

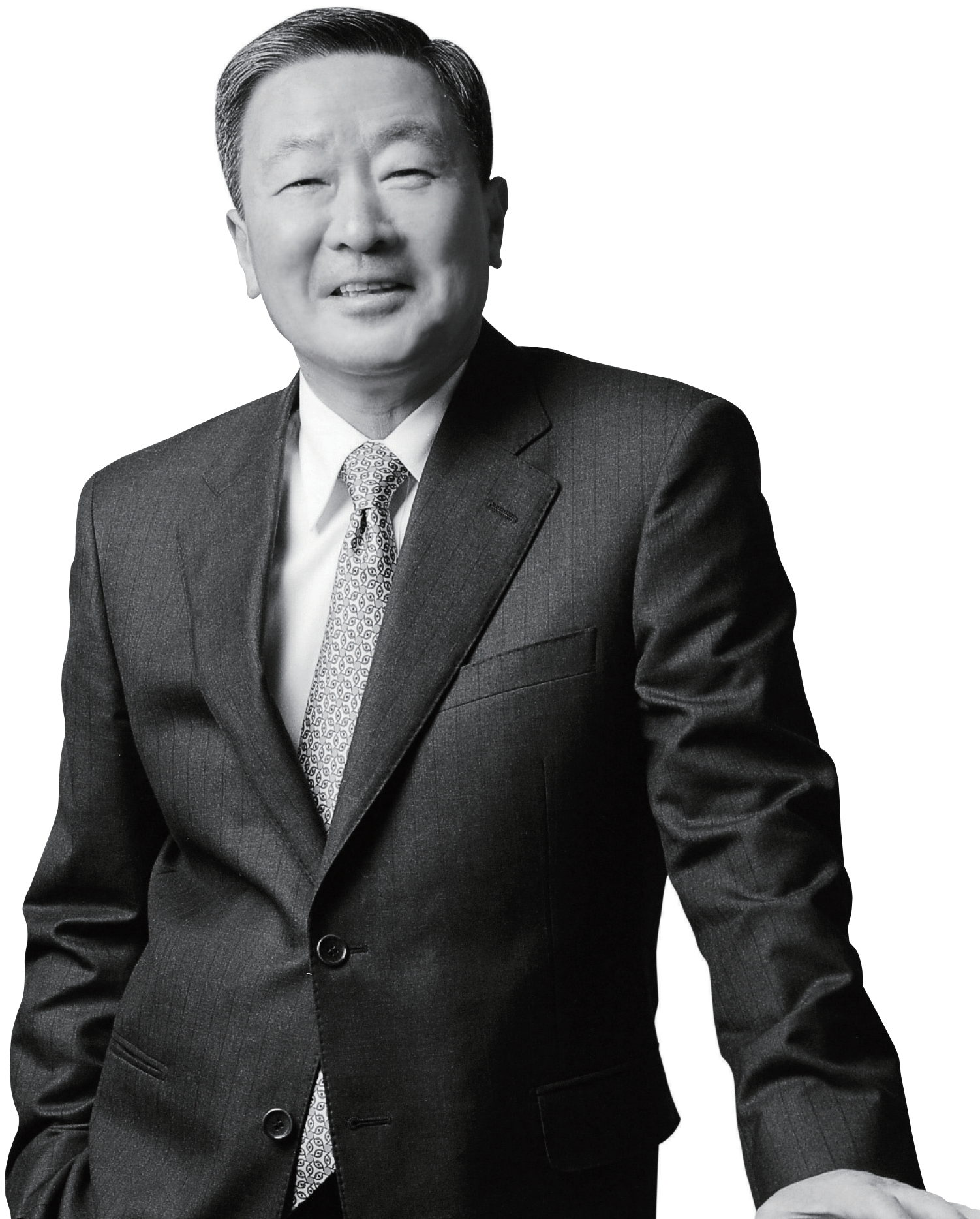
2014 LG Annual Report

(2014.1.1 - 2014.12.31)



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Message from the CEO



LG will strive to become a market-leading global corporation with products and services that deliver the best value based on ongoing innovation.

Message from the CEO

Dear valued shareholders and customers,

Let us begin by expressing our deepest appreciation for your ongoing trust and support for LG.

Last year, the world economy struggled with the slower-than-expected recovery and slumping growth in emerging markets. Fluctuations in exchange rates and oil prices are also destabilizing the global financial markets and creating uncertainties.

Over the past several years, LG has not only strived to deliver results in its core business areas but also focused on developing new growth engines based on the conviction that this is the only way to ensure business sustainability and sound growth.

In 2014, we focused our corporate-wide capabilities on securing market leadership and delivering the best value to customers, proving our technological prowess with the G Series smartphones that feature our world's best display and camera technologies and the UHD OLED TV that delivers the world's highest picture quality.

In the energy sector, we developed our collective capabilities in energy solutions and successfully presented a brand new customer value across the value chain that includes the production, storing, and management of energy. We also delivered the top performance in the EV battery business.

In order to build a stronger foundation for the water treatment business, we acquired a company specialized in seawater desalination filters and made some decisive moves to facilitate materials innovation.

We strongly believe that our efforts aimed at delivering a better life to customers will be recognized in the market and help us lead the market in the long term.

Dear shareholders and customers,

The year 2015 is expected to present many obstacles to us. In addition to increasing economic uncertainties, LG is bracing for fierce competition with late comers who are closing their technological gap with the leading players.

In response to this challenge, LG is going to put its utmost effort into securing market leadership through continuous innovation and deliver products and services that provide the best value to customers.

The world is changing on a pace that we have never seen before, and customers expect the level of innovation that we have never experienced. In order to meet the expectation, we will never be complacent and dwell on past glories. Based on our group-wide capabilities in materials, components, and services, we will strive for hybrid and convergence between industries so that our affiliates can create the best value for customers and lead their respective markets.

In addition, we will work on building and organizing our business portfolio to increase our corporate value in the long run.

In our core business areas, we will maximize performance with market-leading products, while making thorough preparations for long-term business sustainability. In particular, we will identify success factors, determine optimal level of resources, and thoroughly execute our plans to lead our new businesses to near-term success.

Finally, we will strive to become a responsible corporate citizen in every community where we operate and earn the hearts and minds of our customers across the world.

LG has made consistent effort into enhancing transparency in business management, as evidenced in its early adoption of the holding company structure, and proved its pledge for ethical management through faithful practice of Jeong-Do Management. Going forward, as a responsible corporate citizen, LG will contribute to society by creating better jobs and gain trust of society by discovering and supporting business partners with high potential for mutual growth.

Dear valued shareholders and customers,

Thanks to your enduring trust and support, LG was able to overcome many challenges and grow into a global corporation.

This year, we will continue our efforts to repay your trust and support by leading the market with differentiated approaches and maximizing our corporate value.

We sincerely seek your continued support and guidance for LG.

Thank You.

Bon Moo Koo, Chairman & CEO

A handwritten signature in black ink, appearing to read 'Bon M Koo', written in a cursive style.

challenge is our power



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



Cho, Juno
Director
President and COO, LG Corp.



Lee, Hyuk Ju
Director
Head of Finance and Accounting Team,
LG Corp.



