

LG Electronics Inc.

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

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

Samil PricewaterhouseCoopers

Seoul, Korea
November 5, 2009

This report is effective as of November 5, 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
September 30, 2009 and December 31, 2008
(Unaudited)

(in millions of Korean won)

	2009	2008
Assets		
Current assets		
Cash and cash equivalents	₩ 1,430,470	₩ 1,156,645
Short-term financial instruments	-	50,000
Trade accounts and notes receivable, net (Notes 10 and 21)	5,544,560	1,434,280
Inventories, net (Note 4)	1,037,322	901,121
Other accounts receivable, net	209,410	237,940
Prepaid expenses	199,247	154,323
Accrued income, net	104,071	134,137
Advances, net	80,314	79,471
Derivative transaction assets (Note 11)	-	5,371
Deferred income tax assets	312,871	290,323
Other current assets, net	83,510	74,027
Total current assets	9,001,775	4,517,638
Property, plant and equipment, net (Notes 6 and 22)	3,568,304	3,710,704
Long-term financial instruments (Note 3)	22,524	25,037
Long-term investment securities	12,686	12,079
Equity-method investments (Note 5)	8,075,887	7,760,488
Refundable deposits	313,885	325,201
Long-term advance payments, net	270,828	233,256
Long-term prepaid expenses	170,756	201,029
Long-term loans receivable, net	96,614	75,900
Intangible assets, net (Notes 7 and 22)	451,903	470,610
Other investment assets	5,943	5,939
Total assets	₩ 21,991,105	₩ 17,337,881

LG Electronics Inc.
Non-Consolidated Statements of Financial Position
September 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)	₩ 164,283	₩ 302,305
Current maturities of long-term debts, net (Note 8)	712,426	275,378
Trade accounts and notes payable (Note 21)	4,609,634	2,149,433
Other accounts payable	965,304	1,286,398
Income taxes payable	42,171	96,751
Accrued expenses	1,694,716	1,160,641
Withholdings	61,478	70,403
Unearned income	55,590	63,054
Advances from customers	290,967	263,159
Derivative instrument liabilities (Note 11)	70,948	53,182
Product warranty reserve (Note 12)	193,894	220,884
Provisions for sales return (Note 12)	1,143	-
Total current liabilities	8,862,554	5,941,588
Debentures, net (Note 9)	1,350,258	1,568,435
Long-term debts, net (Note 9)	617,740	441,500
Accrued severance benefits, net	200,891	228,984
Deferred income tax liabilities	905,667	621,153
Derivative instrument liabilities (Note 11)	68,673	129,416
Provisions for restoration (Notes 6 and 12)	3,411	-
Total liabilities	12,009,194	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	456,989	443,992
Capital adjustments		
Treasury stock (Note 13)	(44,893)	(44,893)
Accumulated other comprehensive income		
Gain on valuation of available-for-sale securities	3,370	4,235
Gain on valuation of equity-method investments	768,760	886,794
Loss on valuation of equity-method investments	(35,024)	(17,634)
Retained earnings (Note 16)		
Statutory reserve	110,549	104,826
Discretionary reserve	3,949,343	3,280,276
Unappropriated retained earnings	1,755,729	732,121
Total shareholders' equity	9,981,911	8,406,805
Total liabilities and shareholders' equity	₩ 21,991,105	₩ 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 Nine-Month Periods Ended September 30, 2009 and 2008
(Unaudited)

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

	2009		2008	
	For the three-month period ended September 30, 2009	For the nine-month period ended September 30, 2009	For the three-month period ended September 30, 2008	For the nine-month period ended September 30, 2008
Sales, net (Notes 18, 21 and 22)	₩ 7,865,745	₩ 23,416,964	₩ 6,886,703	₩ 21,047,466
Cost of sales (Notes 19 and 21)	5,906,444	17,605,526	5,166,494	15,571,767
Gross profit	1,959,301	5,811,438	1,720,209	5,475,699
Selling and administrative expenses (Note 20)	1,356,526	4,057,073	1,382,616	3,939,046
Operating income	602,775	1,754,365	337,593	1,536,653
Non-operating income				
Interest income	12,346	39,985	23,306	57,307
Rent income	5,043	17,895	7,810	24,406
Foreign exchange gains	377,569	1,579,299	193,260	378,318
Gain on disposal of investment securities	-	6,060	1,276	55,139
Gain on disposal of property, plant and equipment	2,528	7,804	6,575	8,452
Gain on valuation of equity-method investments (Note 5)	367,469	884,165	147,923	1,128,134
Gain on settlement of derivatives (Note 11)	3,615	28,551	12,711	38,563
Gain on valuation of derivatives (Note 11)	-	11,164	5,291	5,366
Other	12,465	55,475	11,159	21,571
	781,035	2,630,398	409,311	1,717,256
Non-operating expenses				
Interest expense	27,746	82,077	23,945	74,886
Foreign exchange losses	291,109	1,505,309	546,556	1,038,615
Donations	771	3,740	1,675	5,607
Loss from disposal of property, plant and equipment	796	13,442	2,802	4,974
Loss from disposal of intangible assets	-	2,200	11	4,416
Loss from transfer of accounts receivable	7,868	65,253	36,343	109,832
Loss on impairment of investment securities	-	37,577	-	963
Loss on impairment of property, plant and equipment	-	33	17,189	61,263
Loss on equity-method investments (Note 5)	-	266,961	23,202	242,965
Loss on settlement of derivatives (Note 11)	2,653	51,534	35,048	97,189
Loss on valuation of derivatives (Note 11)	16,857	21,369	19,161	81,763
Other depreciation	8,464	37,051	6,976	22,853
Other	595	6,920	17	52,034
	356,859	2,093,466	712,925	1,797,360
Income before income tax	1,026,951	2,291,297	33,979	1,456,549
Income tax expense	219,778	535,666	9,094	302,503
Net income	₩ 807,173	₩ 1,755,631	₩ 24,885	₩ 1,154,046
Basic earnings per share (in won) (Note 17)	₩ 5,010	₩ 10,896	₩ 153	₩ 7,161

