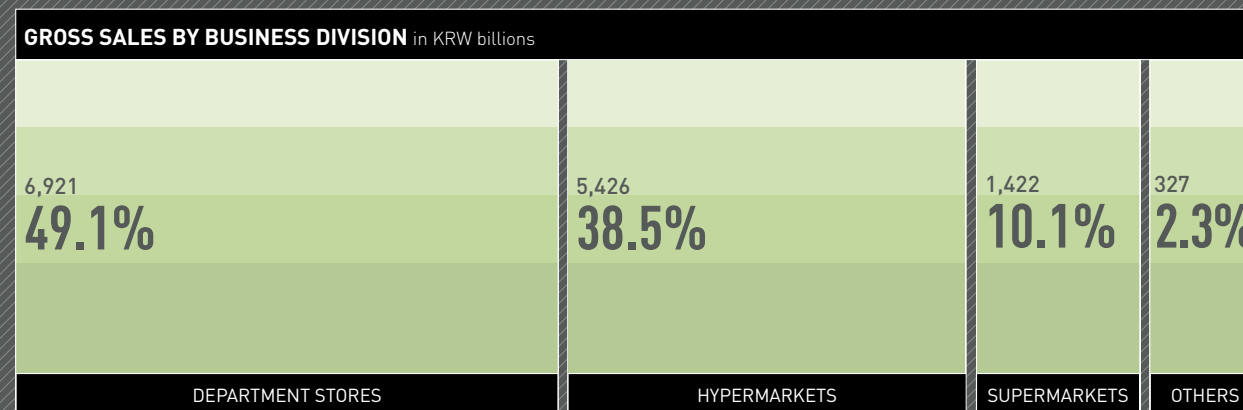
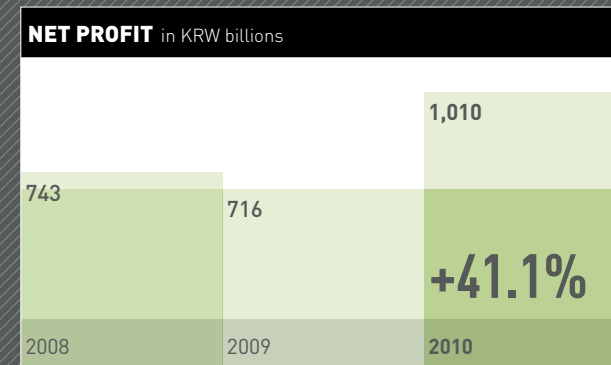
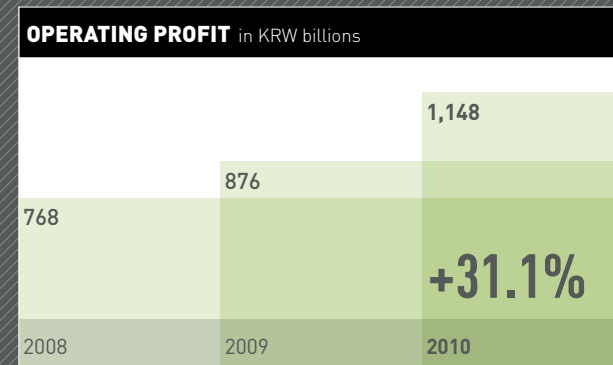
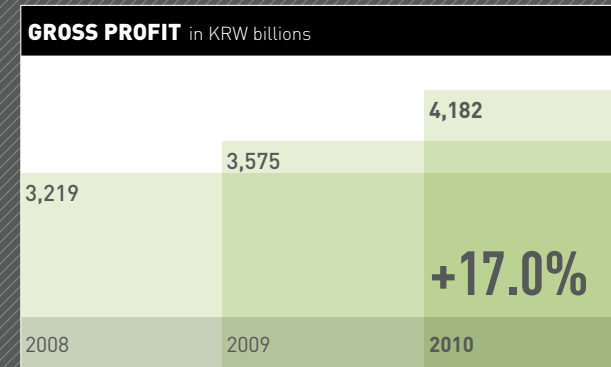
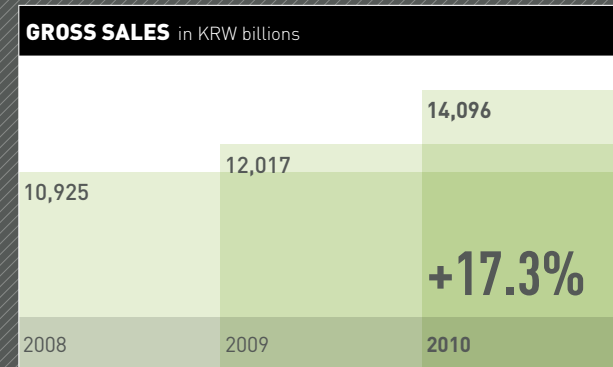


2010
ANNUAL REPORT

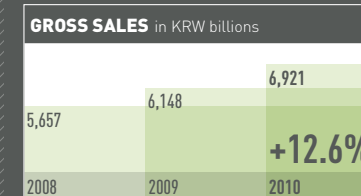
Embracing people,
businesses,
markets,
and partners,
our vision
and strategy are
focused on
one simple goal...

KEY OPERATING RESULTS



BUSINESS OVERVIEW

LOTTE DEPARTMENT STORE



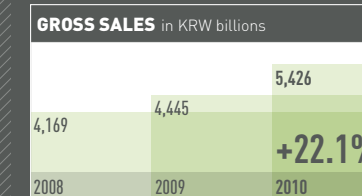
STORES

23	KOREA *
1	CHINA
1	RUSSIA

Opened in 1979, Korea's No. 1 department store chain operates 23 stores nationwide as well as stores in Moscow and Beijing. It also operates a growing range of destination retail formats, including Lotte Premium Outlets, Lotte Outlets, Lotte Esiapolis Mall, and Gimpo Sky Park.

* Excluding six stores managed under contact

LOTTE MART

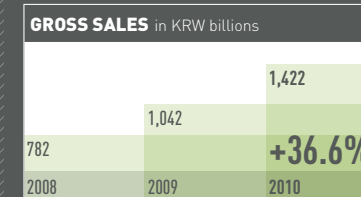


STORES

90	KOREA
82	CHINA
22	INDONESIA
2	VIETNAM

Opened in 1998, Korea's No. 3 hypermarket chain operates 90 stores nationwide and 106 stores overseas, including 82 in China, 22 in Indonesia, and 2 in Vietnam. It also operates 10 full-size Toys "R" Us toy stores across Korea.

LOTTE SUPER

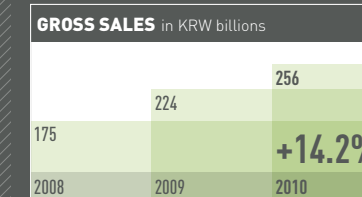


STORES

277	KOREA
-----	-------

Opened in 2001, Korea's No. 1 supermarket chain operates 277 stores nationwide. Franchises accounted for 19 of the 87 stores opened in 2010, a trend that is expected to accelerate in the coming years.

LOTTE CINEMA



MULTIPLEXES

68	KOREA
1	CHINA
3	VIETNAM

Opened in 1999, Korea's No. 2 cinema multiplex chain operates 492 screens at 68 multiplexes nationwide. In addition to investing in film production and distribution, it also operates three multiplexes in Vietnam and one in China.

LOTTE CARD

Operating as a full-service credit card company since 2002, Korea's No. 5 card issuer delivers a unique package of benefits from Lotte Shopping and Lotte Group affiliates to over 10 million customers across the nation.

LOTTE HOME SHOPPING

On-air since 2001, this leading Korean home shopping network pushes the limits to technology to deliver unique shopping experiences via TV, Internet, and catalog. It also co-owns Lucky Pai in China.

LOTTE.COM

Online since 1996, this leading Korean e-tailer has over 11 million registered customers, 1 million monthly orders, and 800,000 daily visits. Its LECS platform offers a powerful, proven e-commerce solution that delivers results.

KOREA SEVEN

Operating since 1989, this leading Korean convenience store franchiser has over 4,800 stores nationwide, including 3,145 7-Eleven locations and 1,655 Buy The Way locations.

**FINANCIAL
HIGHLIGHTS**

CONDENSED NON-CONSOLIDATED FINANCIAL POSITION STATEMENTS

in KRW billions

	2010	2009	2008
ASSETS	21,222	18,658	13,323
Current assets	2,599	2,033	1,943
Non-current assets	18,623	16,625	11,380
LIABILITIES	8,096	6,327	4,478
Current liabilities	5,027	3,288	3,149
Long-term liabilities	3,069	3,039	1,329
SHAREHOLDERS' EQUITY	13,126	12,332	8,831
Capital stock	145	145	145
Capital surplus	4,651	4,651	4,651
Capital adjustments	(33)	(16)	(16)
Accumulated other comprehensive income	2,704	2,867	46
Retained earnings	5,659	4,685	4,005

CONDENSED NON-CONSOLIDATED INCOME STATEMENTS

in KRW billions

	2010	2009	2008
GROSS SALES*	14,096	12,017	10,925
NET SALES	13,517	11,535	10,509
GROSS PROFIT	4,182	3,575	3,219
SG&A EXPENSES	3,034	2,699	2,451
OPERATING PROFIT	1,148	876	768
NON-OPERATING PROFIT	618	383	522
NON-OPERATING EXPENSES	440	320	365
PROFIT BEFORE TAX	1,327	940	925
NET PROFIT	1,010	716	743

* Gross sales is defined as net sales plus the cost of specific sales, which are sales of merchandise conditionally supplied to us that we can return at any time and on which we bear no inventory risk.



**Prospering
Together**

↑ LOTTE SHOPPING 2010

The face of humanity is
incredibly diverse. And

while we may look, speak,
and even think different,

ZHANG LI

Consumer
China

RONY
YACOV

Consumer
Russia

we all dream of a more
prosperous life.



RIA
IRAWAN

Consumer
Indonesia

At Lotte, we're
embracing this
diversity as we work
together around the
globe in pursuit of
greater prosperity
for all.

Prosperity grows it's global.

**Our growth
potential is as vast as
our markets.**

At Lotte, we're part of a dynamic, thriving neighborhood. It's home to some of the world's fastest-growing economies. The VRIC nations—Vietnam, Russia, Indonesia, and China—represent a total market of over 1.8 billion consumers. And our goal is to satisfy as many of them as possible.

10.1%
RUSSIA
2011 RETAIL
GROWTH

12.2%
CHINA
2011 RETAIL
GROWTH

when

10.8%
VIETNAM
2011 RETAIL
GROWTH

6.4%
INDONESIA
2011 RETAIL
GROWTH

*Source: Euromonitor & JETRO



We're an emerging player in global retail.

At Lotte, overseas markets accounted for 10% of our sales in 2010. In May, Forbes ranked us Asia's top retailer. Then in September, SAM and Dow Jones Indexes named us the retail supersector leader for the 2010-2011 Dow Jones Sustainability Index. And we're only getting started.

No.1

WORLD'S TOP RETAILER
2010/2011 DJSI

No.1

ASIA'S TOP RETAILER
2010 Forbes Global 2000

We're a
growing household
name in Asia.

At Lotte, our regional growth strategy is powered by strategic acquisitions. Over the past four years, we've built a 106-store hypermarket network through the acquisition of Makro in China and Indonesia and Times in China. And we're well on our way to becoming a household name in Asia. And beyond.

106

2010 OVERSEAS
HYPERMARKET
LOCATIONS

17.3%

2010 OVERSEAS
HYPERMARKET
SALES GROWTH

Our global face is refreshingly local.

At Lotte, we know from experience that locals know local markets best. That's why we've put together talented local management teams across Asia that share our passion for excellence and service. And how we deliver our unique brand of world-class shopping with a warm local touch.



NGUYEN THI THUY
Employee
Lotte Mart
Vietnam



YELENA ZHUKOVA
Employee
Lotte Plaza
Russia



LICHUAN YIN
Employee
Intime Lotte
China



24,245

OVERSEAS EMPLOYEES

MARKET DIVERSIFICATION

HAM
TRAN

Employee
Lotte Mart
Vietnam

LARISA
SADILOVA

Employee
Lotte Plaza
Russia

SERGEI
IVANOV

Employee
Lotte Plaza
Russia

TRUONG THI
DIEP

Employee
Lotte Cinema
Vietnam



Prosperity grows it's diversified.

In the retail business, a "one size fits all" strategy doesn't fit.

Today's consumers have an incredibly diverse range of needs, desires, and lifestyles.

There's simply no way for any single retail format to satisfy them all.

That's why at Lotte, we have a dynamic multi-platform, multi-channel strategy that spans the full spectrum of retail, enabling us to meet and satisfy customers in more places and ways.

GROWING
EXPERIENCES

GROWING
SYNERGY

GROWING
STYLE

when



At Lotte,
we're creating
unique environments
and experiences
that make shopping
even more convenient
and enjoyable.

Growing Experiences

"One-stop shopping" has long been the mantra of retail. Today, we're delivering that and more both online and offline through our growing portfolio of retail businesses and formats as our destination retail strategy takes the concept to the next level. We're breaking new ground in 2011 with Lotte Esiapolis Mall, a new shopping center format that will include non-retail businesses such as a childcare center, fitness center, bank, and cinema multiplex. And before the year's out, we'll be opening Sky Park, a massive suburban-style shopping mall that will literally bring all Lotte retail, dining, and entertainment businesses under a single roof.

OUR BUSINESS PORTFOLIO

We have by far the most extensive business portfolio in the Korean retail industry, covering every major retail sector.



ONLINE SALES GROWTH

While still just a fraction of overall sales, online sales by our brick-and-mortar businesses are experiencing rapid, sustained growth.

HYPER MARKETS

2010 Online Sales Growth

+138.9%

+54%

DEPARTMENT STORES

2010 Online Sales Growth

+575.7%

SUPER MARKETS

2010 Online Sales Growth

At Lotte, we're bridging the gap between the online and offline worlds to make shopping even smarter.

Growing Synergy

Online shopping is the fastest-growing segment of Korean retail. Today, all of our retail businesses are online, generating greater sales and synergy with innovative new services. Our Smart Pick service takes orders online at Lotte.com for pick-up at any Lotte Department Store location. Our Pop-Up Studio store-in-store format showcases selected Lotte Home Shopping merchandise at Lotte Marts. Our Smart Lotte smartphone app provides convenient access to a wide variety of Lotte Card and Lotte Members services. And soon, our upcoming premium online mall will put exclusive merchandise from top domestic and international brands at our customers' fingertips.

At Lotte,
we're expanding
the way we source
to make life
even more
stylish.

Growing Style

Sourcing and merchandising are the heart of retail. Today, we're leveraging our expertise in both these areas to bring the best the world has to offer to our customers. We pride ourselves on attracting the world's top brands to our stores. We have exclusives with popular specialty retailers of private-label apparel such as Uniqlo of Japan and Zara of Spain. We are creating world-class private brands like Tasse Tasse women's casual wear and Herrbon men's wear. We are also acquiring up-and-coming brands like Nice Claup casual wear. And we continue to expand our fashion lineup to ensure both we and our customers never go out of style.

OUR FASHION BUSINESSES

We're leveraging our three decades of retail expertise to attract, develop, and acquire fashion brands with flair.



**BUSINESS
OVERVIEW**

We're bringing
more value
to life
in Korea, Asia,
and beyond.

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BUSINESS DIVISIONS

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43 LOTTE HOME SHOPPING
44 LOTTE.COM
45 KOREA SEVEN



“WE’RE SHOWING THE RETAIL INDUSTRY HOW TO PROSPER TOGETHER.”

DEAR LOTTE SHOPPING SHAREHOLDERS,

In 2010, we demonstrated once again our prowess in retail as we took a step closer to becoming one of the world’s top retailers. Backed by the ongoing addition of new stores, active diversification of our businesses, and efficient marketing, we became Korea’s first retailer to surpass the KRW 1 trillion operating profit milestone, a remarkable accomplishment.

At home in Korea, we continued to expand our department store, hypermarket, supermarket, and cinema multiplex businesses. We completed the successful acquisition of GS Square department stores and GS Mart hypermarkets. Abroad, we added new hypermarkets in China, Indonesia, and Vietnam as we continued to expand our global operations base. Affiliates Lotte Card, Lotte Home Shopping, and Korea Seven all generated remarkable growth in profitability. We also marked our second consecutive year as a component of the Dow Jones Sustainability World Index and our first as the retail supersector leader as we emerged as the top Asian retailer on the *Forbes* Global 2000.

2010: THE YEAR IN REVIEW

Outstanding results and growing global operations

Despite instability in the political and economic spheres around the globe, we continued to aggressively push forward with store expansion and business diversification as we maintained our solid growth momentum and recorded our best operating performance to date. Gross sales rose 17.3% to reach KRW 14.1 trillion backed by strong growth in all our businesses. Operating profit rose 31.1% to KRW 1.1 trillion. Net profit before taxes was up 41.2% to KRW 1.3 trillion, and net profit rose 41.1% to KRW 1.0 trillion.

Our flagship department store business continued to deliver solid growth in 2010, led by strong performances in fashion, food, and home electronics. In addition to the newly renovated Cheongnyangni store, we opened the Aqua Mall annex to our Gwangbok store in Busan as well as our first Lotte Outlets in Daegu. We also acquired three GS Square department stores as well as Nice Claup Fashion, bolstering our competitiveness in the fashion business. Our overseas stores in Moscow and Beijing both continued to generate strong sales growth, backed by ongoing merchandise refreshes and strong marketing.

Our commitment to sustainability was once again recognized in 2010 as we were named a component of the Dow Jones Sustainability Indexes for a second consecutive year and the retail supersector leader for the first.

No. 1
RETAIL SUPERSECTOR
LEADER
2010/2011 DJSI

Our hypermarket business opened seven new stores in Korea in 2010 and added 14 more with the acquisition of GS Mart, expanding our domestic chain to 90 locations. We continued to see strong growth in both sales and operating profit thanks to our “value innovative product” initiative, the addition of premium private brands, and cost savings from improvements in distribution. Overseas, we opened three stores in both China and Indonesia and one store in Vietnam, expanding our overseas hypermarket network to 106 locations as revenues continued to steadily grow. We also set up an integrated purchasing department for our four Chinese subsidiaries, enabling us to improve our local and overseas sourcing capabilities.

Our supermarket business solidified its position at the top of the market as efficient store operations and growing online sales volumes kept sales growing. Our cinema multiplex business added 14 locations, bringing our total to 68 multiplexes nationwide. We also continued to steadily grow our entertainment business, investing in or distributing a total of 24 films during year. Last, but not least, we opened five Toys “R” Us stores during the year, significantly boosting sales as we expanded the chain to 10 locations.

In 2010, we continued to aggressively diversify our business portfolio, acquiring the Buy The Way convenience store chain in Korea and the Lucky Pai home shopping network in China. With the acquisition of Buy The Way, affiliate Korea Seven now has a total of 4,800 locations and a solid platform from which to vie for industry leadership. Likewise, the acquisition of Lucky Pai with its broadcast networks in Shanghai, Chongqing, and four other cities marks Lotte Home Shopping’s full-scale advance into the Chinese marketplace.

Beyond our outstanding operational performance, we were also named both a regional and world component of the respected Dow Jones Sustainability Indexes for a second consecutive year. This year’s inclusion also ranked us the retail supersector leader, a great honor for both us and the entire Korean retail industry that confirms that our commitment to sustainability is solidly on track to create greater value for all our stakeholders.

2011: THE YEAR AHEAD

Becoming a global top-10 retailer

The Korean economy is forecast to slow in 2011 due to rising oil and consumer prices and other domestic and international uncertainties. But as we begin a new decade, we are united to overcome the challenges ahead to generate both quantitative and qualitative growth. We will secure new growth drivers in each of our four core

108
OVERSEAS STORE
NETWORK

Focusing on China, Russia, Vietnam, and Indonesia, we increased our overseas store network to 108 stores in 2010 as we took a step closer to our vision of becoming one of the world’s top-10 retailers.

businesses—department stores, hypermarkets, supermarkets, and cinema multiplexes—as we continue to strengthen our overseas operations with a focus on China, Vietnam, and Indonesia.

In the department store business, we will open Lotte Premium Outlets in Paju and Sky Park shopping mall in Gimpo at home as we prepare to open our third overseas department store in Tianjin, China. In the hypermarket business, we plan to open nine stores in Korea, 15 in China, four in Indonesia, and one in Vietnam as we continue to step up our strategic marketing with new “value innovative products” and premium private brands. In the supermarket business we will continue to enhance the operating efficiency of existing stores as we expand our franchising, e-Super online, and Lotte Market 999 price-point retail operations. We will also continue the conversation with small and medium merchants to create an environment for mutual growth.

At Lotte Shopping, we have a vision of being one of the world’s top-10 retailers by 2018. To achieve this, we will continue to grow, boldly innovate, and efficiently manage our resources. We will also expand our commitment to sustainability in ways that are befitting our status and role as a leading global retailer.

Today with a renewed vision of becoming a globally-respected leader in sustainability, we are focusing on increasing our capacity for mutual growth as we cultivate “beautiful relationships” with all our stakeholders. Our goal is not merely to enhance the quality of life for our customers, grow with our partners, and create a great place to work for our employees, but to together ponder and resolve the social and environmental issues that confront us today.

Thank you again for your interest in Lotte Shopping. We deeply value your support and invite you to join us as we take aim beyond being Korea’s top retailer to becoming one of the world’s best *and* beyond being a good company to being a great one respected around the world as we prosper together.



Lee Chul-woo
Chief Executive Officer

“WE’RE COMMITTED TO RESPONSIBLE, TRANSPARENT MANAGEMENT.”

The Lotte Shopping board is composed of 11 directors, six of whom are outside directors. At the 2011 shareholders’ meeting held on March 18, 2011, outside director Im Jong-in, dean of the Graduate School of Information Management & Security at Korea University, was replaced by Ye Jong-suk, dean of the Global Graduate School of Business at Hanyang University. The board currently operates two committees. The Audit Committee is composed of three outside directors and met six times in 2010. The Outside Director Nominating Committee is composed of two directors, one inside and one outside, and met twice in 2010. The board met a total of 14 times in 2010.



SHIN KYUK-HO
 General Chairman, Lotte Group

SHIN DONG-BIN
 Chairman, Lotte Group

LEE IN-WON
 Vice Chairman, Lotte Group

SHIN YOUNG-JA
 President, Lotte Shopping

KIM SE-HO, PH.D.
 Outside Director
 Advisor, Bae, Kim & Lee LLC

LEE CHUL-WOO, PH.D.
 CEO, Lotte Shopping

JWA SUNG-HEE, PH.D.
 Outside Director
 President, Gyeonggi Research Institute

HOWARD RHEE, PH.D.
 Outside Director
 Outside Director, Korea Exchange

KIM SE-HUN, PH.D.
 Outside Director
 Honorary President, Korea
 Institute of Information
 Security & Cryptology

YE JONG-SUK, PH.D.
 Outside Director
 Dean, Global Graduate School of
 Business, Hanyang University

PARK KYUNG-BUM
 Outside Director
 Executive Advisor, Korea Metal Can
 Resources Association

2010
AT A
GLANCE

We're delivering
a world of value and
innovation
at home
and abroad.

1

JANUARY

BUY THE WAY ACQUISITION

Our Korea Seven affiliate acquires a 100% stake in Korea's No. 4 convenience store chain with 1,472 stores. Korea Seven ends the year with a total of 4,800 convenience stores.

2

FEBRUARY

GS SQUARE & GS MART ACQUISITION

We acquire a 100% stake in GS Square department stores and GS Mart hypermarkets, adding three department stores and 14 hypermarkets to our domestic networks.

4

APRIL

FORBES

GLOBAL 2000 RANKING

We rank 22nd in retail and 632nd overall on the *Forbes* Global 2000, making us the highest ranked Asian retailer on the list for the first time.



VALUE INNOVATIVE PRODUCT INITIATIVE

We launch our "value innovative product" initiative with a focus on delivering superior prices, quality, and satisfaction with unique items not seen at other hypermarkets.

7

JULY

SECOND VIETNAM LOTTE MART OPENING

We open our second hypermarket in District 11 of Ho Chi Minh City. The five-floor, 12,000 sqm Phu Tho Lotte Mart is also our 99th overseas store.



8

AUGUST

100TH OVERSEAS LOTTE MART OPENING

We open our 100th overseas store in Gandaria City, Indonesia. This store is also meaningful because it is our 20th store and first greenfield investment in this market. We also add two more greenfield stores before the end of the year.

DOMESTIC DEPARTMENT STORES & OUTLET OPENINGS

We open our first Lotte Outlet in the Yulha area of Daegu, an expansion of our Gwangbok store in Busan, and the renovated Cheongnyangni store in Seoul.

LUCKY PAI ACQUISITION

We acquire a 63.22% stake in Lucky Pai—one of China's top-five home shopping networks—in conjunction with other Lotte retail affiliates.

9

SEPTEMBER

DJSI

DOW JONES SUSTAINABILITY INDEX RANKING

We are named both a regional and world component of the Dow Jones Sustainability Indexes for a second consecutive year. We are also ranked the world retail supersector leader for the first time.



11

NOVEMBER

NICE CLAUP ACQUISITION

We acquire a 99.4% stake in this Japanese casual wear brand from Tokyo-based PAL. Nice Claup now operates as an independent division.



BUSINESS DIVISIONS

The Korean department store sector is increasingly mature, with the top three chains controlling 80.2% of the market. The sector continued to enjoy robust growth in 2010 as sales rose 13.4%, a growth rate second only to convenience stores in the brick-and-mortar retail field. We marked our 31st anniversary with solid same-store sales growth of 7.8%, led by strong double-digit gains in luxury goods, food, children's wear, sports and leisure, and trendy wear.

One of the primary keys to our growing success is our Global Fashion division. Launched in 2005 to enhance our competitiveness in this strategic retail category, the division focuses on identifying and signing international brands with solid prospects in the Korean marketplace as well as supervising the development and acquisition of our own world-class private brands such as Tasse Tasse women's casual wear and Herrbon men's wear. In February 2011, we added Comtoir des Cottonniers French women's wear to our impressive portfolio of global brands that includes Gerard Darel women's wear, J.Press men's wear, Mezzo Piano children's wear, and Furla premium leather goods.

In addition to our proven department store format, we have been actively developing new retail formats to cater to the changing needs of today's consumers as we diversify and expand our business portfolio. Our Avenuel luxury specialty store in downtown Seoul targets the ultra-high-end luxury market, a segment that is remarkably resilient through economic ups and downs. Our three Lotte Young Plaza fashion specialty stores in Seoul, Cheongju, and Daegu cater to fashion-conscious teens and twenty-somethings, enabling us to introduce ourselves to this increasingly important and profitable demographic. Our outlet mall business now has four stores in Gwangju (2), Gimhae, and Daegu, with additional locations in Paju and Daegu scheduled to open in 2011. The latter outlet mall will be called Lotte Esiapolis Mall, a new format that brings together shopping, leisure, and entertainment. We also plan to open Gimpo Sky Park at Gimpo International Airport in Seoul, our first shopping mall to host a full lineup of Lotte retail and entertainment businesses, including a department store, hypermarket, cinema multiplex, and numerous specialty stores under a single roof to create a compelling shopping and leisure destination for millions in southwest Seoul and surrounding communities.

The year 2010 was another strong year for our flagship department store business as gross sales in Korea grew a robust 12.6% to surpass KRW 6.9 trillion. Operating profit jumped 17.4% to KRW 795 billion as we continued to deliver a premium shopping experience with the world's best brands. We also launched a new push into the fashion industry with the acquisition of Japanese casual wear label Nice Claup Fashion.

Overseas, our high-end retail strategy currently focuses on China, Russia, Vietnam, and Indonesia. With our Moscow and Beijing stores well established and moving steadily toward profitability, we are now readying the second wave of our global retail advance as we take aim at becoming one of the world's top-10 retailers. In Russia, where the retail market is expected to grow an average of 10% annually over the next five years, we are evaluating possible locations for future stores in Moscow and St. Petersburg. In China, where the retail market is expected to expand around 13% annually over the next five years and the department store sector is growing 15% annually, we are preparing to open our second Chinese store in Tianjin in 2011 as we make plans for future stores in other major cities nationwide. We are also preparing to open our first Vietnam store in Hanoi in 2013.