Lee, Yoon Jae
Director
Director, Busan Bank



Yoon, Dae Hee
Director
Chair Professor, Gachon University

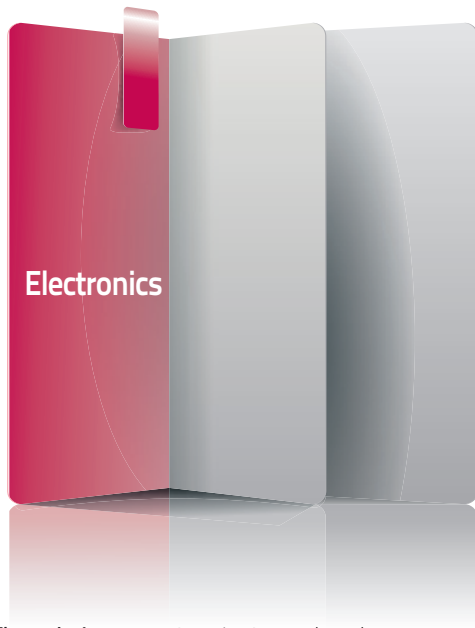


Noh, Young Bo
Director
Representative Partner, Bae, Kim & Lee LLC



Choi, Sang Tai
Director
Visiting Professor, Ulsan National
Institute of Science and Technology

holding structure



LG Electronics Inc. (33.7%)

LG Display Co., Ltd. (37.9%)
 -Nanumnuri Co., Ltd. (100%)
 LG Innotek Co., Ltd. (40.8%)
 -Innowith Co., Ltd. (100%)
 Hi Plaza Inc. (100%)
 Hi 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-Hitachi Water Solutions Co., Ltd. (51.0%)
 Hanuri Co., Ltd. (100%)

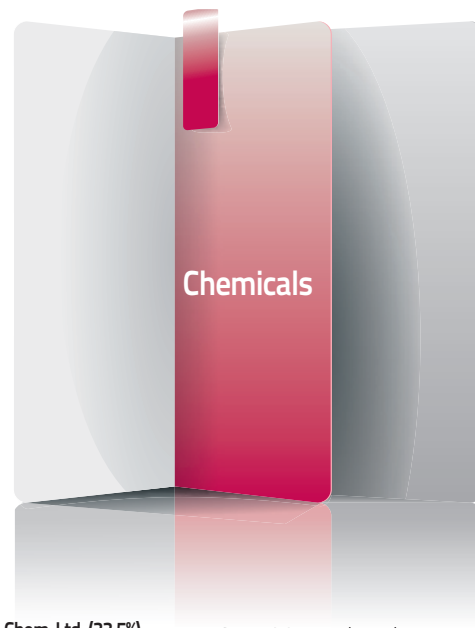
Silicon Works Co., Ltd. (28.2%)

LG Siltron Inc. (51.0%)

Lusem Co., Ltd. (64.8%)

LG Fuel Cell Systems Korea Inc. (100%)

※ LG Fuel Cell Systems Inc.(overseas affiliate) holds 100% of shares in LG Fuel Cell Systems Korea Inc.



LG Chem, Ltd. (33.5%)

SEETEC Co., Ltd. (50.0%)
 Haengboknuri Co., Ltd. (100%)

LG Household & Health Care, Ltd. (34.0%)

Coca-Cola Beverage Company (90.0%)
 -Hankook Beverage Co., Ltd. (100%)
 Haitai Beverage Co., Ltd. (100%)
 TheFaceShop Co., Ltd. (100%)
 Clean Soul Ltd. (50.0%)
 Future, Inc. (100%)

LG Hausys, Ltd. (33.5%)

LG Tostem BM Co., Ltd. (50.0%)
 Hausys Eng Co., Ltd. (100%)
 Hausys Interpane Co., Ltd. (80.0%)

LG Life Sciences, Ltd. (30.4%)

LG MMA Corp. (50.0%)

As of December 31, 2014
 No. of subsidiaries_16
 No. of sub-subsidiaries_36
 No. of greatsub-subsidiaries_3
 Other_1



Management's Discussion & Analysis

2014. 1. 1 ~ 2014. 12. 31

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

In year 2014, recovery in the global consumer markets failed to meet our expectations, while seeing emerging market economy growing more slowly than expected. Also, unfavorable business environment persisted throughout the year due to unstable financial market and volatile oil prices. As a result, our operating profit came down by 9.5% to KRW 1.4 trillion in 2014, but sales revenue and net income grew slightly from 2013 to KRW 9.9 trillion and KRW 0.8 trillion, respectively.

In 2014, we focused our corporate-wide capabilities on securing market leadership and developing new growth engines for future growth. We launched G Series smartphones that feature our world's best display and camera technologies and the UHD TV that delivers the world's highest picture quality. In the energy sector, we developed our collective capabilities in energy solutions and successfully presented a brand new customer value across the value chain that includes the production, storing, and management of energy. We also made meaningful progress to deliver the top performance in the EV battery business in near future. Also, in order to build a stronger foundation for the water treatment business, we acquired a company specialized in seawater desalination filters and made some decisive moves to facilitate materials innovation.

The year 2015 remains vulnerable to an economic slowdown and is expected to present many obstacles to us. In addition to increasing economic uncertainties, LG is bracing for fierce competition with late comers who are closing their technological gap with the leading players. In response to this challenge, LG is going to put its utmost effort into securing market leadership through continuous innovation and deliver products and services that provide the best value to customers.

1. Sales and Profit before Tax of Subsidiaries

Unit : KRW one million

| Company | Sales | | | Profit Before Tax | | |
|--|-----------|-----------|-------|-------------------|----------|---------|
| | 2014 | 2013 | YoY | 2014 | 2013 | YoY |
| LG Corp.(*1) | 575,744 | 568,046 | 1.4% | 420,319 | 415,737 | 1.1% |
| Serveone Co., Ltd. (*2) | 4,552,295 | 4,436,061 | 2.6% | 110,424 | 119,416 | -7.5% |
| LG CNS Co., Ltd. (*2) | 3,317,560 | 3,196,663 | 3.8% | 121,228 | 117,688 | 3.0% |
| LG Siltron Inc. (*2) | 780,610 | 850,313 | -8.2% | (65,909) | (47,165) | -39.7% |
| Lusem Co., Ltd. (*1) | 364,794 | 390,925 | -6.7% | 4,783 | 5,713 | -16.3% |
| LG Management Development Institute(*1) | 75,504 | 75,326 | 0.2% | 3,193 | 126 | 2434.1% |
| LG Sports Ltd. (*1) | 44,303 | 41,284 | 7.3% | (7,341) | (1,159) | -533.4% |
| LG Solar Energy Inc. (*1) | 12,910 | 12,861 | 0.4% | 3,199 | 2,650 | 20.7% |
| LG Holdings Japan Co.,Ltd. (*1)(*3) | 207 | | - | 100 | | - |

(*1) based on the separate statements of income

(*2) based on the consolidated statements of income

(*3) Established during the current period

Corporate Purchase Outsourcing and Real Estate Services Segment

Construction Management (CM) unit saw a decline in sales as investment by major clients decreased in 2014. However, growth in other units such as Maintenance, Repair, and Operation (MRO) unit and Facility Management (FM) unit has more than offset the weak CM sales. As a result, sales revenue of Serveone grew by 2.6% YoY to KRW 4.55 trillion.

