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Regulation 32 of the
Overseas Companies
Regulations 2009.

OS AA01

Statement of details of parent law and other information for an overseas company



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Part 1 Corporate company name

Corporate name of overseas company ①	LG CHEM EUROPE GMBH
UK establishment number	B R 0 1 6 9 0 5

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Please complete in typescript or in bold black capitals.

All fields are mandatory unless specified or indicated by *

① This is the name of the company in its home state.

Part 2 Statement of details of parent law and other information for an overseas company

A1 Legislation

Please give the legislation under which the accounts have been prepared and, if applicable, the legislation under which the accounts have been audited.

Legislation ② HGB

② This means the relevant rules or legislation which regulates the preparation and, if applicable, the audit of accounts.

A2 Accounting principles

Accounts Have the accounts been prepared in accordance with a set of generally accepted accounting principles?
Please tick the appropriate box.
☐ **No.** Go to **Section A3.**
☒ **Yes.** Please enter the name of the organisation or other body which issued those principles below, and then go to **Section A3.**

Name of organisation or body ③ Korea Accounting Standard Board

③ Please insert the name of the appropriate accounting organisation or body.

A3 Accounts

Accounts Have the accounts been audited? Please tick the appropriate box.
☐ **No.** Go to **Section A5.**
☒ **Yes.** Go to **Section A4.**

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Statement of details of parent law and other information for an overseas company

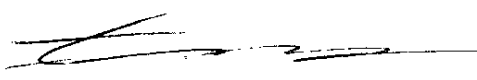
A4 Audited accounts	
Audited accounts	Have the accounts been audited in accordance with a set of generally accepted auditing standards? Please tick the appropriate box. ☐ No. Go to Part 3 'Signature'. ☒ Yes. Please enter the name of the organisation or other body which issued those standards below, and then go to Part 3 'Signature'.
Name of organisation or body ^①	IDW

^① Please insert the name of the appropriate accounting organisation or body.

A5 Unaudited accounts	
Unaudited accounts	Is the company required to have its accounts audited? Please tick the appropriate box. ☐ No. ☐ Yes.

Part 3

Signature

Signature	I am signing this form on behalf of the overseas company.	
	Signature	
	X  X	
This form may be signed by: Director, Secretary, Permanent representative.		

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Statement of details of parent law and other information for an overseas company



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You do not have to give any contact information, but if you do it will help Companies House if there is a query on the form. The contact information you give will be visible to searchers of the public record.

Contact name	Sun Jae Kwon
Company name	KPY Phillips Young LLP
Address	13 Approach Road
Post town	Raynes Park
County/Region	London
Postcode	S W 2 0 8 B A
Country	UK
DX	
Telephone	020 3274 3066



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- ☐ The company name and, if appropriate, the registered number, match the information held on the public Register.
- ☐ You have completed all sections of the form, if appropriate.
- ☐ You have signed the form.



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Report

LG Chem Europe GmbH
Frankfurt am Main

Audit of the Annual Financial Statements for the Period Ending
December 31, 2016
and the Management Report for Financial Year 2016

(Translation - the German text is authoritative)

Engagement: 0.0803740.001



I hereby certify that this is a
correct / true translation of the original.

정영길

CEO, Yangil Jeong

Contents	Page
List of Abbreviations	4
A. Audit Engagement and Confirmation of Independence	5
I. Audit Engagement.....	5
II. Confirmation of Independence	5
B. General Findings	6
I. Opinion on the Management's Assessment of the Company's Position.....	6
II. Significant Business Transactions	7
III. Copy of the Auditor's Report.....	8
C. Subject, Nature and Scope of the Audit	9
D. Findings Regarding Accounting Records.....	12
I. Adequacy of Accounting Records.....	12
1. Bookkeeping System and Other Audited Records	12
2. Annual Financial Statements.....	12
3. Management Report	12
II. Overall Impression given by the Annual Financial Statements	13
E. Conclusion	15

Appendices (see separate table of contents)

For computational reasons, rounding differences of $\pm$ one unit (€, %, etc.) can occur in the tables.

List of Abbreviations

€	Euro
BilRUG	Bilanzrichtlinie-Umsetzungsgesetz [German Accounting Directive Implementation Act]
ff. [et seq.]	fortfolgende [and those that follow]
GmbH	Gesellschaft mit beschränkter Haftung [limited liability company]
GmbHG	Gesetz betreffend die Gesellschaft mit beschränkter Haftung [German Law relating to Limited Liability Companies]
HGB	Handelsgesetzbuch [German Commercial Code]
IDW	Institut der Wirtschaftsprüfer in Deutschland e.V. [Institute of Public Auditors in Germany, Incorporated Association], Düsseldorf
LGCEG	LG Chem Europe GmbH, Frankfurt am Main
LGCK	LG Chem Ltd., Seoul, Korea
PS	Prüfungsstandard des IDW [IDW Auditing Standard]
T€	Thousand

A. Audit Engagement and Confirmation of Independence

I. Audit Engagement

1. Following our election as auditors at the ordinary shareholders' meeting held on June 17, 2016, the management of

LG Chem Europe GmbH, Frankfurt am Main,
(hereinafter referred to as "LGCEG" or "the Company")

engaged us to audit the **annual financial statements** of the Company for the financial year from January 1 through December 31, 2016 including the bookkeeping system and the **management report** for the financial year then ended in accordance with Section 316 et seqq. HGB.

2. As a **large corporation** within the meaning of Section 267 (3) and (4) HGB, LGCEG is required under Section 264 HGB to prepare annual financial statements and a management report and have them audited in accordance with Section 316 et seqq. HGB. Pursuant to Section 325 HGB the annual financial statements and the management report must be electronically submitted with the operator of the Federal Gazette and published in the Federal Gazette.
3. This **engagement** and our liability, also in relation to third parties, are governed by the "General Engagement Terms for Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften" dated January 1, 2002, which are enclosed as an Appendix to this report.
4. We have prepared the following report on the nature and scope and the **results of our audit** in accordance with the principles set forth in IDW PS 450; the audited annual financial statements and the audited management report are attached to this report as Appendices.

II. Confirmation of Independence

5. In accordance with Section 321 (4a) HGB, we confirm that we conducted our audit of the annual financial statements with due regard to the applicable provisions on independence.

B. General Findings

I. Opinion on the Management's Assessment of the Company's Position

6. We present below, in summarized form, the assessment which the management has expressed with respect to LGCEG's position (see Appendix I):

- The Company defines sales and profit before income taxes as key performance indicators for the purposes of corporate management.

Sales, which are the main performance indicator of the Company, rose in comparison to the prior year by € 72.3 million to € 335.5 million. This development was driven in particular by the Company's petrochemical products which contributed a total of € 47.7 million to the sales growth. Particular mention should be given in this respect to the positive development of the premium products, i.e. acrylonitrile butadiene styrene/ABS (up € 23.5 million) and polyolefin/PO (up € 21.1 million).

In addition, sales in the battery business have more than doubled in the reporting year by € 23.5 million to € 39.6 million. This effect, in operational terms, is due to the development of new products, such as an energy storage system for solar energy, but in the amount of € 8.4 million it is attributable to recharged costs for the establishment and operation of the development center for automotive batteries in Sulzbach/Ts., which must be recognized as sales revenue for the first time in the reporting year in accordance with the BilRUG.

Together with a slightly higher gross profit margin having increased to 6.6% of sales, the Company was able to achieve an increase, in absolute terms, of € 5.4 million in gross profit on sales during the reporting year, despite an increase of € 8.1 million in cost of sales as a result of the BilRUG. Furthermore, both the decline of € 7.0 million in other operating income and the decline of € 6.2 million in other operating expenses are due to the initial application of the BilRUG.

Overall, profit or loss before income taxes improved by € 1.2 million to € 5.7 million.

- The net assets and financial position are primarily characterized by the fact that 97.2% (prior year: 97.2%) of liabilities are due to the parent company LGCK.

Financing of the Company is therefore dependent on the Company's inclusion in the LG Chem Group and, in particular, on the credit facilities provided by the parent company.

No bank loans or overdrafts were reported as of December 31, 2016.

In our opinion, the management report contains the following **core statements regarding the future development with its material opportunities and risks**:

- According to the management, the Company's risk management mainly consists of limiting currency risks, bad debt risks and avoiding liquidity shortages. In the management report, the management extensively considers the measures which have been taken with regard to the respective risks.
- For the year 2017, management expects to see a sales increase of € 61.7 million to € 397.2 million and profit before income taxes in the amount of € 4.14 million.

- This is to be achieved by concentrating the Company's business activities on the Company's premium products such as absorbent polymer plastic/SAP and polyolefin/PO, as well as other products of the petrochemical industry.
 - Despite the good opportunities of LG Chem Europe GmbH for strengthening its competitive situation in Europe, the possibility that the global economy might again weaken means that, in principle, there is a risk that the Company might not always be able to fully meet its sales and profitability targets in the financial year to come.
7. The assessment of the Company's position and, in particular, the assessment of the Company's ability to continue as a going concern and its material opportunities and risks of future development have been reasonably and appropriately determined. According to the results of our audit and the knowledge obtained, the legal representatives' assessment of the Company's position is appropriate in terms of scope and accurate in terms of content.

II. Significant Business Transactions

Further expansion of the development center for automotive batteries

8. The Company had already opened up a technology center for electrical vehicle batteries at Sulzbach/Ts. in 2014. This center carries out not only technical services but also development work. Further investments were made in a test chamber and various testing facilities during the reporting year and additional employees were recruited. As a result of the measures in this business segment, the Company aims to expand its market position significantly and to achieve a suitable position for co-operation with European manufacturers.

In this respect, the Company incurred expenses to a total of T€ 7,840 in the reporting year (prior year: T€ 5,669), in particular for personnel (T€ 5,306; prior year: T€ 3,696), travel expenses (T€ 666; prior year: T€ 561), rent (T€ 393; prior year: T€ 265) and freight costs (T€ 195; prior year: T€ 120) which are charged on to the parent company LGCK with a profit markup of around 5%.

In accordance with the new regulations under the BilRUG, these expenses must be reported under "cost of sales" in the reporting year (T€ 7,840) since, according to the BilRUG, such costs charged on to the parent company constitute services that have to be shown as sales revenue (T€ 8,362).

The comparative amounts of the previous year - as provided for under BilRUG - were not adjusted with the consequence that the expenses for the development center incurred in the prior year were shown unchanged as "other operating expenses" (T€ 5,669), the costs charged on in this context were also reported in the same way as last year under "other operating income" (T€ 5,881).

III. Copy of the Auditor's Report

9. Based on the final results of our audit we issued the following unqualified auditor's report dated July 31, 2017:

"Auditor's Report

We have audited the annual financial statements, comprising the balance sheet, the income statement and the notes to the financial statements, together with the bookkeeping system, and the management report of LG Chem Europe GmbH, Frankfurt am Main, for the business year from January 1 to December 31, 2016. The maintenance of the books and records and the preparation of the annual financial statements and management report in accordance with German commercial law are the responsibility of the Company's Managing Directors. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system, and the management report based on our audit.

We conducted our audit of the annual financial statements in accordance with Section 317 HGB [Handelsgesetzbuch - German Commercial Code] and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements in accordance with [German] principles of proper accounting and in the management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records, the annual financial statements and the management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by the Company's Managing Directors as well as evaluating the overall presentation of the annual financial statements and management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion based on the findings of our audit, the annual financial statements comply with the legal requirements and give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with [German] principles of proper accounting. The management report is consistent with the annual financial statements, complies with the legal requirements and as a whole provides a suitable view of the Company's position and suitably presents the opportunities and risks of future development."

C. Subject, Nature and Scope of the Audit

10. The subject of our audit was the **bookkeeping system**, the **annual financial statements** for the financial year from January 1 through December 31, 2016, consisting of the balance sheet, income statement and notes to the financial statements, prepared in accordance with the provisions stipulated by commercial law for all merchants (Sections 242 to 256a HGB), the supplementary provisions for corporations (Sections 264 to 288 HGB) as well as additional legal form-specific provisions (e.g. Section 42 GmbHG), and the **management report** for financial year 2016. The responsibility for the compliance of the bookkeeping system, annual financial statements and management report with the applicable requirements lies with the Company's legal representatives. Our responsibility was to examine these documents to determine whether they comply with the statutory accounting provisions. We examined the management report to determine whether it is consistent with the annual financial statements and the knowledge obtained in the course of our audit and whether, on the whole, it provides a suitable view of the Company's position. At the same time, we also examined whether the management report suitably presents the opportunities and risks of future development. The examination of the management report also included assessing whether the statutory provisions for the preparation of the management report had been observed.
11. Our engagement to audit the annual financial statements did not include assessing the adequacy of the Company's **insurance coverage**, or in particular, whether all risks have been recognized and sufficiently insured.
12. We conducted our **audit** on the Company's premises in Frankfurt am Main in December 2016 (preparatory audit procedures) and in January 2017, with final work being done at our branch office in Frankfurt am Main between February and July 2017.
13. The **starting point** was the annual financial statements for the financial year from January 1 through December 31, 2015, which we had audited and provided with an unqualified auditor's report.
14. We conducted our audit in accordance with the provisions of Section 316 et seqq. HGB and the **generally accepted standards for the audit of financial statements** as set forth in the IDW Auditing Standards. In accordance herewith we planned our audit in such a way as to detect any inaccuracies and violations of statutory provisions which have a material influence on the presentation of a true and fair view of the net assets, financial position and results of operations in the annual financial statements. Our engagement did not include detecting or clarifying criminal offenses (such as fraud or any other form of breach of trust) or breach of administrative rules unrelated to the accounting context, or assessing the effectiveness or operational efficiency of the management. However, we planned and conducted our audit such that *misstatements and violations which are mate-*

rial to the accounting would be detected with reasonable assurance. The Company's legal representatives are responsible for the implementation and enforcement of suitable measures to avoid or detect misstatements and violations.

15. In accordance with our **risk-driven audit approach** we initially acquired up-to-date knowledge of the economic and legal environment of the Company. Based on this, we made ourselves familiar with the organizational structure of the Company and its corporate objectives and strategies in order to identify the business risks that may lead to material errors in the accounting records. By conducting interviews with the management and inspecting the organizational documentation of the Company, we then examined what measures the Company has taken to manage these business risks. In this connection, we examined the adequacy of the Company's accounting-related internal control system. The examination of the internal control system focused on the following areas that are closely related to the accounting:

- The Company's control environment
- Regulations aligned towards the determination and analysis of risks relevant to the accounting
- Implementation of control activities by the management as a response to risks that were identified
- Bookkeeping system as well as internal business communication processes
- Monitoring of the internal control system by the management

The audit procedures which we performed on the internal control system were primarily directed towards the following business areas: billing, bank settlement as well as settlement of customer and supplier current accounts.