GROSS SALES in KRW billions		
5,657	6,148	6,921
2008	2009	2010
+12.6%		

OPERATING PROFIT in KRW billions		
639	677	795
2008	2009	2010
+17.4%		

OVERSEAS STORES	DOMESTIC STORES
1 CHINA	23 DEPARTMENT STORES*
1 RUSSIA	4 OUTLET MALLS

* Excluding six stores managed under contract

1

KOREA'S FAVORITE PLACE TO SHOP

44%

We are Korea's undisputed leader in high-end retail with 44% of the market. In addition to our 23 department stores, three Lotte Young Plaza fashion specialty stores, and Avenuel ultra-high-end department store, we continue to roll out new destination retail mall formats including Lotte Premium Outlets, Lotte Outlets, Lotte Esiapolis Mall, and Gimpo Sky Park.



Cheongyangni Store, Seoul

2

GROWING THROUGH ACQUISITIONS

We acquired the three department stores of the GS Square chain in February 2010, bringing our department store network to 29 locations nationwide, including six stores managed under contract. We now have more locations than our next two competitors combined, giving us superior buying power and market reach with over 21 million Lotte Membership cardholders.

3

REACHING A GLOBAL AUDIENCE

Lotte Plaza in Moscow and Intime Lotte Department Store in Beijing continued to enjoy solid sales growth in 2010 as they completed their respective third and second full years in operation. We are now on track to open our second store in China in 2011, with additional stores scheduled to follow in Russia, China, Vietnam, and Indonesia over the next few years.



BUSINESS DIVISIONS

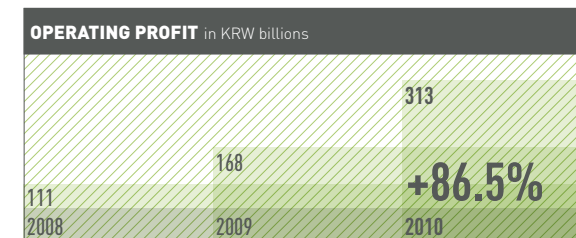
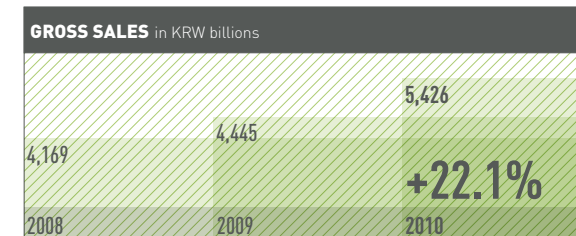
While overall growth is beginning to slow, the Korean hypermarket sector continued to enjoy solid growth in 2010, rising 7.6% to KRW 33.7 trillion. We marked our 12th year in the sector with same-store sales growth of 4.7% with strong double-digit increases in private brand apparel, women's and children's wear, and fruit. We added 21 stores during the year, bringing our nationwide network to 90 locations. Of the 21 new locations, 14 were a result of our strategic takeover of GS Mart in February.

We also continued to aggressively expand our overseas hypermarket business launched in China in 2008, boosting our store network from 99 to 106 locations as we added seven stores across Asia, including three each in China and Indonesia, and one in Vietnam. In August, we opened our 100th overseas store in Gandaria City, Indonesia. Also our 20th Indonesian location, this store marks a shift in our local retail strategy from a warehouse-style wholesale format to a retail format similar to our Korean stores. We plan to pick up the pace of expansion again in 2011, adding 13 stores in China, four in Indonesia, and one in Vietnam to boost our overseas network to 124 locations.

As we were adding stores across Asia in 2010, we also launched a number of groundbreaking initiatives and programs in our home market as we continued to upgrade our merchandising and streamline operations. While our competition pursued a price-cutting strategy, we focused on delivering "value innovative products", premium private brand products, and using direct sourcing to reduce costs and improve quality. In April, we launched our "value innovative product" initiative to deliver superior prices, quality, and satisfaction with unique items like quality king oranges from California, tire sales and installation, quality-selected oriental melons, healthy blueberries, and unbelievable "Tongkeun" deals on fried chicken and Korean beef. We also continued to expand our lean management initiative during the year, focusing on the elimination of waste and inefficiency in all processes and instilling a mindset of continuous improvement across our organization. To date, we have rolled out the initiative at a total of 59 stores, generating savings of KRW 20.9 billion in 2010 alone.

The year 2010 was a very good year for our hypermarket business. Gross sales in Korea grew a strong 22.1% to surpass KRW 5.4 trillion as we broke new ground in merchandising with our "value innovative product" initiative and acquired GS Mart, growing our domestic hypermarket chain by 21 stores to 90 in the process. Operating profit soared nearly 87% to KRW 313 billion as our lean management initiative and distribution centers continued to improve efficiency and margins.

We continued to enjoy success with new retail formats in 2010. We doubled the size of our Toys "R" Us chain from 5 to 10 full-size stores in 2010, recording our first operating profit as sales grew over 41%. We plan to open three new stores in 2011 as we continue to leverage the global Toys "R" Us sourcing network, develop private brand products, and add non-toy product offerings to expand our appeal to a broader audience. We also expanded our Digital Park store-in-store home electronics shop format to five more Lotte Mart locations in 2010 after a successful launch in November 2009. Digital Park shops have between double and quadruple the floor space of our standard home electronics sections and roughly double the SKUs, generating 140% higher annual sales on average.



1

GROWING GLOBAL

106 OVERSEAS STORES

Our future is clearly global. Just two short years after making our international debut in the Chinese hypermarket sector in 2008, our overseas network has surpassed our Korean network, increasingly making the Lotte brand a household name in China, Indonesia, and Vietnam.



Phu Tho Store, Ho Chi Minh City

2

GOING LEAN

In the ultra-competitive hypermarket business, small gains in efficiency can translate into significant gains in profitability. Our ongoing lean management initiatives and facilities like our state-of-the-art distribution centers in Osan and Gimhae give us a powerful competitive advantage that directly improves the bottom line.

3

REBRANDING SUCCESS

In 2010, we simplified and refocused our private brand strategy to strengthen the connection with the Lotte name. Private brands accounted for 23% of gross sales during the year, and our new "value innovative product" strategy will play a key role in helping us boost that figure to 30% in the near future.



BUSINESS DIVISIONS

The Korean supermarket sector generated slow but steady growth in 2010 as sales rose from 4.2% to 4.8%. We marked our 9th year in the supermarket business by further solidifying our position as the leader in both gross sales and stores. We opened a total of 87 stores during the year to bring our total to 277 nationwide, including our first 19 franchise stores.

Korea's supermarket sector is highly fragmented, with small mom-and-pop stores accounting for roughly three-quarters of sales. While the hypermarket sector has clearly impacted the supermarket sector, Koreans still prefer to do their grocery shopping locally. The supermarket format allows us to offer the convenience of a neighborhood market with a superior selection of fresh produce, meat, poultry, and fish as well as packaged foods, daily necessities, and household products at reasonable prices.

Our merchandising strategy focuses on delivering more freshness, quality private brands, and convenient online shopping. We are expanding local sourcing of produce to reduce logistics costs, improve freshness, and benefit regional growers. We grew private brand sales from 17% to 22% of gross sales in 2010 by delivering superior quality and merchandise selections tailored to the needs of each local community. Our online supermarket also continued to win over customers with convenient ordering and same-day delivery, rising from 0.2% to 1.0% of total sales for the year.

We put a lot of effort into delivering exclusive fresh farm produce at reasonable prices to our customers. One of the secrets behind our success in this area is that we operate our own farms, allowing us to oversee every aspect of the food production business from planting and cultivation to direct-to-store delivery for superior quality and freshness. We also continue to expand direct and local sourcing of farm produce, partnering with local growers and agricultural cooperatives to reduce costs and improve freshness as well as increase demand through seasonal themed promotions.

The landscape of the Korean supermarket industry has changed significantly with the recent passage of legislation designed to protect small and mid-size retailers by limiting the ability of major retailers to expand in the "super supermarket" segment covering stores with between 1,000 and

3,000 sqm of floorspace. In response, we have updated our expansion strategy to focus primarily on franchising in areas where development is restricted and continuing direct investment in new communities and redevelopment areas where it is not. We expect 70 of the 100 stores we have planned for 2011 to be franchise stores, marking a significant new phase in our expansion strategy as we partner with small and mid-size merchants for mutual growth.

GROSS SALES in KRW billions		
	1,042	1,422
782		+36.6%
2008	2009	2010

OPERATING PROFIT in KRW billions		
	23	25
16		+8.1%
2008	2009	2010

DOMESTIC STORES		
2008	110	
2009	190	
2010	277	+87

1

DELIVERING CONVENIENCE

We opened our first supermarket in 2001 to bring modern, one-stop shopping convenience to local neighborhoods across Korea. In addition to phone ordering, we offer convenient online shopping with free, same-day delivery of all orders of over KRW 10,000.

2

FRANCHISING GROWTH

40%

Despite a challenging competitive and regulatory environment, we were able to steadily grow our market share to 40%. In response to legislation passed in 2009 and 2010, our expansion focus is now on franchising. We opened 19 franchise stores in 2010, and we expect that number to reach 70 in 2011 as we continue to expand our network to reach even more consumers across Korea.



Lotte MySuper Jamsil Store

3

ONLINE MOMENTUM

Our online supermarket business saw significant growth in 2010. Our refrigerated fresh food delivery service continues to set us apart from other online malls. We also extended our sales channels to phone orders and expanded our online affiliate network. In 2011, we will be implementing a real-time inventory and price info system as we steadily expand marketing channels to grow our online business.

The year 2010 was a year of growth and expansion at Lotte Super. Our gross sales rose 36.6% to surpass KRW 1.4 trillion as we grew our domestic store network by 87 stores to 277. Our growing private brand lineup was another success story for the year, rising from 17% of sales to 22.1% as we continued to expand our growing selection of quality products.



In 2010, theater attendance at Korea's 2,003 screens continued its slow-but-steady decline, sliding just over 5% to 146.8 million. Lotte Cinema bucked this downward trend by growing tickets sales at owned and operated multiplexes by 1.5% to nearly 26.3 million as it posted a strong 14.2% increase in gross sales. The company also invested in or distributed a total of 24 films during the year, 15 of which were locally made.

GROSS SALES in KRW billions		
	224	256
175		+14.2%
2008	2009	2010

OPERATING PROFIT in KRW billions		
	12	23
6		+96.4%
2008	2009	2010

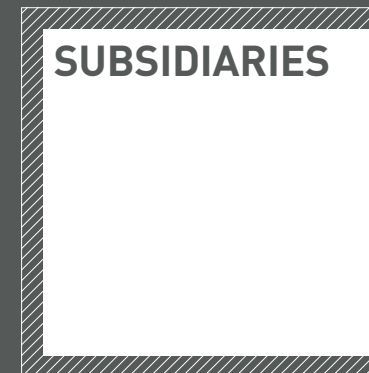
MULTIPLEXES	SCREENS
68 KOREA	492 KOREA
1 CHINA	6 CHINA
3 VIETNAM	12 VIETNAM

Lotte Cinema opened its first multiplex in 1999 with the goal of tapping into the synergy between entertainment and shopping. Today, with more than 10 multiplexes located near a Lotte Department Store or Lotte Mart, the company is No. 2 in multiplexes with 68, No. 2 in screens with 492, No. 2 in seats with 25.2% of the market, and No. 2 in ticket sales with 17.9% of the market.

The Korean movie industry has seen a gradual but steady decline in attendance since peaking at 167 million in 2006. While blockbusters such as *Avatar* provided a temporary box-office boost in 2009, the long-term trend is clear as the Internet, home theaters, and other technology advances give today's consumers a growing range of entertainment options.

Lotte Cinema believes that delivering a unique cinema experience with award-winning service is the key to long-term growth and profitability. In addition to one-of-a-kind facilities like the Charlotte deluxe cinema, Live City cinema with a concert stage, and Arte art house theater, Lotte Cinema multiplexes feature the most advanced 2D and 3D digital cinema systems as well as a host of services that make moviegoing a more enjoyable and unforgettable experience. This commitment to excellence propelled Lotte Cinema to the top of the multiplex category on the 2010 Korean Customer Satisfaction Index (KCSI) survey conducted by the Korea Management Association (KMA).

Lotte Cinema is also branching out into the wider international cinema exhibition and distribution marketplace to realize its vision of becoming one of Asia's leading entertainment companies. Since entering the Vietnamese market in 2008, the company has opened 3 multiplexes with 12 screens across Vietnam. The company also opened its first multiplex in China in December 2010 in Shenyang, embarking on a major expansion strategy in one of the world's fastest growing markets. Overall, the company invested in or distributed 24 films in Korea through its Lotte Entertainment subsidiary in 2010, 15 of which were local films. The company is also positioning itself to be the largest distributor of Korean films in Vietnam as it aims to thrill and entertain consumers in markets across Asia.



We're collaborating
to create
greater synergy
across the entire
retail spectrum.

SUBSIDIARIES



In 2010, credit card transactions in Korea rose 13.2% to a record KRW 456 trillion. Lotte Card rose from 7th to 5th place in the industry as it improved its market share from 6.5% to 7.4%. The company also continued to maintain the industry's lowest average cost of borrowing—4.9%—as well as the lowest over-30-day delinquency ratio of 1.42%. Lotte Shopping currently holds a 92.5% stake in this affiliate.

Lotte Card began its transformation from a department store card issuer to a full-service credit card company in 2002 with the acquisition of a controlling interest in Tongyang Card. Today, it is the Lotte Group's consumer credit specialist, serving a combined total of over 10 million Mastercard, Visa, American Express, and JCB cardholders across Korea.

The Korean credit card industry is now going through a period of transformation. Korean banks with credit card operations are now spinning off those operations. Aggressive marketing is the norm, and the competition for position has reignited in earnest. The industry also faces an increasingly strict regulatory environment with higher cash loan risk management standards, on-site crackdowns on illegal marketing activities, and pressure to lower commission fees for small and medium-size merchants. At the same time, there are numerous opportunities for growth. Credit cards are increasingly becoming the payment method of choice. This, as well as increasing demand for cash advances, is substantially expanding the potential target audience and revenue base for card issuers.

Lotte Card is rising to meet the above challenges by strengthening its core competencies in branding, services, and market channel infrastructure as it focuses on serving premium markets, expanding its merchant network, and developing new businesses. The company's popular and growing family of DC (abbreviation of "discount") cards offers attractive discounts at Lotte affiliates. The company's region-specific affinity cards have also been a hit, offering consumers additional savings at businesses in their own local and regional communities.

In May 2010, the company unveiled a redesign of its credit cards by Italian design great Alessandro Mendini. Created to complement the new marketing slogan "Redesign your card life," the seven new card designs convey a fresh visual identity that symbolizes the company's renewed commitment to delivering unique benefits and services to its customers as it heads for 11 million cardholders.

TOTAL TRANSACTION VOLUME in KRW trillions		
2008	2009	2010
24.3	26.3	34.0
		+29.3%

OPERATING PROFIT in KRW billions		
2008	2009	2010
184	159	188
		+18.3%

DELINQUENCY RATIO		CARDHOLDERS	
2008	1.88%	2008	7,362,000
2009	1.37%	2009	8,700,000
2010	1.42%	2010	10,010,000



In 2010, Korea's non-store retail segment—comprised of TV, Internet, and catalog shopping—grew 22.1% to a record KRW 7.8 trillion. Lotte Home Shopping improved its market share from 20.8% to 23.3%. The company also accelerated its advance into overseas markets with the acquisition of Chinese home shopping leader Lucky Pai in August. Lotte Shopping currently holds a 53% stake in this affiliate.

Lotte Home Shopping first went on-air back in May 2001. Operating under its current name as a Lotte retail affiliate since May 2007, the company's businesses include Lotte TV Home Shopping, Lotte t-mall IPTV shopping, Lotte i-mall Internet shopping, Lotte m-mall mobile shopping, and Lotte Catalogue. In 2010, the company's total transaction volume rose over 36% to a record KRW 1.8 trillion, once again significantly outperforming the market and its peers.

Known for pushing the limits of technology, Lotte Home Shopping has a reputation for being first to reach consumers in new and innovative ways. It launched the industry's first m-commerce service in 2006 and t-commerce service in 2007. It began a streaming IPTV service in 2008. Today, it is focusing on refining its message in the social media, shifting away from hard-sell promotion to storytelling marketing to expand customer touchpoints.

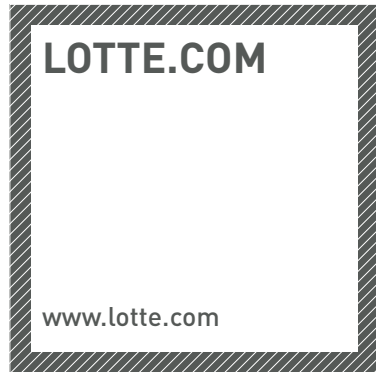
The convergence of online and offline retail is giving online new momentum. Both TV and Internet shopping operations generated remarkable growth in 2010, rising 36.5% and 45.8%, respectively. The company is pursuing a wide range of initiatives to maintain and accelerate this growth. Collaboration with other Lotte retail businesses is a key part of the company's synergistic growth strategy, enhancing both merchandising and buying power. Proactive customer service is another key strategy for satisfaction that the company has invested significantly in.

While non-store retail growth in Korea is still strong, the sector is also intensely competitive. Lotte Home Shopping is now leveraging its experience and expertise to bring greater value to consumers in neighboring Asian markets. The company's first overseas advance was in Taiwan, where it partnered with the Fubon Group to set up Momo Home Shopping in 2005. Most recently, the company purchased a 63.22% stake in Lucky Pai—one of China's top-five home shopping networks—paving the way for a rapid entrance into a very promising channel in this fast-growing marketplace. The company continues to evaluate opportunities in markets like Vietnam, Japan, and Indonesia where it can take advantage of cross-channel retail synergy with other Lotte Shopping affiliates that are already operating in those markets.

TOTAL TRANSACTION VOLUME in KRW billions		
2008	2009	2010
887	1,328	1,812
		+36.5%

OPERATING PROFIT in KRW billions		
2008	2009	2010
45	69	86
		+24.5%

SUBSIDIARIES

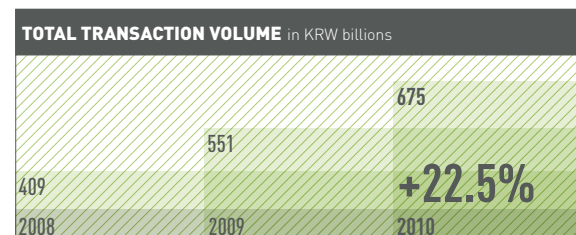


Lotte.com pioneered Korea's e-commerce revolution back in 1996 when it became the nation's first online shopping mall. Today, it is one of the largest general e-tailers in Korea, boasting over 11 million registered customers, 1 million monthly orders, and 800,000 daily visits. The company also operates online sites such as Lotte Internet Duty Free Shop, Lotte Town, Lotte Shopping.com, and many others.

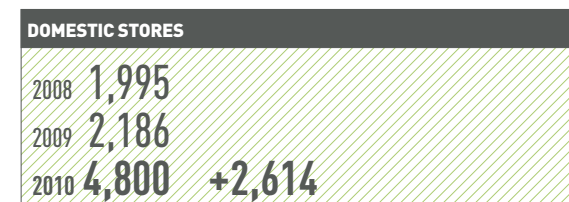
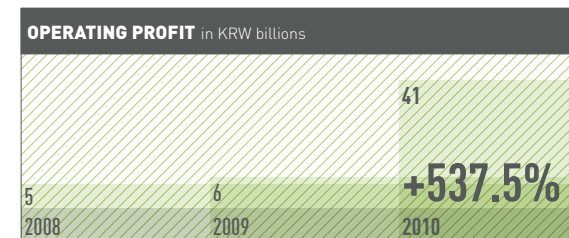
Service, selection, and convenience are even more important when the competition is just a click away. Lotte.com offers a unique shopping experience that is the culmination of Lotte's vast merchandising and e-commerce expertise, providing convenient one-stop access to the full spectrum of merchandise and services offered by Lotte retail affiliates. Ranked the top online shopping mall since 2008 on the Korea After Service Satisfaction Index (KASSI), the company was again recognized in 2010 with top honors in the Internet/home shopping and customer service categories at the 15th annual Korea Distribution Awards hosted by the Korea Chamber of Commerce, *Maeil Economic Daily*, and Korea's Ministry of Knowledge Economy.

One of the key innovations that has spurred growth in the past couple years is Lotte.com E-Commerce Services (LECS). The LECS platform provides a turnkey e-commerce solution encompassing the online store, online marketing, order processing, delivery, and customer support for companies looking to enter Korea's lucrative-but-competitive online marketplace. Launched in 2009, LECS's first success story was the Korean site for leading Japanese casual wear brand Uniqlo. In its first four months of business, the site handled transactions of KRW 6 billion, playing a key role in propelling Lotte.com's transaction volume market share from 5th to 3rd in 2009. In 2010, Korean casual wear brand Polham launched its online store on LECS, and Muji and Nike did the same in the first quarter of 2011.

In 2010, Korea's online marketplace grew 22.5% to KRW 15.1 trillion as shoppers continued to rapidly embrace shopping on the Internet. Lotte.com's transaction volume performance perfectly tracked the industry, rising 22.5% during the year. One of the company's key growth drivers was its burgeoning LECS e-commerce platform, which welcomed Polham casual wear brand in June. Lotte Shopping currently holds a 34.4% stake in this affiliate.



The Korean convenience store industry has enjoyed consistent growth in recent years, with sales rising 7.3% to reach KRW 15.6 trillion in 2010. Gross sales at Korea Seven nearly doubled to KRW 1.3 trillion and operating profit soared 537% to KRW 41 billion as the company significantly expanded its nationwide store network with the acquisition of Buy The Way. Lotte Shopping currently holds a 51.4% stake in this affiliate.



Founded in 1989, Korea Seven operates one of Korea's largest convenience store chains with 4,800 stores nationwide at the end of 2010. The company increased its market share from 16.6% to 26.4% during the year, strengthening its position as the No. 3 industry player with the strategic acquisition of the industry No. 4 player Buy The Way. The company closed the year with 3,145 7-Eleven locations and 1,655 Buy The Way locations.

One thing that sets Korea Seven apart from its competitors is its retail pedigree. On the Lotte side, it benefits from the accumulated retail know-how of Lotte retail affiliates. On the 7-Eleven side, it benefits from being a partner with the world's largest operator, franchisor, and licensor of convenience stores with more than 40,000 outlets in 18 countries.

While Korea Seven stores are similar to western convenience stores in format and selection of food and daily necessities, they also offer a wide range of services that help them truly live up to their "convenience" store name. These services include public utility bill payment, ATM cash withdrawals, government document issuance, mobile phone charging, pre-paid card recharging, DVD rental, and even package delivery services through a logistics partner.

The format of each Korea Seven store—bakery, fast food, or mini supermarket—is determined by the type of location. In residential areas, stores operate as mini supermarkets, featuring fresh foods and family-size packaging that can't be found in standard convenience stores. In commercial areas, stores have a bakery section with a microwave oven for warming food. In institute areas, stores offer fast food such as hot sandwiches, chicken, and pizza. Beyond convenience, these customer-centric store formats help better differentiate Korea Seven from the competition. In the future, the company plans to move beyond food to partner with other Lotte Group affiliates in the fields of finance and entertainment to bring customers an even greater selection of products and services.

Korea Seven plans to continue to aggressively expand in the coming years. Plans call for the addition of over 1,000 stores annually for the foreseeable future as the company solidifies its industry leadership and brings even greater convenience to consumers.

Prosperity grows it's shared.

At Lotte Shopping, we are thinking about much more than the financial bottom line as we emerge as a global retailer. Wherever we do business, we are working to be a responsible member of the local community as we strive to become one of the world's most respected companies. Our inclusion on the Dow Jones Sustainability Index for a second consecutive year and the retail supersector leader for the first in 2010 is an indicator that we are on the right track to a sustainable future.

