

Market Outlook

2008. 9



The business results for the 2nd quarter of 2008 currently under audit review are presented here for investors' convenience. Hence, please be advised that some of their contents may be altered in the course of audit.

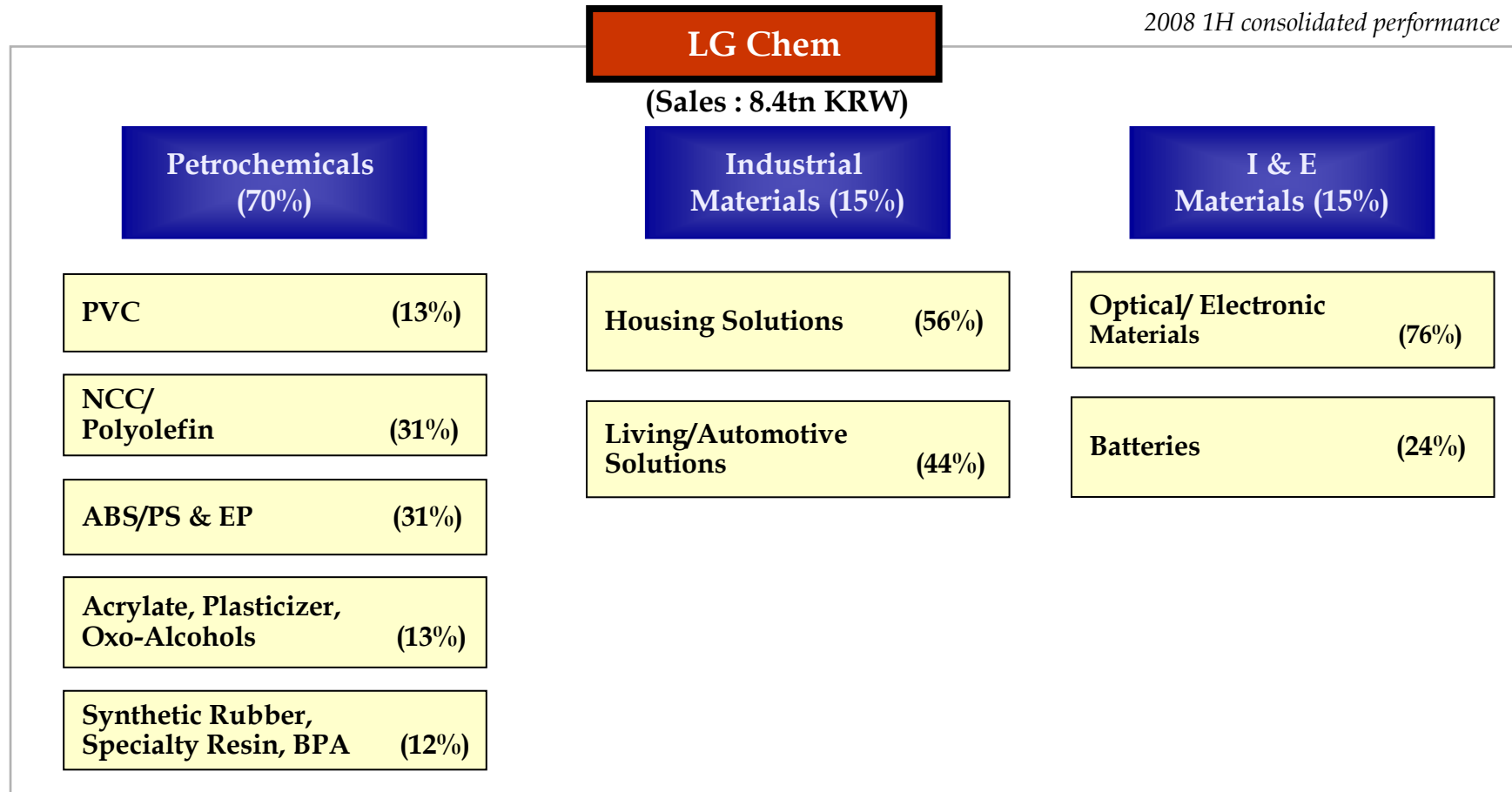
Forecasts and projections contained in this material are based on current business environments and management strategies, and they may differ from the actual results upon changes and unaccounted variables.