IT Services Segment

In year 2014, LG CNS sales revenue grew by 4% YoY to KRW 3.3 trillion and generated KRW 155 billion in operating profit. Even though domestic and overseas IT services market continued to slow in 2014, LG CNS recorded double digit growth in its new growth business and overseas business.

Semiconductor and Electronic Components Manufacturing Segment

LG Siltron went through business restructuring and cost reduction in 2014 to improve its profitability and was able to turn around its operating profit in the second half of the year. For the whole year, LG Siltron generated sales revenue of KRW 781 billion and KRW 35 billion of operating loss. In 2015, LG Siltron will focus on strengthening and securing its product competitiveness along with improving manufacturing competitiveness through cost reduction and productivity enhancement.

2. Gain(Loss) Valuation of Equity Method

Unit : KRW one million

| Company | 2014 | 2013 | YoY |
|----------------------------------|---------|---------|---------|
| LG Chem Ltd. | 255,769 | 379,277 | -32.6% |
| LG Household & Health Care, Ltd. | 105,639 | 108,251 | -2.4% |
| LG Electronics Inc. | 127,784 | 42,276 | 202.3% |
| LG Uplus Corp. | 66,995 | 98,767 | -32.2% |
| LG Life Sciences, Ltd. | (825) | 928 | -188.9% |
| LG Hitachi Co., Ltd. | (3,433) | (894) | -284.0% |
| GIIR Corporation | 2,409 | 3,276 | -26.5% |
| LG Hausys, Ltd. | 16,141 | 23,423 | -31.1% |
| LG MMA Corp. | 9,006 | 9,630 | -6.5% |
| Others | (5,236) | (3,649) | -43.5% |
| Total | 574,249 | 661,285 | -13.2% |

3. Other Revenue

Unit : KRW one million

| Account | 2014 | 2013 | YoY |
|----------------------|---------|---------|-------|
| Brand royalty income | 264,859 | 269,085 | -1.6% |
| Rental Income | 101,491 | 98,672 | 2.9% |
| Others | 36,239 | 24,997 | 45.0% |
| Total | 402,589 | 392,754 | 2.5% |

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, 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

- 1-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, then the fees are finally reconciled based on the relevant year's actual figures.

As of the end of 2014, LG Corp. posted brand royalty income of KRW 264,859 million and 26 companies made brand contract.

2) Rental income

LG Corp. recorded rental income of KRW 101,491 million in 2014, a 2.9% increase from the previous year.

※Dividends received

Unit : KRW one million

| Company | 2014 | 2013 | YoY |
|----------------------------------|---------|---------|---------|
| LG Chem Ltd. | 88,877 | 88,877 | 0.0% |
| LG Siltron Inc. | - | 2,564 | -100.0% |
| LG Uplus Corp. | 23,607 | - | - |
| LG CNS Co., Ltd. | 12,593 | 16,667 | -24.4% |
| LG Electronics Inc. | 11,019 | 11,019 | 0.0% |
| LG Household & Health Care, Ltd. | 19,933 | 19,933 | 0.0% |
| Serveone Co., Ltd. | 26,000 | 39,000 | -33.3% |
| LG MMA Corp. | 19,200 | 15,000 | 28.0% |
| LG Hausys, Ltd. | 5,412 | 3,007 | 80.0% |
| Lusem Co., Ltd. | 700 | 700 | 0.0% |
| GIIR Inc. | 1,160 | 1,160 | 0.0% |
| Others | 893 | 2,363 | -62.2% |
| Total | 209,394 | 200,290 | 4.5% |

4. Investments in Associates for the Years Ended December 31, 2014 and 2013

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. | 3,452,526 | - | (88,877) | 255,769 | (9,142) | - | 3,610,276 |
| LG Household & Health Care, Ltd. | 421,253 | - | (19,933) | 105,639 | (17,377) | - | 489,582 |
| LG Electronics Inc. | 3,509,369 | - | (11,019) | 127,784 | (116,428) | - | 3,509,706 |
| LG Uplus Corp. | 1,425,985 | - | (23,607) | 66,995 | (2,339) | - | 1,467,034 |
| LG Life Science, Ltd. | 74,810 | - | - | (825) | (669) | - | 73,316 |
| LG Hitachi Co., Ltd. | 12,192 | - | - | (3,433) | (349) | - | 8,410 |
| GIIR Corporation | 40,812 | - | (1,160) | 2,409 | (686) | - | 41,375 |
| LG Hausys, Ltd. | 232,861 | - | (5,412) | 16,141 | 420 | - | 244,010 |
| LG MMA Corp. | 207,104 | - | (19,200) | 9,006 | (1,173) | - | 195,737 |
| Siliconworks Co., Ltd. | - | 115,606 | - | 2,703 | 429 | - | 118,738 |
| Others | 57,356 | 13,714 | (27) | -7,939 | (468) | (5,508) | 57,128 |
| Total | 9,434,268 | 129,320 | (169,235) | 574,249 | (147,782) | (5,508) | 9,815,312 |

5. Property, Plant and Equipment, net

Unit : KRW one million

| Description | Beginning balance | Acquisition | Disposals | Depreciation | Transfers | Impairment | Others | Ending balance |
|--------------------------|-------------------|-------------|-----------|--------------|-----------|------------|---------|----------------|
| Land | 379,138 | 1,966 | (1,273) | - | 90,210 | - | (527) | 469,514 |
| Buildings | 950,056 | 3,796 | (1,513) | (39,464) | 78,675 | - | (1,921) | 989,629 |
| Structures | 169,064 | 396 | (27) | (10,606) | 34,277 | - | 16,740 | 209,844 |
| Machinery | 360,262 | 16,375 | (27) | (128,060) | 68,569 | (2,415) | 4,308 | 319,012 |
| Vehicles | 10,124 | 3,982 | (85) | (2,191) | 24 | - | (689) | 11,165 |
| Tools and equipment | 6,116 | 2,956 | (1) | (3,288) | 1,213 | (50) | (2) | 6,944 |
| Furniture and fixtures | 87,097 | 11,012 | (217) | (24,306) | 6,421 | (63) | (557) | 79,387 |
| Construction in progress | 170,168 | 262,658 | (2,255) | - | (281,667) | - | 6,774 | 155,678 |
| Other property | 230,327 | 52,218 | (576) | (48,240) | 1,751 | (9) | 1,051 | 236,522 |
| Total | 2,362,352 | 355,359 | (5,974) | (256,155) | (527) | (2,537) | 25,177 | 2,477,695 |

6. Investment Property

Unit : KRW one million

| Description | Beginning balance | Acquisition | Depreciation | Transfers | Others | Ending balance |
|--------------------------|-------------------|-------------|--------------|-----------|----------|----------------|
| Land | 175,370 | 166,523 | - | (3,787) | (12,695) | 325,411 |
| Buildings | 306,549 | 32,699 | (16,672) | 4,350 | (2,592) | 324,334 |
| Structures | 5,430 | - | (1,000) | 1,327 | (540) | 5,217 |
| Construction in progress | - | 1,351 | - | (1,363) | 12 | - |
| Total | 487,349 | 200,573 | (17,672) | 527 | (15,815) | 654,962 |

Detail of valuation to fair value of investment property as of December 31, 2014 are as follows.

| | Book value of investment property : | Results of valuation : | | | | | | | Total |
|--------------------------|-------------------------------------|------------------------------|-------------------------------|------------------------|-------------------------------|----------------------------|--------------------|---------------------------------|-----------|
| | Book value | Central Hub Logistics Center | Chungju Hub Center (*1),(*2) | Twin Towers (*1),(*3) | Gasandong Building (*1),(*4) | Gwang hwamun Building (*1) | Buho Building (*1) | Kyobashi Trust Tower (*1),(*2) | |
| Date of revaluation | - | 2013.1.1 | - | 2012.3.16 | 2009.4.21 | 2010.9.30 | 2013.6.4 | - | - |
| Land | 429,305 | 5,570 | 7,046 | 456,800 | 50,966 | 145,452 | 16,513 | 153,828 | 836,175 |
| Buildings and structures | 490,846 | 4,345 | 8,908 | 343,200 | 110,104 | 84,548 | 1,238 | 27,565 | 579,908 |
| Total | 920,151 | 9,915 | 15,954 | 800,000 | 161,070 | 230,000 | 17,751 | 181,393 | 1,416,083 |

(*1) Includes the value of investment property (Carrying value that is subject to valuation: 265,189 million) occupied by the owner.