**GROWING
RELATION-
SHIPS**

Community

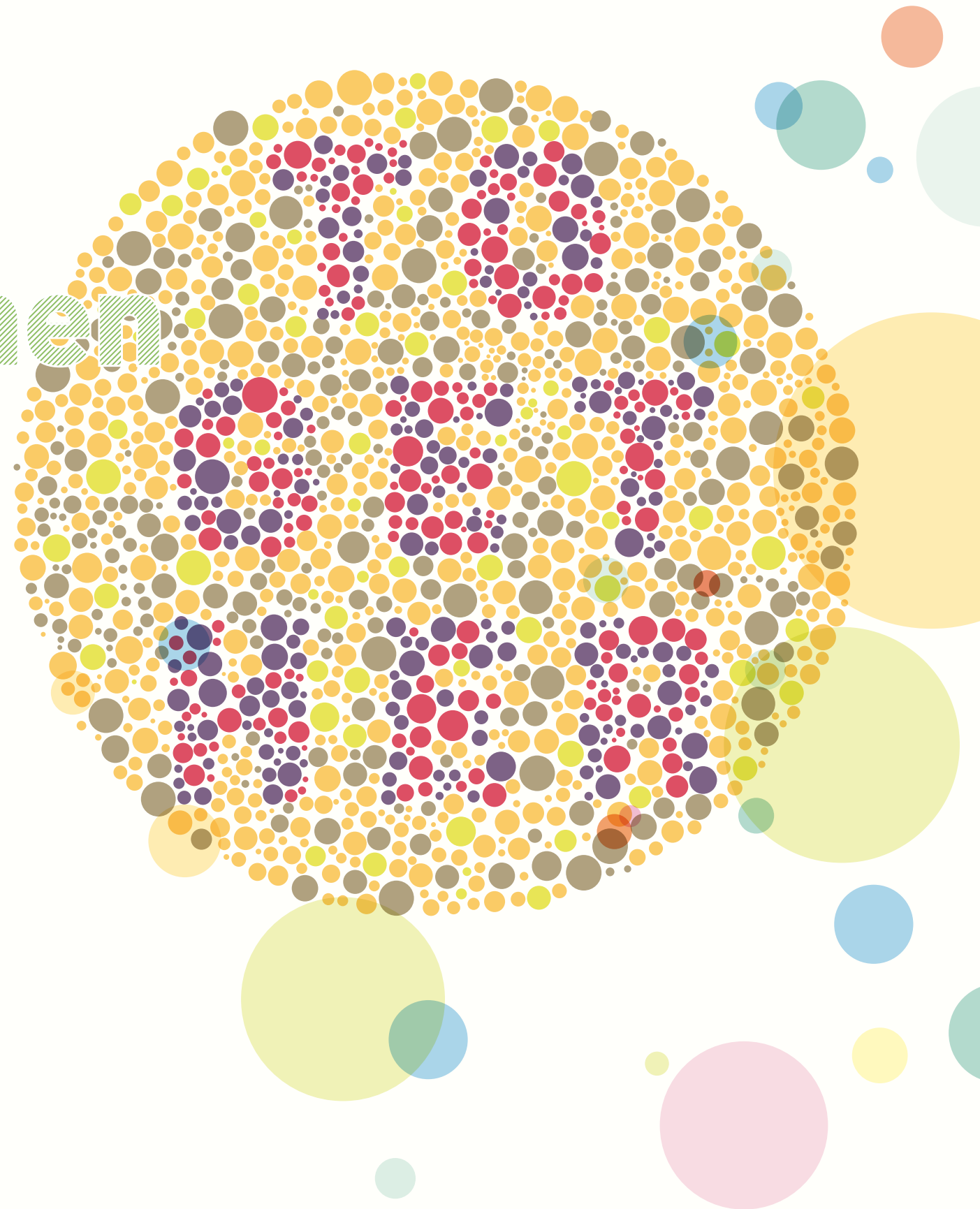
**GROWING
STEWARD-
SHIPS**

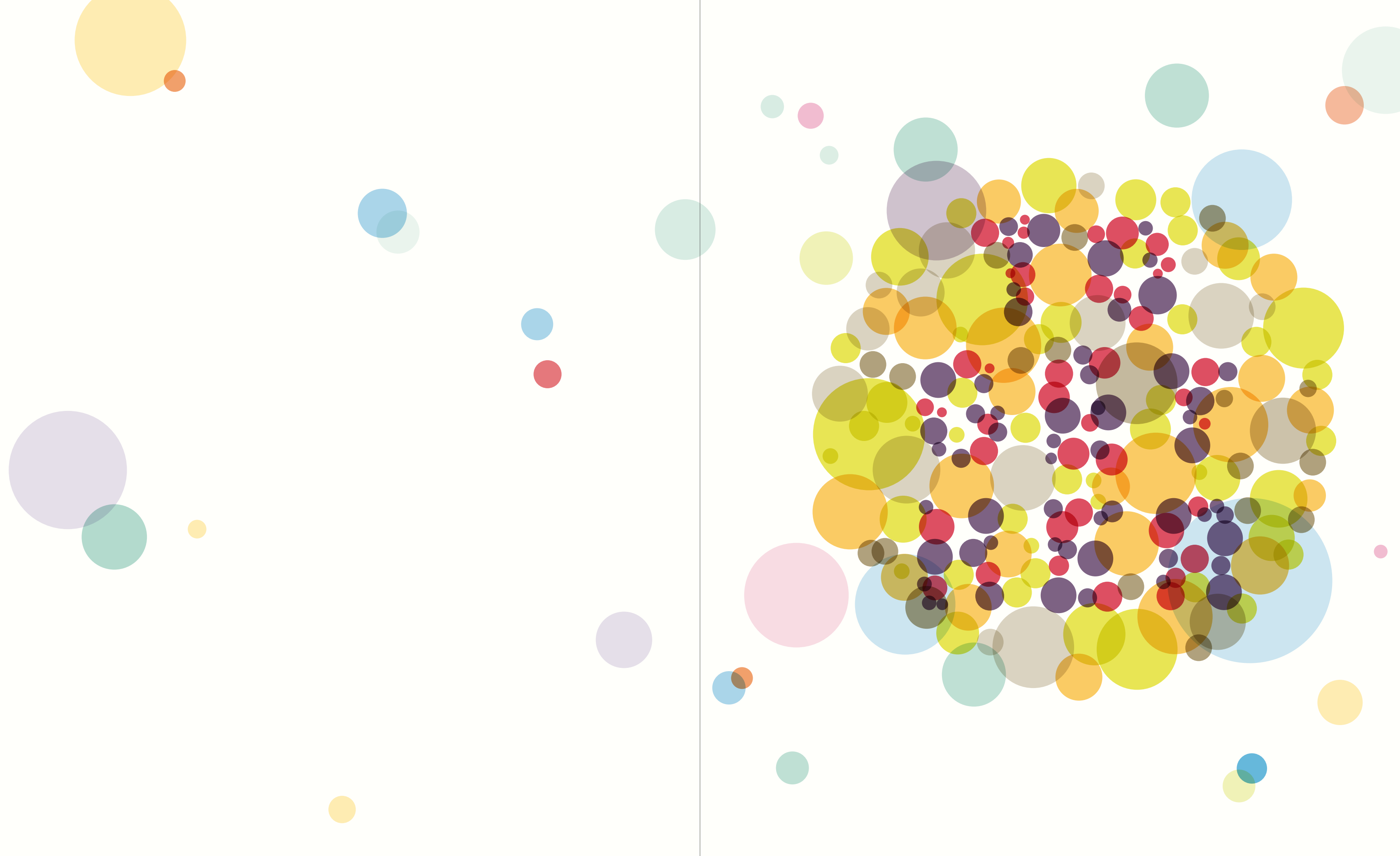
Environment

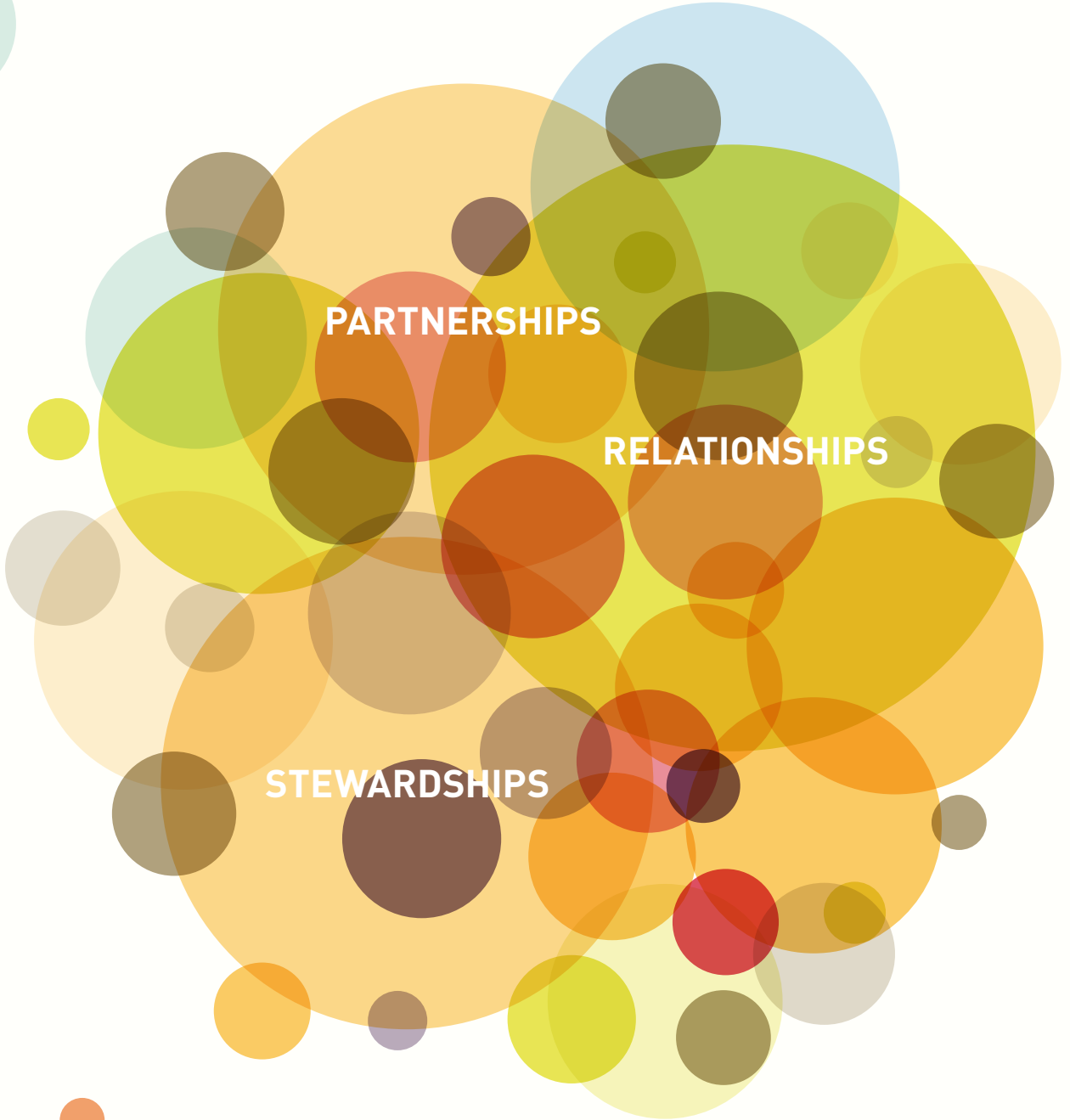
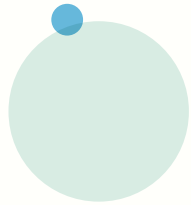
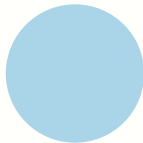
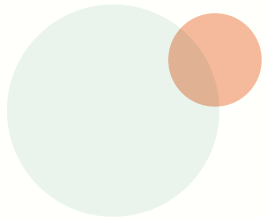
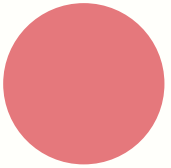
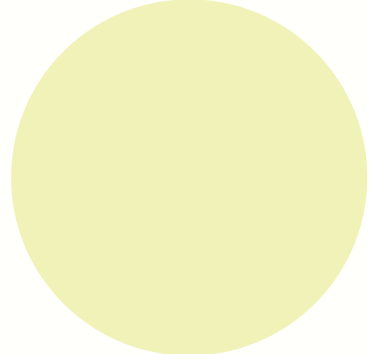
**GROWING
PARTNER-
SHIPS**

Partners

when







PARTNERSHIPS

RELATIONSHIPS

STEWARDSHIPS



HUMAN NETWORK MENTORING PROGRAM

In May 2010, we joined the Human Network Council to help make a difference in the lives of underprivileged children in Korea. Operated by Korea's Ministry of Health & Welfare, the Human Network matches up successful individuals with low-income children and teens in one-to-one mentor-mentee relationships. In addition to tutoring in school subjects, the arts, and sports, mentors provide emotional support and guidance in person as well as via email and phone. Over 100 of our employees are now involved in mentoring through the program.



PARENTHOOD PROMOTION AWARD

In September 2010, we were honored with the President's Award at the inaugural "Giving Birth, Wonderful World" exhibition. Hosted by Korea's Ministry of Health & Welfare, the award recognized our active efforts to promote parenthood and implement family-friendly work policies to create a social environment conducive to child raising.



GROWING

At Lotte, we have a special place in our hearts for children. We are actively involved in a wide range of programs to mentor and support the most vulnerable members of the next generation. We are also deeply involved in creating a family-friendly

RELATIONSHIPS

workplace and social environment that will make it a little easier for couples to make the decision to have an additional child or two as we do our part to help reverse the population decline Korea faces in the decades ahead.

MENTORING EXCELLENCE AWARD

In November 2010, we were honored with the Award of Excellence at the second annual Human Awards in recognition of the active child mentoring efforts of both our management and employees at home and abroad. Sponsored by Korea's Ministry of Health & Welfare, the Human Awards honor organizations, groups, and individuals who play an outstanding role in fostering a culture of sharing during the year.



BIG FAMILY DAY AT LOTTE WORLD

In December 2010, we invited families of employees and the general public with three or more children to join us for a day of fun at the Lotte World theme park in Seoul. Some 700 people enjoyed the second annual event, which included a concert, free time to enjoy the rides, a lucky draw, and various competitions.



SEOUL ARTS CENTER KIDS' LOUNGE PROJECT

In December 2010, we joined hands with Seoul Arts Center to open the Lotte Department Store Kids' Lounge at the center's Opera House. The lounge provides a safe and secure environment for parents to leave their young children while they enjoy a concert. This partnership is the first between a private company and a public arts center in Korea to provide services that promote parenthood as well as theater and concert attendance.



OVERSEAS CHILD SPONSORSHIP PROGRAM

In 2009, we launched a child sponsorship program that gives employees the opportunity to "adopt" children of underprivileged families in Vietnam, Cambodia, and India and provide financial support to help them live normal lives. As of the end of 2010, approximately 600 of our employees were participating in the program, giving needy children in those countries a chance for a better life.



MEET THE CEO CONFERENCES

While we believe our business partner support program is one of the best in the business, there's always room for improvement. Each year, we organize bi-annual conferences with the CEO to give our business partners an opportunity to directly share their concerns and feedback on how we can improve our win-win relationship. These meetings have played a valuable role in enhancing partner evaluation, communications, information sharing, brand building, and profitability.



GROWING

At Lotte, we believe in building strong win-win partnerships with our business partners. We operate financial assistance programs to help them build and expand their businesses. We enhance their profitability and cash flow by reimbursing them for their

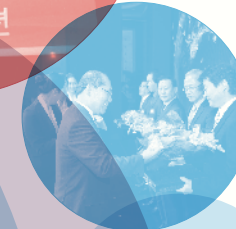


BRINGING NEW BRANDS TO MARKET

Many new fashion brands have excellent design, but lack the sales and distribution expertise to effectively break into the market. We are always on the lookout for promising new brands like these to showcase in our own multi-brand shops. The result is a win-win partnership where new fashion brands get valuable exposure and merchandising experience.

PARTNERSHIPS

interior investment when our renovations impact their business and paying invoices earlier. We listen closely to their concerns and adopt their ideas. And we identify and help bring promising new brands to market.



EXPANDING PARTNER SUPPORT

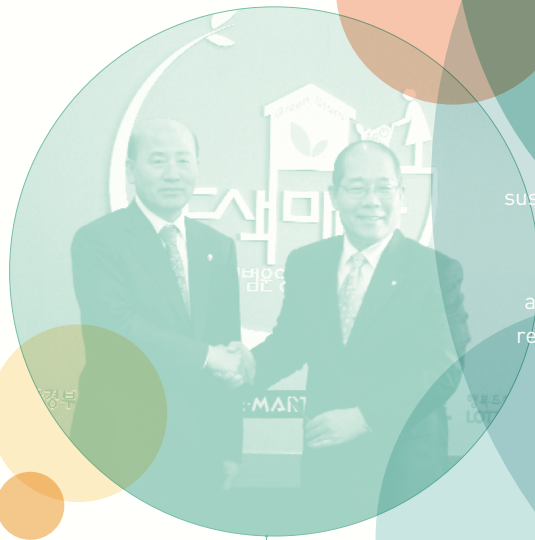
We offer our small and medium partners a number of financial assistance programs. We have created a KRW 100 billion fund that offers zero interest loans for an initial period of three months, extendable up to three times for a total period of one year. For partners with less than KRW 100 billion in annual sales, we offer an up to 2.0% interest rate discount on loans. We are also planning to create a KRW 20 billion product development fund that will provide partners with advances to cover the costs of raw materials and production.

ENHANCING PARTNER PROFITABILITY

We are dedicated to enhancing the profitability of our business partners. In February 2010, we announced a new policy that covers up to 100% of interior costs for shop relocations required by renewal projects. In our smaller department store locations, we support up to 50% of shop interior costs for top-selling brands and multi-brand shops as well as offering a sliding margin system that gives brands an incentive to stay in these locations with lower sales volumes. We have also moved the payment date for direct purchases from the 20th of the following month to the 10th to improve partner cash flow.

ISO 14001 RECERTIFICATION

In May 2010, our nationwide department store chain successfully completed its ISO 14001 recertification review. The chain's environmental management system was originally certified in 2006.



"GREEN STORE" PILOT PROJECT PARTICIPANT

In 2010, Korea's Ministry of Environment designated 11 department and discount store locations across Korea as participants in its Green Store pilot program to make retail product lineups and store facilities more eco-friendly. Two of our department stores and three of our hypermarkets are now participating in the project, which includes the installation of energy-saving facilities such as high-efficiency LED lighting and solar power systems as well as the promotion of eco-friendly products.

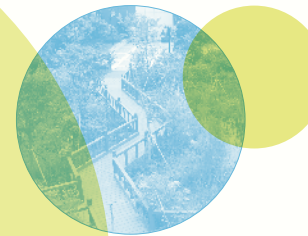


GROWING

At Lotte, we recognize that a sustainable future begins with being a good steward of the present. We are actively involved in a wide range of programs to make retail a more eco-friendly business and help raise awareness of environmental issues.

STEWARDSHIPS

Our goal is not only to reduce our own environmental footprint, but also to help today's consumers and tomorrow's make lifestyle choices that will help make the future a cleaner, greener place to live for us all.



LOW CARBON GREEN GROWTH AWARD

In November 2010, our ongoing efforts to promote awareness of environmental issues and the importance of green lifestyles were publically recognized with the Prime Minister's Award in the "Green Lifestyle Practices" category at the 2010 Low Carbon Green Growth Expo hosted by Korea's Ministry of Environment and GreenStart Network.

PROMOTING ENVIRONMENTAL AWARENESS

Over the years, we have run a number of campaigns and initiatives to help make local communities cleaner, greener places to live. We support the protection of endangered bird species. We teach the importance of preserving and conserving the environment to the next generation through our Children's Environment School. We reduce waste by encouraging shoppers to bring their own bags and adopting cardboard food packaging. We also became Korea's first retailer to join Korea's Ministry of Environment's "One Customer, One Green Pledge" program in 2009, encouraging customers to commit themselves to living greener lifestyles.

**FINANCIAL
STATEMENTS**

**We're committed
to delivering
sustainable value
for our
shareholders.**

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INDEPENDENT AUDITORS' REPORT
MARCH 2, 2011



Based on a report originally issued in Korean

**THE BOARD OF DIRECTORS AND STOCKHOLDERS
LOTTE SHOPPING CO., LTD.;**

We have audited the accompanying non-consolidated statements of financial position of Lotte Shopping Co., Ltd. (the "Company") as of December 31, 2010 and 2009, and the related non-consolidated statements of income, appropriation of retained earnings, changes in equity and cash flows for the years then ended. These non-consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these non-consolidated financial statements based on our audits.

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 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 non-consolidated financial statements referred to above present fairly, in all material respects, the financial position of Lotte Shopping Co., Ltd. as of December 31, 2010 and 2009 and the results of its operations, the appropriation of its retained earnings, the changes in its equity and its cash flows for the years then ended in conformity with accounting principles generally accepted in the Republic of Korea.

The accompanying non-consolidated financial statements as of and for the year ended December 31, 2010 have been translated into United States dollars solely for the convenience of the reader. We have audited the translation and, in our opinion, the non-consolidated financial statements expressed in Korean won have been translated into dollars on the basis set forth in note 3 to the non-consolidated financial statements.

WITHOUT QUALIFYING OUR OPINION, WE DRAW ATTENTION TO THE FOLLOWING:

As discussed in note 2(a) to the non-consolidated financial statements, accounting principles and auditing standards and their application in practice vary among countries. The accompanying non-consolidated financial statements are not intended to present the financial position, results of operations, changes in stockholders' equity and cash flows in accordance with accounting principles and practices generally accepted in countries other than the Republic of Korea. In addition, the procedures and practices utilized in the Republic of Korea to review such financial statements may differ from those generally accepted and applied in other countries. Accordingly, this report and the accompanying non-consolidated financial statements are for use by those knowledgeable in Korean accounting principles and audit standards and their application in practice.

As discussed in note 34 to the non-consolidated financial statements, the Company changed its accounting estimates for the useful lives of property, plant and equipment in the current year. As a result of this change in accounting estimates, the Company's depreciation expense under the new useful lives was ₩108,213 million lower than it would have been under the previous useful lives for the year ended December 31, 2010, and the Company's unappropriated retained earnings increased by ₩82,026 million as of December 31, 2010.

KPMG Samjong Accounting Corp.

KPMG Samjong Accounting Corp.
Seoul, Korea

This report is effective as of March 2, 2011, the audit report date. Certain subsequent events or circumstances, which may occur between the audit report date and the time of reading this report, could have a material impact on the accompanying non-consolidated financial statements and notes thereto. Accordingly, the readers of the audit report should understand that there is a possibility that the above audit report may have to be revised to reflect the impact of such subsequent events or circumstances, if any.

NON-CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS OF DECEMBER 31, 2010 AND DECEMBER 31, 2009

	2010 In KRW millions	2009 In KRW millions	2010 In USD thousands (note 3)
ASSETS			
Current assets:			
Cash and cash equivalents (notes 10 and 14)	₩ 625,709	₩ 434,547	\$ 549,398
Short-term deposits (notes 4 and 13)	69,436	87,032	60,967
Trade accounts receivable, net of allowance for doubtful accounts of ₩3,448 million in 2010 and ₩2,652 million in 2009 (note 9)	319,424	239,779	280,467
Other accounts receivable, net of allowance for doubtful accounts of ₩3,244 million in 2010 and ₩2,883 million in 2009 (notes 9 and 14)	99,607	82,535	87,459
Advance payments, net of allowance for doubtful accounts of ₩1,982 million in 2010 and ₩1,852 million in 2009	33,457	20,534	29,377
Inventories (notes 5 and 10)	1,244,128	1,101,309	1,092,394
Derivative assets (note 21)	126,755	-	111,296
Deferred income tax assets, net (note 28)	28,359	19,378	24,900
Other current assets (notes 7 and 14)	52,284	47,884	45,908
Total current assets	₩ 2,599,159	₩ 2,032,998	\$ 2,282,166
Non-current assets:			
Available-for-sale securities (notes 6 and 13)	₩ 223,068	₩ 191,210	\$ 195,862
Equity method investment securities (notes 6, 8 and 9)	4,869,933	3,975,317	4,275,997
Derivative assets (notes 6 and 21)	43,001	116,667	37,756
Other investment assets (notes 4, 12, 13 and 14)	71,911	58,999	63,142
Property, plant and equipment, net of accumulated depreciation of ₩2,472,635 million in 2010 and ₩2,265,918 million in 2009 (notes 8, 10, 13, 34 and 39)	11,629,659	11,129,377	10,211,308
Intangible assets, net of amortization (notes 11 and 39)	450,219	134,503	395,310
Long-term prepaid expenses	337,871	262,667	296,665
Long-term advance payments (note 31)	102,072	76,148	89,623
Guarantee deposits (note 18)	895,278	680,470	786,091
Total non-current assets	₩ 18,623,012	₩ 16,625,358	\$ 16,351,754
TOTAL ASSETS	₩ 21,222,171	₩ 18,658,356	\$ 18,633,920

Continued

NON-CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS OF DECEMBER 31, 2010 AND DECEMBER 31, 2009

	2010 In KRW millions	2009 In KRW millions	2010 In USD thousands (note 3)
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities:			
Trade accounts payable (notes 9 and 14)	₩ 2,039,956	₩ 1,799,560	\$ 1,791,163
Short-term borrowings (notes 16 and 31)	510,363	21,759	448,119
Current portion of debentures, net of discount of ₩2,298 million in 2010 and ₩95 million in 2009 (notes 14, 17 and 21)	972,305	126,187	853,723
Other accounts payable (notes 9 and 14)	511,238	475,802	448,888
Advances from customers	37,673	29,543	33,078
Accrued expenses	197,331	261,334	173,265
Accrual for gift certificates	409,062	378,148	359,173
Income tax payable	209,863	112,306	184,268
Accrual for bonus points reward program (note 20)	30,312	30,312	26,615
Other current liabilities (note 15)	108,621	52,881	95,373
Total current liabilities	₩ 5,026,724	₩ 3,287,832	\$ 4,413,665
Long-term liabilities:			
Long-term borrowings, net of discount of ₩925 million in 2010 (notes 14, 16 and 21)	₩ 532,089	₩ 378,846	\$ 467,196
Debentures, net of discount of ₩3,735 million in 2010 and ₩7,313 million in 2009 (notes 14, 17 and 21)	1,299,863	1,402,227	1,141,332
Derivative liabilities (note 21)	13,227	-	11,614
Leasehold deposits (note 18)	235,521	254,769	206,798
Provision for retirement and severance benefits, net (note 19)	47,470	45,315	41,680
Deferred income tax liabilities, net (note 28)	941,318	957,811	826,515
Total long-term liabilities	₩ 3,069,488	₩ 3,038,968	\$ 2,695,135
TOTAL LIABILITIES	₩ 8,096,212	₩ 6,326,800	\$ 7,108,800
Stockholders' equity:			
Common stock of ₩5,000 par value (note 22)			
Authorized - 60,000,000 shares			
Issued and outstanding - 29,043,374 shares	₩ 145,217	₩ 145,217	\$ 127,506
Capital surplus (note 22)	4,650,895	4,650,895	4,083,673
Capital adjustments (note 23)	[32,501]	[16,271]	[28,537]
Accumulated other comprehensive income (note 24)	2,703,512	2,866,719	2,373,792
Retained earnings (note 25)	5,658,836	4,684,996	4,968,686
Total stockholders' equity	₩ 13,125,959	₩ 12,331,556	\$ 11,525,120
Commitments and contingencies (note 31)			
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	₩ 21,222,171	₩ 18,658,356	\$ 18,633,920

See accompanying notes to non-consolidated financial statements.

NON-CONSOLIDATED STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	2010	2009	2010
	In KRW millions (except for earnings per share), In USD thousands (except for earnings per share)(note 3)		
Continuing operations			
Sales (notes 9, 26, 36, 38 and 39)	₩ 13,516,928	₩ 11,535,281	\$ 11,868,406
Cost of sales (notes 9 and 26)	9,335,015	7,959,811	8,196,518
Gross profit	₩ 4,181,913	₩ 3,575,470	\$ 3,671,888
Selling and administrative expenses (notes 9 and 27)	3,033,531	2,698,995	2,663,562
Operating income (notes 36, 38 and 39)	₩ 1,148,382	₩ 876,475	\$ 1,008,326
Non-operating income:			
Interest income	₩ 38,379	₩ 31,781	\$ 33,698
Dividend income	966	728	848
Gain on foreign currency transactions	544	3,112	478
Gain on foreign currency translation	23,368	102,159	20,518
Equity in earnings of equity method accounted investments (note 6)	245,061	221,621	215,174
Gain on disposition of equity method accounted investments	-	2,647	-
Gain on valuation of derivative instruments (note 21)	57,657	-	50,625
Gain on disposition of property, plant and equipment	216,353	655	189,967
Others	35,826	20,317	31,456
	₩ 618,154	₩ 383,020	\$ 542,764
Non-operating expenses:			
Interest expense	₩ 136,287	₩ 67,105	\$ 119,665
Loss on foreign currency transactions	13,581	7,347	11,925
Loss on foreign currency translation	95,409	4,861	83,773
Equity in loss of equity method accounted investments (note 6)	115,986	82,690	101,841
Loss on disposition of equity method accounted investments	179	1,042	158
Loss on valuation of derivative instruments (note 21)	22,600	103,717	19,844
Loss on disposition of property, plant and equipment	9,087	778	7,978
Loss on revaluation of land	-	7,256	-
Others	46,557	44,929	40,879
	₩ 439,686	₩ 319,725	\$ 386,063
Income before income taxes	₩ 1,326,850	₩ 939,770	\$ 1,165,027
Income taxes (note 28)	316,706	227,783	278,080
Income from continuing operations	₩ 1,010,144	₩ 711,987	\$ 886,947
Discontinued operations			
Income from discontinued operations, net of income tax of ₩1,416 million in 2009 (note 36)	₩ -	₩ 4,435	\$ -
NET INCOME	₩ 1,010,144	₩ 716,422	\$ 886,947
Earnings per share (notes 29 and 36)			
Basic earnings per share from continuing operations in Won and U.S. dollars	34,781	24,515	30.54
BASIC EARNINGS PER SHARE IN WON AND U.S. DOLLARS	₩ 34,781	₩ 24,667	\$ 30.54

See accompanying notes to non-consolidated financial statements.

NON-CONSOLIDATED STATEMENTS OF APPROPRIATION OF RETAINED EARNINGS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	2010	2009	2010
	In KRW millions (except for earnings per share), In USD thousands (note 3)		
Unappropriated retained earnings:			
Balance at beginning of year	₩ 22,047	₩ 15,559	\$ 19,357
Net income	1,010,144	716,422	886,947
Balance at end of year before appropriation (note 25)	₩ 1,032,191	₩ 731,981	\$ 906,304
Appropriation of retained earnings:			
Legal reserve	₩ 4,357	₩ 3,630	\$ 3,825
Voluntary reserve	960,000	670,000	842,919
Cash dividends (note 30) - 30.00% on par value at ₩1,500 per share in 2010 and 25.00% on par value at ₩1,250 per share in 2009	43,565	36,304	38,252
	₩ 1,007,922	₩ 709,934	\$ 884,996
UNAPPROPRIATED RETAINED EARNINGS TO BE CARRIED OVER TO SUBSEQUENT YEAR	₩ 24,269	₩ 22,047	\$ 21,308

See accompanying notes to non-consolidated financial statements.

