on foreign currency translation, net	18,020	183,005
Provision for severance benefits	86,343	115,472
Loss on disposal of property, plant and equipment, net	7,370	295
Loss from disposal of intangible assets	2,296	4,405
Loss from transfer of trade accounts receivable	57,385	73,489
Loss on impairment of investment securities	37,577	963
Loss on impairment of property, plant and equipment	33	44,074
Gain on valuation of equity-method investments, net	(249,735)	(760,448)
Loss on settlement of derivatives, net	23,945	36,289
Gain (loss) on valuation of derivatives, net	(6,652)	62,527
Provision for product warranty, net	120,071	188,048
Gain from disposal of investment securities, net	(6,060)	(52,473)
Others	4,250	28,413
	<u>426,458</u>	<u>295,218</u>
Changes in operating assets and liabilities		
Increase in trade accounts and notes receivable	(2,966,338)	(906,067)
Decrease (increase) in other accounts receivable	14,724	(93,615)
Decrease (increase) in accrued income	43,880	(17,703)
Increase (decrease) in advances	(18,755)	18,882
Decrease in other current assets	32,135	36,094
Decrease (increase) in inventories	10,774	(253,549)
Increase in prepaid expenses	(65,357)	(60,193)
Increase in long-term advance payments	(54,056)	(30,158)
Decrease (increase) in long-term prepaid expenses	21,833	(59,690)
Increase in deferred income tax assets	(63,805)	(127,635)
Increase in trade accounts and notes payable	1,369,434	590,305
Decrease in other accounts payable	(443,840)	(185,788)
Increase in accrued expenses	456,743	408,352
Decrease (increase) in withholdings	(15,789)	6,181
Increase in advances from customers	81,703	41,280
Increase in income taxes payable	88,713	176,793
Decrease in product warranty reserve	(141,655)	(163,403)
Payment of severance benefits	(163,743)	(104,201)
Increase in severance insurance deposits	60,026	5,133
Decrease in contribution to the National Pension Fund	1,317	2,027
Increase in deferred income tax liabilities	165,691	182,504
Dividends received	127,531	108,411
Others	(11,099)	(8,762)
	<u>(1,469,933)</u>	<u>(434,802)</u>
Net cash provided by (used in) operating activities	<u>(95,017)</u>	<u>989,577</u>

LG Electronics Inc.
Non-Consolidated Statements of Cash Flows
Six-Month periods Ended June 30, 2009 and 2008
(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	19,192	13,942
Disposal of short-term and long-term loans	15,042	34,538
Return of refundable deposits	26,565	27,951
Disposal of investment securities	396	18,330
Proceeds from disposal of property, plant and equipment	46,919	130,884
Proceeds from disposal of intangible assets	1,626	2,272
Proceeds from disposal of derivatives	30,307	26,517
Acquisition of short-term financial instruments	-	(32,000)
Acquisition of long-term financial instruments	(20,317)	(11,783)
Increase in short-term and long-term loans	(25,219)	(25,874)
Acquisition of investment securities	(43,821)	(24,507)
Payment of refundable deposits	(18,637)	(21,668)
Acquisition of property, plant and equipment	(209,379)	(430,068)
Acquisition of intangible assets	(18,693)	(20,788)
Acquisition of derivatives	(102,063)	(99,929)
Others	450	69
Net cash used in investing activities	<u>(247,632)</u>	<u>(412,114)</u>
Cash flows from financing activities		
Issuance of short-term borrowings	-	104,870
Issuance of debentures	378,561	-
Issuance of long-term debts	190,000	-
Payment of short-term borrowings	(125,750)	-
Payment of dividends	(57,232)	(137,765)
Payment of current maturities of long-term debts	-	(281,460)
Net cash provided by (used in) financing activities	<u>385,579</u>	<u>(314,355)</u>
Net increase in cash and cash equivalents	42,930	263,108
Cash and cash equivalents		
Beginning of the period	1,156,645	532,371
End of the period	<u>₩ 1,199,575</u>	<u>₩ 795,479</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
June 30, 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 June 30, 2009, the Company's main manufacturing facilities are in Pyeongtaek, Chongju, Gumi and Changwon in the Republic of Korea.

As of June 30, 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.

The prior period balances, provided herein, solely for comparative purposes have been reclassified to conform to the presentation of the financial statements as of and for the six-month period ended June 30, 2009. Such reclassification does not have any effect on net income and net asset value of the prior period.