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
Nine-Month periods Ended September 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	-	-	-	-	1,154,046	1,154,046
Change in capital surplus	-	46,994	-	-	-	46,994
Change in equity method investees with accumulated comprehensive income	-	-	-	536,962	-	536,962
Change in equity method investees with accumulated comprehensive expense	-	-	-	111,980	-	111,980
Loss on valuation of available-for-sale securities	-	-	-	(563)	-	(563)
Balance at September 30, 2008	₩ 809,169	₩ 2,606,599	₩ (44,893)	₩ 747,347	₩ 4,829,370	₩ 8,947,592
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	-	-	-	-	1,755,631	1,755,631
Change in capital surplus	-	12,997	-	-	-	12,997
Change in equity method investees with accumulated comprehensive income	-	-	-	(118,034)	-	(118,034)
Change in equity method investees with accumulated comprehensive expense	-	-	-	(17,390)	-	(17,390)
Loss on valuation of available-for-sale securities	-	-	-	(865)	-	(865)
Balance at September 30, 2009	₩ 809,169	₩ 2,664,908	₩ (44,893)	₩ 737,106	₩ 5,815,621	₩ 9,981,911

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
Nine-Month periods Ended September 30, 2009 and 2008
(Unaudited)

<i>(in millions of Korean won)</i>	2009	2008
Cash flows from operating activities		
Net income	₩ 1,755,631	₩ 1,154,046
Adjustments to reconcile net income		
to net cash provided by operating activities		
Depreciation	391,661	447,088
Amortization	101,082	91,675
Bad debts expense	6,394	8,254
Loss (gain) on foreign currency translation, net	(107,908)	510,146
Provision for severance benefits	121,338	140,615
Loss (gain) on disposal of property, plant and equipment, net	5,638	(3,478)
Loss from disposal of intangible assets	2,200	4,416
Loss from transfer of trade accounts receivable	65,253	109,832
Loss on impairment of investment securities	37,577	963
Loss on impairment of property, plant and equipment	33	61,263
Gain on valuation of equity-method investments, net	(617,204)	(885,169)
Loss on settlement of derivatives, net	22,983	58,626
Loss on valuation of derivatives, net	10,205	76,397
Provision for product warranty, net	237,455	296,396
Gain from disposal of investment securities, net	(6,060)	(55,139)
Other	2,188	27,892
	<u>272,835</u>	<u>889,777</u>
Changes in operating assets and liabilities		
Increase in trade accounts and notes receivable	(4,321,005)	(1,056,363)
Decrease (increase) in other accounts receivable	27,965	(72,428)
Decrease (increase) in accrued income	14,539	(72,150)
Decrease (increase) in advances	(2,728)	9,867
Decrease (increase) in other current assets	(5,660)	26,180
Increase in inventories	(136,201)	(206,351)
Increase in prepaid expenses	(44,925)	(44,936)
Increase in long-term advance payments	(81,875)	(55,634)
Decrease (increase) in long-term prepaid expenses	30,273	(54,702)
Increase in deferred income tax assets	(22,548)	(253,384)
Increase in trade accounts and notes payable	2,577,366	759,104
Decrease in other accounts payable	(304,162)	(224,277)
Increase in accrued expenses	555,431	581,059
Increase (decrease) in withholdings	(8,923)	3,324
Increase in advances from customers	27,808	83,601
Increase (decrease) in income taxes payable	(54,580)	230,545
Decrease in product warranty reserve	(264,445)	(262,768)
Payment of severance benefits	(191,586)	(126,428)
Increase (decrease) in severance insurance deposits	58,663	(2,013)
Decrease in contribution to the National Pension Fund	1,563	2,261
Increase in deferred income tax liabilities	330,417	247,724
Dividends received	142,042	120,579
Others	(10,098)	(3,673)
	<u>(1,682,669)</u>	<u>(370,863)</u>
Net cash provided by operating activities	<u>345,797</u>	<u>1,672,960</u>