The main objective of the audit procedures described above was to identify those business risks that constitute a particular source of risk for material errors in the accounting records. We considered this knowledge in determining our further audit procedures. In areas where the management has implemented adequate internal controls to limit such risks, we conducted **tests of operation** to satisfy ourselves of the continuous effectiveness of those internal controls. The degree of effectiveness of those internal controls then determined the nature and scope of our examination of individual business transactions and balances and the extent of our analytical audit procedures. To the extent we could rely on the accuracy of the figures to be audited because of the effectiveness of the Company's internal controls, we extensively reduced the scope of our examination of individual transactions. Especially in the case of business transactions which, by their nature, are recorded and processed in large numbers according to identical procedures and within the framework of effective internal control (according to our preliminary findings), the audit focused on the consistent application of the internal controls of the Company. In the other areas, we mainly conducted tests of details on a sample basis, and analytical audit procedures. In accordance with the principle of

materiality and the requirement of efficiency we therefore performed substantive audit procedures to obtain audit assurance.

16. These are the areas of emphasis which we determined for our audit of the annual financial statements:

- Initial application of the BilRUG for the period ending 2016
- Existence, recognition and valuation of inventories
- Existence and recoverability of trade receivables
- Evidence of existence, recoverability as well as measurement of receivables from and payables to affiliated companies
- Completeness and valuation of provisions

17. To audit the items in the annual financial statements of the Company, we reviewed excerpts from the Commercial Register, supply and service contracts as well as other business records. We observed the physical count of inventories carried out at the sites in Winsen (Luhe) on December 14, 2016, and Rotterdam/Netherlands on December 20, 2016. In order to identify potential risks from pending litigation, we requested attorneys' confirmations as of December 31, 2016, and to audit trade receivables and payables, we requested balance confirmations as of October 31, 2016. We also obtained balance confirmations from affiliated companies as of December 31, 2016. We obtained bank confirmations as of December 31, 2016 in order to audit the relationships with banks and financial services institutions. The Company requested confirmations from warehouse keepers about the inventories they held as of December 31, 2016 which we were able to use within the scope of our audit.

18. The management and the staff members authorized by the management supplied us with all **information and supporting documentation** which we requested.

The management submitted to us a standard letter of representation relating to the annual financial statements.

The management also confirmed in a supplementary representation that according to its view the effects from audit differences not corrected in the annual financial statements are not of a material nature in each individual case and as a whole.

D. Findings Regarding Accounting Records

I. Adequacy of Accounting Records

1. Bookkeeping System and Other Audited Records

19. According to our findings, the **bookkeeping system** and the **voucher system** are proper and in compliance with the statutory provisions. The information which can be obtained from the other records audited is properly represented in the bookkeeping system, the annual financial statements and the management report.
20. Our audit has not revealed any matters which indicate that the Company's organizational and technical arrangements are inappropriate to ensure the **security of the accounting-relevant data and IT systems**.
21. According to our findings, the accounting-related **internal control system** is generally suitable to ensure complete and accurate recording, processing, documentation and safeguarding of the bookkeeping data.

2. Annual Financial Statements

22. The annual financial statements of LGCEG, consisting of the balance sheet, income statement and notes to the financial statements, for the financial year from January 1 through December 31, 2016, were prepared in accordance with the statutory provisions including the legal form-specific provisions and [German] principles of proper accounting. The shareholder agreement does not contain any supplementary provisions which would have had to be observed.
23. The balance sheet and the income statement were properly derived from the bookkeeping system and the other audited records. In doing so, the recognition, disclosure and valuation requirements of commercial law were observed.
24. The notes to the financial statements comply with the statutory provisions. The disclosures in the notes to the financial statements are complete and appropriate.

3. Management Report

25. The management report complies with the statutory provisions (Section 289 HGB). It is consistent with the annual financial statements and the findings obtained in the course of our audit. On the whole, the management report provides a suitable view of the Company's position. In our opinion, the presentation of the material opportunities and risks of future development in the management report is appropriate.

II. Overall Impression given by the Annual Financial Statements

26. The annual financial statements comply with the statutory provisions and, as a whole, give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with [German] principles of proper accounting.
27. To provide a better understanding of the overall impression given by the annual financial statements, we refer below, as required by law, to the material valuation principles and the influence that changes to the valuation principles have had, as a whole, on the overall impression given by the annual financial statements (Section 321 (2) Clause 4 HGB).

Material valuation principles including changes thereof

28. **Inventories** are recognized at the lower of acquisition cost or market prices as of the balance sheet date. For purposes of loss-free valuation, the sales market was used for the derivation of the lower fair value as of the balance sheet date as the Company's inventories are exclusively designated for resale. No write-downs to the lower market prices were required as of the balance sheet date.

In addition, lump-sum valuation allowances in the amount of T€ 64 have been recognized in relation to inventories (prior year: T€ 183) in order to take account of risks from above-average storage duration. The merchandise reported as of the balance sheet date in the amount of € 49.6 million have largely been sold until the completion of the audit. Against this background, no further valuation allowance was set up in relation to inventories.

29. In the reporting year, valuation allowances in relation to **trade receivables** were determined using flat depreciation rates:
- 1% on receivables overdue for a period of up to 6 months
 - 10% on receivables overdue for a period of 6 to 12 months
 - 50% on receivables overdue for a period of 12 to 18 months
 - 100% on receivables overdue for a period of over 18 months.

Receivables for which specific valuation allowances have been set up to cover special credit risks as well as insured receivables were disregarded for the purpose of the calculation.

Most of the trade receivables of € 67.3 million reported on the balance sheet date had already been paid by the time the audit had been completed.

30. The German Act on the Implementation of the new EU Accounting Directive (BilRUG) of July 17, 2015 was published in the Federal Law Gazette on July 22, 2015 and, consequently, came into effect on July 23, 2015. Thus, the application of Section 267 HGB (new version) is mandatory from the financial year beginning after December 31, 2015 for the first time. Furthermore, the classification format of the income statement in the version applicable after the BilRUG came into force is mandatorily applicable.

The Company applied the regulations of the BilRUG for the first time in the reporting year, which involved corresponding changes in the structure of the income statement. Accordingly, in particular the "profit or loss after taxes" item was inserted while the "profit or loss on ordinary activities" item shown in the prior-year financial statements was deleted.

In addition, the new definition of sales revenue according to the BilRUG resulted in the Company having reported recharged services in the amount of T€ 8,633 as "sales" for the first time in the reporting year which were disclosed as "other operating income" in the prior year (T€ 6,011). The expenses underlying the recharged costs are furthermore shown as "cost of sales" for the first time (T€ 8,108). In the prior year, the corresponding expenses were stated as "other operating expenses" (T€ 5,799) and "selling expenses" (T€ 130). The prior-year disclosures were not adjusted in accordance with the BilRUG regulations.

Against this background, the present annual financial statements are not comparable with the previous year.

31. Please refer to the notes to the financial statements (see Appendix II) for further details concerning the accounting and valuation principles.

E. Conclusion

We have prepared the above report on the audit of the annual financial statements of LG Chem Europe GmbH, Frankfurt am Main, for the financial year from January 1 through December 31, 2016, and the management report for the financial year then ended in accordance with the statutory provisions and the generally accepted standards for the issuance of long-form audit reports for the audits of financial statements (IDW PS 450).

The auditor's report is included in report section B "Copy of the Auditor's Report".

Frankfurt am Main, July 31, 2017

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

(sgd. Jens-Peter Otto)
Wirtschaftsprüfer
(German Public Auditor)

(sgd. ppa. Christoph Dietzel)
Wirtschaftsprüfer
(German Public Auditor)

Appendices

Appendices	Page
I Management Report for Financial Year 2016	1
II Annual Financial Statements	1
1. Balance Sheet as of December 31, 2016	2
2. Income Statement for the Period from January 1 through December 31, 2016.....	5
3. Notes to the Financial Statements for Financial Year 2016	7
III Legal Background, Economic Background, Tax Situation.....	1

General Engagement Terms for Wirtschaftsprüfer and
Wirtschaftsprüfungsgesellschaften dated January 1, 2002

LG Chem Europe GmbH
Management Report for Financial Year 2016

1. Business Activity and Organization

LG Chem Europe GmbH ("the Company") is primarily engaged in the sale of chemical products and products of the information and electronics industries in Germany and Europe, which are mainly bought, directly or indirectly, from the parent company LG Chem Ltd., Seoul/Korea. In addition, LG Chem Europe GmbH starts business relations with trading partners on the European market on behalf of the parent company. In this context, the Company maintains branch offices in Paris/France and Milan/Italy for purposes of market research and procurement of information.

In financial year 2016, the Company employed 73 salaried employees on average including 2 managing directors. Another 3 managing directors are not employed by the Company. Except for the managing directors, 6 people were employed in administration, 41 in sales and 24 in technical services. About a quarter of the staff of LG Chem Europe GmbH consists of employees seconded as expatriates by the parent company LG Chem Ltd., Seoul/Korea.

Sales and the profit before income taxes are key performance indicators for the purposes of corporate management. The Company does not apply any non-financial key performance indicators.

Development

In May 2014, the Europe Automotive Battery Tech Center ("EABTC") in Sulzbach/Ts. started its activities providing European customer with state of the art development services and other technical services in the field of high-performance batteries for hybrid electric vehicles and electric vehicles. In 2016, the EABTC invested to reinforce the testing room and professional staff, 23 at the end of 2016 (17 people in previous year).

2. Economic Report

Course of Business

The aim of LG Chem Europe GmbH is to be the customers' partner in implementing their goals. "Growing with customers by providing innovative materials and solutions" is the slogan of the Company in order to strengthen the relationship with our customers in highly competitive markets at times of slow economic growth in Europe. At the same time, the Company changed its selling approach in several respects. It now focuses more strongly on premium brands and enhances cooperation arrangements in order to develop solutions according to the customers' needs.

The Company closed financial year 2016 with net income for the year in the amount of € 3,778,886.01 (prior year: € 3,019,024.15).

Though the market environment was always changing due to raw material price and severe competition, the Company saw a successful year 2016. The business and trade relations with customers on the European market developed favorably once again in 2016. Sales,

which are the Company's most important performance indicator, were up 27.5% when compared to 2015, from € 263.1 million in 2015 to € 335.5 million in 2016.

The sales of the petrochemical division increased by 19.3% or € 47.7 million to € 299.7 million in financial year 2016. The largest sales amounts are once again attributable to the SAP products (Super Absorbent Polymer - absorbent polymer plastic) and the PO products (Poly Olefin) as well as ABS (Acrylonitrile Butadiene Styrene), which are among the Company's premium products. Sales of these products with customers increased by 6.7% or € 7.0 million in absolute terms (SAP/Acrylate), increased by 31.2% or € 21.1 million (PO) and increased by 67.7% or € 23.5 million (ABS) when compared to the prior year.

The sales of the battery division increased by 146.2% or € 23.5 million, more than doubled in 2016. This is due mainly to the launch of new industrial developments, such as power tools and energy storage systems coupled with solar energy. Moreover, the change in the definition of sales according to the new Bilanzrichtlinie-Umsetzungsgesetz (BilRUG) caused an increase in sales of € 8.4 million compared to prior year referring to the cross charge of expenses incurred for the operation of the EABTC, which have been assigned to the battery division.

In the last year's management report the Company expected an increase in sales of € 9.6 million (or + 3.6%) to € 272.7 million for 2016. The Company, however, outperformed this estimate with actual sales of € 335.5 million, which represents an increase of € 72.3 million (or + 27.5%). This deviation from expectations is primarily attributable to stronger than expected sales of the petrochemical and battery divisions to existing and new customers.

Compared to the prior year, the Company recorded increase in the gross profit to 6.6% of sales (prior year: 6.4% of sales), despite of the weak sales prices in the petrochemical industry and to contract-related lower margins and rising sales in the case of specific customers. In absolute terms, the Company achieved an increase in gross profit of € 5.4 million, compared to the previous year.

Overall, the company was able to achieve a total increase of € 1.2 million in the profit before income taxes to € 5.7 million. In last year's management report the Company expected a profit before income taxes was € 2.75 million. This outperformance is mainly caused by the higher than expected sales together with an improved gross profit margin.

Net Assets

In financial year 2016, the balance sheet total amounted to € 139.9 million, which is an increase of € 45.3 million when compared to the prior year and, on the assets side of the balance sheet, is due, in particular, to increased trade receivables (+ € 27.2 million) as well as an increase in inventory (+ € 12.2 million).

Most of the Company's assets are of a short-term nature (99.4% of the balance sheet total). Current assets mainly reflect inventories and trade receivables (altogether 83.6% of the assets).

The increase of € 27.2 million in trade receivables is due in particular to the creation of new customers and sales volume increase of existing customers.

Shareholders' equity of the Company amounts to € 18.1 million (equivalent to 12.9% of the balance sheet total; prior year: 15.1%). The increase of € 3.8 million relates to the net income for the reporting year.

Furthermore, payables to affiliated companies increased by € 38.4 million to € 115.5 million, mainly in line with higher levels of accounts receivables and inventories.

Financial Position

One feature of the net assets and financial position is that the majority of liabilities in the total amount of € 118.9 million (prior year: € 79.2 million) are owed to the parent company, LG Chem Ltd., Seoul/Korea (€ 115.5 million, or 97.2%, of total liabilities). Financing of the Company is thus dependent on the Company's inclusion in the LG Chem Group and, in particular, on the credit facilities provided by the parent company LG Chem Co. Ltd., Seoul/Korea. No bank loans or overdrafts are shown on the balance sheet as of December 31, 2016.

The company was able to meet all financial obligations in the business year.

Results of Operations

Sales increased by € 72.3 million (or + 27.5%) to € 335.5 million.

Overall, compared to the prior year, the Company recorded an increase in the gross profit to 6.6% of sales (prior year: 6.4% of sales), primarily due to lower purchase prices.

Due to the changed definition of sales according to the new BilRUG, leading to the first-time presentation of the proceeds certain services as sales in 2016, increased by € 8.6 million, and the other operating income declined by € 7.0 million to € 2.7 million. Both effects mainly refer to services the company provided in 2016 and 2015 within the scope its EABTC and which were cross charged to LG Chem Ltd., Seoul/Korea., with a mark-up.

Also according to BilRUG, the related costs for the services, which are presented as sales in 2016 for the first time, totaling to € 8.1 million are classified as cost of sales, whereas they are presented as other expenses in 2015. As a result, cost of sales increased by € 8.1 million, whereas other expenses increased by € 6.2 million.

Moreover, the net of foreign exchange income and expenses brought a loss of € 0.5 million due to the weakness of Euro compared to the US Dollar in 2016.

Overall, these developments led to a total increase of € 0.8 million in the net income to € 3.8 million.

3. Opportunities and Risks

Given that the advantages of electrically powered vehicles could not unfold their full potential in the past due insufficient concrete strategy of Original Equipment Manufacturers (OEMs), we will further expand our business aligning with European OEMs.

As core strategy towards electrification of Europe OEMs are established recently, huge electric vehicle projects have been acquired by LG Chem last year.

Not only that the projects have been acquired but also upcoming opportunities are foreseen. We assume that the global electric vehicle industry will face strong growth in near years, emanating particularly from the European markets.

Therefore, we will continue to invest in this field and expand our position to become an important partner for European OEMs. The Company regularly implements measures to recognize and limit potential risks which might endanger the Company's future development. LG Chem Europe GmbH is included in the reporting system of the LG Chem Ltd. Group. Furthermore, budgets are prepared and compared to the actual figures. To the extent they can be insured, asset risks are covered by appropriate insurance policies.

The Company's risk management mainly comprises the limitation of price and currency risks, the management of bad debt risks and the avoidance of liquidity shortages.

