003725/20 FC19165

In accordance with Regulation 32 of the Overseas Companies Regulations 2009

OS AA01

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

WEDNESDAY

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A13 18/12/2013 #43
COMPANIES HOUSE

✓ **What this form is for**
You may use this form to accompany your accounts disclosed under parent law

✗ **What this form is NOT for**
You cannot use this form to register an alteration of manner of compliance with accounting requirements

For further information, please refer to our guidance at www companieshouse gov uk

Part 1 Corporate company name

Corporate name of overseas company ❶	MITSUBISHI ELECTRIC EUROPE B V
UK establishment number	B R 0 0 3 3 9 1

→ **Filling in this form**
Please complete in typescript or in bold black capitals

All fields are mandatory unless specified or indicated by *

❶ 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 ❷ NETHERLANDS CIVIL CODE

❷ 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 ❸ INTERNATIONAL ACCOUNTING STANDARDS BOARD

❸ 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**

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'**	❶ Please insert the name of the appropriate accounting organisation or body
Name of organisation or body ❶	DUTCH STANDARDS ON AUDITING	

A5 Unaudited accounts

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

Part 3 Signature

I am signing this form on behalf of the overseas company

Signature	Signature **X** 下伍 [illegible] **X**

This form may be signed by
~~Director~~, ~~Secretary~~, Permanent representative

OS AA01

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

Presenter information

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 P THOMLINSON

Company name

MITSUBISHI ELECTRIC EUROPE B V

Address TRAVELLERS LANE

Post town HATFIELD

County/Region HERTS

Postcode A L 1 0 8 X B

Country UK

DX

Telephone 01707 276100

Checklist

We may return forms completed incorrectly or with information missing

Please make sure you have remembered the following

- ☑ 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

Important information

Please note that all this information will appear on the public record

Where to send

You may return this form to any Companies House address:

England and Wales.
The Registrar of Companies, Companies House, Crown Way, Cardiff, Wales, CF14 3UZ
DX 33050 Cardiff

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DX ED235 Edinburgh 1
or LP - 4 Edinburgh 2 (Legal Post)

Northern Ireland
The Registrar of Companies, Companies House, Second Floor, The Linenhall, 32-38 Linenhall Street, Belfast, Northern Ireland, BT2 8BG
DX 481 N R Belfast 1

Further information

For further information, please see the guidance notes on the website at www companieshouse gov uk or email enquiries@companieshouse gov uk

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Afschriften Handelsregister verstrekt per print

Dossier/ subd	Naam/Documenttype	Registratie datum	Verval datum	Aantal Pagina's
33279602	Mitsubishi Electric Europe B V Jaarrekening (boekjaar 2013, 24-10-2013 vastgesteld)	31-10-2013		45

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Amsterdam, 26-11-2013
voor afschriften

N Snijders
plv directeur

APOSTILLE
Convention de La Haye du 5 octobre 1961

1 Country THE NETHERLANDS
This public document
2 Has been signed by N Snijders
3 Acting in the capacity of deputy general manager of the chamber of commerce at Amsterdam
4 Bears the seal/stamp of

Certified
5 At Amsterdam
6 On 29 november 2013
7 By the clerk of the Court of Amsterdam
8 No
9 Seal/Stamp 52151
10 Signature
P J Rolvink

RECHTBANK AMSTERDAM

ANNUAL REPORT

MITSUBISHI ELECTRIC EUROPE B.V.
AMSTERDAM, THE NETHERLANDS,

Year ended March 31, 2013

CONTENTS

Financial Report

Managing Directors Report

The directors are pleased to submit their report together with the consolidated financial statements of Mitsubishi Electric Europe B V for the year ended March 31, 2013 The independent auditor's report is included in "Other Information"

General Information

Mitsubishi Electric Europe B V, Schiphol-Rijk, the Netherlands (Hereinafter 'the Company', 'MEU' or 'the Group') was incorporated on April 17, 1996 and operates as the European sales organization of Mitsubishi Electric Corporation ('MELCO'), Tokyo, Japan, its sole shareholder The registered office of MEU is located at Capronilaan 46, Schiphol-Rijk, the Netherlands

MEU carries out its operations primarily through branches in France, Germany, Ireland, Italy, the Netherlands, Portugal, Spain, Sweden, Poland, and the United Kingdom

Principal activities

The principal activities of MEU are as follows

A The sales and service of industrial, electrical and electronic equipment as well as consumer electric products and electronic and information technology systems and components

B The engineering design, project management and internal construction relating to power substations, building service modules, large screen display systems

We refer to page 83 for the complete list with the Company's branches and subsidiaries and their locations

Financial information

Activities and results

The business year ended March 31, 2013, saw the business environment continue to suffer under difficult conditions with a further economic downturn in the European market Under these circumstances overall sales decreased by EUR 129 3 million (-5 0%) compared to prior year over all business units (note 18) to EUR 2,458 million which was in line with management's expectations

Following the lower sales, the cost of sales decreased by EUR 118 3 million compared with the previous business year to EUR 2,089 2 million, representing 85% of net sales (previous business year 85 3%)

Operating expenses, i e the total of selling general and administrative expenses, other operating income and other operating expenses, developed in line with sales and amounted to EUR 342 8 million (previous business year EUR 345 5 million)

Financial results, the sum of finance income less finance costs remained stable to prior year, being an income amount of EUR 0 2 million in 2012/2013

Accounting for the aforementioned factors a profit before tax of EUR 26 9 million was achieved in 2011/2012 (previous business year EUR 35 2 million)

The profit after tax amounted to EUR 17 5 million (previous business year EUR 20 4 million)

Statement of financial position

Total assets amounted to EUR 1,125 4 million as at March 31, 2013 compared to EUR 1,242 1 million as at March 31, 2012 The reduction is basically attributable to lower balance in current assets, reflecting timing effects

Shareholders equity increased by EUR 14 7 million compared to the previous business year to EUR 231 6 million, which is primarily due to the profit for the period of EUR 17 4 million and the dividend paid to the shareholder of EUR 6 1 million

In total, the ratio of shareholders equity (being EUR 83 97 million) was 20 6% (previous year 17 5%)

Cash flow

The business year ended March 31, 2013, showed a net cash reduction from operating activities (including valuation effects) of EUR 16 7 million and a net cash reduction from investing activities of EUR 15 8 million Net cash reduction from financing activities was 43 1 million As a result cash and cash equivalents balance was reduced by EUR 75 5 million totaling to EUR 120 8 million by March 31, 2013 (previous business year EUR 196 3 million)

The net cash used in operating activities amounts to EUR 16 7 million and is EUR 3 9 million below prior year s level It was especially influenced by the reduction of accounts payables as well as a decrease in trade and other receivables and a lower level of inventories in 2012/2013

Net cash used in investing activities was EUR 6 7 million higher than last year The increase is reflecting the investment in Mitsubishi Electric Turkey

Net cash absorbed by financing activities was EUR 43 1 million, compared to net cash provided by financing activities of EUR 27 3 million last year Financing activities are primarily operated through affiliated companies

Financial and non-financial performance indicators

The financial performance indicators are described under the heading Financial information' There were no significant changes in the financial performance indicators as the Group's activities and performance did not significantly change in the financial year ended March 31 2013

There are no non-financial performance indicators of the Company to be presented here

Liquidity and need for external financing

The Group's liquidity position decreased by EUR 75 5 million from EUR 196 3 million as at March 31, 2012 to EUR 120 8 million as at March 31, 2013 There is however no need for additional external financing, as MEU is profitable and is likely to remain cash positive or cash neutral in the foreseeable future

Personnel related information

The average number of personnel employed during the year was 2,045 FTE At year end 2,072 FTE were employed In the purchasing, sales and marketing department 1,742 FTE and in the administrative department 331 FTE were employed We refer to note 24 of the financial statements for further details on personnel related information such as staff categories, number of staff employed as at reporting date, and staff employed outside of the Netherlands

Information on male / female partitioning of board members

The Board of Managing Directors consists of seven male members and therefore the balanced partitioning mentioned by article 391 of the Netherlands Civil Code cannot be met The Company does not have the intention to change the composition of the Board of Managing Directors in the near future The Managing Directors are selected and appointed based upon their knowledge, experience, and competences

Information regarding the aspects of corporate social responsibility

The MELCO Group promotes its corporate social responsibility (CSR) activities based on the conviction that all business activities must take CSR into consideration The MELCO Group's Corporate Mission and Seven Guiding Principles form its basic CSR policies

We are committed to the MELCO Group's CSR policies, details of which can be found on MELCO Group's website (www mitsubishielectric com/company/csr)

We are vigilant in our enforcement of corporate ethics and compliance and constantly work to improve educational programs and strengthen our internal control system At the same time, we pursue initiatives related to quality management, environmental preservation, philanthropy and improved communication with all stakeholders

Risk management and risk profile

The Board of Managing Directors, under the supervision of parent company MELCO, has overall responsibility and sets rules for the Group's risk management and control systems They are reviewed regularly to reflect changes in market conditions and the Group's activities The Board of Managing Directors oversees the adequacy and functioning of the entire system of risk management and internal control, assisted by (MELCO) Group departments

The day-to-day management and the managing directors regularly assess material risks to which the Group is exposed to and take the necessary actions to manage and/or mitigate such risks satisfactorily It is, and had been throughout the financial year, the Group's policy that no trading in financial instruments shall be undertaken

The risks can be divided into the various categories below

Strategic risks

MEU's involvement in the sales and service of industrial, electrical and electronic equipment, consumer electric products and electronic and information technology systems and components, and the engineering design, project management and internal construction relating to power substations, building service modules, large screen display systems in a large number of European countries leads to a number of unavoidable strategic risks that occur naturally These include geopolitical risks, industrial risks, market risks and risks in connection with social responsibility and environmental behavior

Inherent to this strategy is that MEU will take risks and be exposed to a variety of factors that directly or indirectly affect the Group's results However, we believe that by being active in a number of segments, each with its own market dynamics, we obtain a certain degree of 'counter cyclicality' between the activities and hence a somewhat more stable result development

Operational risks

Naturally, the Group is exposed to operational risks caused by e g supplier risks, IT risks, and risks related to business and work processes Management is closely monitoring operational risk factors to which the Group is exposed to through a variety of internal control measures to manage such risks effectively

Financial risk

Financial risks include foreign currency risks, interest rate risks, price risks, credit risks, and liquidity risks The Group is exposed to developments in the currency markets and to interest-rate developments With respect to exchange rates, MEU is affected primarily by changes in the JPY value in relation to EUR We refer to note 5 of the financial statements for further details about financial instruments and related risk management

Regulatory risks

The business areas are geographically represented in a variety of countries and the Group is therefore naturally exposed to a number of legal risks, tax risks and risks in connection with the reporting to public authorities or other external reporting Management is closely monitoring the development concerning the regulatory environment to manage such risks

Research and development information

MEU does not perform development activities within the production environments Research activities are performed on specific client requests

Prospects

With a wide range of products that are competitive and enjoying growth in markets MEU is able to provide solutions that fulfill customer needs in different areas, which is the key to future growth To raise overall profitability, the Group will continue to enhance the formidable competitiveness especially in the areas of quality, costs and services

Current business environment is reflecting a global slowdown in most relevant markets and an increasing risk of recessionary conditions especially in the EURO zone

Confronted with this business environment MEU, as part of the MELCO Group, places greater emphasis than ever on promoting growth strategies to boost its competitiveness and strengthening its business structure

Based on this MEU is expecting to achieve positive results in business year 2013/2014, comparable to 2012/2013

Management is not aware of any other events that could have a significant influence on expectations concerning future activities, investments, financing, staffing and profitability However, if necessary the Group will react on business opportunities

Subsequent events

In April 2013, MEU sold its 15% interest in Beijers Electronics Automation AB The selling price equaled the book value of the interest

In May 2013, MEU acquired a 30% interest in KH-Automation Projects GmbH, a limited liability company seated in Germany The purchase price for this participation paid in cash amounted to EUR 1 4 million The remaining 70% of the participation has been acquired by MELCO directly

MEU holds 70% of the shares of Mitsubishi Electric Turkey Elektrik Ürünleri Anonim Sirketi ('METR'), a limited liability company seated in Istanbul/Turkey In March 2013, METR acquired 100% of the shares in GENEL TEKNIK SISTEMLER SANAYI ve TICARET ANONIM SIRKETI ('GTS'), a limited liability company seated in Istanbul/Turkey On June 6, 2013 GTS merged into METR

