000695/20

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

Companies House

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A04 26/01/2018 #350
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✓ **What this form is for**
You may use this form to accompany your accounts disclosed under parent law.

✗ **What this form is NOT**
You cannot use this form
an alteration of manner
with accounting require

Part 1 Corporate company name

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

All fields are mandatory unless specified or indicated by *

Corporate name of overseas company ❶	IBIDEN EUROPE BV
UK establishment number	B R 0 1 6 0 3 7

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	DUTCH COMMERCIAL 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	RAAD VOOR DE JAARVERSLAGGEVING

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.**

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

A4 Audited accounts

Audited accounts	Have the accounts been audited in accordance with a set of generally accepted auditing standards? Please tick the appropriate box. ☐ **No.** Go to **Part 3 'Signature'**. ☑ **Yes.** Please enter the name of the organisation or other body which issued those standards below, and then go to **Part 3 'Signature'**.	❶ Please insert the name of the appropriate accounting organisation or body.
Name of organisation or body ❶	DUTCH COUNSEL FOR ANNUAL REPORTING	

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** **X**
	This form may be signed by: Atsum YAMADA 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	JUNRO FUJITA
Company name	IBIDEN EUROPE BV
Address	POLARISAVENUE 85 F,
Post town	HOOFDDORP
County/Region	
Postcode	2 1 3 2 J H
Country	THE NETHERLANDS
DX	
Telephone	+31-6-51343541

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.

Scotland:
The Registrar of Companies, Companies House, Fourth floor, Edinburgh Quay 2, 139 Fountainbridge, Edinburgh, Scotland, EH3 9FF.
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

This form is available in an alternative format. Please visit the forms page on the website at www.companieshouse.gov.uk

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Annual Report 2016/2017

IBIDEN Europe B.V.

Hoofddorp

Contents

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ET
Ernst & Young Accountants LLP
EY Building a better working world

Annual report of the directors

IBIDEN Europe B.V. is a corporation organized and existing under the laws of the Netherlands, having its registered office at Polarisavenue 85F, 2132 JH Hoofddorp, The Netherlands.

The board of directors of IBIDEN Europe B.V. (hereafter 'the Company') hereby submits its annual financial report for the year ended 31 March 2017. The ultimate parent company is IBIDEN Co., Ltd, Japan, which holds 100% shares in the Company. The ultimate parent, the Company and all affiliated companies are referred to as the 'Group'.

1.1. Overview of activities

The activities of the Company mainly concern procurement and distribution of automotive parts, diesel particulate filters (DPF) and alumina fibre mats (MAT), and fine graphite material (FGM), manufactured by the parent company and manufacturing entities in the Group.

The Company maintains of four sales offices and one representative office. It owns majority shares in three manufacturing entities. The sales offices are located in Stuttgart, London, Paris and Amsterdam The representative office is located in Turin.

Sales are mostly made within the European Union. Three out of the four sales offices primarily sell automotive parts (DPF and MAT) and one office focuses on FGM. The main customers of the company are first and second tier suppliers for passenger cars and heavy duty trucks OEMs.

The subsidiaries IBIDEN DPF France S.A.S. (IDFS) and IBIDEN Hungary Kft. (IHU) produce automotive parts. IBIDEN Porzellanfabrik Frauenthal GmbH (IPF) produces selective catalytic reduction (SCR).

1.2. Main risks and uncertainties

1. The Company maintains an internal committee, the Risk Management Committee (hereinafter referred to as the RMC), headed by the Managing Director and participated by branch managers. The RMC is responsible for conducting the risk management over the Company. Biweekly it identifies and reviews various risks, evaluate their importance, discuss about and implement appropriate measures independently within the Company and/or in coordination with the group companies in the group as appropriate, and report to the ultimate parent. Group policy is to avoid risks as much as possible.

2. Most significant risks and the risk reduction measures taken

(1) Macro economic situation
The Company's most important business is the distribution, mainly in Europe, of automotive parts manufactured by group companies including the ultimate parent. The increase in demand for cars with recently developed and future power trains other than diesel, i.e., hybrid and electronic, may affect the Company. To counter this, IBIDEN Co., Ltd has formed an alliance with global automotive supplier DENSO Corporation to jointly develop the next-generation vehicle exhaust system.

(2) Environmental regulations
The environmental regulations and scrutiny in respect of vehicle emission in Europe may result in the demand decrease for our automotive parts. The company is trying to diversify.

(3) R&D capability of the group companies
The group companies have constantly allocated resources and, to date, succeeded in developing new technologies and products that meet tougher environmental requirements.

(4) Price competition
Automotive parts that the Company distributes are in the constant price competition. The group companies including the ultimate parent focus on developing new technologies and products with added value to customers to improve manufacturing process and to reduce costs of external procurements.

(5) Quality control capacity of group companies
The group companies have constantly made organizational efforts in quality control and production capacity expansion. The manufacturing plants of the group companies spread in 4 countries, Hungary, France, Japan and Mexico. Such geographical distribution gives good immunity to local natural disasters.

(6) Production capacity of group companies
In addition to new products that meet ever stringent environmental regulations, the Company depends entirely on the capacity of the group companies to constantly produce automotive parts, sufficient in quantity to satisfy customers' demand and with quality above certain specifications pre-agreed with customers. Non-performance can adversely affect customers' confidence in the Company and the group companies and business relationship. The Company performs its best in following customer demand forecast and technological requirements and communicating such information to the group companies.

(7) Foreign exchange risks
The Company conducts its business basically in EUR, but the business of its London Branch generates GBP-denominated VAT obligations, amounting to around GBP 10 million annually. The Company carefully builds GBP-denominated bank deposit assets to square its GBP/EUR positions and minimizes possible negative impact on its financial performance

(8) Interest rate risk
The Company acts as an intra-group financier for its 3 group companies in Europe, through the pooling program and bilateral loan facilities. None of intra-group placements/borrowings is a long-term fixed rate contract, but all of them are under variable interest rate contracts that adopt short-term bench-mark such as 3-month Euribor. Accordingly the Company is rarely exposed to material interest rate fluctuation.

