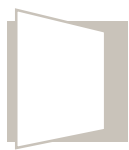


LG Annual Report

2011



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In 2012, our priority objective is to enhance customer value, and we will make greater efforts to raise shareholder value

To Our Valued Shareholders and Customers:

I would like to sincerely thank you for your unwavering trust in and support for LG.

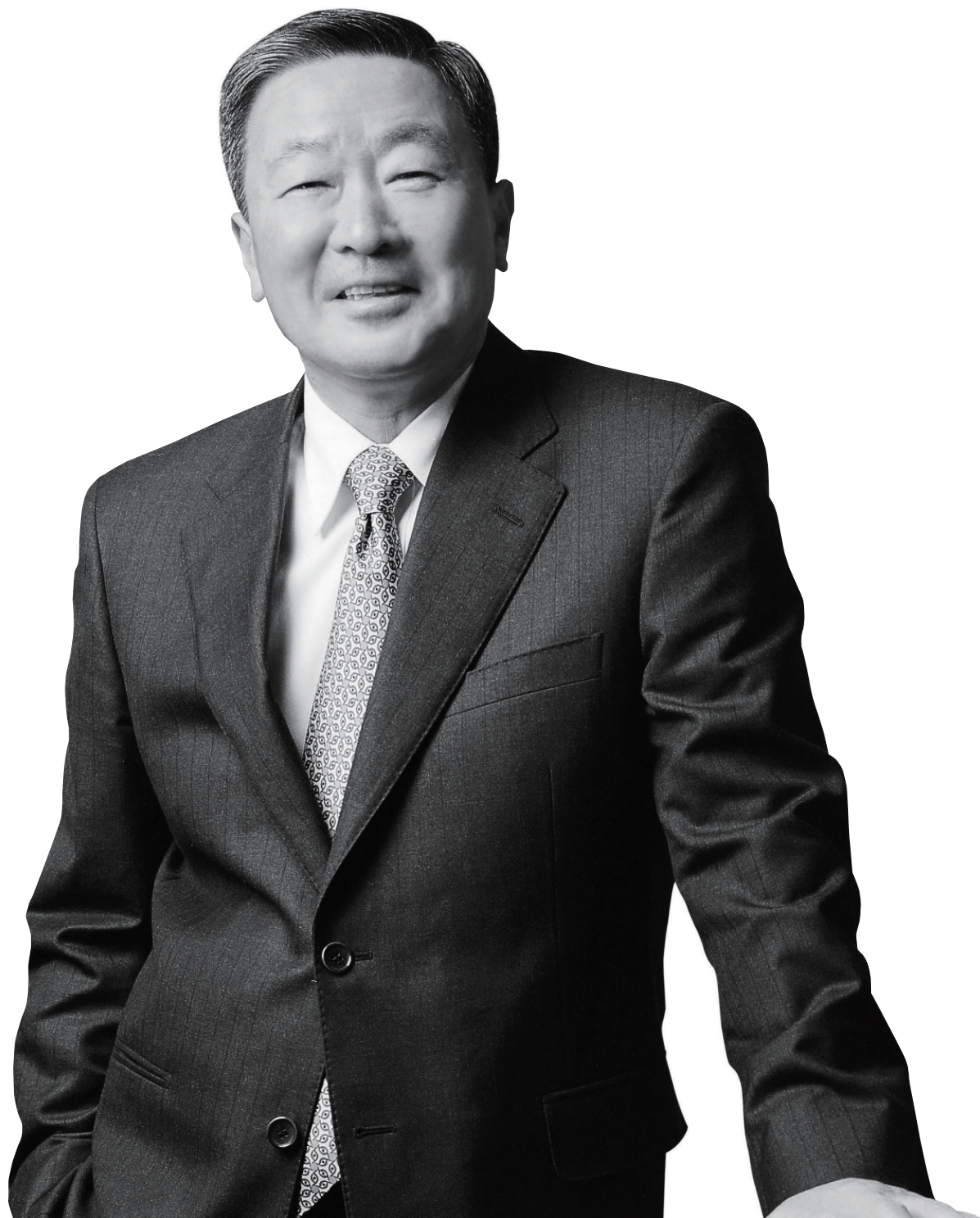
With the sluggish global economic recovery in 2011, the performance by some of our subsidiaries fell short of your expectations. LG Corp.'s consolidated revenue increased slightly to more than KRW 10 trillion, while income before tax decreased to just over KRW 1.23 trillion. LG Corp.'s market capitalization at year's end was also lower than it was twelve months earlier.

Despite the adversity, however, LG Chem and LG Household & Health Care saw their results improve and some of our unlisted companies, including LG Siltron and Serveone, fared well. Also, thorough preparations for the future allowed our subsidiaries to enjoy strong competitiveness in the display and rechargeable battery sectors. Plus, efforts to take the lead in the newly emerging 3D TV and LTE areas are being made and will be continued. All these efforts to create unique customer value are not bringing about much difference in the bottom line right now but I believe they'll pay off soon.

The difficult business conditions are expected to continue in the coming year, with declining consumption in the advanced economies and intensifying competition in the IT industry. Yet, we will do our best to live up to your expectations. Thus, we aim to generate results by focusing on the following directions to lead the market and remain unaffected by the changing business environment.

First, as a shareholder of LG affiliates, we will support innovation to ensure that the subsidiaries achieve their goals of customer value creation.

We will transform into a company that finds the way forward ahead of others and challenges goals in our own way. We will redefine our corporate culture to pursue outstanding functionality and quality so that each and every product bearing the LG name not only satisfies but truly impresses customers.



In addition, the LG philosophy of “respect for people” will be strictly followed so that all employees can exercise their creativity on the job and be proud as contributing partners in the company. This will enable LG to continue innovating and improving over the long term.

Second, we will accelerate our preparations for the future.


We will strengthen our business portfolio by searching out new future businesses from the long-term prospective and supporting R&D activities related to core and original technologies. We will be fully prepared for the future by selectively channeling sufficient investments into key sectors as well as by securing competitive and talented employees.

Last, we will focus on enhancing the LG brand value.

We will reinforce the virtuous cycle where our superior products and services enhance the LG brand value, strengthening LG’s leadership position, which in turn raises product competitiveness.

In 2012, LG Corp. will put top priority on customer value innovation and make further effort to boost stockholder value. In addition, we will rigorously practice Jeong-Do Management based on the fundamentals and principles, and we will faithfully fulfill our corporate social responsibilities. I look forward to your continued interest in the future of LG.

Bon Moo Koo, Chairman & CEO

A handwritten signature in black ink, reading "Bon M Koo". The signature is fluid and cursive, with the first name "Bon" and last name "Koo" being more prominent than the middle initial "M".

challenge is our power

Koo, Bon Moo
Chairman of the Board
Chairman and CEO, LG Corp.



Kang, Yu Sig
Director
Vice Chairman and CEO, LG Corp.



Cho, Juno
Director
President and COO, LG Corp.