3. Long-Term Financial Instruments

As of June 30, 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 June 30, 2009 and December 31, 2008, consist of:

<i>(in millions of Korean won)</i>	2009		
	Acquisition cost	Inventory valuation allowance	Carrying value
Merchandise	₩ 52,997	₩ (3,731)	₩ 49,266
Finished products	297,504	(15,077)	282,427
Work-in-process	112,641	(1,893)	110,748
Raw materials	389,317	(24,930)	364,387
Parts and supplies	92,156	(7,938)	84,218
	<u>₩ 944,615</u>	<u>₩ (53,569)</u>	<u>₩ 891,046</u>

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LG Electronics Inc.
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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 six-month period ended June 30, 2009, are as follows:

<i>(in millions of Korean won)</i>	Percentage of ownership (%) at June 30, 2009	Acquisition cost	December 31, 2008	Equity in earnings (losses) of associates, net ¹	Others	June 30, 2009
Domestic companies						
LG Micron Ltd.	52.02	₩ 192,277	₩ 161,653	₩ 9,720	₩ 941	₩ 172,314
LG Innotek Co., Ltd.	50.06	59,825	250,191	18,580	(6,466)	262,305
Hankuk Electric Glass Co., Ltd.	20.00	119,282	84,006	(27,207)	(1,469)	55,330
LG Display Co., Ltd.	37.90	679,218	3,480,623	21,760	(70,571)	3,431,812
Hi Plaza Inc.	100.00	100,511	104,459	(9,542)	(265)	94,652
Hi Business Logistics	100.00	8,000	31,996	4,089	(305)	35,780
LG-Nortel Co., Ltd.	50.00	153,254	263,503	37,372	(36,193)	264,682
Korea Information Certificate Authority Inc.	9.27	1,852	2,242	170	(109)	2,303
LG fund for small and medium enterprises	50.00	12,500	10,958	(622)	(113)	10,223
Innovation Investment Fund	83.33	15,000	14,803	(286)	-	14,517
System Air-con Engineering Ltd.	100.00	1,854	1,854	-	-	1,854
ADP Engineering Co., Ltd. ²	5.82	5,549	-	(309)	5,414	5,105
		1,349,122	4,406,288	53,725	(109,136)	4,350,877

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Overseas companies						
LG Electronics Huizhou Inc. (LGEHZ)	80.00	1,277	41,984	8,757	170	50,911
LG Electronics Nanjing Display Co., Ltd. (LGEND)	70.00	9,367	38,744	3,609	104	42,457
LG Electronics Shenyang Inc. (LGESY)	78.87	11,149	66,668	(4,058)	(3,658)	58,952
LG Electronics Tianjin Appliance Co., Ltd. (LGETA)	80.00	42,948	161,331	40,196	(1,315)	200,212
Taizhou LG Electronics Refrigeration Co., Ltd. (LGETR)	100.00	72,129	97,608	10,935	188	108,731
LG Electronics India Pvt. Ltd. (LGEIL)	100.00	38,476	311,746	53,297	4,007	369,050
PT LG Electronics Indonesia. (LGEIN)	100.00	79,946	94,124	5,342	1,344	100,810
LG Electronics Panama S.A.(LGEPS)	100.00	18,222	79,222	4,657	2,530	86,409
LG Electronics U.S.A., Inc. (LGEUS)	100.00	148,109	955,542	45,187	23,800	1,024,529
LG Electronics European Holdings B.V. (LGEEH)	100.00	83,324	148,552	(46,063)	1,962	104,451
LG Electronics Mlawa SP.Zo.O. (LGEMA)	100.00	133,618	214,091	106,423	(12,682)	307,832
LG Electronics Mexico S.A. de C.V. (LGEMS)	100.00	103,808	68,720	(38,587)	6,587	36,720
LG Electronics de Sao Paulo Ltd. (LGESP)	100.00	112,491	270,631	(49,976)	63,048	283,703
Others ^{3,4}	-	846,635	805,237	56,291	(43,158)	818,370
		<u>1,701,499</u>	<u>3,354,200</u>	<u>196,010</u>	<u>42,927</u>	<u>3,593,137</u>
		<u>₩ 3,050,621</u>	<u>₩ 7,760,488</u>	<u>₩ 249,735</u>	<u>₩ (66,209)</u>	<u>₩7,944,014</u>

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

² During the six-month period ended June 30, 2009, it is reclassified as equity-method investments from long-term investment securities, increasing the acquisition cost to ₩5,549 million.

³ During the six-month period ended June 30, 2009, the Company acquired additional shares of LG Holdings (HK) Ltd., LGEEG, which increased the acquisition cost to ₩43,663 million.

⁴ During the six-month period ended June 30, 2009, the Company invested ₩29 million in establishing LGEVZ.