(9) Impairment in asset value
At the end of March 2017 the Company holds equity investment in 4 group companies and its carrying amount amounts to EUR 108,901,878. If their financial performance deteriorates and eventually the Company judges their realizable value is below the book value, the Company suffers from impairment loss. In view of the financial performance of IDFS in the last few years, the Company recognized indications that the carrying value of the shares in IDFS should be subject to impairment. The Company carried out the discount cash flow analysis on IDFS' medium-term business plan to conclude the carrying value should be completely written-off.

(10) Information security
The Company collects, holds, and employs, under its strict control, various technical, trade, individual, and managerial information. For their protection, the Company has implemented and abided by internal rules and trained its employees. Measures to improve cybersecurity have been taken.

(11) Other compliance risks
The Company is constantly monitoring business procedures and processes to make sure no compliance risks may materialize.

3. Risk impact and likelihood of risk occurring

Risk categories and identified risks	Impact of risk materialization	Likelihood of risk materialization
Macro economic situation	Medium	Medium
Environmental regulations	High	Medium
R&D capability of the group companies	High	Low
Price competition	Medium	Medium
Quality control capability of the group companies	High	Low
Production capacity of the group companies	High	Medium
Foreign exchange risk	Low	Medium
Interest rate risk	Low	Medium
Impairment in assets value	High	Medium
Information security	Medium	Low
Other Compliance risks	Medium	Low

4. Risks and uncertainties occurring in the past financial year, and the consequences

In 2016/2017, the Company wrote off the carrying amount of EUR 38.7 million of its equity participation in IDFS.

5. Current or planned improvements in the risk management system

The RMC judges the existing risk management methodology meets the requirements of the Company. The RMC intends to improve its activities by implementing comments and recommendations to be given by internal and external auditors and advisors.

1.3. Overview of results

The net turnover increased by EUR 7 million to EUR 459 million compared with the previous year, result of improved sales in DPF business thanks to the strong demand for diesel passenger cars on the European market. The gross profit increased by EUR 8.5 million to EUR 32 million.

In 2016/2017 selling, general and administration expenses (SG&A expenses) increased by EUR 0.5 million. The Company's operating margin amounts to EUR 16.6 million, an increase of 8 million compared with the previous year. The Company's net result after taxation ended with EUR 25.5 million loss due to impairment loss of EUR 38.7 million relating to investments in IDFS.

The Company has sufficient solvency and liquidity. The solvency ratio equals 0.46 (total equity/total assets; 2015/2016: 0.61). The liquidity ratio equals 1.11 (current assets/current liabilities; 2015/2016: 1.3).

1.4. Resignation and appointment of member of the management board

H. Tanahashi resigned as member of the management board.

1.5. *Subsequent events*

Business alliance with Denso Corporation

The parent company of Ibiden Europe BV, IBIDEN Co., Ltd. and global automotive supplier DENSO Corporation and have formed a capital and business alliance to jointly develop the next-generation vehicle exhaust system.

This collaboration will combine IBIDEN's advantages in high-performance ceramic materials with DENSO's advantages in developing products as systems to synergistically develop high-performance yet simple and low-cost vehicle exhaust systems.

DENSO has acquired the treasury stock of IBIDEN Co., Ltd. through a third-party allocation. In addition, to respond to an increasingly diverse range of powertrains, IBIDEN and DENSO will consider collaboration in the area of vehicle electrification to make vehicle electrification more efficient.

Dividend distributions

On the basis of the liquidity test duly performed by the management board on 29th May 2017 and the resolution of the Annual General Shareholders' Meeting on 28th June 2017, the Company paid out EUR 30 million dividends to Ibiden Co., Ltd. Japan on 4th July 2017.

At the end of August 2017 Ibiden Europe BV has received EUR 60 million dividends from its subsidiary Ibiden Hungary Kft.

Conversion to branch

On 29th May 2017 the Company decided to convert Torino Representative office to a full branch. On 2nd October 2017 the local registration procedures were completed. The Company expects no impact from accounting principles.

1.6. *Outlook for 2017/2018*

The industry sector where the Company is active, the automotive parts industry, continues to be competitive. Customers are demanding in respect of product quality, prices, delivery and R&D capability, in view of even harsher environmental regulatory requirements.

Mainly thanks to healthy growth expectation in passenger diesel car demands, the Company expects to generate stable net sales in 2017/2018 in its major business lines, DPF and MAT despite continuous price pressure in the automotive parts sector. The Company will continue to focus on cost saving efforts to retain a comparative profitability level.

The Company has succeeded in establishing an important market share in the relevant industry sector. It will continue to strengthen its sales positions by focusing on customers' needs in cooperation with the parent company and manufacturing subsidiaries. The main goal is to become more customer-oriented both in sales and R&D activities.

The Company does not plan either large investments or significant changes on the current organization and human resources.

1.7. Management composition

Due to legal requirements in the Netherlands, the composition of the Management should be equally divided between male and female. At this moment the composition does not reflect the situation as described in article 166 and 167 Book 2 Dutch Civil Code.

The balanced situation as outlined in the above mentioned articles would only be realized if and when vacancies may become available and only to the extent that compliant candidates are of equal quality.