In September 2013, MEU sold its office in Dublin, Ireland, for an amount of EUR 2 7 million MEU will stay on as a tenant in the building for a period of four years and nine months MEU intends to repay the loan on the building during financial year 2013/2014

There have been no other events after reporting date which have a significant impact on or should be disclosed in the 2012/2013 financial statements Regular tax audits are ongoing However, management is not aware of significant matters from these audits at the moment

Amsterdam, September 30, 2013

Managing Directors

K Uruma
G Debry
A Maeda
K Nakajima
A Furuse
Y Saito
K Furukawa

Consolidated statement of financial position
Year ended March 31, 2013 (before profit appropriation)

Assets

	Notes	March 31 2013 EUR'000	March 31,2012 EUR'000
Non-current assets			
Property, plant and equipment	7		
Land and buildings		11 041	11 436
Plant and equipment		15 395	15 795
Assets under constructions		830	336
Total property, plant		27 266	27 567
Intangible assets and goodwill	8	20 218	13 300
Investments in non-controlling interests	9	5 968	5 968
Deferred tax assets	23	9 732	9 659
Pension assets	14	7 511	5 739
Total non-current assets		70 695	62 233
Current assets			
Inventories	10	474 595	496 481
Trade and other receivables	11	459 304	487 061
Cash and cash equivalents	12	120 789	196 284
Total current assets		1 054 689	1 179 826
Total assets		1 125 383	1 242 059

The notes on pages 13 to 65 are an integral part of these consolidated financial statements

Equity and liabilities

	Notes	March 31,2013 EUR'000	March 31 2012 EUR'000
Equity			
Share capital	13	83 975	83 975
Share premium	13	16 855	16 855
Foreign currency translation reserve	13	-4 919	-4 627
Retained earnings		114 546	100 237
Unappropiated result		17 466	20 442
Total equity attributable to owners of the Company		227 923	216 882
Non-controlling interest	13	3 639	0
Total equity		231 562	216 882
Non-current liabilties			
Interest bearing loans and borrowings	15	0	0
Pension liabilities	14	3 599	3 407
Provisions	16	4 182	4 009
Other non-current liabilties		862	0
Deferred tax liabilities	23	6 663	5 745
Total non-current liabilities		15 306	13 161
Current liabilities			
Interest bearing loans and borrowings	15	12 987	24 709
Trade and other payables to affilitates	6	640 630	767 441
Trade payables to third parties	6	57 903	50 654
Other current liabilities	6	137 746	140 378
Income tax payables		13 173	12 994
Provisions	16	16 077	15 840
Total current liabilities		878 515	1 012 016
Total equity and liabilities		1 125 383	1 242 059

The notes on pages 13 to 65 are an integral part of these consolidated financial statements

Consolidated statement of comprehensive income
Year ended March 31, 2013

	Notes	March 31, 2013 EUR'000	March 31, 2012 EUR'000
Revenue	18	2 458 642	2 587 945
Cost of sales		-2 089 175	-2 207 451
Gross profit		369 467	380 494
Selling, general and administrative expenses	19	-365 309	-369 886
Other operating income	20	28 482	30 302
Other operating expenses	21	-5 970	-5 911
		-342 797	-345 495
Results from operating activities		26 670	34 999
Finance income	22	776	1 114
Finance costs	22	-533	-957
Net finance income (cost)		243	157
Profit (loss) before income tax		26 913	35 156
Income tax expenses	23	-9 447	-14 714
Profit (loss) for the year		17 466	20 442
Other comprehensive income			
Foreign currency translation differences foreign operations		-456	1 526
Other comprehensive income for the year, net of income tax		-456	1 526
Total comprehensive income for the year		17 010	21 968

The notes on pages 13 to 65 are an integral part of these consolidated financial statements

Consolidated statement of changes in equity
Year ended March 31, 2013

In thousand of EUR	Share capital	Share premium	Foreign currency translation reserve	Retained Earnings	Unappro-priated results	Total	Non-controlling interest	Total equity
Balance at April 1 2011	83 975	18 855	-6 153	83.119	24 454	202.250	0	202.250
Appropriation of prior year result	0	0	0	24 454	-24 454	0	0	0
Profit for the year	0	0	0	0	20 442	20 442	0	20 442
Other comprehensive income								
Foreign currency translation differences foreign operations	0	0	1 526	0	0	1 526	0	1.526
Total other comprehensive income	0	0	1.526	0	0	1.526	0	1.526
Total comprehensive income for the year	0	0	1 526	0	20 442	21 968	0	21 968
Transactions with owners of the Company, recognized directly in equity								
Dividends to owners of the Company paid to Mitsubishi Electric Corp (Tokyo Japan)	0	0	0	7 336	0	7 336	0	7 336
Balance at March 31, 2012	83 975	18 855	-4 627	100 237	20 442	216 882	0	216 882
Balance at April 1, 2012	83 975	18 855	-4 627	100.237	20 442	216 882	0	216 882
Appropriation of prior year result	0	0	0	20 442	-20 442	0	0	0
Profit of the year	0	0	0	0	17 466	17 466	0	17 466
Other comprehensive income								
Foreign currency translation differences foreign operations	0	0	-292	0	0	-292	-164	-456
Total other comprehensive income	0	0	292	0	0	-292	-164	-456
Total comprehensive income for the year	0	0	-292	0	17 466	17 174	-164	17 010
Transactions with owners of the Company, recognized directly in equity								
Dividends to owners of the Company paid to Mitsubishi Electric Corp. (Tokyo Japan)	0	0	0	-6.133	0	-6 133	0	-6 133
Changes in ownership interests in subsidiaries.								
Acquisition of subsidiary with non-controlling interests	0	0	0	0	0	0	3 803	3 803
Balance at March 31 2013	83 975	18 855	-4 919	114 546	17 466	227 923	3 639	231 562

The notes on pages 13 to 65 are an integral part of these consolidated financial statements

Consolidated statement of cash flows
Year ended March 31, 2013

	Notes	March 31, 2013 EUR'000	March 31, 2012 EUR'000
Cash flows from operating activities			
Net result before taxation		26 913	35 156
Adjustments			
• Loss/(gain) on disposal of non-current assets	7 8	161	154
• Depreciation, amortization and reversal (impairment) loss on non-current assets	7,8	7 768	8 662
• Decrease/(increase) in trade and other receivables and employee benefits	11,14	27 115	13 561
• Decrease/(increase) in inventories	10	23 704	7 534
• Decrease/(increase) in trade and other liabilities	6	94 038	-75 618
• Decrease/(increase) in provisions and employee benefits	14 16	607	-2 387
• Foreign exchange differences		-100	1 048
• Finance costs		-533	-957
• Finance income		776	1 114
• Income taxes paid		-9 036	-8 836
Net cash *(used in)/ provided by* operating activities		-16 663	-20 569
Cash flows from investing activities			
Acquisition of non-current assets	7,8	-7 551	-9 199
Acquisition of investments in non-controlling interests	9	-8 377	0
Proceeds from sales of property, plant and equipment		159	97
Net cash (used in)/ provided by/ financing activities		-15 769	-9 102
Cash flows from financing activities			
Changes in financing balances		-36 930	34 590
Dividends paid		-6 133	-7 336
Net cash (used in)/ provided by/ financing activities		-43 063	27 254
Net (decrease)/ increase in cash and cash equivalents		-75 495	-2 417
Cash and cash equivalents at beginning of period		196 284	198 701
Cash and cash equivalents at end of period		120 789	196 284

The notes on pages 13 to 65 are an integral part of these consolidated *financial* statements

Notes to the consolidated financial statements
Year ended March 31, 2013
1 Reporting entity

Mitsubishi Electric Europe B V, Schiphol-Rijk, the Netherlands (Hereinafter "the Company", "MEU" or "the Group") was incorporated on April 17, 1996 and operates as the European sales organization of Mitsubishi Electric Corporation ('MELCO'), Tokyo, Japan The registered office of MEU is located at Capronilaan 46, Schiphol-Rijk, Amsterdam, the Netherlands

The consolidated financial statements of the Company as at and for the year ended March 31, 2013 comprise the Company and its subsidiaries (together referred to as the 'Group' and individually as 'Group entities') and the Group's interest in associates

MEU's sole shareholder is MELCO, a company whose registered address is 2-7-3, Marunouchi, Chiyoda-ku, Tokyo 100-8310, Japan and from whom consolidated financial statements can be requested The financial information of MEU is included in the consolidated financial statements of MELCO

The principal activities of MEU are as follows

A *The sales and service* of industrial, electrical and electronic equipment as well as consumer electric products and electronic and information technology systems and components

B The engineering design, project management and internal construction relating to power substations, building service modules, large screen display systems

MEU carries out its operations primarily through branches in France, Germany, Ireland, Italy, the Netherlands Portugal, Spain, Sweden, Poland and the United Kingdom We refer to the "Other Information" for the complete overview of the Company's branches and their locations

2 Basis of preparation

Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code

The consolidated financial statements were authorized for issue by the board of managing directors on September 30, 2013

Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis, except for the following material items in the statement of financial position

- Derivative financial instruments are measured at fair values,
- The defined benefit asset is recognized as plan assets, plus unrecognized past service cost, less the present value of the defined benefit obligation and limited as explained in note 3 under the heading 'Employee benefits'

Functional and presentation currency

The consolidated financial statements are presented in EUR Operations with a functional currency other than EUR were translated to the Company's presentation currency All financial information presented in EUR has been rounded to the nearest thousand, unless stated otherwise

Use of estimates and judgments

The preparation of the consolidated financial statements in conformity with IFRSs as adopted by the EU requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses Actual results may differ from these estimates

Estimates and underlying assumptions are reviewed on an ongoing basis Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements is included in the following notes

- Note 6 - Financial risk management and financial instruments
- Note 7 - Property, plant and equipment
- Note 8 - Intangible assets
- Note 14 - Employee benefits
- Note 16 - Provisions
- Note 17 - Commitments and contingencies

New standards adopted during the financial year

New standards, which became effective by adoption of the European Union as of January 1, 2012 and consequently applicable for the financial year starting April 1, 2012, did not have a significant impact on MEU

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by MEU

Certain comparative amounts in the statement of financial position have been reclassified to conform with the current year's presentation The employee benefit asset has now been separately presented in the statement of financial position instead of being presented under the heading 'Trade and other receivables'

Basis of consolidation

Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities In assessing control, the Group takes into consideration potential voting rights that currently are exercisable

The Group measures goodwill at the acquisition date as

- the fair value of the consideration transferred, plus
- the recognised amount of any non-controlling interests in the acquiree, plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree, less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss The consideration transferred does not include amounts related to the settlement of pre-existing relationships Such amounts generally are recognised in profit or loss

Transactions costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred

Any contingent consideration payable is measured at fair value at the acquisition date If the contingent consideration is classified as equity, then it is not remeasured and settlement is accounted for within equity Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss

When share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to past and/or future service

Acquisitions of non-controlling interests

Acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result Adjustments to non-controlling interests arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary

Subsidiaries

Subsidiaries are entities controlled by the Group The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases

Loss of control

On the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary Any surplus or deficit arising on the loss of control is recognised in profit or loss If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained

Investment in associates (equity-accounted investees)

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity

Investments in associates are accounted for using the equity method and are recognised initially at cost The cost of the investment includes transaction costs

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases

When the Group s share of losses exceeds its interest in an equity-accounted investee, the carrying amount of the investment, including any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements

Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment

Foreign entities

The financial information of the subsidiaries is fully consolidated in the consolidated financial statements and the financial information of the branches is fully aggregated in the consolidated financial statements of the Company Internal transactions and balances and unrealized profits on internal transactions are eliminated on consolidation/aggregation

The subsidiaries and the branches are considered to be foreign entities for reporting purposes, because the activities are not an integral part of the enterprise which is e g evidenced by the fact that the costs of the branches are primarily paid or settled in the local (functional) currency of the country of residence

Foreign currency

<u>Transactions and balances in foreign currencies</u>

Transactions in foreign currencies are translated to the respective functional currency of the Company's branches at the exchange rate at the date of the transaction Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortized cost in foreign currency translated at the exchange rate at the end of the reporting period Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined Foreign currency differences arising on retranslation are recognized in profit or loss Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction