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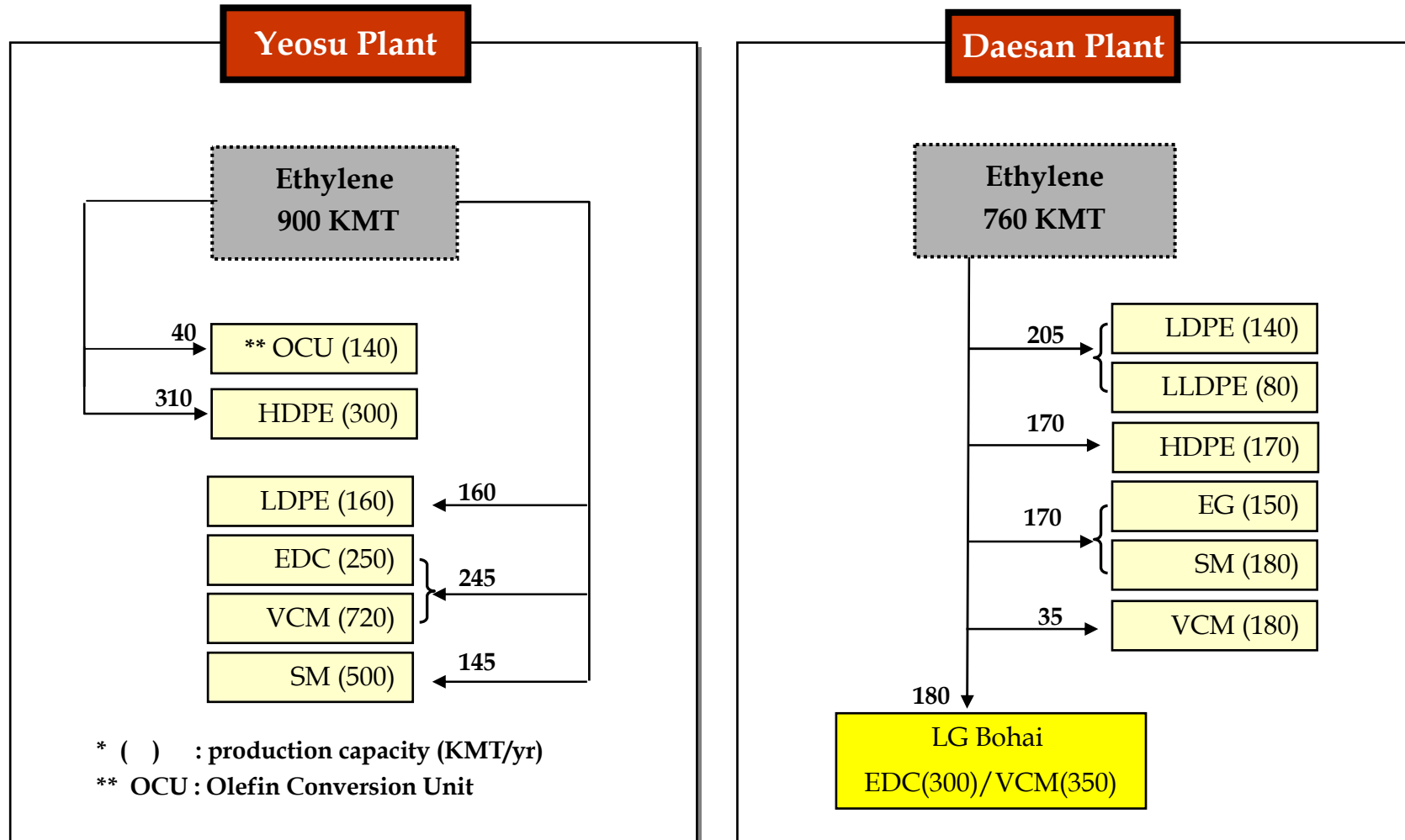
Business Portfolio

2008 1H consolidated performance



- ◆ Petrochemicals : PVC, Plasticizer, ABS/PS, Acrylate, PO, EP, Specialty resin, NCC, Synthetic rubbers, BPA
- ◆ Industrial materials : Housing solutions (PVC window frame, Floorings), Living solutions, Automotive solutions, HI-MACS
- ◆ I & E materials : Rechargeable batteries, Optical materials (Polarizer film for TFT-LCD, PDP filter), Electronic materials (Color filter photo resist)

Vertical Integration (Ethylene)