Hoofddorp, 21 November, 2017

The Board of Directors,

A. Yamada

Annual accounts

Balance sheet as at 31 March 2017

(Before proposed appropriation of result)

	Notes	31 March 2017		31 March 2016	
		EUR	EUR	EUR	EUR
Assets					
Fixed assets					
Intangible fixed assets	4.1	1,564		3,130	
Tangible fixed assets	4.2	95,670		130,664	
Financial fixed assets	4.3	133,496,200		175,683,278	
			133,593,434		175,817,072
Current assets					
Stocks	4.4	7,791,010		12,901,982	
Receivables	4.5	104,453,284		86,021,476	
Cash at banks and in hand	4.6	83,711,381		83,358,622	
			195,955,675		182,282,080
			329,549,109		358,099,152
Equity and liabilities					
Shareholder's equity	4.7				
Share capital		35,800,000		35,800,000	
Share premium		26,831,978		66,831,978	
Other reserves		115,149,470		108,892,246	
Result for the year		(25,497,861)		6,257,224	
			152,283,587		217,781,448
Current liabilities	4.8		177,265,522		140,317,704
			329,549,109		358,099,152

Profit and loss account 2016/2017 for the year ended 31 March 2017

	Ref.	2016/2017	2015/2016
		EUR	EUR
Net turnover	5.1	458,676,302	451,964,513
Cost of sales		(426,721,614)	(428,521,559)
Gross margin		31,954,688	23,442,954
Selling expenses		(7,236,683)	(6,359,844)
General and administrative expenses	5.2	(8,041,198)	(8,365,618)
Total expenses		(15,277,881)	(14,725,462)
Operating margin		16,676,807	8,717,492
Other non-operating income and expense	5.3	1,353,335	697,140
Financial income and expenses	5.4	686,581	249,685
Impairment loss on financial fixed assets	5.5	(38,703,094)	0
Result from ordinary activities before taxation		(19,986,371)	9,664,317
Taxation	5.6	(5,511,490)	(3,407,093)
Net result after taxation		(25,497,861)	6,257,224

Notes to the balance sheet and profit and loss account

1. General

The Company is a limited liability, has its statutory seat in Hoofddorp and is registered under number 33234926 at the Chamber of Commerce.

1.1. Activities

The activities of the Company mainly concern procurement and distribution of automotive parts, diesel particulate filters (DPF) and alumina fibre mats (MAT), and fine graphite material (FGM), manufactured by the parent company and manufacturing entities in the Group. The Company is also involved in procurement and distribution of raw material to its manufacturing subsidiaries.

The Company maintains of four sales offices and one representative office. It owns majority shares in three manufacturing entities. The sales offices are located in Stuttgart, London, Paris and Amsterdam. The representative office is located in Turin.

Sales are mostly made within the European Union. Three out of the five sales offices primarily sell automotive parts and one office focuses on FGM. The main customers of the company are first and second tier suppliers for passenger cars and heavy duty trucks of Original Equipment Manufacturers.

1.2. Group structure

The Parent company refers to IBIDEN Co., Ltd., Japan, which holds 100% shares in the Company and belongs to the IBIDEN group. The ultimate parent company of the group is IBIDEN Co, Ltd. in Ogaki, Japan.

The subsidiaries IBIDEN DPF France S.A.S. (IDFS) and IBIDEN Hungary Kft. (IHU) produce automotive parts. IBIDEN Porzellanfabrik Frauenthal GmbH (IPF) produces selective catalytic reduction (SCR).

1.3. Consolidation

The Company does not prepare consolidated annual accounts by making use of the consolidation exemption offered by article 408, Book 2 of the Dutch Civil Code. Therefore, reference is made to the consolidated annual accounts of IBIDEN Co., Ltd., Japan, the sole shareholder of the Company. The consolidated annual accounts are available at the Dutch chamber of commerce.

1.4. Related-party transactions

All legal entities that can be controlled, jointly controlled or significantly influenced are considered to be related parties. Also, entities which can control the Company are considered as related parties. In addition, statutory directors, other key management of the Company, the ultimate parent company and close relatives are regarded as related parties.
Significant transactions with related parties are disclosed in the notes. The nature, extent and other information are disclosed if it is required to provide a true and fair view.

1.5. *Changes in accounting policies*

The accounting policies have not been changed compared to 2015/2016. The policies have been consistently applied.

1.6. *Judgments and estimates*

The preparation of annual accounts in conformity with the relevant rules requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. If necessary for the purposes of providing the view required under Section 362(1), Book 2 of the Netherlands Civil Code, the nature of these estimates and judgments, including the related assumptions, is disclosed in the notes to the financial statement items in question. Management considers the valuation of the fixed assets as a key judgment/estimate; further reference is made to section 2.8 for the accounting policies for valuation of fixed assets.

1.7. *Cash flow statement*

As the share capital of the company is wholly owned by Ibiden Co., Ltd., Japan, the company made use of the exemption with respect to the preparation of a cash flow statement, as laid down in the accounting policies generally accepted in the Netherlands (RJ 360.104). The consolidated annual accounts are available at the Dutch chamber of commerce .

2. *Principles of valuation of assets and liabilities*

2.1. *General*

The annual accounts were prepared in accordance with the statutory provisions of Title 2.9, Book 2 of the Netherlands Civil Code and the firm pronouncements in the Dutch Accounting Standards for Annual Reporting in the Netherlands as issued by the Dutch Accounting Standards Board.
In general, assets and liabilities are stated at the amounts at which they were acquired or incurred, or fair value. The balance sheet and profit and loss account include references to the notes.

2.2. *Comparative figures*

The principles of valuation and determination of result and presentation have not been changed compared to the prior year.

2.3. *Foreign currencies*

Functional currency
Items included in the annual accounts are measured using the currency of the primary economic environment in which the Company operates. The annual accounts are presented in Euro, which is the functional and presentation currency of the Company. The participations are also administrated in Euro.

Transactions, receivables and debts
Foreign currency transactions in the reporting period are translated into Euro using the exchange rates prevailing at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the rate of exchange prevailing at the balance sheet date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates are recognised in the profit and loss account.

Translation differences on non-monetary assets held at cost are recognised using the exchange rates prevailing at the dates of the transactions or the approximated rates.