NON-CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	Capital stock	Capital surplus	Capital adjustments	Accumulated other comprehensive income	Retained earnings	Total equity	Total equity
						In KRW millions, In USD thousands (note 3)	
Balance at January 1, 2009	₩145,217	₩4,650,895	₩(16,271)	₩45,943	₩4,004,878	₩8,830,662	\$7,753,676
Net income	-	-	-	-	716,422	716,422	629,048
Cash dividends	-	-	-	-	(36,304)	(36,304)	(31,877)
Change in fair value of available-for-sale securities, net of tax	-	-	-	44,203	-	44,203	38,812
Change in equity of equity method investments, net of tax	-	-	-	(24,317)	-	(24,317)	(21,352)
Effective portion of changes in fair value of cash flow hedges, net of tax	-	-	-	8,984	-	8,984	7,888
Change in revaluation of property, plant and equipment, net of tax	-	-	-	2,791,906	-	2,791,906	2,451,407
BALANCE AT DECEMBER 31, 2009	₩145,217	₩4,650,895	₩(16,271)	₩2,866,719	₩4,684,996	₩12,331,556	\$10,827,602
Balance at January 1, 2010	₩145,217	₩4,650,895	₩(16,271)	₩2,866,719	₩4,684,996	₩12,331,556	\$10,827,602
Net income	-	-	-	-	1,010,144	1,010,144	886,947
Cash dividends	-	-	-	-	(36,304)	(36,304)	(31,877)
Change in fair value of available-for-sale securities, net of tax	-	-	-	14,455	-	14,455	12,693
Change in equity of equity method investments, net of tax	-	-	(16,230)	(16,348)	-	(32,578)	(28,604)
Effective portion of changes in fair value of cash flow hedges, net of tax	-	-	-	(5,141)	-	(5,141)	(4,514)
Change in revaluation of property, plant and equipment, net of tax	-	-	-	(156,173)	-	(156,173)	(137,127)
BALANCE AT DECEMBER 31, 2010	₩145,217	₩4,650,895	₩(32,501)	₩2,703,512	₩5,658,836	₩13,125,959	\$11,525,120

See accompanying notes to non-consolidated financial statements.

NON-CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	2010 In KRW millions	2009 In KRW millions	2010 In USD thousands (note 3)
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	₩ 1,010,144	₩ 716,422	\$ 886,947
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	₩ 296,066	₩ 373,218	\$ 259,958
Amortization of intangible assets	62,171	29,970	54,589
Accrual for retirement and severance benefits	52,406	50,859	46,015
Loss on inventory shrinkage	17,125	12,744	15,036
Loss (reversal of loss) on valuation of inventory	(294)	555	(258)
Amortization of discount on debentures	4,719	3,281	4,143
Bad dept expenses	1,393	1,888	1,223
Loss on foreign currency translation	95,405	4,612	83,769
Gain on foreign currency translation	(23,348)	(102,159)	(20,500)
Equity in earnings of equity method accounted investments, net	(129,075)	(138,931)	(113,333)
Loss (gain) on valuation of derivative instruments, net	(35,057)	103,717	(30,781)
Loss (gain) on disposition of property, plant and equipment, net	(207,266)	117	(181,989)
Loss on revaluation of land	-	7,256	-
Gain on disposition of assets and liabilities constituting the discontinued operations	-	(3,355)	-
Others	13,042	15,340	11,453
Changes in operating assets and liabilities:			
Trade accounts receivable	₩ (73,088)	₩ (21,972)	\$ (64,174)
Other accounts receivable	(10,748)	(4,083)	(9,437)
Advance payments	(13,631)	(7,833)	(11,969)
Inventories	(141,216)	(84,602)	(123,993)
Deferred income tax assets	(8,981)	(6,843)	(7,885)
Other current assets	(12,348)	(47)	(10,843)
Long-term prepaid expenses	(75,104)	(73,286)	(65,944)
Trade accounts payable	205,011	161,971	180,008
Other accounts payable	34,502	(8,221)	30,294
Advances from customers	8,130	12,204	7,138
Accrued expenses	(63,997)	120,346	(56,192)
Accrual for gift certificates	30,914	38,622	27,144
Income taxes payable	97,557	(101,822)	85,658
Accrual for bonus points reward program	-	(393)	-
Other current liabilities	48,245	(502)	42,360
National Pension Fund	41	3	36
Payment of retirement and severance benefits	(60,776)	(41,178)	(53,364)
Deposit for severance benefit insurance	5	(14,158)	5
Non-current deferred income tax liabilities	23,144	17,137	20,322
Net cash provided by operating activities	₩ 1,145,091	₩ 1,060,877	\$ 1,005,436

Continued

NON-CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	2010 In KRW millions	2009 In KRW millions	2010 In USD thousands (note 3)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Cash inflows from investing activities:			
Maturity of short-term deposits	₩ 157,032	₩ 43,613	\$ 137,881
Decrease in short-term loans	37,737	38,862	33,134
Sale of available-for-sale securities	8,943	43,237	7,853
Sale of held-to-maturity securities	1,000	159,445	878
Refund of long-term advance payments	2,000	19,050	1,756
Refund of guarantee deposits paid	56,648	35,455	49,739
Proceeds from disposition of property, plant and equipment	486,319	22,248	427,008
Sale of assets and liabilities on the discontinued operations	-	24,339	-
Others	19,747	16,377	17,339
	₩ 769,426	₩ 402,626	\$ 675,588
Cash outflows for investing activities:			
Purchase of short-term deposits	₩ (126,936)	₩ (86,744)	\$ (111,455)
Increase in short-term loans	(44,572)	(47,176)	(39,136)
Purchase of available-for-sale securities	(19,177)	(39,833)	(16,838)
Additions of equity method investment securities	(813,971)	(934,463)	(714,699)
Payment of long-term advance payments	(54,674)	(44,768)	(48,006)
Payment of guarantee deposits	(145,893)	(108,983)	(128,100)
Purchase of property, plant and equipment	(852,756)	(923,381)	(748,754)
Additions to intangible assets	(29,484)	(15,026)	(25,888)
Acquisition of stores (note 35)	(848,846)	-	(745,321)
Others	(28,873)	(20,881)	(25,351)
	₩ (2,965,182)	₩ (2,221,255)	\$ (2,603,548)
Net cash used in investing activities	₩ (2,195,756)	₩ (1,818,629)	\$ (1,927,960)

Continued

NON-CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	2010 In KRW millions	2009 In KRW millions	2010 In USD thousands (note 3)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Cash inflows from financing activities:			
Proceeds from short-term borrowings	₩ 9,618,965	₩ 3,327,758	\$ 8,445,838
Proceeds from issuance of current portion of debentures	116,265	131,369	102,085
Proceeds from long-term borrowings	121,275	397,040	106,484
Proceeds from issuance of debentures	708,791	578,670	622,347
Receipt of leasehold deposits	50,601	63,729	44,430
	₩ 10,615,897	₩ 4,498,566	\$ 9,321,184
Cash outflows for financing activities:			
Repayment of short-term borrowings	₩ (9,130,361)	₩ (3,526,000)	\$ (8,016,824)
Redemption of debentures	(131,500)	-	(115,462)
Refund of leasehold deposits received	(75,905)	(53,659)	(66,648)
Dividends paid	(36,304)	(36,304)	(31,877)
	₩ (9,374,070)	₩ (3,615,963)	\$ (8,230,811)
Net cash provided by financing activities	₩ 1,241,827	₩ 882,603	\$ 1,090,373
Net increase in cash and cash equivalents	₩ 191,162	₩ 124,851	\$ 167,849
Cash and cash equivalents at beginning of year	₩ 434,547	₩ 309,696	\$ 381,549
CASH AND CASH EQUIVALENTS AT END OF YEAR	₩ 625,709	₩ 434,547	\$ 549,398

See accompanying notes to non-consolidated financial statements.

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2010

1. Organization and Description of Business

Lotte Shopping Co., Ltd. (the "Company") was established on July 2, 1970 in the Republic of Korea to engage in retail operations through department stores, discount stores and supermarkets. In addition to the retail operations, the Company's business includes, a chain of multiplex movie theaters under the brand name of Lotte Cinema, a clothing retail division and construction division. The Company was listed on the Korea Stock Exchange and London Stock Exchange through an initial public offering in February 2006.

The stockholders of the Company as of December 31, 2010 are as follows:

Stockholder	Number of shares	Ownership(%)
Shin Dong Bin	4,237,627	14.6
Shin Dong Ju	4,235,883	14.6
Shin Kyuk Ho	293,877	1.0
Shin Young Ja	228,962	0.8
Hotel Lotte Co., Ltd.	2,781,947	9.6
Korea Fuji Film Co., Ltd.	2,474,543	8.5
Lotte Confectionery Co., Ltd.	2,474,543	8.5
Lotte Data Communication Company	1,515,653	5.2
Lotte Chilsung Beverage Co., Ltd.	1,237,272	4.3
Lotte Engineering & Construction Co., Ltd.	300,019	1.0
Hotel Lotte Pusan Co., Ltd.	246,720	0.9
Others	9,016,328	31.0
TOTAL	29,043,374	100.0%

2. Basis of Presenting Financial Statements and Summary of Significant Accounting Policies

(a) Basis of Presenting Financial Statements

The Company maintains its accounting records in Korean won and prepares statutory non-consolidated financial statements in the Korean language in conformity with accounting principles generally accepted in the Republic of Korea (Korean GAAP). Certain accounting principles applied by the Company that conform with financial accounting standards and accounting principles in the Republic of Korea may not conform with generally accepted accounting principles in other countries. Accordingly, these non-consolidated financial statements are intended solely for use by only those who are informed about Korean accounting principles and practices. The accompanying non-consolidated financial statements have been condensed, restructured and translated into English from the Korean language non-consoli-

dated financial statements. Certain information included in the Korean language non-consolidated financial statements, but not required for a fair presentation of the Company's financial position, results of operations or cash flows, or changes in stockholders' equity is not presented in the accompanying non-consolidated financial statements.

The accompanying non-consolidated financial statements include only the accounts of the Company, and do not consolidate the accounts of any of its subsidiaries. Instead, these subsidiaries are accounted for under the equity method of accounting (note 6).

The Company prepares the financial statements in accordance with generally accepted accounting principles in the Republic of Korea. The Company applied the same accounting policies that were adopted in the previous year's non-consolidated financial statements.

Certain accounts of the prior period's non-consolidated financial statements have been reclassified to conform to the current period's presentation. These reclassifications have not resulted in any change to reported net income or stockholders' equity.

As explained in note 33, the Company changed its accounting estimates for the useful lives of property, plant and equipment in the current year.

(b) Revenue Recognition

The Company recognizes revenue from the sale of goods upon purchase by end-customers or delivery. Revenue from sale of apartments in lots are recognized using the percentage-of-completion method, measured principally by the percentage of costs incurred to total estimated contract costs. Revenue other than the sale of goods and apartments in lots is recognized when the Company's earnings process is either complete or nearly complete in substance, the amount of revenue can be reliably measured, and it is probable that the Company will receive the economic benefits associated with the transaction.

Pursuant to Statements of Korea Accounting Standards ("SKAS") No. 4 Revenue Recognition, the Company recognizes sales on a gross basis for merchandise which the Company bears the overall inventory risk in connection with purchase contracts with vendors where the merchandise may only be returned for a full refund prior to the end of the relevant season (for seasonal merchandise) or within 90 days from delivery (for non-seasonal merchandise). The Company recognizes sales on a net basis for merchandise that may be returned to vendors at any time.

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2010

(c) Allowance for Doubtful Accounts

Allowance for doubtful accounts is estimated based on an analysis of individual accounts and past experience of collection. However, when the principal of trade accounts and notes receivable, interest rate or repayment period are changed unfavorably for the Company by a court, such as on commencement of reorganization, or by mutual agreement and the difference between nominal value and present value is material, the difference is recognized as bad debt expense.

(d) Inventories

Inventories are stated at the lower of cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated selling costs. The costs of inventories are determined as follows:

	Retail business segment (Department and Supermarket Division)	Retail business segment (Mart Division)	Other business segment (Clothing retail and Construction)
Merchandise and finished goods	Retail method	Gross average method	Gross average method
Materials-in-transit	Specific identification method	Specific identification method	Specific identification method
Others	First-in, first-out method	First-in, first-out method	Gross average method

The amounts of any write-down of inventories to net realizable value due to obsolescence or excess inventory or other losses occurring in the normal course of business are recognized as cost of sales and such valuation losses are deducted from inventories as allowance for valuation losses.

The Company recognizes interest costs and other financial charges on borrowings associated with inventories that require a long period in the acquisition, construction or production as an expense in the period in which they are incurred.

(e) Investments in Securities (excluding investments in associates, subsidiaries and joint ventures)

(i) Classification

Upon acquisition, the Company classifies debt and equity securities into the following categories: held-to-maturity, available-for-sale or trading securities. This classification is reassessed at the end of each reporting period.

Investments in debt securities where the Company has the positive intent and ability to hold to maturity are classified as held-to-maturity. Securities that are acquired principally for the purpose of selling in the short term are classified as trading securities. Investments not classified as either held-to-maturity or trading securities are classified as available-for-sale securities.

(ii) Initial recognition

Investments in securities are initially recognized at cost.

(iii) Subsequent measurement and income recognition

Trading securities are subsequently carried at fair value. Gains and losses arising from changes in the fair value of trading secu-

rities are included in the non-consolidated statement of income in the period in which they arise. Available-for-sale securities are subsequently carried at fair value. Gains and losses arising from changes in the fair value of available-for-sale securities are recognized as other comprehensive income, net of tax, directly in equity. Investments in available-for-sale securities that do not have readily determinable fair values are recognized at cost less impairment, if any. Held-to-maturity investments are carried at amortized cost with interest income recognized in the non-consolidated statement of income using the effective interest method.

(iv) Fair value information

The fair value of marketable securities is determined using quoted market prices as of the period end. Non-marketable debt securities are fair valued by discounting cash flows using the prevailing market rates for debt with a similar credit risk and remaining maturity. Credit risk is determined using issuer's credit rating as announced by accredited credit rating agencies in Korea. The fair value of investments in money market funds is determined by investment management companies.

(v) Presentation

Trading securities are presented as current assets. Available-for-sale securities, which mature within one year from the end of reporting period or where the likelihood of disposal is within one year from the end of reporting period is probable, are presented as current assets. Held-to-maturity securities, which mature within one year from the end of reporting period, are presented as current assets. All other available-for-sale securities and held-to-maturity securities are presented as non-current assets.

(vi) Impairment

The Company reviews investments in securities whenever events or changes in circumstances indicate that the carrying amount of the investments may not be recoverable. Impairment losses are recognized when reasonably estimated recoverable amounts are less than the carrying amount and it is not obviously evident that impairment is unnecessary.

An impairment loss is reversed if the reversal is objectively related to an event occurring after the impairment loss was recognized and a reversal of an impairment loss shall not exceed the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been recognized in the asset in prior years. For held-to-maturity securities measured at amortized cost and available-for-sale securities that are debt securities, the reversal is recognized in profit or loss. For available-for-sale securities that are equity securities, the reversal is recognized directly in equity.

(f) Investments in Associates and Subsidiaries

Associates are entities where the Company has the ability to significantly influence its financial and operating policies. It is presumed to have significant influence if the Company holds directly or indirectly 20 percent or more of the voting power unless it can be clearly demonstrated that this is not the case. Subsidiaries are entities controlled by the Company.

Investments in associates and subsidiaries are accounted for using the equity method of accounting and are initially recognized at cost.

The Company's investments in associates and subsidiaries include goodwill identified on the acquisition date (net of any accumulated impairment loss). Goodwill is calculated as the excess of the acquisition cost of an investment in an associate or subsidiary over the Company's share of the fair value of the identifiable net assets acquired. Goodwill is amortized using the straight-line method over 10 years. Amortization of goodwill is recorded together with equity in earnings (losses).

When events or circumstances indicate that the carrying value of goodwill may not be recoverable, the Company reviews goodwill for impairment and records any impairment loss immediately in the non-consolidated statement of income.

The Company's share of its post-acquisition profits or losses in investments in associates and subsidiaries is recognized in the non-consolidated statement of income, and its share of post-acquisition movements in equity is recognized in equity. The cumulative post-acquisition movements are adjusted against the

carrying amount of each investment. Changes in the carrying amount of an investment resulting from dividends by an associate or subsidiary are recognized when the associate or subsidiary declares the dividend. When the Company's share of losses in an associate or subsidiary equals or exceeds its interest in the associate or subsidiary, including preferred stock or other long term loans and receivables issued by the associate or subsidiary, the Company does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate or subsidiary. Unrealized gains on transactions between the Company and its associates or subsidiaries are eliminated to the extent of the Company's interest in each associate or subsidiary.

If the investee is a subsidiary, net income and net assets of the parent company's separate financial statements should agree with the parent company's share in the net income and net assets of the consolidated financial statements, except when the Company discontinues the application of the equity method due to its investment in a subsidiary being reduced to zero.

Unrealized gains on transactions between the Company and its associates or subsidiaries are eliminated to the extent of the Company's interest in each associate or subsidiary.

(g) Joint Venture Investments

Joint ventures are those entities or assets over whose activities the Company has joint control.

In respect to jointly controlled operations, the Company includes in its non-consolidated financial statements, the assets that it controls and the liabilities and expenses it has incurred, plus its share of the income (loss) from the joint operation. For its interest in jointly controlled assets, the Company recognizes in the non-consolidated financial statements, its share of the assets it jointly controls, the liabilities jointly incurred and net income (loss), plus the liabilities and expenses it has solely incurred, if any. In addition, the Company accounts for its interest in a jointly controlled entity using the equity method of accounting.

(h) Property, Plant and Equipment

Property, plant and equipment are stated at cost net of accumulated depreciation, except for revaluations made in accordance with the Asset Revaluation Law prior to the Law being revoked on December 2000 and revaluation for land in accordance with the revised SKAS No. 5 Property, Plant and Equipment (the "Standard") as of January 1, 2009.

The book value of land is accounted at fair value as of the date of the revaluation less accumulated impairment loss. If an asset's book value increases as a result of the revaluation, the amount

of the increase is recognized in other comprehensive income, of which, the amount of the increase that reverses a revaluation decrease of the same asset previously recognized in profit and loss is recognized in profit and loss in the current period. On the other hand, if an asset's book value decreases as a result of the revaluation, that decrease is recognized as a loss for the current period, and the portion of the amount of decrease included in the credit balance in the revaluation surplus recorded in other comprehensive income is deducted from other comprehensive income.

Additions or improvements extending useful lives of assets are capitalized. However, normal maintenance and repairs are charged to expense as incurred.

Depreciation is computed by the straight-line method over their respective estimated useful lives for buildings, structures and by the declining-balance method for vehicles, display fixtures and other furniture and fixtures. For machinery used in the retail business segment, depreciation is computed by the straight-line method, whereas machinery used in all other segments is computed by the declining-balance method.

The Company changed its accounting estimates for the useful lives of property, plant and equipment in the current year, and estimated useful lives are as follows:

	Useful lives (years)	
	Before	After
Buildings	10 - 30	20 - 50
Structures	10 - 30	10 - 40
Machinery	4 - 30	4 - 30
Vehicles	4	5
Display fixtures	4	5
Other furniture and fixtures	4	5

The Company recognizes interest costs and other financial charges on borrowings associated with the production, acquisition, construction of property, plant and equipment as an expense in the period in which they are incurred.

The Company reviews property, plant and equipment for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An impairment loss is recognized when the estimated undiscounted future net cash flows from the use of the asset including proceeds from ultimate disposal are less than its carrying amount.

(i) Intangible Assets

Intangible assets are stated at cost, net of accumulated amortization. Subsequent expenditures, which enable the assets to

generate future economic benefits that can be measured and reliably attributed to the assets, are treated as additions to intangible assets.

The copyright on film is stated at cost and amortized over the estimated period the related revenue will be recognized. Estimated realization period is evaluated on a periodic basis. In addition, impairment loss on intangible assets is recognized when the realization of revenue is uncertain.

The Company accounts for acquisition of a business assuming the transaction occurred as of the most recent quarter end (the deemed acquisition date). Goodwill, which represents the excess of the acquisition cost over the fair value of net identifiable assets acquired, is amortized on a straight-line basis over the estimated useful life not to exceed 20 years. Impairment loss on goodwill is recognized when the recoverable amount declines below its carrying amount and its amount is material.

Amortization is computed using the straight-line method over the estimated useful lives as follows:

	Useful lives (years)
Goodwill	10
Industrial property rights	5
Rights to use water supply facility	10
Rights to use electricity supply facility	10
Rights to use gas supply facility	10
Rights to use facility	20
Brand license	5-10
Film copyrights	Duration of related revenue to be realized
Software	5

When the recoverable amount of the intangible assets is substantially below the carrying amount of the assets due to obsolescence or a sharp decline in their market value, the Company reduces the carrying amount to the recoverable amount and the amount impaired is recognized as an impairment loss.

(j) Leases

The Company accounts for and classifies its lease transactions as either an operating or capital lease, depending on the terms of the lease.

If a lease meets one or more of the criteria listed below, the present value of future minimum lease payments is capitalized with a corresponding obligation under capital lease. Otherwise, it is classified as an operating lease.

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- Ownership of the leased property transfers to the lessee at the end of the lease term.
- The lease has a bargain purchase option which is reasonably certain to be exercised, at the inception of the lease.
- The lease term is equal to 75% or more of the estimated economic useful life of the leased property.
- The present value at the beginning of the lease term of the minimum lease payments equals or exceeds 90% of the fair value of the leased property.

In addition, if the leased property is specialized to the extent that only the lessee can use it without any major modification, it would be considered a capital lease.

Payments made under operating leases are charged to the statement of income on a straight-line basis over the period of the lease.

(k) Discount on Debentures

Discount on debentures issued, which represents the difference between the face value and issuance price of debentures, is amortized using the effective interest method over the life of the debentures. The amount amortized is included in interest expense.

(l) Retirement and Severance Benefits

The Company introduced a pension plan, from December 31, 2010. The Company introduced a defined benefit pension plan, where each eligible employee receives a fixed amount of pension after retirement. The Company accrued, as a liability for retirement and severance benefits, lump-sum payments payable to employees who are currently in service, assuming that they left the Company as of the end of the reporting period. All employees with a minimum of one year of service are eligible to participate and must elect to participate in the plan. Participants accrue estimated benefits based on actuarial assumptions measured on the end of the reporting period at the discounted present value.

Pension plan assets is reflected in the accompanying non-consolidated statements of financial position as a reduction of the liability for retirement and severance benefits.

(m) Foreign Currency Translation

Monetary assets and liabilities denominated in foreign currencies are translated into Korean won at the foreign exchange rate on the end of the reporting period, with the resulting gains or losses recognized in the statement of income. Non-monetary assets and liabilities denominated in foreign currencies, which are stated at historical cost, are translated into Korean won at the foreign exchange rate on the date of the transaction.

Foreign currency assets and liabilities of foreign-based operations and companies accounted for using the equity method are translated at the rate of exchange at the end of reporting period. Foreign currency amounts in the statement of income are translated using an average rate and foreign currency balances in the capital account are translated using the historical rate. Translation gains and losses arising from collective translation of the foreign currency financial statements of foreign-based operations are recorded net as a component of accumulated other comprehensive income. These gains and losses are subsequently recognized as income (loss) in the period the foreign operations or companies are liquidated or sold.

(n) Derivatives and Hedge Accounting

The Company holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures.

Derivatives are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at their fair value. Attributable transaction costs are recognized in profit or loss when incurred.

(i) Hedge accounting

Where a derivative, which meets certain criteria, is used for hedging the exposure to changes in the fair value of a recognized asset, liability or firm commitment, it is designated as a fair value hedge. Where a derivative, which meets certain criteria, is used for hedging the exposure to the variability of the future cash flows of a forecasted transaction it is designated as a cash flow hedge.

The Company documents, at the inception of the transaction, the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Company also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting the changes in fair values or cash flows of hedged items.

(ii) Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the statement of income, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

(iii) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in equity. The gain or loss relating to any ineffective portion is recognized immediately in the statement of income.

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Amounts accumulated in equity are recycled to the statement of income in the periods in which the hedged item will affect profit or loss. When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at the time remains in equity and is recognized when the forecast transaction is ultimately recognized in the statement of income. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the non-consolidated statement of income.

(iv) Derivatives that do not qualify for hedge accounting

Changes in the fair value of derivative instruments that are not designated as fair value or cash flow hedges are recognized immediately in current operations

(o) Provisions and Contingent Liabilities

Provisions are recognized when all of the following are met: (1) an entity has a present obligation as a result of a past event; (2) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and (3) a reliable estimate can be made of the amount of the obligation. Where the effect of the time value of money is material, a provision is recorded at the present value of the expenditures expected to be required to settle the obligation.

Where the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognized as a separate asset only when it is virtually certain that the Company will receive reimbursement upon settlement of the obligation. The expense relating to a provision is presented net of the reimbursement.

(p) Liability for Gift Certificates

Gift certificates are recognized as liabilities when they are sold and subsequently recognized as sales when redeemed. When the exercise period (5 years after sale) of gift certificates expires, the Company recognizes the income as other non-operating income.

(q) Income Taxes

Income tax on the income or loss for the period comprises current and deferred tax. Income tax is recognized in the non-consolidated statement of income except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the year, using enacted tax rates.

Deferred tax is provided using the asset and liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the end of reporting period.

A deferred tax asset is recognized only to the extent that it is probable that future taxable income will be available against which the unused tax losses and credits can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax assets and liabilities are classified as current or non-current based on the classification of the related asset or liability for financial reporting or the expected reversal date of the temporary difference for those with no related asset or liability such as loss carryforwards and tax credit carryforwards. The deferred tax amounts are presented as a net current asset or liability and a net non-current asset or liability.

(r) Earnings Per Share

Earnings per common share are calculated by dividing net income by the weighted-average number of shares of common stock outstanding during each period.

(s) Use of Estimates

The preparation of non-consolidated financial statements in accordance with Korean GAAP requires management to make estimates and assumptions that affect the amounts reported in the non-consolidated financial statements and related notes to non-consolidated financial statements. Actual results could differ from those estimates.

3. Basis of Translating the Non-Consolidated Financial Statements

The non-consolidated financial statements are expressed in Korean won and, solely for the convenience of the reader, have been translated into U.S. dollars at the rate of ₩1,138.9 to US\$1, the basic exchange rate on December 31, 2010 posted by Seoul Money Brokerage Services. This translation should not be construed as a representation that any or all of the amounts shown could be converted into U.S. dollars at this or any other rate.

4. Restricted Deposits

Restricted deposits included in short-term and long-term financial instruments as of December 31, 2010 and 2009 are as follows:

Account	Depository	2010 In KRW millions	2009 In KRW millions	2010 In USD thousands (note 3)
Short-term:				
Guarantee deposits of contracts	Kookmin Bank and others	₩ 27,891	₩ 20,375	\$ 24,489
Guarantee deposits for checking accounts	Industrial Bank of Korea	40,000	-	35,122
Long-term:				
Guarantee deposits of contracts	Shinhan Bank	-	12,500	-
Guarantee deposits for checking accounts	Shinhan Bank and others	16	28	14
TOTAL		₩ 67,907	₩ 32,903	\$ 59,625

5. Inventories

(a) Inventories as of December 31, 2010 and 2009 are as follows:

Description	2010	2009	2010
	In KRW millions	In KRW millions	In USD thousands (note 3)
Merchandise, net of allowance for valuation losses of ₩5,657 million in 2010 and ₩5,951 million in 2009	₩ 1,240,663	₩ 1,098,099	\$ 1,089,352
Supplies	772	896	677
Materials-in-transit	115	557	101
Finished apartment units	2,578	1,757	2,264
TOTAL	₩ 1,244,128	₩ 1,101,309	\$ 1,092,394

(b) Loss on inventory shrinkage for the years ended December 31, 2010 and 2009 are ₩17,125 million and ₩12,744 million, respectively.