LG Electronics Inc.
Notes to the Non-Consolidated Financial Statements
June 30, 2009 and 2008, and December 31, 2008

Changes in equity-method investments for the six-month period ended June 30, 2008, were as follows:

<i>(in millions of Korean won)</i>	Percentage of ownership(%) at June 30, 2008	Acquisition cost	January 1, 2008	Equity in earnings (losses) of associates ¹	Others	June 30, 2008
Domestic companies						
LG Micron Ltd.	52.02	₩ 192,278	₩ 99,078	₩ 924	₩ 86,262	₩ 186,264
LG Innotek Co., Ltd.	69.80	59,825	189,515	26,675	11,349	227,539
Hankuk Electric Glass Co., Ltd.	20.00	119,282	82,608	7,890	(774)	89,724
LG Display Co., Ltd.	37.90	679,218	3,072,004	560,058	(77,577)	3,554,485
Hi Plaza Inc.	100.00	100,511	109,100	(12,655)	-	96,445
Hi Business Logistics	100.00	8,000	21,800	2,086	1,814	25,700
LG-Nortel Co., Ltd.	50.00	153,254	231,934	81,670	942	314,546
Korea Information Certificate Authority Inc.	9.27	1,852	1,940	87	12	2,039
LG fund for small and medium enterprises	50.00	10,000	8,858	-	-	8,858
Innovation Investment Fund	83.33	10,000	9,858	(508)	-	9,350
System Air-con Engineering Ltd.	100.00	1,854	1,854	-	-	1,854
		<u>1,336,074</u>	<u>3,828,549</u>	<u>666,227</u>	<u>22,028</u>	<u>4,516,804</u>
Overseas companies						
LG Electronics Huizhou Inc. (LGEHZ)	80.00	1,277	29,204	5,724	5,096	40,024
LG Electronics Nanjing Display Co., Ltd. (LGEND)	70.00	9,367	23,928	176	3,863	27,967
LG Electronics Shenyang Inc.(LGESY)	78.87	11,149	33,228	8,311	7,351	48,890
LG Electronics Tianjin Appliance Co., Ltd. (LGETA)	80.00	42,948	114,618	3,464	22,229	140,311
Taizhou LG electronics refrigeration Co., Ltd. (LGETR)	100.00	72,129	54,370	14,652	13,620	82,642
LG Electronics India Pvt. Ltd. (LGEIL)	100.00	38,476	247,944	24,786	5,525	278,255
PT LG Electronics Indonesia. (LGEIN)	100.00	79,946	63,985	8,039	10,556	82,580
LG Electronics Panama S.A.(LGEPS)	100.00	18,222	12,907	1,165	2,117	16,189
LG Electronics U.S.A., Inc. (LGEUS)	100.00	148,109	588,990	13,126	88,520	690,636
LG Electronics European Holdings B.V. (LGEEH)	100.00	83,324	95,049	(125,109)	104,100	74,040
LG Electronics Mlawa SP.Zo.O. (LGEMA)	100.00	133,618	130,831	46,509	44,867	222,207
LG Electronics Mexico S.A. de C.V. (LGEMS)	100.00	103,807	107,235	16,847	40,236	164,318
LG Electronics de Sao Paulo Ltd. (LGESP)	100.00	112,491	299,314	35,429	90,310	425,053
Others		793,464	677,476	41,102	144,967	863,545
		<u>1,648,327</u>	<u>2,479,079</u>	<u>94,221</u>	<u>583,357</u>	<u>3,156,657</u>
		<u>₩ 2,984,401</u>	<u>₩ 6,307,628</u>	<u>₩ 760,448</u>	<u>₩ 605,385</u>	<u>₩7,673,461</u>

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

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As of June 30, 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			June 30, 2009	
	Accumulated	losses	Increase (Decrease)	Accumulated losses	Accumulated capital adjustment ¹
LG Electronics Almaty Kazakstan (LGEAK)	₩	-	₩ 8,461	₩ 8,461	₩ -
LG Electronics Malaysia SDN.BHD (LGEML)		-	2,588	2,588	-
LG Electronics HK Ltd.(LGEHK)		1,241	(809)	432	(276)
LG Electronics China Co., Ltd.(LGECH)		9,640	(9,640)	-	-
LG Electronics Philippines, Inc.(LGEPH)		-	1,473	1,473	-
LG Electronics Overseas Trading FZE (LGEOT)		47,485	49,496	96,981	(9,036)
LG Electronics Argentina S.A. (LGEAR)		143	444	587	(100)
Equity-method investees of LGEWA ²		328,704	-	328,704	(50,622)
LG Electronics S.A. (Pty) Ltd.(LGESA)		2,921	20,611	23,532	(4,563)
LG Electronics RUS, LLC (LGERA)		14,070	(14,070)	-	-
	₩	404,204	₩ 58,554	₩ 462,758	₩ (64,597)

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 June 30, 2009 and December 31, 2008, consist of:

<i>(in millions of Korean won)</i>	June 30, 2009	December 31, 2008
Buildings	₩ 2,252,809	₩ 2,030,189
Structures	152,850	152,932
Machinery and equipment	1,807,802	2,018,136
Tools	1,208,015	1,172,765
Furniture and fixtures	416,977	504,030
Vehicles	68,105	69,277
Leasehold improvements ¹	3,507	-
	5,910,065	5,947,329
Less : Accumulated depreciation	(3,109,318)	(3,151,614)
Accumulated impairment loss	(77)	(31,105)
	2,800,670	2,764,610
Land	607,969	615,354
Trees	4,740	4,740
Construction-in-progress	163,935	324,879
Machinery-in-transit	16,920	1,121
	₩ 3,594,234	₩ 3,710,704