LG Electronics Inc.
Non-Consolidated Statements of Cash Flows
Nine-Month periods Ended September 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	31,937	22,488
Disposal of short-term and long-term loans	22,143	46,891
Return of refundable deposits	36,678	48,305
Disposal of investment securities	436	71,225
Proceeds from disposal of property, plant and equipment	124,047	212,392
Proceeds from disposal of intangible assets	6,186	5,026
Proceeds from disposal of derivatives	33,922	39,229
Proceeds from business transfer	-	56,859
Acquisition of short-term financial instruments	-	(110,000)
Acquisition of long-term financial instruments	(29,425)	(21,662)
Increase in short-term and long-term loans	(46,721)	(33,459)
Acquisition of investment securities	(47,434)	(31,600)
Payment of refundable deposits	(25,317)	(46,727)
Acquisition of property, plant and equipment	(403,087)	(560,134)
Acquisition of intangible assets	(15,474)	(42,907)
Acquisition of derivatives	(104,716)	(134,977)
Other	365	955
Net cash used in investing activities	<u>(366,460)</u>	<u>(478,096)</u>
Cash flows from financing activities		
Issuance of short-term borrowings	-	244,870
Issuance of debentures	567,984	-
Issuance of long-term debts	190,000	-
Payment of short-term borrowings	(130,513)	(140,000)
Payment of dividends	(57,233)	(137,765)
Payment of current maturities of long-term debts	(275,750)	(281,460)
Net cash provided by (used in) financing activities	<u>294,488</u>	<u>(314,355)</u>
Net increase in cash and cash equivalents	273,825	880,509
Cash and cash equivalents		
Beginning of the period	1,156,645	532,371
End of the period	<u>₩ 1,430,470</u>	<u>₩ 1,412,880</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
September 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 September 30, 2009, the Company's main manufacturing facilities are in Pyeongtaek, Chongju, Gumi and Changwon in the Republic of Korea.

As of September 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 depositary 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 nine-month period ended September 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 September 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 of Korea. The withdrawal of these financial instruments is restricted.

4. Inventories

Inventories as of September 30, 2009 and December 31, 2008, consist of the following:

	September 30, 2009		
	Acquisition cost	Inventory valuation allowance	Carrying value
<i>(in millions of Korean won)</i>			
Merchandise	₩ 52,386	₩ (3,388)	₩ 48,998
Finished products	369,623	(19,310)	350,313
Work-in-process	133,604	(1,619)	131,985
Raw materials	435,936	(22,020)	413,916
Parts and supplies	101,344	(9,234)	92,110
	<u>₩ 1,092,893</u>	<u>₩ (55,571)</u>	<u>₩ 1,037,322</u>

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<i>(in millions of Korean won)</i>	December 31, 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 nine-month period ended September 30, 2009, are as follows:

<i>(in millions of Korean won)</i>	Percentage of ownership (%) at September 30, 2009	Acquisition cost	December 31, 2008	Equity in earnings (losses) of associates, net ¹	Other	September 30, 2009
Domestic companies						
LG Innotek Co., Ltd. ²	50.56	₩ 252,102	₩ 411,844	₩ 49,227	₩ (2,963)	₩ 458,108
Hankuk Electric Glass Co., Ltd.	20.00	119,282	84,006	(25,585)	(16)	58,405
LG Display Co., Ltd.	37.90	679,218	3,480,623	231,476	(83,848)	3,628,251
Hi Plaza Inc.	100.00	100,511	104,459	(9,666)	(199)	94,594
Hi Business Logistics	100.00	8,000	31,996	6,116	(940)	37,172
LG-Nortel Co., Ltd.	50.00	153,254	263,503	36,703	(36,193)	264,013
Korea Information Certificate Authority Inc.	9.27	1,852	2,242	239	(108)	2,373
LG fund for small and medium enterprises	50.00	12,500	10,958	36	(27)	10,967
Innovation Investment Fund	83.33	15,000	14,803	(254)	-	14,549
System Air-con Engineering Ltd.	100.00	1,854	1,854	-	-	1,854
ADP Engineering Co., Ltd. ³	5.82	5,549	-	(808)	5,413	4,605
		1,349,122	4,406,288	287,484	(118,881)	4,574,891

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Overseas companies

LG Electronics Huizhou Inc. (LGEHZ)	80.00	1,277	41,984	12,678	(7,779)	46,883
LG Electronics Nanjing Display Co., Ltd. (LGEND)	70.00	9,367	38,744	5,461	(3,291)	40,914
LG Electronics Shenyang Inc. (LGESY)	78.87	11,149	66,668	4,160	(8,523)	62,305
LG Electronics Tianjin Appliance Co., Ltd. (LGETA)	80.00	42,948	161,331	38,371	(15,254)	184,448
Taizhou LG Electronics Refrigeration Co., Ltd. (LGETR)	100.00	72,129	97,608	14,690	(7,745)	104,553
LG Electronics India Pvt. Ltd. (LGEIL)	100.00	38,476	311,746	77,011	(25,596)	363,161
PT LG Electronics Indonesia. (LGEIN)	100.00	79,946	94,124	8,927	(7,492)	95,559
LG Electronics Panama S.A.(LGEPS)	100.00	18,222	79,222	6,660	(3,264)	82,618
LG Electronics U.S.A., Inc. (LGEUS)	100.00	148,109	955,542	67,891	(73,063)	950,370
LG Electronics European Holdings B.V. (LGEEH)	100.00	83,324	148,552	(37,183)	(4,253)	107,116
LG Electronics Mlawa SP.Zo.O. (LGEMA)	100.00	133,618	214,091	74,566	(6,659)	281,998
LG Electronics Mexico S.A. de C.V. (LGEMS)	100.00	103,808	68,720	(26,310)	(485)	41,925
LG Electronics de Sao Paulo Ltd. (LGESP)	100.00	112,491	270,631	(31,221)	66,697	306,107
Other ^{4,5}	-	846,635	805,237	114,019	(86,217)	833,039
		<u>1,701,499</u>	<u>3,354,200</u>	<u>329,720</u>	<u>(182,924)</u>	<u>3,500,996</u>
		<u>₩ 3,050,621</u>	<u>₩ 7,760,488</u>	<u>₩ 617,204</u>	<u>₩ (301,805)</u>	<u>₩8,075,887</u>

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

² During the nine-month period ended September 30, 2009, LG Innotek Co., Ltd. merged with LG Micron Ltd. Accordingly, the acquisition cost and book value of LG Micron Ltd. as of December 31, 2008 were combined to those of LG Innotek Co., Ltd.