Han, Jun Ho
Director
Chairman and CEO, Samchully



Yoon, Kyung Hee
Director
Chairman, Macquarie Capital
Advisors



Kim, Dae Hwan
Director
Professor, Inha University



Lee, Yoon Jae
Director
Director, KT&G



enhancing the value of business



Lee, Hee Gook
President
Technology Council



Kim, Young Kee
Executive Vice President
CSR Team



Lee, Myung Kwan
Senior Vice President
Head of Human Resources
Team



Lee, Hyuk Ju
Senior Vice President
Head of Finance and Accounting
Team



Hwang, Hyeon Sik
Senior Vice President
Head of Management
Administration Team
(Telecommunications and
Services)



Lee, Jong Sang
Senior Vice President
Head of Legal Team



Lee, Yaun Mo
Vice President

Head of Management
Administration Team
(Electronics)



Yu, Ji Yung
Vice President

Head of Management
Administration Team
(Chemicals)



Yang, Jae Hoon
Vice President

Head of Chairman's Office



Kang, Min Seok
Vice President

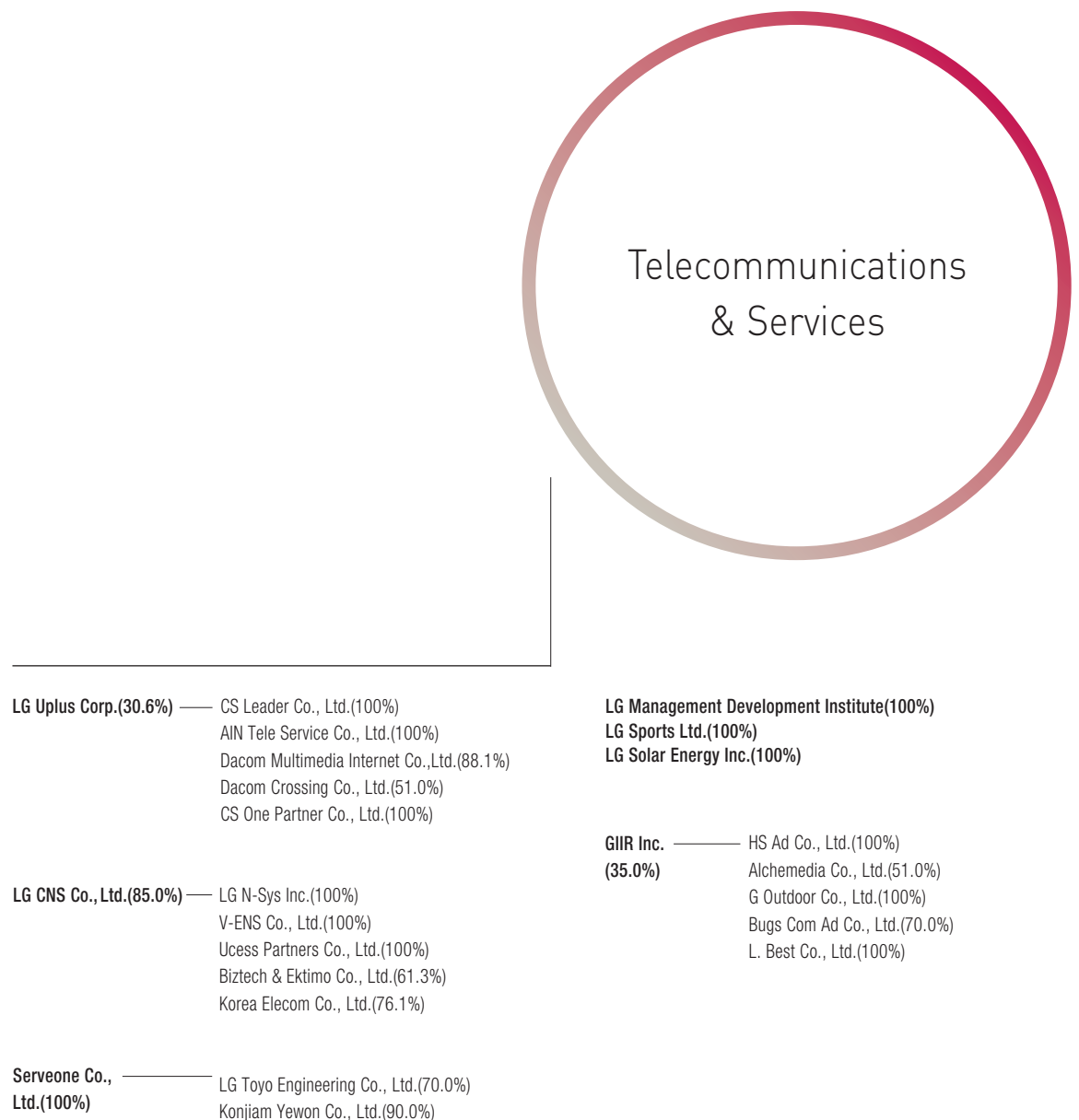
Head of Technology Planning
Team

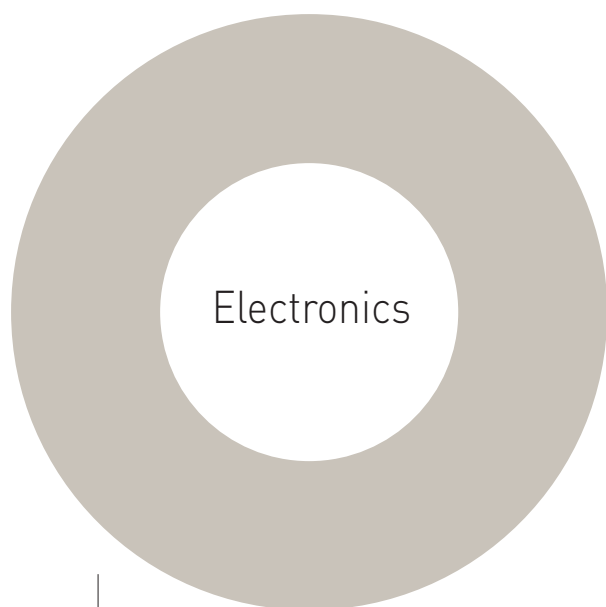


Chang, Kenneth
Wonuk
Vice President

Head of Business Development Team

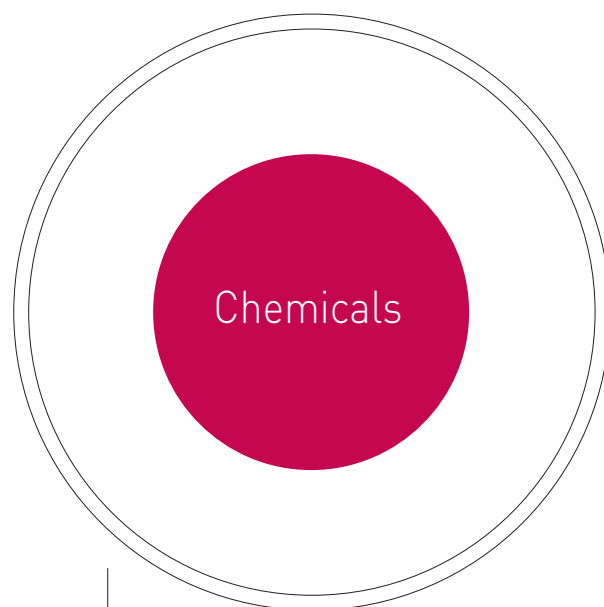
holding structure





LG Electronics Inc. (33.7%) — LG Display Co., Ltd.(37.9%)
 -Image & Materials, Inc.(100%)
 LG Innotek Co., Ltd.(47.9%)
 Hi Plaza Inc.(100%)
 Hi Business Logistics Co., Ltd.(100%)
 Hi-M solutek Co., Ltd.(100%)
 Hi Teleservice Inc.(100%)
 Ace R&A Co., Ltd.(100%)
 Hi Entech Co., Ltd.(100%)