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¹ In case the Company, as a tenant, is required to restore the leased assets to its original state when the lease contract expires, 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 June 30, 2009 and December 31, 2008, consist of:

<i>(in millions of Korean won)</i>	June 30, 2009		December 31, 2008	
Goodwill	₩	23,368	₩	34,097
Industrial property rights		207,260		200,819
Development costs		163,898		167,284
Others		63,138		68,410
	₩	<u>457,664</u>	₩	<u>470,610</u>

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

Short-term borrowings as June 30, 2009 and December 31, 2008, consist of:

<i>(in millions of Korean won)</i>	Annual interest rate (%) at June 30, 2009	June 30, 2009		December 31, 2008	
Foreign currency borrowings	-	₩	-	₩	125,750
Foreign currency borrowings	3M Libor + 1.125		133,628		139,389
Foreign currency borrowings	3M Libor + 2.59		37,865		37,166
		₩	<u>171,493</u>	₩	<u>302,305</u>

Current maturities of long-term debts and debentures as of June 30, 2009 and December 31, 2008, consist of:

<i>(in millions of Korean won)</i>	June 30, 2009		December 31, 2008	
Debentures	₩	920,820	₩	150,000
Discount on debentures		(1,275)		(372)
		<u>919,545</u>		<u>149,628</u>
Long-term debts		128,470		125,750
	₩	<u>1,048,015</u>	₩	<u>275,378</u>

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9. Debentures and Long-Term Debts

Debentures as of June 30, 2009 and December 31, 2008, consist of:

<i>(in millions of Korean won)</i>	Annual interest rate (%) at June 30, 2009	June 30, 2009	December 31, 2008
Debentures			
Listed, non-guaranteed bonds	4.0 ~ 5.99	₩ 720,000	₩ 340,000
Fixed rate notes of US \$ 600 million (2008: US \$600 million)	5.0	770,820	754,500
Floating rate notes of US \$ 500 million (2008: US \$500 million)	3M Libor + 0.65	642,350	628,750
		2,133,170	1,723,250
Less: Current maturities		(920,820)	(150,000)
Discount on debentures		(4,003)	(4,815)
		₩ 1,208,347	₩ 1,568,435

Long-term debts as of June 30, 2009 and December 31, 2008, consist of:

<i>(in millions of Korean won)</i>	Annual interest rate(%) at June 30, 2009	June 30, 2009	December 31, 2008
Foreign currency loans¹			
Kookmin Bank	6M Libor + 0.8	₩ 128,470	₩ 125,750
The Korea Development Bank	3M Libor + 0.4	256,940	251,500
Local currency loans			
The Korea Development Bank	3M CD + 0.88~5.81	380,000	190,000
		765,410	567,250
Less: Current maturities		(128,470)	(125,750)
		₩ 636,940	₩ 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 June 30, 2009, are as follows:

<i>(in millions of Korean won)</i>				
Year ending June 30,	Debentures	Long-term debts	Total	
2011	₩ 190,000	₩ -	₩ 190,000	
2012	1,022,350	636,940	1,659,290	
	₩ 1,212,350	₩ 636,940	₩ 1,849,290	

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10. Commitments and Contingencies

As of June 30, 2009, the Company provided a note to a financial institution as collateral in relation to guarantees of indebtedness.

As of June 30, 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 June 30, 2009, the Company has bank overdraft facility agreements with various banks amounting to ₩250,500 million.

As of June 30, 2009, the trade bills negotiated through banks that have not matured amount to approximately ₩1,560,971 million.

As of June 30, 2009, the Company has sales agreements for export trade accounts receivable with various banks amounting to ₩8,235,346 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 June 30, 2009, the Company has corporate electronic settlement services contracts for payment of trade accounts payable with various banks of up to ₩965,450 million.

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As of June 30, 2009 and December 31, 2008, the Company is contingently liable for guarantees approximating ₩3,107,443 million (US\$ 2,419 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)	₩ 460,568	₩ 669,462
LG Electronics U.S.A., Inc. (LGEUS)	256,940	251,500
P.T. LG Electronics Indonesia (LGEIN)	227,714	279,637
LG Electronics Mlawa Sp.Zo.o. (LGEMA)	193,722	196,016
LG Electronics Thailand Co.,Ltd. (LGETH)	242,013	236,865
LG Electronics Tianjin Appliances Co., Ltd. (LGETA)	147,646	200,656
LG Electronics RUS, LLC (LGERA)	177,289	211,260
LG Electronics Monterrey Mexico S.A. de C.V. (LGEMM)	153,812	143,990
LG Electronics Nanjing Display Co., Ltd. (LGEND)	5,734	81,063
LG Electronics Wroclaw Sp.Zo.o. (LGEWR)	172,969	72,825
LG Electronics (China) Co., Ltd. (LGECH)	217,141	124,629
LG Electronics S.A. (Pty) Ltd. (LGESA)	82,438	76,686
LG Electronics Inc. Chile Ltda. (LGECL)	32,118	50,300
LG Electronics Peru S.A. (LGEPR)	20,555	70,420
LG Electronics Shenyang Inc. (LGESY)	48,819	82,366
Others (29 companies)	667,965	737,053
	<u>₩ 3,107,443</u>	<u>₩ 3,484,728</u>

As of June 30, 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\$122 million and ₩3,683 million as of June 30, 2009, excluding the claims from 16 intellectual property cases and 12 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 June 30, 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 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.