<u>Foreign operations</u>

Subsidiaries and branches maintain their accounting records in their respective functional currencies For inclusion in the Company's consolidated financial statements the assets and liabilities of foreign operations are translated to presentation currency EUR at the foreign exchange rates ruling at the balance sheet date The revenues and expenses of foreign operations are translated to EUR at rates approximating to the foreign exchange rates ruling at the dates of the transactions The exchange differences arising on the translation are recognized in other comprehensive income, and presented in the foreign currency translation reserve in equity

Financial instruments

Non-derivative financial assets

The Group initially recognizes loans and receivables and deposits on the date that they are originated All other financial assets (including assets designated at fair value through profit or loss) are recognized initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument

The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred Any interest in transferred financial assets that is created or retained by the Group is recognized as a separate asset or liability

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a *legal right to offset* the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously

The Group classifies non-derivative financial assets into the following categories financial assets at fair value through profit or loss, held-to-maturity financial assets, and loans and receivables

Financial assets at fair value through profit or loss

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition Financial assets are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy Attributable transaction costs are recognized in profit or loss as incurred Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognized in profit or loss

Financial assets designated at fair value through profit or loss comprise equity securities that otherwise would have been classified as available for sale

Held-to-maturity financial assets

If the Group has the positive intent and ability to hold debt securities to maturity, then such financial assets are classified as held to maturity Held-to-maturity financial assets are recognized initially at fair value plus any *directly attributable transaction* costs Subsequent to initial recognition held-to-maturity financial assets are measured at amortized cost using the effective interest method, less any impairment losses Any sale or reclassification of a more than insignificant amount of held-to-maturity investments not close to their maturity would result in the reclassification of all held-to-maturity investments as available for sale, and prevent the Group from classifying investment securities as held to maturity for the current and the following two financial years

Held-to-maturity financial assets comprise debentures

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market Such assets are recognized initially at fair value plus any directly attributable transaction costs Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses

Loans and receivables comprise cash and cash equivalents and trade and other receivables

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments

Non-derivative financial liabilities

The Group initially recognizes debt securities issued and subordinated liabilities on the date that they are originated All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognized initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument

The Group derecognizes a financial liability when its contractual obligations are discharged cancelled or expire

The Group classifies non-derivative financial liabilities into the other financial liabilities category Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method

Other financial liabilities comprise loans and borrowings, bank overdrafts, and trade and other payables

Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows

Share capital

Ordinary shares

Ordinary shares are classified as equity Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity, net of any tax effects

Repurchase, and reissue of share capital (treasury shares)

When share capital recognized as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognized as a deduction from equity Repurchased shares are classified as treasury shares and are presented in the reserve for own shares When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is presented in share premium

Derivative financial instruments

The Group holds derivative financial instruments to hedge its foreign currency risk exposures Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value through profit or loss

Derivatives are recognized initially at fair value, attributable transaction costs are recognized in profit or loss as incurred Subsequent to initial recognition, derivatives are measured at fair value and changes therein are accounted for as described below

Separable embedded derivatives

Changes in the fair value of separated embedded derivatives are recognized immediately in profit or loss

Other non-trading derivatives

The Group does not hold derivative financial instruments designated in a hedge relationship that qualify for hedge accounting When a derivative financial instrument is not designated in a hedge relationship that qualifies for hedge accounting, all changes in its fair value are recognized immediately in profit or loss

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses

Cost includes expenditure that is directly attributable to the acquisition of the asset The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalized borrowing costs

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment, and is recognized net within other income/other expenses in profit or loss When translated assets are sold, any related amount included in the foreign currency translation reserve is transferred to retained earnings

Depreciation is based on the cost of an asset less its residual value Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of an item of property, plant and equipment Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term Land is not depreciated

The estimated useful lives for the current and comparative years are as follows

- Buildings - based on contract (rental or useful life, on average 10-20 years)
- Plant and equipment

Technical equipment	3 to 5 years
Office equipment	5 to 10 years
Cars	3 to 5 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate

Intangible assets

Goodwill that arises upon the acquisition of investments is included in intangible assets Goodwill is measured at cost less accumulated impairment losses

Other intangible assets that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortization and accumulated impairment losses

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates All other expenditure is recognized in profit or loss as incurred

Amortization is based on the cost of an asset less its residual value

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use The estimated useful lives for the current and comparative years are as follows

- Other intangible assets

Customer relationships	10 years
Other (e g software)	5 years

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate

Investments in non-controlling interests

Investments in non-controlling interests are measured at cost less accumulated impairment losses

Leased assets

Assets held under finance leases or leased properties which are leases where substantially all the risks and rewards of ownership have passed to the Company are capitalized in the statement of financial position at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments and depreciated over their useful lives or the shorter lease period The present value of the minimal lease payments of future obligations under leases is included as a liability in the statement of financial position

The interest element of the lease obligation is charged to the profit and loss account over the period of the lease

Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the lease term

Inventories

Inventories are stated at the lower of cost and net realizable value The weighted average cost method is applied and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses

Construction contracts

Construction contracts in progress represent the gross unbilled amount expected to be collected from customers for contract work performed to date It is measured at cost plus profit recognized to date less progress billings and recognized losses Cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred in the Company's contract activities based on normal operating capacity

Construction contracts in progress are presented as part of trade and other receivables in the statement of financial position for all contracts in which costs incurred plus recognized profits exceed progress billings If progress billings exceed costs incurred plus recognized profits, then the difference is presented as deferred income/revenue in the statement of financial position

If a specific finance project has been concluded for work in progress, interest charges are attributed to the cost price of this work A provision is recognized for expected losses on contracts, which occurs when total contract costs exceed total contract revenue

Contract revenue and contract costs are recognized as revenue and expenses, respectively, when the outcome of a construction contract can be estimated reliable

Revenue arising from fixed price contracts is recognized in accordance with the percentage of completion method The stage of completion is measured by reference to the actual costs incurred to date as a percentage of the total expected costs for each contract

Impairment

<u>Non-derivative financial assets</u>

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably

Objective evidence that financial assets are impaired includes default or delinquency by a debtor restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the Company, economic conditions that correlate with defaults or the disappearance of an active market for a security In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment

Financial assets measured at amortized cost

The Company considers evidence of impairment for financial assets measured at amortized cost (loans and receivables and held-to-maturity investment securities) at both a specific asset and collective level All individually significant assets are assessed for specific impairment Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics

In assessing collective impairment the Company uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate Losses are recognized in profit or loss and reflected in an allowance account against loans and receivables or held-to-maturity investment securities Interest on the impaired asset continues to be recognized When an event occurring after the impairment was recognized causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss

Non-financial assets

The carrying amounts of the Company's non-financial assets other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment If any such indication exists, then the asset's recoverable amount is estimated For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time An impairment loss is recognized if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination

The Company's corporate assets do not generate separate cash inflows and are utilized by more than one CGU Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated

Impairment losses are recognized in profit or loss Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a pro rata basis

An impairment loss in respect of goodwill is not reversed In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized

Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss in the periods during which services are rendered by employees Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available Contributions to a defined contribution plan that are due more than 12 months after the end of the period in which the employees render the service are discounted to their present value

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan The Company's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods, that benefit is discounted to determine its present value Any unrecognized past service costs and the fair value of any plan assets are deducted The discount rate is the yield at the reporting date on AA credit-rated bonds that have maturity dates approximating the terms of the Company's obligations and that are denominated in the same currency in which the benefits are expected to be paid

The calculation is performed annually by a qualified actuary using the projected unit credit method When the calculation results in a benefit to the Company, the recognized asset is limited to the total of any unrecognized past service costs and the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Company An economic benefit is available to the Company if it is realizable during the life of the plan, or on settlement of the plan liabilities When the benefits of a plan are improved, the portion of the increased benefit related to past service by employees is recognized in profit or loss on a straight-line basis over the average period until the benefits become vested To the extent that the benefits vest immediately, the expense is recognized immediately in profit or loss

The Company recognizes all actuarial gains and losses arising from defined benefit plans in other comprehensive income to the extent that any cumulative unrecognized actuarial gain or loss exceeds 10 per cent of the greater of the present value of the defined benefit obligation and the fair value of plan assets Otherwise, the actuarial gain or loss is not recognized

The net cumulative (unrecognized) actuarial gain or loss at the beginning of the period in excess of the corridor is amortized on a straight-line basis over the expected average remaining working lives of the employees participating in the plan

The Company recognizes all expenses related to defined benefit plans in personnel expenses in profit or loss

The Company recognizes gains and losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs The gain or loss on curtailment comprises any resulting change in the fair value of plan assets, change in the present value of defined benefit obligation and any related actuarial gains and losses and past service cost that had not previously been recognized

Long-term service benefits

The Company's net obligation in respect of long-term employee benefits other than pension plans is the amount of future benefit that employees have earned in return for their service in the current and prior periods, that benefit is discounted to determine its present value, and the fair value of any related assets is deducted The discount rate is the yield at the reporting date on AA credit-rated bonds that have maturity dates approximating the terms of the Company's obligations and that are denominated in the same currency in which the benefits are expected to be paid The calculation is performed using the projected unit credit method Any actuarial gains and losses are recognized in profit or loss in the period in which they arise

Termination benefits

Termination benefits are recognized as an expense when the Company is committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy Termination benefits for voluntary redundancies are recognized as an expense if the Group has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability

Revenue

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured The following specific recognition criteria must also be met before revenue is recognized

- Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates Revenue is recognized when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognized as a reduction of revenue as the sales are recognized

  The timing of the transfer of risks and rewards varies depending on the individual terms of the sales agreement Usually transfer occurs when the product is received at the customer's warehouse, however, for some international shipments transfer occurs upon loading the goods onto the relevant carrier at the port

- Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments, to the extent that it is probable that they will result in revenue and can be measured reliably As soon as the outcome of a construction contract can be estimated reliably, contract revenue is recognized in profit or loss in proportion to the stage of completion of the contract Contract expenses are recognized as incurred unless they create an asset related to future contract activity

  The stage of completion is assessed by reference to surveys of work performed When the outcome of a construction contract cannot be estimated reliably contract revenue is recognized only to the extent of contract costs incurred that are likely to be recoverable An expected loss on a contract is recognized immediately in profit or loss

- Revenue from services rendered is recognized in profit or loss in proportion to the stage of completion of the transaction at the reporting date The stage of completion is assessed by reference to surveys of work performed

- Other income are gains from sale of property, plant and equipment, intangible assets, and investments in non-controlling interests, net of sales tax They are recognized in profit or loss when ownership has been transferred to the buyer

- Finance income comprises dividend income, interest income, and changes in the fair value of financial assets designated at fair value through profit or loss Interest income is recognized as it accrues in profit or loss, using the effective interest rate method unless collectability is in doubt Dividend income is recognized in profit or loss on the date that the Company's right to receive payment is established

Expenses

- Costs of sales include allowances for inventories

- Finance cost comprises interest expenses, unwinding of the discount on provisions, changes in the fair value of financial assets designated at fair value through profit or loss, and impairment losses recognized on financial assets Interest expenses are recognized as they accrue in profit or loss, using the effective interest rate method Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit or loss using the effective interest method

Income taxes

Income tax expense comprises current and deferred tax Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date and any adjustment to tax payable in respect of previous years Current tax payable also includes any tax liability arising from the declaration of dividends

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes Deferred tax is not recognized for

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss,

- temporary differences related to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future, and

- taxable temporary differences arising on the initial recognition of goodwill

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized

New standards and interpretations issued but not yet effective

Other than those adopted as explained in note 2, a number of new standards, amendments to standards and interpretations are not yet effective for the year ended March 31, 2013, and have not been applied in preparing these consolidated financial statements None of these are expected to have a significant effect on the consolidated financial statements of the Company, except for

- IAS 19 Employee Benefits (2011) The amendments to IAS 19 Employee Benefits becoming effective for annual periods beginning on or after January 1, 2013 with early adoption permitted The most significant change relates to the accounting for changes in defined benefit obligations and plan assets The amendments require the recognition of changes in defined benefit obligations and in fair value of plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous version of IAS 19 and accelerate the recognition of past service costs The amendments require all actuarial gains and losses to be recognized immediately through other comprehensive income in order for the net pension asset or liability recognized in the statement of financial position to reflect the full value of the plan deficit or surplus This change means that deferral of actuarial gains and losses within the corridor are no longer applied The Company decided not to early adopt the amendments in IAS 19 The net recognized actuarial loss as at March 31, 2013 amounts to EUR 21 3 million