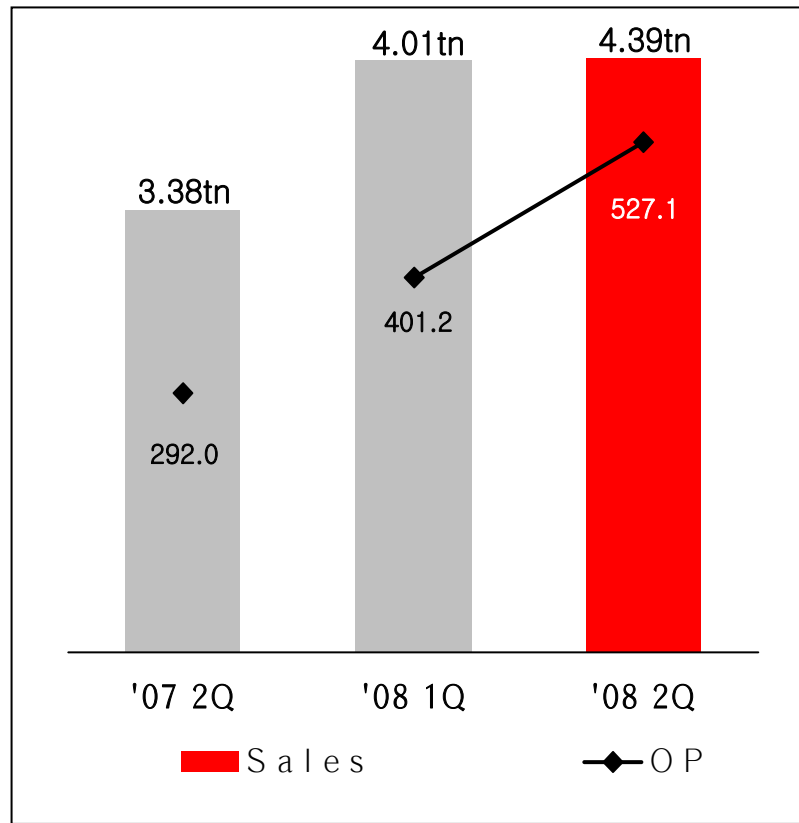


Forecasted ethylene balance in 2008

Quarterly Business Results

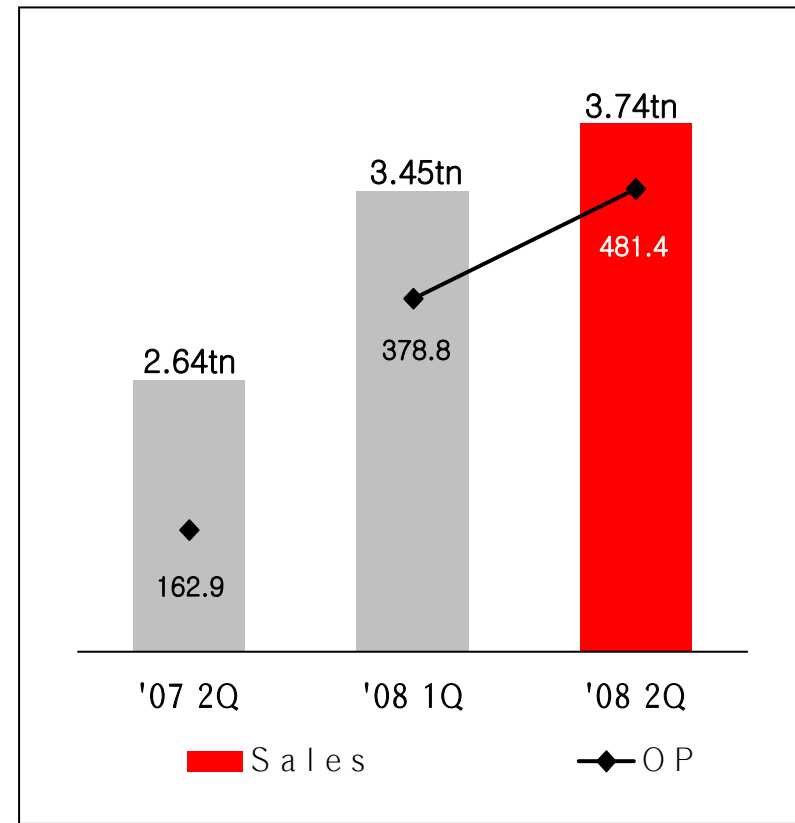
Consolidated

(Unit:KRW bn)



Non-Consolidated

(Unit:KRW bn)



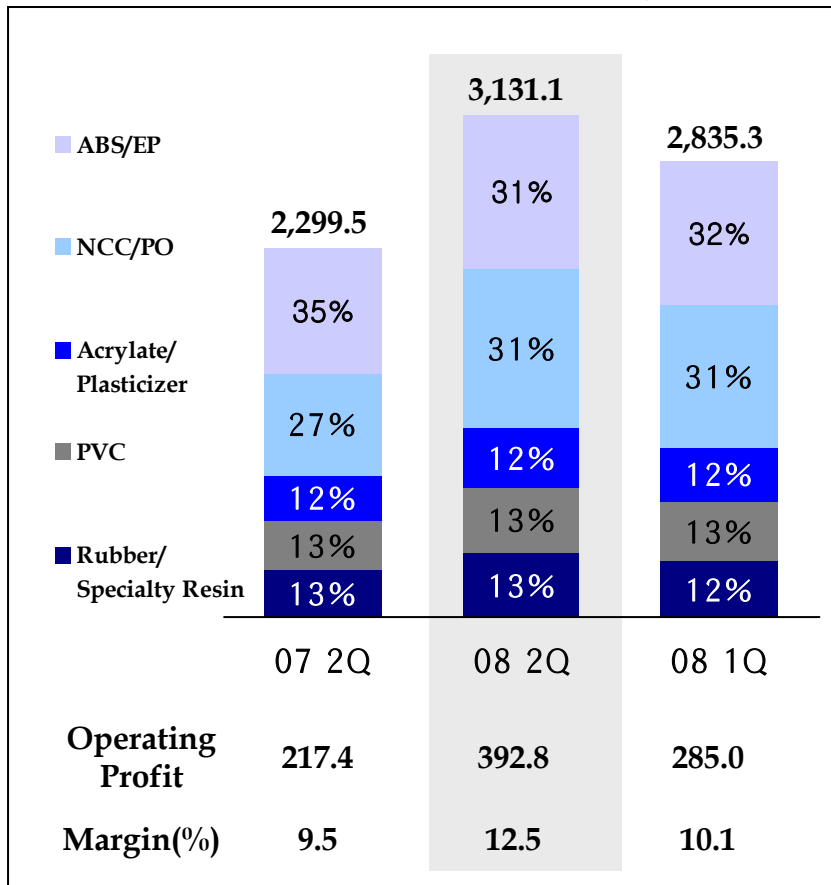
	Consolidated				Non-Consolidated			
(Unit : KRW bn)	'07 2Q	'08 2Q	'08 1Q	YoY	'07 2Q	'08 2Q	'08 1Q	YoY
Sales	3,383.6	4,385.9	4,014.0	29.6%	2,644.9	3,738.0	3,448.1	41.3%
Operating Profit	292.0	527.1	401.2	80.5%	162.9	481.4	378.8	195.5%
(%)	(8.6)	(12.0)	(10.0)		(6.2)	(12.9)	(11.0)	
Recurring Profit	292.2	516.0	356.6	74.5%	217.6	502.3	354.4	130.8%
(%)	(8.6)	(11.8)	(8.9)		(8.2)	(13.4)	(10.3)	
Equity Method Gains	1.9	5.8	2.3	205.3%	58.4	43.8	13.5	-25.0%
Net Income	236.7	375.3	258.4	58.6%	236.7	375.3	258.4	58.6%