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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 suits 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 June 30, 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 these cases cannot be reasonably determined.

As of June 30, 2009, the Company is provided with a performance guarantee of ₩86,537 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 June 30, 2009, are as follows:

(in millions of Korean won)

Period	Amount
July 1, 2009 ~ June 30, 2010	₩ 15,308
July 1, 2010 ~ June 30, 2011	14,566
July 1, 2011 ~ June 30, 2012	15,338
July 1, 2012 ~ June 30, 2013	16,357
Thereafter	21,251
Total lease payments	₩ 82,820

11. Derivative Transactions

In order to reduce the impact of changes in interest rates and exchange rates, the Company has entered into cross interest rate swap and currency swap contracts. An unrealized valuation gain of ₩14,957 million and an unrealized valuation loss of ₩8,305 million were recorded for the six-month period ended June 30, 2009.

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A summary of the terms of the outstanding cross currency swap and interest rate swap contracts as of June 30, 2009, is as follows:

<i>(in millions)</i>	<u>Notional amount</u>		<u>Annual interest rate (%)</u>		Maturity
	Buy	Sell	Buy	Sell	
US\$/€ Swap	US\$300	€ 247	5.00	3.70	June 17, 2010

<i>(in millions)</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 derivative contracts, a realized gain of ₩24,936 million and a realized loss of ₩48,881 million were recorded as non-operating income and expense, respectively, on transactions of derivative for the six-month period ended June 30, 2009.

12. Provisions for other liabilities and charges

Changes in provisions for other liabilities and charges during the six-month period ended June 30, 2009, are as follows:

<i>(in millions of Korean won)</i>	December 31, 2008	Increase	Decrease	June 30, 2009
Product warranty reserve ¹	₩ 220,884	₩ 120,071	₩ (141,655)	₩ 199,300
Provisions for sales returns ²	-	992	-	992
Provisions for restoration ³	-	3,507	-	3,507

¹ As of June 30, 2009, the Company accrues product warranty reserve for the estimated costs of future service, repairs and recalls, based on historical experience and its terms of guarantees of one to two years.

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

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

The Company separately accrues reserve for contingent losses relating to the estimated costs of future claims.

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13. Capital Stock

Capital stock as of June 30, 2009 and December 31, 2008, consists of:

	Par value per share	June 30, 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 June 30, 2009. The Company intends to either grant these treasury shares to employees and directors as compensation, or to sell them in the future.

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 through March 22, 2012.

	Number of shares under SARs
Balance, January 1, 2009	307,500
Options cancelled	-
Options exercised	-
Balance, June 30, 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 53,500 shares were exercised.

Changes in compensation cost recognized in relation to the stock options during the six-month periods ended June 30, 2009 and 2008, are as follows:

(in millions of Korean won)	2009	2008
Beginning balance	₩ 1,900	₩ 11,256
Provisions during the period	12,013	10,571
Actual payments	-	(2,048)
Ending balance	<u>₩ 13,913</u>	<u>₩ 19,779</u>

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15. Comprehensive Income

Comprehensive income for the six-month periods ended June 30, 2009 and 2008, consists of:

<i>(in millions of Korean won)</i>	2009	2008
Net income	₩ 948,458	₩ 1,129,161
Other comprehensive income and expense		
Gain on valuation of equity-method investments net of tax effects of ₩4,678 (2008: ₩105,894)	66,256	392,801
Loss on valuation of equity-method investments net of tax effects of ₩37 (2008: ₩7,742)	(14,352)	84,807
Gain on valuation of available-for-sale securities net of tax effects of ₩(319) (2008: ₩(102))	(1,130)	(270)
Loss on valuation of available-for-sale securities net of tax effects of ₩212 in 2008	-	560
Comprehensive income	<u>₩ 999,232</u>	<u>₩ 1,607,059</u>

16. Retained Earnings

Retained earnings as of June 30, 2009 and December 31, 2008, consist of:

<i>(in million of Korean won)</i>	June 30, 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	948,556	732,121
Retained earnings	<u>₩ 5,008,448</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. Due to the 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.