The assets and liabilities of foreign activities are translated into the presentation currency (euros) at the rate of exchange ruling at the balance sheet date and the income and expenses of these foreign activities are translated at the rates ruling on the transaction date. Resulting exchange differences are taken directly to the legal foreign currency translation reserve. On the disposal of a foreign activity, the cumulative exchange differences taken directly to the reserves are taken to the profit and loss account as part of the gain or loss on the sale.

2.4. *Offsetting*

Assets and liabilities are only offset in the financial statements if and to the extent that:
- An enforceable legal right exists to offset the assets and liabilities and settle them simultaneously;
And
- The positive intention is to settle the assets and liabilities on a net basis or simultaneously.

2.5. *Intangible fixed assets*

An intangible fixed asset is recognized in the balance sheet if:
- It is probable that the future economic benefits that are attributable to the asset will accrue to the company.
- The cost of the asset can be reliably measured.

Intangible assets are stated at historical cost less amortisation. Allowance is made for any impairment losses expected; a loss qualifies as an impairment loss if the carrying amount of the asset (or of the cash-generating unit to which it belongs) exceeds its recoverable amount. For details on how to determine whether an intangible asset is impaired, please refer to Note 2.7 below.

Computer software
Software licenses acquired are capitalised as acquisition cost and amortised over their estimated future useful lives. Expenditures that are attributable to the production of identifiable and unique software products controlled by the Company are capitalised. Costs associated with maintaining computer software and research expenditure are recognized in the income statement. Computer software is amortised at a rate of 20% per annum.

Goodwill
Goodwill on acquisitions is capitalised and amortised on a straight-line basis over its estimated future useful life. Goodwill is amortised at a rate of 10% per annum.

The amortization charges on computer software and goodwill are included under 5.2 General and administrative expenses of Profit and Loss Account.

2.6. *Tangible fixed assets*

Land and buildings are valued at acquisition cost plus additional expenses less straight-line depreciation over the estimated useful economic life. Land is not depreciated. Buildings are depreciated at a rate of 4% per annum. There is no obligation for restoration after the use of the asset (decommissioning costs). No provision for major repairs to buildings has been formed for future repairs. Costs associated with repairs are charged to the result for the financial year upon occurrence. Office equipment is valued at acquisition cost less accumulated depreciation. Depreciation is on a straight-line basis over the estimated economic lives of the related assets. Office equipment is depreciated at a rate of 20% per annum. Any impairment as at the balance sheet date is taken into account.

2.7. *Financial fixed assets*

Investments in Group companies
Investments in Group companies are recorded at cost being the purchase price agreed, the fair value of contingent assets and costs directly attributable to the acquisition. If an asset qualifies as impaired, it is measured at its impaired value: any write-offs are recorded in the income statement (see 2.8).

Loans
Long term loans are initially recognized at fair value and subsequently measured at amortized cost. If a loan qualifies as impaired, it is measured at its impaired value: any write-offs are recorded in the income statement (see 2.8).

Other receivables
Other receivables disclosed under financial assets include loans and other long term receivables. These receivables are initially measured at fair value, and subsequently carried at amortised cost. Impairment losses are deducted from amortised cost and expensed in the profit and loss account.

2.8. *Impairment of fixed assets and its recognition*

On the balance sheet date, the Company assesses whether there are any indications of an asset which could be subject to impairment. If there are such indications, the recoverable amount, being the lower of the asset's fair value less costs to sell and value in use, is estimated. If this is not possible, the recoverable amount of the cash-generating unit to which the asset belongs, is identified. An asset is subject to impairment if its carrying amount exceeds its recoverable amount.

Fair value less costs to sell is determined based on the active market. An impairment loss is directly expensed in the profit and loss account. Value in use is calculated based on future discounted cash flows.
If it is established that a previously recognised impairment loss no longer applies or has declined, the increased carrying amount of the assets in question is not set any higher than the carrying amount that would have been determined had no asset impairment been recognised.

2.9. *Stocks*

Stocks of finished goods are stated at the purchase cost and cost is determined using the first in, first out (FIFO) method. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Net realisable value is determined making allowance for obsolescence of inventories. All of the stocks are deliverable with a fixed margin to group companies.

2.10. *Trade receivables*

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost. If payment of the receivable is postponed under an extended payment deadline, fair value is measured on the basis of the discounted value of the expected revenues. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables.

2.11. Cash and cash equivalents

Cash and cash equivalents include only cash balances in Euro currency at banks and are stated at nominal value.

2.12. *Employee benefits*

Short-term employee benefits
Salaries, wages and social security contributions are taken to the profit and loss account based on the terms of employment, where they are due to employees.

Pensions
The Company pays regular contributions to the insurance company on a contractual basis. Except for the payment of contributions, the Company has no other obligation in connection with this pension plan. The main characteristics of this plan are:

- Insurer: The life insurance public company in the Netherlands. There is no contribution plan for the offices outside the Netherlands.
- Salary basis for pension: final gross monthly salary plus holiday allowance and 13^{th} month bonus minus franchise of national pension insurance.
- Premium contribution: The employee's contribution is fixed to 3% of gross salary and the remaining part is contributed by the Company. Supplementary contribution is permitted to be made by the employee under the condition set by the insurer.
- Pension insurance: Aged pension, Widow's and Orphan's pension.
- Pension is yearly indexed based on the average consumer price index.

Contributions payable to the pension plan administrator are recognized as an expense in the profit and loss account. Contributions payable or prepaid contributions as at year-end are recognized under accruals and deferred income, and prepayments and accrued income, respectively.

2.13. *Taxes*

Current taxes

Taxes are calculated on the profit as disclosed in the profit and loss account based on current tax rates, allowing for tax-exempt items and cost items which are non-deductible, either in whole or in part.

Tax assets and liabilities are netted if the general conditions for netting are met.