6. Investment in Securities

Investments in securities as of December 31, 2010 and 2009 are as follows:

(a) Available-for-sale securities

(i) Equity securities

Description	2010		2010		2010	2009	2010
	Owned shares	Cost	Fair value	Book value	Book value	Book value	
Marketable securities (*1):							
Busan Bank (*2)	5,259,597	₩ 24,877	₩ 75,475	₩ 75,475	₩ 73,371	\$ 66,270	
Shinhan Financial Group	311,118	2,247	16,458	16,458	13,440	14,451	
Eyesvision Corporation	20,256	491	22	22	25	20	
Korea Investment Corporation	10,869	100	5	5	10	4	
Korea Express Co., Ltd. (*3)	332,046	6,690	31,280	31,280	18,828	27,464	
Subtotal		₩ 34,405	₩ 123,240	₩ 123,240	₩ 105,674	\$ 108,209	

Continued

Description	2010		2009		2010
	Owned shares	Cost	Book value	Book value	Book value
Non-marketable securities [*4]:					
Lotte Giants [*5]	6,000	₩ 30	₩ 30	₩ 30	\$ 26
Hankyung Economic Daily	1,722	31	31	31	28
V Bank Consulting	2,500	13	-	-	-
Incheon United Football Club	400	2	-	-	-
Agentrics	1,913,479	346	346	346	304
M-cieta Development Co., Ltd.	499,800	2,499	2,499	2,499	2,195
M-cieta Co., Ltd.	2,940	15	15	15	13
Corona Development	172,000	860	860	860	755
Lakepark AMC [*5]	14,340	72	72	72	63
STX Construction Industrial Co., Ltd.	139	1	1	1	1
Union Ark Development Co., Ltd.	362,980	1,815	1,815	1,815	1,594
Union Ark Co., Ltd.	3,000	15	15	15	13
Biche-Nuri Development Co., Ltd.	171,600	858	858	858	753
Biche-Nuri Co., Ltd.	3,000	15	15	15	13
Daol Union Ark Private Equity Real Estate 1 Investment Company	-	1,320	1,320	1,320	1,159
Cosmo Investment Management Co., Ltd. [*6]	32,840	11,006	9,811	6,616	8,614
Lotte Properties (Shenyang) Limited	-	41,919	41,919	41,919	36,807
Herald Media Inc.	12,000	60	-	-	-
I Venture Media Investment Union	-	-	-	700	-
CJ Venture Investment No.12 Global Contents Fund	15	1,500	1,500	1,500	1,317
So Big 5 Contents Investment Union	18	1,800	1,800	1,800	1,580
East Gate Media Contents & Technology Fund	50	5,000	5,000	-	4,390
Subtotal		69,177	67,907	60,412	59,625
TOTAL		₩ 103,582	₩ 191,147	₩ 166,086	\$ 167,834

[*1] The equity securities above are stated at fair value and the difference between acquisition cost and market value are recorded as unrealized gains on valuation of available-for-sale securities in other comprehensive income.

[*2] As of December 31, 2010, the Company has pledged 2,103,140 shares of Busan Bank to Gyeongsangnam-do Province as a performance guarantee for the construction of a large retail complex. The Company has also pledged 1,313,827 shares of Busan Bank to Busan Metropolitan City as a construction performance guarantee. [see note 13]

[*3] The Company participated in the Kumho Asiana Consortium ("KAC") which acquired Korea Express Co., Ltd.'s stocks in March 2008. According to the shareholders' agreement with Asiana Airlines Inc., a participant of KAC, the Company is prohibited to sell, assign or pledge the stocks as collateral to any 3rd party without prior permission of Asiana Airlines Inc. for 2 years after acquisition, and after 2 years, Asiana Airlines Inc. has the right of first refusal to purchase the stocks. If Asiana Airlines Inc. is no longer the majority stockholder by assigning stocks to 3rd parties, it will provide the Company with right of first refusal with the same terms and conditions. Also, according to the agreement with Kumho RAC Co., Ltd., another participant of KAC, as the Company holds a put option to sell its stock at acquisition cost plus interest after 3 years of acquisition, the Company has recorded the fair value of the put option of ₩34,879 million as a non-current derivative asset. [see note 21]

[*4] The equity securities are stated at acquisition cost since their fair values are not available or readily determinable.

[*5] As described in note 2(f), investments in affiliates in which the Company owns 20% or more of the voting stock are stated at amounts as determined using the equity method. However, investments in small affiliates and subsidiaries with total assets amounting to less than ₩10,000 million as of the prior fiscal year-end are recorded at cost within available-for-sale securities in accordance with SKAS No. 15 Equity Method of Accounting, except where the effect of applying the equity method of accounting is material.

[*6] Detail of fair value of unlisted securities estimated based on Korea Accounting Institute Opinion 06-5 is summarized as follows:

Investment management company	Estimate model	Fair value per common stock
Korea Bond Pricing & Korea Management Consulting Credit Co., Ltd.	Free Cash Flows to Equity Model	₩ 298,744

(ii) Debt securities

	2010	2009	2010
	In KRW millions	In KRW millions	In USD thousands [note 3]
Current assets:			
Government and public bonds [note 7]	₩ 4,812	₩ 8,144	\$ 4,225
Non-current assets:			
Government and public bonds	31,921	25,124	28,028
TOTAL	₩ 36,733	₩ 33,268	\$ 32,253

(iii) Changes in unrealized holding gains

Changes in unrealized gains for the years ended December 31, 2010 and 2009 are summarized as follows:

	2010	2009	2010
	In KRW millions	In KRW millions	In USD thousands [note 3]
Balance at beginning of year	₩ 53,177	₩ 8,974	\$ 46,691
Unrealized gains on valuation of securities, net of tax	14,455	44,203	12,693
BALANCE AT END OF YEAR [note 24]	₩ 67,632	₩ 53,177	\$ 59,384

(b) Held-to-maturity Securities

Held-to-maturity securities as of December 31, 2010 and 2009 are summarized as follows:

	2010	2009	2010
	In KRW millions	In KRW millions	In USD thousands [note 3]
Non-current assets:			
Corporate debt securities [note 12]	₩ -	₩ 1,000	\$ -

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(c) Equity method accounted investments

(i) Investments in subsidiaries and associates accounted for using the equity method as of December 31, 2010 and 2009 are as follows:

2010 In KRW millions					
Affiliate	Owned shares	Percentage of ownership	Cost	Net asset value	Balance at December 31, 2010
Lotte Midopa Co., Ltd. [*1]	51,475,843	79.01%	₩ 257,379	₩ 615,258	₩ 627,037
Lotte Card Co., Ltd.	69,995,159	92.54%	432,907	1,103,075	1,108,126
Woori Home Shopping & Television Co., Ltd.	4,242,796	53.03%	466,708	151,595	384,782
Korea Seven Co., Ltd.	18,526,176	51.44%	80,815	94,791	93,221
Lotte.Com Inc.	1,600,000	34.39%	8,000	11,254	11,254
Lotte Boulangerie Co., Ltd.	4,020,222	90.54%	19,942	9,764	9,764
Lotteria Co., Ltd.	148,212	32.17%	124,947	64,803	71,458
Daehong Communications Co., Ltd.	12,000	30.00%	6,277	27,268	27,083
Lotte Station Building Co., Ltd.	900,000	25.00%	4,500	178,293	178,293
Lotte Capital Co., Ltd.	6,731,600	20.22%	70,573	82,093	82,093
FRL Korea Co., Ltd.	2,352,000	49.00%	11,760	45,372	45,372
Lotte Asset Development Co., Ltd.	8,234,153	31.31%	42,571	32,441	32,441
Lotte Trading Co., Ltd. [*2]	94,785	10.58%	18,878	37,060	56,014
Lotte Aluminium Co., Ltd. [*2]	62,609	6.03%	28,976	52,738	51,592
Lotte Logistics Co., Ltd. [*2]	66,308	4.64%	4,000	7,491	6,574
Lotte Jeju Resort Co., Ltd. [*2]	1,000,000	12.50%	5,000	5,068	5,068
Lotte Buyeo Resort Co., Ltd.	3,333,333	22.22%	16,667	14,678	14,678
Lotte Square Co., Ltd.	1,733,473	100.00%	520,042	524,081	524,081
Lotte Gimhae Development Co., Ltd.	60,000	100.00%	300	335	335
Lotte Suwon Station Shopping Town Co., Ltd. [*3]	475,000	95.00%	48	-	-
Lakepark Co., Ltd.	860,400	23.90%	4,302	4,034	4,034
Isu Entertainment Investment Union	30	37.50%	3,000	2,023	2,023
D-Cinema of Korea Co., Ltd. [*3]	300,000	50.00%	1,500	-	-
Zara Retail Korea Co., Ltd.	302,600	20.00%	15,130	17,759	17,759
M-Venture Culture Investment L.P.	250	25.00%	2,500	2,524	2,524
Capital One Diversity Cinema Fund	100	20.00%	1,000	966	966
Bliss Co., Ltd.	30,000	30.00%	150	150	150
NCF Co., Ltd.	567,000	94.50%	18,876	13,194	18,876
Lotte Vietnam Shopping Co., Ltd. [*3]	-	80.00%	11,441	-	-
Qingdao Lottemart Commercial Co., Ltd.	-	55.43%	33,219	27,015	27,015
Lotte Mart Co., Ltd.	-	100.00%	183,033	46,225	139,816
Lotte Europe Holdings B.V.	177,322	30.81%	150,565	92,531	94,311
Subtotal			₩ 2,545,006	₩ 3,263,879	₩ 3,636,740
					Continued

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2010 In KRW millions					
Affiliate	Owned shares	Percentage of ownership	Cost	Net asset value	Balance at December 31, 2010
Lotte Shopping Holdings (Singapore), Ltd.	131,014,763	100.00%	₩ 168,737	₩ 160,506	₩ 160,506
PT Lotte Shopping Indonesia	2,622,812	55.00%	223,041	56,928	208,039
Liaoning Lotte Mart Co., Ltd. (formerly Shenyang Lottemart Commercial Co., Ltd.)	-	77.24%	12,161	8,365	8,365
Lotte Shopping Holdings (Hongkong), Ltd.	750,033,135	100.00%	871,018	806,885	806,885
Lotte Cinema Vietnam Co., Ltd.	-	90.00%	5,488	[145]	1,758
Intime Lotte Department Store Co., Ltd. [*3]	-	50.00%	10,339	-	-
Coralis S.A.	573,750	45.00%	43,807	32,273	46,941
Shenyang SL Cinema Investment Management Co., Ltd.	-	49.14%	752	699	699
Subtotal			1,335,343	1,065,511	1,233,193
TOTAL			₩ 3,880,349	₩ 4,329,390	₩ 4,869,933

2009 In KRW millions					
Affiliate	Owned shares	Percentage of ownership	Cost	Net asset value	Balance at December 31, 2009
Lotte Midopa Co., Ltd. [*1]	51,475,843	79.01%	₩ 257,379	₩ 564,273	₩ 582,875
Lotte Card Co., Ltd.	69,995,159	92.54%	432,907	975,565	982,949
Woori Home Shopping & Television Co., Ltd.	4,242,796	53.03%	466,708	122,324	393,213
Korea Seven Co., Ltd.	8,000,000	50.12%	28,184	32,398	29,840
Lotte.Com Inc.	1,600,000	34.39%	8,000	11,579	11,610
Lotte Boulangerie Co., Ltd.	4,020,222	95.71%	19,942	9,529	9,529
Lotteria Co., Ltd.	84,127	21.21%	44,386	35,551	35,178
Daehong Communications Co., Ltd.	12,000	30.00%	6,277	36,420	27,285
Lotte Krispy Kreme Doughnuts Co., Ltd.	400,000	100.00%	81,438	81,474	80,556
Lotte Station Building Co., Ltd.	900,000	25.00%	4,500	157,380	157,380
Lotte Capital Co., Ltd.	6,731,600	20.22%	70,573	70,214	70,214
FRL Korea Co., Ltd.	2,352,000	49.00%	11,760	24,827	24,827
Lotte Asset Development Co., Ltd.	8,234,153	31.31%	42,571	36,233	36,233
Lotte Trading Co., Ltd. [*2]	94,785	10.58%	18,878	36,320	55,275
Lotte Aluminium Co., Ltd. [*2]	62,609	6.03%	28,976	50,761	50,595
Subtotal			₩ 1,522,479	₩ 2,244,848	₩ 2,547,559
					Continued

2009 In KRW millions					
Affiliate	Owned shares	Percentage of ownership	Cost	Net asset value	Balance at December 31, 2009
Lotte Logistics Co., Ltd. [*2]	66,308	4.64%	₩ 4,000	₩ 6,792	₩ 5,876
Lotte Jeju Resort Co., Ltd. [*2]	1,000,000	12.50%	5,000	5,078	5,000
Lotte Buyeo Resort Co., Ltd.	2,000,000	22.22%	10,000	10,006	10,006
Lakepark Co., Ltd.	860,400	23.90%	4,302	5,636	5,636
KTB Media Investment Union	15	30.00%	1,500	978	978
Isu Entertainment Investment Union	30	37.50%	3,000	1,962	1,962
D-Cinema of Korea Co., Ltd. [*3]	300,000	50.00%	1,500	-	-
Zara Retail Korea Co., Ltd.	302,600	20.00%	15,130	16,106	16,106
M-Venture Culture Investment L.P.	250	25.00%	2,500	2,492	2,500
Lotte Vietnam Shopping Co., Ltd. [*3]	-	80.00%	11,441	-	-
Qingdao Lottemart Commercial Co., Ltd.	-	100.00%	33,219	30,048	30,048
Lotte Mart Co., Ltd.	-	100.00%	183,033	51,925	158,134
Lotte Europe Holdings B.V.	147,754	30.81%	128,224	87,733	88,567
Lotte Shopping Holdings (Singapore), Ltd.	101,244,763	100.00%	135,440	114,529	114,529
PT Lotte Shopping Indonesia	2,622,812	55.00%	223,042	48,598	214,068
Shenyang Lottemart Commercial Co., Ltd.	-	100.00%	12,161	10,841	10,841
Lotte Shopping Holdings (Hongkong), Ltd.	638,736,510	100.00%	740,569	743,870	743,870
Lotte Cinema Vietnam Co., Ltd.	-	90.00%	4,459	63	2,219
Intime Lotte Department Store Co., Ltd. [*3]	-	50.00%	10,339	-	-
Coralis S.A.	99,960	24.99%	17,418	8,788	17,418
Subtotal			1,546,277	1,145,445	1,427,758
TOTAL			₩ 3,068,756	₩ 3,390,293	₩ 3,975,317

[*1] The quoted market value of Lotte Midopa Co., Ltd., based on the closing price at the Korea Exchange, are ₩761,842 million and ₩607,415 million as of December 31, 2010 and 2009, respectively.

[*2] The equity interest in Lotte Trading Co., Ltd., Lotte Aluminium Co., Ltd., Lotte Logistics Co., Ltd. and Lotte Jeju Resort Co., Ltd. is under 20%; however, as the Company is able to exercise significant influence over their operations, the Company applies the equity method of accounting to these investments.

[*3] The Company did not recognize further losses, since the Company's share of losses in Lotte Suwon Station Shopping Town Co., Ltd., D-Cinema of Korea Co., Ltd., Lotte Vietnam Shopping Co., Ltd. and Intime Lotte Department Store Co., Ltd. exceeded its interest. Amounts of change in the Company's share of equity interest in these affiliates that were not recognized are as follows:

2010 In KRW millions				
Affiliate	Description	As of January 1, 2010	Increase	As of December 31, 2010
Lotte Suwon Station Shopping Town Co., Ltd.	Equity in loss of equity method accounted investments	₩ -	₩ 18	₩ 18
D-Cinema of Korea Co., Ltd.	Equity in loss of equity method accounted investments	147	1,265	1,412
Intime Lotte Department Store Co., Ltd.	Equity in loss of equity method accounted investments	4,172	17,023	21,195
	Negative other comprehensive income due to equity method of accounting	₩ -	₩ 271	₩ 271

(ii) Changes in the difference between the acquisition cost and the Company's share of the investee's identifiable net assets for years ended December 31, 2010 and 2009 are as follows:

2010 In KRW millions				
Affiliate	Balance at January 1, 2010	Increase	Amortization	Balance at December 31, 2010
Lotte Midopa Co., Ltd.	₩ 20,156	₩ -	₩ (6,725)	₩ 13,431
Lotte Card Co., Ltd.	6,782	-	(1,731)	5,051
Woori Home Shopping & Television Co., Ltd.	270,879	-	(37,692)	233,187
Korea Seven Co., Ltd.	(2,558)	-	988	(1,570)
Lotteria Co., Ltd.	(373)	7,881	(853)	6,655
Daehong Communications Co., Ltd.	(9,136)	9,175	(224)	(185)
Lotte Trading Co., Ltd.	18,954	-	-	18,954
Lotte Aluminium Co., Ltd.	(166)	-	(980)	(1,146)
Lotte Logistics Co., Ltd.	(917)	-	-	(917)
Lotte Jeju Resort Co., Ltd.	(78)	-	78	-
M-Venture Culture Investment L.P.	8	-	(8)	-
Capital One Diversity Cinema Fund	-	1	(1)	-
Ncf Co., Ltd.	-	5,682	-	5,682
Lotte Mart Co., Ltd.	106,209	-	(12,618)	93,591
Lotte Europe Holdings B.V.	3,615	-	946	4,561
PT Lotte Shopping Indonesia	165,470	-	(14,359)	151,111
Lotte Cinema Vietnam Co., Ltd.	2,156	-	(253)	1,903
Coralis S.A.	8,630	6,841	(803)	14,668
TOTAL	₩ 589,631	₩ 29,580	₩ (74,235)	₩ 544,976

2009 In KRW millions				
Affiliate	Balance at January 1, 2009	Increase (decrease)	Amortization	Balance at December 31, 2009
Lotte Midopa Co., Ltd.	₩ 26,881	₩ -	₩ (6,725)	₩ 20,156
Lotte Card Co., Ltd.	8,514	-	(1,732)	6,782
Woori Home Shopping & Television Co., Ltd.	309,922	-	(39,043)	270,879
Korea Seven Co., Ltd.	-	(1,190)	(1,368)	(2,558)
Lotteria Co., Ltd.	4,930	(373)	(4,930)	(373)
Daehong Communications Co., Ltd.	-	(9,136)	-	(9,136)
Lotte Krispy Kreme Doughnuts Co., Ltd.	-	(35)	35	-
Lotte Trading Co., Ltd.	19,487	569	(1,102)	18,954
Lotte Aluminium Co., Ltd.	3,918	(2,208)	(1,876)	(166)
Lotte Logistics Co., Ltd.	(917)	-	-	(917)
Lotte Jeju Resort Co., Ltd.	-	(78)	-	(78)
M-Venture Culture Investment L.P.	-	8	-	8
Lotte Mart Co., Ltd.	118,828	-	(12,619)	106,209
Lotte Europe Holdings B.V.	-	3,615	-	3,615
PT Lotte Shopping Indonesia	173,000	7,136	(14,666)	165,470
Lotte Cinema Vietnam Co., Ltd.	2,410	-	(254)	2,156
Coralis S.A.	-	8,630	-	8,630
TOTAL	₩ 666,973	₩ 6,938	₩ (84,280)	₩ 589,631

(iii) Eliminated net unrealized losses (gains) from intercompany transactions as of December 31, 2010 and 2009 are as follows:

2010 In KRW millions		
Affiliate	Investment assets	Property, plant and equipment and intangible assets
Lotte Midopa Co., Ltd.	₩ -	₩ (1,652)
Lotte Europe Holdings B.V.	(2,781)	-
TOTAL	₩ (2,781)	₩ (1,652)

2009 In KRW millions			
Affiliate	Allowance for doubtful accounts	Investment assets	Property, plant and equipment and intangible assets
Lotte Midopa Co., Ltd.	₩ 67	₩ -	₩ (1,620)
Lotte Card Co., Ltd.	603	-	-
Woori Home Shopping & Television Co., Ltd.	9	-	-
Lotte.Com Inc.	31	-	-
Lotte Boulangerie Co., Ltd.	1	-	-
Lotte Krispy Kreme Doughnuts Co., Ltd.	-	(917)	-
Lotte Europe Holdings B.V.	-	(2,781)	-
TOTAL	₩ 711	₩ (3,698)	₩ (1,620)

(iv) Details of changes in investments in subsidiaries and associates accounted for using the equity method for the years ended December 31, 2010 and 2009 are as follows:

2010 In KRW millions						
Affiliate	Percentage of ownership	Beginning balance	Net income (loss)	Adjustment to Other comprehensive income (loss)	Other (*1)	Balance at December 31, 2010
Lotte Midopa Co., Ltd.	79.01%	₩ 582,875	₩ 38,371	₩ 8,365	₩ (2,574)	₩ 627,037
Lotte Card Co., Ltd.	92.54%	982,949	125,399	(222)	-	1,108,126
Woori Home Shopping & Television Co., Ltd.	53.03%	393,213	1,423	(308)	(9,546)	384,782
Korea Seven Co., Ltd.	51.44%	29,840	11,214	6	52,161	93,221
Lotte.Com Inc.	34.39%	11,610	37	7	(400)	11,254
Lotte Boulangerie Co., Ltd.	90.54%	9,529	(325)	(6)	566	9,764
Lotteria Co., Ltd. [*2]	32.17%	35,178	3,403	(31,258)	64,135	71,458
Daehong Communications Co., Ltd.	30.00%	27,285	5,301	(5,498)	(5)	27,083
Lotte Krispy Kreme Doughnuts Co., Ltd. [*2]	0.00%	80,556	4	-	(80,560)	-
Lotte Station Building Co., Ltd.	25.00%	157,380	18,885	3,378	(1,350)	178,293
Lotte Capital Co., Ltd.	20.22%	70,214	12,926	636	(1,683)	82,093
FRL Korea Co., Ltd.	49.00%	24,827	20,545	-	-	45,372
Lotte Asset Development Co., Ltd.	31.31%	36,233	(4,160)	368	-	32,441
Lotte Trading Co., Ltd.	10.58%	55,275	664	75	-	56,014
Lotte Aluminium Co., Ltd.	6.03%	50,595	213	784	-	51,592
Lotte Logistics Co., Ltd.	4.64%	5,876	684	47	(33)	6,574
Lotte Jeju Resort Co., Ltd.	12.50%	5,000	68	-	-	5,068
Lotte Buyeo Resort Co., Ltd.	22.22%	10,006	(1,963)	(32)	6,667	14,678
Lotte Square Co., Ltd.	100.00%	-	4,082	(1)	520,000	524,081
Lotte Gimhae Development Co., Ltd.	100.00%	-	35	-	300	335
Lotte Suwon Station Shopping Town Co., Ltd.	95.00%	-	(48)	-	48	-
Lakepark Co., Ltd.	23.90%	5,636	67	-	(1,669)	4,034
KTB Media Investment Union	0.00%	978	(207)	-	(771)	-
Isu Entertainment Investment Union	37.50%	1,962	61	-	-	2,023
D-Cinema of Korea Co., Ltd.	50.00%	-	-	-	-	-
Zara Retail Korea Co., Ltd.	20.00%	16,106	1,655	(2)	-	17,759
M-Venture Culture Investment L.P.	25.00%	2,500	24	-	-	2,524
Capital One Diversity Cinema Fund	20.00%	-	(34)	-	1,000	966
Bliss Co., Ltd.	30.00%	-	-	-	150	150
NCF Co., Ltd.	94.50%	-	-	-	18,876	18,876
Lotte Vietnam Shopping Co., Ltd.	80.00%	-	(885)	885	-	-
Qingdao Lottemart Commercial Co., Ltd.	55.43%	30,048	(14,364)	(707)	12,038	27,015
Lotte Mart Co., Ltd.	100.00%	158,134	(18,696)	378	-	139,816
Subtotal		₩ 2,783,805	₩ 204,379	₩ (23,105)	₩ 577,350	₩ 3,542,429

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2010 In KRW millions						
Affiliate	Percentage of ownership	Beginning balance	Adjustment to			Balance at December 31, 2010
			Net income (loss)	Other comprehensive income (loss)	Other (*1)	
Lotte Europe Holdings B.V.	30.81%	₩ 88,567	₩ (11,542)	₩ (5,029)	₩ 22,315	₩ 94,311
Lotte Shopping Holdings (Singapore), Ltd.	100.00%	114,529	(6,409)	19,089	33,297	160,506
PT Lotte Shopping Indonesia	55.00%	214,068	(7,057)	1,028	-	208,039
Liaoning Lotte Mart Co., Ltd. (formerly Shenyang Lottemart Commercial Co., Ltd.)	77.24%	10,841	(3,188)	24	688	8,365
Lotte Shopping Holdings (Hongkong), Ltd.	100.00%	743,870	(44,156)	(10,551)	117,722	806,885
Lotte Cinema Vietnam Co., Ltd.	90.00%	2,219	(1,695)	205	1,029	1,758
Intime Lotte Department Store Co., Ltd.	50.00%	-	-	-	-	-
Coralis S.A.	45.00%	17,418	(1,192)	4,256	26,459	46,941
Shenyang SL Cinema Investment Management Co., Ltd.	49.14%	-	(65)	12	752	699
Subtotal		1,191,512	(75,304)	9,034	202,262	1,327,504
TOTAL		₩ 3,975,317	₩ 129,075	₩ (14,071)	₩ 779,612	₩ 4,869,933

2009 In KRW millions						
Affiliate	Percentage of ownership	Beginning balance	Adjustment to			Balance at December 31, 2009
			Net income (loss)	Other comprehensive income (loss)	Other (*1)	
Lotte Midopa Co., Ltd.	79.01%	₩ 471,005	₩ 25,747	₩ 88,697	₩ (2,574)	₩ 582,875
Lotte Card Co., Ltd.	92.54%	863,303	126,731	(7,085)	-	982,949
Woori Home Shopping & Television Co., Ltd.	53.03%	407,415	(6,695)	(82)	(7,425)	393,213
Korea Seven Co., Ltd.	50.12%	-	1,145	511	28,184	29,840
Lotte.Com Inc.	34.39%	10,316	2,319	(624)	(401)	11,610
Lotte Boulangerie Co., Ltd.	95.71%	10,111	(1,737)	1,155	-	9,529
Lotteria Co., Ltd. (*2)	21.21%	59,562	7,494	(36,545)	4,667	35,178
Daehong Communications Co., Ltd.	30.00%	60,921	8,876	(42,506)	(6)	27,285
Lotte Krispy Kreme Doughnuts Co., Ltd.	100.00%	-	(882)	-	81,438	80,556
Lotte Station Building Co., Ltd.	25.00%	143,441	15,925	2,290	(4,276)	157,380
Foodstar Inc. (*2)	-	-	5,844	(135)	(5,709)	-
Lotte Capital Co., Ltd.	20.22%	56,898	12,941	375	-	70,214
FRL Korea Co., Ltd.	49.00%	17,127	7,700	-	-	24,827
Lotte Asset Development Co., Ltd.	31.31%	30,486	(1,385)	(3,739)	10,871	36,233
Subtotal		₩ 2,130,585	₩ 204,023	₩ 2,312	₩ 104,769	₩ 2,441,689
						Continued

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2009 In KRW millions						
Affiliate	Percentage of ownership	Beginning balance	Adjustment to			Balance at December 31, 2009
			Net income (loss)	Other comprehensive income (loss)	Other (*1)	
Lotte Engineering & Machinery Manufacturing Co., Ltd. (*2)	-	₩ 3,179	₩ 2,785	₩ (1,699)	₩ (4,265)	₩ -
Lotte Trading Co., Ltd.	10.58%	42,578	388	1,118	11,191	55,275
Lotte Aluminium Co., Ltd. (*2)	6.03%	32,859	51	11,747	5,938	50,595
Lotte Logistics Co., Ltd.	4.64%	4,110	520	1,279	(33)	5,876
Lotte Jeju Resort Co., Ltd.	12.50%	-	-	-	5,000	5,000
Lotte Buyeo Resort Co., Ltd.	22.22%	-	46	(40)	10,000	10,006
Lakepark Co., Ltd.	23.90%	3,727	1,909	-	-	5,636
KTB Media Investment Union	30.00%	932	46	-	-	978
Isu Entertainment Investment Union	37.50%	1,882	80	-	-	1,962
D-Cinema of Korea Co., Ltd.	50.00%	798	(798)	-	-	-
Zara Retail Korea Co., Ltd.	20.00%	8,133	1,074	(101)	7,000	16,106
M-Venture Culture Investment L.P.	25.00%	-	-	-	2,500	2,500
Lotte Vietnam Shopping Co., Ltd.	80.00%	3,498	(5,451)	1,953	-	-
Qingdao Lottemart Commercial Co., Ltd.	100.00%	46,632	(12,673)	(3,911)	-	30,048
Lotte Mart Co., Ltd.	100.00%	185,903	(21,106)	(6,663)	-	158,134
Lotte Europe Holdings B.V.	30.81%	68,707	(8,057)	(21,541)	49,458	88,567
Lotte Shopping Holdings (Singapore), Ltd.	100.00%	96,207	(3,861)	(14,808)	36,991	114,529
PT Lotte Shopping Indonesia	55.00%	214,863	(9,153)	5,054	3,304	214,068
Shenyang Lottemart Commercial Co., Ltd.	100.00%	2,495	(780)	(928)	10,054	10,841
Lotte Shopping Holdings (Hongkong), Ltd.	100.00%	259	(1,470)	4,770	740,311	743,870
Lotte Cinema Vietnam Co., Ltd.	90.00%	3,620	(2,148)	(82)	829	2,219
Intime Lotte Department Store Co., Ltd.	50.00%	3,980	(5,033)	1,053	-	-
Coralis S.A.	24.99%	-	-	-	17,418	17,418
Lotte Shopping India Pvt., Ltd.	-	-	-	-	-	-
KKD Lotte Holdings Co., Ltd.	-	-	(1,461)	-	1,461	-
Subtotal		724,362	(65,092)	(22,799)	897,157	1,533,628
TOTAL		₩ 2,854,947	₩ 138,931	₩ (20,487)	₩ 1,001,926	₩ 3,975,317

(*1) Include dividends from equity method accounted investments, acquisitions, reclassification from available-for-sale securities to equity method investments, and reclassification from other investment assets.