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17. Earnings Per Share

Basic earnings per share for the three-month and six-month periods ended June 30, 2009 and 2008, is calculated as follows:

	2009		2008	
	Three-month period ended June 30, 2009	Six-month period ended June 30, 2009	Three-month period ended June 30, 2008	Six-month period ended June 30, 2008
Net income attributable to common stock ¹	₩1,023,647 million	₩846,900 million	₩631,340 million	₩1,008,326 million
Weighted average number of common stock outstanding ²	143,884,657	143,884,657	143,884,659	143,884,659
Basic earnings per share (in won)	₩ 7,114	₩ 5,886	₩ 4,388	₩ 7,008

¹ Net income attributable to common stocks are as follows:

	2009		2008	
	Three-month period ended June 30, 2009	Six-month period ended June 30, 2009	Three-month period ended June 30, 2008	Six-month period ended June 30, 2008
<i>(in million of Korean won)</i>				
Net income	₩ 1,146,096	₩ 948,458	₩ 706,943	₩ 1,129,161
Preferred stock dividends	(1,718)	(3,436)	(3,866)	(7,732)
Additional income available for dividends allocated to preferred stock	(120,731)	(98,122)	(71,737)	(113,103)
Net income attributable to common stock	₩ 1,023,647	₩ 846,900	₩ 631,340	₩ 1,008,326

² Weighted average numbers of common stock are calculated as follows:

	2009		2008	
	Three-month period ended June 30, 2009	Six-month period ended June 30, 2009	Three-month period ended June 30, 2008	Six-month period ended June 30, 2008
Beginning balance	144,647,814	144,647,814	144,647,814	144,647,814
Treasury shares	(763,157)	(763,157)	(763,155)	(763,155)
Weighted average number of common stock outstanding	143,884,657	143,884,657	143,884,659	143,884,659

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³ Basic earnings per share for the year ended December 31, 2008, and the three-month periods ended March 31, 2009, are as follows:

	December 31, 2008		March 31, 2009	
Basic earnings (loss) per share (in won)	₩	2,992	₩	(1,228)

18. Sales

Net sales for the three-month and six-month periods ended June 30, 2009 and 2008, consist of:

	2009		2008	
	Three-month period ended June 30, 2009	Six-month period ended June 30, 2009	Three-month period ended June 30, 2008	Six-month period ended June 30, 2008
<i>(in millions of Korean won)</i>				
Export sales	₩ 6,567,580	₩ 12,136,765	₩ 5,510,549	₩10,853,381
Domestic sales	2,528,962	4,428,261	2,095,833	4,007,592
	9,096,542	16,565,026	7,606,382	14,860,973
Sales deduction	(619,420)	(1,013,807)	(372,851)	(700,210)
Net sales	₩ 8,477,122	₩ 15,551,219	₩ 7,233,531	₩14,160,783

19. Cost of Sales

Cost of sales for the three-month and six-month periods ended June 30, 2009 and 2008, consists of:

	2009		2008	
	Three-month period ended June 30, 2009	Six-month period ended June 30, 2009	Three-month period ended June 30, 2008	Six-month period ended June 30, 2008
<i>(in millions of Korean won)</i>				
Beginning balance of inventories	₩ 356,584	₩ 412,235	₩ 514,516	₩ 436,493
Cost of goods manufactured or merchandise purchased ¹	6,313,546	11,683,583	5,612,622	11,177,061
Transfer from other accounts	11,951	22,651	83,053	162,927
Total	6,682,081	12,118,469	6,210,191	11,776,481
Transfer to other accounts	(41,392)	(75,811)	(429,183)	(853,903)
Ending balance of inventories	(343,576)	(343,576)	(517,305)	(517,305)
Cost of sales	₩ 6,297,113	₩ 11,699,082	₩ 5,263,703	₩10,405,273

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 and six-month periods ended June 30, 2009 and 2008, consist of:

<i>(in millions of Korean won)</i>	2009		2008	
	Three-month	Six-month	Three-month	Six-month
	period ended June 30, 2009	period ended June 30, 2009	period ended June 30, 2008	period ended June 30, 2008
Salaries	₩ 223,754	₩ 431,887	₩ 209,928	₩ 403,684
Severance benefits	17,067	35,729	25,184	49,164
Employee benefits	33,522	63,427	33,745	61,488
Freight expense	153,588	295,996	184,679	367,101
Rental expense	23,135	49,076	25,778	51,291
Commission expense	221,066	414,834	177,487	323,207
Depreciation	30,410	61,088	33,361	66,671
Amortization	24,116	51,922	28,323	49,204
Taxes and dues	2,389	5,103	2,387	4,126
Advertising expense	341,850	613,032	255,775	541,270
Promotional expense	52,917	68,642	85,351	94,401
Research and development costs	118,011	209,237	78,119	154,221
Product warranty expense	151,679	257,129	114,634	215,360
Others	72,099	143,445	80,239	175,242
	<u>₩ 1,465,603</u>	<u>₩ 2,700,547</u>	<u>₩ 1,334,990</u>	<u>₩ 2,556,430</u>