Deferred taxes

A deferred tax liability is recognized for all taxable temporary differences between the valuation for tax and financial reporting purposes. A deferred tax asset is recognized for all deductible temporary differences between the valuation for tax and financial reporting purposes and carry-forward losses, to the extent that it is probable that future taxable profit will be available for set-off. Deferred tax assets and liabilities are recognized under financial fixed assets and provisions, respectively.

Deferred tax liabilities and deferred tax assets are carried on the basis of the tax consequences of the realization or settlement of assets, provisions, liabilities or accruals and deferred income as planned by the group at the balance sheet date. Valuation is based on current tax rates. Deferred tax liabilities and deferred tax assets are carried at non-discounted value.

Deferred tax assets and liabilities are netted if the general conditions for netting off are met.

2.14. *Operating leases – company as a lessee*

Assessing whether an agreement contains a lease is based on the substance at the inception date of the agreement. The agreement is regarded as a lease if the fulfilment of the agreement depends on the use of a specific asset, or on whether the lease contains the right of use of a specific asset.

The Company entered into operating lease contracts for the use of automobile, building and equipment. Leases in which significant portion of the risks and rewards incidental to the ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

The commitments of payment towards lessor are disclosed in the paragraph 4.9 "Off-balance sheet commitments and contingent liabilities".

2.15. *Other assets and liabilities*

All other assets and liabilities are initially recognized at fair value and subsequently measured at (amortized) cost.

3. *Principles for determination of result*

General

The result represents the difference between the value of the goods and services supplied and the costs and other charges for the year. The results on transactions are recognised in the year they are realised; losses are taken as soon as they are foreseeable.

3.1. *Revenue recognition*

General
Net turnover represents the proceeds from the supply of goods and services, net of VAT and discounts.

Sales of goods
Income from the sale of goods is recognized in the profit and loss account once all the major rights to economic benefits and significant risks relating to the goods have been transferred to the buyer, the income can be reliably measured and the income is probable to be received.
Sales of services
If the result of a transaction relating to a service can be reliably estimated and the income is probable to be received, the income relating to that service is recognized in proportion to the service delivered.

3.2. *Cost of sales*

Cost of sales represents the direct and indirect expenses attributable to turnover. Cost of goods sold is recorded in the same period as the turnover is recognised.

3.3. *Selling expenses*

Selling expenses are costs chargeable to the year that are not directly attributable to the cost of sales.

3.4. *General and administrative expenses*

Costs are recognised on the historical cost convention and are allocated to the reporting year to which they relate. Intangible assets, including goodwill, are amortised and tangible fixed assets depreciated over their estimated useful lives as from the inception of their use. Land and investment property are not depreciated. Future depreciation and amortisation is adjusted if there is a change in estimated future useful life time.

3.5. *Net financial income and expenses*

Interest paid and received
Interest paid and received is recognised on a time-weighted basis, taking account of the effective interest rate of the assets and liabilities concerned.

Dividends
Dividends receivable from group companies are recognized once the Company acquires the right to them.

3.6. Main risks and uncertainties

I. Market risk

a. Currency risk

The Company keeps its books in Euro since the majority of their sales and purchase are denominated in Euro, while London Branch incurs GBP-denominated VAT obligations; the Company minimizes the net GBP-EUR position by building up GBP-denominated bank deposit balances. Accordingly currency risk is considered to be limited.

b. Price risk

The company has no investments in listed companies or listed debts. Hence there is limited price risk.

c. Interest rate risk

The company grants a floating interest bearing loan to a subsidiary. No significant interest risk is recognized with the fair value of the loan as at the reporting date.

II. Credit Risk

There are no significant concentrations of customers with low credit standings. Sales are made to customers that meet the Company's criteria. Most goods and service are sold at payment terms ranging between 30 and 120 days.

The Company has issued a loan to Ibiden Porzellanfabrik Frauenthal GmbH. This counterparty does not have a history of non-performance.

III. Liquidity Risk

Liquidity risk is very limited because of the significant positive cash position of the Company. The Company's working capital is more than sufficient to cover the off-balance sheet obligations (2%).

IV. Financial Risk

At the end of March 2017 the Company holds equity investment in 4 group companies and its carrying amount amounts to EUR 108,901,878. If their financial performance deteriorates and eventually the Company judges their realizable value is below the book value, the Company suffers from impairment loss.

4. *Notes to the balance sheet*

4.1. Intangible fixed assets

Movements in intangible fixed assets are as follows:

	Goodwill	Software	Total
	EUR	EUR	EUR
31 March 2016			
At cost	6,408	885,819	892,227
Accumulated amortization and impairment	(4,101)	(884,996)	(889,097)
Book value	2,307	823	3,130
Movements 2016/17			
Additions	0	0	0
Amortisation	(1,025)	(541)	(1,566)
	(1,025)	(541)	(1,566)
31 March 2017			
At cost	6,408	885,819	892,227
Accumulated amortization and impairment	(5,126)	(885,537)	(890,663)
Book value	1,282	281	1,564

There are no internally generated intangibles. All intangible assets were purchased or recognized as part of a merger or acquisition. The length of amortization is between 3 and 5 years.

The amortization charge of the goodwill is included in the line item general and administrative expenses in the profit and loss account.