(*2) Lotte Krispy Kreme Doughnuts Co., Ltd. merged into Lotteria Co., Ltd. in 2010. Lotte Engineering & Machinery Manufacturing Co., Ltd. merged into Lotte Aluminium Co., Ltd. in 2009. Also, Foodstar Inc. merged into Lotteria Co., Ltd. in 2009.

note 06

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(v) Summarized financial information of equity-accounted investments as of and for year ended December 31, 2010 is as follows:

Affiliate	Total assets	Total liabilities	Sales	Net income (loss)
				In KRW millions
Lotte Midopa Co., Ltd.	₩ 987,627	₩ 186,544	₩ 394,869	₩ 59,191
Lotte Card Co., Ltd.	5,848,505	4,656,444	1,260,637	138,037
Woori Home Shopping & Television Co., Ltd.	518,490	232,650	549,844	73,772
Korea Seven Co., Ltd.	637,310	453,046	682,839	19,847
Lotte.Com Inc.	104,128	71,407	134,993	261
Lotte Boulangerie Co., Ltd.	50,383	39,574	77,020	64
Lotteria Co., Ltd.	715,972	241,816	567,431	20,340
Daehong Communications Co., Ltd.	462,330	170,258	267,403	18,444
Lotte Station Building Co., Ltd.	948,170	243,176	691,561	75,541
Lotte Capital Co., Ltd.	3,335,236	2,929,168	430,987	63,936
FRL Korea Co., Ltd.	145,955	53,359	267,796	39,436
Lotte Asset Development Co., Ltd.	170,495	66,868	12,635	(13,285)
Lotte Trading Co., Ltd.	1,415,211	922,745	802,881	3,992
Lotte Aluminium Co., Ltd.	1,460,888	621,570	937,929	9,471
Lotte Logistics Co., Ltd.	326,005	136,492	870,465	14,067
Lotte Jeju Resort Co., Ltd.	114,752	74,209	-	(85)
Lotte Buyeo Resort Co., Ltd.	160,470	94,421	1,964	(8,834)
Lotte Square Co., Ltd.	707,748	183,667	316,059	4,082
Lotte Gimhae Development Co., Ltd.	515	180	901	35
Lotte Suwon Station Shopping Town Co., Ltd.	2,807	2,825	-	81
Lakepark Co., Ltd.	35,939	19,059	13,354	(1,783)
Isu Entertainment Investment Union	5,395	-	166	162
D-Cinema of Korea Co., Ltd.	68,139	70,964	9,944	(2,530)
Zara Retail Korea Co., Ltd.	114,237	25,444	129,242	8,272
M-Venture Culture Investment L.P.	10,100	3	283	77
Capital One Diversity Cinema Fund	4,868	38	121	(169)
Bliss Co.,Ltd.	500	-	-	-
NCF Co., Ltd.	28,835	14,872	48,928	2,958
Lotte Vietnam Shopping Co., Ltd.	124,756	147,513	46,963	(15,862)
Qingdao Lottemart Commercial Co., Ltd.	99,079	50,342	25,059	(16,645)
Lotte Mart Co., Ltd.	138,499	92,273	263,573	(6,077)
Lotte Europe Holdings B.V.	830,626	530,316	71,761	(40,532)
Lotte Shopping Holdings (Singapore), Ltd.	144,566	(15,940)	-	(6,409)
PT Lotte Shopping Indonesia	204,618	101,101	751,016	13,277
Liaoning Lotte Mart Co., Ltd. (formerly Shenyang Lottemart Commercial Co., Ltd.)	21,570	10,740	6,949	(3,544)
Subtotal	₩ 19,944,724	₩ 12,427,144	₩ 9,635,573	₩ 449,588
				Continued

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Affiliate	Total assets	Total liabilities	Sales	Net income (loss)
				In KRW millions
Lotte Shopping Holdings (Hongkong), Ltd.	₩ 1,348,240	₩ 541,355	₩ 200,920	₩ (44,156)
Lotte Cinema Vietnam Co., Ltd.	7,198	7,360	2,554	(1,602)
Intime Lotte Department Store Co., Ltd.	44,231	103,837	69,765	(33,626)
Coralis S.A.	71,810	91	-	(710)
Shenyang SL Cinema Investment Management Co., Ltd.	3,735	2,312	-	(133)
Subtotal	1,475,214	654,955	273,239	(80,227)
TOTAL	₩ 21,419,938	₩ 13,082,099	₩ 9,908,812	₩ 369,361

The Company used unaudited and unreviewed financial statements as of December 31, 2010 of the companies when applying the equity method of accounting.

7. Other Current Assets

Other current assets as of December 31, 2010 and 2009 are as follows:

	2010 In KRW millions	2009 In KRW millions	2010 In USD thousands (note 3)
Accrued interest income	₩ 8,309	₩ 6,654	\$ 7,295
Available-for-sale securities (note 6(a))	4,812	8,144	4,225
Short-term loans, net of allowance for doubtful accounts of ₩26,645 million in 2010 and ₩14,982 million in 2009	18,171	22,789	15,955
Prepaid expenses	20,992	10,297	18,433
TOTAL	₩ 52,284	₩ 47,884	\$ 45,908

8. Joint Venture Investments

Details of joint venture investments as of December 31, 2010 are as follows:

Joint venture investment	Ownership(%)	Equity holder	Principal business
Intime Lotte Department Store Co., Ltd. [*]	50.00	Zhejiang Intime Department Store Co., Ltd.	Department stores
D-Cinema of Korea Co., Ltd. [*]	50.00	CJ CGV Co., Ltd.	Cineprojector rental service
Kookge Building	6.00	Honam Petro Chemical and others	Building leasing services
Busan Underground Shopping Center	45.00	Hotel Lotte Co., Ltd.	Building leasing services

(*) The above investments are accounted for using equity method of accounting in the non-consolidated financial statements. (note 6 (c))

note 06
07
08

9. Transactions and Balances with Related Companies

(a) Details of investor and subsidiary relationships with the Company as of December 31, 2010 are as follows:

Investor company	Ownership (%)	Control relationship (*1)
Hotel Lotte Co., Ltd.	9.58	Affiliate of Lotte group
Korea Fuji Film Co., Ltd.	8.52	Affiliate of Lotte group
Lotte Confectionery Co., Ltd.	8.52	Affiliate of Lotte group
Lotte Chilsung Beverage Co., Ltd.	4.26	Affiliate of Lotte group
Lotte Engineering & Construction Co., Ltd.	1.03	Affiliate of Lotte group
Hotel Lotte Pusan Co., Ltd.	0.85	Affiliate of Lotte group

Controlled subsidiary (*2)	Ownership (%)			Principal business
	Company	Subsidiary	Total	
Lotte Midopa Co., Ltd.	79.01	-	79.01	Department stores
Lotte Card Co., Ltd.	92.54	-	92.54	Credit card and lending
Woori Home Shopping & Television Co., Ltd.	53.03	-	53.03	TV home shopping
Korea Seven Co., Ltd.	51.44	-	51.44	Convenience stores
Lotte.Com Inc.	34.39	18.26	52.65	Internet shopping
Lotte Boulangerie Co., Ltd.	90.54	-	90.54	Bakery
Lotteria Co., Ltd.	32.17	8.22	40.39	Restaurant chain
Daehong Communications Co., Ltd.	30.00	12.50	42.50	Advertisement agency
Lotte Square Co., Ltd.	100.00	-	100.00	Department stores
NCF Co., Ltd.	94.50	-	94.50	Apparel manufacturing
Lotte Data Communication Company	-	62.60	62.60	Computer programming, consultancy
KIBANK	-	55.25	55.25	Electronic financial transaction service
Mybi Co., Ltd.	-	50.06	50.06	Electronic banking business
Busan HanaroCard Co., Ltd.	-	60.00	60.00	Electronic banking business
Buy The Way Inc.	-	100.00	100.00	Convenience stores
eB Card Co., Ltd.	-	100.00	100.00	Electronic banking business
Gyeonggi Smartcard Co., Ltd.	-	100.00	100.00	Electronic banking business
Inchon Smartcard Co., Ltd.	-	100.00	100.00	Electronic banking business
Lotte Europe Holdings B.V.	30.81	3.20	34.01	Holding company
Lotte Vietnam Shopping Co., Ltd.	80.00	-	80.00	Discount stores

Continued

Controlled subsidiary (*2)	Ownership (%)			Principal business
	Company	Subsidiary	Total	
Qingdao Lottemart Commercial Co., Ltd.	55.43	44.57	100.00	Discount stores
Lotte Mart Co., Ltd.	100.00	-	100.00	Discount stores
Lotte Shopping Holdings (Singapore), Ltd.	100.00	-	100.00	Holding company
Lotte Shopping Holdings (Hongkong), Ltd.	100.00	-	100.00	Holding company
PT Lotte Shopping Indonesia	55.00	25.00	80.00	Discount stores
Liaoning Lotte Mart Co., Ltd. (formerly Shenyang Lottemart Commercial Co., Ltd.)	77.24	22.76	100.00	Discount stores
Coralis S.A.	45.00	-	45.00	Holding company
Coralis Vietnam Co., Ltd.	-	100.00	100.00	Real estate development
Lotte Mart China Co., Ltd. (formerly Times Ltd.) and its subsidiaries	-	100.00	100.00	Discount stores
ZAO Lotte Rus	-	100.00	100.00	Hotel
Lotte KF Rus LLC	-	100.00	100.00	Department stores
Lotte Shopping Rus LLC	-	100.00	100.00	Department stores
Confectionary Rus Kaluga LLC	-	100.00	100.00	Food manufacturing
PT Lotte Mart Indonesia	-	100.00	100.00	Discount stores
Lotte Home Shopping Company Limited	-	88.23	88.23	Holding company
Lucky Pai Ltd.	-	63.22	63.22	Holding company
Vietnam Lotteria Co., Ltd.	-	92.39	92.39	Restaurant chain
Burger King Japan Co., Ltd.	-	100.00	100.00	Restaurant chain

(*1) Lotte Group represents a group of entities as defined and restricted by the Monopoly Regulation and Fair Trade Act in Korea.

(*2) Controlled subsidiaries represent majority-owned entities by the Company or a controlled subsidiary and other entities where the Company or its controlled subsidiary, collectively or individually, owns more than 30% of total outstanding common stock and is the largest shareholder.

(b) Significant transactions which occurred in the normal course of business with related companies for the years ended December 31, 2010 and 2009 are summarized as follows:

Related company	2010 In KRW millions			
	Revenue	Expense and purchase		
	Sales and non-operating income	Purchase of goods	Fees and commissions	Other
Hotel Lotte Co., Ltd.	₩ 21,154	₩ 196	₩ 66,234	₩ 1,104
Lotte Confectionery Co., Ltd.	16,204	87,774	8,684	-
Lotte Chilsung Beverage Co., Ltd.	7,821	31,020	16,638	-
Lotte Engineering & Construction Co., Ltd.	3,105	-	361	464,069
Hotel Lotte Pusan Co., Ltd.	5,663	656	18,558	386
Lotte Midopa Co., Ltd. [*]	8,664	-	7,809	-
Lotte.Com Inc.	418	-	60,206	-
Lotte Card Co., Ltd.	3,759	-	149,749	-
Daehong Communications Co., Ltd.	15,821	-	53,348	1,145
Lotteria Co., Ltd.	9,144	131	3	-
Lotte Data Communication Company	7,906	-	41,768	35,687
Lotte Station Building Co., Ltd. [*]	16,331	-	5,829	-
Lotte Aluminium Co., Ltd.	1,646	6,630	32,650	17,137
Lotte Trading Co., Ltd.	8,521	125,623	54,737	266
Lotte Samkang Co., Ltd.	2,549	10,232	4,539	-
Lotte Ham Co., Ltd.	6,830	38,514	18,031	-
Others	43,566	57,964	158,158	2,431
TOTAL	₩ 179,102	₩ 358,740	₩ 697,302	₩ 522,225

Related company	2009 In KRW millions			
	Revenue	Expense and purchase		
	Sales and non-operating income	Purchase of goods	Fees and commissions	Other
Hotel Lotte Co., Ltd.	₩ 24,183	₩ 11	₩ 54,776	₩ 4,812
Lotte Confectionery Co., Ltd.	29,738	69,353	4,055	676
Lotte Chilsung Beverage Co., Ltd.	9,579	32,684	1,903	33
Lotte Engineering & Construction Co., Ltd.	2,694	-	699	486,303
Hotel Lotte Pusan Co., Ltd.	5,547	15	12,886	-
Lotte Midopa Co., Ltd. [*]	8,254	-	7,299	-
Lotte.Com Inc.	307	-	45,256	483
Lotte Card Co., Ltd.	2,604	31,875	99,359	-
Daehong Communications Co., Ltd.	11,074	-	48,659	3,870
Lotteria Co., Ltd.	8,253	2,504	11,204	-
Lotte Data Communication Company	3,849	800	36,123	31,640
Lotte Station Building Co., Ltd. [*]	15,683	-	7,315	-
Lotte Aluminium Co., Ltd.	4,980	11,191	31,407	12,210
Lotte Trading Co., Ltd.	9,335	167,628	3,496	387
Lotte Samkang Co., Ltd.	31,805	11,420	1,101	8
Lotte Ham Co., Ltd.	7,400	35,985	368	1
Others	41,084	48,744	95,863	525
TOTAL	₩ 216,369	₩ 412,210	₩ 461,769	₩ 540,948

[*] The Company has entered into contracts with Lotte Midopa Co., Ltd., Lotte Station Building Co., Ltd. and Lotte Square Co., Ltd., to provide management services. The Company receives an annual management fee equal to 10 percent of ordinary income before depreciation expense of the respective companies.

(c) Account balances with related companies as of December 31, 2010 and 2009 are summarized as follows:

Related company	2010 In KRW millions					
	Receivables			Payables		
	Trade accounts receivable	Other accounts receivable	Other	Trade accounts payable	Other accounts payable	Other
Hotel Lotte Co., Ltd.	₩ 134	₩ 1,382	₩ 20,733	₩ -	₩ 2,513	₩ 5,839
Lotte Confectionery Co., Ltd.	510	1,327	-	11,421	112	908
Lotte Chilsung Beverage Co., Ltd.	212	600	-	1,903	100	11
Lotte Engineering & Construction Co., Ltd.	-	-	4,000	-	185,845	106
Hotel Lotte Pusan Co., Ltd.	31	197	2,300	-	596	795
Lotte Midopa Co., Ltd.	7,512	1,337	38,684	-	2,223	404
Lotte Card Co., Ltd.	52,658	372	33	-	-	84,544
Daehong Communications Co., Ltd.	1,850	306	-	-	2,691	3,677
Lotteria Co., Ltd.	501	114	-	-	2,641	6,620
Lotte Data Communication Company	37	817	37	-	17,026	2,422
Lotte Vietnam Shopping Co., Ltd.	-	-	29,620	-	-	31
Lotte Station Building Co., Ltd.	13,174	3,122	10,407	-	6,627	255
Lotte Trading Co., Ltd.	326	122	1,451	8,809	2,306	-
Intime Lotte Department Store Co., Ltd.	-	-	8,337	-	-	-
Lotte Cinema Vietnam Co., Ltd.	-	-	6,833	-	-	-
Lotte Ham Co., Ltd.	401	305	-	1,142	54	-
Others	39,397	4,245	9,428	12,303	23,511	21,003
TOTAL	₩ 116,743	₩ 14,246	₩ 131,863	₩ 35,578	₩ 246,245	₩ 126,615

Related company	2009 In KRW millions					
	Receivables			Payables		
	Trade accounts receivable	Other accounts receivable	Other	Trade accounts payable	Other accounts payable	Other
Hotel Lotte Co., Ltd.	₩ 590	₩ 1,081	₩ 20,971	₩ -	₩ 1,870	₩ 5,952
Lotte Confectionery Co., Ltd.	48	1,707	-	9,655	72	595
Lotte Chilsung Beverage Co., Ltd.	-	490	-	2,572	25	7
Lotte Engineering & Construction Co., Ltd.	-	414	4,690	-	130,460	270
Hotel Lotte Pusan Co., Ltd.	-	57	2,300	-	679	898
Lotte Midopa Co., Ltd.	7,293	1,784	39,171	-	2,204	418
Lotte Card Co., Ltd.	59,764	750	29	-	113	38,550
Daehong Communications Co., Ltd.	2,022	247	-	-	2,182	6,083
Lotteria Co., Ltd.	170	309	-	-	1,258	7,879
Lotte Data Communication Company	5	1,157	-	-	5,630	3,585
Lotte Vietnam Shopping Co., Ltd.	-	-	29,190	-	-	-
Lotte Station Building Co., Ltd.	12,947	5,189	10,407	-	5,586	304
Lotte Trading Co., Ltd.	-	628	-	5,623	1,847	77
Intime Lotte Department Store Co., Ltd.	-	-	8,547	-	-	-
Lotte Ham Co., Ltd.	-	605	-	2,555	-	-
Others	26,066	2,538	3,768	8,495	24,926	13,239
TOTAL	₩ 108,905	₩ 16,956	₩ 119,073	₩ 28,900	₩ 176,852	₩ 77,857

(d) Salaries and provision for retirement and severance benefits of the directors for the years ended December 31, 2010 and 2009 are ₩30,689 million and ₩33,398 million, respectively.

(e) The Company has provided guarantees for related companies as of December 31, 2010 as follows:

Related company	Guarantee recipient	Type of borrowings	2010
			Guaranteed amount (thousand)
Lotte Vietnam Shopping Co., Ltd.	Citibank N.A. Hochiminh	Working capital	US\$ 60,000 and interest thereon
	Australia and New Zealand Bank	Working capital	VND 260,000,000
Liaoning Lotte Mart Co., Ltd. (formerly Shenyang Lottemart Commercial Co., Ltd.)	Australia and New Zealand Bank	Working capital	RMB 100,000
Lotte Shopping Rus LLC	Korea Development Bank	Working capital	US\$ 10,000
PT Lotte Mart Indonesia	Korea Exchange Bank	Working capital	IDR 350,000,000
Intime Lotte Department Store Co.,Ltd.	Woori Bank	Working capital	RMB 78,000

The fulfillment of the VPF contract between D-Cinema of Korea Co., Ltd. and Twentieth Century Fox Film Corporation is equally guaranteed by CJ CGV Co., Ltd. and the Company in October 2008.

The fulfillment of the loyalty contract between Burger King Japan Co., Ltd. and BK Asiapac, Pte. Ltd. was guaranteed by the Company in August 2010.

10. Property, Plant and Equipment

(a) The Company revalued its land and buildings in 1998 under the then Korean Assets Revaluation Law. As a result, the Company recorded a revaluation surplus of ₩1,028,713 million, net of asset revaluation tax, in other capital surplus.

(b) Changes in property, plant and equipment for the years ended December 31, 2010 and 2009 are as follows:

	2010						
	Book value as of January 1, 2010	Acquisitions	Acquisition of stores (Note 35)	Disposals	Depreciation	Transfers	Book value as of December 31, 2010
Land (*)	₩ 6,796,441	₩ 11,213	₩ -	₩ (320,895)	₩ -	₩ 258,426	₩ 6,745,185
Buildings	3,204,622	9,354	182,197	(148,125)	(88,568)	316,743	3,476,223
Structures	189,811	649	17,871	(9,090)	(12,356)	13,761	200,646
Machinery	24,996	962	-	(132)	(4,059)	13,054	34,821
Vehicles	603	498	10	(30)	(432)	(4)	645
Furniture and equipment	15,066	3,187	-	(24)	(11,201)	16,109	23,137
Other	239,292	103,508	7,073	(898)	(179,450)	182,472	351,997
Construction-in-progress	658,546	723,385	2,178	(82)	-	(587,022)	797,005
TOTAL	₩ 11,129,377	₩ 852,756	₩ 209,329	₩ (479,276)	₩ (296,066)	₩ 213,539	₩ 11,629,659

	2009						
	Book value as of January 1, 2009	Acquisitions	Disposals	Revaluation	Depreciation	Transfers	Book value as of December 31, 2009
Land	₩ 3,025,720	₩ 53,571	₩ (2,493)	₩ 3,572,111	₩ -	₩ 147,532	₩ 6,796,441
Buildings	2,821,880	10,850	(13,727)	-	(153,386)	539,005	3,204,622
Structures	185,897	1,145	(2,136)	-	(8,177)	13,082	189,811
Machinery	23,803	505	(583)	-	(5,373)	6,644	24,996
Vehicles	758	348	-	-	(451)	(52)	603
Furniture and equipment	20,000	4,829	-	-	(13,909)	4,146	15,066
Other	275,813	71,431	(3,426)	-	(191,922)	87,396	239,292
Construction-in-progress	707,110	780,702	-	-	-	(829,266)	658,546
TOTAL	₩ 7,060,981	₩ 923,381	₩ (22,365)	₩ 3,572,111	₩ (373,218)	₩ (31,513)	₩ 11,129,377

(*) In 2010, ₩156,173 million (net of tax effect of ₩44,050 million) of unrealized gain on revaluation of land, which was previously recognized as other comprehensive income, was realized upon disposal of land.

(c) The officially declared value and book value of land as December 31, 2010 are as follows:

Land	2010	
	Book value	Declared value
	₩ 6,745,185	₩ 5,104,974

The officially declared value, which is used for government purposes, is not intended to represent fair value.

(d) Details of coverage under major insurance policies carried by the Company as of December 31, 2010 and 2009 are as follows:

Type of insurance	Covered assets	Amount covered		Amount covered 2010 In USD thousands (note 3)
		2010	2009	
		In KRW millions	In KRW millions	
Theft insurance	Cash	₩ 81,297	₩ 68,734	\$ 71,382
Fire insurance	Merchandise, buildings and tools	7,402,653	5,956,120	6,499,827
Engine and machinery insurance	Machinery and equipment	165,106	108,197	144,970
Business liability insurance	Facilities and products	552,362	490,682	484,996
Directors & officers liability insurance	-	70,000	70,000	61,463
Others	Other utilities	43,844	40,286	38,497
TOTAL		₩ 8,315,262	₩ 6,734,019	\$ 7,301,135

11. Intangible Assets

Changes in intangible assets for the years ended December 31, 2010 and 2009 are as follows:

	2010 In KRW millions					Book value as of December 31, 2010
	Book value as of January 1, 2010	Acquisition	Acquisition of stores (Note 35)	Amortization	Others	
Goodwill	₩ 42,056	₩ 77	₩ 338,032	₩ [26,130]	₩ 8,013	₩ 362,048
Industrial property rights	723	574	-	[306]	-	991
Rights to use water supply facility	3,893	-	-	[709]	977	4,161
Rights to use electricity supply facility	4,400	-	-	[699]	358	4,059
Rights to use gas supply facility	1,610	-	-	[274]	[1]	1,335
Rights to use facility	73,837	-	-	[4,680]	232	69,389
License	4,511	-	-	[899]	-	3,612
Copyrights	98	28,833	-	[27,427]	-	1,504
Software	3,375	-	18	[1,047]	774	3,120
TOTAL	₩ 134,503	₩ 29,484	₩ 338,050	₩ [62,171]	₩ 10,353	₩ 450,219

	2009 In KRW millions				Book value as of December 31, 2009
	Book value as of January 1, 2009	Acquisition	Amortization	Others	
Goodwill	₩ 35,753	₩ 496	₩ [5,414]	₩ 11,221	₩ 42,056
Industrial property rights	448	414	[226]	87	723
Rights to use water supply facility	3,845	-	[617]	665	3,893
Rights to use electricity supply facility	3,313	-	[554]	1,641	4,400
Rights to use gas supply facility	1,208	-	[246]	648	1,610
Rights to use facility	78,523	-	[4,671]	[15]	73,837
License	5,410	-	[899]	-	4,511
Copyrights	2,112	14,089	[16,103]	-	98
Software	918	27	[1,240]	3,670	3,375
TOTAL	₩ 131,530	₩ 15,026	₩ [29,970]	₩ 17,917	₩ 134,503

note 10
11
12
13

12. Other Investment Assets

Other assets as of December 31, 2010 and 2009 are as follows:

	2010	2009	2010
	In KRW millions	In KRW millions	In USD thousands (note 3)
Long-term deposits (note 4)	₩ 16	₩ 12,528	\$ 14
Long-term loans, net of allowance for doubtful accounts of ₩687 million in 2010 and ₩421 million in 2009	67,971	41,680	59,682
Long-term held-to-maturity securities (note 6(b))	-	1,000	-
Others	3,924	3,791	3,446
TOTAL	₩ 71,911	₩ 58,999	\$ 63,142

13. Pledged Assets and Guarantees

(a) The following assets are pledged as collateral for the Company's contract performance as of December 31, 2010:

Assets	Guarantee for In KRW millions, In USD thousands (note 3)	
Short-term deposits	₩ 27,891	\$ 24,489
Available-for-sale securities (note 6(a))	49,033	43,053
Buildings	58,967	51,775
TOTAL	₩ 135,891	\$ 119,317
		Guarantee deposits for performance of contracts
		Guarantee deposits for performance of contracts
		Collateral for lease deposits

(b) Guarantees provided by the Company for third parties as of December 31, 2010 are as follows:

Third party	Guarantor		Guarantee for
	In KRW millions, In USD thousands (note 3)		
Seoheung Co., Ltd.	₩ 1,491	\$ 1,309	Seoul Guarantee Insurance Company Performance of contracts

(c) Guarantees provided by third parties for the Company as of December 31, 2010 are as follows:

Guarantor	Guarantee for		
	In KRW millions, In USD thousands (note 3)		
Seoul Guarantee Insurance Company	₩ 68,954	\$ 60,544	Performance of contracts

14. Assets and Liabilities Denominated in Foreign Currency

Assets and liabilities denominated in foreign currency as of December 31, 2010 and 2009 are summarized as follows:

	2010	2010	2009	2009
	Foreign currency (thousands), Won equivalent (millions)			
Assets:				
Cash and cash equivalents	USD 3	₩ 3	30,024	₩ 35,056
	JPY 15,000	210	15,000	189
Other accounts receivable	USD 260	296	582	680
Short-term loans	USD 39,320	44,782	32,320	37,737
Other investment assets	USD 1,500	1,708	1,500	1,751
TOTAL	USD 41,083	₩ 46,789	64,426	₩ 75,224
	JPY 15,000	210	15,000	189
Liabilities:				
Trade accounts payable	USD -	₩ -	\$ 240	₩ 281
	EUR 488	739	587	982
	JPY -	-	3,621	46
Current portion of debentures	USD 500,000	569,450	-	-
	JPY 29,000,000	405,153	10,000,000	126,282
Other accounts payable	USD 250	285	250	291
	EUR 1	2	4	8
Long-term borrowings	USD 100,000	113,890	-	-
	JPY 30,000,000	419,124	30,000,000	378,846
Debentures	USD 100,000	113,890	400,000	467,040
	JPY 10,000,000	139,708	39,000,000	492,500
TOTAL	USD 700,250	₩ 797,515	400,490	₩ 467,612
	EUR 489	741	591	990
	JPY 69,000,000	963,985	79,003,621	997,674

15. Other Current Liabilities

Other current liabilities as of December 31, 2010 and 2009 are as follows:

	2010	2009	2010
	In KRW millions	In KRW millions	In USD thousands (note 3)
Unearned income	₩ 414	₩ 49	\$ 363
Withholdings	12,039	9,573	10,570
Value-added tax withholdings	68,497	40,644	60,143
Guarantee deposits	870	1,105	764
Derivative liabilities	6,572	-	5,770
Investment withholdings	20,229	1,510	17,763
TOTAL	₩ 108,621	₩ 52,881	\$ 95,373

16. Borrowings

(a) Short-term borrowings as of December 31, 2010 and 2009 are summarized as follows:

Lender	Purpose of borrowings	Annual interest rate (%)	2010	2009	2010
			In KRW millions, In USD thousands (note 3)		
Korea Agro-Fisheries Trade Corporation	Working capital	4.00	₩ 10,000	₩ 10,000	\$ 8,780
Bank of America	Working capital	2.95	100,000	-	87,804
Shinhan Bank	Working capital	3.31	100,000	-	87,804
Samsung Securities Co., Ltd.	Working capital	3.36	100,000	-	87,804
Korea Exchange Bank	Working capital	3.41	100,000	-	87,804
ING Bank	Working capital	3.28	100,000	-	87,804
Shinhan Bank and others	Working capital	5.30-6.86	363	11,759	319
TOTAL			₩ 510,363	₩ 21,759	\$ 448,119

(b) Long-term borrowings in foreign currency as of December 31, 2010 and 2009 are summarized as follows:

Lender	Purpose of borrowings	Annual interest rate (%)	2010	2009	2010
			In KRW millions, In USD thousands (note 3)		
Lotte Co., Ltd. [Japan]	Working capital	3.40	₩ 419,124	₩ 378,846	\$ 368,008
BNP Paribas Bank	Working capital	3M USD Libor+1.20	113,890	-	100,000
Subtotal			533,014	378,846	468,008
Less:					
Discount			(925)	-	(812)
TOTAL BOOK VALUE			₩ 532,089	₩ 378,846	\$ 467,196

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(c) Aggregate maturities of borrowings as of December 31, 2010 are as follows:

Period	In KRW millions, In USD thousands (note 3)	
2011.1.1~2011.12.31	₩ -	\$ -
2012.1.1~2012.12.31	533,014	468,008
	₩ 533,014	\$ 468,008

17. Debentures

(a) Debentures as of December 31, 2010 and 2009 are summarized as follows:

Description	Maturity	Interest rate (%)	2010	2009	2010
			In KRW millions, In USD thousands (note 3)		
Denominated in won					
50th placed	February 5, 2012	5.10	₩ 200,000	₩ 200,000	\$ 175,608
53rd placed	December 3, 2014	5.30	250,000	250,000	219,510
54-1st placed	March 12, 2013	4.44	200,000	-	175,608
54-2nd placed	March 12, 2015	4.82	400,000	-	351,216
Denominated in foreign currency					
46th placed	April 29, 2011	6M USD Libor+1.00	113,890	116,760	100,000
47th placed	May 29, 2011	6M Euro Yen Tibor+1.20	251,474	227,308	220,805
48th placed	September 29, 2011	3M Euro Yen Libor+1.60	153,679	138,910	134,936
49th placed	October 17, 2011	3M USD Libor+1.75	341,670	350,280	300,000
51st placed	June 26, 2012	3M Euro Yen Libor+1.50	139,708	126,282	122,669
52nd placed	September 30, 2010	3M Euro Yen Libor+1.60	-	126,282	-
55th placed	May 20, 2013	3M USD Libor+0.80	113,890	-	100,000
56th placed	September 30, 2011	3M USD Libor+1.05	113,890	-	100,000
Subtotal			₩ 2,278,201	₩ 1,535,822	\$ 2,000,352
Less:					
Discount on debentures issued			(6,033)	(7,408)	(5,297)
TOTAL BOOK VALUE			₩ 2,272,168	₩ 1,528,414	\$ 1,995,055
Less:					
Current portion of debentures, net of discount of ₩2,298 million in 2010 and ₩95 million in 2009			972,305	126,187	853,723
			₩ 1,299,863	₩ 1,402,227	\$ 1,141,332

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(b) Aggregate maturities of debentures as of December 31, 2010 are as follows:

Period	In KRW millions, In USD thousands (note 3)	
2011.1.1~2011.12.31	₩ 974,603	\$ 855,741
2012.1.1~2012.12.31	339,708	298,277
2013.1.1~2013.12.31	313,890	275,608
After 2014.1.1	650,000	570,726
	₩ 2,278,201	\$ 2,000,352

18. Leases

(a) The Company leases facilities including stores and distribution centers from third parties. Under the terms of the lease arrangements, the Company is required to make security deposits at the inception of the lease which are refundable at the end of the lease terms. Lease deposits made as of December 31, 2010 amounted to ₩850,941 million.

(b) Future minimum lease payments under operating leases as of December 31, 2010 are as follows:

Period	In KRW millions, In USD thousands (note 3)	
2011.01.01~2011.12.31	₩ 162,775	\$ 142,923
2012.01.01~2015.12.31	618,760	543,296
2016 and thereafter	723,086	634,899
TOTAL	₩ 1,504,621	\$ 1,321,118

(c) The Company leases some land and buildings of the Company to third parties. The Company received advance rental deposits of ₩235,521 million as of December 31, 2010 and recognized rental income of ₩437,508 million and ₩383,737 million for the years ended December 31, 2010 and 2009, respectively. The majority of the leases are renewed annually.

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19. Retirement and Severance Benefits

Changes in retirement and severance benefits for the years ended December 31, 2010 and 2009 are summarized as follows:

	2010 In KRW millions	2009 In KRW millions	2010 In USD thousands (note 3)
Estimated retirement and severance benefits at beginning of year	₩ 149,646	₩ 137,679	\$ 131,396
Accrual for retirement and severance benefits	52,406	50,859	46,015
Payments	(60,776)	(41,178)	(53,364)
Increase from acquisition of stores	12,711	-	11,160
Transfer of severance benefits from affiliated companies	5,567	2,286	4,888
Estimated retirement and severance benefits at end of year	159,554	149,646	140,095
Transfer to National Pension Fund	(59)	(45)	(52)
Deposit for severance benefit insurance	-	(104,286)	-
Pension plan assets	(112,025)	-	(98,363)
NET BALANCE AT END OF YEAR	₩ 47,470	₩ 45,315	\$ 41,680

The Company maintains pension arrangements with Lotte Non-Life Insurance Co., Ltd. from December 31, 2010. Pension plan assets is presented as a reduction of the retirement and severance benefits liability.

20. Accrual for Bonus Points Reward Program

The Company recognizes an accrual for bonus points reward program which provide free services and mileage for customers registered with and who make purchases with various Lotte Membership Cards. The accrual is based on the historical redemption experience of the points compared to the customers' purchases. Changes in the accrual for the reward program for the years ended December 31, 2010 and 2009 are summarized as follows:

	2010 In KRW millions	2009 In KRW millions	2010 In USD thousands (note 3)
Beginning of year	₩ 30,312	₩ 30,808	\$ 26,615
Provision	31,426	20,746	27,593
Payment	(31,426)	(21,242)	(27,593)
END OF YEAR	₩ 30,312	₩ 30,312	\$ 26,615

21. Derivative Instruments and Hedge Accounting

(a) As described in note 6(a), the Company has a put option to sell stocks of Korea Express Co., Ltd. to Kumho RAC Co., Ltd. Contract terms of the option are as follows:

- Date of acquisition : 2008. 3. 14
- Underlying instrument : 332,046 common shares of Korea Express Co., Ltd. (*)
- Exercise period : After 3 years of acquisition of stock
- Strike price : Acquisition cost plus interest (6.5%)

(*) The number of common shares has decreased from 584,795 shares to 332,046 shares as Korea Express Co., Ltd. underwent capital reduction in 2009.

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(b) The Company entered into a foreign currency forwards contract with Korea Exchange Bank to hedge the exposure to the changes in foreign exchange rates related to short-term loans (USD 26,000 thousand) and related interest income. Contract terms of the foreign currency forwards contract is as follows:

Contract amount (thousands)	Foreign exchange rate	Maturity date	Bank
USD 27,000	₩ 1,145.2 / USD1	2011.3.23	Korea Exchange Bank

(c) The Company entered into currency and interest swap contracts with the Bank of Tokyo-Mitsubishi UFJ and others to hedge the exposure to the changes in foreign exchange rates and interest rates related to debentures (USD 600,000 thousand and JPY 39,000,000 thousand) and long-term borrowings (USD 100,000 thousand). Contract terms of the currency and interest swap contracts are as follows:

Contract amount (thousands)	Foreign exchange rate	Maturity date	Bank
USD 100,000	₩ 976.0 / USD1	2011.4.29	BNP Paribas Bank and others
JPY 18,000,000	₩ 10.0 / JPY1	2011.5.29	The Bank of Tokyo-Mitsubishi UFJ and others
JPY 11,000,000	₩ 10.2 / JPY1	2011.9.29	Mizuho Bank
USD 300,000	₩ 1,113.0 / USD1	2011.10.17	BNP Paribas Bank and others
JPY 10,000,000	₩ 13.1 / JPY1	2012.6.26	Mizuho Bank
USD 100,000	₩ 1,117.0 / USD1	2013.5.20	Mizuho Bank
USD 100,000	₩ 1,164.0 / USD1	2011.9.30	Credit Agricole Corporate and Investment Bank
USD 100,000	₩ 1,225.0 / USD1	2012.6.29	BNP Paribas Bank

(d) Changes in the fair value of derivative instruments for the year ended December 31, 2010 are as follows:

Type of derivatives	Description	Related accounts	In KRW millions, In USD thousands (note 3)	
Trade	Put option	Gain on valuation of derivative instruments	₩ 3,062	\$ 2,689
Fair value hedge	Currency forwards	Loss on valuation of derivative instruments	43	38
Cash flow hedge	Currency and interest swap	Gain on valuation of derivative instruments	54,552	47,898
		Loss on valuation of derivative instruments	(22,600)	(19,844)
Cash flow hedge	Currency and interest swap	Unrealized loss on valuation of derivative instruments, net of tax effect of ₩1,844 million	(5,141)	(4,514)

22. Capital Stock and Capital Surplus

(a) Pursuant to its amended Articles of Incorporation, the Company's authorized capital stock is 60,000,000 shares, which consist of common shares and preferred shares each with a par value of ₩5,000 per share. The Company is authorized to issue non-voting preferred shares of up to one-fourth of the Company's total issued and outstanding capital stock. Holders of preferred shares may, upon a resolution of the board of directors at the time of the issuance of the preferred shares, be entitled to receive dividends prior to the holders of common shares. The preferred shares will be automatically converted to common shares within ten years of issuance as determined by the Company's board of directors. However, if the holders of preferred shares do not receive the minimum dividends as prescribed, the prescribed conversion date will be extended to the time when all such minimum dividend amount is paid to the holders of preferred shares. As of December 31, 2010, the Company has not issued any preferred stock and 29,043,374 shares of common stock were issued and outstanding as of December 31, 2010.

(b) Capital surplus as of December 31, 2010 and 2009 consists of the following:

	2010 In KRW millions	2009 In KRW millions	2010 In USD thousands (note 3)
Paid-in capital in excess of par value	₩ 3,605,117	₩ 3,605,117	\$ 3,165,438
Gain on capital reduction	1,793	1,793	1,575
Other capital surplus	1,043,985	1,043,985	916,660
	₩ 4,650,895	₩ 4,650,895	\$ 4,083,673

(i) Gain on capital reduction

The Company retired 745,470 shares of treasury stock (₩1,934 million) in 1995, which were acquired in connection with the merger with Lotte Foods Co., Ltd. and ChungBon Industry Co., Ltd. on December 31, 1994. As a result, capital stock decreased by ₩3,727 million and a gain on capital reduction amounting to ₩1,793 million was recorded as a capital surplus.

(ii) Gain on merger

In 1997, SongGok Trading Co., Ltd. was merged into the Company resulting in a gain on merger of ₩15,272 million which was recorded as a component of other capital surplus.

(iii) Asset revaluation

The Company revalued its property, plant and equipment on July 1, 1998 in accordance with the then Assets Revaluation Law. Details of the asset revaluation surplus included in stockholders' equity are as follows:

Date of revaluation	Total revaluation surplus	Revaluation tax	Transfer to capital	Others	Net revaluation surplus
July 1, 1998	₩ 1,122,229	₩ (19,030)	₩ (73,500)	₩ (986)	₩ 1,028,713

23. Capital Adjustments

The Company acquired an additional 196 thousand shares of Woori Home Shopping & Television Co., Ltd., which is a controlled subsidiary of the Company, in August 2008. As a result, the difference between the additional acquisition cost and the change in the Company's share of net asset amounted to ₩16,271 million.

Korea Seven Co., Ltd., Lotte Boulangerie Co., Ltd., Lotte Europe Holdings B.V. and Coralis S.A., which are controlled subsidiaries of the Company, increased capital by issuing new stocks in 2010. And Lotte Krispy Kreme Doughnuts Co., Ltd., a controlled subsidiary of the Company, merged into Lotteria Co., Ltd. in 2010. As a result, the difference between the additional acquisition cost and the change in the Company's share of net asset amounted to ₩16,230 million, in total. The Company recorded this amount as capital adjustments under the equity-method accounted investments.

24. Accumulated Other Comprehensive Income

Details of accumulated other comprehensive income as of December 31, 2010 and 2009 are as follows:

Account	2010 In KRW millions	2009 In KRW millions	2010 In USD thousands (note 3)
Unrealized gain on valuation of available-for-sale securities, net of tax effect of ₩(19,076) million in 2010 and ₩(14,998) million in 2009	₩ 67,632	₩ 53,177	\$ 59,384
Unrealized gain on investments under equity method, net of tax effect of ₩(19,485) million in 2010 and ₩(17,208) million in 2009	16,496	32,844	14,484
Unrealized loss on valuation of derivative instruments, net of tax effect of ₩5,005 million in 2010 and ₩3,161 million in 2009	(16,349)	(11,208)	(14,354)
Unrealized gain on revaluation of land, net of tax effect of ₩(743,411) million in 2010 and ₩(787,461) million in 2009	2,635,733	2,791,906	2,314,278
	₩ 2,703,512	₩ 2,866,719	\$ 2,373,792

note 22
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25. Retained Earnings

Retained earnings as of December 31, 2010 and 2009 are summarized as follows:

Account	2010 In KRW millions	2009 In KRW millions	2010 In USD thousands (note 3)
Appropriated:			
Legal reserve	₩ 32,593	₩ 28,963	\$ 28,619
Reserve for business rationalization	10,552	10,552	9,265
Reserve for corporate development	134,000	134,000	117,657
Discretionary reserve	4,449,500	3,779,500	3,906,841
	₩ 4,626,645	₩ 3,953,015	\$ 4,062,382
Unappropriated	₩ 1,032,191	₩ 731,981	\$ 906,304
	₩ 5,658,836	₩ 4,684,996	\$ 4,968,686

(a) Legal reserve

The Korean Commercial Code requires the Company to appropriate as legal reserve an amount equal to at least 10% of cash dividends for each accounting period until the reserve equals 50% of stated capital. This reserve is not available for cash dividends but may be used to reduce any deficit or be transferred to capital stock.

(b) Reserve for business rationalization

Under the Special Tax Treatment Control Law, investment tax credit was allowed for certain investments. The Company was, however, required to appropriate from retained earnings the amount of tax benefits obtained and transfer such amount into a reserve for business rationalization.

Effective December 11, 2002, the Company is no longer required to establish a reserve for business rationalization despite tax benefits received for certain investments and, consequently, the existing balance is now regarded as a discretionary reserve.

(c) Reserve for corporate development

Under Korean Corporation Tax Law, the Company was required to appropriate a reserve for corporate development. However, effective as of December 31, 2001, the Company is no longer required to establish such a reserve. This reserve is not available for payment of dividends; however, it may be used for a specific purpose upon approval by the shareholders or remain as a reserve.

26. Sales and Cost of Sales

Details of sales and cost of sales for the years ended December 31, 2010 and 2009 are as follows:

	2010 In KRW millions	2009 In KRW millions	2010 In USD thousands (note 3)
SALES:			
Sale of merchandise	₩ 12,699,151	₩ 10,737,965	\$ 11,150,365
Specific sales (*1)	728,916	607,554	640,018
Sale of finished goods	-	53,204	-
Sale of apartments	-	51,734	-
Ancillary property operation revenue (*2)	194,881	156,462	171,113
Other operating revenue	693,727	600,349	609,120
Deduction:			
Cost of specific sales	(579,258)	(481,421)	(508,612)
Sales discounts	(220,489)	(190,566)	(193,598)
	₩ 13,516,928	₩ 11,535,281	\$ 11,868,406
COST OF SALES:			
Cost of merchandise sold:			
Beginning inventory of merchandise	₩ 1,098,099	₩ 1,002,492	\$ 964,175
Purchases of merchandise for the year	9,396,538	7,920,858	8,250,538
Transfer to other accounts	-	462	-
Ending inventory of merchandise	(1,240,663)	(1,098,099)	(1,089,352)
	₩ 9,253,974	₩ 7,825,713	\$ 8,125,361
Cost of finished goods sold:			
Beginning inventory of finished goods	₩ -	₩ 2,008	\$ -
Cost of finished goods for the year	-	16,067	-
Transfer to other accounts	-	(2,150)	-
Ending inventory of finished goods	-	-	-
	₩ -	₩ 15,925	\$ -
Cost of sales - apartments	-	44,846	-
Ancillary property operating cost	₩ 81,041	₩ 73,327	71,157
	₩ 9,335,015	₩ 7,959,811	\$ 8,196,518
GROSS PROFIT	₩ 4,181,913	₩ 3,575,470	\$ 3,671,888

(*1) As described in note 2(b), specific sales are recognized on a net basis for merchandise that may be returned to vendors at any time.

(*2) Ancillary property operation revenue consists of box office and revenue from jointly controlled assets.

27. Selling and Administrative Expenses

Details of selling and administrative for the years ended December 31, 2010 and 2009 are as follows:

	2010	2009	2010
	In KRW millions	In KRW millions	In USD thousands (note 3)
Salaries	₩ 581,683	₩ 506,743	\$ 510,741
Accrual for retirement and severance benefits	52,406	50,597	46,015
Other employee benefits	91,514	79,542	80,353
Education and training	9,866	6,626	8,662
Travel	16,498	13,057	14,486
Service contract expense	442,226	368,158	388,292
Advertising	173,702	154,530	152,517
Sales promotion and commissions	335,149	298,426	294,275
Supplies	45,150	35,330	39,643
Communications	10,386	9,262	9,119
Utilities	153,681	134,860	134,938
Maintenance	18,832	15,529	16,535
Commissions and fees	428,526	346,597	376,263
Insurance	6,123	5,793	5,377
Transportation	7,428	4,432	6,522
Depreciation	296,066	371,442	259,958
Amortization of intangible assets	34,744	13,867	30,507
Taxes and dues	97,463	86,179	85,577
Rent	184,199	157,214	161,734
Others	47,889	40,811	42,048
	₩ 3,033,531	₩ 2,698,995	\$ 2,663,562

28. Income Taxes

(a) The Company is subject to income taxes based on taxable income at the following nominal tax rates for the years ended December 31, 2010 and 2009:

Taxable income	Tax rate			
	2009	2010	2011	Thereafter
Up to ₩200 million	12.1%	11.0%	11.0%	11.0%
Over ₩200 million	24.2%	24.2%	24.2%	22.0%

(b) The components of income tax expense for the years ended December 31, 2010 and 2009 are summarized as follows:

	2010	2009	2010
	In KRW millions	In KRW millions	In USD thousands (note 3)
Current income tax expense	₩ 302,392	₩ 218,905	\$ 265,512
Deferred income tax expense	(25,323)	816,586	(22,236)
Income taxes directly charged (credited) to equity	39,637	(806,292)	34,804
Income taxes directly credited to discontinued operations (note 36)	-	(1,416)	-
Income tax expense	₩ 316,706	₩ 227,783	\$ 278,080

(c) Deferred tax assets and liabilities are measured using the tax rate to be applied for the year in which temporary differences are expected to be realized.

(d) The income tax expense calculated by applying statutory tax rates to the Company's taxable income for the year differ from the actual income tax expense in the non-consolidated statements of income for the years ended December 31, 2010 and 2009 for the following reasons:

	2010	2009	2010
	In KRW millions	In KRW millions	In USD thousands (note 3)
Income before income taxes	₩ 1,326,850	₩ 939,770	\$ 1,165,027
Expense for income taxes at normal tax rates	321,072	227,400	281,913
Adjustments:			
Non-taxable income	(1,320)	(1,221)	(1,159)
Non-deductible expense	241	2,238	212
Tax credit	(4,410)	(3,673)	(3,872)
Other	1,123	3,039	986
Income tax expense	₩ 316,706	₩ 227,783	\$ 278,080
EFFECTIVE TAX RATE	23.9%	24.2%	23.9%

(e) The tax effects of temporary differences that result in significant portions of the deferred tax assets and liabilities as of December 31, 2010 and 2009 are presented below:

	2010	2009	2010
	In KRW millions	In KRW millions	In USD thousands (note 3)
Deferred tax assets:			
Allowance for doubtful accounts	₩ 7,345	₩ 4,474	\$ 6,449
Impairment losses on available-for-sale securities	16	16	14
Accrual for bonus points reward program	7,336	7,335	6,441
Accrued expenses (bonus)	10,634	7,739	9,337
Available-for-sale securities	19	19	17
Capital adjustment due to use of equity method	70	-	61
Negative other comprehensive income due to equity method of accounting	10,074	8,827	8,846
Unrealized loss on valuation of derivative instruments	4,470	-	3,925
Loss on foreign currency translation	38,082	18,783	33,437
Loss on revaluation of land	1,596	1,596	1,402
Construction-in-progress	403	403	354
Film copyrights	3,409	3,376	2,993
Others	4,880	2,383	4,284
Total deferred tax assets	₩ 88,334	₩ 54,951	\$ 77,560
Deferred tax liabilities:			
Depreciation	₩ 3,286	₩ 3,288	\$ 2,885
Accrued interest income	2,011	1,610	1,766
Disallowed financing costs capitalized	12,971	13,177	11,390
Land	888	888	780
Unrealized gain on revaluation of land	743,411	787,461	652,745
Equity method accounted investments	161,006	131,252	141,370
Unrealized gain on valuation of available-for-sale securities	19,076	14,998	16,749
Capital adjustment due to use of equity method	-	28	-
Other comprehensive income due to equity method of accounting	29,559	26,035	25,953
Unrealized gain on valuation of derivative instruments	29,085	14,647	25,537
Total deferred tax liabilities	₩ 1,001,293	₩ 993,384	\$ 879,175
NET DEFERRED TAX LIABILITY	₩ (912,959)	₩ (938,433)	\$ (801,615)

(f) The Company did not recognize deferred tax assets in the amount of ₩1,132 million and ₩96,715 million arising from the taxable temporary differences associated with the impairment losses on available-for-sale securities and equity method securities as of December 31, 2010, respectively, as the temporary differences are not expected to reverse in the foreseeable future. Also, the Company did not recognize deferred tax liabilities in the amount of ₩160,369 million arising from the taxable temporary differences associated with revaluation of land as of December 31, 2010 since it is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

(g) As of December 31, 2010, details of aggregate deferred tax assets (liabilities) are as follows:

	Temporary differences at December 31, 2010	Deferred tax assets (liabilities)	
		Current	Non-current In KRW millions
Assets:			
Allowance for doubtful accounts	₩ 30,359	₩ 7,323	₩ 22
Impairment losses on available-for-sale securities	5,220	-	16
Accrual for bonus points reward program	30,312	7,336	-
Accrued expenses (bonus)	43,943	10,634	-
Available-for-sale securities	87	-	19
Capital adjustment due to use of equity method	32,571	-	70
Negative other comprehensive income due to equity method of accounting	132,072	-	10,074
Unrealized loss on valuation of derivative instruments	19,447	-	4,470
Loss on foreign currency translation	159,547	32,793	5,289
Loss on revaluation of land	7,256	-	1,596
Construction-in-progress	1,831	-	403
Film copyrights	15,496	-	3,409
Others	21,614	1,369	3,511
	₩ 499,755	₩ 59,455	₩ 28,879

	Temporary differences at December 31, 2010	Deferred tax assets (liabilities)	
		Current	Non-current In KRW millions
Liabilities:			
Depreciation	₩ (14,935)	₩ -	₩ (3,286)
Accrued interest income	(8,309)	(2,011)	-
Disallowed financing costs capitalized	(58,964)	-	(12,971)
Land	(4,038)	-	(888)
Unrealized gain on revaluation of land	(3,379,144)	-	(743,411)
Equity method accounted investments	(964,849)	-	(161,006)
Land (reserve for advance depreciation)	(728,951)	-	-
Unrealized gain on valuation of available-for-sale securities	(86,708)	-	(19,076)
Other comprehensive income due to equity method of accounting	(168,053)	-	(29,559)
Unrealized gain on valuation of derivative instruments	(119,312)	(29,085)	-
	₩ (5,533,263)	₩ (31,096)	₩ (970,197)
NET DEFERRED INCOME TAX ASSET (LIABILITY)	₩ (5,033,508)	₩ 28,359	₩ (941,318)

(h) The deferred tax assets (liabilities) that were directly charged (credited) to equity for the year ended December 31, 2010 are as follows:

	Temporary difference	Deferred tax assets (liabilities)	Temporary difference	Deferred tax assets (liabilities)
			In KRW millions, In USD thousands (note 3)	
Unrealized loss on valuation of available-for-sale securities	₩ 18,533	₩ (4,078)	\$ 16,272	\$ (3,579)
Capital adjustment due to use of equity method	(16,328)	98	(14,336)	85
Unrealized gain on investments under equity method, net	(14,071)	(2,277)	(12,355)	(1,998)
Unrealized loss on valuation of derivative instruments	(6,985)	1,844	(6,133)	1,619
Unrealized gain on revaluation of land	(200,223)	44,050	(175,804)	38,677
	₩ (219,074)	₩ 39,637	\$ (192,356)	\$ 34,804

29. Earnings Per Share

(a) Earnings per share for the years ended December 31, 2010 and 2009 are as follows:

	2010	2009	2010
	In KRW millions (except per share amount), In USD thousands (except per share amount) (note 3)		
Net income	₩ 1,010,144	₩ 716,422	\$ 886,947
Weighted-average number of common shares outstanding	29,043,374	29,043,374	29,043,374
EARNINGS PER SHARE IN WON AND U.S. DOLLARS	₩ 34,781	₩ 24,667	\$ 30.54

(b) Earnings per share from continuing operations for the years ended December 31, 2010 and 2009 are as follows:

	2010	2009	2010
	In KRW millions (except per share amount), In USD thousands (except per share amount) (note 3)		
Income from continuing operations	₩ 1,010,144	₩ 711,987	\$ 886,947
Weighted-average number of common shares outstanding	29,043,374	29,043,374	29,043,374
EARNINGS PER SHARE FROM CONTINUING OPERATIONS IN WON AND U.S. DOLLARS	₩ 34,781	₩ 24,515	\$ 30.54

30. Dividends

(a) Dividends as a percentage of net income and par value for the years ended December 31, 2010 and 2009 are as follows:

	2010	2009	2010
	In KRW millions, In USD thousands (note 3)		
Dividend amount (cash dividends)	₩ 43,565	₩ 36,304	\$ 38,252
Net income	₩ 1,010,144	₩ 716,422	\$ 886,947
Dividends as a percentage of net income	4.31%	5.07%	4.31%
Par value per share	₩ 5,000	₩ 5,000	\$ 4.39
Dividends as a percentage of par value	30.00%	25.00%	30.00%

(b) Dividend yield ratio for the years ended December 31, 2010 and 2009 are as follows:

	2010	2009	2010
	In KRW millions, In USD thousands (note 3)		
Dividend per share	₩ 1,500	₩ 1,250	\$ 1.32
Market price as of year end	473,000	346,000	415
Dividend yield ratio	0.32%	0.36%	0.32%

31. Commitments and Contingencies

(a) As of December 31, 2010, the Company has various forms of credit facility commitments with financial institutions as follows:

	Credit line	Amount used under credit facility
	In KRW millions, In USD thousands (note 3)	
Overdraft	₩ 65,000	₩ 363
General loan	₩ 200,000	₩ 200,000
Discounting of bill	₩ 400,000	₩ 200,000
Buyer's credit	₩ 205,950	₩ 5,026
Letter of credit	\$ 10,000	\$ 2,201
	₩ 870,950	₩ 405,389
	\$ 10,000	\$ 2,201

(b) As of December 31, 2010, the Company has provided a blank note as collateral for short-term borrowings from Korea Agro-Fisheries Trade Corporation.