Cash flow statement

The cash flow statement is prepared using the indirect method Changes in balance sheet items that have not resulted in cash flows, such as translation differences and other non-cash items have been eliminated for the purpose of preparing this statement Dividends paid to ordinary shareholders are included in financing activities Interest paid is included in operating activities Cash consists of current (including short-term deposit) accounts with banks and cash in hand

4 Determination fair values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities Fair values have been determined for measurement and/or disclosure purposes based on the following methods When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability

Property, plant and equipment

The fair value of property, plant and equipment recognized as a result of a business combination is the estimated amount for which a property could be exchanged on the date of acquisition between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably The fair value of items of plant, equipment, fixtures and fittings is based on the market approach and cost approaches using quoted market prices for similar items when available and replacement cost when appropriate Depreciated replacement cost estimates reflect adjustments for physical deterioration as well as functional and economic obsolescence

Intangible assets

The fair value of customer relationships acquired in a business combination is determined using the multi-period excess earnings method, whereby the subject asset is valued after deducting a fair return on all other assets that are part of creating the related cash flows

The fair value of other intangible assets is based on the discounted cash flows expected to be derived from the use and eventual sale of the assets

Inventories

The fair value of Inventories acquired in a business combination is determined based on the estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories

Trade and other receivables

The fair value of trade and other receivables, excluding construction work in progress is estimated at the present value of future cash flows discounted at the market rate of interest at the reporting date This fair value is determined for disclosure purposes

Forward exchange contracts

The fair value of forward exchange contracts is based on their quoted price, if available If a quoted price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds)

Other non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date In respect of the liability component of convertible notes, the market rate of interest is determined by reference to similar liabilities that do not have a conversion option For finance leases the market rate of interest is determined by reference to similar lease agreements

5 Acquisition of subsidiary

In November 2012 MEU and MELCO founded Mitsubishi Electric Turkey Electrik Ürünlen Anonim Sirketi ('METR'), a limited liability company seated in Istanbul/Turkey, in which MEU holds a 70% and MELCO a 30% participation The capital injection of MEU amounted to EUR 8 4 million and the capital injection of MELCO to EUR 3 6 million

In March 2013, the MEU Group -via METR- obtained control of GENEL TEKNIK SISTEMLER SANAYI ve TICARET ANONIM SIRKETI ('GTS'), a limited liability company seated in Istanbul/Turkey, acting as a distributor of Mitsubishi Electric factory automation products, by acquiring 100% of the shares and voting interests in this company

The purchase price, paid in cash, for the shares in GTS amounted to EUR 8 6 million

The acquisition has been recognized using the purchase method of accounting The identified assets and liabilities of the GTS were initially consolidated at fair value Such fair values included intangible assets relating to customer relationship of EUR 2 3 million and remaining goodwill amounting to EUR 4 8 million It reflects in particular the expected earnings potential of the business combination

No detailed financial Information of GTS is available as at the acquisition date of the entity Therefore, management decided to use the GTS financial information as at March 31, 2013 as input for inclusion in the MEU financial statements Since the acquisition date is very close to reporting date, management assessed that the most likely impact on the MEU BV consolidated financial information is very limited and will not be material for these financial statements

6 Financial risk management and financial instruments

Overview

The Company's principal instruments, other than derivates, comprise loans/deposits with Mitsubishi Electric Finance Europe PLC and bank loans/deposits The main purpose of these financial instruments is to raise finance for the Company's operations The Company has various other financial instruments such as trade debtors and trade creditors, which arise directly from its operations The Company also enters into derivative transactions principally forward currency contracts The purpose is to manage the currency risks arising from the Company's operations

It is, and had been throughout the financial year, the Company's policy that no trading in financial instruments shall be undertaken

The main risks arising from the Company's financial instruments are interest rate risk, liquidity risk, foreign currency risk and credit risk The board reviews and agrees policies for managing each of these risks and they are summarized below The Company also monitors the market price risk arising from all financial instruments The magnitude of this risk that has arisen over the period is detailed below The Company's accounting policies in relation to derivates are set out in note 3

Foreign currency risk and interest rate risk table

The following table demonstrates the sensitivity to a reasonably possible change in the following exchange rate, with all other variables held constant, on the Company's profit before tax (due to changes in the fair value of monetary assets and liabilities)

The following table also demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables constant, of the Company's profit before tax (through the impact on floating rate borrowings)

2013	Variance +10% in EUR 000 on PBT	Variance -10% in EUR'000 on PBT
Exchange rate		
EUR/USD	323	323
EUR/GBP	-218	218
EUR/JPY	-152	152
EUR/SKR	-556	556
	-1 249	1 249

2013	Variance +1% in EUR'000 on PBT	Variance -1% in EUR'000 on PBT
Interest rate	3	-3

2012	Variance +10% in EUR'000 on PBT	Variance -10% in EUR'000 on PBT
Exchange rate		
EUR/USD	-744	744
EUR/GBP	-40	40
EUR/JPY	2	-2
EUR/SKR	-786	786
	-1 402	1 402

2012	Variance +1% in EUR 000 on PBT	Variance -1% in EUR'000 on PBT
Interest rate	4	-4

Fair values

Set out below is a comparison by category of carrying amounts and fair values of the Company's financial assets and liabilities

Classes of Financial Assets	Fair Value 2013 in EUR'000	Carrying amount 2013 in EUR'000	Fair Value 2012 in EUR'000	Carrying amount 2012 in EUR'000
Derivatives	580	580	170	170
Investments	5 968	5 968	5 968	5 968
Cash&cash equivalents	120 789	120 789	194 284	194 284
Trade receivables 3rd parties	375 974	375 974	387 189	387 189
Trade & other receivables affiliates	26 012	26 012	26 503	26 503
Loans	36 333	36 333	42 285	42 285
Other debitors	11 293	11 293	18 453	18 453
	576 949	576 949	674 852	674 852

Classes of Financial Liabilities	Fair Value 2013 in EUR'000	Carrying amount 2013 in EUR'000	Fair Value 2012 in EUR'000	Carrying amount 2012 in EUR'000
Derivatives	642	642	707	707
Trade payables 3rd parties	57 903	57 903	50 654	50 654
Trade & other payables to affiliates	617 929	617 929	702 121	702 121
Loans and borrowings	35 688	35 688	90 029	90 029
Other creditors	83 541	83 541	69 742	69 742
	795 703	795 703	913 253	913 253

Basis for determining fair values and fair value hierarchy levels

The significant methods and assumptions used in estimating the fair values of financial instruments reflected in the table above are discussed in note 4

The derivatives set out above consist of short term foreign currency exchange contracts Their fair value has been obtained from external market confirmations (fair hierarchy level 2)

The different fair value hierarchy levels have been defined as follows

- Level 1 quoted prices (unadjusted) in active markets for identical assets or liabilities

- Level 2 inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i e as prices) or indirectly (i e derived from prices)
- Level 3 inputs for the asset or liability that are not based on observable market data (unobservable inputs)

Interest rate risk

The Company's exposure to interest rate risk relates to changes in market interest rates primarily to the Company's borrowings Wherever practical, interest payable profiles are matched to the underlying asset categories The Company's policy is to manage its interest cost by strict cash flow and working capital management to reduce the need for funding Due to the Company's strict cash flow and working capital management the interest rate risk for MEU is considered to be low

Trade and other receivables from affiliated companies include short-term loans to Mitsubishi Electric Finance Europe PLC for an amount of EUR 36,333 thousand at March 31, 2013 (March 31, 2012 EUR 42,150 thousand) The effective interest rates on these loans range between 0 10% and 1 47% (March 31, 2012 0 10% and 2 36%)

Trade and other payables to affiliated companies include short-term loans from Mitsubishi Electric Finance Europe PLC for an amount of EUR 22,701 thousand at March 31, 2013 (March 31, 2012 EUR 64,320) The effective interest rates on these loans range between 0 3188% and 1 3880% (March 31, 2012 0 578% and 1 8979%)

Foreign currency risk

The Group has currency translation exposures Such exposures arise from sales or purchases of goods in currencies other than the unit's functional currency As a result, the Company had significant currency exposures in respect of its monetary assets and liabilities during the year To mitigate this risk, management agreed with their major customers to invoice them in the same transactional currency as the purchases The Company also uses forward exchange contracts to hedge foreign currency exchange exposures arising on known material receipts and payments in foreign currencies The Company did not apply special hedge accounting in the years ended March 31, 2013 and 2012

Price risk

The Group's exposure to price risk is low since most of the purchased goods are bought from affiliated factories with which longer-term price agreements have been negotiated

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers The Company sets individual customer credit limits and these are closely monitored Credit control is taken seriously by the Company and policies are in place to limit any affect by a defaulting party

Trade receivables are recognized net of a provision for doubtful debts Periodically, the Company reviews the collectability of the trade receivables taking into account the history of the customer, recent financial performance and proposals to pay the amounts due An estimate for doubtful debts is made when the collection of the full amount is no longer probable The majority of the trade receivables are related to customers located in Europe

The amounts receivable are due within normal trade terms, which generally range between 30 and 90 days At the reporting date there were no significant concentrations of credit risk

With respect to cash and cash equivalent balances at banks the credit risk is mitigated by the Company's policy to conclude financial instruments only with banks with high reputation and first class credit ratings MEU considers the probability of bank default to be very low

The carrying amount of financial assets represents the maximum credit exposure

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with financial liabilities that are settled by delivering cash or another financial asset The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation

The Company's aim is to maintain a balance between continuity of funding and flexibility through the use of overdrafts and short-term loans The Company's policy is to match the maturity of assets and liabilities as far as possible

<u>Contractual maturities</u>

The table below summarizes the maturity profile of the Company's financial liabilities at March 31, 2013 based on contractual undiscounted payments

	On demand EUR '000	Less than 3 months EUR '000	3 to 12 months EUR'000	1-5 years EUR '000	>5 years EUR '000	Total EUR '000
March 31, 2013						
Loans received	7 548	22 701	5 439	0	0	35 688
Trade and other payables 3rd parties	6 588	53 164	0	0	0	59 752
Trade and other payables affiliates	1 219	272 787	342 074	0	0	616 080
Other creditors	228	71 926	14 556	1 201	0	87 911
	15 583	420 578	362 069	1 201	0	799 431

The equivalent disclosure for the prior year is as follows

	On demand EUR '000	Less than 3 months EUR '000	3 to 12 months EUR'000	1 5 years EUR '000	>5 years EUR '000	Total EUR '000
March 31, 2012						
Loans received	19 028	65 562	5 439	0	0	90 029
Trade and other payables 3rd parties	7 399	43 115	140	0	0	50 654
Trade and other payables affiliates	1 170	432 873	268 079	0	0	702 121
Other creditors	18	129 984	16 812	679	0	147 493
	27 615	671 534	290 470	679	0	990 297

Capital management

There were no major changes in the Company's approach to capital management during the year The board of directors' policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of business and acquisitions Capital is herein defined as equity attributable to equity holders of the Company

The Company is not subject to externally imposed capital requirements and does not purchase its own shares

7 Property, plant and equipment

March 31, 2013

	Assets under construction EUR 000	Office buildings including land EUR '000	Other buildings including land EUR '000	Plant and equipment EUR 000	Total EUR 000
Cost					
Opening balance	336	5 739	11 080	48 814	65 969
Purchases	1 199	0	78	5 015	6 291
Devaluation effect	0	-29	0	0	29
Transfer of completed assets under construction	-851	29	39	583	0
Disposals*	-31	0	0	-5 784	-5 796
Effect of movements in exchange rates	22	-78	9	136	245
Closing balance	831	5 662	11 187	48 511	66 190
Depreciation and impairment losses					
Opening balance	0	269	5 114	33 019	38 402
Depreciation charge for the year*	0	222	341	5 690	6 253
(Reversal) impairment losses	0	-264	0	0	-264
Disposals**	0	0	0	-5 475	-5 475
Effect of movements in exchange rates	0	125	0	117	8
Closing balance	0	352	5 455	33 117	38 924
Net book value at March 31 2013	831	5 310	5 732	15 394	27 266