21. Related Party Transactions

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

	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 Co., Ltd (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 B.V. (LGEBN), LG Electronics Colombia Ltda. (LGECEB), LG Electronics Canada, Inc. (LGECEI), LG Electronics Inc. Chile Limitada (LGECECL), LG Electronics Deutschland GmbH(LGEDG), LG Electronics Espana S.A.(LGEES), LG Electronics France S.A.R.L. (LGEFS), LG Electronics Gulf FZE (LGEGF), 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

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Subsidiaries	Electronics Japan Inc. (LGEJP), LG Electronics (Kunshan) Computer Co., Ltd (LGEKS), LG Electronics (Levant)-Jordan (LGELF), LG Electronics European 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.D.E 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 (LGEPT), Quingdao 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. S.A. DEC.V.(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 Sweden 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 Taistar Electronics Taiwan Taipei Co., Ltd. (LGETT), LG Electronics United Kingdom Ltd. (LGEUK), LG Electronics U.S.A., (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 S.A.S. (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. (LGESC), LG Software PVT, Ltd. (LGS I), LG Electronics Wroclaw Sp. Zo.o.(LGEWR), LG Electronics Egypt Cairo S.A.E(LGEEC), 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(LGDDG), LG Display Taiwan Co., Ltd. (LGDTW), LG Display Nanjing Co., Ltd. (LGD NJ), LG Display Hong-Kong Co., Ltd. (LGDHK), 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(LGDSZ), LG Electronics Ukraine Co., Ltd. (LGEUR), 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 RUS-Marketing, LLC(LGERM), LG-SHAKER Co. Ltd.(LGESR), LG Electronics Wales Ltd.(LGEWA), LG Electronics(China) R&D Center(LGERD), 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., ADP Engineering Co.Ltd., LG Electronics Venezuela S.A., LG.Philips Display Holdings B.V.
Other related parties	LG Chem, LG Housys, LG Telecom, LG-Dacom, LG Household & Health Care Ltd., LG Life Sciences Ltd., LG Siltron, LG CNS, LGMMA, Serveone, Rusem, LG Economic Research Institute, LG Sports, LG Solar Energy Co., LG-Hitachi, LG international Corp.

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Significant transactions, which occurred in the normal course of business with related companies for the six-month periods ended June 30, 2009 and 2008, and their related balances as of June 30, 2009 and December 31, 2008, are as follows:

	Sales¹	Purchases¹	Receivables	Payables
<i>(in millions of Korean won)</i>				
Parent company	₩ 395	₩ 62,219	₩ 14,611	₩ 4,176
Subsidiaries	11,807,261	1,725,587	2,942,632	1,340,839
Equity-method investees	560,420	30,039	104,754	15,146
Other related parties	392,545	618,338	284,178	176,470
2009	<u>₩ 12,760,621</u>	<u>₩ 2,436,183</u>	<u>₩ 3,346,175</u>	<u>₩ 1,536,631</u>
2008	<u>₩ 10,996,953</u>	<u>₩ 2,527,576</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 ₩44,064 million (2008 : ₩38,528 million), while the purchases amount for 2009 above includes purchases of certain property, plant and equipment to a subsidiary totaling ₩38,076 million (2008 : ₩37,342 million)

Details of the compensation for key management are as follows:

<i>(in millions of Korean won)</i>	2009	2008
Short-term salaries	₩ 5,960	₩ 9,344
Long-term salaries	1,370	-
Severance benefits	2,737	1,695
Share-based compensation	4,512	3,684
	<u>₩ 14,579</u>	<u>₩ 14,723</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 six-month period ended June 30, 2009, are as follows:

<i>(in millions of Korean won)</i>	Total	Business Division					
		Home Entertainment	Mobile Communications	Home Appliance	Air Conditioning	Business Solution	Supporting Division
Sales							
External sales	₩15,551,219	₩ 3,203,328	₩ 8,242,342	₩2,065,720	₩ 1,401,869	₩ 366,355	₩ 271,605
Inter-division sales	297,436	31,920	18,692	70,123	3,870	69,546	103,285
	<u>₩15,848,655</u>	<u>₩ 3,235,248</u>	<u>₩ 8,261,034</u>	<u>₩2,135,843</u>	<u>₩ 1,405,739</u>	<u>₩ 435,901</u>	<u>₩ 374,890</u>
Operating income (loss)	<u>₩ 1,151,590</u>	<u>₩ (92,234)</u>	<u>₩ 859,793</u>	<u>₩ 296,710</u>	<u>₩ 175,860</u>	<u>₩ (80,382)</u>	<u>₩ (8,157)</u>
Property, plant and equipment	₩ 3,594,234	₩ 1,153,067	₩ 502,190	₩ 535,901	₩ 269,372	₩ 7,907	₩1,125,797
Intangible assets	457,664	57,774	73,042	49,411	12,570	3,608	261,259
	<u>₩ 4,051,898</u>	<u>₩ 1,210,841</u>	<u>₩ 575,232</u>	<u>₩ 585,312</u>	<u>₩ 281,942</u>	<u>₩ 11,515</u>	<u>₩1,387,056</u>
Depreciation and amortization	<u>₩ 329,877</u>	<u>₩ 140,396</u>	<u>₩ 54,386</u>	<u>₩ 41,965</u>	<u>₩ 16,945</u>	<u>₩ 1,728</u>	<u>₩ 74,457</u>