(*2) Acquisition cost is considered as fair value as the difference between acquisition date and reporting date is not significant.

(*3) It is the whole valuation amount of Twin Tower.

(*4) It is allowed to transfer only if it is transferred to the Korea Export Industrial Corporation when the partial or whole land is disposed according to the regulations that are related to industrial revitalization or the establishment of factory or only if there is a consent.

7. Debentures and Borrowings

1) Short-term Borrowings

Unit : KRW one million

| Account | 2014.12.31 | 2013.12.31 | YoY |
|-----------------------|------------|------------|-------|
| Short-term borrowings | 180,230 | 108,660 | 65.9% |

2) Long-term Borrowings

Unit : KRW one million

| Account | 2014.12.31 | | 2013.12.31 | |
|---------------------------------------|------------|-------------|------------|-------------|
| | Current | Non-current | Current | Non-current |
| Korean currency long-term borrowings | 144,156 | 561,820 | 182,728 | 389,732 |
| Foreign currency long-term borrowings | - | 73,611 | 2,301 | - |
| Debentures in Korean won | 360,000 | 560,000 | 310,000 | 760,000 |
| Discount on debentures | (251) | (1,302) | (175) | (2,072) |
| Present value discount account | (84) | (762) | (101) | (241) |
| Total | 503,821 | 1,193,367 | 494,753 | 1,147,419 |

3) Debentures as of December 31, 2014, 2013

Unit : KRW one million

| Company | Description | Issue date | Maturity date | Annual interest rate | 2014.12.31 | 2013.12.31 |
|------------------------|------------------------|------------|---------------|----------------------|------------|------------|
| LG CNS Co., Ltd. | 4th public offering | 2011.03.04 | 2014.03.04 | 4.52% | - | 50,000 |
| | 5th public offering | 2013.03.05 | 2017.03.05 | 4.15% | 100,000 | 100,000 |
| | 6th public offering | 2013.10.24 | 2015.10.24 | 3.17% | 100,000 | 100,000 |
| | 7th public offering | 2014.05.07 | 2018.05.07 | 2.96% | 100,000 | 100,000 |
| | 8th public offering | 2014.12.05 | 2016.12.05 | 3.42% | 100,000 | 100,000 |
| Serveone Co., Ltd. | 2nd public offering | 2011.02.22 | 2014.02.22 | 4.55% | - | 100,000 |
| | 3rd public offering | 2014.02.14 | 2017.02.14 | 3.21% | 100,000 | - |
| LG Siltron Inc. | 34th public offering | 2011.04.28 | 2014.04.28 | 4.42% | - | 60,000 |
| | 35th public offering | 2011.07.15 | 2015.07.15 | 4.48% | 100,000 | 100,000 |
| | 36th public offering | 2011.09.14 | 2013.09.14 | 4.26% | - | 100,000 |
| | 37-1th public offering | 2012.01.05 | 2015.01.05 | 4.17% | 60,000 | 70,000 |
| | 37-2th public offering | 2012.01.05 | 2017.01.05 | 4.61% | 40,000 | 40,000 |
| | 38-1th public offering | 2012.06.04 | 2015.06.04 | 3.73% | 50,000 | 50,000 |
| | 38-2th public offering | 2012.06.04 | 2017.06.04 | 3.94% | 50,000 | 50,000 |
| | 39th private offering | 2014.02.07 | 2017.02.07 | 4.21% | 30,000 | - |
| | 40th private offering | 2014.03.14 | 2017.03.14 | 4.37% | 40,000 | - |
| LG N Sys Co., Ltd. | 1st public offering | 2013.05.30 | 2015.05.30 | 3.89% | 50,000 | 50,000 |
| Subtotal | | | | | 920,000 | 1,070,000 |
| Discount on debentures | | | | | (1,553) | (2,247) |
| Current debentures (*) | | | | | (359,749) | (309,825) |
| Total | | | | | 558,698 | 757,928 |

(*) Discounts on debentures have been deducted.

8. Issued Capital

Details of issued capital as of December 31, 2014, 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 | 83,753,496 | 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. In case of no dividend payout, they are granted voting rights from the shareholders' meeting.
The Group has 93,789 shares of common stock and 6,810 shares of preferred stock as of December 31, 2014.

9. Retained Earnings and Dividends

Changes in retained earnings for the years ended December 31, 2014 and 2013 are as follows.

Unit : KRW one million

| | Year ended 2014-12-31 | Year ended 2013-12-31 |
|--|-----------------------|-----------------------|
| Beginning balance | 8,574,840 | 7,860,772 |
| Profit for the year attributable to the owner of the Company | 844,548 | 896,117 |
| Dividends | (175,937) | (175,937) |
| Remeasurements of net defined benefit liability | (10,106) | (1,862) |
| Changes in retained earnings by equity method | (80,111) | (4,250) |
| Ending balance | 9,153,234 | 8,574,840 |

Dividends and dividend per share as of December 31, 2014, 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 | 93,789 | 172,463,342 | 1,000 | 172,464 |
| Preferred stock | 3,314,677 | 6,810 | 3,307,867 | 1,050 | 3,473 |

Audit Report

2014. 1. 1~2014. 12. 31

Independent Auditors' Report

English Translation of a Report Originally Issued in Korean

To the Shareholders and the Board of Directors of LG Corp.:

We have audited the accompanying consolidated financial statements of LG Corp. and its subsidiaries (the "Group"), which comprise the consolidated statements of financial position as of December 31, 2014 and December 31, 2013, respectively, and the consolidated statements of comprehensive income, consolidated statements of changes in shareholders' equity and consolidated statements of cash flows, for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Korean International Financial Reporting Standards ("K-IFRS") and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Our responsibility is to express an audit opinion on these financial statements based on our audits. We conducted our audits in accordance with Korean Standards on Auditing ("KSAs"). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

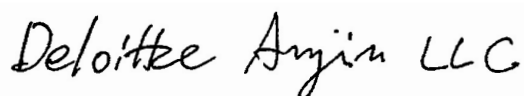
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the LG Corp. and its subsidiaries as of December 31, 2014 and December 31, 2013, respectively, and its financial performance and its cash flows for the years then ended in accordance with K-IFRS.