Property, plant and equipment of EUR 2,500 thousand were pledged as security for borrowings from a bank The translation adjustments are mainly related to the development of the exchange rate of GBP to EUR

March 31, 2012

	Assets under construction EUR 000	Office buildings including land EUR '000	Other buildings including land EUR '000	Plant and equipment EUR '000	Total EUR'000
Cost					
Opening balance	299	6 213	11 005	43 440	60 957
Purchases	724	14	85	6 206	7 029
Devaluation effect	0	-1 049	0	0	-1 049
Transfer of completed assets under construction	-701	218	3	480	0
Disposals**	0	0	0	-1 734	-1 734
Effect of movements in exchange rates	14	343	-13	422	766
Closing balance	336	5 739	11 080	48 814	65 969
Depreciation and impairment losses					
Opening balance	0	184	4 764	29 695	34 643
Depreciation charge for the year*	0	214	350	4 571	5 135
(Reversal) impairment losses	0	-142	0	0	-142
Disposals**	0	0	0	-1 521	-1 521
Effect of movements in exchange rates	0	13	0	274	287
Closing balance	0	269	5 114	33 019	38 402
Net book value at March 31 2012	336	5 470	5 966	15 795	27 567

*The charge of the year is included in Selling General and Administrative expenses
**The book loss of the year is included in Other operating expenses

8 Intangible assets

March 31, 2013	Goodwill EUR '000	Customer relationship EUR '000	Other** EUR '000	Total EUR '000
Cost				
Opening balance	7 133	5 187	16 379	28 699
Purchase/internally developed	4 784	2 307	2 037	9 127
Disposals	0	0	-210	-210
Effect of movement in exchange rates	0	0	-117	-117
Closing balance	11 917	7 494	18 089	37 499
Amortization and impairment losses				
Opening balance	0	2 571	12 837	15 408
Amortization charge for the year*	0	518	1 624	2 142
Disposals	0	0	-209	-209
Effect of movement in exchange rates	0	0	-60	-60
Closing balance	0	3 089	14 192	17 281
Net book value at March 31, 2013	11 917	4 405	3 897	20 218

March 31, 2012	Goodwill EUR '000	Customer relationship EUR '000	Other** EUR '000	Total EUR '000
Cost				
Opening balance	7 043	5 187	14 087	26 317
Purchase/internally developed	0	0	2 171	2 171
Disposals	0	0	-176	-176
Effect of movement in exchange rates	90	0	297	387
Closing balance	7 133	5 187	16 379	28 699
Amortization and impairment losses				
Opening balance	0	2 056	10 472	12 528
Amortization charge for the year*	0	515	2 106	2 621
Disposals	0	0	-138	-138
Effect of movement in exchange rates	0	0	388	388
Closing balance	0	2 571	12 828	15 399
Net book value at March 31, 2012	7 133	2 616	3 551	13 300

*The amortization charge for the year is included in Selling General and Administrative expenses
**The position Other' comprises mainly computer software

For the purpose of impairment testing goodwill was allocated to the Company's operating division Factory Automation, which represents the lowest level within the Company at which the goodwill is monitored for internal management purposes The recoverable amount of the cash-generating unit was based on its value in use The value in use was determined by discounting the future cash flows generated from the continuing use of the unit The calculation was based on the following assumptions

Cash flows were projected based on past experiences, actual operating results and the 5-year business plan Cash flows for the perpetual period were kept constant at the level of the last year of the 5-year business plan

A pre-tax discount rate of 8 9% (2011/2012 8 6%) was applied in determining the recoverable amount of the cash-generating unit The pre-tax discount rate is in line with the Company's estimated pre-tax weighted average cost of capital as at the date of impairment testing

No impairment loss was recognized in 2012/2013 and 2011/2012 financial year

9 Investments in non-controlling interests

	March 31, 2013 EUR '000	March 31, 2012 EUR '000
Beijer Electronics Automation AB	4 800	4 800
Advanced Worx 112 (Proprietary) Limited	1 168	1 168
	5 968	5 968

Investments in non-controlling interests (March 31, 2013 EUR 5,968 thousand, March 31, 2012 EUR 5,968 thousand) represent a 15 0% share of the Beijer Electronics Automation AB (Malmö/Sweden), acquired in October 2006 and a 14 9% share of Advanced Worx 112 (Proprietary) Limited (trading as Adroit Technologies) (Johannesburg/Republic of South Africa), acquired in March 2011

10 Inventories

	March 31, 2013 EUR '000	March 31, 2012 EUR '000
Aircon & Photovoltaic Systems	226 258	233 687
Automotive Equipment	119 639	114 778
Home Appliances & Digital Media	50 829	54 242
Industrial Products	37 660	36 864
Industrial Automation Systems	24 583	20 496
Semiconductors	11 760	29 416
Industrial Sewing Machines	2 206	1 850
Public Use System	463	540
Building Systems	430	2 748
Electronic Systems	414	1 212
Power Systems	111	275
Others	242	373
	474 595	496 481

Inventories are stated net of a provision for obsolete stock of EUR 22,298 thousand (March 31, 2012 EUR 21,199 thousand) Provisions have been made for all segments The write down is included in Cost of Sales

11 Trade and other receivables

	March 31, 2013 EUR'000	March 31, 2012 EUR'000
Trade receivables 3rd parties	375 974	396 914
Trade receivables affiliated companies	26 012	26 503
Trade receivables	401 986	423 417
Short term loans to affiliated companies	36 216	42 150
Prepaid expenses	9 155	11 921
Other current assets	11 948	9 573
	459 305	487 061

Trade receivables are non-interest bearing and are generally on 30-90 days' terms

As at March 31, 2013, trade receivables and other receivables at carrying value of EUR 21,867 thousand (March 31, 2012 EUR 22,805 thousand) were impaired and provided for

Movements in the provision for impairment of trade receivables were as follows

	Individually Impaired EUR '000	Collectively impaired EUR '000	Total EUR '000
At April 1 2011	13 492	4 046	17 538
Charge for the year*	7 810	1 334	9 144
Utilised	-2 293	-1 115	-3 408
Unused amounts reversed	-1 202	-228	-1 430
At March 31, 2012	17 807	4 037	21 844

	Individually impaired EUR '000	Collectively Impaired EUR '000	Total EUR '000
At April 1, 2012	17 807	4 037	21 844
Charge for the year*	4 868	-957	3 911
Utilised	-2 937	0	-2 937
Unused amounts reversed	-1 027	0	-1 027
Addition METR	76	0	76
At March 31, 2013	18 787	3 080	21 867

*The charge of the year is included in Selling, General and Administrative expenses

As at March 31, 2013 and 2012, the aging analysis of trade receivables is as follows

	Neither past due nor impaired EUR'000	Past due but not impaired					
		< 30 days EUR'000	30-60 days EUR'000	60-90 days EUR'000	90-120 days EUR'000	> 120 days EUR'000	Total EUR'000
March 31 2013	380,242	15 547	8 972	4 588	1,223	29 373	57 704
March 31 2012	393 158	15,740	4 318	4 708	228	4 305	29 297

The Company's exposure to credit risk and foreign currency risk is disclosed in note 6

12 Cash and cash equivalents

Cash and cash equivalents comprise bank balances and call deposits with original maturities of three months or less All bank balances are available upon immediate demand

The Company's exposure to interest rate risk and foreign currency risk is disclosed in note 6

13 Shareholders equity

Share capital

	Ordinary shares March 31, 2013
On issue at April 1, 2012 – fully paid	83 975
Issued for cash	0
On issue at March 31, 2013 – fully paid	83 975

The authorized share capital amounts to EUR 150 million, consisting of 150,000 ordinary shares of EUR 1,000 each The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company All shares rank equally with regard to the Company's residual assets

At March 31, 2013, the issued share capital included 83 975 issued and fully paid ordinary shares (March 31, 2012 83 975)

Share premium reserve

The share premium relates to surplus from the issuance of shares as far nominal value of the shares is exceeded

Foreign currency translation reserve

The translation reserve (March 31, 2013 EUR 4,919 thousand, March 31, 2012 EUR 4,627 thousand) comprises all foreign exchange differences arising from the translation of the financial statements of the branches from their functional currency into the presentation currency (EUR)

The foreign currency translation reserve is a non-distributable reserve

Dividends

The following dividends were declared and paid by the Company for the year ended March 31

	March 31, 2013 EUR'000	March 31, 2012 EUR'000
Dividend to owners of the Company, paid to Melco, Tokyo Japan	6,133	7,336

In the financial year 2012/2013, the dividend paid out amounted to EUR 40,9 per qualifying ordinary share

Non-controlling interest

At the end of financial year 2012/2013, the company Mitsubishi Electric Turkey Elektrik Ürünleri A Ş was founded in the structure of MEU and for the first time consolidated as at March 31 2013 MEU holds 70% of the shares and MELCO holds 30% of the shares The 30% share of MELCO amounts EUR 3 639 thousands

14 Employee benefits

Pension benefit plans

The Company has defined benefit pension plans and defined contribution pension plans, covering a number of its employees both of which require contributions to be made to separate administration funds

The following tables summarize the components of net benefit expense recognized in the statement of comprehensive income and the funded status and amounts recognized in the statement of financial position for the respective plans

Net benefit expense	March 31, 2013 EUR '000	March 31, 2012 EUR '000
Current service cost	-1 881	-1 717
Interest cost on benefit obligation	-4 951	-4 392
Expected return on plan assets	4 457	4 092
Net actuarial gain/(loss) recognized in the year	-1 352	-876
Employee contribution	386	388
Curtailments	0	413
Additional charges	157	-31
	-3 184	-2 123
Actual return on plan assets	1 128	382

Benefit asset/(liability)	March 31, 2013 EUR '000	March 31, 2012 EUR '000
Present value of funded obligations	-104 008	-94 104
Present value of unfunded obligations	-3 826	-2 384
Fair value of plan assets	90 315	79 155
	-17 519	-17 333
Unrecognized net actuarial (losses)/gains	21 431	19 669
	3 912	-2 336

Movements are as follows

	March 31, 2013 EUR '000	March 31, 2012 EUR '000
At April 1	2 336	-3 365
Benefit expenses	-3 184	-2 123
Contributions	4 706	7 697
Others	-72	12
Exchange adjustment	-62	-22
Utilization	188	137
At March 31	3 912	2 336

The presentation in the statement of financial position is as follows

	March 31, 2013 EUR '000	March 31, 2012 EUR '000
Pension Asset	7 511	5 739
Pension Liabilities	-3 599	-3 407
At March 31	3 912	2 332

The pension asset is related to the pension plans operated for the branches in Ireland (March 31, 2013 EUR 5,434 thousand, March 31, 2012 EUR 4,916 thousand) and in the UK (March 31, 2013 EUR 2,075 thousand, March 31, 2012 EUR 823 thousand), where the plans are in a surplus status, considering the unrecognized actuarial losses related to these plans

The pension liability is related to the pension plans operated for the branches in Italy (March 31 2013 EUR 2,503 thousand, March 31, 2012 EUR 2 384 thousand) France (March 31, 2013 EUR 871 thousand, March 31, 2012 EUR 731 thousand) and in the Netherlands (March 31, 2013 EUR 226 thousand, March 31, 2012 EUR 288 thousand)

The principal assumption used in determining the main pension benefit obligations for the Company's plans are shown below (expressed as averages)

	March 31, 2013 EUR '000	March 31, 2012 EUR '000
Discount rate	4 6%	4 8%
Expected rate of return in assets	4 6%	4 6%
Future salary increase	3 8%	3 5%
Future pension increase	2 5%	2 6%
Future price inflation	3 2%	3 2%

Assumptions regarding future mortality are based on published statistics and mortality tables

Total pension expenses recognized in the statement of comprehensive income can be summarized as follows

	March 31, 2013 EUR '000	March 31, 2012 EUR '000
Pension cost of benefit plans	3 184	2 123
Pension costs of contribution plans	4 356	4 124
	7 540	6 247

Pension expenses are included in the statement of comprehensive income in Selling, General and Administrative expenses

15 Interest-bearing loans and borrowings

This note provides information about the contractual terms of the Company's interest bearing loans and borrowings from third parties, which are measured at amortized cost For more information about the Company's exposure to interest rate, foreign currency and liquidity risk, see note 6