LG Siltron Inc.(51.0%)
Lusem Co., Ltd.(64.8%)



LG Chem, Ltd.(33.5%) — SEETEC Co., Ltd.(50.0%)

LG Household & Health Care, Ltd.(34.0%) — Coca-Cola Beverage Company(90.0%)
 -Hankook Beverage Co., Ltd.(100%)
 Haitai Beverage Co., Ltd.(100%)
 Diamond Pure Water Co., Ltd.(100%)
 TheFaceShop Co., Ltd.(100%)
 Violet Dream Inc.(100%)

LG Hausys, Ltd.(33.5%) — LG Tostem BM Co., Ltd.(50.0%)
 Hausys Eng Co., Ltd.(100%)
 Hausys Interpane Co., Ltd.(96.8%)

LG Life Sciences, Ltd.(30.4%)
LG MMA Corp.(50.0%)





management's
discussion &
analysis

This Management's Discussion & Analysis is prepared based on the consolidated financial statements of LG Corp.

In 2011, LG Corp. generated over KRW 10 trillion, but income before tax came down to KRW 1.23 trillion and market capitalization declined as well.

LG Chem and LG Household & Health Care saw their performances improve in 2011 even under severe external conditions. Also, unlisted companies such as LG Siltron and Serveone managed to grow while making tight preparations for future growth and strengthening their competitiveness in their core businesses. Current financial performances may not be satisfied, but our efforts to create and provide differentiated customer values will bear fruit in the near future.

1. Sales and Profit before Tax of Subsidiaries

Unit : KRW one million

Company	Sales			Profit Before Tax		
	2011	2010	YoY	2011	2010	YoY
LG Corp. (*1)	589,468	590,658	-0.2%	469,028	477,440	-1.8%
Serveone Co., Ltd. (*2)	4,602,822	3,847,765	19.6%	154,396	169,230	-8.8%
LG Siltron Inc. (*2)	1,151,985	1,027,040	12.2%	101,486	108,174	-6.2%
LG CNS Co., Ltd. (*2)	3,191,240	2,806,601	13.7%	117,723	168,339	-30.1%
Lusem Co., Ltd. (*2)	337,273	396,745	-15.0%	4,696	29,248	-83.9%
LG Management Development Institute (*2)	71,302	65,807	8.4%	11,518	11,021	4.5%
LG Sports Ltd. (*2)	39,032	35,004	11.5%	-160	-165	-3.0%
LG Solar Energy Inc. (*2)	2,411	2,245	7.4%	1,251	532	135.2%

(*1) based on the separate statements of income

(*2) based on the consolidated statements of income

Looking at the corporate purchase outsourcing and real estate related service segments, sales revenue of the maintenance, repair & operations (MRO) unit increased from growing overseas business and increasing demand from domestic clients. Also, the facility management (FM) unit benefited from clients' business expansion. As a result, Serveone saw steady revenue growth of 20% YoY posting KRW 4.6 trillion in sales revenue.

Sales in IT services segment maintained growth for two consecutive years even under continuous environmental threats and high uncertainty. LG CNS managed to grow by 14% to KRW 3.2 trillion. Also, LG CNS was able make a breakthrough in the overseas market and grow its businesses by winning major contracts to overcome the stagnant domestic IT services market. 2011 was meaningful for LG CNS in a way that LG CNS started to establish a foundation for permanent future growth after its announcement of "Vision 2020" in 2010 to become a leader in the smart technology era.

Despite decline in demand for semiconductor caused by slowdown in global economy in late 2011, semiconductor and electronic components manufacturing segment saw its sales revenue grow YoY. Sales revenue of LG Siltron went up by 12% YoY to KRW 1.2 trillion. LG Siltron increased CAPEX to expand production capacity of semiconductor wafer, and completed construction of solar and sapphire wafer manufacturing plants to secure infrastructure for mass production of solar wafer and laid the foundation for production of sapphire wafers.

2. Gain(Loss) Valuation of Equity Method

Unit : KRW one million

Company	2011	2010	YoY
LG Chem Ltd.	630,224	645,165	-2.3%
LG Household & Health Care, Ltd.	79,781	69,637	14.6%
LG Electronics Inc.	(159,956)	381,958	N/A
LG Uplus Corp.	30,835	56,191	-45.1%
LG Life Sciences, Ltd.	1,442	3,688	-60.9%
LG Hitachi Co., Ltd.	654	(128)	N/A
GIIR Corporation	1,027	3,423	-70.0%
LG Hausys, Ltd.	13,388	11,759	13.9%
LG MMA Corp.	59,626	49,015	21.6%
Others	4,094	8,090	-49.4%
Total	661,115	1,228,798	-46.2%

3. Other Revenue

Unit : KRW one million

Account	2011	2010	YoY
Brand royalty income	264,938	252,761	4.8%
Rental Income	64,553	59,132	9.2%
Others	17,410	21,018	-17.2%
Total	346,901	332,911	4.2%

1) Brand royalty income

LG Corp. reserves the legal rights over the brand "LG". Value of a brand is determined separately from intellectual property rights such as patent rights and a brand constitutes an important competitiveness-enhancing factor that contributes to increasing a company's cash flows in the future. Brand value has a material impact on sales by working as a factor to add image and credibility to the fundamental competitiveness of a company's products.

As such, LG Corp. set the vision and core values of the "LG" brand, and charged royalty from 2005 to users of the brand for enhancing the brand value through systematic brand management and strategic action plan. The company plans to reinvest part of the brand royalty income with the aim of elevating it into the global No. 1 brand, thereby, creating a virtuous circle of positive contribution to the brand users.

Basic terms of the brand license agreements are as provided in the following:

- License fee = (Consolidated sales - Consolidated advertising expenses) X 0.2%
- Payable monthly
- 3-year term
- Adjustment factors applicable depending upon the specific form of usage of the brand (whether used by a joint venture, whether logos are used, etc.)

Brand license fees are calculated and charged monthly based on the amounts of consolidated sales and consolidated advertising expenses as reported on the user's financial statements for the prior period. When the user's performance for the relevant period is fixed in the following year, the fees are finally reconciled based on the relevant year's actual figures.

As of the end of 2011, LG Corp. posted brand royalty income of KRW 264,938 million and 22 companies made brand contract.

2) Rental income

LG Corp. recorded rental income of KRW 64,553 million in 2011, a 9.2% increase from the previous year. Renovation of LG Twin Towers was completed in 2011 and rental income generated from LG Twin Towers is expected to grow in 2012.