Price risks arise from the general volatility of the international and national commodity markets and refer particularly to the price developments for petrochemical products. By purchasing the products sold exclusively from the parent company, LG Chem Ltd., the Company can reduce these risks.

The Company's policy with regard to the currency risk, which continues to be the most important risk for the Company in terms of potential amounts and probability of occurrence, is to ensure that receivables and liabilities are simultaneously denominated in the same currency. Even though the Company tries to avoid currency risks, it still carries a certain currency risk with regard to the development of the euro.

The risk of bad debt losses is primarily covered by a commercial credit insurance policy. In addition, the Company has a strict accounts receivable management. Customers with a low degree of creditworthiness are generally supplied only after the receipt of advances.

Liquidity risks are managed by means of credit facilities provided for trade payables that result from the procurement of goods from LG Chem Ltd., Seoul/Korea.

The policy according to which the Company buys most of its merchandise directly or indirectly from the parent company or group companies will not be changed in the future.

No risks endangering the Company's ability to continue as a going concern are discernible at present.

4. Expected Development of the Company

A low price in crude oil has maintained following the 4th quarter 2016, though it has increased a little bit. Likewise, downstream petrochemical products has not been enjoying much in terms of profits, and on top of this, importing materials is highly competitive due to the weak euro currency and knowing that local players are trying to defend themselves in order to keep their market share.

Even with the situation, we plan to continue improving sales growth by being more localized strategies such as local warehouse management in several locations to satisfy customer's need. We also value customers in giving technology breakthrough in long term basis and a solution provider in short to midterm period. In this way, we want to grow more than the organic growth of our customers.

For 2017, the management expects a sales increase of 61.7 million (+18.4%) to € 397.2 million.

The sales target is going to be achieved by concentrating the business activities on the premium products of the Company such as SAP and PO, other products of the petrochemical industry even though changeable sales price due to fluctuation of crude oil price.

Against this background, the Company expects a profit before income taxes of € 4.14 million for financial year 2017.

Despite the good opportunities of LG Chem Europe GmbH for strengthening its competitive situation in Europe, the possibility that the global economy might again weaken means that there is a risk that the Company might not always be able to fully meet its sales and profitability targets in the financial year to come.

Frankfurt am Main, July 31, 2017

The Management

Gyeong Ryeol Lee

Youngil Jeong

Jongil Park

Dong-Myung Kim

Junho Lee

LG Chem Europe GmbH, Frankfurt am Main

Balance Sheet as of December 31, 2016

Assets

	12/31/2016	12/31/2015
	€	€
A. Fixed assets		
I. Intangible assets		
Software acquired for a monetary consideration	68,559.49	34,566.28
II. Tangible assets		
Factory and office equipment	787,416.40	434,435.02
III. Financial assets		
Long-term equity investments	51,125.00	51,125.00
	907,100.89	520,126.30
B. Current assets		
I. Inventories		
Merchandise	49,621,231.58	37,383,199.58
II. Receivables and other assets		
1. Trade receivables	67,318,569.22	40,167,553.55
2. Receivables from affiliated companies	1,635,032.31	674,882.96
3. Other assets	2,128,191.54	1,612,733.51
(of which with a residual term of more than one year: € 128,030.00 (prior year € 213,980.00))		
	71,081,793.07	42,455,170.02
III. Cash on hand, bank balances	18,249,951.51	14,211,342.77
	138,952,976.16	94,049,712.37
C. Prepaid expenses and deferred charges	66,940.24	48,118.81
	139,927,017.29	94,617,957.48

Shareholders' Equity and Liabilities

	12/31/2016	12/31/2015
	€	€
A. Shareholders' equity		
I. Subscribed capital	1,000,000.00	1,000,000.00
II. Capital reserve	500,000.00	500,000.00
III. Unappropriated retained earnings brought forward	12,792,611.87	9,773,587.72
IV. Net income for the year	3,778,886.01	3,019,024.15
	18,071,497.88	14,292,611.87
B. Provisions		
1. Tax provisions	1,380,390.56	493,780.28
2. Other provisions	1,621,900.64	613,162.70
	3,002,291.20	1,106,942.98
C. Liabilities		
1. Customer advances	249,775.72	129,623.12
2. Trade payables	1,453,413.24	1,831,288.40
3. Payables to affiliated companies	115,508,629.31	77,104,735.61
4. Other liabilities (of which taxes € 1,364,091.72; prior year € 0.00)	1,641,409.94	152,755.50
	118,853,228.21	79,218,402.63
	139,927,017.29	94,617,957.48

LG Chem Europe GmbH, Frankfurt am Main

**Income Statement for the Period
from January 1 through December 31, 2016**

	2016	2015
	€	€
1. Sales	335,461,269.17	263,119,581.74
2. Cost of sales	-313,264,039.83	-246,339,436.50
3. Gross profit/loss on sales	22,197,229.34	16,780,145.24
4. Selling expenses	-15,237,264.21	-12,051,891.64
5. General administrative expenses	-1,070,375.68	-778,929.60
6. Other operating income (of which income from currency translation € 2,463,690.59; prior year € 3,477,769.11)	2,719,321.87	9,701,284.91
7. Other operating expenses (of which expenses relating to currency translation: € 2,959,153.52; prior year € 3,503,246.76)	-2,959,153.52	-9,171,734.68
8. Other interest and similar income	1,171.64	101.39
9. Interest and similar expenses	-13,809.84	0.00
10. Taxes on income	-1,858,233.59	-1,459,951.47
11. Profit or loss after taxes	3,778,886.01	3,019,024.15
12. Net income for the year	3,778,886.01	3,019,024.15

LG Chem Europe GmbH, Frankfurt am Main**Notes to the Financial Statements for Financial Year 2016****I. General Information**

LG Chem Europe GmbH has its registered head office in Frankfurt am Main and is entered in the Commercial Register at the Local Court [Amtsgericht] of Frankfurt am Main (HR B 75010). As of the balance sheet date of December 31, 2016, the Company is a large corporation pursuant to Section 267 (3) and (4) HGB.

The annual financial statements are prepared in accordance with the accounting regulations applicable for corporations of the German Commercial Code [Handelsgesetzbuch - HGB] as amended by the German Accounting Directive Implementation Act [Bilanzrichtlinie-Umsetzungsgesetz - BilRUG], with due consideration being given to the German Law relating to Limited Liability Companies [Gesetz betreffend die Gesellschaften mit beschränkter Haftung - GmbHG].

The financial year corresponds to the calendar year.

The changes under the BilRUG applicable from January 1, 2016 were taken into account in the present annual financial statements and management report. The "profit or loss on ordinary activities" item shown in the prior year's annual financial statements has been deleted due to the changed structure of the income statement according to the BilRUG; conversely, the "profit or loss after taxes" item was added in the presentation of the prior year in accordance with the BilRUG. As the prior year's figures concerning the items "sales", "cost of sales", "selling expenses", "other operating income" and "other operating expenses" have not been adjusted, the figures for the prior year are comparable with the current figures as of December 31, 2016 only to a limited extent. The respective explanations are provided in the notes to the financial statements.

II. Accounting, Valuation and Disclosure Methods**1. General information**

The income statement has been prepared in accordance with the cost of sales format set out in Section 275 (3) HGB.

The annual financial statements have been prepared on the basis of the going-concern assumption.

2. Intangible assets

Intangible assets acquired from third parties for a monetary consideration are recognized at acquisition cost less scheduled, straight-line amortization; pro-rata amortization is recognized in the year of acquisition. A probable useful life of five years is assumed for this purpose.

3. Tangible assets

Tangible assets are capitalized at acquisition cost.

The acquisition cost also includes the individually attributable incidental acquisition costs and subsequent acquisition costs. Purchase price reductions are deducted.

Depreciation is recognized on a scheduled basis using the straight-line method in line with *probable useful lives of 2 to 23 years*.

Depreciation on additions to movable assets is recognized on a pro rata temporis basis.

4. Financial assets

Financial assets are capitalized at acquisition cost.

They relate exclusively to the shares held in the International School of Frankfurt, Frankfurt am Main.

5. Inventories

Inventories of merchandise are measured at acquisition cost including incidental acquisition costs.

Where necessary, reasonable impairments are recognized to take account of all recognizable risks in inventories resulting from above-average storage duration, diminished marketability and/or lower replacement costs.

6. Trade receivables

Trade receivables are stated at their nominal value. Valuation allowances were charged using flat depreciation rates to take account of the bad debt risk:

- 1% on receivables overdue for a period of up to 6 months
- 10% on receivables overdue for a period of 6 to 12 months
- 50% on receivables overdue for a period of 12 to 18 months
- 100% on receivables overdue for a period of over 18 months.

Receivables for which specific valuation allowances have been set up to cover special credit risks as well as insured receivables were disregarded for the purpose of the calculation.

7. Remaining receivables and other assets, cash on hand and bank balances

These items are recognized at nominal values, reduced by individual allowances where necessary.

8. Prepaid expenses and deferred charges

This item refers to payments made before the balance sheet date which represent expenditure attributable to a specific period after that date.

9. Shareholders' equity

Subscribed capital is carried at its nominal amount, and corresponds to the entry in the Commercial Register as of the balance sheet date.

10. Provisions

For the purpose of creating the provisions, due consideration is given to the identifiable risks and contingent liabilities. The provisions are stated at the settlement amount required in accordance with reasonable commercial assessment.

11. Liabilities

Liabilities are carried at the settlement amount.

Customer advances are measured at their nominal amount.

12. Foreign currency translation

LG Chem Europe GmbH converted its short-term receivables and liabilities (with a term of less than one year) which are denominated in foreign currencies using the average spot exchange rate applicable at the balance sheet date.

III. Notes to the Balance Sheet**1. Fixed assets**

The movements in the individual items of fixed assets are shown in the following fixed-asset movement schedule with details of amortization and depreciation charged in the financial year:

LG Chem Europe GmbH, Frankfurt am Main**Fixed-Asset Movement Schedule as of December 31, 2016**

	Historical cost			
	1/1/2016	Additions	Disposals	12/31/2016
	€	€	€	€
I. Intangible assets				
Software acquired for a monetary consideration	155,156.28	55,434.67	3,266.27	207,324.68
	155,156.28	55,434.67	3,266.27	207,324.68
II. Tangible assets				
Factory and office equipment	701,100.76	479,865.84	0.00	1,180,966.60
	701,100.76	479,865.84	0.00	1,180,966.60
III. Financial assets				
Long-term equity investments	51,125.00	0.00	0.00	51,125.00
	51,125.00	0.00	0.00	51,125.00
	907,382.04	535,300.51	3,266.27	1,439,416.28

Accumulated amortization/depreciation				Net book values	
1/1/2016	Additions	Disposals	12/31/2016	12/31/2016	12/31/2015
€	€	€	€	€	€
120,590.00	18,175.19	0.00	138,765.19	68,559.49	34,566.28
120,590.00	18,175.19	0.00	138,765.19	68,559.49	34,566.28
266,665.75	126,884.45	0.00	393,550.20	787,416.40	434,435.01
266,665.75	126,884.45	0.00	393,550.20	787,416.40	434,435.01
0.00	0.00	0.00	0.00	51,125.00	51,125.00
0.00	0.00	0.00	0.00	51,125.00	51,125.00
387,255.75	145,059.64	0.00	532,315.39	907,100.89	520,126.29

2. Inventories

Inventories consist exclusively of merchandise. Impairments of T€ 64 (prior year: T€ 183) have been created as of the balance sheet date.

3. Receivables and other assets

With the exception of repayment installments not due within one year in respect of employee loans of T€ 128 (prior year: T€ 214), which have been recognized under other assets for reasons of accounting continuity, all receivables and other assets shown as of December 31, 2016 are due within one year, as was the case in the prior year.

Valuation allowances of T€ 33 (prior year: T€ 20) have been set up in relation to receivables in order to cover the credit risk.

The receivables from affiliated companies amounting to T€ 1,635 (prior year: T€ 675) solely relate to trade accounts receivable from the sole shareholder LG Chem Ltd., Seoul, Korea.

4. Shareholders' equity

The subscribed capital is held in full by the shareholder LG Chem Ltd., Seoul, Korea, and was completely paid up with the payment credited as of May 3, 2005. At the same date, the shareholder made a payment of T€ 500 into the capital reserve in accordance with Section 272 (2) No. 4 HGB.

5. Provisions

Tax provisions relate to the taxes payable on income which have been deferred as of the balance sheet date for financial year 2015 to the amount of T€ 494 and for financial year 2016 to the amount of T€ 886.

The "Other provisions" item shown on the balance sheet mainly comprises provisions for outstanding invoices in the amount of T€ 1,133 (prior year: T€ 265) as well as provisions for personnel in the amount of T€ 455 (prior year: T€ 348).

6. Liabilities

As was the case in the prior year, all liabilities as of December 31, 2016 are due within one year.

Unchanged from the prior year, the total amount of payables to affiliated companies stated at the balance sheet date relates to trade accounts payable to the shareholder LG Chem Ltd., Seoul, Korea.

IV. Notes to the Income Statement

1. Sales

Sales broken down according to product groups are as follows:

	2016	2015
	T€	T€
Petrochemicals	294,737	247,039
Energy Solutions (Battery)	39,594	16,081
Information and Electronic Material	1,130	-
	335,461	263,120

The prior year's sales figures are not comparable to those of the reporting year due to the revised version of Section 277 (1) HGB as amended by the BilRUG (HGB new version), because prior year's sales revenue was not adjusted.

If Section 277 (1) HGB (new version) had been applied, the prior year's total sales would have amounted to T€ 269,131. In detail, T€ 247,594 would have accounted for the Petrochemicals division, T€ 21,209 for the Energy Solutions division and T€ 327 for the Information and Electronic Material division.

Since financial year 2016, the following revenues - which are reported in the prior year without change under other operating income - have been shown as sales:

- Development services rendered to group companies (T€ 8,362; prior year: T€ 5,881)
- Rental and lease income (T€ 75; prior year: T€ 98)
- Other income from costs charged on (T€ 196; prior year: T€ 32)

Sales include revenue from distribution services on behalf of the parent company, LG Chem Ltd., Seoul, Korea, in the amount of T€ 7,313 (prior year: T€ 7,203).

The breakdown according to geographical markets is as follows:

	2016	2015
	T€	T€
Germany	21,956	20,967
EU countries	133,595	120,050
Other countries	179,910	122,103
	335,461	263,120

If Section 277 (1) HGB (new version) had been applied, the prior year's sales of T€ 269,130 would have been broken down as follows: T€ 21,065 would have related to Germany, T€ 120,050 to EU countries and T€ 128,015 to other countries.

2. Cost of sales

In accordance with the new regulations of the BilRUG, the expenses for the establishment and operation of the development center for automotive batteries in Sulzbach/Ts. in the amount of T€ 7,840 are allocated to cost of sales for the first time in the reporting year, as the expenses charged on in this context represent services and, thus, sales in accordance with the BilRUG. They comprise in particular personnel costs (T€ 5,306; prior year: T€ 3,696), travel expenses (T€ 666; prior year: T€ 561), rental expenses (T€ 393; prior year: T€ 265) and freight costs (T€ 195; prior year: T€ 120), which are charged on to the parent company LG Chem Ltd., Seoul, Korea, with a profit markup.