* Recurring Profit stands for "Profit from continuing operations before income tax"

(Unit : KRW bn)	Consolidated		Non-Consolidated	
	'07	'08.2Q	'07	'08.2Q
Assets	8,550.8	9,352.1	7,050.0	7,613.0
(Cash and equivalents)	590.5	370.5	466.4	245.9
Liabilities	4,506.8	4,793.8	3,171.8	3,214.3
(Borrowings)	2,367.9	2,437.4	1,361.6	1,215.7
Shareholder's Equity	4,043.9	4,558.3	3,878.2	4,398.7
Total Liabilities / Equity (%)	111.4	105.2	81.8	73.1
Debt / Equity (%)	58.6	53.5	35.1	27.6
Interest Coverage Ratio	10.1	16.7	10.0	28.4
ROE (%)	22.8	29.7	23.3	33.0
ROA (%)	10.3	14.3	11.3	18.1
EBITDA			1,227.2	1,065.3

Business results

(Unit:KRW bn)



Analysis

• Analysis

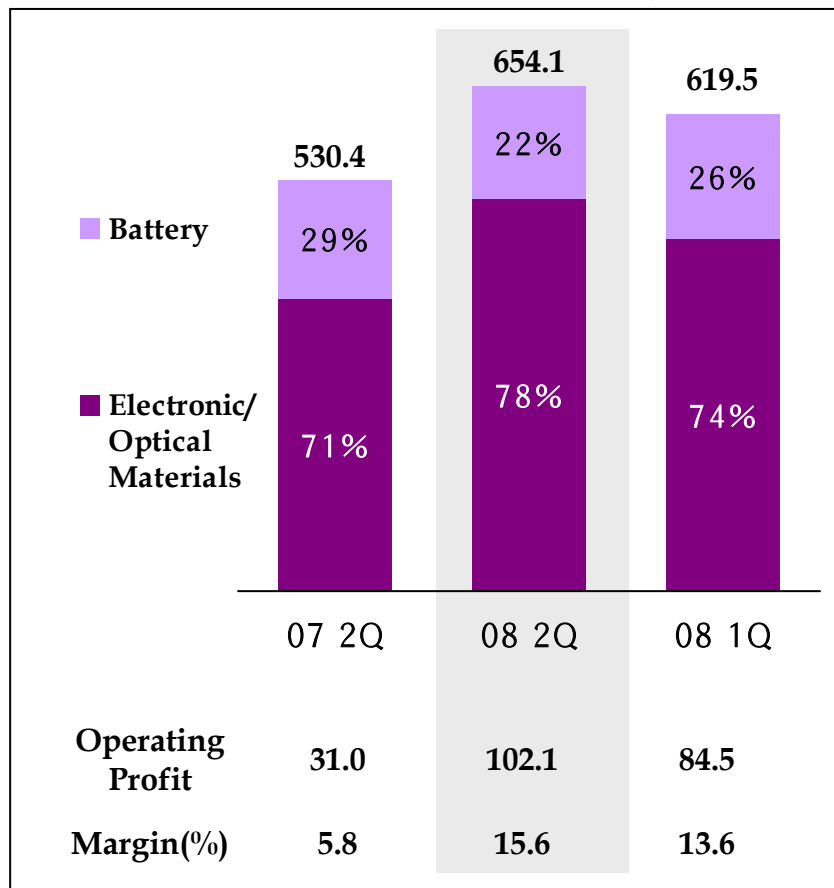
- ▣ PO : Successful pass-through of mounting input cost (naphtha) to ASP given tight supply condition
- ▣ ABS/PVC : Rapid margin improvement leveraged to upcycle
- ▣ Synthetic rubber / Oxo-Alcohol : continued strong margin momentum
- ▣ Continued merger synergies and benefited from productivity improvement