4.2. *Tangible fixed assets*

Movements of tangible fixed assets are as follows:

	Land and buildings	Office Equipment	Total
	EUR	EUR	EUR
31 March 2015			
At cost	1,011,205	392,414	1,403,619
Accumulated impairments	(189,841)	0	(189,841)
Accumulated depreciation	(344,638)	(334,697)	(679,335)
Book value	476,726	57,717	534,443
Movements 2015/16			
Additions	0	12,559	12,559
Accumulated costs of disposals	0	(17,508)	(17,508)
Depreciation of tangible fixed assets	(40,988)	(20,242)	(61,230)
Depreciation of disposals	0	16,158	16,158
Impairment	(353,758)	(0)	(353,758)
	(394,746)	(9,033)	(403,779)
31 March 2016			
At cost	1,011,205	403,623	1,414,827
Accumulated impairments	(543,599)	(0)	(543,599)
Accumulated depreciation	(385,626)	(354,939)	(740,564)
Book value	81,980	48,684	130,664
Movements 2016/17			
Additions	8,710	12,795	21,505
Accumulated costs of disposals	(701,234)	(22,209)	(723,443)
Depreciation of tangible fixed assets	(35,324)	(18,141)	(53,465)
Depreciation of disposals	155,117	21,693	176,810
Impairment of disposals	543,599	0	543,599
	(29,132)	(5,882)	(34,994)
31 March 2017			
At cost	318,681	415,902	734,583
Accumulated impairments	0	0	0
Accumulated depreciation	(265,833)	(373,080)	(638,913)
Book value	52,848	42,822	95,670

4.3. *Financial fixed assets*

An overview of the movements of the financial fixed assets is given below:

	Investments in group companies	**Long term loans**	**Other receivables**	**Total**
	EUR	EUR	EUR	EUR
31 March 2015				
Book value	147,601,637	-	79,677	147,681,314
Movements 2015/2016				
Additions	-	-	1,964	1,964
Reclassification from short term loans	-	34,000,000	-	34,000,000
Repayment of loans from IPF	-	(6,000,000)	-	(6,000,000)
	-	28,000,000	1,964	28,001,964
31 March 2016				
Book value	147,601,637	28,000,000	81,641	175,683,278
Movements 2016/2017				
Impairment participation IDFS	(38,699,759)	-	-	(38,699,759)
Decreases		-	(7,319)	(7,319)
Repayment of loans from IPF	-	(3,480,000)	-	(3,480,000)
	(38,699,759)	(3,480,000)	(7,319)	(42,187,078)
31 March 2017				
Book value	108,901,878	24,520,000	74,322	133,496,200

Investments in group companies

List of participations

	Share in Issued Capital
IBIDEN Porzellanfabrik Frauenthal Gmbh, Frauenthal, Austria (IPF)	100%
IBIDEN DPF France S.A.S., Courtenay, France (IDFS)	100%
IBIDEN Hungary Kft, Dunavarsany, Hungary (IHU)	99%
Ceram Liegenschaftsverwaltungs GmbH, Frauenthal, Austria	50%

In view of the financial performance of IDFS in the last few years, the Company recognized indications that the carrying value of the shares in IDFS could be subject to impairment. The Company estimated the value in use through carrying out a discounted cash flow analysis on IDFS' medium-term business plan to conclude the carrying value should be completely written-off (impairment charge of EUR 38.7 million).

Long term loans

On 1 June 2012 the Company granted a loan of EUR 36 million to its subsidiary, IBIDEN Porcelain Frauenthal GmbH. The balance as per March 31, 2017 amounts to EUR 24.5 million. The interest rate is fixed at three month EURIBOR (zero floor) plus a 0.8125% margin and the loan falls due every three months. The loan is revolved if indicated by one of the parties by the end of each three month period.

As per March 31, 2015 the loan was classified as current receivable based on the expectation that the loan would be recovered within one year after balance sheet date.

In current and last year's financial statements the loan is classified as long term loan based on the expectation that the loan will not be fully recovered within one year after balance sheet date.

4.4. Stocks

	31 March 2017	31 March 2016
	EUR	EUR
Raw materials	0	2,890,978
Finished goods	7,791,010	10,011,004
	7,791,010	12,901,982

4.5. Receivables

	31 March 2017	**31 March 2016**
	EUR	EUR
Trade receivables	102,087,295	84,243,270
Due from parent company	106,279	87,923
Due from group companies	932,624	1,208,753
Prepayments and accrued income	289,124	399,030
Deferred tax asset	2,566	44,776
VAT receivables	0	37,724
Other current assets	1,035,396	0
	104,453,284	86,021,476

All receivables fall due in less than one year. The fair value of the receivables approximates the book value.

4.6. Cash at banks and in hand

The cash balances at banks are at the Company's free disposal.

4.7. *Shareholder's equity*

Issued share capital

The authorised share capital of the Company as per 31 March 2017 amounts to EUR 42,000,000 (31 March 2016: EUR 42,000,000) and consists of 42,000 (31 March 2016: 42,000) ordinary shares of EUR 1,000 each.
Issued and paid in share capital amounts to EUR 35,800,000 (31 March 2016: EUR 35,800,000) and consists of 35,800 (31 March 2016: 35,800) ordinary shares with a nominal value of EUR 1,000.

Summary of the movements of equity

	Share capital issued and paid	Share premium	Other reserves	Result of the financial year	Total FY
	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000
Balance as at April 1, 2015	35,800	116,832	104,158	4,734	261,524
Result appropriation for the prior year	0	0	4,734	(4,734)	0
Dividend paid to shareholders	0	-50,000	0	0	-50,000
Result for the year	0	0	0	6,257	6,257)
Balance as at March 31, 2016	35,800	66,832	108,892	6,257	217,781
Balance as at April 1, 2016	35,800	66,832	108,892	6,257	217,781
Result appropriation for the prior year	0	0	6,257	-6,257	0
Dividend paid to shareholders	0	-40,000	0	0	-40,000
Result for the year	0	0	0	(25,498)	(25,498)
Balance as at March 31, 2017	35,800	26,832	115,149	(25,498)	152,283

Proposed appropriation of result

Pursuant to article 20 of the Articles of Association, the Board of Directors proposes to add the result for the year to other reserves. The appropriation of profit is not reflected in these annual accounts.