We conducted our audit of consolidated financial statements of LG Corp. and its subsidiaries as of December 31, 2013 in accordance with the former KSAs, known as auditing standards generally accepted in Korea.

We have audited the consolidated financial statements of LG Corp. and its subsidiaries as of December 31, 2013 in accordance with the former KSAs which we relied on the report of other auditor on the financial statements of certain consolidated subsidiaries whose financial statements reflect 48.09% of consolidated total assets and 5.72% of consolidated total revenue as of December 31, 2013.



March 11, 2015

Notice to Readers

This report is effective as of March 11, 2015, the auditor's report date. Certain subsequent events or circumstances may have occurred between the auditor's report date and the time the auditor's report is read. Such events or circumstances could significantly affect the accompanying consolidated financial statements and may result in modifications to the auditor's report.

LG CORP. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS OF DECEMBER 31, 2014 AND 2013

Unit : KRW one million

| | December 31, 2014 | December 31, 2013 |
|--|-------------------|-------------------|
| ASSETS | | |
| CURRENT ASSETS : | | |
| Cash and cash equivalents | 497,211 | 682,142 |
| Financial institution deposits | 335,558 | 310,031 |
| Current derivative assets | 1,409 | 254 |
| Trade receivables, net | 2,263,398 | 2,003,643 |
| Other receivables, net | 77,880 | 75,546 |
| Current tax assets | 4,761 | 2,805 |
| Current other assets | 361,815 | 291,032 |
| Inventories, net | 307,655 | 330,375 |
| Assets held for sale | 1,519 | 13,844 |
| Total current assets | 3,851,206 | 3,709,672 |
| NON-CURRENT ASSETS : | | |
| Non-current derivative assets | 93 | 113 |
| Available-for-sale ("AFS") financial assets | 103,807 | 109,853 |
| Non-current trade receivables, net | 7,232 | 11,216 |
| Non-current other receivables, net | 19,027 | 20,327 |
| Investments in associates and joint ventures | 9,815,312 | 9,434,268 |
| Deferred tax assets, net | 175,280 | 141,571 |
| Non-current other assets | 93,632 | 117,045 |
| Property, plant and equipment, net | 2,477,695 | 2,362,352 |
| Investment property, net | 654,962 | 487,349 |
| Intangible assets | 134,461 | 156,411 |
| Total non-current assets | 13,481,501 | 12,840,505 |
| TOTAL ASSETS | 17,332,707 | 16,550,177 |

(Continued)

LG CORP. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2014 AND 2013 (CONTINUED)

Unit : KRW one million

| | December 31, 2014 | December 31, 2013 |
|---|-------------------|-------------------|
| LIABILITIES AND EQUITY | | |
| CURRENT LIABILITIES : | | |
| Current derivative liabilities | 2,319 | 1,403 |
| Trade payables | 1,371,962 | 1,253,987 |
| Other payables | 595,862 | 577,683 |
| Short-term borrowings | 180,230 | 108,660 |
| Current portion of debentures and long-term borrowings | 503,821 | 494,753 |
| Current tax liabilities | 75,349 | 60,014 |
| Provisions | 24,107 | 23,491 |
| Other current liabilities | 141,536 | 139,552 |
| Finance lease liabilities | - | 134 |
| Liabilities related to assets held for sale | 1,615 | - |
| Total current liabilities | 2,896,801 | 2,659,677 |
| NON-CURRENT LIABILITIES : | | |
| Non-current derivative liabilities | 3,043 | 1,881 |
| Other payables | 229,047 | 217,054 |
| Long-term borrowings | 1,193,367 | 1,147,419 |
| Net defined benefit liability | 97,302 | 83,700 |
| Deferred tax liability | 276,920 | 270,809 |
| Provisions | 7,229 | 6,533 |
| Other non-current liabilities | 43,163 | 57,813 |
| Total non-current liabilities | 1,850,071 | 1,785,209 |
| TOTAL LIABILITIES | 4,746,872 | 4,444,886 |
| EQUITY : | | |
| Equity attributable to the owners of the parent company | 12,251,947 | 11,756,394 |
| Issued capital | 879,359 | 879,359 |
| Capital surplus | 2,362,706 | 2,365,354 |
| Other capital items | (2,390) | (2,390) |
| Accumulated other comprehensive income (loss) | (140,962) | (60,769) |
| Retained earnings | 9,153,234 | 8,574,840 |
| Non-controlling interests | 333,888 | 348,897 |
| TOTAL EQUITY | 12,585,835 | 12,105,291 |
| TOTAL LIABILITIES AND EQUITY | 17,332,707 | 16,550,177 |

(Concluded)

LG CORP. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

Unit : KRW one million

| | Year ended December 31, 2014 | Year ended December 31, 2013 |
|--|---------------------------------|---------------------------------|
| Revenue and gain (loss) on valuation equity method | 9,865,402 | 9,799,213 |
| Sales of finished goods and merchandise | 5,458,392 | 5,452,982 |
| Service revenue | 1,982,884 | 1,872,605 |
| Construction revenue | 1,447,442 | 1,419,587 |
| Gain (loss) on valuation of equity method | 574,095 | 661,285 |
| Other revenue | 402,589 | 392,754 |
| Cost of sales | 8,361,929 | 8,184,718 |
| Gross profit | 1,503,473 | 1,614,495 |
| Selling and administrative expenses | 459,365 | 460,573 |
| Operating income | 1,044,108 | 1,153,922 |
| Financial income | 38,936 | 50,483 |
| Financial expenses | 101,945 | 100,175 |
| Other non-operating income | 54,182 | 54,976 |
| Other non-operating expenses | 79,551 | 80,177 |
| Profit before income tax from continuing operations | 955,730 | 1,079,029 |
| Income tax expense for continuing operations | 127,064 | 122,742 |
| Profit from continuing operations | 828,666 | 956,287 |
| Loss from discontinued operations | 5,598 | (125,424) |
| Profit for the year | 834,264 | 830,863 |
| Profit for the year attributable to : | | |
| Owners of the parent Company | 844,548 | 896,117 |
| Non-controlling interests | (10,284) | (65,254) |
| Earnings per share (in Korean won) : | | |
| Continuing and discontinued operations | | |
| Basic | 4,804 | 5,097 |
| Diluted | 4,804 | 5,097 |
| Continuing operations | | |
| Basic | 4,784 | 5,462 |
| Diluted | 4,784 | 5,462 |

LG CORP. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
 FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

Unit : KRW one million

| | Year ended December 31, 2014 | Year ended December 31, 2013 |
|---|---------------------------------|---------------------------------|
| Profit for the year | 834,264 | 830,863 |
| Other comprehensive income (loss) : | | |
| Items that may be reclassified subsequently to profit or loss | | |
| Net income (loss) on AFS financial assets | (4,578) | 1,363 |
| Net gain (loss) on changes in valuation of investments using equity method | (64,167) | (88,577) |
| Net gain (loss) on derivative instruments entered into for cash flow hedges | (1,535) | 1,245 |
| Overseas operations translation | (10,762) | (378) |
| Items that will not be reclassified subsequently to profit or loss | | |
| Remeasurements of the net defined benefit liability | (13,670) | 789 |
| Decrease in retained earnings of equity method investments | (80,131) | (4,263) |
| Total comprehensive income for the year | 659,421 | 741,042 |
| Total comprehensive income attributable to : | | |
| Owners of the parent Company | 674,138 | 804,233 |
| Non-controlling interests | (14,717) | (63,191) |