• Outlook

- ▣ Resilient profitability is expected to continue on the back of tight supply and demand balance in overall products amid oil price hike

Business results

(Unit:KRW bn)



Analysis

• Analysis

■ Electronics & opticals

- Continued strong demand in LCD
- Improved profitability on account of internal cost saving activity

■ Battery

- Cylindrical : continued supply shortage driven by high demand in notebook PC
- Prismatic : penetrating into global top handset makers in line with rising demand

• Outlook

■ Electronics& opticals

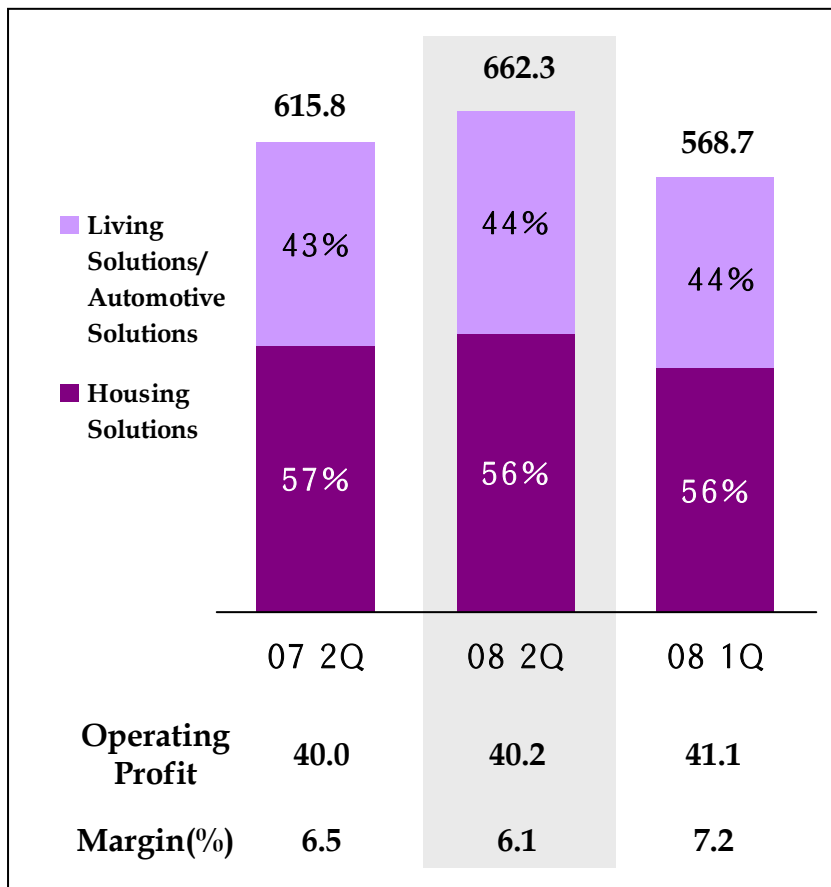
- Continued profit with volume increase in 2H
- Substantial increase in sales of polarizer towards LCD TV in Taiwan market

■ Battery

- Cylindrical :Incremental earnings from capacity expansion
- Prismatic : higher utilization rates in line with increasing shipments to top tier

Business results

(Unit:KRW bn)



Analysis

• Analysis

■ Sales

- Domestic : Sales volume increase driven by seasonally strong demand
- Overseas : Sales increase in Window frame and Hi-Macs (artificial marble)

■ Operating profit

- Raw material and overhead costs hike (PVC)
- Insufficient ASP pass-through due to weak housing market

• Outlook

■ Current housing market environment is expected to continue

■ Aim to maintain 1H operating profit level by expanding high value added product portion and ASP increase

(Unit: KRW bn)

	2007					2008				
	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total
Sales	3,040.6	3,383.6	3,565.9	3,534.7	13,524.8	4,014.0	4,385.9			8,399.9
Operating Profit	258.1	292.0	374.1	263.0	1,187.2	401.2	527.1			928.3
Petrochemicals	2,037.5	2,299.5	2,396.2	2,380.5	9,113.7	2,835.3	3,131.1			5,966.4
NCC/PO	482.7	630.0	696.4	726.8	2,535.9	884.4	986.2			1,870.6
Synthetic Rubber/ Specialty Resin	271.8	296.6	323.5	295.7	1,187.6	352.9	399.7			752.6
PVC	248.4	301.0	315.2	325.7	1,190.3	369.7	411.5			781.2
ABS/EP	756.2	790.1	792.8	769.9	3,109.0	891.2	964.8			1,856.0
Acrylate/Plasticizer	278.4	281.8	268.3	262.4	1,090.9	337.0	368.9			705.9
Operating Profit	231.5	217.4	288.8	187.4	925.1	285.0	392.8			677.7
I & E Materials	459.6	530.4	595.4	669.6	2,255.0	619.5	654.1			1,273.6
Optical/Electronic	337.4	384.8	437.5	504.3	1,664.0	462.3	515.7			978.0
Battery	126.7	153.9	168.7	175.2	624.5	164.4	147.7			312.1
Operating Profit	7.1	31.0	63.7	68.4	170.2	84.5	102.1			186.6
Industrial Materials	540.3	615.8	559.6	619.1	2,334.8	568.7	662.3			1,230.9
Building/Decorative	296.4	349.8	327.4	373.0	1,346.6	320.4	365.0			685.4
Living/ Automotive	245.3	268.0	234.0	248.4	995.7	250.3	292.5			542.8
Operating Profit	30.2	40.0	28.6	13.0	111.8	41.1	40.2			81.2