※ Dividends Received

Unit : KRW one million

Company	2011	2010	YoY
LG Chem Ltd.	88,877	77,768	14.3%
LG Siltron Inc.	8,545	-	-
LG Uplus Corp.	55,082	36,265	51.9%
LG CNS Co., Ltd.	24,075	25,927	-7.1%
LG Electronics Inc.	10,068	88,098	-88.6%
LG Household & Health Care, Ltd.	14,086	13,289	6.0%
Serveone Co., Ltd.	32,500	25,000	30.0%
LG MMA Corp.	20,400	8,400	142.9%
LG Hausys, Ltd.	3,007	3,007	0.0%
Lusem Co., Ltd.	1,400	700	100.0%
GIIR Inc.	870	290	200.0%
Others	1,969	868	126.8%
Total	260,879	279,612	-6.7%

4. Investments in Associates for the Years Ended December 31, 2011 and 2010

Unit : KRW one million

Company	Beginning balance	Acquisition	Dividends received	Gain(Loss) from valuation	Gain from valuation recognized in accumulated other comprehensive income	Others	Ending balance
LG Chem Ltd.	2,297,586	-	(88,877)	630,224	1,985	-	2,840,918
LG Household & Health Care, Ltd.	235,370	-	(14,086)	79,781	(3,275)	-	297,790
LG Electronics Inc. (*1)	3,891,068	245,264	(10,068)	(159,956)	(69,291)	(24,398)	3,872,619
LG Uplus Corp.	1,188,693	-	(55,082)	30,835	(6,843)	-	1,157,603
LG Life Sciences, Ltd.	73,373	-	-	1,442	(1,495)	-	73,320
LG Hitachi Co., Ltd.	13,597	-	-	654	(458)	-	13,793
GIIR Corporation	36,460	-	(870)	1,027	1,521	-	38,138
LG Hausys, Ltd.	206,248	-	(3,007)	13,388	(1,005)	-	215,624
LG MMA Corp.	180,996	-	(20,400)	59,626	(239)	-	219,983
Others	43,961	4,470	0	4,094	(377)	(419)	51,729
Total	8,167,352	249,734	(192,390)	661,115	(79,477)	(24,817)	8,781,517

(*1) Shares were acquired by participating in paid-in capital increase during the current year, and the other change is losses on disposals due to decline in shares owned.

5. Property, Plant and Equipment, net

Unit : KRW one million

Account	Beginning balance	Acquisition	Disposals	Depreciation	Transfers	Impairment	Others	Ending balance
Land	327,231	26,716	-	-	(18,828)	-	2,691	337,810
Buildings	695,628	5,986	(1,073)	(29,601)	145,561	(9,117)	383	807,767
Structures	156,594	769	(12)	(7,957)	8,163	(1,354)	30	156,233
Machinery	460,935	6,433	(3,876)	(200,280)	283,017	-	(1,318)	544,911
Vehicles	6,702	1,216	(167)	(2,191)	6,267	-	(28)	11,799
Tools and equipment	7,875	1,749	-	(2,738)	195	-	53	7,134
Furniture and fixtures	56,240	21,240	(134)	(20,072)	6,144	-	(75)	63,343
Construction in progress	170,067	492,679	-	-	(476,827)	(23,858)	(8,161)	153,900
Other property	181,555	47,631	(27)	(31,284)	4,972	-	(2,289)	200,558
Total	2,062,827	604,419	[5,289]	[294,123]	[41,336]	[34,329]	[8,714]	2,283,455

6. Investment Property

Unit : KRW one million

Account	Beginning balance	Acquisition	Depreciation	Transfers	Others	Ending balance
Land	147,713	-	-	19,435	1,710	168,858
Buildings	195,937	-	(12,715)	131,286	(1,710)	312,798
Structures	5,598	-	(650)	782	-	5,730
Construction in progress	20,290	90,013	-	(110,167)	(136)	-
Total	369,538	90,013	[13,365]	41,336	[136]	487,386

Detail of valuation to fair value of investment property as of December 31, 2011 are as follows.

Unit : KRW one million

	Book value of investment property:	Results of valuation:				Total
	Book value	Central hub logistics center	Twin Towers	Gasandong building	Gwanghwamun building	
Date of revaluation	-	2009-01-01	2009-03-11	2009-04-21	2010-09-30	-
Land	168,858	44,328	444,600	50,966	145,452	685,346
Buildings and structures	318,528	19,525	335,400	110,104	84,548	549,577
Total	487,386	63,853	780,000	161,070	230,000	1,234,923

7. Debentures and Borrowings

1) Short-term Borrowings

Unit : KRW one million

Account	2011-12-31	2010-12-31	YoY
Short-term borrowings	159,822	112,552	42.0%

2) Long-term Borrowings

Unit : KRW one million

Account	2011-12-31		2010-12-31	
	Current	Non-current	Current	Non-current
Korean currency long-term borrowings	53,247	510,303	72,483	112,168
Foreign currency long-term borrowings	79,236	34,855	138,548	86,014
Debentures in KRW	170,000	410,000	190,000	170,000
Discount on debentures	(101)	(1,523)	(162)	(387)
Present value discount account	(128)	(455)	(142)	(583)
Total	302,254	953,180	400,727	367,212

3) Debentures as of December 31, 2011 and 2010

Unit : KRW one million

Company	Description	Issue date	Maturity date	Annual interest rate	2011-12-31	2010-12-31
LG Corp.	16-2th public offering	2008-12-26	2011-12-26	8.14%	-	100,000
LG CNS Co., Ltd.	2nd public offering	2009-03-13	2012-03-13	6.10%	40,000	40,000
	3rd public offering	2009-12-21	2012-12-21	5.30%	40,000	40,000
	4th public offering	2011-03-04	2014-03-04	4.52%	50,000	-
Serveone Co., Ltd.	1st public offering	2009-02-19	2012-02-19	6.80%	30,000	30,000
	2nd public offering	2011-02-22	2014-02-22	4.55%	100,000	-
LG Siltron Inc.	28th public offering	2009-01-23	2012-01-23	7.40%	60,000	60,000
	29th private offering	2009-02-26	2011-02-26	6.31%	-	50,000
	30th private offering	2009-03-17	2011-03-17	6.44%	-	20,000
	31st private offering	2009-03-30	2011-03-30	6.41%	-	10,000
	32nd private offering	2009-04-28	2011-04-28	5.86%	-	10,000
	34th private offering	2011-04-28	2014-04-28	4.42%	60,000	-
	35th private offering	2011-07-15	2015-07-15	4.48%	100,000	-
	36th private offering	2011-09-14	2011-09-14	4.26%	100,000	-
Subtotal					580,000	360,000
Discount on debentures					(1,624)	(549)
Current debentures					(169,899)	(189,838)
Total					408,477	169,613

8. Issued Capital

Details of issued capital as of December 31, 2011 are as follows.