The prior year's figures were not adjusted, meaning that the cost of sales is in this respect not comparable with each other. The corresponding expenses for the prior year in the amount of T€ 5,669 which are reflected in the comparison column are shown unchanged under other operating expenses.

In addition, further expenses being recharged that must be reported as sales according to the BilRUG, are allocated to cost of sales for the first time (T€ 268). The prior year's disclosure was not adjusted, which means that the corresponding expenses of the prior year in the amount of T€ 130 are shown unchanged as selling expenses.

If Section 277 (1) HGB (new version) had been applied, the prior year's total cost of sales would have amounted to T€ 252,138.

3. Cost of materials

	2016	2015
	T€	T€
Cost of purchased merchandise	305,156	246,339
Cost of purchased services	2,802	-
	307,958	246,339

In accordance with the new regulations of the BilRUG, the expenses for the establishment and operation of the development center for automotive batteries in Sulzbach/Ts. in the amount of T€ 2,802 - however, net of personnel expenses (T€ 5,306; prior year: T€ 3,696) - are allocated to cost of purchased services for the first time in the reporting year, as the expenses charged on in this context represent services and, thus, sales according to BilRUG. They comprise in particular travel expenses (T€ 666; prior year: T€ 561), rental expenses (T€ 393; prior year: T€ 265), and freight costs (T€ 195; prior year: T€ 120), which are charged on to the parent company LG Chem Ltd., Seoul, Korea, with a profit markup.

The prior year's figures were not adjusted, meaning that the cost of purchased services is in this respect not comparable with each other. The corresponding expenses of the prior year in the amount of T€ 1,973 which are reflected in the comparison column are shown unchanged under other operating expenses.

In addition, further expenses being recharged that must be reported as sales according to the BilRUG, are allocated to cost of purchased services for the first time (T€ 268). The prior year's disclosure was not adjusted, which means that the corresponding expenses of the prior year in the amount of T€ 130 are shown unchanged as other operating expenses.

If Section 277 (1) HGB (new version) had been applied, the prior year's total cost of materials would have amounted to T€ 248,442.

4. Personnel expenses

Personnel expenses are broken down as follows:

	2016	2015
	T€	T€
Wages and salaries	7,660	5,766
Social security benefits	673	461
	8,333	6,228

Personnel expenses include personnel costs in the amount of T€ 5,306 (prior year: T€ 3,696) for the establishment and operation of the development center for automotive batteries in Sulzbach/Ts.

No pension and other benefit costs have been incurred.

5. Selling expenses

This item comprises mainly the following:

	2016	2015
	T€	T€
Freight costs	8,955	6,912
Personnel costs	2,228	2,167
Rental costs	1,697	1,252
Travel expenses	662	521
Advertising, marketing	114	9
Other	1,581	1,191
	15,237	12,052

With respect to the changes arising under the BilRUG, which has to be applied for the first time in financial year 2016, please refer to the statements concerning cost of sales. The prior year's figures were not adjusted, meaning that the other operating income is in this respect not comparable with each other. If Section 277 (1) HGB (new version) had been applied, the prior year's total other operating expenses would have amounted to T€ 11,922.

The increase in selling expenses is due to the increase in the freight volume that was associated with the increase in sales.

The other selling expenses specifically include costs for external services in the amount of T€ 295, external sales commissions in the amount of T€ 310, which are due to generally increased sales activities, as well as commercial credit insurance costs in the amount of T€ 217.

6. General administrative expenses

General administrative expenses comprise mainly the following:

	2016	2015
	T€	T€
Personnel costs	799	595
Audit, legal and consultancy costs	160	116
Other	111	68
	1,070	779

7. Other operating income

Other operating income comprises mainly the following:

	2016	2015
	T€	T€
Service fees	-	5,881
Currency translation	2,464	3,478
Costs charged on	-	70
Other	255	272
	2,719	9,701

With respect to the changes arising under the BilRUG, which has to be applied for the first time in financial year 2016, please refer to the statements concerning sales. The prior year's figures were not adjusted, meaning that the other operating income is in this respect not comparable with each other. If Section 277 (1) HGB (new version) had been applied, the prior year's total other operating income would have amounted to T€ 3,690.

The decrease in income from currency translation mainly results from year-on-year lower exchange rate fluctuations between the euro and the US dollar.

As was the case in the prior year, significant extraordinary and off-period income was not generated in the reporting year.

8. Other operating expenses

Other operating expenses comprise mainly the following:

	2016	2015
	T€	T€
Expenses for the development center for automotive batteries	-	5,669
Currency translation	2,959	3,503
	2,959	9,172

With respect to the changes arising under the BilRUG, which has to be applied for the first time in financial year 2016, please refer to the statements concerning cost of sales. The prior year's figures were not adjusted, meaning that the other operating income is in this respect not comparable with each other. If Section 277 (1) HGB (new version) had been applied, the prior year's total other operating expenses would have amounted to T€ 3,503.

The decrease in expenses relating to currency translation is basically attributable to year-on-year lower exchange rate fluctuations between the euro and the US dollar.

As was the case in the prior year, significant extraordinary and off-period expenses have not been incurred in the reporting year.

9. Taxes on income

Taxes on income amount to T€ 1,858 (prior year: T€ 1,460).

V. Other Disclosures

1. Employees

In financial year 2016, the average staff number amounted to 73 salaried employees (prior year: 54 salaried employees), thereof 2 managing directors.

2. Other financial obligations

In addition to the liabilities shown on the balance sheet, there are other financial obligations arising from rental and leasing agreements.

	12/31/2016
	T€
2017	505
2018	447
2019	359
2020	259
	1,570

The rental and leasing agreements relate to the administration building in Frankfurt am Main, the Europe Automotive Battery Tech Center in Sulzbach/Ts., the office rents in Milan/Italy and Paris/France, as well as to rents for storage capacities, the vehicle fleet and certain office and business equipment (photocopying machines, printers). All of these cases involve operating

lease agreements, which means that the assets are not recognized in the accounts of the Company. The advantage of these agreements is that they tie up a lower amount of capital compared with an acquisition and that there is no realization risk. Risks might result from the term of the agreement if the assets can no longer be utilized fully; however, there are no indications at present that this would be the case.

In addition to the financial obligations detailed above, there are no off-balance-sheet transactions which would be significant for the financial position of the Company.

3. Auditor's fees

The following fees have been recognized as expense in financial year 2016 for the services of the auditor PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt am Main:

	2016	2015
	T€	T€
Auditing services	55	50
Tax advisory services	23	60
	78	110

4. Management and rights of representation

The following gentlemen represented the Company during the reporting year:

- Sanghyun Hong, Oberursel (Taunus), Managing Director Finances (until June 30, 2016)
- Hyun Shik Park, Seoul, Korea, Managing Director (Senior Vice President of LG Chem Ltd., Seoul, Korea) (until December 31, 2016)
- Dong-Myung Kim, Seoul, Korea, Managing Director (Vice President of LG Chem Ltd., Seoul, Korea) (since January 1, 2017)
- Jongil Park, Seoul, Korea, Deputy Chairman (Senior Vice President of LG Chem Ltd., Seoul, Korea)
- Gyeong Ryeol Lee, Oberursel (Taunus), Chairman of the Management - CEO and Managing Director Sales
- Junho Lee, Seoul, Korea, General Manager in Finances of LG Chem Ltd., Seoul, Korea (since March 1, 2016)
- Do Youp Kim, Seoul, Korea, General Manager in Finances of LG Chem Ltd., Seoul, Korea (until February 28, 2016)
- Youngil Jeong, Oberursel/Taunus, Managing Director Finances (since July 1, 2016).

Each managing director is permitted to represent the Company on his own. The compensation of the members of management employed by the Company and in office in financial year 2016 amounted to a total of T€ 664 (prior year: T€ 572).

5. Transactions with related parties

As part of its normal business activities, the Company maintains business relations with affiliated companies, and in particular with its parent company LG Chem Ltd., Seoul, Korea, which are considered to be related companies.

Apart from normal business relations and the compensation for the management, there are no business relations with related persons.

There were no major unusual transactions of the Company with related parties.

6. Consolidated financial statements

LG Chem Ltd., Seoul, Korea, is the sole shareholder responsible for preparing the consolidated financial statements for the largest and simultaneously the smallest group of companies. The consolidated financial statements are published at the registered office of that company in Seoul.

7. Appropriation of profit

The management proposes that the net income for the year in the amount of € 3,778,886.01 should be carried forward to the new account.

8. Report of subsequent events

No events of particular importance which would require reporting have occurred after the end of the financial year.

Frankfurt am Main, July 31, 2017

The Management

Gyeong Ryeol Lee

Youngil Jeong

Jongil Park

Dong-Myung Kim

Junho Lee

Legal Background, Economic Background, Tax Situation

Company	LG Chem Europe GmbH
Registered office	Frankfurt am Main
Commercial Register	Local Court of Frankfurt am Main, No. HRB 75010
Shareholder agreement	Valid in the version of June 24, 2005.
Financial year	The financial year corresponds to the calendar year.
Share capital	The share capital of the Company amounts to T€ 1,000 and was fully paid up by the sole shareholder LG Chem Ltd., Seoul, Korea, on May 3, 2005.
Management	See the notes to the financial statements (Appendix II).
Business activity	According to Section 4 of the shareholder agreement, the purpose of the Company is the import, export, production, sale of and trade in products of all kind, rendering all commercial and financial services, excluding transactions involving real estate and the acquisition and management of patents.
Group affiliation	The Company is a wholly-owned subsidiary of the ultimate parent company LG Chem Ltd., Seoul, Korea, and is included in the ultimate parent company's consolidated financial statements.
Shareholder resolutions	- As a result of the shareholder resolution of June 17, 2016, the audited annual financial statements for 2015, for which an unqualified auditor's report was issued and which show a net income for the year of € 3,019,024.19, were adopted and the management's actions for financial year 2015 were approved. - The net income for financial year 2015 was carried forward to the new account. - PwC was elected as auditors for the year 2016.
Major company agreements	- In a commission agreement between LGCEG and the sole shareholder LG Chem Ltd., LGCEG undertakes to support the sale of the products of LG Chem Ltd. In return, LG Chem Ltd. undertakes to pay a fixed percentage rate in relation to the revenues which are arranged in the form of commission. - In a service agreement between LGCEG and LG Chem Ltd. - Tech Center, LGCEG undertakes to carry out certain marketing activities. LGCEG receives a monthly refund in the amount of the costs incurred plus a 5% margin from LG Chem Ltd. - Tech Center to cover the costs incurred in this connection and also to cover other expenses.

Government tax audit	The Company has been assessed in regard to value-added tax, corporate income tax and trade tax up to and including 2014. No government tax audits took place during the reporting year.
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General Engagement Terms

for

Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften

[German Public Auditors and Public Audit Firms]

as of January 1, 2002

This is an English translation of the German text, which is the sole authoritative version

1. Scope

(1) These engagement terms are applicable to contracts between Wirtschaftsprüfer [German Public Auditors] or Wirtschaftsprüfungsgesellschaften [German Public Audit Firms] (hereinafter collectively referred to as the "Wirtschaftsprüfer") and their clients for audits, consulting and other engagements to the extent that something else has not been expressly agreed to in writing or is not compulsory due to legal requirements.

(2) If, in an individual case, as an exception contractual relations have also been established between the Wirtschaftsprüfer and persons other than the client, the provisions of No. 9 below also apply to such third parties.

2. Scope and performance of the engagement

(1) Subject of the Wirtschaftsprüfer's engagement is the performance of agreed services - not a particular economic result. The engagement is performed in accordance with the Grundsätze ordnungsmäßiger Berufsausübung [Standards of Proper Professional Conduct]. The Wirtschaftsprüfer is entitled to use qualified persons to conduct the engagement.

(2) The application of foreign law requires - except for financial attestation engagements - an express written agreement.

(3) The engagement does not extend - to the extent it is not directed thereto - to an examination of the issue of whether the requirements of tax law or special regulations, such as, for example, laws on price controls, laws limiting competition and Bewirtschaftungsrecht [laws controlling certain aspects of specific business operations] were observed; the same applies to the determination as to whether subsidies, allowances or other benefits may be claimed. The performance of an engagement encompasses auditing procedures aimed at the detection of the defalcation of books and records and other irregularities only if during the conduct of audits grounds therefor arise or if this has been expressly agreed to in writing.

(4) If the legal position changes subsequent to the issuance of the final professional statement, the Wirtschaftsprüfer is not obliged to inform the client of changes or any consequences resulting therefrom.

3. The client's duty to inform

(1) The client must ensure that the Wirtschaftsprüfer - even without his special request - is provided, on a timely basis, with all supporting documents and records required for and is informed of all events and circumstances which may be significant to the performance of the engagement. This also applies to those supporting documents and records, events and circumstances which first become known during the Wirtschaftsprüfer's work.

(2) Upon the Wirtschaftsprüfer's request, the client must confirm in a written statement drafted by the Wirtschaftsprüfer that the supporting documents and records and the information and explanations provided are complete.

4. Ensuring independence

The client guarantees to refrain from everything which may endanger the independence of the Wirtschaftsprüfer's staff. This particularly applies to offers of employment and offers to undertake engagements on one's own account.

5. Reporting and verbal information

If the Wirtschaftsprüfer is required to present the results of his work in writing, only that written presentation is authoritative. For audit engagements the long-form report should be submitted in writing to the extent that nothing else has been agreed to. Verbal statements and information provided by the Wirtschaftsprüfer's staff beyond the engagement agreed to are never binding.

6. Protection of the Wirtschaftsprüfer's intellectual property

The client guarantees that expert opinions, organizational charts, drafts, sketches, schedules and calculations - especially quantity and cost computations - prepared by the Wirtschaftsprüfer within the scope of the engagement will be used only for his own purposes.

7. Transmission of the Wirtschaftsprüfer's professional statement

(1) The transmission of a Wirtschaftsprüfer's professional statements (long-form reports, expert opinions and the like) to a third party requires the Wirtschaftsprüfer's written consent to the extent that the permission to transmit to a certain third party does not result from the engagement terms.

The Wirtschaftsprüfer is liable (within the limits of No. 9) towards third parties only if the prerequisites of the first sentence are given.

(2) The use of the Wirtschaftsprüfer's professional statements for promotional purposes is not permitted; an infringement entitles the Wirtschaftsprüfer to immediately cancel all engagements not yet conducted for the client.

8. Correction of deficiencies

(1) Where there are deficiencies, the client is entitled to subsequent fulfillment [of the contract]. The client may demand a reduction in fees or the cancellation of the contract only for the failure to subsequently fulfill [the contract]; if the engagement was awarded by a person carrying on a commercial business as part of that commercial business, a government-owned legal person under public law or a special government-owned fund under public law, the client may demand the cancellation of the contract only if the services rendered are of no interest to him due to the failure to subsequently fulfill [the contract]. No. 9 applies to the extent that claims for damages exist beyond this.

(2) The client must assert his claim for the correction of deficiencies in writing without delay. Claims pursuant to the first paragraph not arising from an intentional tort cease to be enforceable one year after the commencement of the statutory time limit for enforcement.