* Difference between total of all business divisions and total of each business unit indicates inter-company business sales.

Appendix

Sales & Operating Profit(Non-Consolidated)

(Unit: KRW bn)

	2007					2008				
	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total
Sales	2,380.0	2,644.9	2,766.6	3,003.8	10,795.3	3,448.1	3,738.0			7,186.0
Operating Profit	127.0	162.9	252.5	221.2	763.6	378.8	481.4			860.2
Petrochemicals	1,498.3	1,647.3	1,742.8	1,905.5	6,793.9	2,396.5	2,606.7			5,003.2
NCC/PO	376.3	491.2	569.9	682.1	2,119.5	884.4	985.3			1,869.7
Synthetic Rubber/ Specialty Resin	153.2	168.2	184.7	237.7	743.8	346.6	381.2			727.8
PVC	206.3	229.3	220.0	238.8	894.4	259.4	286.4			545.8
ABS/EP	495.1	489.3	511.5	496.2	1,992.1	583.3	604.3			1,187.6
Acrylate/Plasticizer	267.4	269.3	256.7	250.7	1,044.1	322.8	349.5			672.3
Operating Profit	89.0	99.5	170.9	151.8	511.2	261.6	349.5			611.1
I & E Materials	438.1	510.0	590.1	601.6	2,139.8	611.0	656.0			1,267.0
Optical/Electronic	311.1	359.3	425.6	428.7	1,524.7	445.3	504.5			949.8
Battery	131.5	159.0	175.3	182.7	648.5	173.2	159.7			332.9
Operating Profit	7.3	26.4	56.8	61.4	152.0	79.5	98.3			177.9
Industrial Materials	499.8	563.3	505.1	571.5	2,139.7	517.6	564.0			1,081.5
Building/Decorative	291.5	339.7	316.2	364.8	1,312.2	311.9	344.0			655.9
Living/Automotive	209.8	225.5	190.7	209.0	835.1	207.7	220.6			428.3
Operating Profit	30.1	35.9	24.1	11.2	101.2	38.6	36.7			75.3

* Difference between total of all business divisions and total of each business unit indicates inter-company business sales.

Borrowings

(Unit : KRW bn)

	Balance			'08 (P)
	'07	'08.2Q	Changes	
Total	1,361.6 (100%)	1,215.7 (100%)	-145.9	1,315.2 (100%)
KRW	1,033.2 (76%)	923.6 (76%)	-109.6	1,000.2 (76%)
Currency				
C P	-	-	-	-
C B	780.0	580.0	-200.0	660.0
Others*	253.2	343.6	90.4	340.2
Foreign	328.4 (24%)	292.1 (24%)	-36.3	315.0 (24%)
Currency				
FRN	234.6	229.5	-5.1	225.0
Others	93.8	62.6	-31.2	90.0
Short-term	366.9 (27%)	466.2 (38%)	99.3	529.9 (40%)
Long-term	994.7 (73%)	749.5 (62%)	-245.2	785.3 (60%)