The interest bearing loans and borrowings include EUR 5,439 thousand (March 31, 2012 EUR 5,439 thousand) regarding a loan to finance the buildings at the branch in Ireland The loan agreement contains a call and put option, whereby every five years the Irish branch opt to repay the loan The Irish branch is currently finalizing the selling contract of the building with the bank and bidder The current interest rate is Euribor +1% The loan is presented *under the current liabilities*

The table below provides an overview by branches of the interest bearing loans and borrowings

	March 31, 2013 EUR '000	March 31, 2012 EUR '000
UK Branch - current account	5 665	11 745
Spanish Branch - current account	1 184	2 930
French Branch - current account	*645*	*4 353*
Irish Branch - current account	54	242
Irish Branch - building loan	5 439	5 439
	12 987	24 709
Current part	12 987	24 709
Non-current part	0	0
	12 987	24 709

For details on the range of interest rates on the interest bearing loans we refer to note 6

16 Provisions

	Warranties	Waste electrical and electronic equipment	Restructuring	Other	Total
	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000
At April 1, 2012	12 589	3 334	1 902	2 024	19 849
Additions during the year	22 469	1 441	1 047	1 850	26 807
Utilised	-17 655	-59	-578	-363	-18 655
Released	-5 540	-1 187	-312	-678	-7 717
F/X rate adjustment	-9	0	0	-16	-25
March 31, 2013	11 854	3 529	2 059	2 817	20 259
Current part	8 491	3 492	2 059	2 035	16 077
Non current part	3 363	37	0	782	4 182
March 31 2013	11 854	3 529	2 059	2 817	20 259

The movements of provisions are included in other operating expenses

Warranties

A provision for warranty is recognized for all products under warranty at the reporting date based on past experience of the level of repairs and returns It is expected that these costs will be incurred partly in the next financial year This portion is shown as current part

Waste electrical and electronic equipment

A provision for liabilities associated with participation in the market for Waste Electrical and Electronic Equipment (WEEE) is recognized based on assumptions in relation to historical waste, regarding the level of market participation, the quantity of products disposed of and the expected cost of disposal In relation to future waste, assumptions about the age profile of products in the market and the cost of disposal were made It is expected that the majority of these cost will be incurred after the next financial year, therefore they are shown as current part

Restructuring

A provision for restructuring is recognized when the Company has approved a detailed and formal restructuring plan, and the restructuring has either commenced or has been announced publicly Future operating costs are not provided for

A restructuring provision is recorded mainly for various severance payments It is expected that these costs will be incurred in the next financial year, therefore they are shown as current part

17 Commitments and contingencies

Long-term commitments

The outstanding commitments for capital expenditure at March 31, 2013 amount to EUR nil (March 31, 2012 EUR nil)

Contingencies

Regular tax audits are ongoing There are no significant adjustments expected

Operating lease commitments

The total of future minimum lease payments under non-cancelable operating leases is as follows as at March 31, 2013 and 2012

	March 31, 2013	March 31, 2012
	EUR '000	EUR '000
Within one year	10 037	10 778
After one year but less than five years	15 676	16 839
More than five years	470	1 170
	26 183	28 787

18 Revenue

The Company's operating businesses are organized and managed separately according to the nature of the products and services provided, representing a strategic business unit that offers different products and serves different markets

The Automotive Equipment division is a supplier of electronic car audio and navigation systems and electrical automotive equipments The Semi-Conductor division is a supplier of Power Devices, High Frequency and Opto Devices and Liquid Crystal Displays The Home Appliances and Digital Media division is a supplier of LCD Projectors, Video Copy Processors and Display Monitors and Display Walls The Air-Conditioner and Refridge Systems division is a supplier of Room Air Conditioners, Package Air Conditioners, Heat Pump Boilers, Compressors and Air Ventilation Systems The Factory Automation division is a supplier of Controllers, Inverters, Servomotors, Electrical-Discharge Machines and Industrial Robots

Business divisions 2012/2013

	Automotive Equipment EUR '000	Semi-conductors EUR '000	Home Appliances and Digital Media EUR '000	Air Conditioners and Refrigerating Systems EUR '000	Factory Automation EUR '000	Others EUR '000	Total EUR '000
Sales to affiliated customers	1 611	7	1 455	420	1 130	66 589	71.212
Sales to third parties	939 176	122 584	129 133	902 908	236 856	56 773	2 387 430
	940 787	122 591	130 588	903 328	237 986	123 362	2 458 642

Business divisions 2011/2012

	Automotive Equipment EUR '000	Semi conductors EUR '000	Home Appliances and Digital Media EUR '000	Air Conditioners and Refrigerating Systems EUR '000	Factory Automation EUR '000	Others EUR '000	Total EUR '000
Sales to affiliated customers	44	5	1 717	7	837	71 362	73 972
Sales to third parties	991 986	143 088	138 756	907 776	240 678	91 693	2 513 976
	992 030	143 093	140 473	907 783	241 515	163 055	2,587 948

The Company's operating businesses are organized to geographic areas Revenues are attributed to geographic areas based on where the Company's customers are located The position "Others" mainly represents sales of the European Purchase Center

Geographical areas

	Europe		Others		Consolidated	
	March 31 2013 EUR '000	March 31 2012 EUR '000	March 31 2013 EUR '000	March 31 2012 EUR '000	March 31, 2013 EUR '000	March 31 2012 EUR '000
Sales to affiliated customers	0	0	71 212	73 972	71 212	73 972
Sales to third parties	2 251 585	2 420 932	135 845	93 044	2 387 430	2 513 976
Total revenue	2 251 585	2 420 932	207 057	167 016	2 458 642	2 587 948

19 Selling, general and administrative expenses

Included in the amount of EUR 365,309 thousand (2011/2012 EUR 369,886 thousand) selling, general and administrative expenses are depreciation and amortization of EUR 7,883 thousand (2011/2012 EUR 7,756 thousand), selling expenses of EUR 75 424 thousand (2011/2012 EUR 74 696 thousand), advertising expenses of EUR 28,978 thousand (2011/2012 EUR 30,108 thousand) and personnel expenses consisting of

	March 31, 2013 EUR '000	March 31, 2012 EUR '000
Wages and salaries	140 356	134 554
Social security costs	22 572	21 580
Pension costs of defined benefit and defined contribution plans	7 540	6 246
	170 468	162 380

20 Other operating income

	March 31, 2013 EUR '000	March 31, 2012 EUR '000
Other operating income includes received amounts based on agreements with Melco Japan and affiliated companies for making and advertising activities	27 291	30 302
Other income	1 191	1 155
	28 482	31 457

21 Other operating expenses

	March 31, 2013 EUR '000	March 31, 2012 EUR '000
Other operating expenses to affiliated companies	5 334	3 723
Loss/(gain) on disposal of long-term assets	161	140
Loss/(gain) on foreign currency axchanges	5	2 166
Other expenses	470	1 037
	5 970	7 066

22 Net finance result

	March 31, 2013 EUR '000	March 31, 2012 EUR '000
Finance income	776	1 114
Finance costs	-533	-957
	243	157

Finance income mostly consists of interest income on short term deposits Finance costs primarily consist of interest costs on short term loans and overdrafts

23 Income taxes

Deferred tax balances as at March 31, 2013 relate to the following

	March 31, 2013 EUR '000	March 31, 2012 EUR '000
Deferred tax assets		
Inventory valuation	3 255	3 390
Provisions and accruals	2 558	2 293
Provision for doubtful debts	1 757	2 241
Tax loss carry forward	1 234	309
Intangible assets	701	1 203
Leasing liability	97	130
Other items	130	93
	9 732	9 659

	March 31, 2013 EUR '000	March 31, 2012 EUR '000
Deferred tax liabilities		
Tax losses of foreign branches used in the past	4 894	5 041
Provisions and accruals	378	366
Inventory valuation	215	100
Property, plant and equipment and intangible assets	201	118
Other items	975	120
	6 663	5 745

The movements in deferred tax balances during the year have been recognized in profit or loss with an amount of EUR 460 thousand A deferred tax liability amounting to EUR 385 thousand resulted from the business combination of METR and GTS

Deferred tax assets have not been recognized in respect of the following items

	March 31, 2013 EUR'000	March 31, 2012 EUR'000
Unrecognized deferred tax assets		
Tax losses	1,841	2 866

The unrecognized deferred tax assets for tax losses of EUR 1,841 thousand relate to the Irish Branch and do not expire under current tax legislation Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available (in the foreseeable future) against which the Company can utilize the benefits there from

Major components of tax expense recognized in income for the year ended were

	March 31, 2013 EUR '000	March 31, 2012 EUR '000
Current		
Domestic	61	0
Foreign	8 926	14 108
	8 987	14 108
Deferred		
Domestic	-130	986
Foreign	590	-380
	460	606
Income tax expense	9 447	14 714

Recognized in the statement of comprehensive income

	March 31, 2013 EUR '000	March 31, 2012 EUR '000
Current tax expenses		
Current year	8 760	11 988
Adjustments previous years	227	2 120
	8 987	14 108
Deferred tax expenses		
Origination and reversal of temporary differences	1 531	3
Income/Expense of tax losses recognized	-1 071	603
	460	606
Income tax expenses	9 447	14 714

A reconciliation of the domestic tax rate to the Company's effective tax rate applicable to income from ordinary activities for the years ended March 31, 2013 and 2012 was as follows

	March 31, 2013 %	March 31, 2012 %
Domestic tax rate	25	25
Effect of tax rates in foreign jurisdictions	5,4	6,3
Adjustment in respect to current income tax of previous years	0,8	6
Recognition of previously unrecognized tax losses	0	0
Effect of non-deductible expenses	4,1	4 3
Others	-0,2	0,3
Effective tax rate	35,1	41 9

The charge for income taxes includes Dutch and foreign income taxes The local statutory standard tax rate for the Netherlands is 25 0% for profit exceeding EUR 200 thousand

24 Staffing levels

During the 2012/2013 financial year, the average number of staff employed by the Company, converted into full-time equivalents, amounted to 2,045 (2011/2012 1,979), of which 1,962 (2011/2012 1,936) were employed outside the Netherlands As at March 31, 2013, the Company employed 2,072 employees (March 31, 2012 1,989), of which 2,029 (March 31, 2012 1,945) were employed outside the Netherlands As at March 31, 2013, 1,742 employees (March 31, 2012 1,651) were employed in the purchasing, sales and marketing departments and 331 employees (March 31 2012 338) in the administrative departments

25 Related-party disclosures

Identity of related parties

The Company has a related party relationship with entities within the MELCO group, its branches and its directors and executive officers

Transactions with key management personnel

All except one of the directors are executives from the parent company The non-cash benefits and post-employment benefits for these directors are born by the parent company

The key management personnel (directors) compensations are as follows

	March 31, 2013 EUR '000	March 31, 2012 EUR '000
Short-term employee benefits	2 200	2 056
Post-employment benefits	38	35
	2 238	2 091

No termination benefits or other long term benefits have been paid out nor have share based payments been made during the financial years 2011/2012 and 2012/2013

Total remuneration is included in "personnel expenses" (see note 19)

Control of the Company

The Company is a wholly owned subsidiary of Mitsubishi Electric Corporation Ltd ('MELCO'), the Company's ultimate parent

During the financial year, the Company entered into transactions with related parties Those transactions along with related balances at March 31, 2013 and 2012 and for the years then ended, are presented in the following table

	Melco Japan		Other		Total	
	March 31 2013 EUR'000	March 31, 2012 EUR'000	March 31, 2013 EUR'000	March 31 2012 EUR'000	March 31 2013 EUR'000	March 31, 2012 EUR'000
Sales of goods	67 769	71 283	3 441	2 689	71 210	73 972
Purchase of goods	1 390 460	1 539 453	500 307	489 352	1 890 767	2 028 805
Trade and other receivables	23 762	25 726	38 546	42 927	62 308	68 653
Trade and other payables	457 604	575 128	203 699	216 532	661 303	791 660
Other operating income (net) from Affiliated companies	14 505	18 247	7 452	8 333	21 957	26 580
Financial income (net)	0	0	21	-99	21	-99

Transactions with other entities are relating to transactions with several MELCO affiliates, with individually not significant amounts The main part of related party transactions is related to purchase of goods from the manufacturing companies Trade and other receivables mainly relates to sourcing activities for MELCO and the manufacturing companies