Unit : KRW one million

Type of stock	Number of authorized shares	Number of issued shares	Number of shares owned by related party	Par value (in KRW)	Amount of issued capital
Common stock	700,000,000	172,557,131	83,839,411	5,000	862,786
Preferred stock	-	3,314,677	-	5,000	16,573

(*) Preferred stocks are stocks without voting rights that are eligible for additional 1 % based on the face value of the stock compared to common stocks when receiving cash dividends. The Group has 95,789 shares of common stock and 6,810 shares of preferred stock as of December 31, 2011, and 109,389 shares of common stock and 6,810 shares of preferred stock as of December 31, 2010.

9. Retained Earnings and Dividends

Changes in retained earnings for the years ended December 31, 2011 and 2010, are as follows.

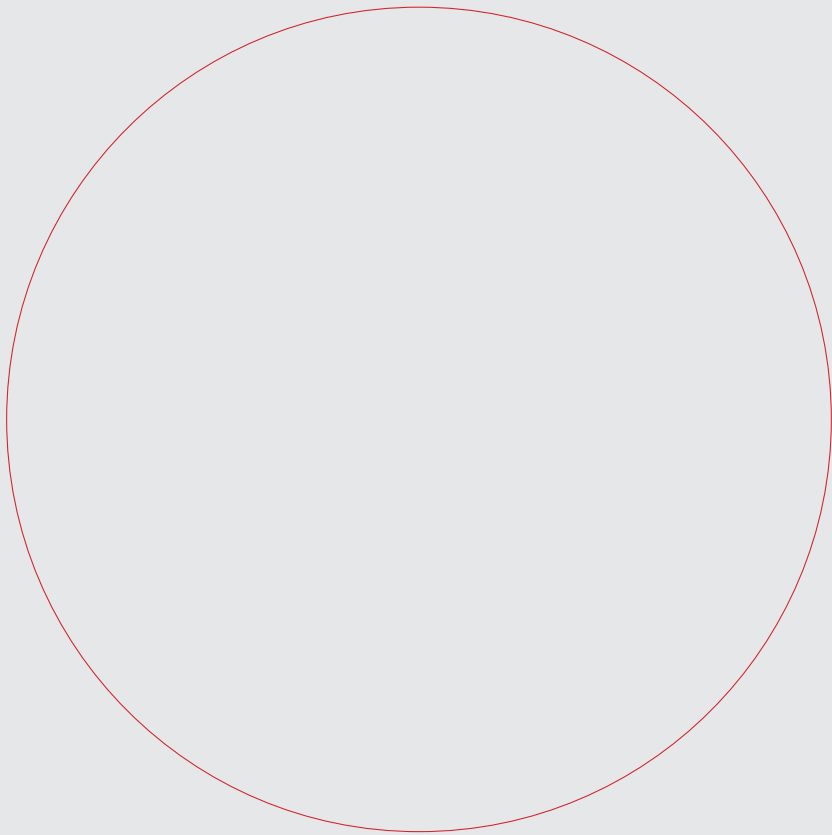
Unit : KRW one million

Account	Year ended 2011-12-31	Year ended 2010-12-31
Beginning balance	6,651,093	5,480,293
Profit for the year	978,320	1,528,812
Dividends	(175,921)	(175,455)
Actuarial losses	(18,334)	(14,625)
Changes of equity method retained earnings	(59,172)	(167,932)
Others	(5,538)	-
Ending balance	7,370,448	6,651,093

Dividends and dividend per share for the fiscal year ended December 31, 2011, that has been resolved to be paid, are as follows.

Unit : KRW one million

Type of stock	Number of issued shares	Number of treasury stock	Number of dividend shares	Dividend per share (in KRW)	Total dividends
Common stock	172,557,131	95,789	172,461,342	1,000	172,461
Preferred stock	3,314,677	6,810	3,307,867	1,050	3,473





Independent Auditors' Report

English Translation of a Report Originally Issued in Korean

To the Shareholders and Board of Directors of LG Corp.

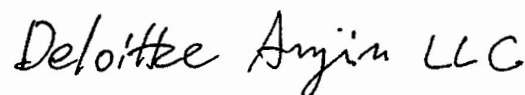
We have audited the accompanying consolidated statements of financial position of LG Corp. and its subsidiaries (the "Group") as of December 31, 2011 and 2010, and the related consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in shareholders' equity and consolidated statements of cash flows for the years then ended, all expressed in Korean won. These consolidated financial statements are the responsibility of the Group's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We did not audit the financial statements of certain consolidated associates and joint ventures, including LG Electronics Inc., whose statements reflect 49.95% and 50.33% (before elimination of intercompany transactions) of the consolidated total assets as of December 31, 2011 and 2010, and 6.23% and 12.28% (before elimination of intercompany transactions) of the consolidated total sales for the years ended December 31, 2011 and 2010. Those financial statements were audited by other auditors whose reports have been to furnished us, and our opinion, insofar as it relates to the amounts included for these associates and joint ventures, is based solely on the reports of the other auditors.

We conducted our audits in accordance with auditing standards generally accepted in the Republic of Korea. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Group as of December 31, 2011 and 2010, and the results of its operations, comprehensive income, changes in shareholders' equity, and cash flows for the years then ended, in accordance with Korean International Financial Reporting Standards.

March 13, 2012



Notice to Readers

This report is effective as of March 13, 2012, the auditors' report date. Certain subsequent events or circumstances may have occurred between this auditors' report date and the time the auditors' report is read. Such events or circumstances could significantly affect the accompanying consolidated financial statements and may result in modifications to the auditors' report.

LG CORP.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS OF DECEMBER 31, 2011 AND 2010

Unit : KRW one million

	December 31, 2011	December 31, 2010
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	441,265	349,973
Financial institution deposits	130,974	155,882
Derivative assets	90	3,710
Trade receivables, net	1,723,770	1,639,322
Other receivables, net	54,751	61,746
Income tax refund receivables	3,177	1,524
Other assets	354,521	343,513
Inventories, net	326,842	245,653
Assets held for sale	7,699	-
Total current assets	3,043,089	2,801,323
NON-CURRENT ASSETS:		
Derivative assets	272	-
AFS financial assets	106,581	124,685
Trade receivables, net	8,048	9,797
Other receivables, net	16,576	13,737
Investments in associates and joint ventures	8,781,517	8,167,352
Deferred tax assets, net	138,031	102,166
Other assets	171,716	20,965
Property, plant, and equipment, net	2,283,455	2,062,827
Investment property, net	487,386	369,538
Intangible assets	123,980	106,478
Total non-current assets	12,117,562	10,977,545
TOTAL ASSETS	15,160,651	13,778,868

(Continued)

LG CORP.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION^(CONTINUED)