(3) Obvious deficiencies, such as typing and arithmetical errors and formelle Mängel [deficiencies associated with technicalities] contained in a Wirtschaftsprüfer's professional statements (long-form reports, expert opinions and the like) may be corrected - and also be applicable versus third parties - by the Wirtschaftsprüfer at any time. Errors which may call into question the conclusions contained in the Wirtschaftsprüfer's professional statements entitle the Wirtschaftsprüfer to withdraw - also versus third parties - such statements. In the cases noted the Wirtschaftsprüfer should first hear the client, if possible.

9. Liability

(1) The liability limitation of § ["Article"] 323 (2) ["paragraph 2"] HGB ["Handelsgesetzbuch": German Commercial Code] applies to statutory audits required by law.

(2) Liability for negligence; An individual case of damages
If neither No. 1 is applicable nor a regulation exists in an individual case, pursuant to § 54a (1) no. 2 WPO ["Wirtschaftsprüferordnung": Law regulating the Profession of Wirtschaftsprüfer] the liability of the Wirtschaftsprüfer for claims of compensatory damages of any kind - except for damages resulting from injury to life, body or health - for an individual case of damages resulting from negligence is limited to € 4 million; this also applies if liability to a person other than the client should be established. An individual case of damages also exists in relation to a uniform damage arising from a number of breaches of duty. The individual case of damages encompasses all consequences from a breach of duty without taking into account whether the damages occurred in one year or in a number of successive years. In this case multiple acts or omissions of acts based on a similar source of error or on a source of error of an equivalent nature are deemed to be a uniform breach of duty if the matters in question are legally or economically connected to one another. In this event the claim against the Wirtschaftsprüfer is limited to € 5 million. The limitation to the fivefold of the minimum amount insured does not apply to compulsory audits required by law.

(3) Preclusive deadlines

A compensatory damages claim may only be lodged within a preclusive deadline of one year of the rightful claimant having become aware of the damage and of the event giving rise to the claim - at the very latest, however, within 5 years subsequent to the event giving rise to the claim. The claim expires if legal action is not taken within a six month deadline subsequent to the written refusal of acceptance of the indemnity and the client was informed of this consequence.

The right to assert the bar of the preclusive deadline remains unaffected. Sentences 1 to 3 also apply to legally required audits with statutory liability limits.

10. Supplementary provisions for audit engagements

(1) A subsequent amendment or abridgement of the financial statements or management report audited by a Wirtschaftsprüfer and accompanied by an auditor's report requires the written consent of the Wirtschaftsprüfer even if these documents are not published. If the Wirtschaftsprüfer has not issued an auditor's report, a reference to the audit conducted by the Wirtschaftsprüfer in the management report or elsewhere specified for the general public is permitted only with the Wirtschaftsprüfer's written consent and using the wording authorized by him.

(2) If the Wirtschaftsprüfer revokes the auditor's report, it may no longer be used. If the client has already made use of the auditor's report, he must announce its revocation upon the Wirtschaftsprüfer's request.

(3) The client has a right to 5 copies of the long-form report. Additional copies will be charged for separately.

11. Supplementary provisions for assistance with tax matters

(1) When advising on an individual tax issue as well as when furnishing continuous tax advice, the Wirtschaftsprüfer is entitled to assume that the facts provided by the client - especially numerical disclosures - are correct and complete; this also applies to bookkeeping engagements. Nevertheless, he is obliged to inform the client of any errors he has discovered.

(2) The tax consulting engagement does not encompass procedures required to meet deadlines, unless the Wirtschaftsprüfer has explicitly accepted the engagement for this. In this event the client must provide the Wirtschaftsprüfer, on a timely basis, all supporting documents and records - especially tax assessments - material to meeting the deadlines, so that the Wirtschaftsprüfer has an appropriate time period available to work therewith.

(3) In the absence of other written agreements, continuous tax advice encompasses the following work during the contract period:

- preparation of annual tax returns for income tax, corporation tax and business tax, as well as net worth tax returns on the basis of the annual financial statements and other schedules and evidence required for tax purposes to be submitted by the client
- examination of tax assessments in relation to the taxes mentioned in (a)
- negotiations with tax authorities in connection with the returns and assessments mentioned in (a) and (b)
- participation in tax audits and evaluation of the results of tax audits with respect to the taxes mentioned in (a)
- participation in Einspruchs- und Beschwerdeverfahren [appeals and complaint procedures] with respect to the taxes mentioned in (a).

In the afore-mentioned work the Wirtschaftsprüfer takes material published legal decisions and administrative interpretations into account.

(4) If the Wirtschaftsprüfer receives a fixed fee for continuous tax advice, in the absence of other written agreements the work mentioned under paragraph 3 (d) and (e) will be charged separately.

(5) Services with respect to special individual issues for income tax, corporate tax, business tax, valuation procedures for property and net worth taxation, and net worth tax as well as all issues in relation to sales tax, wages tax, other taxes and dues require a special engagement. This also applies to:

- the treatment of nonrecurring tax matters, e. g. in the field of estate tax, capital transactions tax, real estate acquisition tax
- participation and representation in proceedings before tax and administrative courts and in criminal proceedings with respect to taxes, and
- the granting of advice and work with respect to expert opinions in connection with conversions of legal form, mergers, capital increases and reductions, financial reorganizations, admission and retirement of partners or shareholders, sale of a business, liquidations and the like.

(6) To the extent that the annual sales tax return is accepted as additional work, this does not include the review of any special accounting prerequisites nor of the issue as to whether all potential legal sales tax reductions have been claimed. No guarantee is assumed for the completeness of the supporting documents and records to validate the deduction of the input tax credit.

12. Confidentiality towards third parties and data security

(1) Pursuant to the law the Wirtschaftsprüfer is obliged to treat all facts that he comes to know in connection with his work as confidential, irrespective of whether these concern the client himself or his business associations, unless the client releases him from this obligation.

(2) The Wirtschaftsprüfer may only release long-form reports, expert opinions and other written statements on the results of his work to third parties with the consent of his client.

(3) The Wirtschaftsprüfer is entitled - within the purposes stipulated by the client - to process personal data entrusted to him or allow them to be processed by third parties.

13. Default of acceptance and lack of cooperation on the part of the client

If the client defaults in accepting the services offered by the Wirtschaftsprüfer or if the client does not provide the assistance incumbent on him pursuant to No. 3 or otherwise, the Wirtschaftsprüfer is entitled to cancel the contract immediately. The Wirtschaftsprüfer's right to compensation for additional expenses as well as for damages caused by the default or the lack of assistance is not affected, even if the Wirtschaftsprüfer does not exercise his right to cancel.

14. Remuneration

(1) In addition to his claims for fees or remuneration, the Wirtschaftsprüfer is entitled to reimbursement of his outlays: sales tax will be billed separately. He may claim appropriate advances for remuneration and reimbursement of outlays and make the rendering of his services dependent upon the complete satisfaction of his claims. Multiple clients awarding engagements are jointly and severally liable.

(2) Any set off against the Wirtschaftsprüfer's claims for remuneration reimbursement of outlays is permitted only for undisputed claims or claims determined to be legally valid.

15. Retention and return of supporting documentation and records

(1) The Wirtschaftsprüfer retains, for ten years, the supporting documents, records in connection with the completion of the engagement - that had been provided to him and that he has prepared himself - as well as the correspondence with respect to the engagement.

(2) After the settlement of his claims arising from the engagement, the Wirtschaftsprüfer, upon the request of the client, must return all supporting documents and records obtained from him or for him by reason of his work on the engagement. This does not, however, apply to correspondence exchanged between the Wirtschaftsprüfer and his client and to any documents of which the client already has the original or a copy. The Wirtschaftsprüfer may prepare and retain copies or photocopies of supporting documents and records which he returns to the client.

16. Applicable law

Only German law applies to the engagement, its conduct and any claims arising therefrom.

Testatsexemplar

LG Chem Europe GmbH
Frankfurt am Main

Jahresabschluss zum 31. Dezember 2016
und Lagebericht für das Geschäftsjahr 2016

Bestätigungsvermerk des Abschlussprüfers



Inhaltsverzeichnis	Seite
Lagebericht.....	1
Jahresabschluss für das Geschäftsjahr vom 1. Januar bis 31. Dezember 2016.....	1
1. Bilanz zum 31. Dezember 2016.....	2
2. Gewinn- und Verlustrechnung für die Zeit vom 1. Januar bis 31. Dezember 2016.....	5
3. Anhang für das Geschäftsjahr 2016.....	7
Bestätigungsvermerk des Abschlussprüfers.....	1

LG Chem Europe GmbH

Lagebericht für das Geschäftsjahr 2016

1. Geschäftstätigkeit und Organisation

Die LG Chem Europe GmbH („die Gesellschaft“) befasst sich in erster Linie mit dem Vertrieb von Produkten der Chemie- sowie der Informations- und Elektronikindustrie in Deutschland und Europa, die im Wesentlichen direkt oder indirekt von der Muttergesellschaft LG Chem Ltd., Seoul/Südkorea, bezogen werden. Daneben knüpft die LG Chem Europe GmbH für die Muttergesellschaft Geschäftsverbindungen zu Handelspartnern im europäischen Markt. In diesem Rahmen unterhält die Gesellschaft in Paris/Frankreich sowie Mailand/Italien Zweigniederlassungen für Zwecke der Marktforschung und Informationsbeschaffung.

Im Geschäftsjahr 2016 beschäftigte die Gesellschaft durchschnittlich 73 Mitarbeiter, darunter zwei Geschäftsführer. Weitere drei Geschäftsführer sind nicht bei der Gesellschaft angestellt. Abgesehen von den Geschäftsführern waren sechs Mitarbeiter in der Verwaltung, 41 Mitarbeiter im Vertrieb und 24 Mitarbeiter im technischen Dienst beschäftigt. Bei rund einem Viertel des Personals der LG Chem Europe GmbH handelt es sich um von der Muttergesellschaft LG Chem Ltd., Seoul/Südkorea, entsandte Mitarbeiter im Auslandseinsatz.

Wichtige Kennzahlen zur Unternehmenssteuerung sind die Umsatzerlöse und das Ergebnis vor Ertragsteuern. Die Gesellschaft verwendet keine wesentlichen nichtfinanziellen Leistungsindikatoren.

Entwicklung

Im Mai 2014 wurde das Europe Automotive Battery Tech Center („EABTC“) in Sulzbach/Ts. gegründet, um europäischen Kunden Entwicklungsleistungen sowie weitere technische Leistungen anzubieten, die sich im Bereich der Hochleistungsbatterien für Hybridelektrofahrzeuge und Elektrofahrzeuge auf dem neuesten Stand der Technik befinden. Im Jahr 2016 hat das EABTC weitere Investitionen getätigt, um den Prüfraum auszubauen und weiteres Fachpersonal einzustellen. Ende 2016 beschäftigte das EABTC 23 Mitarbeiter (17 Mitarbeiter im Vorjahr).

2. Wirtschaftsbericht

Geschäftsverlauf

Das Ziel von LG Chem Europe GmbH ist es, Partner unserer Kunden bei der Realisierung ihrer gesetzten Ziele zu sein. „Growing with customers by providing innovative materials and solutions“ lautet das Motto der Gesellschaft, um in hart umkämpften Märkten und in Zeiten schwachen Wirtschaftswachstums in Europa die Bindung zu unseren Kunden zu festigen. Gleichzeitig hat die Gesellschaft ihren Vertriebsansatz in verschiedener Hinsicht geändert. Die Gesellschaft konzentriert sich nun vermehrt auf Premiummarken und stärkt Kooperationen, um Lösungen für die Bedürfnisse der Kunden zu entwickeln.

Das Geschäftsjahr 2016 hat die Gesellschaft mit einem Jahresüberschuss in Höhe von € 3.778.886,01 (Vorjahr: € 3.019.024,15) beendet.

Obwohl das Marktumfeld infolge der Rohstoffpreise und des harten Wettbewerbs ständigen Schwankungen unterlag, kann die Gesellschaft insgesamt auf ein erfolgreiches Jahr 2016 zurückblicken. Die Geschäfts- und Handelsbeziehungen zu Abnehmern im europäischen Markt haben sich 2016 erneut erfreulich entwickelt. Die Umsatzerlöse als wichtigster Leistungsindikator der Gesellschaft sind im Vorjahresvergleich um 27,5%, von € 263,1 Mio. im Jahr 2015 auf € 335,5 Mio. im Jahr 2016 gestiegen.

Im petrochemischen Bereich konnten die Umsatzerlöse im Geschäftsjahr 2016 um 19,3% beziehungsweise € 47,7 Mio. auf € 299,7 Mio. erhöht werden. Die größten Umsatzbeiträge konnten unverändert den SAP-Produkten (Super Absorbant Polymer – saugfähiges Polymer-Plastik) und PO-Produkten (Polyolefin) sowie ABS (Acrylnitril-Butadien-Styrol) zugerechnet werden, die zu den Premiumprodukten der Gesellschaft zählen. Die Umsatzerlöse mit den Kunden dieser Produkte stiegen gegenüber dem Vorjahr um 6,7% beziehungsweise absolut um € 7,0 Mio. (SAP/Acrylat), um 31,2% beziehungsweise € 21,1 Mio. (PO) sowie um 67,7% beziehungsweise € 23,5 Mio. (ABS).

In der Sparte Batterien konnten die Umsatzerlöse im Jahr 2016 um 146,2% beziehungsweise € 23,5 Mio. erhöht werden – das ist mehr als doppelt so viel wie im Vorjahr. Dies resultiert im Wesentlichen aus der Einführung neuer industrieller Entwicklungen, beispielsweise von Elektrowerkzeugen und Energiespeichern mit Solarenergie. Außerdem bewirkte die Definitionsänderung der Umsatzerlöse gemäß dem neuen Bilanzrichtlinie-Umsetzungsgesetz (BilRUG) im Vergleich zum Vorjahr eine Steigerung der Umsatzerlöse um € 8,4 Mio., welche sich auf die der Batteriesparte zugeordnete Umlage der Kosten aus dem Betrieb des EABTC beziehen.

Im letztjährigen Lagebericht hatte die Gesellschaft für das Jahr 2016 mit einem Anstieg der Umsatzerlöse um € 9,6 Mio. (bzw. + 3,6%) auf € 272,7 Mio. gerechnet. Der Gesellschaft gelang es jedoch, diese Schätzung mit tatsächlich erzielten Umsatzerlösen in Höhe von € 335,5 Mio. zu übertreffen, was einer Steigerung von € 72,3 Mio. (bzw. + 27,5%) entspricht. Diese Abweichung ist vor allem auf die höher als erwarteten Umsatzerlöse zurückzuführen, die in der petrochemischen und Batteriesparte mit bestehenden und Neukunden erzielt werden konnten.

Im Vergleich zum Vorjahr verzeichnete die Gesellschaft, trotz schwacher Absatzpreise in der petrochemischen Industrie sowie vertragsbedingt niedrigerer Margen bei steigenden Umsätzen mit einzelnen Kunden, einen Anstieg des Bruttoergebnisses auf 6,6% des Umsatzes (Vorjahr: 6,4% des Umsatzes). In absoluten Zahlen erreichte die Gesellschaft im Vergleich zum Vorjahr einen Anstieg des Bruttoergebnisses von € 5,4 Mio.