LG CORP. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

Unit : KRW one million

| | Issued capital | Capital surplus | Other capital items | Accumulated other comprehensive income (loss) | Retained earnings | Non- controlling interests | Total |
|---|-------------------|--------------------|------------------------|--|----------------------|----------------------------------|-------------------|
| Balance at January 1, 2013 | 879,359 | 2,366,296 | (2,390) | 25,003 | 7,860,772 | 416,360 | 11,545,400 |
| Profit for the year | | | | | 896,117 | (65,254) | 830,863 |
| Annual dividends | | | | | (175,937) | (5,790) | (181,727) |
| Net gain(loss) on AFS financial assets | | | | 1,406 | | (43) | 1,363 |
| Valuation through equity method | | | | (88,530) | (4,250) | (60) | (92,840) |
| Valuation on derivative instruments | | | | 1,245 | | | 1,245 |
| Remeasurements of the net defined benefit liability | | | | | (1,862) | 2,651 | 789 |
| Overseas operations translation | | | | 107 | | (485) | (378) |
| Changes in the shares of subsidiaries | | (942) | | | | 713 | (229) |
| Acquisition of subsidiaries | | | | | | 805 | 805 |
| Balance at December 31, 2013 | 879,359 | 2,365,354 | (2,390) | (60,769) | 8,574,840 | 348,897 | 12,105,291 |
| Balance at January 1, 2014 | 879,359 | 2,365,354 | (2,390) | (60,769) | 8,574,840 | 348,897 | 12,105,291 |
| Profit for the year | | | | | 844,548 | (10,284) | 834,264 |
| Annual dividends | | | | | (175,937) | (2,607) | (178,544) |
| Net gain(loss) on AFS financial assets | | | | (4,536) | | (42) | (4,578) |
| Valuation through equity method | | | | (64,097) | (80,111) | (90) | (144,298) |
| Valuation on derivative instruments | | | | (890) | | (645) | (1,535) |
| Remeasurements of the net defined benefit liability | | | | | (10,106) | (3,564) | (13,670) |
| Overseas operation traslations | | | | (10,670) | | (92) | (10,762) |
| Changes in the shares of subsidiaries | | (2,648) | | | | 2,315 | (333) |
| Balance at December 31, 2014 | 879,359 | 2,362,706 | (2,390) | (140,962) | 9,153,234 | 333,888 | 12,585,835 |

LG CORP. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
 FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

Unit : KRW one million

| | Year ended December 31, 2014 | Year ended December 31, 2013 |
|--|---------------------------------|---------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES : | | |
| Profit for the year | 834,264 | 830,863 |
| Additions of expenses not involving cash outflows : | 639,850 | 767,057 |
| Salaries and bonuses | 1,403 | 360 |
| Retirement benefits | 41,399 | 47,173 |
| Depreciation | 273,827 | 299,699 |
| Amortization of intangible assets | 29,003 | 24,205 |
| Loss on valuation of inventories | 1,218 | 24,501 |
| Bad debt expenses | 4,824 | 6,191 |
| Accrual of provision | 27,351 | 41,008 |
| Impairment loss on property, plant and equipment | 3,802 | 68,413 |
| Impairment loss on intangible assets | 23,497 | 11,894 |
| Impairment loss on other assets | 810 | - |
| Loss on foreign currency translation | 8,461 | 14,804 |
| Loss on disposals of property, plant and equipment | 2,542 | 3,865 |
| Loss on disposal of investment assets | 70 | - |
| Loss on disposals of intangible assets | 318 | 273 |
| Loss on transactions of derivatives | 6,441 | 7,944 |
| Loss on valuation of derivatives | 101 | 49 |
| Interest expenses | 85,872 | 85,061 |
| Loss on disposals of AFS financial assets | 131 | 11 |
| Impairment loss on AFS financial assets | 565 | 140 |
| Loss on disposals of investments in associates | - | 3,551 |
| Loss on redemption of debentures | 93 | - |
| Income tax expense | 127,064 | 122,785 |
| Others | 1,058 | 5,130 |
| Deduction of items not involving cash inflows : | (647,277) | (721,699) |
| Reversal of impairment loss on inventories | 9,147 | 282 |
| Reversal of allowance for doubtful accounts | 5,548 | 647 |
| Reversal of provisions | 9,290 | 8,935 |
| Reversal of impairment loss on property, plant and equipment | 3,099 | - |
| Reversal of impairment loss of intangible assets | 89 | - |
| Reversal of impairment loss of other assets | 7 | - |
| Gain on foreign currency translation | 7,909 | 13,054 |
| Gain on disposals of property, plant and equipment | 3,940 | 1,891 |
| Gain on disposals of intangible assets | 242 | 10 |
| Gain on transactions of derivatives | 4,459 | 8,215 |
| Gain on valuation of derivatives | 1,497 | 254 |
| Interest income | 25,416 | 23,206 |
| Dividend income | 927 | 2,395 |
| Gain on disposals of AFS financial assets | 354 | - |

(Continued)

LG CORP. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013 (CONTINUED)

Unit : KRW one million

| | Year ended December 31, 2014 | Year ended December 31, 2013 |
|--|---------------------------------|---------------------------------|
| Gain on disposals of investments in subsidiaries | 22 | 285 |
| Gain on disposals of investments in associates | 743 | 823 |
| Gain on valuation by equity method | 574,095 | 661,285 |
| Others | 493 | 417 |
| Movements in working capital : | (223,126) | (88,683) |
| Trade receivables | (245,908) | (93,189) |
| Other receivables | (4,771) | 9,049 |
| Inventories | 30,073 | 78,565 |
| Non-current trade receivables | (5,168) | (11,981) |
| Non-current other receivables | (803) | (1,516) |
| Plan assets | (100) | (100) |
| Trade payables | 107,860 | 10,713 |
| Other payables | 30,272 | 9,901 |
| Non-current trade payables | 46 | 127 |
| Non-current other payables | (867) | (137) |
| Provisions | (12,153) | (17,623) |
| Net defined benefit liability | (46,266) | (51,937) |
| Others | (75,341) | (20,555) |
| Interest income received | 24,889 | 17,984 |
| Dividend income received | 170,162 | 141,370 |
| Income tax received | 56 | 1,678 |
| Interest expenses paid | (70,601) | (86,581) |
| Income taxes paid | (127,945) | (125,994) |
| Net cash provided by operating activities | 600,272 | 735,995 |

(Continued)

LG CORP. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
 FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013 (CONTINUED)