³ During the nine-month period ended September 30, 2009, it is reclassified as equity-method investments from long-term investment securities, increasing the acquisition cost to ₩5,549 million.

⁴ During the nine-month period ended September 30, 2009, the Company acquired additional shares of LG Holdings (HK) Ltd. and LGEEG, which increased their acquisition cost to ₩43,634 million.

⁵ During the nine-month period ended September 30, 2009, the Company invested ₩29 million to establish LGEVZ.

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

<i>(in millions of Korean won)</i>	Percentage of ownership(%) at September 30, 2008	Acquisition cost	January 1, 2008	Equity in earnings (losses) of associates ¹	Other	September 30, 2008
Domestic companies						
LG Micron Ltd.	52.02	₩ 192,278	₩ 99,078	₩ 2,281	₩ 87,284	₩ 188,643
LG Innotek Co., Ltd.	50.06	59,825	189,515	38,873	25,969	254,357
Hankuk Electric Glass Co., Ltd.	20.00	119,282	82,608	7,553	(4,419)	85,742
LG Display Co., Ltd.	37.90	679,218	3,072,004	660,056	(67,069)	3,664,991
Hi Plaza Inc.	100.00	100,511	109,100	(5,882)	-	103,218
Hi Business Logistics	100.00	8,000	21,800	5,760	3,026	30,586
LG-Nortel Co., Ltd.	50.00	153,254	231,934	81,764	1,242	314,940
Korea Information Certificate Authority Inc.	9.27	1,852	1,940	190	(11)	2,119
LG fund for small and medium enterprises	50.00	10,000	8,858	391	-	9,249
Innovation Investment Fund	83.33	10,000	9,858	(268)	-	9,590
System Air-con Engineering Ltd.	100.00	1,854	1,854	-	-	1,854
		<u>1,336,074</u>	<u>3,828,549</u>	<u>790,718</u>	<u>46,022</u>	<u>4,665,289</u>
Overseas companies						
LG Electronics Huizhou Inc. (LGEHZ)	80.00	1,277	29,204	4,821	4,070	38,095
LG Electronics Nanjing Display Co., Ltd. (LGEND)	70.00	9,367	23,928	5,303	7,623	36,854
LG Electronics Shenyang Inc.(LGESY)	78.87	11,149	33,228	11,927	13,701	58,856
LG Electronics Tianjin Appliance Co., Ltd. (LGETA)	80.00	42,948	114,618	(4,039)	38,918	149,497
Taizhou LG Electronics Refrigeration Co., Ltd. (LGETR)	100.00	72,129	54,370	15,923	24,313	94,606
LG Electronics India Pvt. Ltd. (LGEIL)	100.00	38,476	247,944	27,299	19,156	294,399
PT LG Electronics Indonesia. (LGEIN)	100.00	79,946	63,985	13,161	24,721	101,867
LG Electronics Panama S.A.(LGEPS)	100.00	18,222	44,334	18,567	15,650	78,551
LG Electronics U.S.A., Inc. (LGEUS)	100.00	148,109	588,990	73,389	193,419	855,798
LG Electronics European Holdings B.V. (LGEEH)	100.00	83,324	95,049	(101,260)	81,310	75,099
LG Electronics Mlawa SP.Zo.O. (LGEMA)	100.00	133,618	130,831	53,735	50,233	234,799
LG Electronics Mexico S.A. de C.V. (LGEMS)	100.00	103,807	107,235	911	51,356	159,502
LG Electronics de Sao Paulo Ltd. (LGESP)	100.00	112,491	299,314	(1,285)	26,058	324,087
Other		799,005	646,049	(24,001)	232,534	854,582
		<u>1,653,868</u>	<u>2,479,079</u>	<u>94,451</u>	<u>783,062</u>	<u>3,356,592</u>
		<u>₩ 2,989,942</u>	<u>₩ 6,307,628</u>	<u>₩ 885,169</u>	<u>₩ 829,084</u>	<u>₩8,021,881</u>

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

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As of September 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			September 30, 2009	
	Accumulated	losses	Increase (Decrease)	Accumulated losses	Accumulated capital adjustment ¹
LG Electronics Almaty Kazakstan (LGEAK)	₩	-	₩ 5,865	₩ 5,865	₩ -
LG Electronics Australia Pty, Ltd.(LGEAP)			763	763	
LG Electronics Malaysia SDN.BHD (LGEML)		-	7,158	7,158	-
LG Electronics HK Ltd.(LGEHK)		1,241	1,020	2,261	(260)
LG Electronics China Co., Ltd.(LGECH)		9,640	(9,640)	-	-
LG Electronics Philippines, Inc.(LGEPH)		-	1,517	1,517	-
LG Electronics Overseas Trading FZE (LGEOT)		47,485	40,473	87,958	-
LG Electronics Argentina S.A. (LGEAR)		143	167	310	(39)
Equity-method investees of LGEWA ²		328,704	-	328,704	(50,622)
LG Electronics S.A. (Pty) Ltd.(LGESA)		2,921	10,248	13,169	(4,291)
LG Electronics RUS, LLC (LGERA)		14,070	(14,070)	-	-
	₩	404,204	₩ 43,501	₩ 447,705	₩ (55,212)