Other operating income (net) from affiliated companies is mainly related to reimbursements of expenses

Transactions with related parties are conducted in the ordinary course of business and on terms equivalent to those that prevail in arm's-length transactions

Amsterdam, September 30 2013

Managing Directors

K Uruma
G Debry
A Maeda
K Nakajima
A Furuse
Y Saito
K Furukawa

Company balance sheet
Year ended at March 31, 2013 (before profit appropriation)

Assets

	Notes	March 31,2013 EUR'000	March 31,2012 EUR'000
Non-current assets			
Property, plant and equipment	29		
Land and Buildings		11 041	11 436
Plant and equipment		15 257	15 795
Assets under constructions		830	336
Total property, plant		27 128	27 567
Intangible assets	30	13 010	13 300
Investments in controlling interests	31	8 377	0
Investments in non-controlling interests	9	5 968	5 968
Deferred tax assets	37	9 732	9 659
Pension assets	14	7 511	5 739
Total non-current assets		71 726	62 233
Current assets			
Inventories	32	472 633	496 481
Trade and other receivables	33	457 646	487 061
Cash and cash equivalents	34	117 375	196 284
Total current assets		1 047 654	1 179 826
Total assets		1 119 380	1 242 059

Equity and liabilities

	Notes	March 31,2013 EUR'000	March 31,2012 EUR'000
Equity			
Share capital	13	83 975	83 975
Share premium	13	16 855	16 855
Foreign currency translation reserve	13	-4 919	-4 627
Retained earnings		114 546	100 237
Unappropiated result		17 466	20 442
Total equity attributable to owners of the Company		227 923	216 882
Non-current liabilties			
Pension liabilities	14	3 599	3 407
Provisions	16	4 182	4 009
Deferred tax liabilities	37	6 278	5 745
Total non-current liabilities		14 059	13 161
Current liabilities			
Interest bearing loans and borrowings	15	12 987	24 709
Trade and other payables to affilitates	6	640 630	767 441
Trade payables to third parties	35	57 634	50 654
Other current liabilities	35	137 126	140 378
Income tax payables		12 945	12 994
Provisions	16	16 077	15 840
Total current liabilities		877 398	1 012 016
Total equity and liabilities		1 119 380	1 242 059

Company income statement
Year ended March 31, 2013

	Notes	March 31, 2013 EUR'000	March 31, 2012 EUR'000
Revenue	18	2 458 642	2 587 945
Cost of sales		-2 089 175	-2 207 451
Gross profit		369 467	380 494
Selling, general and administrative expenses	19	-365 309	-369 886
Other operating income	20	28 482	30 302
Other operating expenses	21	-5 970	-5 911
		-342 797	-345 495
Results from operating activities		26 670	34 999
Finance income	22	776	1 114
Finance costs	22	-533	-957
Net finance income (cost)		243	157
Profit (loss) before income tax		26 913	35 156
Income tax expenses	37	-9 447	-14 714
Profit (loss) for the year		17 466	20 442

Notes to the company financial statements
Year ended March 31, 2013

26 General

The company financial statements are part of the 2012/2013 financial statements of Mitsubishi Electric Europe B V , Schiphol-Rijk, the Netherlands (Hereinafter "the Company" or "MEU")

27 Principles for the measurement of assets and liabilities and the determination of the result

For setting the principles for the recognition and measurement of assets and liabilities and determination of the result for its company financial statements, the Company makes use of the option provided in section 2 362 (8) of the Netherlands Civil Code This means that the principles for the recognition and measurement of assets and liabilities and determination of the result (hereinafter referred to as principles for recognition and measurement) of the company financial statements of the Company are the same as those applied for the consolidated EU-IFRS financial statements Participating interests, over which significant influence is exercised, are stated on the basis of the equity method These consolidated EU-IFRS financial statements are prepared according to the standards laid down by the International Accounting Standards Board and endorsed by the European Union (hereinafter referred to as EU-IFRS) Please see pages 14 to 37 for a description of these principles

The share in the result of participating interests consists of the share of the Company in the result of these participating interests Results on transactions, where the transfer of assets and liabilities between the Company and its participating interests and mutually between participating interests themselves, are not incorporated insofar as they can be deemed to be unrealised

28 Financial risk management and financial instruments

For the description of MEU's financial risk management and financial instruments, we refer to note 6 to the consolidated financial statements There are no significant differences between the Company's and the Group's financial risk management and financial instruments

29 Property, plant and equipment

March 31, 2013

	Assets under construction EUR '000	Office buildings including land EUR 000	Other buildings including land EUR 000	Plant and equipment EUR 000	Total EUR 000
Cost					
Opening balance	336	5 739	11 080	48 814	65 969
Purchases	1 199	0	76	4 367	5 642
Devaluation effect	0	-29	0	0	-29
Transfer of completed assets under construction	-651	29	39	583	0
Disposals**	-31	0	0	-5 764	-5 795
Effect of movements in exchange rates	-22	-78	9	-138	247
Closing balance	831	5 661	11 186	47 862	65 540
Depreciation and impairment losses					
Opening balance	0	269	5 114	33 019	38 402
Depreciation charge for the year*	0	222	341	5 178	5 741
(Reversal) impairment losses	0	-264	0	0	264
Disposals**	0	0	0	-5 475	5 475
Effect of movements in exchange rates	0	125	0	-117	8
Closing balance	0	352	5 455	32 605	38 412
Net book value at March 31 2012	831	5 310	5 731	15 257	27 128

Property, plant and equipment of EUR 2,500 thousand were pledged as security for borrowings from a bank. The translation adjustments are mainly related to the development of the exchange rate of GBP to EUR

March 31, 2012

	Assets under construction EUR '000	Office buildings including land EUR 000	Other buildings including land EUR '000	Plant and equipment EUR '000	Total EUR 000
Cost					
Opening balance	299	6 213	11 005	43 440	60 957
Purchases	724	14	85	6 206	7 029
Devaluation effect	0	-1 049	0	0	1 049
Transfer of completed assets under construction	-701	218	3	480	0
Disposals**	0	0	0	-1 734	1 734
Effect of movements in exchange rates	14	343	-13	422	766
Closing balance	336	5 739	11 080	48 814	65 969
Depreciation and impairment losses					
Opening balance	0	184	4 764	29 695	34 643
Depreciation charge for the year*	0	214	350	4 571	5 135
(Reversal) impairment losses	0	-142	0	0	-142
Disposals**	0	0	0	-1 521	-1 521
Effect of movements in exchange rates	0	13	0	274	287
Closing balance	0	269	5 114	33 019	38 402
Net book value at March 31, 2012	336	5 470	5 966	15 795	27 567

*The charge of the year is included in Selling General and Administrative expenses
**The book loss of the year is included in Other operating expenses

30 Intangible assets

March 31, 2013	Goodwill EUR '000	Customer relationship EUR '000	Other** EUR '000	Total EUR '000
Cost				
Opening balance	7 133	5 187	16 379	28 699
Purchase/internally developed	0	0	1 910	1 910
Disposals	0	0	-210	-210
Effect of movement in exchange rates	0	0	-117	-117
Closing balance	7 133	5 187	17 962	30 282
Amortization and impairment losses				
Opening balance	0	2 571	12 828	15 399
Amortization charge for the year*	0	518	1 624	2 142
Disposals	0	0	-209	-209
Effect of movement in exchange rates	0	0	-60	-60
Closing balance	0	3 089	14 183	17 272
Net book value at March 31 2013	7 133	2 098	3 779	13 010

March 31, 2012	Goodwill EUR '000	Customer relationship EUR '000	Other** EUR '000	Total EUR '000
Cost				
Opening balance	7 043	5 187	14 087	26 317
Purchase/internally developed	0	0	2 171	2 171
Disposals	0	0	-176	-176
Effect of movement in exchange rates	90	0	297	387
Closing balance	7 133	5 187	16 379	28 699
Amortization and impairment losses				
Opening balance	0	2 056	10 472	12 528
Amortization charge for the year*	0	515	2 106	2 621
Disposals	0	0	-138	-138
Effect of movement in exchange rates	0	0	388	388
Closing balance	0	2 571	12 828	15 399
Net book value at March 31, 2012	7 133	2 616	3 551	13 300

*The amortization charge for the year is included in Selling General and Administrative expenses
**The position "Other" comprises mainly computer software

For the purpose of impairment testing goodwill was allocated to the Company's operating division Factory Automation, which represents the lowest level within the Company at which the goodwill is monitored for internal management purposes The recoverable amount of the cash-generating unit was based on its value in use The value in use was determined by discounting the future cash flows generated from the continuing use of the unit The calculation was based on the following assumptions

Cash flows were projected based on past experiences, actual operating results and the 5-year business plan Cash flows for the perpetual period were kept constant at the level of the last year of the 5-year business plan

A pre-tax discount rate of 8 9% (2011/2012 8,6%) was applied in determining the recoverable amount of the cash-generating unit The pre-tax discount rate is in line with the Company's estimated pre-tax weighted average cost of capital as at the date of impairment testing

No impairment loss was recognized in 2012/2013 and 2011/2012 financial year

31 Investments in controlling interests

	March 31, 2013 EUR '000	March 31, 2012 EUR '000
Mitsubishi Electric Turkey Elektrik Ürünleri A Ş	8 377	0
	8 377	0

Investments in controlling interests (March 31, 2013 EUR 8,377 thousand, March 31, 2012 EUR 0) represent a 70 0% share of the Mitsubishi Electric Turkey Elektrik Ürünleri A Ş (Istanbul/Turkey), acquired in March 2013

32 Inventories

	March 31, 2013 EUR '000	March 31, 2012 EUR '000
Aircon & Photovoltaic Systems	226 258	233 687
Automotive Equipment	119 639	114 778
Home Appliances & Digital Media	50 829	54 242
Industrial Products	35 842	36 864
Industrial Automation Systems	24 583	20 496
Semiconductors	11 760	29 416
Industrial Sewing Machines	2 206	1 850
Public Use System	463	540
Building Systems	430	2 748
Electronic Systems	414	1 212
Power Systems	111	275
Others	98	373
	472 633	496 481

Inventories are stated net of a provision for obsolete stock of EUR 22,298 thousand (March 31, 2012 EUR 21,199 thousand) Provisions have been made for all segments The write down is included in Cost of Sales

33 Trade and other receivables

	March 31, 2013 EUR'000	March 31, 2012 EUR'000
Trade receivables 3rd parties	374 315	396 914
Trade receivables affiliated companies	26 012	26 503
Trade receivables	400 327	423 417
Short term loans to affiliated companies	36 216	42 150
Prepaid expenses	9 155	11 921
Other current assets	11 948	9 573
	457 646	487 061

Trade receivables are non-interest bearing and are generally on 30-90 days' terms

As at March 31, 2013, trade receivables and other receivables at carrying value of EUR 21,791 thousand (March 31, 2012 EUR 22,805 thousand) were impaired and provided for

Movements in the provision for impairment of trade receivables were as follows

	Individually impaired EUR '000	Collectively impaired EUR '000	Total EUR '000
At April 1, 2011	13 492	4 046	17 538
Charge for the year*	7 810	1 334	9 144
Utilised	-2 293	-1 115	-3 408
Unused amounts reversed	-1 202	-228	-1 430
At March 31, 2012	17 807	4 037	21 844

	Individually impaired EUR '000	Collectively impaired EUR 000	Total EUR '000
At April 1 2012	17 807	4 037	21 844
Charge for the year*	4 868	-957	3 911
Utilised	-2 937	0	-2 937
Unused amounts reversed	-1 027	0	-1 027
At March 31, 2013	18 711	3 080	21 791

*The charge of the year is included in Selling, General and Administrative expenses
As at March 31, 2013 and 2012, the aging analysis of trade receivables is as follows

	Neither past due nor impaired EUR'000	Past due but not impaired					
		< 30 days EUR'000	30-60 days EUR'000	60-90 days EUR'000	90-120 days EUR'000	> 120 days EUR'000	Total EUR'000
March 31 2013	357 684	16.940	6 915	4 349	1 187	29.211	58 602
March 31 2012	393 158	15 740	4 318	4 706	228	4 305	29,297

The Company's exposure to credit risk and foreign currency risk is disclosed in note 6

34 Cash and cash equivalents

Cash and cash equivalents comprise bank balances and call deposits with original maturities of three months or less All bank balances are available upon immediate demand