Insgesamt konnte die Gesellschaft das Ergebnis vor Ertragsteuern um insgesamt € 1,2 Mio. auf € 5,7 Mio. steigern. Im letztjährigen Lagebericht hatte die Gesellschaft ein Ergebnis vor Ertragsteuern von € 2,75 Mio. prognostiziert. Dieses höhere Ergebnis beruht vor allem auf den unerwartet hohen Umsatzerlösen und der verbesserten Rohertragsmarge.

Vermögenslage

Im Geschäftsjahr 2016 belief sich die Bilanzsumme auf € 139,9 Mio., was im Vergleich zum Vorjahr einen Anstieg von € 45,3 Mio. darstellt, der auf der Aktivseite der Bilanz insbesondere durch höhere Forderungen aus Lieferungen und Leistungen (+ € 27,2 Mio.) sowie höhere Vorräte (+ € 12,2 Mio.) bedingt war.

Das Vermögen der Gesellschaft ist überwiegend kurzfristig geprägt (99,4% der Bilanzsumme). Das Umlaufvermögen umfasst vor allem Vorräte und Forderungen aus Lieferungen und Leistungen (zusammen 83,6% der Aktiva).

Der Anstieg der Forderungen aus Lieferungen und Leistungen um € 27,2 Mio. resultierte im Wesentlichen aus der Gewinnung von Neukunden sowie einem Anstieg des Umsatzvolumens mit bestehenden Kunden.

Das Eigenkapital der Gesellschaft beläuft sich auf € 18,1 Mio. (entspricht 12,9% der Bilanzsumme; Vorjahr: 15,1%). Die Erhöhung um € 3,8 Mio. ergibt sich aus dem Jahresüberschuss des Berichtsjahres.

Des Weiteren erhöhten sich die Verbindlichkeiten gegenüber verbundenen Unternehmen um € 38,4 Mio. auf € 115,5 Mio., was im Wesentlichen in Einklang mit den höheren Forderungen und Vorräten stand.

Finanzlage

Die Vermögens- und Finanzlage ist unter anderem dadurch gekennzeichnet, dass ein Großteil der Verbindlichkeiten in Höhe von insgesamt € 118,9 Mio. (Vorjahr: € 79,2 Mio.) der Muttergesellschaft LG Chem Ltd., Seoul/Südkorea, geschuldet wird (€ 115,5 Mio. bzw. 97,2% der Gesamtverbindlichkeiten). Die Finanzierung der Gesellschaft ist somit von der Einbindung in den LG Chem-Konzern und insbesondere von der Kreditvergabe durch die Muttergesellschaft LG Chem Ltd., Seoul/Südkorea, abhängig. In der Bilanz zum 31. Dezember 2016 werden keine Verbindlichkeiten gegenüber Banken ausgewiesen.

Die Gesellschaft war in der Lage, sämtliche finanziellen Verpflichtungen im Geschäftsjahr zu erfüllen.

Ertragslage

Die Umsatzerlöse erhöhten sich um € 72,3 Mio. (bzw. 27,5%) auf € 335,5 Mio.

Im Vergleich zum Vorjahr verzeichnete die Gesellschaft insgesamt einen Anstieg des Bruttoergebnisses auf 6,6% des Umsatzes (Vorjahr: 6,4% des Umsatzes), der hauptsächlich auf niedrigere Einkaufspreise zurückzuführen ist.

Aufgrund der geänderten Definition der Umsätze gemäß dem neuen BilRUG, wurden 2016 die Erlöse aus bestimmten Dienstleistungen erstmals als Umsätze ausgewiesen, was zu einer entsprechenden Erhöhung um € 8,6 Mio. führte. Die sonstigen betrieblichen Erträge verringerten sich dabei um € 7,0 Mio. auf € 2,7 Mio. Beide Effekte beziehen sich vor allem auf von der Gesellschaft in den Jahren 2016 und 2015 erbrachte Dienstleistungen im Rahmen des EABTC, die mit einem Kostenaufschlag an die LG Chem Ltd., Seoul/Korea weiterbelastet wurden.

Des Weiteren wurden gemäß BilRUG die entsprechenden Kosten für die Dienstleistungen, die im Jahr 2016 erstmals als Umsatzerlöse ausgewiesen sind, in Höhe von insgesamt € 8,1 Mio. als Herstellungskosten der zur Erzielung der Umsatzerlöse erbrachten Leistungen eingestuft. Diese Kosten waren im Jahr 2015 noch unter den sonstigen Aufwendungen ausgewiesen. Die Herstellungskosten der zur Erzielung der Umsatzerlöse erbrachten Leistungen

erhöhten sich dementsprechend um € 8,1 Mio., wobei die sonstigen Aufwendungen um € 6,2 Mio. stiegen.

Außerdem ergab sich hinsichtlich des Fremdwährungsergebnisses ein Netto-Verlust in Höhe von € 0,5 Mio., der auf einen schwächeren Euro im Vergleich zum US-Dollar im Jahr 2016 zurückzuführen ist.

Insgesamt führten diese Entwicklungen dazu, dass der Jahresüberschuss um insgesamt € 0,8 Mio. auf € 3,8 Mio. gestiegen ist.

3. Chancen und Risiken

Nachdem die Vorzüge elektrisch betriebener Fahrzeuge aufgrund der unzureichend konkreten Strategie der Erstausrüster (OEM) in der Vergangenheit nicht ihre volle Wirkung entfalten konnten, werden wir unser Geschäft in Einklang mit den europäischen OEM weiter ausbauen.

Seitdem die Kernstrategie hin zu einer Elektrifizierung der europäischen OEM seit kurzem feststeht, konnte die LG Chem im vergangenen Jahr umfangreiche Großprojekte im Bereich Elektrofahrzeuge gewinnen.

Abgesehen von der Akquisition dieser Projekte erwarten wir hier in Zukunft weitere Chancen. Wir gehen davon aus, dass die globale Elektrofahrzeugindustrie in den kommenden Jahren stark wachsen wird – ein Trend, der insbesondere von den europäischen Märkten ausgehen wird.

Aus diesem Grund werden wir weiterhin in diesen Bereich investieren und unsere Position ausbauen, um ein wichtiger Partner der europäischen OEM zu werden. Die Gesellschaft ergreift regelmäßig Maßnahmen, um potenzielle Risiken zu erkennen und zu begrenzen, welche die zukünftige Entwicklung der Gesellschaft gefährden könnten. Die LG Chem Europe GmbH ist in das Berichtswesen des LG Chem Ltd.-Konzerns einbezogen. Darüber hinaus werden Budgets erstellt und den Istwerten gegenübergestellt. Sofern Vermögensrisiken versicherbar sind, werden sie durch entsprechende Versicherungsverträge abgedeckt.

Das Risikomanagement der Gesellschaft umfasst im Wesentlichen die Eingrenzung von Preisänderungs- und Währungsrisiken, das Management von Forderungsausfallrisiken sowie die Vermeidung von Liquiditätsengpässen.

Preisänderungsrisiken resultieren aus der allgemeinen Volatilität der internationalen und nationalen Rohstoffmärkte und betreffen dabei insbesondere die Preisentwicklungen für petrochemische Produkte. Durch den vollständigen Bezug der vertriebenen Produkte von der Muttergesellschaft LG Chem Ltd. können diese Risiken für die Gesellschaft reduziert werden.

Die Firmenpolitik hinsichtlich des Währungsrisikos, das in Bezug auf die betragsmäßige Höhe und Eintrittswahrscheinlichkeit für die Gesellschaft unverändert am bedeutendsten ist, zielt darauf ab, dass sich Forderungen und Verbindlichkeiten zeitgleich in derselben Währung gegenüberstehen. Ungeachtet der Bestrebungen der Gesellschaft, Währungsrisiken zu vermeiden, verbleibt ein gewisses Währungsrisiko hinsichtlich der Entwicklung des Euros.

Das Risiko von Forderungsausfällen wird in erster Linie durch eine Warenkreditversicherung abgedeckt. Daneben betreibt die Gesellschaft ein strenges Debitorenmanagement. Kunden mit schwacher Bonität werden in der Regel nur gegen Vorkasse beliefert.

Liquiditätsrisiken wird durch die Gewährung von Krediten für Verbindlichkeiten aus Lieferungen und Leistungen aus dem Kauf von Waren von der LG Chem Ltd., Seoul/Südkorea, begegnet.

An dem Grundsatz, dass die Gesellschaft ihre Handelsprodukte weitgehend direkt oder indirekt von der Muttergesellschaft bzw. von Konzerngesellschaften beschafft, wird sich auch zukünftig nichts ändern.

Gegenwärtig sind keine Risiken erkennbar, die den Fortbestand der Gesellschaft gefährden.

4. Voraussichtliche Entwicklung der Gesellschaft

Der niedrige Rohölpreis hat sich trotz einer geringen Steigerung auch nach dem vierten Quartal 2016 gehalten. Bei nachgelagerten petrochemischen Produkten war ebenfalls kaum eine Verbesserung hinsichtlich der Gewinne zu verzeichnen, wobei darüber hinaus der Import von Materialien aufgrund des schwachen Euros stark vom Wettbewerbssituation bestimmt ist, wissend, dass die lokale Akteure versuchen, ihre bestehenden Marktanteile zu verteidigen.

Trotz dieser Situation planen wir, unser Umsatzwachstum unter Einsatz stärker lokalisierter Strategien, wie z.B. mittels lokalem Lagermanagement an verschiedenen Standorten, kontinuierlich weiter zu verbessern, um die Bedürfnisse der Kunden zu erfüllen. Wir wertschätzen unsere Kunden, indem wir Ihnen langfristig bahnbrechende Technologien sowie kurz- bis mittelfristig geeignete Lösungen zur Verfügung stellen. Auf diese Weise möchten wir das organische Wachstum unserer Kunden noch übertreffen.

Die Geschäftsführung erwartet für 2017 einen Anstieg der Umsatzerlöse um € 61,7 Mio. (+18,4%) auf € 397,2 Mio.

Um das Umsatzziel zu erreichen, will die Gesellschaft ihre Geschäftsaktivitäten auf ihre Premiumprodukte wie SAP und PO sowie auf andere Produkte der petrochemischen Industrie konzentrieren, auch wenn die Absatzpreise aufgrund des schwankenden Rohölpreises wechselhaft sind.

Vor diesem Hintergrund erwartet die Gesellschaft im Geschäftsjahr 2017 ein Ergebnis vor Steuern in Höhe von € 4,14 Mio.

Trotz guter Chancen der LG Chem Europe GmbH, ihre Wettbewerbssituation in Europa zu stärken, kann im Falle einer wiederkehrenden weltweiten Konjunkturabkühlung grundsätzlich das Risiko nicht ausgeschlossen werden, dass die Gesellschaft ihre Umsatz- und Profitabilitätsziele im kommenden Geschäftsjahr nicht in jedem Falle voll erreichen kann.

Frankfurt am Main, den 31. Juli 2017

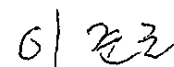
Die Geschäftsführung


Gyeong Ryeol Lee


Youngil Jeong


Jongil Park


Dong-Myung Kim


Junho Lee

LG Chem Europe GmbH, Frankfurt am Main

Bilanz zum 31. Dezember 2016

Aktiva

	31.12.2016	31.12.2015
	€	€
A. Anlagevermögen		
I. Immaterielle Vermögensgegenstände		
Entgeltlich erworbene Software	68.559,49	34.566,28
II. Sachanlagen		
Betriebs- und Geschäftsausstattung	787.416,40	434.435,02
III. Finanzanlagen		
Beteiligungen	51.125,00	51.125,00
	907.100,89	520.126,30
B. Umlaufvermögen		
I. Vorräte		
Waren	49.621.231,58	37.383.199,58
II. Forderungen und sonstige Vermögensgegenstände		
1. Forderungen aus Lieferungen und Leistungen	67.318.569,22	40.167.553,55
2. Forderungen gegen verbundene Unternehmen	1.635.032,31	674.882,96
3. Sonstige Vermögensgegenstände	2.128.191,54	1.612.733,51
(davon mit einer Restlaufzeit von mehr als einem Jahr € 128.030,00; Vorjahr € 213.980,00)		
	71.081.793,07	42.455.170,02
III. Kassenbestand, Guthaben bei Kreditinstituten	18.249.951,51	14.211.342,77
	138.952.976,16	94.049.712,37
C. Rechnungsabgrenzungsposten	66.940,24	48.118,81
	139.927.017,29	94.617.957,48

Passiva

	31.12.2016	31.12.2015
	€	€
A. Eigenkapital		
I. Gezeichnetes Kapital	1.000.000,00	1.000.000,00
II. Kapitalrücklage	500.000,00	500.000,00
III. Gewinnvortrag	12.792.611,87	9.773.587,72
IV. Jahresüberschuss	3.778.886,01	3.019.024,15
	18.071.497,88	14.292.611,87
B. Rückstellungen		
1. Steuerrückstellungen	1.380.390,56	493.780,28
2. Sonstige Rückstellungen	1.621.900,64	613.162,70
	3.002.291,20	1.106.942,98
C. Verbindlichkeiten		
1. Erhaltene Anzahlungen auf Bestellungen	249.775,72	129.623,12
2. Verbindlichkeiten aus Lieferungen und Leistungen	1.453.413,24	1.831.288,40
3. Verbindlichkeiten gegenüber verbundenen Unternehmen	115.508.629,31	77.104.735,61
4. Sonstige Verbindlichkeiten	1.641.409,94	152.755,50
(davon aus Steuern € 1.364.091,72; Vorjahr € 0,00)		
	118.853.228,21	79.218.402,63
	139.927.017,29	94.617.957,48

LG Chem Europe GmbH, Frankfurt am Main

**Gewinn- und Verlustrechnung für die Zeit
vom 1. Januar bis 31. Dezember 2016**

	2016	2015
	€	€
1. Umsatzerlöse	335.461.269,17	263.119.581,74
2. Herstellungskosten (Vorjahr Anschaffungskosten) der zur Erzielung der Umsatzerlöse erbrachten Leistungen	-313.264.039,83	-246.339.436,50
3. Bruttoergebnis vom Umsatz	22.197.229,34	16.780.145,24
4. Vertriebskosten	-15.237.264,21	-12.051.891,64
5. Allgemeine Verwaltungskosten	-1.070.375,68	-778.929,60
6. Sonstige betriebliche Erträge (davon Erträge aus Währungsumrechnung € 2.463.690,59; Vorjahr € 3.477.769,11)	2.719.321,87	9.701.284,91
7. Sonstige betriebliche Aufwendungen (davon Aufwendungen aus Währungsumrechnung € 2.959.153,52; Vorjahr € 3.503.246,76)	-2.959.153,52	-9.171.734,68
8. Sonstige Zinsen und ähnliche Erträge	1.171,64	101,39
9. Zinsen und ähnliche Aufwendungen	-13.809,84	0,00
10. Steuern vom Einkommen und vom Ertrag	-1.858.233,59	-1.459.951,47
11. Ergebnis nach Steuern	3.778.886,01	3.019.024,15
13. Jahresüberschuss	3.778.886,01	3.019.024,15

LG Chem Europe GmbH, Frankfurt am Main

Anhang für das Geschäftsjahr 2016

I. Allgemeine Angaben

Die LG Chem Europe GmbH hat ihren Sitz in Frankfurt am Main und ist eingetragen in das Handelsregister beim Amtsgericht Frankfurt am Main (HR B 75010). Die Gesellschaft ist zum Bilanzstichtag 31. Dezember 2016 eine große Kapitalgesellschaft gemäß § 267 Abs. 3 und 4 HGB.