Unit : KRW one million

| | Year ended December 31, 2014 | Year ended December 31, 2013 |
|--|---------------------------------|---------------------------------|
| CASH FLOWS FROM INVESTING ACTIVITIES : | | |
| Cash inflows from investing activities : | 648,330 | 359,365 |
| Decrease in financial institution deposits | 597,542 | 302,243 |
| Settlement of derivative instruments | 4,459 | 9,035 |
| Decrease in other receivables | 14,801 | 16,518 |
| Disposals of AFS financial assets | 3,074 | 227 |
| Decrease in non-current other receivables | 4,006 | 6,124 |
| Disposals of investments in subsidiaries | - | 4,018 |
| Disposals of investments in associates | 4,766 | 11,186 |
| Disposals of property, plant and equipment | 5,054 | 8,204 |
| Disposals of intangible assets | 2,628 | 1,810 |
| Disposals of assets classified as held for sale | 12,000 | - |
| Cash outflows for investing activities : | (1,369,230) | (902,775) |
| Increase in financial institution deposits | 620,123 | 450,538 |
| Settlements of derivative instruments | 6,101 | 7,737 |
| Increase in other receivables | 10,887 | 12,666 |
| Acquisitions of non-current AFS financial assets | 3,133 | 466 |
| Increase in non-current other receivables | 5,430 | 20,114 |
| Acquisitions of investments in subsidiaries | 3,353 | 4,678 |
| Acquisitions of investments in associates | 129,389 | 4,657 |
| Acquisitions of property, plant and equipment | 360,790 | 330,929 |
| Acquisitions of investment property | 200,535 | 23,586 |
| Acquisitions of intangible assets | 29,489 | 47,404 |
| Net cash used in investing activities | (720,900) | (543,410) |

(Continued)

LG CORP. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013 (CONTINUED)

Unit : KRW one million

| | Year ended December 31, 2014 | Year ended December 31, 2013 |
|---|---------------------------------|---------------------------------|
| CASH FLOWS FROM FINANCING ACTIVITIES : | | |
| Cash inflows from financing activities : | 1,354,017 | 1,065,357 |
| Proceeds from short-term borrowings | 760,325 | 646,901 |
| Proceeds from long-term borrowings | 420,099 | 205,686 |
| Increase in other long-term liabilities | 91 | 176 |
| Issuance of debentures | 169,563 | 199,157 |
| Increase in government subsidy | 3,939 | 8,044 |
| Issuance of common stock of subsidiaries | - | 5,393 |
| Cash outflows for financing activities : | (1,413,877) | (1,083,058) |
| Redemptions of short-term borrowings | 689,090 | 716,900 |
| Redemptions of long-term borrowings | 39,843 | 69,320 |
| Redemptions of debentures | 320,161 | 477 |
| Decrease in non-current liabilities | 176 | 585 |
| Redemptions of current portion of long-term borrowings | 185,065 | 113,232 |
| Disposal of derivative instruments | 117 | - |
| Payments of dividends | 178,533 | 181,723 |
| Cash outflows from consolidated capital transactions | 333 | 429 |
| Others | 559 | 392 |
| Net cash used in financing activities | (59,860) | (17,701) |
| Net change in cash and cash equivalents | (180,488) | 174,884 |
| Cash and cash equivalents at the beginning of year | 682,142 | 508,366 |
| Effects of exchange rate changes on cash and cash equivalents | (4,125) | (1,108) |
| Cash and cash equivalents at the end of year | 497,529 | 682,142 |

(Concluded)

LG CORP.
SEPARATE STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2014 AND 2013

Unit : KRW one million

| | December 31, 2014 | December 31, 2013 |
|--|--------------------------|--------------------------|
| ASSETS | | |
| CURRENT ASSETS : | | |
| Cash and cash equivalents | 151,998,133,193 | 185,978,801,182 |
| Financial institution deposits | 80,000,000,000 | 140,000,000,000 |
| Other receivables, net | 19,041,092,016 | 14,016,867,947 |
| Other current assets | 3,760,805,903 | 106,422,178 |
| Total current assets | 254,800,031,112 | 340,102,091,307 |
| NON-CURRENT ASSETS : | | |
| AFS financial assets | 89,566,637,845 | 95,115,547,734 |
| Other non-current receivables, net | 464,833,535 | 25,769,000 |
| Investments in subsidiaries | 1,094,994,489,802 | 932,836,546,101 |
| Investments in associates and joint ventures | 5,958,336,115,212 | 5,837,049,872,259 |
| Other non-current assets | 2,417,480,728 | 3,269,998,882 |
| Property, plant and equipment, net | 22,299,611,460 | 21,303,402,418 |
| Investment property, net | 618,265,637,550 | 630,948,735,895 |
| Intangible assets | 12,656,928,895 | 11,364,670,202 |
| Total non-current assets | 7,799,001,735,027 | 7,531,914,542,491 |
| TOTAL ASSETS | 8,053,801,766,139 | 7,872,016,633,798 |

(Continued)

LG CORP.
SEPARATE STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2014 AND 2013 (CONTINUED)

Unit : KRW one million

| | December 31, 2014 | December 31, 2013 |
|---|--------------------------|--------------------------|
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| CURRENT LIABILITIES : | | |
| Other current payables | 99,526,479,539 | 90,753,306,549 |
| Current tax liabilities | 28,900,429,370 | 27,725,790,713 |
| Other current liabilities | 6,567,448,680 | 6,893,871,876 |
| Total current liabilities | 134,994,357,589 | 125,372,969,138 |
| NON-CURRENT LIABILITIES : | | |
| Other non-current payables | 3,870,817,244 | 7,174,259,452 |
| Net defined benefit liability | 9,101,847,299 | 8,233,810,223 |
| Deferred tax liability | 130,484,163,233 | 134,385,901,117 |
| Other non-current liabilities | 6,423,363,356 | 6,996,993,348 |
| Total non-current liabilities | 149,880,191,132 | 156,790,964,140 |
| TOTAL LIABILITIES | 284,874,548,721 | 282,163,933,278 |
| SHAREHOLDERS' EQUITY : | | |
| Issued capital | 879,359,040,000 | 879,359,040,000 |
| Capital surplus | 2,409,002,192,481 | 2,409,002,192,481 |
| Other capital items | (2,385,112,284) | (2,385,112,284) |
| Accumulated other comprehensive income | 30,727,154,753 | 34,933,228,448 |
| Retained earnings | 4,452,223,942,468 | 4,268,943,351,875 |
| TOTAL EQUITY | 7,768,927,217,418 | 7,589,852,700,520 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | 8,053,801,766,139 | 7,872,016,633,798 |

(Concluded)

LG CORP.
SEPARATE STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

Unit : KRW one million

| | Year ended December 31, 2014 | Year ended December 31, 2013 |
|--|---------------------------------|---------------------------------|
| Operating income : | 575,743,725,888 | 568,046,373,793 |
| Dividend income | 209,394,373,740 | 200,289,747,657 |
| Royalty revenue | 264,858,612,694 | 269,084,991,809 |
| Rental revenue | 101,490,739,454 | 98,671,634,327 |
| Operating expenses : | 158,698,225,780 | 158,559,852,015 |
| Employee benefit | 26,101,502,666 | 26,243,340,925 |
| Depreciation | 16,322,974,749 | 16,347,435,072 |
| Other operating expenses | 116,273,748,365 | 115,969,076,018 |
| Net operating income | 417,045,500,108 | 409,486,521,778 |
| Non-operating income and expenses | | |
| Financial income | 6,830,721,389 | 7,176,124,982 |
| Financial expenses | 2,549,090,432 | 415,549,552 |
| Other non-operating income | 8,808,385 | 1,141,799,467 |
| Other non-operating expenses | 1,016,878,851 | 1,651,865,390 |
| Profit before income tax expense | 420,319,060,599 | 415,737,031,285 |
| Income tax expense | 59,707,794,824 | 59,758,481,043 |
| Profit for the year | 360,611,265,775 | 355,978,550,242 |
| Earnings per share : | | |
| Basic | 2,051 | 2,024 |
| Diluted | 2,051 | 2,024 |