* The % is calculated to total borrowings
Discounts of bond is not included

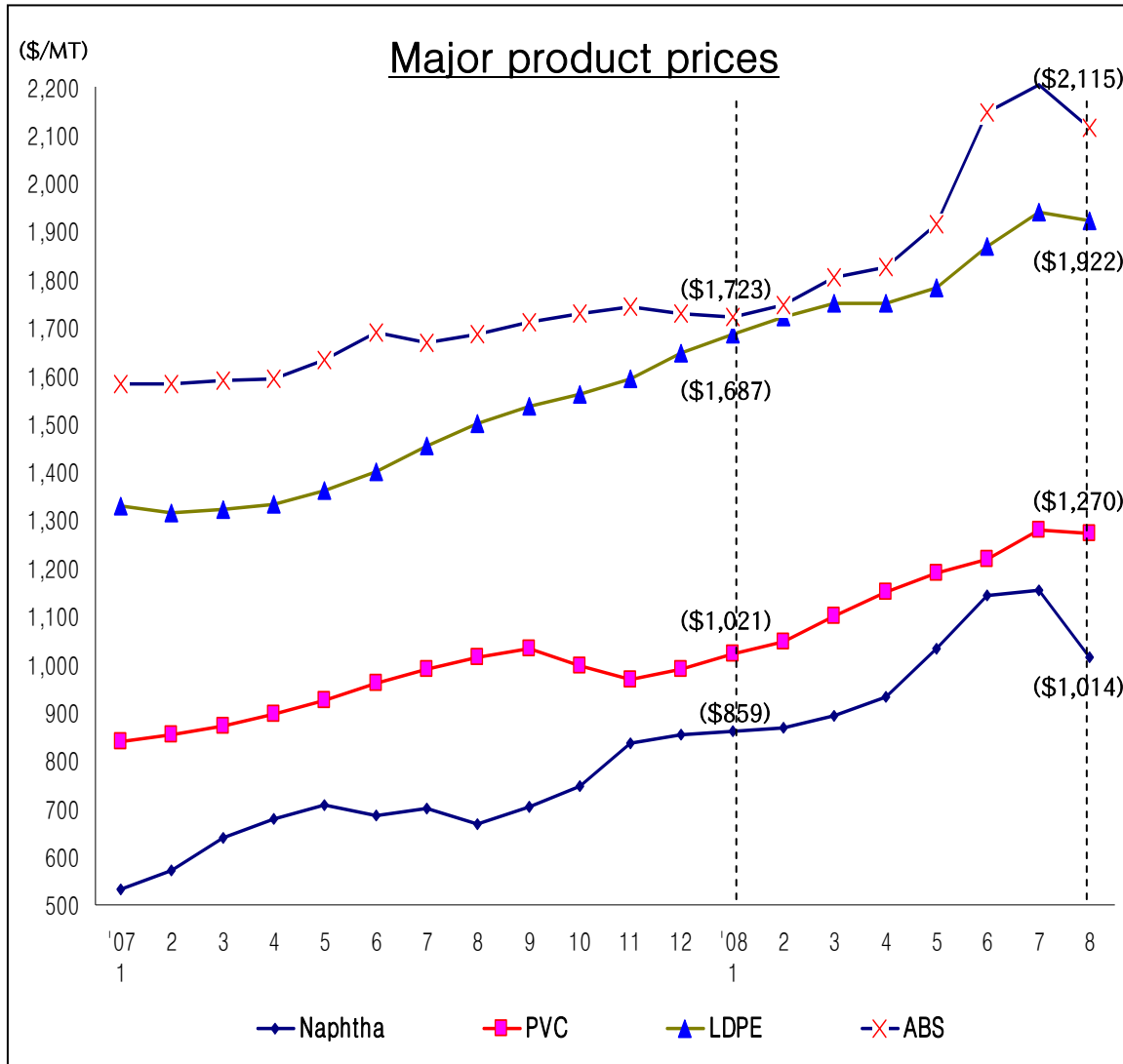
Cash Flow

(Unit : KRW bn)

	'07	'08.2Q
Beginning	115.8	466.4
Operating/Investing	647.2	214.5
Net Income	686.2	633.7
Depreciation	436.5	194.0
Working Capital	-459.0	-287.7
CAPEX	-483.7	-293.4
Others	467.2	-32.0
Financing	-296.6	-435.1
Borrowings	-223.7	-108.0
ABS refund		-160.0
Dividend	-72.9	-167.0
End	466.4	245.9

(Unit : KRW bn)

		'06 Results	'07 Results	'08 Plan	'08 2Q Results
Petrochemicals	New/Expansion	118.2	142.2	155.6	98.3
	Maintenance	83.6	68.2	94.8	40.3
	Equity Investment	39.0	16.4	3.0	-
	Total	240.8	226.7	253.4	138.7
I & E Materials	New/Expansion	121.9	41.9	231.4	70.0
	Maintenance	37.6	35.9	44.7	24.4
	Equity Investment	8.2	12.0	33.6	-
	Total	167.8	89.8	309.6	94.4
Industrial Materials	New/Expansion	14.5	10.3	32.2	6.7
	Maintenance	56.4	56.5	59.7	23.2
	Equity Investment	9.9	-	11.6	-
	Total	80.8	66.8	103.6	29.9
Common Expenses	New/Expansion	-	0.7	3.8	-
	Maintenance	87.1	99.6	134.7	27.8
	Equity Investment	14.0	-	-	2.6
	Total	101.1	100.3	138.5	30.4
Total	New/Expansion	254.6	195.1	422.9	175.0
	Maintenance	264.7	260.2	334.0	115.8
	Equity Investment	71.2	28.4	48.2	2.6
	Total	590.5	483.7	805.1	293.4



'08 Monthly price

(Unit : \$/MT)

	Jan. '08	Feb	Mar	Apr	May	Jun	Jul	Aug	Change (Jan vs Aug)
WTI	92.9	95.7	105.4	111.4	124.5	133.7	133.8	116.3	↑23.4
Naptha	859	867	894	933	1,031	1,143	1,155	1,014	↑155
LDPE	1,687	1,723	1,750	1,750	1,781	1,868	1,940	1,922	↑235
HDPE	1,609	1,637	1,650	1,607	1,645	1,790	1,821	1,745	↑136
PP	1,454	1,478	1,523	1,560	1,659	1,933	2,017	1,795	↑341
PVC	1,021	1,045	1,101	1,150	1,188	1,219	1,277	1,270	↑249
ABS	1,720	1,746	1,802	1,824	1,915	2,145	2,202	2,115	↑395
2EH	1,657	1,686	1,756	1,823	1,963	2,133	2,147	2,117	↑460