AS OF DECEMBER 31, 2011 AND 2010

Unit : KRW one million

	December 31, 2011	December 31, 2010
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Derivative liabilities	1,847	1,422
Trade payables	1,247,669	1,288,103
Other payables	654,896	566,104
Short-term borrowings	159,822	112,552
Current portion of debentures and long-term borrowings	302,254	400,727
Current tax liabilities	110,563	99,843
Provisions	14,385	15,697
Other liabilities	125,389	101,824
Finance lease liabilities	3,668	7,875
Liabilities related to assets held for sale	929	-
Total current liabilities	2,621,422	2,594,147
NON-CURRENT LIABILITIES:		
Derivative liabilities	3,440	2,447
Other payables	191,415	187,937
Long-term borrowings	953,180	367,212
Retirement benefit obligation	78,215	51,451
Deferred tax liability	262,375	237,371
Provisions	5,243	4,949
Other liabilities	84,557	96,394
Finance lease liabilities	357	3,992
Total non-current liabilities	1,578,782	951,753
TOTAL LIABILITIES	4,200,204	3,545,900
SHAREHOLDERS' EQUITY:		
Issued capital	879,359	879,359
Capital surplus	2,367,118	2,368,235
Other capital items	(2,440)	(2,779)
Accumulated other comprehensive loss	(65,007)	(31,891)
Retained earnings	7,370,448	6,651,093
Non-controlling interests	410,969	368,951
TOTAL SHAREHOLDERS' EQUITY	10,960,447	10,232,968
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	15,160,651	13,778,868

LG CORP.
CONSOLIDATED STATEMENTS OF INCOME

FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

Unit : KRW one million

	Year ended December 31, 2011	Year ended December 31, 2010
Revenue and equity method profits		
Sales of finished goods and merchandise	5,495,807	4,868,655
Service revenue	1,652,873	1,444,259
Construction revenue	1,902,328	1,605,578
Share of profits from associates	661,115	1,228,798
Other revenue	346,901	332,911
	10,059,024	9,480,201
Cost of sales	8,277,040	7,168,979
Gross profit	1,781,984	2,311,222
Selling and administrative expenses	432,203	369,032
Other operating income	61,899	59,461
Other operating expenses	105,161	142,223
Operating income	1,306,519	1,859,428
Financial income	34,157	26,196
Financial expenses	105,579	90,732
Other non-operating expenses	(1,570)	(1,607)
Profit from continuing operations before tax	1,233,527	1,793,285
Income tax expense from continuing operations	162,270	177,751
Profit from continuing operations	1,071,257	1,615,534
Profit from discontinued operations	(41,425)	(13,973)
Profit for the year	1,029,832	1,601,561
Profit for the year attributable to :		
Owners of the Company	978,320	1,528,812
Non-controlling interests	51,512	72,749
Earnings per share (In Korean won) :		
Continuing and discontinued operations		
Basic	5,565	8,715
Diluted	5,565	8,715
Continuing operations		
Basic	5,769	8,735
Diluted	5,769	8,735

LG CORP.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
 FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

Unit : KRW one million

	Year ended December 31, 2011	Year ended December 31, 2010
Profit for the year	1,029,832	1,601,561
Other comprehensive income(loss):	112,615	180,361
Net loss on AFS financial assets	(16,310)	(5,072)
Net gain(loss) on valuation of equity method investments	(18,216)	370,175
Decrease in retained earnings of equity method investments	(59,270)	(167,932)
Net loss on hedging instruments entered into for cash flow hedges	(624)	(1,076)
Actuarial losses on defined benefit plans	(20,551)	(15,711)
Overseas operations translation	2,274	(23)
Others	82	-
Total comprehensive income for the year	917,217	1,781,922
Total comprehensive income attributable to :		
Owners of the Company	867,776	1,710,449
Non-controlling interests	49,441	71,473

LG CORP.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

Unit : KRW one million

	Issued capital	Capital surplus	Other capital items	Accumulated other comprehensive income (loss)	Retained earnings	Non- controlling shares	Total
Balance at January 1, 2010	879,359	2,348,510	(14,377)	(396,085)	5,480,293	299,151	8,596,851
Profit for the year					1,528,812	72,749	1,601,561
Annual dividends					(175,455)	(4,965)	(180,420)
Net loss on AFS financial assets				(4,961)		(111)	(5,072)
Share of other comprehensive income of associates				370,175	(167,932)		202,243
Net loss on hedging instruments entered into for cash flow hedges				(1,055)		(21)	(1,076)
Actuarial losses					(14,625)	(1,086)	(15,711)
Net loss on translating foreign operations				35		(58)	(23)
Changes in the shares of subsidiaries		(34)				3,292	3,258
Disposal of treasury shares		19,759	11,598				31,357
Balance at December 31, 2010	879,359	2,368,235	(2,779)	(31,891)	6,651,093	368,951	10,232,968
Balance at January 1, 2011	879,359	2,368,235	(2,779)	(31,891)	6,651,093	368,951	10,232,968
Profit for the year					978,320	51,512	1,029,832
Annual dividends					(175,921)	(13,228)	(189,149)
Net loss on AFS financial assets				(16,212)		(98)	(16,310)
Share of other comprehensive income of associates				(18,244)	(59,172)	(70)	(77,486)
Net loss on hedging instruments entered into for cash flow hedges				(624)			(624)
Actuarial losses					(18,334)	(2,217)	(20,551)
Net gain on translating foreign operations				1,964		310	2,274
Changes in the shares of subsidiaries		(1,746)				1,847	101
Acquisition of subsidiaries						(1,658)	(1,658)
Disposal of treasury shares		629	339				968
Adjustments from discontinued operations					(5,616)	5,616	-
Others					78	4	82
Balance at December 31, 2011	879,359	2,367,118	(2,440)	(65,007)	7,370,448	410,969	10,960,447

LG CORP. CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

Unit : KRW one million

	Year ended December 31, 2011	Year ended December 31, 2010
CASH FLOWS FROM OPERATING ACTIVITIES:		
Profit for the year	1,029,832	1,601,561
Additions of expenses not involving cash outflows:	764,334	725,983
Salaries and bonuses	920	758
Retirement benefits	33,509	24,514
Depreciation	307,488	279,069
Amortization of intangible assets	20,139	16,644
Loss on valuation of inventories	10,203	9,266
Bad debt expenses	11,895	474
Accrual of provision	25,952	18,084
Impairment loss of property, plant, and equipment	34,329	-
Impairment loss of intangible assets	10,642	-
Impairment loss of goodwill	7,454	-
Impairment loss of other assets	-	8
Loss on foreign currency translation	14,151	14,956
Loss on disposal of property, plant, and equipment	2,632	4,049
Loss on disposal of intangible assets	-	18
Loss on transactions of derivatives	3,770	1,023
Loss on valuation of derivatives	736	1,068
Interest expenses	71,834	67,446
Loss on disposal of AFS financial assets	42	281
Impairment loss of AFS financial assets	140	63
Loss on disposal of investments in associates	24,398	102,590
Share-based payments	-	6,658
Income tax expense	162,270	177,751
Others	21,830	1,263
Deduction of items not involving cash inflows:	(711,951)	(1,270,999)
Reversal of salaries and bonus	3	-
Reversal of impairment loss on inventories	5,057	8,235
Reversal of allowance for doubtful accounts	3,193	992
Reversal of share-based payments	57	-
Reversal of provisions	6,611	8,285
Reversal of impairment loss on intangible assets	-	290
Gain on foreign currency translation	6,840	6,779
Gain on disposal of property, plant and equipment	405	1,140
Gain on disposal of intangible assets	-	3
Gain on transactions of derivatives	3,779	249
Gain on valuation of derivatives	90	116
Interest income	20,818	14,308
Dividend income	2,018	954
Gain on disposal of AFS financial assets	99	46
Gain on disposal of investments in associates	91	-
Gain on equity method valuation	661,115	1,228,798
Others	1,775	804

(Continued)

LG CORP.