	EUR
Addition to other reserves	(25,497,861)
Net result	(25,497,861)

On the basis of the resolution of the Annual General Shareholders' Meeting held on 5th April, 2016 the Company paid out EUR 40 million dividends to Ibiden Co., Ltd. Japan after having successfully passed the liquidity test performed by the Board of Directors.

4.8. *Current liabilities*

	31 March 2017	31 March 2016
	EUR	EUR
Trade creditors	1,875,905	499,437
Due to parent company	23,412,171	19,004,807
Due to investments	67,181,073	66,407,096
Cash pooling to group companies	73,427,504	44,344,550
Accruals and deferred income	2,260,089	1,287,732
Corporate income tax payable	5,110,151	2,824,924
Other accruals	91,243	663,138
Wage tax and social securities	160,764	170,988
Pension premium payable	41,501	36,474
VAT payable	1,170,664	1,728,812
Other current liabilities	2,534,457	3,349,746
	177,265,522	140,317,704

The amounts due to group companies concern purchasing by the branches from IBIDEN Hungary Kft. and IBIDEN DPF France S.A.S.

The cash pooling to group companies is the result of netting of outstanding balances of group companies. The applicable interest rate on the cash pooling was zero throughout 2016/2017. Under the cash pooling program any debit/credit closing balance in participants' EUR accounts with SMBC is daily transferred to the Company's pooling centre account and next morning reversed to each participant. When the Company receives money, it pays ECB Main Refinancing Rate – 0.45%. When the Company places money, it receives ECB Main Refinancing Rate + 0.85%. During FY2016/2017, ECB Main Refinancing Rate stayed always below 0.25%. Accordingly there was no interest paid.

All current liabilities fall due in less than one year. The fair value of the current liabilities approximates the book value due to its short term character. No guarantee has been given to secure the above mentioned liabilities.

4.9. *Off-balance sheet commitments and contingent liabilities*

Long-term financial obligations

Operating leases include the rental of property and company cars. Amounts due under operating leases as at 31 March 2017 are:

	31 March 2017	31 March 2016
	EUR	EUR
Due in one year	662,121	753,319
Due in more than one year and less than 5 years	558,349	702,569
	1,220,470	1,455,888

There are no commitments longer than 5 years. The amount of operational lease expenses charged to the result for the financial year is EUR 173,377 (2015/2016: EUR 176,078).

Guarantees

There is 1 guarantees amounting to EUR 28,058 at the end of 2016/2017 (2015/2016: EUR 28.058) on behalf of the Company by one of its banks. The guarantee concerns the Company's office lease contract.

Credit facilities

The Company is granted an uncommitted credit facility of EUR 30 million (2015/2016: EUR 30 million), no portion of that was utilized as of 31 March 2017 (31 March 2016: none).

5. Notes to the profit and loss account

5.1. Net turnover

Breakdown of revenue by geographical location of clients:

	2016/2017	2015/2016
	EUR	EUR
The Netherlands	928,988	772,251
Other EU countries	379,540,954	354,335,671
United States of America	3,800,529	11,650,513
South-Africa	38,186,507	84,584,917
Other Countries	36,219,324	621,161
	458,676,302	451,964,513

Breakdown of revenue by category is as follows:

	2016/2017	2015/2016
	EUR	EUR
Sale of ceramics	458,226,099	451,488,218
Service fee	450,203	476,295
	458,676,302	451,964,513

5.2. General and administrative expenses

Wages, salaries, pension and social security costs

The general and administrative expenses include wages and salaries, pensions and social security costs.

	2016/2017	2015/2016
	EUR	EUR
Wages and salaries	5,168,582	5,322,825
Pension costs	409,774	538,864
Other social security costs	306,064	323,079
	5,884,420	6,184,768

Amortisation/depreciation and impairment of assets

Amortization of intangible assets, depreciation of fixed assets, along with the impairments, is included in the selling, general and administrative expenses. These can be broken down as follows:

	2016/2017	2015/2016
	EUR	EUR
Amortization of intangible fixed assets (note 4.1)	1,567	118,057
Depreciation of tangible fixed assets (note 4.2)	25,481	45,071
Impairments (note 4.2)	0	353,759
	27,048	516,887

Auditor's fees

The following audit fees were expensed in the reporting period:

	EY Accountants LLP	Other EY	Other audit firms	Total
	EUR	EUR	EUR	EUR
2015/2016				
Audit of financial statements	52,940	32,610	24,100	109,650
Tax advisory services	0	97,676	82,421	118,505
Other non-assurance services	0	58,282	75,286	195,160
Total 2015/2016	52,940	188,568	181,807	423,315
2016/2017				
Audit of financial statements	64,260	46,092	0	110,352
Tax advisory services	0	32,606	42,439	53,045
Other non-assurance services	0	7,462	54,106	83,568
Total 2016/2017	64,260	86,160	96,545	246,965

The fees listed above relate to the procedures applied to the Company and its consolidated group Branches by accounting firms and independent external auditors as referred of the Dutch Accounting Firms Oversight Act, as well as by Dutch and foreign-based accounting firms, including their tax services and advisory groups.

The amounts listed herein above represent the expenses incurred during the financial year.

5.3. Non-operating income

	2016/2017	2015/2016
	EUR	EUR
Real estate lease fee	0	40,500
Other non-operating income	1,353,335	656,640
	1,353,335	697,140

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5.4. *Net financial income and expenses*

	2016/2017	2015/2016
	EUR	EUR
Interest income	285,321	605,135
Foreign exchange differences	401,364	(336,003)
Interest expense	(104)	(19,447)
	686,581	249,685

Interest income from subsidiaries amounts to EUR 268,983 (2015/2016: EUR 392,791).

5.5. *Impairment*

	2016/2017	2015/2016
	EUR	EUR
IBIDEN DPF France SAS complete write-off	38,699,759	0

In view of the financial performance of IDFS in the last few years, the Company recognized indications that the carrying value of the shares in IDFS should be subject to impairment. The Company carried out the discount cash flow analysis on IDFS' medium-term business plan to conclude the carrying value should be completely written-off.