Financial data by business division as of and for the six-month period ended June 30, 2008, were as follows:

<i>(in millions of Korean won)</i>	Total	Business Division					
		Home Entertainment	Mobile Communications	Home Appliance	Air Conditioning	Business Solution	Supporting Division
Sales							
External sales	₩ 14,160,763	₩ 3,009,682	₩ 7,111,321	₩1,909,936	₩ 1,469,938	₩ 461,412	₩ 198,474
Inter-division sales	133,553	13,092	21,601	3,257	6,048	152	89,403
	<u>₩ 14,294,316</u>	<u>₩ 3,022,774</u>	<u>₩ 7,132,922</u>	<u>₩1,913,193</u>	<u>₩ 1,475,986</u>	<u>₩ 461,564</u>	<u>₩ 287,877</u>
Operating income (loss)	<u>₩ 1,199,060</u>	<u>₩ (181,167)</u>	<u>₩ 1,010,341</u>	<u>₩ 168,788</u>	<u>₩ 224,301</u>	<u>₩ (17,862)</u>	<u>₩ (5,341)</u>
Property, plant and equipment	₩ 3,852,169	₩ 1,556,675	₩ 357,788	₩ 548,305	₩ 286,021	₩ 2,900	₩1,100,480
Intangible assets	464,564	59,287	70,872	41,959	12,189	139	280,118
	<u>₩ 4,316,733</u>	<u>₩ 1,615,962</u>	<u>₩ 428,660</u>	<u>₩ 590,264</u>	<u>₩ 298,210</u>	<u>₩ 3,039</u>	<u>₩1,380,598</u>
Depreciation and amortization	<u>₩ 358,825</u>	<u>₩ 136,381</u>	<u>₩ 68,865</u>	<u>₩ 44,481</u>	<u>₩ 15,541</u>	<u>₩ 1,547</u>	<u>₩ 92,010</u>

During the six-month period ended June 30, 2009, the Company restructured its business divisions and reclassified the financial statements for the six-month period ended June 30, 2008.

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Financial data by geographic area for the six-month period ended June 30, 2009, are as follows:

<i>(in millions of Korean won)</i>	Total	Domestic	North America	Europe	Central & South America	Central Asia & Africa	Asia	Oceania	Others
Sales									
External sales	₩15,551,219	₩ 3,684,424	₩4,878,246	₩1,995,117	₩ 745,333	₩1,149,819	₩ 2,620,666	₩ 293,246	₩ 184,368
Inter-division sales	297,436	297,436	-	-	-	-	-	-	-
	<u>₩15,848,655</u>	<u>₩ 3,981,860</u>	<u>₩4,878,246</u>	<u>₩1,995,117</u>	<u>₩ 745,333</u>	<u>₩1,149,819</u>	<u>₩ 2,620,666</u>	<u>₩ 293,246</u>	<u>₩ 184,368</u>
Ratio (%)	<u>100%</u>	<u>24%</u>	<u>31%</u>	<u>13%</u>	<u>5%</u>	<u>7%</u>	<u>17%</u>	<u>2%</u>	<u>1%</u>

Financial data by geographic area for the six-month period ended June 30, 2008, were as follows:

<i>(in millions of Korean won)</i>	Total	Domestic	North America	Europe	Central & South America	Central Asia & Africa	Asia	Oceania	Others
Sales									
External sales	₩14,160,763	₩3,365,737	₩4,178,194	₩1,863,013	₩ 754,760	₩795,130	₩2,602,908	₩ 223,911	₩377,110
Inter-division sales	133,553	133,553	-	-	-	-	-	-	-
	<u>₩14,294,316</u>	<u>₩3,499,290</u>	<u>₩4,178,194</u>	<u>₩1,863,013</u>	<u>₩ 754,760</u>	<u>₩795,130</u>	<u>₩2,602,908</u>	<u>₩ 223,911</u>	<u>₩377,110</u>
Ratio (%)	<u>100%</u>	<u>24%</u>	<u>29%</u>	<u>13%</u>	<u>5%</u>	<u>6%</u>	<u>18%</u>	<u>2%</u>	<u>3%</u>

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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 June 30, 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.

24. Subsequent event

On July 1, 2009, LG Innotek Co., Ltd. merged with LG Micron Ltd. as approved by the two companies' boards on April 2, 2009, and ratified by their shareholders on May 19, 2009.