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

<i>(in millions of Korean won)</i>	September 30,2009	December 31, 2008
Buildings	₩ 2,293,952	₩ 2,030,189
Structures	154,086	152,932
Machinery and equipment	1,817,987	2,018,136
Tools	1,208,256	1,172,765
Furniture and fixtures	413,869	504,030
Vehicles	67,775	69,277
Leasehold improvements ¹	3,411	-
	5,959,336	5,947,329
Less : Accumulated depreciation	(3,188,014)	(3,151,614)
Accumulated impairment loss	(71)	(31,105)
	2,771,251	2,764,610
Land	607,429	615,354
Trees	4,740	4,740
Construction-in-progress	157,917	324,879
Machinery-in-transit	26,967	1,121
	₩ 3,568,304	₩ 3,710,704

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- ¹ As 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 ₩3,411 million (Note 12).

7. Intangible Assets

Intangible assets as of September 30, 2009 and December 31, 2008, consist of:

<i>(in millions of Korean won)</i>	September 30, 2009		December 31, 2008	
Goodwill	₩	18,009	₩	34,097
Industrial property rights		214,297		200,819
Development costs		157,380		167,284
Others		62,217		68,410
	₩	<u>451,903</u>	₩	<u>470,610</u>

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

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

<i>(in millions of Korean won)</i>	Annual interest rate (%) at September 30, 2009	September 30, 2009		December 31, 2008	
Foreign currency borrowings	-	₩	-	₩	125,750
Foreign currency borrowings	3M LIBOR + 1.125		131,880		139,389
Foreign currency borrowings	3M LIBOR + 1.53		32,403		37,166
		₩	<u>164,283</u>	₩	<u>302,305</u>

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

<i>(in millions of Korean won)</i>	September 30, 2009		December 31, 2008	
Debentures	₩	713,220	₩	150,000
Discount on debentures		(794)		(372)
		<u>712,426</u>		<u>149,628</u>
Long-term debts		-		125,750
	₩	<u>712,426</u>	₩	<u>275,378</u>

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9. Debentures and Long-Term Debts

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

<i>(in millions of Korean won)</i>	Annual interest rate (%) at September 30, 2009	September 30, 2009	December 31, 2008
Debentures			
Listed, non-guaranteed bonds	4.30 ~ 5.99	₩ 760,000	₩ 340,000
Fixed rate notes of US \$ 600 million (2008: US \$600 million)	5.0	713,220	754,500
Floating rate notes of US \$ 500 million (2008: US \$500 million)	3M Libor + 0.65	594,350	628,750
		2,067,570	1,723,250
Less: Current maturities		(713,220)	(150,000)
Discount on debentures		(4,092)	(4,815)
		₩ 1,350,258	₩ 1,568,435

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

<i>(in millions of Korean won)</i>	Annual interest rate(%) at September 30, 2009	September 30, 2009	December 31, 2008
Foreign currency loans¹			
Kookmin Bank		₩ -	₩ 125,750
The Korea Development Bank	3M LIBOR+0.4	237,740	251,500
Local currency loans			
The Korea Development Bank	3M CD + 0.88~5.81	380,000	190,000
		617,740	567,250
Less: Current maturities		-	(125,750)
		₩ 617,740	₩ 441,500

¹ As of September 30, 2009, total face value is US \$200 million (2008: US \$300 million).

The maturities of debentures and long-term debts outstanding as of September 30, 2009, are as follows:

<i>(in millions of Korean won)</i>	Year ending September 30,		Total	
	Debentures	Long-term debts		
2011	₩ 380,000	₩ -	₩ 380,000	
2012	974,350	617,740	1,592,090	
	₩ 1,354,350	₩ 617,740	₩ 1,972,090	

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10. Commitments and Contingencies

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

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

As of September 30, 2009, the trade bills negotiated through banks that have not matured amount to approximately ₩1,088,075 million.

As of September 30, 2009, the Company has sales agreements for export trade accounts receivable with various banks amounting to ₩7,632,658 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 Kookmin Bank and Citibank Korea of each up to ₩100,000 million.

As of September 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 September 30, 2009 and December 31, 2008, the Company is contingently liable for guarantees approximating ₩ 2,777,401 million (US\$ 2,337 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)	₩ 423,911	₩ 669,462
LG Electronics U.S.A., Inc. (LGEUS)	237,740	251,500
P.T. LG Electronics Indonesia (LGEIN)	160,475	279,637
LG Electronics Ticaret A.S. (LGETK)	138,948	100,600
LG Electronics Thailand Co.,Ltd. (LGETH)	223,917	236,865
LG Electronics Tianjin Appliances Co., Ltd. (LGETA)	121,247	200,656
LG Electronics RUS, LLC (LGERA)	128,380	211,260
LG Electronics Monterrey Mexico S.A. de C.V. (LGEMM)	176,278	143,990
LG Electronics Mexico S.A.DE C.V. (LGEMS)	126,640	56,088
LG Electronics Wroclaw Sp.Zo.o. (LGEWR)	164,168	72,825
LG Electronics (China) Co., Ltd. (LGECH)	190,001	124,629
LG Electronics S.A. (Pty) Ltd. (LGESA)	47,548	76,686
TaiZhou LG Electronics Refrigeration Co., Ltd (LGETR)	81,426	98,331
LG Electronics Peru S.A. (LGEPR)	66,567	70,420
LG Electronics Shenyang Inc. (LGESY)	68,945	82,366
Other (29 companies)	421,210	809,413
	<u>₩ 2,777,401</u>	<u>₩ 3,484,728</u>