Der Jahresabschluss wird nach den Rechnungslegungsvorschriften für Kapitalgesellschaften des Handelsgesetzbuches (HGB) in der Fassung des Bilanzrichtlinie-Umsetzungsgesetzes (BilRUG) unter Berücksichtigung des Gesetzes betreffend die Gesellschaften mit beschränkter Haftung (GmbHG) aufgestellt.

Geschäftsjahr ist das Kalenderjahr.

Im vorliegenden Jahresabschluss und Lagebericht wurden die ab dem 1. Januar 2016 geltenden Änderungen des Bilanzrichtlinie-Umsetzungsgesetz (BilRUG) berücksichtigt. Der im Vorjahresabschluss gezeigte Posten „Ergebnis der gewöhnlichen Geschäftstätigkeit“ ist aufgrund der geänderten Struktur der Gewinn- und Verlustrechnung nach BilRUG weggefallen; der Posten „Ergebnis nach Steuern“ wurde dagegen im Vorjahresausweis nach BilRUG hinzugefügt. Da die Vorjahreszahlen bei den Posten „Umsatzerlöse“, „Herstellungskosten der zur Erzielung der Umsatzerlöse erbrachten Leistungen“, „Vertriebskosten“, „Sonstige betriebliche Erträge“ und „Sonstige betriebliche Aufwendungen“ nicht angepasst wurden, sind die Vorjahreszahlen nur bedingt mit den aktuellen Werten zum 31. Dezember 2016 vergleichbar. Die Erläuterungen hierzu werden im Anhang angegeben.

II. Bilanzierungs-, Bewertungs- und Ausweismethoden

1. Allgemeine Angaben

Die Gewinn- und Verlustrechnung ist nach dem Umsatzkostenverfahren gem. § 275 Abs. 3 HGB aufgestellt.

Der Jahresabschluss wurde unter Annahme der Unternehmensfortführung (Going-Concern) aufgestellt.

2. Immaterielle Vermögensgegenstände

Die entgeltlich von Dritten erworbenen immateriellen Vermögensgegenstände des Anlagevermögens werden zu Anschaffungskosten, vermindert um lineare, planmäßige Abschreibungen, im Zugangsjahr zeitanteilig, angesetzt. Hierbei wird eine voraussichtliche Nutzungsdauer von 5 Jahren angenommen.

3. Sachanlagevermögen

Das Sachanlagevermögen wird zu Anschaffungskosten aktiviert.

Die Anschaffungskosten umfassen auch die einzeln zurechenbaren Anschaffungsnebenkosten und nachträgliche Anschaffungskosten. Anschaffungspreisminderungen werden abgesetzt.

Die Abschreibungen werden planmäßig nach der linearen Methode entsprechend der voraussichtlichen Nutzungsdauer von 2 bis 23 Jahren vorgenommen.

Die Abschreibungen auf Zugänge an beweglichen Anlagegegenständen erfolgen pro rata temporis.

4. Finanzanlagen

Das Finanzanlagevermögen wird zu Anschaffungskosten aktiviert.

Sie betreffen ausschließlich die Anteile an der International School of Frankfurt, Frankfurt am Main.

5. Vorräte

Der Bestand an Waren wird zu Anschaffungskosten einschließlich Anschaffungsnebenkosten bewertet.

Alle erkennbaren Risiken im Vorratsvermögen, die sich aus überdurchschnittlicher Lagerdauer, geminderter Verwertbarkeit und/oder niedrigeren Wiederbeschaffungskosten ergeben, werden soweit erforderlich durch angemessene Wertabschläge berücksichtigt.

6. Forderungen aus Lieferungen und Leistungen

Die Forderungen aus Lieferungen und Leistungen werden mit dem Nennwert angesetzt. Wertberichtigungen zur Berücksichtigung des Kreditrisikos wurden unter Berücksichtigung von pauschalierten Abwertungssätzen vorgenommen:

- 1 % auf überfällige Forderungen bis 6 Monate
- 10 % auf überfällige Forderungen von 6 bis 12 Monaten
- 50 % auf überfällige Forderungen von 12 bis 18 Monaten
- 100 % auf überfällige Forderungen über 18 Monaten.

Für spezielle Kreditrisiken einzelwertberichtigte Forderungen sowie versicherte Forderungen wurden bei der Berechnung gekürzt.

7. Übrige Forderungen und sonstige Vermögensgegenstände sowie Kassenbestände und Guthaben bei Kreditinstituten

Die Ansätze erfolgen zu Nennwerten, soweit erforderlich, gekürzt um Einzelabwertungen.

8. Rechnungsabgrenzungsposten

Der Rechnungsabgrenzungsposten enthält Auszahlungen vor dem Abschlussstichtag, soweit sie Aufwand für einen bestimmten Zeitraum nach diesem Tag darstellen.

9. Eigenkapital

Das gezeichnete Kapital ist zum Nennbetrag angesetzt und stimmt mit dem Handelsregistereintrag zum Bilanzstichtag überein.

10. Rückstellungen

Bei Bildung der Rückstellungen ist den erkennbaren Risiken und ungewissen Verbindlichkeiten angemessen Rechnung getragen. Sie sind in der Höhe bemessen, die nach vernünftiger kaufmännischer Beurteilung als Erfüllungsbetrag notwendig sind.

11. Verbindlichkeiten

Die Verbindlichkeiten wurden mit dem Erfüllungsbetrag angesetzt.

Erhaltene Anzahlungen sind mit dem Nennbetrag bewertet.

12. Fremdwährungsumrechnung

Die LG Chem Europe GmbH hat ihre kurzfristigen (Laufzeit bis zu einem Jahr) Forderungen und Verbindlichkeiten, die auf ausländische Währung lauten, mit den Devisenkassamittelkurs am Abschlussstichtag umgerechnet.

III. Erläuterungen zur Bilanz

1. Anlagevermögen

Die Entwicklung der einzelnen Posten des Anlagevermögens ist unter Angabe der Abschreibungen des Geschäftsjahres aus dem folgenden Anlagenspiegel zu ersehen:

LG Chem Europe GmbH, Frankfurt am Main

Anlagenspiegel zum 31. Dezember 2016

	Historische Anschaffungswerte			
	01.01.2016	Zugänge	Abgänge	31.12.2016
	€	€	€	€
I. Immaterielle Vermögensgegenstände				
Entgeltlich erworbene Software	155.156,28	55.434,67	3.266,27	207.324,68
	155.156,28	55.434,67	3.266,27	207.324,68
II. Sachanlagen				
Betriebs- und Geschäftsausstattung	701.100,76	479.865,84	0,00	1.180.966,60
	701.100,76	479.865,84	0,00	1.180.966,60
III. Finanzanlagen				
Beteiligungen	51.125,00	0,00	0,00	51.125,00
	51.125,00	0,00	0,00	51.125,00
	907.382,04	535.300,51	3.266,27	1.439.416,28

Kumulierte Abschreibungen				Buchwerte	
01.01.2016	Zugänge	Abgänge	31.12.2016	31.12.2016	31.12.2015
€	€	€	€	€	€
120.590,00	18.175,19	0,00	138.765,19	68.559,49	34.566,28
120.590,00	18.175,19	0,00	138.765,19	68.559,49	34.566,28
266.665,75	126.884,45	0,00	393.550,20	787.416,40	434.435,01
266.665,75	126.884,45	0,00	393.550,20	787.416,40	434.435,01
0,00	0,00	0,00	0,00	51.125,00	51.125,00
0,00	0,00	0,00	0,00	51.125,00	51.125,00
387.255,75	145.059,64	0,00	532.315,39	907.100,89	520.126,29

2. Vorräte

Die Vorräte betreffen ausschließlich Waren. Zum Bilanzstichtag sind Wertberichtigungen in Höhe von T€ 64 (Vorjahr T€ 183) gebildet.

3. Forderungen und sonstige Vermögensgegenstände

Mit Ausnahme der nicht innerhalb eines Jahres fälligen Tilgungsraten von Mitarbeiterdarlehen in Höhe von T€ 128 (Vorjahr T€ 214), die aus Gründen der Bilanzkontinuität unter den sonstigen Vermögensgegenständen ausgewiesen werden, sind die zum 31. Dezember 2016 ausgewiesenen Forderungen und sonstigen Vermögensgegenstände wie im Vorjahr sämtlich innerhalb eines Jahres fällig.

Bei den Forderungen wurden Wertberichtigungen in Höhe von T€ 33 (Vorjahr T€ 20) zur Abdeckung des Kreditrisikos gebildet.

Die Forderungen gegen verbundene Unternehmen in Höhe von T€ 1.635 (Vorjahr T€ 675) betreffen ausschließlich Forderungen gegen die Alleingesellschafterin LG Chem Ltd., Seoul/Korea, die aus dem Liefer- und Leistungsverkehr resultieren.

4. Eigenkapital

Das gezeichnete Kapital wird zu 100% von der Gesellschafterin LG Chem Ltd., Seoul/Korea gehalten und wurde mit Wertstellung zum 3. Mai 2005 vollständig einbezahlt. Mit gleichem Datum wurde von der Gesellschafterin eine Zuführung in die Kapitalrücklage gemäß § 272 Abs. 2 Nr. 1 HGB in Höhe von T€ 500 geleistet.

5. Rückstellungen

Die Steuerrückstellungen betreffen die zum Bilanzstichtag abgegrenzten Steuerverbindlichkeiten vom Einkommen und Ertrag für das Geschäftsjahr 2015 in Höhe von T€ 494 und für das Geschäftsjahr 2016 in Höhe von T€ 886.

Der in der Bilanz ausgewiesene Posten "Sonstige Rückstellungen" beinhaltet im Wesentlichen Rückstellungen für ausstehende Rechnungen in Höhe von T€ 1.133 (Vorjahr T€ 265) sowie Personalarückstellungen in Höhe von T€ 455 (Vorjahr T€ 348).

6. Verbindlichkeiten

Sämtliche Verbindlichkeiten zum 31. Dezember 2016 sind wie im Vorjahr innerhalb eines Jahres fällig.

Die zum Bilanzstichtag ausgewiesenen Verbindlichkeiten gegenüber verbundenen Unternehmen betreffen unverändert zum Vorjahr in voller Höhe die Gesellschafterin LG Chem Ltd., Seoul/Korea, die aus dem Liefer- und Leistungsverkehr resultieren.

IV. Erläuterungen zur Gewinn- und Verlustrechnung

1. Umsatzerlöse

Die Aufteilung der Umsätze **nach Produktgruppen** stellt sich wie folgt dar:

	2016	2015
	T€	T€
Petrochemicals	294.737	247.039
Energy Solutions (Batterie)	39.594	16.081
Information und Electronic Material	1.130	-
	335.461	263.120

Die Vorjahreszahlen der Umsatzerlöse sind aufgrund der Neufassung von § 277 Abs. 1 HGB in der Fassung des BilRUG (HGB n.F.) mit dem Berichtsjahr nicht vergleichbar, da auf eine Anpassung der Vorjahresumsatzerlöse verzichtet wurde.

Bei Anwendung des § 277 Abs. 1 HGB n.F. hätten sich für das Vorjahr Umsatzerlöse in Höhe von insgesamt T€ 269.131 ergeben. Dabei entfielen auf die Sparte Petrochemicals T€ 247.594, auf die Sparte Energy Solutions T€ 21.209 und auf die Sparte Information and Electronical Material T€ 327.

Seit dem Geschäftsjahr 2016 werden folgende Erlöse – die im Vorjahr unverändert unter den sonstigen betrieblichen Erträgen bilanziert werden - unter den Umsatzerlösen ausgewiesen:

- Entwicklungsleistungen an Konzernunternehmen (T€ 8.362; Vorjahr T€ 5.881)
- Miet- und Pachteinnahmen (T€ 75; Vorjahr T€ 98)
- Sonstige Erträge aus Weiterverrechnungen (T€ 196; Vorjahr T€ 32)

In den Umsatzerlösen sind Erlöse aus Vertriebsleistungen für die Muttergesellschaft LG Chem Ltd., Seoul/Korea in Höhe von 7.313 TEUR enthalten (Vorjahr: 7.203 TEUR).

Die Aufteilung **nach geografisch bestimmten Märkten** stellt sich wie folgt dar:

	2016	2015
	T€	T€
Inland	21.956	20.967
EU-Länder	133.595	120.050
Sonstiges Ausland	179.910	122.103
	335.461	263.120

Bei Anwendung des § 277 Abs. 1 HGB n.F. entfielen für das Vorjahr von Umsatzerlösen in Höhe von T€ 269.130 auf das Inland T€ 21.065, auf EU-Länder T€ 120.050 und auf das sonstige Ausland T€ 128.015.

2. Herstellungskosten der zur Erzielung der Umsatzerlöse erbrachten Leistungen

Entsprechend den Neuregelungen des BilRUG werden die Aufwendungen für den Aufbau und den Betrieb des Entwicklungszentrums für Autobatterien in Sulzbach/Ts. in Höhe von T€ 7.840 im Berichtsjahr erstmalig den Herstellungskosten der zur Erzielung der Umsatzerlöse erbrachten Leistungen zugeordnet, da die Weiterbelastungen dieser Aufwendungen nach BilRUG Leistungen und damit Umsatzerlöse darstellen. Diese umfassen insbesondere Personalkosten (T€ 5.306; Vorjahr T€ 3.696), Reisekosten (T€ 666; Vorjahr T€ 561), Mietkosten (T€ 393; Vorjahr T€ 265) und Frachtkosten (T€ 195; Vorjahr T€ 120), die mit einem Gewinnaufschlag an die Muttergesellschaft LG Chem Ltd., Seoul/Korea, weiterbelastet werden.

Die Vorjahreszahlen wurden nicht angepasst, sodass die Herstellungskosten der zur Erzielung der Umsatzerlöse erbrachten Leistungen diesbezüglich nicht miteinander vergleichbar sind. Die entsprechenden Aufwendungen des Vorjahres in Höhe von T€ 5.669 werden in der Vergleichspalte unverändert unter den sonstigen betrieblichen Aufwendungen gezeigt.

Daneben werden weitere Aufwendungen, deren Weiterbelastungen nach BilRUG als Umsatzerlöse ausgewiesen werden müssen, erstmalig den Herstellungskosten der zur Erzielung der Umsatzerlöse erbrachten Leistungen zugeordnet (T€ 268). Der Vorjahresausweis wurde nicht angepasst, so dass die entsprechenden Aufwendungen des Vorjahres in Höhe von T€ 130 unverändert unter den Vertriebskosten ausgewiesen werden.

Bei Anwendung des § 277 Abs. 1 HGB n.F. hätte sich im Vorjahr Herstellungskosten der zur Erzielung der Umsatzerlöse erbrachten Leistungen in Höhe von insgesamt T€ 252.138 ergeben.