CONSOLIDATED STATEMENTS OF CASH FLOWS *(CONTINUED)*
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

Unit : KRW one million

	Year ended December 31, 2011	Year ended December 31, 2010
Movements in working capital:	(377,694)	(233,325)
Derivative instruments	-	(217)
Trade receivables	(81,700)	(321,169)
Other receivables	3,988	2,062
Inventories	(78,318)	(49,440)
Liabilities related to assets held for sale	(105)	-
Non-current trade receivable	124	(1,823)
Non-current other receivable	(1,416)	(1,310)
Plan assets	(79)	(41)
Trade payables	(57,582)	300,072
Other payables	49,521	78,036
Non-current trade payables	(436)	(991)
Non-current other payables	(893)	302
Provisions	(14,963)	(11,728)
Retirement benefit obligations	(32,669)	(37,674)
Other operating assets and liabilities	(163,166)	(189,404)
Interest income received	18,635	13,925
Dividend income received	194,408	230,100
Income tax refund	1,873	626
Interest expense paid	(55,048)	(55,977)
Income taxes paid	(153,575)	(101,734)
Net cash provided by operating activities	710,814	910,160
CASH FLOWS FROM INVESTING ACTIVITIES:		
Cash inflows from investing activities:	515,557	638,267
Decrease in financial institution deposits	457,266	613,784
Disposal of derivative instruments	7,023	3,832
Decrease in other receivables	38,468	8,814
Disposal of AFS financial assets	1,826	5,429
Decrease in non-current other receivables	7,597	1,913
Disposal of property, plant and equipment	3,062	4,136
Disposal of intangible assets	68	359
Others	257	-

(Continued)

LG CORP.

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

Unit : KRW one million

	Year ended December 31, 2011	Year ended December 31, 2010
Cash outflows from investing activities:	(1,464,007)	(1,097,874)
Increase in financial institution deposits	431,606	607,186
Acquisition of derivative instruments	3,662	262
Increase in other receivables	38,108	6,315
Purchase of non-current AFS financial assets	3,577	4,137
Increase in non-current other receivables	15,124	3,099
Purchase of investments in subsidiaries	4,796	-
Purchase of investments in associates	249,734	508
Increase in other non-current assets	-	42
Acquisition of property, plant and equipment	600,379	374,179
Acquisition of investment property	71,773	76,249
Acquisition of intangible assets	45,077	25,897
Others	171	-
Net cash used in investing activities	(948,450)	(459,607)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Cash inflows from financing activities:	2,060,637	769,023
Proceeds from short-term borrowings	1,163,790	586,301
Proceeds from long-term borrowings	482,872	138,170
Increase in other long-term liabilities	63	-
Issuance of debentures	409,311	-
Increase in government subsidy	3,332	3,582
Disposal of treasury stock	1,169	37,665
Cash inflows from consolidation capital transactions	100	3,300
Increase in consolidated capital surplus	-	5
Cash outflows from financing activities:	(1,734,374)	(1,251,797)
Redemption of short-term borrowings	1,123,526	626,220
Redemption of long-term borrowings	17,799	1,284
Redemption of debentures	192,042	260,000
Redemption of current portion of long-term financial lease liabilities	7,834	12,357
Redemption of current portion of long-term borrowings	203,630	169,475
Payment of dividends	189,513	182,450
Others	30	11
Net cash provided by (used in) financing activities	326,263	(482,774)

(Continued)

LG CORP.

CONSOLIDATED STATEMENTS OF CASH FLOWS *(CONTINUED)*

FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

Unit : KRW one million

	Year ended December 31, 2011	Year ended December 31, 2010
Net change in cash and cash equivalents	88,627	(32,221)
Cash and cash equivalents at the beginning of year	349,973	382,340
Effects of exchange rate changes on the balance of cash held in foreign currencies	2,665	(146)
Cash and cash equivalents at the end of year	441,265	349,973

(Concluded)

LG CORP. SEPARATE STATEMENTS OF FINANCIAL POSITION

AS OF DECEMBER 31, 2011 AND 2010

Unit : KRW

	December 31, 2011	December 31, 2010
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	1,981,724,352	60,549,554,867
Financial institution deposits	50,000,000,000	115,000,000,000
Other receivables, net	21,500,391,013	26,625,331,724
Other assets	133,930,887	148,402,632
Total current assets	73,616,046,252	202,323,289,223
NON-CURRENT ASSETS:		
AFS financial assets	90,949,510,915	109,846,335,432
Other receivables, net	505,769,000	505,769,000
Investments in subsidiaries	872,836,546,101	846,836,546,101
Investments in associates and joint ventures	5,822,244,517,482	5,576,981,874,282
Other assets	3,425,845,759	1,851,027,365
Property, plant and equipment, net	22,321,048,571	13,154,938,820
Investment property, net	642,838,647,415	560,521,218,459
Intangible assets	9,021,159,028	6,562,705,102
Total non-current assets	7,464,143,044,271	7,137,260,414,561
TOTAL ASSETS	7,537,759,090,523	7,339,583,703,784

(Continued)

LG CORP.
SEPARATE STATEMENTS OF FINANCIAL POSITION *(CONTINUED)*

AS OF DECEMBER 31, 2011 AND 2010

Unit : KRW

	December 31, 2011	December 31, 2010
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Other payables	104,694,783,930	71,970,306,353
Short-term borrowings	55,000,000,000	-
Current portion of debentures and long-term borrowings	-	99,838,202,669
Current tax liabilities	38,902,189,555	35,982,870,771
Other liabilities	4,694,514,812	2,287,145,106
Total current liabilities	203,291,488,297	210,078,524,899
NON-CURRENT LIABILITIES:		
Other payables	6,390,304,712	8,553,510,257
Retirement benefit obligation	7,993,662,726	5,985,816,160
Deferred tax liability	136,221,684,282	133,515,591,759
Other liabilities	7,802,271,488	8,082,181,643
Total non-current liabilities	158,407,923,208	156,137,099,819
TOTAL LIABILITIES	361,699,411,505	366,215,624,718
EQUITY:		
Issued capital	879,359,040,000	879,359,040,000
Capital surplus	2,408,934,677,373	2,408,305,121,093
Other capital items	(2,434,888,809)	(2,773,370,729)
Accumulated other comprehensive income	31,775,372,540	47,437,136,027
Retained earnings	3,858,425,477,914	3,641,040,152,675
TOTAL EQUITY	7,176,059,679,018	6,973,368,079,066
TOTAL LIABILITIES AND EQUITY	7,537,759,090,523	7,339,583,703,784

(Concluded)

LG CORP.
SEPARATE STATEMENTS OF INCOME
 FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

Unit : KRW

	Year ended December 31, 2011	Year ended December 31, 2010
Operating income	589,467,708,664	590,657,764,258
Dividends income	260,878,433,614	279,612,445,700
Royalty revenue	264,937,696,382	252,761,350,217
Rental revenue	63,651,578,668	58,283,968,341
Operating expenses	121,298,826,166	115,876,383,001
Employee benefit	17,645,470,586	26,036,950,587
Depreciation	13,157,423,921	8,765,068,192
Other operating expenses	90,495,931,659	81,074,364,222
Other operating income	149,486,178	12,459,841,702
Operating income, net	468,318,368,676	487,241,222,959
Financial income	9,399,028,595	6,076,250,931
Financial expenses	8,681,313,799	15,527,581,082
Other non-operating expenses	8,469,000	349,440,132
Profit before income tax expense	469,027,614,472	477,440,452,676
Income tax expense	73,532,294,451	56,325,862,526
Profit for the year	395,495,320,021	421,114,590,150
Earnings per share :		
Basic	2,249	2,400
Diluted	2,249	2,400

LG CORP.