As of September 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\$351 million and ₩3,817 million as of September 30, 2009, excluding the claims from 16 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 September 30, 2009, the Company has been named as a 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 the Court of Quebec in the Quebec 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

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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 and a hearing was held by the European Commission on this issue. In addition, LG Display Co., Ltd., along with a number of other companies in the LCD industry, has been named as defendants 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 of its officers and directors have been named as defendants in a federal class action suit in the United States by its shareholders alleging violations of the U.S. Securities Exchange Act of 1934, in connection with possible anti-competitive activities in the LCD industry. LG Display Co., Ltd. recognized estimated loss in relation to the aforementioned investigation and legal suits.

As of September 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 September 30, 2009, the Company is provided with a performance guarantee of ₩83,612 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 September 30, 2009, are as follows:

(in millions of Korean won)

Period	Amount
October 1, 2009 - September 30, 2010	₩ 14,443
October 1, 2010 - September 30, 2011	14,061
October 1, 2011 - September 30, 2012	15,256
October 1, 2012 - September 30, 2013	13,663
Thereafter	11,047
Total lease payments	₩ 68,460

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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 ₩11,164 million and an unrealized valuation loss of ₩21,369 million were recorded for the nine-month period ended September 30, 2009.

A summary of the terms of the outstanding cross currency swap and interest rate swap contracts as of September 30, 2009, 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 ₩28,551 million and a realized loss of ₩51,534 million were recorded as non-operating income and expense, respectively, on derivative transactions for the nine-month period ended September 30, 2009.

12. Provisions for other liabilities and charges

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

<i>(in millions of Korean won)</i>	December 31, 2008	Increase	Decrease	September 30, 2009
Product warranty reserve ¹	₩ 220,884	₩ 237,455	₩ 264,445	₩ 193,894
Provisions for sales returns ²	-	1,143	-	1,143
Provisions for restoration ³	-	3,507	96	3,411

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

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

³ As 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).

In addition to aforementioned provisions, the Company separately accrues a reserve for contingent losses relating to the estimated costs of future claims.

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13. Capital Stock

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

	Par value per share	September 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>₩</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 4,684 shares of preferred stock as of September 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 ₩71,130 per share. These SARs are exercisable through March 22, 2012.

	Number of shares under SARs
Balance, January 1, 2009 ¹	307,500
Options cancelled	-
Options exercised	<u>2,000</u>
Balance, September 30, 2009	<u>305,500</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 nine-month periods ended September 30, 2009 and 2008, are as follows:

(in millions of Korean won)	2009	2008
Beginning balance	₩ 1,900	₩ 11,256
Provisions during the period	16,396	2,072
Actual payments	<u>(113)</u>	<u>(3,081)</u>
Ending balance	<u>₩ 18,183</u>	<u>₩ 10,247</u>

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15. Comprehensive Income

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

<i>(in millions of Korean won)</i>	2009	2008
Net income	₩ 1,755,631	₩ 1,154,046
Other comprehensive income and expense		
Gain on valuation of equity-method investments net of tax effects of ₩(37,456)(2008:₩169,827))	(118,034)	536,962
Loss on valuation of equity-method investments net of tax effects of ₩(193) (2008: ₩13,168)	(17,390)	111,980
Gain on valuation of available-for-sale securities net of tax effects of ₩(67) (2008: ₩(425))	(865)	(1,123)
Loss on valuation of available-for-sale securities net of tax effects of ₩212 in 2008	-	560
Comprehensive income	<u>₩ 1,619,342</u>	<u>₩ 1,802,425</u>

16. Retained Earnings

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

<i>(in million of Korean won)</i>	2009	2008
Statutory reserve		
Legal reserve ¹	<u>₩ 110,549</u>	<u>₩ 104,826</u>
Discretionary reserve		
Reserve for improvement of financial structure ²	27,772	27,772
Reserve for research and human resource development ³	<u>3,921,571</u>	<u>3,252,504</u>
	<u>3,949,343</u>	<u>3,280,276</u>
Unappropriated retained earnings	<u>1,755,729</u>	<u>732,121</u>
Retained earnings	<u>₩ 5,815,621</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 nine-month periods ended September 30, 2009 and 2008, is calculated as follows:

	2009		2008	
	Three-month period ended September 30, 2009	Nine-month period ended September 30, 2009	Three-month period ended September 30, 2008	Nine-month period ended September 30, 2008
Net income attributable to common stock ¹ (in million won)	₩ 720,878	₩ 1,567,778	₩ 22,040	₩ 1,030,366
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)	₩ 5,010	₩ 10,896	₩ 153	₩ 7,161

¹ Net income attributable to common stock are as follows:

	2009		2008	
	Three-month period ended September 30, 2009	Nine-month period ended September 30, 2009	Three-month period ended September 30, 2008	Nine-month period ended September 30, 2008
<i>(in million of Korean won)</i>				
Net income	₩ 807,173	₩ 1,755,631	₩ 24,885	₩ 1,154,046
Preferred stock dividends	(1,718)	(5,154)	(3,865)	(11,597)
Additional income available for dividends allocated to preferred stock	(84,577)	(182,699)	1,020	(112,083)
Net income attributable to common stock	₩ 720,878	₩ 1,567,778	₩ 22,040	₩ 1,030,366