Source: Platt's

※ Naptha (Won)/Unit

LDPE/HDPE 1.0 PVC 0.5 ABS 0.3 2EH 0.7

Domestic Manufacturing Facilities

1 Daesan Plant



- Area: 1,297,477m²
- Major Products
VCM, PVC, Ethylene, Propylene, Benzene, BD, PE, PP, Synthetic Rubbers

2 Iksan Plant



- Area: 156,071m²
- Major Products
ABS / EP Compound

3 Naju Plant



- Area: 555,308m²
- Major Products
Octanol, Plasticizer, Acrylates



4 Yeosu Plant

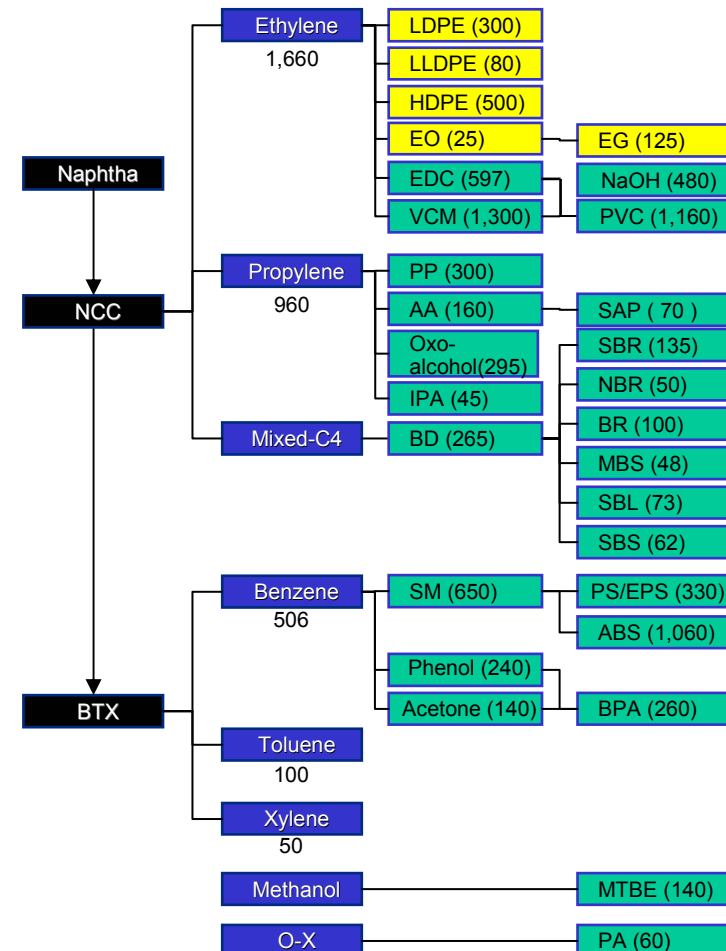


- Area: 991,735m²
- Major Products
VCM, PA, SM, Acrylates, PVC, ABS, EDC, PS, SAN, LDPE, Octanol, MBS, SBS, SBL

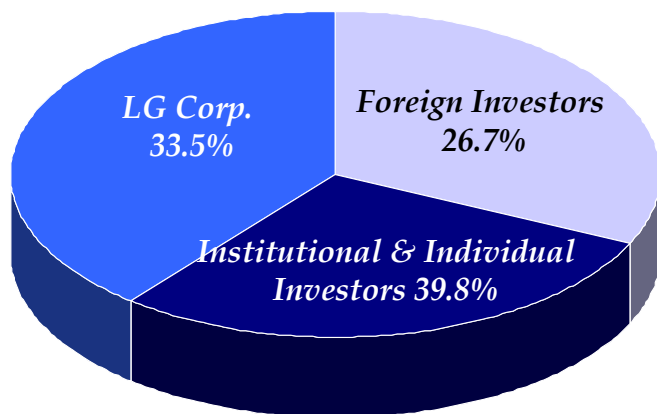
Capacity

* Capacity on a consolidated basis including overseas

(Unit: KMT/yr)



Shareholders & Market Cap



Common Stock as of Aug 22, 2008

(Unit : KRW)

	No. of Shares	Aug 22, '08	
		Price	Market Cap
Common	75,238,770	101,500	7.6 tn
Preferred	8,661,251	43,000	0.4 tn
Total	83,900,021		8.0 tn

Par value : KRW 5,000

GDR Info.

Listed in LSE
144A GDR
Reg.S GDR

ORD:GDR Ratio: 1:2
Exchange: PORTAL
Ticker: LGCLY US
ISIN: US5019551085

Exchange: London Stock Exchange
Ticker: LGCD LI
ISIN: US5019551085

* The exchange, ticker and ISIN info will not change and remain the same as long as there are no change on the listing status.