The Company's exposure to interest rate risk and foreign currency risk is disclosed in note 6

35 Financial liabilities

The table below summarizes the maturity profile of the Company's financial liabilities at March 31, 2013 based on contractual undiscounted payments

	On demand EUR '000	Less than 3 months EUR '000	3 to 12 months EUR'000	1-5 years EUR '000	>5 years EUR '000	Total EUR '000
March 31, 2013						
Loans received	7 548	22 701	5 439	0	0	35 688
Trade and other payables 3rd parties	6 588	51 046	0	0	0	57 634
Trade and other payables affiliates	1 219	274 636	342 074	0	0	617 929
Other creditors	228	71 321	14 519	1 201	0	87 269
	435 287	781 736	363 233	1 201	798 520	798 520

The equivalent disclosure for the prior year is as follows

	On demand EUR '000	Less than 3 months EUR '000	3 to 12 months EUR'000	1-5 years EUR '000	>5 years EUR '000	Total EUR '000
March 31, 2012						
Loans received	19 028	65 562	5 439	0	0	90 029
Trade and other payables 3rd parties	7 399	43 115	140	0	0	50 654
Trade and other payables affiliates	1 170	432 873	268 079	0	0	702 121
Other creditors	18	129 984	16 812	679	0	147 493
	27 615	671 534	290 470	679	0	990 297

The financial liabilities presented in above tables do not include the non-financial liabilities The non-financial liabilities are however included in the liability related financial statement items presented in the balance sheet

36 Commitments and contingencies

Long-term commitments

The outstanding commitments for capital expenditure at March 31, 2013 amount to EUR nil (March 31, 2012 EUR nil)

Contingencies

Regular tax audits are ongoing There are no significant adjustments expected

Operating lease commitments

The total of future minimum lease payments under non-cancelable operating leases is as follows as at March 31, 2013 and 2012

	March 31, 2013 EUR '000	March 31, 2012 EUR '000
Within one year	9 987	10 778
After one year but less than five years	15 331	16 839
More than five years	470	1 170
	25 788	28 787

37 Income taxes

Deferred tax balances as at March 31, 2013 and 2012 relate to the following

	March 31, 2013 EUR '000	March 31, 2012 EUR '000
Deferred tax assets		
Inventory valuation	3 255	3 390
Provisions and accruals	2 558	2 293
Provision for doubtful debts	1 757	2 241
Tax loss carry forward	1 234	309
Intangible assets	701	1 203
Leasing liability	97	130
Other items	130	93
	9 732	9 659

	March 31, 2013 EUR '000	March 31, 2012 EUR '000
Deferred tax liabilities		
Tax losses of foreign branches used in the past	4 894	5 041
Provisions and accruals	378	366
Inventory valuation	215	100
Property, plant and equipment and intangible assets	201	118
Other items	590	120
	6 278	5 745

The movements in deferred tax balances during the year have been recognized in profit or loss (deferred tax expense EUR 460 thousand)

Deferred tax assets have not been recognized in respect of the following items

	March 31 2013 EUR'000	March 31, 2012 EUR'000
Unrecognized deferred tax assets		
Tax losses	1 841	2 866

The unrecognized deferred tax assets for tax losses of EUR 1,841 thousand relate to the Irish Branch and do not expire under current tax legislation Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available (in the foreseeable future) against which the Company can utilize the benefits there from

Major components of tax expense recognized in income for the year ended were

	March 31, 2013 EUR '000	March 31, 2012 EUR '000
Current		
Domestic	61	0
Foreign	8 926	14 108
	8 987	14 108
Deferred		
Domestic	-130	986
Foreign	590	-380
	460	606
Income tax expense	9 447	14 714

Recognized in the income statement

	March 31, 2013 EUR '000	March 31, 2012 EUR '000
Current tax expenses		
Current year	8 760	11 988
Adjustments previous years	227	2 120
	8 987	14 108
Deferred tax expenses		
Origination and reversal of temporary differences	1 531	3
Income/Expense of tax losses recognized	-1 071	603
	460	606
Income tax expenses	9 447	14 714

A reconciliation of the domestic tax rate to the Company's effective tax rate applicable to income from ordinary activities for the years ended March 31, 2013 and 2012 was as follows

	March 31, 2013 %	March 31, 2012 %
Domestic tax rate	25	25
Effect of tax rates in foreign jurisdictions	5,4	6,3
Adjustment in respect to current income tax of previous years	0,8	6
Recognition of previously unrecognized tax losses	0	0
Effect of non-deductible expenses	4,1	4,3
Others	-0 2	0,3
Effective tax rate	35,1	41,9

The charge for income taxes includes Dutch and foreign income taxes The local statutory standard tax rate for the Netherlands is 25 0% for profit exceeding EUR 200 thousand

38 Staffing levels

During the 2012/2013 financial year, the average number of staff employed by the Company, converted into full-time equivalents, amounted to 2,004 (2011/2012 1,979), of which 1,962 (2011/2012 1,936) were employed outside the Netherlands As at March 31, 2013, the Company employed 2 033 employees (March 31, 2012 1,989), of which 1,990 (March 31, 2012 1,945) were employed outside the Netherlands As at March 31, 2013, 1,711 employees (March 31, 2012 1,651) were employed in the purchasing, sales and marketing departments and 322 employees (March 31, 2012 338) in the administrative departments

39 Related-party disclosures

Reference is made to note 25 for a detailed overview of the Company's related party relationships and transactions

40 Fees of the auditor

With reference to Section 2, 382a (1) and (2) of the Netherlands Civil Code, the following fees for the financial year have been charged by KPMG Accountants N V and other KPMG member firms to the Company

2012/2013	KPMG Accountants N V EUR'000	Other KPMG network EUR'000	Total EUR'000
Statutory audit of annual accounts	114	710	824
Other assurance services	0	332	332
Tax advisory services	0	56	56
Total	114	1 098	1 212

2011/2012	KPMG Accountants N V EUR'000	Other KPMG network EUR'000	Total EUR'000
Statutory audit of annual accounts	114	710	824
Other assurance services	0	250	250
Tax advisory services	0	75	75
Total	114	1 035	1 149

Amsterdam, September 30, 2013

Managing Directors

K Uruma
G Debry
A Maeda
K Nakajima
A Furuse
Y Saito
K Furukawa

Other Information

Provisions in the articles of association governing the appropriation of profit

Under article 33 of the Company's articles of association, the profit is at the disposal of the General Meeting of Shareholders which can allocate said profit either wholly or partly to the formation of -or addition to - one or more general or special reserve funds

Proposed appropriation

The General Meeting of Shareholders will be asked to approve the following appropriation of the 2012/2013 profit after tax an amount of EUR 9,226 thousand to be added to the retained earnings and the remaining amount of EUR 8,240 thousand to be paid out as dividend The result after tax for 2012/2013 is included under unappropriated result in equity

The Company can only make payments to the shareholders and other parties entitled to the distributable profit insofar as (1) the Company can continue to pay its outstanding debts after the distribution (the so-called distribution test), and (2) the shareholders' equity exceeds the legal reserves and statutory reserves under the articles of association to be maintained (the so-called balance sheet test) If not, management of the Company shall not approve the distribution Tests carried out by management revealed no indications that the proposed distribution of dividend will not be possible

Subsequent events

In April 2013, MEU sold its 15% interest in Beijers Electronics Automation AB The selling price equaled the book value of the interest

In May 2013, MEU acquired a 30% interest in KH-Automation Projects GmbH, a limited liability company seated in Germany The purchase price for this participation, paid in cash, amounted to EUR 1 4 million The remaining 70% of the participation has been acquired by MELCO directly

MEU holds 70% of the shares of Mitsubishi Electric Turkey Elektrik Urünleri Anonim Sirketi ('METR'), a limited liability company seated in Istanbul/Turkey In March 2013, METR acquired 100% of the shares in GENEL TEKNIK SISTEMLER SANAYI ve TICARET ANONIM SIRKETI ('GTS'), a limited liability company seated in Istanbul/Turkey On June 6 2013 GTS merged into METR

In September 2013, MEU sold its office in Dublin, Ireland, for an amount of EUR 2 7 million MEU will stay on as a tenant in the building for a period of four years and nine months MEU intends to repay the loan on the building during financial year 2013/2014

There have been no other events after reporting date which have a significant impact on or should be disclosed in the 2012/2013 financial statements Regular tax audits are ongoing However, management is not aware of significant matters from these audits at the moment

Branch offices

Mitsubishi Electric Europe B V has the following branch offices

- Automotive Equipment Business Unit, Amsterdam/The Netherlands
- Dutch branch, Mijdrecht/The Netherlands
- Scandinavian branch, Sollentuna/Sweden
- UK branch, Hatfield/Great Britain
- Project engineering division, Croydon/Great Britain (including Cairo office)
- Corporate office London/Great Britain
- European Purchase Center, London/Great Britain
- French branch, Nanterre/France
- Spanish branch, Barcelona/Spain
- Italian branch, Milano/Italy
- Irish branch, Dublin/Republic of Ireland
- German branch, Ratingen/Germany
- Portuguese branch, Lisbon/Portugal
- Polish branch Krakow/Poland
- Representative office in Moscow/Russian Federation
- Representative office in Prague/Czech Republic
- Representative office in Bruges/Belgium

Subsidiary

Mitsubishi Electric Europe B V has the following subsidiary

- Mitsubishi Electric Turkey Elektrik Ürünleri A Ş (Istanbul/Turkey) (70% share)

Independent auditor's report

The independent auditor's report is included on the next pages

Independent auditor's report

To The Shareholders of Mitsubishi Electric Europe B V

Report on the financial statements

We have audited the accompanying financial statements for the year ended 31 March 2013 of Mitsubishi Electric Europe B V , Amsterdam, the Netherlands The financial statements include the consolidated financial statements and the company financial statements The consolidated financial statements comprise the consolidated statement of financial position as at 31 March 2013, the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of the significant accounting policies and other explanatory information The company financial statements comprise the company balance sheet as at 31 March 2013, the company profit and loss account for the year then ended and the notes, comprising a summary of the accounting policies and other explanatory information

Management's responsibility

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code, and for the preparation of the managing directors' report in accordance with Part 9 of Book 2 of the Netherlands Civil Code Furthermore, management is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements

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

Opinion with respect to the consolidated financial statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Mitsubishi Electric Europe B V as at 31 March 2013 and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code

Opinion with respect to the company financial statements

In our opinion, the company financial statements give a true and fair view of the financial position of Mitsubishi Electric Europe B V as at 31 March 2013 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Netherlands Civil Code

Report on other legal and regulatory requirements

Pursuant to the legal requirements under Section 2 393 sub 5 at e and f of the Netherlands Civil Code, we have no deficiencies to report as a result of our examination whether the managing directors' report, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and whether the information as required under Section 2 392 sub 1 at b - h has been annexed. Further, we report that the managing directors' report, to the extent we can assess, is consistent with the financial statements as required by Section 2.391 sub 4 of the Netherlands Civil Code

Amstelveen, 30 September 2013

KPMG Accountants N V

L M A van Opzeeland RA

MITSUBISHI ELECTRIC
Changes for the Better
MITSUBISHI ELECTRIC EUROPE B.V
Capronilaan 46, 1119 NS
Schiphol-Rijk, The Netherlands
Tel +31-(0)20-655 8500, Fax +31-(0)20-655 8539

31 OKT. 2013

Aangetekend via TNT
KAMER VAN KOOPHANDEL AMSTERDAM
DE RUYTERKADE 5
1013 AA AMSTERDAM
AFD. DEPONERING JAARSTUKKEN

SCHIPHOL-RIJK, 30 OCTOBER 2013

RE: MITSUBISHI ELECTRIC EUROPE B.V. DOSSIER NR 33279602

DEAR MS, MR,

ACCORDING TO ART 394 BOOK 2 BW, WE HEREWITH SEND YOU A COPY OF THE ANNUAL REPORT OF MITSUBISHI ELECTRIC EUROPE B V. FOR THE YEAR ENDED 31 MARCH 2013, WHICH HAS BEEN APPROVED BY THE GENERAL MEETING OF SHAREHOLDERS

THE ANNUAL REPORT HAS BEEN APPROVED PER 24 OCTOBER 2013

Y[redacted]

M[redacted]

ED VAN ABSWOUDE

[redacted]