SEPARATE STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

Unit : KRW

	Year ended December 31, 2011	Year ended December 31, 2010
Profit for the year	395,495,320,021	421,114,590,150
Other comprehensive income(loss):		
Net loss on AFS financial assets	(15,661,763,487)	(4,353,212,062)
Actuarial losses on defined benefit plans	(2,188,992,432)	(972,631,268)
Total comprehensive income for the year	377,644,564,102	415,788,746,820

LG CORP. SEPARATE STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

Unit : KRW

	Issued capital	Capital surplus	Other capital items	Accumulated other comprehensive income (loss)	Retained earnings	Total
Balance at January 1, 2009	879,359,040,000	2,388,546,405,479	(14,371,298,059)	51,790,348,089	3,396,353,196,143	6,701,677,691,652
Annual dividends					(175,455,002,350)	(175,455,002,350)
Profit for the year					421,114,590,150	421,114,590,150
Disposal of treasury shares		19,758,715,614	11,597,927,330			31,356,642,944
Actuarial losses					(972,631,268)	(972,631,268)
Net loss on AFS financial assets				(4,353,212,062)		(4,353,212,062)
Balance at December 31, 2010	879,359,040,000	2,408,305,121,093	(2,773,370,729)	47,437,136,027	3,641,040,152,675	6,973,368,079,066
Balance at January 1, 2011	879,359,040,000	2,408,305,121,093	(2,773,370,729)	47,437,136,027	3,641,040,152,675	6,973,368,079,066
Annual dividends					(175,921,002,350)	(175,921,002,350)
Profit for the year					395,495,320,021	395,495,320,021
Disposal of treasury shares		629,556,280	338,481,920			968,038,200
Actuarial losses					(2,188,992,432)	(2,188,992,432)
Net loss on AFS financial assets				(15,661,763,487)		(15,661,763,487)
Balance at December 31, 2011	879,359,040,000	2,408,934,677,373	(2,434,888,809)	31,775,372,540	3,858,425,477,914	7,176,059,679,018

LG CORP.
SEPARATE STATEMENTS OF CASH FLOWS
 FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

Unit : KRW

	Year ended December 31, 2011	Year ended December 31, 2010
CASH FLOWS FROM OPERATING ACTIVITIES:		
Profit for the year	395,495,320,021	421,114,590,150
Additions of expenses not involving cash outflows:	98,579,550,120	90,315,705,867
Depreciation	13,157,423,921	8,765,068,192
Amortization of intangible assets	661,146,008	853,351,827
Retirement benefits	2,310,442,338	1,896,550,088
Interest expenses	8,681,313,799	15,527,581,082
Income tax expense	73,532,294,451	56,325,862,526
Share-based payments	-	6,657,621,207
Loss on disposal of AFS financial assets	-	227,309,495
Loss on disposal of property, plant and equipment	5,137,190	62,361,450
Other selling and administration expenses	231,792,413	-
Deduction of items not involving cash inflows:	(270,786,703,757)	(297,692,335,310)
Interest income	9,399,028,595	6,076,250,931
Dividend income	260,878,433,614	279,612,445,700
Gain on disposal of investments in associates	-	11,621,033,921
Reversal of share-based payments	57,282,839	-
Gain on disposal of property, plant and equipment	48,188,205	65,967
Other operating income	403,770,504	382,538,791
Movements in working capital:	12,881,780,994	(32,615,602,471)
Other receivables	4,892,897,923	9,122,564,114
Other current assets	14,471,745	(2,979,916)
Other non-current assets	(2,488,194,458)	(992,658,207)
Other payables	10,691,152,237	(37,934,226,081)
Other current liabilities	2,407,369,706	(1,259,859,370)
Other non-current payables	566,962,000	1,515,248,600
Retirement benefit obligation	(3,202,878,159)	(3,063,691,611)

(Continued)

LG CORP.
SEPARATE STATEMENTS OF CASH FLOWS (CONTINUED)
 FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

Unit : KRW

	Year ended December 31, 2011	Year ended December 31, 2010
Interest income received	9,631,071,383	6,035,527,941
Dividend income received	260,878,433,614	279,612,445,700
Interest expense paid	(8,140,000,000)	(15,973,020,547)
Income taxes paid	(64,161,525,061)	(48,664,776,689)
Net cash provided by operating activities	434,377,927,314	402,132,534,641
CASH FLOWS FROM INVESTING ACTIVITIES:		
Cash inflows from investing activities:	410,093,034,420	564,338,713,005
Decrease in financial institution deposits	410,000,000,000	560,000,000,000
Disposal of AFS financial assets	-	4,218,775,505
Disposal of property, plant and equipment	93,034,420	119,937,500
Cash outflows from investing activities:	(683,286,821,001)	(645,388,735,275)
Increase in financial institution deposits	345,000,000,000	565,000,000,000
Purchase of investments in associates	245,262,643,200	-
Purchase of investments in subsidiaries	5,000,000,000	-
Acquisition of property, plant and equipment	9,506,602,109	534,537,099
Acquisition of intangible assets	2,232,019,390	561,600,000
Acquisition of investment properties	76,285,556,302	79,292,598,176
Net cash used in investing activities	(273,193,786,581)	(81,050,022,270)

(Continued)

LG CORP.
SEPARATE STATEMENTS OF CASH FLOWS *(CONTINUED)*
 FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

Unit : KRW

	Year ended December 31, 2011	Year ended December 31, 2010
CASH FLOWS FROM FINANCING ACTIVITIES:		
Cash inflows from financing activities:	85,952,227,782	60,475,753,883
Proceeds from short-term borrowings	84,783,196,680	22,810,919,411
Disposal of treasury stocks	1,169,031,102	37,664,834,472
Cash outflows from financing activities:	(305,704,199,030)	(398,265,921,761)
Payment of dividends	175,921,002,350	175,455,002,350
Redemption of short-term borrowings	29,783,196,680	22,810,919,411
Redemption of debentures	100,000,000,000	200,000,000,000
Net cash used in financing activities	(219,751,971,248)	(337,790,167,878)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(58,567,830,515)	(16,707,655,507)
CASH AND CASH EQUIVALENTS, AT BEGINNING OF PERIOD	60,549,554,867	77,257,210,374
CASH AND CASH EQUIVALENTS, AT END OF PERIOD	1,981,724,352	60,549,554,867

(Concluded)



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