3. Materialaufwand

	2016	2015
	T€	T€
Aufwendungen für bezogene Waren	305.156	246.339
Aufwendungen für bezogene Leistungen	2.802	-
	307.958	246.339

Entsprechend den Neuregelungen des BilRUG werden die Aufwendungen für den Aufbau und den Betrieb des Entwicklungszentrums für Autobatterien in Sulzbach/Ts. - jedoch ohne Personalkosten (T€ 5.306; Vorjahr T€ 3.696) - in Höhe von T€ 2.802 im Berichtsjahr erstmalig den Aufwendungen für bezogene Leistungen zugeordnet, da die Weiterbelastungen dieser Aufwendungen nach BilRUG Leistungen und damit Umsatzerlöse darstellen. Diese umfassen insbesondere Reisekosten (T€ 666; Vorjahr T€ 561), Mietkosten (T€ 393; Vorjahr T€ 265) und Frachtkosten (T€ 195; Vorjahr T€ 120), die mit einem Gewinnaufschlag an die Muttergesellschaft LG Chem Ltd., Seoul/Korea, weiterbelastet werden.

Die Vorjahreszahlen wurden nicht angepasst, sodass die Aufwendungen für bezogene Leistungen diesbezüglich nicht miteinander vergleichbar sind. Die entsprechenden Aufwendungen des Vorjahres in Höhe von T€ 1.973 werden in der Vergleichspalte unverändert unter den sonstigen betrieblichen Aufwendungen gezeigt.

Daneben werden weitere Aufwendungen, deren Weiterbelastungen nach BilRUG als Umsatzerlöse ausgewiesen werden müssen, erstmalig den Aufwendungen für bezogene Leistungen zugeordnet (T€ 268). Der Vorjahresausweis wurde nicht angepasst, so dass die entsprechenden

Aufwendungen des Vorjahres in Höhe von T€ 130 unverändert unter den sonstigen betrieblichen Aufwendungen ausgewiesen werden.

Bei Anwendung des § 277 Abs. 1 HGB n.F. hätte sich im Vorjahr ein Materialaufwand in Höhe von insgesamt T€ 248.442 ergeben.

4. Personalaufwand

Der Personalaufwand gliedert sich wie folgt:

	2016	2015
	T€	T€
Löhne und Gehälter	7.660	5.766
Soziale Abgaben	673	461
	8.333	6.228

Im Personalaufwand sind Personalkosten in Höhe von (T€ 5.306; Vorjahr T€ 3.696) für den Aufbau und den Betrieb des Entwicklungszentrums für Autobatterien in Sulzbach/Ts. enthalten.

Es sind keine Aufwendungen für Altersversorgung und für Unterstützung angefallen.

5. Vertriebskosten

Die Vertriebskosten enthalten im Wesentlichen:

	2016	2015
	T€	T€
Frachtkosten	8.955	6.912
Personalkosten	2.228	2.167
Mietkosten	1.697	1.252
Reisekosten	662	521
Werbung, Marketing	114	9
Übrige	1.581	1.191
	15.237	12.052

In Bezug auf die Änderungen aus dem im Geschäftsjahr 2016 erstmalig anzuwendenden Bilanzrichtlinie-Umsetzungsgesetz (BilRUG) verweisen wir auf die Ausführungen zu den Herstellungskosten der zur Erzielung der Umsatzerlöse erbrachten Leistungen. Die Vorjahreszahlen wurden nicht angepasst, sodass die sonstigen betrieblichen Erträge diesbezüglich nicht miteinander vergleichbar sind. Bei Anwendung des § 277 Abs. 1 HGB n.F. hätten sich für das Vorjahr sonstige betriebliche Aufwendungen in Höhe von insgesamt T€ 11.922 ergeben.

Der Anstieg der Vertriebskosten resultiert aus dem mit dem höheren Absatz einhergehenden Anstieg des Frachtvolumens.

Die übrigen Vertriebskosten enthalten insbesondere Kosten für externe Dienstleistungen in Höhe von 295 TEUR, externe Verkaufsprovisionen in Höhe von 310 TEUR, welche bedingt sind durch die allgemein gestiegenen Verkaufsaktivitäten sowie Warenkreditversicherungskosten in Höhe von 217 TEUR.

6. Allgemeine Verwaltungskosten

Die allgemeinen Verwaltungskosten enthalten im Wesentlichen:

	2016	2015
	T€	T€
Personalkosten	799	595
Prüfung, Rechts- und Beratungskosten	160	116
Übrige	111	68
	1.070	779

7. Sonstige betriebliche Erträge

Die sonstigen betrieblichen Erträge enthalten im Wesentlichen:

	2016	2015
	T€	T€
Dienstleistungsgebühren	-	5.881
Währungsumrechnung	2.464	3.478
Weiterbelastungen	-	70
Übrige	255	272
	2.719	9.701

In Bezug auf die Änderungen aus dem im Geschäftsjahr 2016 erstmalig anzuwendenden Bilanzrichtlinie-Umsetzungsgesetz (BilRUG) verweisen wir auf die Ausführungen zu den Umsatzerlösen. Die Vorjahreszahlen wurden nicht angepasst, sodass die sonstigen betrieblichen Erträge diesbezüglich nicht miteinander vergleichbar sind. Bei Anwendung des § 277 Abs. 1 HGB n.F. hätten sich für das Vorjahr sonstige betriebliche Erträge in Höhe von insgesamt T€ 3.690 ergeben.

Der Rückgang der Erträge aus Währungsumrechnung resultiert hauptsächlich aus der im Vergleich zum Vorjahr geringeren Wechselkursschwankungen zwischen Euro und US Dollar.

Wesentliche außergewöhnliche und periodenfremde Erträge sind im Berichtsjahr - wie im Vorjahr - nicht angefallen.

8. Sonstige betriebliche Aufwendungen

Die sonstigen betrieblichen Aufwendungen enthalten im Wesentlichen:

	2016	2015
	T€	T€
Aufwendungen für das Entwicklungszentrum Batterien	-	5.669
Währungsumrechnung	2.959	3.503
	2.959	9.172

In Bezug auf die Änderungen aus dem im Geschäftsjahr 2016 erstmalig anzuwendenden Bilanzrichtlinie-Umsetzungsgesetz (BilRUG) verweisen wir auf die Ausführungen zu den Herstellungskosten der zur Erzielung der Umsatzerlöse erbrachten Leistungen. Die Vorjahreszahlen wurden nicht angepasst, sodass die sonstigen betrieblichen Erträge diesbezüglich nicht miteinander vergleichbar sind. Bei Anwendung des § 277 Abs. 1 HGB n.F. hätten sich für das Vorjahr sonstige betriebliche Aufwendungen in Höhe von insgesamt T€ 3.503 ergeben.

Der Rückgang der Aufwendungen aus Währungsumrechnung resultiert hauptsächlich aus der im Vergleich zum Vorjahr geringeren Wechselkursschwankungen zwischen Euro und US Dollar.

Wesentliche außergewöhnliche und periodenfremde Aufwendungen sind im Berichtsjahr - wie im Vorjahr - nicht angefallen.

9. Steuern vom Einkommen und vom Ertrag

Die Steuern vom Einkommen und vom Ertrag betragen T€ 1.858 (Vorjahr: T€ 1.460).

V. Sonstige Angaben

1. Mitarbeiter

Die Zahl der durchschnittlich im Geschäftsjahr 2016 angestellten Mitarbeiter betrug 73 Angestellte (Vorjahr 54 Angestellte), davon 2 Geschäftsführer.

2. Sonstige finanzielle Verpflichtungen

Neben den in der Bilanz ausgewiesenen Verbindlichkeiten bestehen sonstige finanzielle Verpflichtungen aus Miet- und Leasingverträgen.

	31.12.2016
	T€
2017	505
2018	447
2019	359
2020	259
	1.570

Die Miet- und Leasingverträge betreffen das Verwaltungsgebäude in Frankfurt am Main, das Europe Automotive Batterie Tech Center in Sulzbach /Ts., die Büromieten in Mailand/Italien und Paris/Frankreich sowie Mieten für Lagerkapazitäten, den Fuhrpark und bestimmte Büro- und

Geschäftsausstattungen (Kopierer, Drucker). In allen Fällen handelt es sich um sog. "Operating-Lease" Verträge, die zu keiner Bilanzierung der Objekte bei der Gesellschaft führen. Der Vorteil dieser Verträge liegt in der geringeren Kapitalbindung im Vergleich zum Erwerb und im Wegfall des Verwertungsrisikos. Risiken könnten sich aus der Vertragslaufzeit ergeben, sofern die Objekte nicht mehr vollständig genutzt werden könnten, wozu es derzeit keine Anzeichen gibt.

Neben den dargelegten sonstigen finanziellen Verpflichtungen existieren keine außerbilanziellen Geschäfte, die für die Finanzlage der Gesellschaft von Bedeutung wären.

3. Aufwendungen für Leistungen des Abschlussprüfers

Für die Leistungen des Abschlussprüfers, PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, sind im Geschäftsjahr 2016 folgende als Aufwand erfasste Honorare angefallen:

	2016	2015
	T€	T€
Abschlussprüfung	55	50
Steuerberatungsleistungen	23	60
	78	110

4. Geschäftsführung und Vertretungsbefugnis

Im Berichtsjahr wurde die Gesellschaft durch die Herren

- Sanghyun Hong, Oberursel (Taunus), Geschäftsführer Finanzen (bis 30. Juni 2016)
- Hyun Shik Park, Seoul/Korea, geschäftsführender Direktor (senior vice-president der LG Chem Ltd., Seoul/Korea) (bis 31. Dezember 2016)
- Dong-Myung Kim, Seoul/Korea, geschäftsführender Direktor (vice-president der LG Chem Ltd., Seoul/Korea) (seit 01. Januar 2017)
- Jongil Park, Seoul/Korea, stellvertretender Vorsitzender (senior vice-president der LG Chem Ltd., Seoul/Korea)
- Gyeong Ryeol Lee, Oberursel (Taunus), Vorsitzender der Geschäftsführung CEO und Geschäftsführer Vertrieb
- Junho Lee, Seoul/Korea, General Manager in Finanzen der LG Chem Ltd., Seoul/Korea (seit 01. März 2016)
- Do Youp Kim, Seoul/Korea, General Manager in Finanzen der LG Chem Ltd., Seoul/Korea (bis 28. Februar 2016)
- Youngil Jeong, Oberursel/Taunus, Geschäftsführer Finanzen (seit 01. Juli 2016)

vertreten.

Die Geschäftsführer haben jeweils Alleinvertretungsrecht. Die Bezüge der in der Gesellschaft angestellten, amtierenden Mitglieder der Geschäftsführung betrugen im Geschäftsjahr 2016 insgesamt T€ 664 (Vorjahr T€ 572).

5. Geschäfte mit nahestehenden Unternehmen und Personen

Im Rahmen der normalen Geschäftstätigkeit unterhält die Gesellschaft Geschäftsbeziehungen zu verbundenen Unternehmen, insbesondere zum Mutterunternehmen LG Chem Ltd., Seoul/Korea, die als nahestehende Unternehmen gelten.

Neben der normalen Geschäftstätigkeit und den Vergütungen für die Geschäftsführung bestehen keine Geschäftsbeziehungen zu nahe stehenden Personen.

Wesentliche unübliche Transaktionen mit nahestehenden Personen und / oder Unternehmen wurden von der Gesellschaft nicht getätigt.

6. Konzernabschluss

Alleiniger Gesellschafter, der den Konzernabschluss für den größten und gleichzeitig kleinsten Kreis aufstellt, ist die LG Chem Ltd., Seoul/Korea. Der Konzernabschluss wird am Sitz der Gesellschaft in Seoul veröffentlicht.

7. Ergebnisverwendung

Die Geschäftsführung schlägt vor, den Jahresüberschuss in Höhe von € 3.778.886,01 auf neue Rechnung vorzutragen.

8. Nachtragsbericht

Nach dem Ende des Geschäftsjahres gab es keine Vorgänge von besonderer Bedeutung, über die zu berichten wäre.

Frankfurt am Main, den 31. Juli 2017

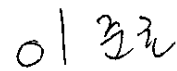
Die Geschäftsführung


Gyeong Ryeol Lee


Youngil Jeong


Jongli Park


Dong-Myung Kim


Junho Lee

Bestätigungsvermerk des Abschlussprüfers

Wir haben den Jahresabschluss - bestehend aus Bilanz, Gewinn- und Verlustrechnung sowie Anhang - unter Einbeziehung der Buchführung und den Lagebericht der LG Chem Europe GmbH, Frankfurt am Main, für das Geschäftsjahr vom 1. Januar bis 31. Dezember 2016 geprüft. Die Buchführung und die Aufstellung von Jahresabschluss und Lagebericht nach den deutschen handelsrechtlichen Vorschriften liegen in der Verantwortung der Geschäftsführer der Gesellschaft. Unsere Aufgabe ist es, auf der Grundlage der von uns durchgeführten Prüfung eine Beurteilung über den Jahresabschluss unter Einbeziehung der Buchführung und über den Lagebericht abzugeben.

Wir haben unsere Jahresabschlussprüfung nach § 317 HGB unter Beachtung der vom Institut der Wirtschaftsprüfer (IDW) festgestellten deutschen Grundsätze ordnungsmäßiger Abschlussprüfung vorgenommen. Danach ist die Prüfung so zu planen und durchzuführen, dass Unrichtigkeiten und Verstöße, die sich auf die Darstellung des durch den Jahresabschluss unter Beachtung der Grundsätze ordnungsmäßiger Buchführung und durch den Lagebericht vermittelten Bildes der Vermögens-, Finanz- und Ertragslage wesentlich auswirken, mit hinreichender Sicherheit erkannt werden. Bei der Festlegung der Prüfungshandlungen werden die Kenntnisse über die Geschäftstätigkeit und über das wirtschaftliche und rechtliche Umfeld der Gesellschaft sowie die Erwartungen über mögliche Fehler berücksichtigt. Im Rahmen der Prüfung werden die Wirksamkeit des rechnungslegungsbezogenen internen Kontrollsystems sowie Nachweise für die Angaben in Buchführung, Jahresabschluss und Lagebericht überwiegend auf der Basis von Stichproben beurteilt. Die Prüfung umfasst die Beurteilung der angewandten Bilanzierungsgrundsätze und der wesentlichen Einschätzungen der Geschäftsführer sowie die Würdigung der Gesamtdarstellung des Jahresabschlusses und des Lageberichts. Wir sind der Auffassung, dass unsere Prüfung eine hinreichend sichere Grundlage für unsere Beurteilung bildet.

Unsere Prüfung hat zu keinen Einwendungen geführt.

Nach unserer Beurteilung aufgrund der bei der Prüfung gewonnenen Erkenntnisse entspricht der Jahresabschluss den gesetzlichen Vorschriften und vermittelt unter Beachtung der Grundsätze ordnungsmäßiger Buchführung ein den tatsächlichen Verhältnissen entsprechendes Bild der Vermögens-, Finanz- und Ertragslage der Gesellschaft. Der Lagebericht steht in Einklang mit dem Jahresabschluss, entspricht den gesetzlichen Vorschriften, vermittelt insgesamt ein zutreffendes Bild von der Lage der Gesellschaft und stellt die Chancen und Risiken der zukünftigen Entwicklung zutreffend dar.

Frankfurt am Main, den 31. Juli 2017

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft


Jens-Peter Otto
Wirtschaftsprüfer


ppa. Christoph Dietzel
Wirtschaftsprüfer