LG CORP.
SEPARATE STATEMENTS OF COMPREHENSIVE INCOME
 FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

Unit : KRW one million

| | Year ended December 31, 2014 | Year ended December 31, 2013 |
|--|---------------------------------|---------------------------------|
| Profit for the year | 360,611,265,775 | 355,978,550,242 |
| Other comprehensive income (loss) : | | |
| Item that may be reclassified subsequently to profit or loss | | |
| Net gain(loss) on AFS financial assets | (4,206,073,695) | 1,559,458,505 |
| Items that will not be reclassified subsequently to profit or loss | | |
| Remeasurements of the net defined benefit liability | (1,394,072,832) | (372,876,021) |
| Total comprehensive income for the year | 355,011,119,248 | 357,165,132,726 |

LG CORP.
SEPARATE STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

Unit : KRW one million

| | Issued capital | Capital surplus | Other capital items | Accumulated other comprehensive income (loss) | Retained earnings | Total |
|---|------------------------|--------------------------|------------------------|--|--------------------------|--------------------------|
| Balance at January 1, 2013 | 879,359,040,000 | 2,409,002,192,481 | (2,385,112,284) | 33,373,769,943 | 4,089,274,280,004 | 7,408,624,170,144 |
| Annual dividends | | | | | (175,936,602,350) | (175,936,602,350) |
| Profit for the year | | | | | 355,978,550,242 | 355,978,550,242 |
| Disposals of treasury shares | | | | | | |
| Remeasurements of the net defined benefit liability | | | | | (372,876,021) | (372,876,021) |
| Net gain (loss) on AFS financial assets | | | | 1,559,458,505 | | 1,559,458,505 |
| Balance at December 31, 2013 | 879,359,040,000 | 2,409,002,192,481 | (2,385,112,284) | 34,933,228,448 | 4,268,943,351,875 | 7,589,852,700,520 |
| Balance at January 1, 2014 | 879,359,040,000 | 2,409,002,192,481 | (2,385,112,284) | 34,933,228,448 | 4,268,943,351,875 | 7,589,852,700,520 |
| Annual dividends | | | | | (175,936,602,350) | (175,936,602,350) |
| Profit for the year | | | | | 360,611,265,775 | 360,611,265,775 |
| Remeasurements of the net defined benefit | | | | | (1,394,072,832) | (1,394,072,832) |
| Net gain (loss) on AFS financial assets | | | | (4,206,073,695) | | (4,206,073,695) |
| Balance at December 31, 2014 | 879,359,040,000 | 2,409,002,192,481 | (2,385,112,284) | 30,727,154,753 | 4,452,223,942,468 | 7,768,927,217,418 |

LG CORP.
SEPARATE STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

Unit : KRW one million

| | Year ended December 31, 2014 | Year ended December 31, 2013 |
|--|---------------------------------|---------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES : | | |
| Profit for the year | 360,611,265,775 | 355,978,550,242 |
| Additions of expenses not involving cash outflows : | 81,453,892,915 | 81,473,903,780 |
| Depreciation | 16,322,974,749 | 16,347,435,072 |
| Amortization of intangible assets | 896,432,797 | 865,170,626 |
| Retirement benefits | 3,213,977,255 | 3,242,881,402 |
| Interest expenses | 442,593,344 | 415,549,552 |
| Income tax expense | 59,707,794,824 | 59,758,481,043 |
| Impairment loss on intangible assets | 665,634,388 | - |
| Loss on disposals of property, plant and equipment | 4,987,774 | 793,593,906 |
| Other selling and administration expenses | 199,497,784 | 50,792,179 |
| Deduction of incomes not involving cash inflows : | (216,279,519,109) | (207,881,422,191) |
| Interest income | 6,410,834,393 | 7,176,124,982 |
| Dividend income | 209,394,373,740 | 200,289,747,657 |
| Other operating income | 442,593,344 | 415,549,552 |
| Gain on foreign currency translation | 31,717,632 | - |
| Movements in working capital : | (2,836,279,242) | (2,806,688,123) |
| Other receivables | 1,696,548,113 | 7,102,422,096 |
| Other current assets | (3,654,383,725) | 22,976,623 |
| Other non-current receivables | - | 500,000,000 |
| Other non-current assets | (707,048,162) | (764,291,258) |
| Other payables | 4,525,468,468 | (5,109,563,323) |
| Other current liabilities | (457,459,844) | 552,094,904 |
| Net defined benefit liability | (4,239,404,092) | (5,110,327,165) |

(Continued)

LG CORP.
SEPARATE STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

Unit : KRW one million

| | Year ended December 31, 2014 | Year ended December 31, 2013 |
|---|---------------------------------|---------------------------------|
| Interest income received | 7,209,348,211 | 6,536,302,575 |
| Dividend income received | 209,394,373,740 | 200,289,747,657 |
| Income taxes paid | (60,646,984,472) | (67,683,659,886) |
| Net cash provided by operating activities | 378,906,097,818 | 365,906,734,054 |
| CASH FLOWS FROM INVESTING ACTIVITIES : | | |
| Cash inflows from investing activities : | 250,021,481,408 | 230,006,834,630 |
| Decrease in financial institution deposits | 250,000,000,000 | 230,000,000,000 |
| Disposal of property, plant and equipment | 21,481,408 | 6,834,630 |
| Cash outflows for investing activities : | (486,982,256,755) | (354,965,161,484) |
| Increase in financial institution deposits | 190,000,000,000 | 270,000,000,000 |
| Increase in short-term loans | 7,412,175,000 | - |
| Increase in deposits | 514,457,903 | - |
| Acquisition of investments in associates | 121,286,242,953 | 4,336,323,449 |
| Acquisition of investments in subsidiaries | 162,157,943,701 | 60,000,000,000 |
| Acquisition of property, plant and equipment | 2,201,865,674 | 1,423,318,976 |
| Acquisition of intangible assets | 1,030,643,150 | 1,291,337,000 |
| Acquisition of investment properties | 2,378,928,374 | 17,914,182,059 |
| Net cash used in investing activities | (236,960,775,347) | (124,958,326,854) |

(Continued)

LG CORP.
SEPARATE STATEMENTS OF CASH FLOWS
 FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013 (CONTINUED)

Unit : KRW one million

| | Year ended December 31, 2014 | Year ended December 31, 2013 |
|---|---------------------------------|---------------------------------|
| CASH FLOWS FROM FINANCING ACTIVITIES : | | |
| Cash inflows from financing activities : | 11,028,170,534 | - |
| Proceeds from short-term borrowings | 11,028,170,534 | - |
| Cash outflows for financing activities : | (186,954,160,994) | (175,934,403,900) |
| Payments of dividends | 175,925,990,460 | 175,934,403,900 |
| Redemptions of short-term borrowings | 11,028,170,534 | - |
| Net cash used in financing activities | (175,925,990,460) | (175,934,403,900) |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | (33,980,667,989) | 65,014,003,300 |
| CASH AND CASH EQUIVALENTS, AT THE BEGINNING OF PERIOD | 185,978,801,182 | 120,964,797,882 |
| CASH AND CASH EQUIVALENTS, AT THE END OF PERIOD | 151,998,133,193 | 185,978,801,182 |

(Concluded)

LG Corp. / Finance & Accounting Team

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