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

	2009		2008	
	Three-month period ended September 30, 2009	Nine-month period ended September 30, 2009	Three-month period ended September 30, 2008	Nine-month period ended September 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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Basic earnings per share for the year ended December 31, 2008, and the three-month and six-month periods ended September 30, 2009, are as follows:

	December 31, 2008		March 31, 2009		June 30, 2009	
<i>(in won)</i>						
Basic earnings (loss) per share	₩	2,992	₩	(1,228)	₩	5,886

18. Sales

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

<i>(in millions of Korean won)</i>	2009		2008	
	Three-month period ended	Nine-month period ended	Three-month period ended	Nine-month period ended
	September 30, 2009	September 30, 2009	September 30, 2008	September 30, 2008
Export sales	₩ 6,274,130	₩ 18,410,895	₩ 5,261,822	₩16,115,203
Domestic sales	2,208,336	6,636,597	2,058,781	6,066,373
	8,482,466	25,047,492	7,320,603	22,181,576
Sales deduction	(616,721)	(1,630,528)	(433,900)	(1,134,110)
Net sales	₩ 7,865,745	₩ 23,416,964	₩ 6,886,703	₩21,047,466

19. Cost of Sales

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

<i>(in millions of Korean won)</i>	2009		2008	
	Three-month period ended	Nine-month period ended	Three-month period ended	Nine-month period ended
	September 30, 2009	September 30, 2009	September 30, 2008	September 30, 2008
Beginning balance of inventories	₩ 343,576	₩ 412,235	₩ 517,305	₩ 436,493
Cost of goods manufactured or merchandise purchased ¹	6,003,189	17,686,772	5,174,277	15,817,129
Transfer from other accounts	15,748	38,399	12,370	35,064
Total	6,362,513	18,137,406	5,703,952	16,288,686
Transfer to other accounts	(40,265)	(116,076)	(52,513)	(231,974)
Ending balance of inventories	(415,804)	(415,804)	(484,945)	(484,945)
Cost of sales	₩ 5,906,444	₩ 17,605,526	₩ 5,166,494	₩15,571,767

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 nine-month periods ended September 30, 2009 and 2008, consist of:

<i>(in millions of Korean won)</i>	2009		2008	
	Three-month	Nine-month	Three-month	Nine-month
	period ended September 30, 2009	period ended September 30, 2009	period ended September 30, 2008	period ended September 30, 2008
Salaries	₩ 189,660	₩ 621,547	₩ 228,332	₩ 632,016
Severance benefits	18,618	54,347	13,036	62,200
Employee benefits	36,444	99,871	33,706	95,194
Freight expense	158,312	454,308	188,189	555,290
Rental expense	23,196	72,272	28,596	79,887
Commission expense	219,305	634,139	192,539	515,746
Depreciation	29,273	90,361	33,800	100,471
Amortization	28,305	80,227	25,731	74,935
Taxes and dues	4,834	9,937	4,321	8,447
Advertising expense	283,966	896,998	279,920	821,190
Promotional expense	74,324	142,966	58,163	152,564
Research and development costs	108,713	317,950	92,877	247,098
Product warranty expense	104,383	361,512	132,213	347,573
Other	77,193	220,638	71,193	246,435
	<u>₩ 1,356,526</u>	<u>₩ 4,057,073</u>	<u>₩ 1,382,616</u>	<u>₩ 3,939,046</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 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. (LGECL), LG Electronics Canada, Inc. (LGECL), LG Electronics Inc. Chile Limitada (LGECL), 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),

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Subsidiaries	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 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), 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. 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.(LGECZ), LG Electronics Egypt S.A.E.(LGEEG), LG Electronics European Holdings B.V. (LGEEH), LG Electronics Mobilecomm France S.A.S. (LGEMF), LG Electronics Magyar KFT (LGEMK), LG Electronics Philippines, Inc. (LGEPH), LG Electronics Qinhuangdao Inc. (LGEQH), LG Electronics European Shared Service Center B.V. (LGESC), LG Software PVT, Ltd. (LGSi), LG Electronics Wroclaw Sp. Zo.o.(LGEWR), 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), LG Innoteck (Fujian) co., Ltd. (LGITFJ), Zenith Electronics Corporation (ZENITH), LG Holding (HK) Ltd., NanJing LG-Panda Appliances Co., Ltd. (LGEPN), 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. (LGDWTW), LG Display Nanjing Co., Ltd. (LGDNJ), LG Display Hong-Kong Co., Ltd. (LGDHK), LG Display Singapore Pte. Ltd. (LGDsg), LG Display Shanghai Co.,Ltd.(LGDsh), 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), 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 Venezuela S.A. (LGEVZ), LG Electronics Wales Ltd.(LGEWA), LG Innoteck (Taiwan) Limited (LGITTW), 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.

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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.