5.6. *Taxation*

The standard tax rate in the Netherlands is 25%, with a tax rate of 20% applied up to the taxable income EUR 200,000. The Company however operates through branches in different countries where higher tax rates are levied. The main reasons for effective tax rate change are referred to below.

	2016/2017	2015/2016
	EUR	EUR
Result from ordinary activities before taxation	(19,986,371)	9,664,318
At the statutory tax rate of 25%	4,669,181	2,406,079
Non-deductible expenses relating to impairment	38,699,759	-
Differences in tax rate in local branches	842,309	624,227
Others	0	376,788
Income tax for the year	5,511,490	3,407,094
Effective tax rate	-28%	35%

6. *Supplementary information*

6.1. *Average number of employees*

During the year 2016/2017, the number of employees - on a full time basis - was 54 (2015/2016: 59). Of these employees 45 were employed outside the Netherlands (2015/2016: 46). Of these 13 were directly involved in sales.

6.2. *Remuneration of directors*

Charges regarding remuneration of current and former directors are disclosed below.

	2016/2017	**2015/2016**
	EUR	EUR
Current and former directors	474,231	653,559
	474,231	653,559

The amounts disclosed do not include the so called crisis levy tax.

6.3. *Related parties*

The main related parties of the Company are the following legal entities:

Parent company:	IBIDEN Co., LTD.
Subsidiaries:	IBIDEN Hungary Kft.
	IBIDEN DPF France SAS
	IBIDEN Porzellanfabrik Frauenthal GmbH

The majority of the Company's related party transactions regards purchase of goods produced by related companies. All transactions are based on agreements with the related parties whereby the Company's remuneration is 5% of the total amount of revenue invoiced to its customers.

The 5% margin is supported by transfer pricing reports and considered to be at arm's length.

6.4. Subsequent events

Business alliance with Denso Corporation

The parent company of Ibiden Europe BV, IBIDEN Co., Ltd. and global automotive supplier DENSO Corporation and have formed a capital and business alliance to jointly develop the next-generation vehicle exhaust system.

This collaboration will combine IBIDEN's advantages in high-performance ceramic materials with DENSO's advantages in developing products as systems to synergistically develop high-performance yet simple and low-cost vehicle exhaust systems.

DENSO has acquired the treasury stock of IBIDEN Co., Ltd. through a third-party allocation. In addition, to respond to an increasingly diverse range of powertrains, IBIDEN and DENSO will consider collaboration in the area of vehicle electrification to make vehicle electrification more efficient.

Dividend distributions

On the basis of the liquidity test duly performed by the management board on 29th May 2017 and the resolution of the Annual General Shareholders' Meeting on 28th June., 2017, the Company paid out EUR 30 million dividends to Ibiden Co., Ltd. Japan on 4th July 2017.

At the end of August 2017 Ibiden Europe BV has received EUR 60 million dividends from its subsidiary Ibiden Hungary Kft.

Conversion to branch

On 29th May 2017 the Company decided to convert Torino Representative office to a full branch. On 2nd October 2017 the local registration procedures were completed. The Company expects no impact from accounting principles.

Hoofddorp, 21 November, 2017

Board of Directors,

A. Yamada

Other information

Provision in the articles of association governing the appropriation of profits

In accordance with the Company's Articles of Association, the result for the year is at the disposition of the shareholder at the General Meeting of Shareholder.

Branches

Branches are located in:

Country:	Trade Name:
Netherlands	Ibiden Europe B.V. Amsterdam Branch
United Kingdom	Ibiden Europe B.V. London Branch
France	Ibiden Europe B.V. Paris Branch
Germany	Ibiden Europe B.V. Stuttgart Branch
Italy	Ibiden Europe B.V. Torino Representative Office (Converted to Branch as of 1st October, 2017)

Independent auditor's report

The report of the independent auditor is set forth on the next pages.

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Ernst & Young Accountants LLP
Cross Towers, Antonio Vivaldistraat 150
1083 HP Amsterdam, Netherlands
Postbus 7883
1008 AB Amsterdam, Netherlands

Tel: +31 88 407 10 00
Fax: +31 88 407 10 05
ey.com

Independent auditor's report

To: the shareholder and board of directors of IBIDEN Europe B.V.

Report on the audit of the financial statements for the financial year ended 31 March 2017 included in the annual report

Our opinion
We have audited the financial statements for the financial year ended 31 March 2017 of IBIDEN Europe B.V., based in Hoofddorp.

In our opinion the accompanying financial statements give a true and fair view of the financial position of IBIDEN Europe B.V. for the year ended 31 March 2017, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

- The balance sheet for the year ended 31 March 2017
- The profit and loss account for the year then ended
- The notes comprising a summary of the accounting policies and other explanatory information

Basis for our opinion
We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the "Our responsibilities for the audit of the financial statements" section of our report.

We are independent of IBIDEN Europe B.V. in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

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

Report on other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- Annual report of the directors
- Other information pursuant to Part 9 of Book 2 of the Dutch Civil Code

Based on the following procedures performed, we conclude that the other information:

- Is consistent with the financial statements and does not contain material misstatements
- Contains the information as required by Part 9 of Book 2 of the Dutch Civil Code

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements. By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the other information, including the management board report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information pursuant to Part 9 of Book 2 of the Dutch Civil Code.

Description of responsibilities for the financial statements

Responsibilities of management for the financial statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

Our responsibilities for the audit of the financial statements
Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not have detected all material errors and fraud.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control

- Obtaining an understanding of internal control relevant to the audit 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 company's internal control
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management
- Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the audit of the financial information of the company and its branches (group audit). In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

We communicate with management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

Amsterdam, 21 November 2017

Ernst & Young Accountants LLP

A.M. Kayhan