(c) The Company entered into operating lease contracts with Lotte Midopa Co., Ltd. and Lotte Station Building Co., Ltd. Details of the lease as of December 31, 2010 are as follows:

Lessor	Location	Beginning date	Expiration date	Guarantee deposit amount	Monthly rent
					In KRW millions
Lotte Midopa Co., Ltd.	Namdaemun-ro, Jung-gu, Seoul	Nov. 18, 2003	Nov. 17, 2023	₩ 36,500	355
Lotte Station Building Co., Ltd	Nammoon-ro, Sangdang-gu, Cheongju	Feb. 23, 2007	Feb. 22, 2027	5,800	231
				₩ 42,300	586

(d) The Company entered into 15 contracts with J&Jisan Co., Ltd. and others for the future lease of its buildings and recorded long-term advance payments of ₩102,072 million as of December 31, 2010. Long-term advance payment will transfer to guarantee deposits when the terms of lease begin.

(e) As of December 31, 2010, the Company is the plaintiff in various lawsuits claiming damages of ₩9,751 million and the Company is the defendant in various lawsuits with damage claims totaling ₩3,376 million. Management believes that the ultimate resolution of these legal actions will not have a material adverse effect on the financial position or operations of the Company.

32. Comprehensive Income

Comprehensive income for the years ended December 31, 2010 and 2009 was as follows:

	2010 In KRW millions	2009 In KRW millions	2010 In USD thousands (note 3)
Net income	₩ 1,010,144	₩ 716,422	\$ 886,947
Change in unrealized gain on valuation of available-for-sale securities, net of tax effect of ₩ (4,078) million in 2010 and ₩ (12,467) million in 2009	14,455	44,203	12,693
Change in unrealized gain on valuation of equity method investments, net of tax effect of ₩ (2,277) million in 2010 and ₩ (3,830) million in 2009	(16,348)	(24,317)	(14,353)
Change in unrealized loss on valuation of derivative, net of tax effect of ₩ 1,844 million in 2010 and ₩ (2,534) million in 2009	(5,141)	8,984	(4,514)
Change in unrealized gain on revaluation of land, net of tax effect of ₩ 44,050 million in 2010 and ₩ (787,461) million in 2009	(156,173)	2,791,906	(137,127)
COMPREHENSIVE INCOME	₩ 846,937	₩ 3,537,198	\$ 743,646

33. Non-cash Investing Activities

Significant non-cash investing activities for the years ended December 31, 2010 and 2009 are summarized as follows:

	2010 In KRW millions	2009 In KRW millions	2010 In USD thousands (note 3)
Construction-in-progress transferred to property, plant and equipment and intangible assets	₩ 587,022	₩ 829,266	\$ 515,429
Available-for-sales-securities transferred to equity method investment securities	-	11,667	-
Revaluation of land	-	3,579,367	-

34. Effect of Change in Accounting Estimates

The Company changed its accounting estimates for the useful lives of property, plant and equipment to reflect the economic substance as of January 1, 2010, and estimated useful lives are as follows:

	Useful lives (years)	
	Before	After
Buildings	10 - 30	20 - 50
Structures	10 - 30	10 - 40
Machinery	4 - 30	4 - 30
Vehicles	4	5
Display fixtures	4	5
Other furniture and fixtures	4	5

This change in accounting estimates resulted in decrease in depreciation expense by ₩108,213 million and in increase in income tax expense by ₩26,187 million for the year ended December 31, 2010, respectively. In addition, this resulted in increases in property, plant and equipment by ₩108,213 million and unappropriated retained earnings by ₩82,026 million as of December 31, 2010.

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2010

35. Acquisition of Stores

On February 9, 2010, the Company entered into an agreement to acquire the discount store division of GS Retail Co., Ltd., which included 14 discount stores, employees, operation and land. In accordance with the agreement, the Company completed the acquisition of the discount stores on May 31, 2010. Acquired assets and liabilities and goodwill which resulted from the acquisition were as follows:

	In KRW millions, In USD thousands (note 3)	
Fair value of assets	₩ 560,176	\$ 490,522
Fair value of liabilities	49,362	43,224
Net assets acquired	510,814	447,298
Acquisition cost	826,543	723,768
Acquisition related cost	22,303	19,530
Total acquisition cost	848,846	743,298
Goodwill (*)	₩ 338,032	\$ 296,000

(*) Goodwill is amortized on a straight-line basis over 10 years. Amortization of goodwill for the year ended December 31, 2010 is ₩19,719 million.

36. Discontinued Operations

The Company sold the assets and liabilities of the foods manufacturing division for ₩24,339 million to Lotte Samkang Co., Ltd. on September 30, 2009.

The comparative statement of income has been restated to show the discontinued operations separately from continuing operations. The results of the discontinued operations for the nine-month period ended September 30, 2009 were calculated as follows:

	2009 In KRW millions (except for earnings per share)
Sales	₩ 38,001
Cost of sales	34,361
Gross profit	3,640
Selling and administrative expenses	1,759
Operating income	1,881
Non-operating income	638
Non-operating expenses	23
Income of foods manufacturing division	2,496
Gain on disposition of the discontinued operations	3,355
Income taxes	1,416
RESULTS OF DISCONTINUED OPERATIONS	₩ 4,435
BASIC EARNINGS PER SHARE IN WON	₩ 152

Summarizing the cash flows from discontinued operations for the nine-month period ended September 30, 2009, net cash from operating activities was ₩1,310 million and net cash from investing activities was ₩1,160 million.

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2010

37. Date of Authorization for Issue

The 2010 financial statements were authorized for issue on February 22, 2011, at the Board of Directors meeting.

38. Results of Operations for the Last Interim Period

	2010 4th Quarter In KRW millions	2009 4th Quarter In KRW millions	2010 4th Quarter In USD thousands (note 3)
Sales	₩ 3,786,624	₩ 3,206,374	\$ 3,324,808
Operating income	316,741	258,158	278,111
Net income for the period	375,207	178,654	329,447
Earnings per share in won and U.S. dollars	12,919	6,151	11.34

39. Segment Information

(a) The Company's major business segments consist of department stores (retail), marts (retail) and others (supermarkets, movie theaters, construction and clothing retail).

(b) Financial information by business segment for the years ended December 31, 2010 and 2009 is summarized as follows:

	2010				2009			
	Department stores	Marts	Other	Total	Department stores	Marts	Other (*)	Total
Sales	₩ 6,616,955	₩ 5,301,914	₩ 1,598,059	₩ 13,516,928	₩ 5,904,468	₩ 4,327,792	₩ 1,303,021	₩ 11,535,281
Operating income	794,821	312,464	41,097	1,148,382	676,809	167,872	31,794	876,476
Depreciation and amortization	146,079	130,591	81,567	358,237	178,969	149,131	74,234	402,335

	2010				2009			
	Department stores	Marts	Other	Total	Department stores	Marts	Other (*)	Total
Sales	\$ 5,809,953	\$ 4,655,293	\$ 1,403,160	\$ 11,868,406	\$ 5,184,361	\$ 3,799,976	\$ 1,144,104	\$ 10,128,441
Operating income	697,885	274,356	36,085	1,008,326	594,265	147,399	27,916	769,580
Depreciation and amortization	128,264	114,664	71,618	314,546	157,142	130,943	65,181	353,266

(*) The income and expenses from discontinued operations are excluded.

note 35
36
37
38
39

(c) Property, plant and equipment and intangible asset net information for the major segments as of December 31, 2010 and 2009 is summarized as follows:

	2010				2009			
	Department stores	Marts	Other	Total	Department stores	Marts	Other (*)	Total
Property, plant and equipment	₩6,436,565	₩4,769,366	₩423,728	₩11,629,659	₩6,334,576	₩4,429,226	₩365,575	₩11,129,377
Intangible assets	29,051	376,456	44,712	450,219	30,400	63,379	40,724	134,503
TOTAL	₩6,465,616	₩5,145,822	₩468,440	₩12,079,878	₩6,364,976	₩4,492,605	₩406,299	₩11,263,880

In KRW millions

	2010				2009			
	Department stores	Marts	Other	Total	Department stores	Marts	Other (*)	Total
Property, plant and equipment	\$5,651,563	\$4,187,695	\$372,050	\$10,211,308	\$5,562,013	\$3,889,038	\$320,989	\$9,772,040
Intangible assets	25,508	330,543	39,259	395,310	26,693	55,649	35,757	118,099
TOTAL	\$5,677,071	\$4,518,238	\$411,309	\$10,606,618	\$5,588,706	\$3,944,687	\$356,746	\$9,890,139

In USD thousands (note 3)

INDEPENDENT ACCOUNTANTS' REVIEW REPORT ON
INTERNAL ACCOUNTING CONTROL SYSTEM
ENGLISH TRANSLATION OF A REPORT ORIGINALLY ISSUED IN KOREAN

TO THE PRESIDENT OF LOTTE SHOPPING CO., LTD.;

We have reviewed the accompanying Report on the Operations of Internal Accounting Control System ("IACS") of Lotte Shopping Co., Ltd. (the "Company") as of December 31, 2010. The Company's management is responsible for designing and maintaining effective IACS and for its assessment of the effectiveness of IACS. Our responsibility is to review management's assessment and issue a report based on our review. In the accompanying report of management's assessment of IACS, the Company's management stated: "Based on the assessment on the operations of the IACS, the Company's IACS has been effectively designed and is operating as of December 31, 2010, in all material respects, in accordance with the IACS Framework issued by the Internal Accounting Control System Operation Committee."

We conducted our review in accordance with IACS Review Standards, issued by the Korean Institute of Certified Public Accountants. Those Standards require that we plan and perform the review to obtain assurance of a level less than that of an audit as to whether the Report on the Operations of Internal Accounting Control System is free of material misstatement. Our review consists principally of obtaining an understanding of the Company's IACS, inquiries of company personnel about the details of the report, and tracing to related documents we considered necessary in the circumstances. We have not performed an audit and, accordingly, we do not express an audit opinion.

A company's IACS is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Because of its inherent limitations, however, IACS may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Based on our review, nothing has come to our attention that the Report on the Operations of Internal Accounting Control System as of December 31, 2010 is not prepared in all material respects, in accordance with the IACS Framework issued by the Internal Accounting Control System Operation Committee.

This report applies to the Company's IACS in existence as of December 31, 2010. We did not review the Company's IACS subsequent to December 31, 2010. This report has been prepared for Korean regulatory purposes, pursuant to the External Audit Law, and may not be appropriate for other purposes or for other users.

KPMG Samjong Accounting Corp.

March 2, 2011

This report is annexed in relation to the audit of the non-consolidated financial statements as of December 31, 2010 and the review of internal accounting control system pursuant to Article 2-3 of the Act on External Audit for Stock Companies of the Republic of Korea.

REPORT ON THE OPERATIONS OF
INTERNAL ACCOUNTING CONTROL SYSTEM
JANUARY 11, 2011

**TO THE BOARD OF DIRECTORS AND
INTERNAL AUDITOR (AUDIT COMMITTEE) OF
LOTTE SHOPPING CO., LTD.;**

I, as the Internal Accounting Control Officer ("IACO") of Lotte Shopping Co., Ltd. (the "Company"), have assessed the status of the design and operations of the Company's internal accounting control system ("IACS") for the year ended December 31, 2010.

The Company's management including IACO is responsible for the design and operations of its IACS. I, as the IACO, have assessed whether the IACS has been effectively designed and is operating to prevent and detect any error or fraud which may cause any misstatement of the financial statements, for the purpose of establishing the reliability of financial reporting and the preparation of financial statements for external purposes. I, as the IACO, applied the IACS Framework for the assessment of design and operations of the IACS.

Based on the assessment of the operations of the IACS, the Company's IACS has been effectively designed and is operating as of December 31, 2010, in all material respects, in accordance with the IACS Framework issued by the Internal Accounting Control System Operation Committee.



Hyun Soo, Kim
Internal Accounting Control Officer



Chul Woo, Lee
Chief Executive Officer or President

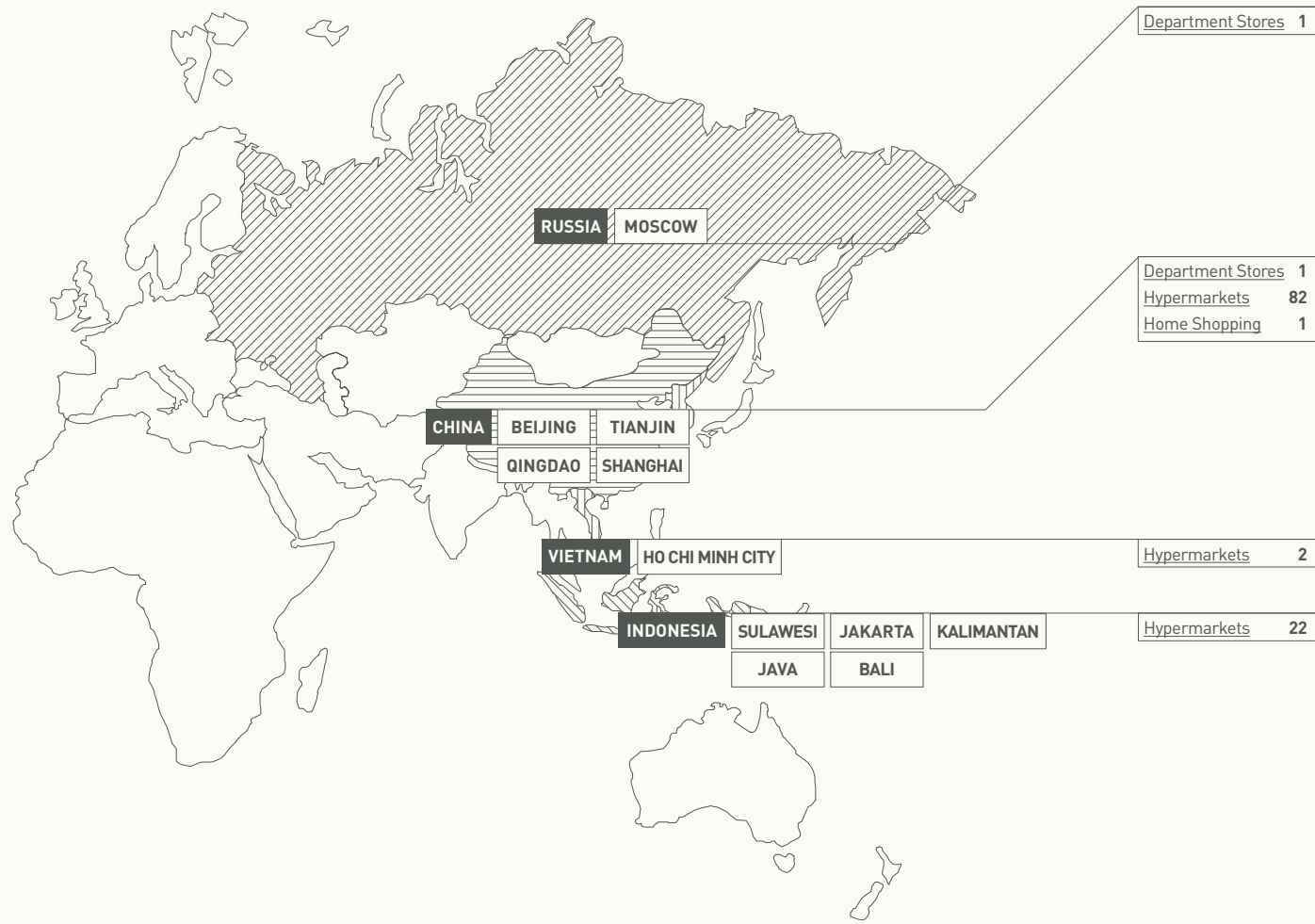
FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2008

	2010 In KRW millions	2009 In KRW millions	2008 In KRW millions
Sales	₩ 20,330,572	₩ 16,010,345	₩ 17,851,061
Cost of sales	₩ 13,972,421	₩ 10,788,271	₩ 12,268,348
Gross profit	₩ 6,358,151	₩ 5,222,074	₩ 5,582,713
Selling and administrative expenses	₩ 4,931,297	₩ 4,073,757	₩ 4,329,877
Operating income	₩ 1,426,854	₩ 1,148,317	₩ 1,252,836
Non-operating income	₩ 586,120	₩ 430,651	₩ 406,881
Interest income	69,347	60,244	65,193
Dividend income	5,071	2,364	2,909
Gain on foreign currency transactions	49,230	9,412	819
Gain on foreign currency translation	30,254	111,557	5,907
Equity in earnings of equity method accounted investments	85,735	142,095	51,136
Gain on disposition of equity method accounted investments	6,223	5,630	20,395
Gain on valuation of derivative instruments	57,657	1	184,663
Gain on disposition of derivative instruments	10,052	2,861	-
Gain on disposition of property, plant and equipment	216,333	3,937	48,887
Gain from assets contributed	-	-	8,378
Others	56,218	92,550	18,594
Non-operating expenses	₩ 513,136	₩ 386,405	₩ 341,304
Interest expense	195,392	100,241	35,701
Loss on foreign currency transactions	61,733	18,180	849
Loss on foreign currency translation	108,907	29,929	190,382
Equity in loss of equity method accounted investments	28,751	32,548	68,902
Loss on valuation of derivative instruments	22,600	103,717	59
Loss on disposition of property, plant and equipment	13,748	7,591	14,006
Loss on revaluation of land	-	8,268	-
Others	82,005	85,931	31,405
Income before income taxes	₩ 1,499,838	₩ 1,192,563	₩ 1,076,717
Net profit	₩ 1,043,834	₩ 765,850	₩ 786,177

OVERSEAS STORE NETWORK
AS OF DECEMBER 31, 2010

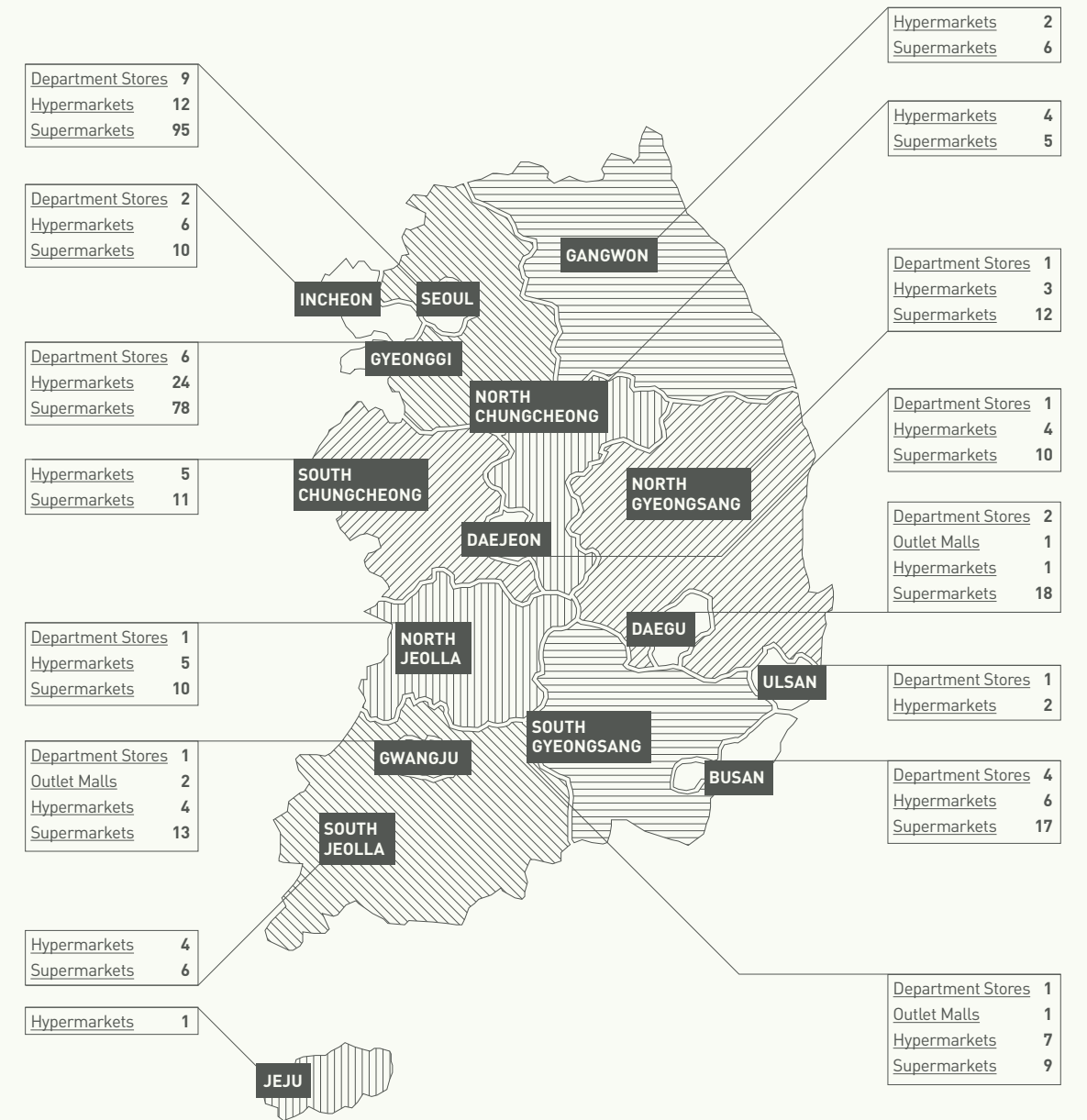
Department Stores	2
Hypermarkets	106
Home Shopping	1



DOMESTIC STORE NETWORK
AS OF DECEMBER 31, 2010

Department Stores*	29
Outlet Malls	4
Hypermarkets	90
Supermarkets	277

* Includes six stores managed under contract.



MILESTONES
1979-2010

LEADING KOREAN RETAIL INTO A GLOBAL FUTURE

At Lotte Shopping, we've been winning the hearts of Korean shoppers with top brands and unrivaled service since 1979. Over the past three decades, we've expanded from department stores into virtually every segment of retail with supermarkets, convenience stores, home shopping networks, and outlet malls. In addition to operating 29 department stores*, 90 supermarkets, and 277 supermarkets in Korea, we are an increasingly global retailer. We now operate a department store in Russia, a department store and 82 hypermarkets in China, 22 hypermarkets in Indonesia, and 2 hypermarkets in Vietnam. Today, we have our sights set on becoming one of the world's top-10 retailers by 2018.

* Includes six stores managed under contract.

November 1979

Lotte Shopping Co., Ltd. is founded

December 1979

Opened first Lotte Department Store

June 1996

Launched LotteShopping.com

April 1998

Opened first Lotte Mart

January 2000

Spun off LotteShopping.com to create Lotte.com

May 2001

Opened first Lotte Super

October 2002

Acquired Nowon department store from Midopa

November 2003

Opened first Lotte Young Plaza

December 2003

Spun off credit card business to subsidiary Lotte Card

March 2004

Acquired 25 supermarkets from Hanwha Super

March 2005

Opened Avenuel

February 2006

Listed on London and Korean stock exchanges

August 2006

Acquired majority stake in Woori Home Shopping

September 2007

Opened first overseas department store in Moscow

December 2007

Entered Chinese hypermarket sector with acquisition of Makro

August 2008

Opened second overseas department store in Beijing

October 2008

Entered Indonesian hypermarket sector with acquisition of Makro

Opened first Lotte Outlets in Gwangju

December 2008

Opened first Lotte Premium Outlets in Gimhae

Opened first hypermarket in Vietnam

September 2009

Opened second Lotte Outlets in Gwangju

Acquired 7-Eleven convenience stores (Korea Seven)

October 2009

Acquired Times hypermarket chain in China (68 stores)

January 2010

Acquired Buy The Way convenience store chain

February 2010

Acquired GS Square department stores and GS Mart hypermarkets

July 2010

Opened second hypermarket in Vietnam

August 2010

Acquired equity stake in Chinese home shopping network Lucky Pai

Opened first Lotte Outlets in Daegu

Opened first greenfield hypermarket in Indonesia (Store 20)

October 2010

Opened second greenfield hypermarket in Indonesia (Store 21)

November 2010

Acquired Nice Claup Fashion

Opened third greenfield hypermarket in Indonesia (Store 22)

LOTTE GROUP
AS OF DECEMBER 2010

BECOMING ONE OF ASIA'S TOP-10 GLOBAL CORPORATIONS

The Lotte Group was established when Chairman Shin Kyuk-ho founded Lotte Confectionery in 1967. Over the last 43 years it has grown into one of Korea's five largest conglomerates, expanding its business scope to fields including food, retail, tourism, chemicals, construction, machinery, finance, information and technology, and services. The Lotte Group has also been active around the world by exploring overseas markets, especially in Asia, and is working hard in every field to realize its goal of becoming one of Asia's top-10 global corporations by 2018.

LOTTE GROUP

RETAIL

Lotte.com
Lotte Logistics
Lotte Midopa
Lotte Trading
Lotte Shopping
Lotte Asahi Liquor
Lotte Station Building
Cinema Trading
FRL Korea
Woori Home Shopping
Korea Seven

FOOD & BEVERAGE

Daesun Distilling
Lotteria
Lotte Boulangerie
Lotte Samkang
Lotte Confectionery
Lotte Pharmaceutical
Lotte Chilsung Beverage
Lotte Fresh Delica
Wellga
Food Star

TOURISM

Lotte Moolsan
Lotte JTB
Busan Lotte Hotel
Hotel Lotte

CHEMICALS

KP Chemical
KP Chemtech
Korea Fuji Film
Honam Petrochemical
Daesan MMA
Cheongna Energy
Seetec

OTHER SECTORS

Daehong Communications
Lotte Engineering & Construction
Lotte Insurance
Lotte Aluminium
Lotte Asset Development Company
Lotte Giants
Lotte Data Communication
Lotte Card
Canon Korea Business Solutions
Lotte Capital

Thank you for
dropping by
Lotte Shopping.

We invite you
to visit us
online regularly
for the latest
on how we're
making the
world of retail
a more satisfying,
prosperous place.





 LOTTE SHOPPING