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

	Sales¹	Purchases¹	Receivables	Payables
<i>(in millions of Korean won)</i>				
Parent company	₩ 599	₩ 93,684	₩ 14,612	₩ 7,518
Subsidiaries	17,967,884	2,624,001	4,132,429	2,218,744
Equity-method investees	932,597	45,454	96,957	10,565
Other related parties	538,932	959,400	202,509	196,992
2009	<u>₩ 19,440,013</u>	<u>₩ 3,722,539</u>	<u>₩ 4,446,507</u>	<u>₩ 2,343,819</u>
2008	<u>₩ 17,446,760</u>	<u>₩ 4,862,638</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 subsidiaries totaling ₩56,332 million (2008: ₩71,524 million), while the purchases amount for 2009 above includes purchases of certain property, plant and equipment to a subsidiary totaling ₩65,513 million (2008: ₩46,600 million)

Details of the compensation for key management are as follows:

<i>(in millions of Korean won)</i>	2009	2008
Short-term salaries	₩ 6,864	₩ 13,828
Long-term salaries	1,188	-
Severance benefits	3,262	2,160
Share-based compensation	6,161	730
	<u>₩ 17,475</u>	<u>₩ 16,718</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 nine-month period ended September 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	₩23,416,964	₩ 5,184,243	₩ 12,325,591	₩ 3,141,831	₩ 1,807,552	₩ 582,662	₩ 375,085
Inter-division sales	411,938	40,175	31,066	88,914	10,140	90,590	151,053
	<u>₩23,828,902</u>	<u>₩ 5,224,418</u>	<u>₩ 12,356,657</u>	<u>₩ 3,230,745</u>	<u>₩ 1,817,692</u>	<u>₩ 673,252</u>	<u>₩ 526,138</u>
Operating income (loss)	<u>₩ 1,754,365</u>	<u>₩ 96,342</u>	<u>₩ 1,221,535</u>	<u>₩ 379,292</u>	<u>₩ 170,529</u>	<u>₩ (100,980)</u>	<u>₩ (12,353)</u>
Property, plant and equipment	₩ 3,568,304	₩ 1,132,808	₩ 455,187	₩ 533,123	₩ 267,020	₩ 21,826	₩1,158,340
Intangible assets	451,903	60,424	75,754	50,372	12,756	4,145	248,452
	<u>₩ 4,020,207</u>	<u>₩ 1,193,232</u>	<u>₩ 530,941</u>	<u>₩ 583,495</u>	<u>₩ 279,776</u>	<u>₩ 25,971</u>	<u>₩1,406,792</u>
Depreciation and amortization	₩ 492,743	₩ 204,972	₩ 80,119	₩ 61,885	₩ 25,344	₩ 2,799	₩ 117,624

Financial data by business division as of and for the nine-month period ended September 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	₩ 21,047,466	₩ 4,690,332	₩ 10,493,126	₩2,937,744	₩ 1,922,080	₩ 685,829	₩ 318,355
Inter-division sales	204,550	20,732	32,467	5,525	9,716	191	135,919
	<u>₩ 21,252,016</u>	<u>₩ 4,711,064</u>	<u>₩ 10,525,593</u>	<u>₩2,943,269</u>	<u>₩ 1,931,796</u>	<u>₩ 686,020</u>	<u>₩ 454,274</u>
Operating income (loss)	<u>₩ 1,536,653</u>	<u>₩ (253,341)</u>	<u>₩ 1,378,113</u>	<u>₩ 238,038</u>	<u>₩ 225,882</u>	<u>₩ (37,215)</u>	<u>₩ (14,824)</u>
Property, plant and equipment	₩ 3,736,630	₩ 1,477,481	₩ 343,874	₩ 546,417	₩ 282,849	₩ 3,682	₩1,082,327
Intangible assets	472,760	60,800	73,596	44,112	12,044	132	282,076
	<u>₩ 4,209,390</u>	<u>₩ 1,538,281</u>	<u>₩ 417,470</u>	<u>₩ 590,529</u>	<u>₩ 294,893</u>	<u>₩ 3,814</u>	<u>₩1,364,403</u>
Depreciation and amortization	₩ 538,763	₩ 209,744	₩ 96,830	₩ 66,735	₩ 23,406	₩ 2,369	₩ 139,679

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

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Financial data by geographic area for the nine-month period ended September 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	Other
Sales									
External sales	₩23,416,964	₩ 5,376,836	₩7,133,602	₩3,259,196	₩1,240,012	₩1,592,771	₩ 4,048,581	₩ 455,444	₩ 310,522
Inter-division sales	411,938	411,938	-	-	-	-	-	-	-
	<u>₩23,828,902</u>	<u>₩ 5,788,774</u>	<u>₩7,133,602</u>	<u>₩3,259,196</u>	<u>₩1,240,012</u>	<u>₩1,592,771</u>	<u>₩ 4,048,581</u>	<u>₩ 455,444</u>	<u>₩ 310,522</u>
Ratio (%)	<u>100%</u>	<u>23%</u>	<u>31%</u>	<u>14%</u>	<u>5%</u>	<u>7%</u>	<u>17%</u>	<u>2%</u>	<u>1%</u>

Financial data by geographic area for the nine-month period ended September 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	Other
Sales									
External sales	₩ 21,047,466	₩5,104,300	₩6,338,560	₩2,434,935	₩1,170,552	₩1,123,809	₩3,788,350	₩ 361,797	₩725,163
Inter-division sales	204,550	204,550	-	-	-	-	-	-	-
	<u>₩ 21,252,016</u>	<u>₩5,308,850</u>	<u>₩6,338,560</u>	<u>₩2,434,935</u>	<u>₩1,170,552</u>	<u>₩1,123,809</u>	<u>₩3,788,350</u>	<u>₩ 361,797</u>	<u>₩725,163</u>
Ratio (%)	<u>100%</u>	<u>24%</u>	<u>30%</u>	<u>12%</u>	<u>6%</u>	<u>5%</u>	<u>18%</u>	<u>2%</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 September 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.