000825-20.

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

✓ **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 re[g] an alteration of manner of co[m] with accounting requirements.

WEDNESDAY

A814QG82
A08 13/03/2019 #141
COMPANIES HOUSE

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: DUTCH ACCOUNTING STANDARD 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 COUNSEL FOR ANNUAL REPRTING	

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:
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 ATSUMU YAMADA

Company name IBIDEN EUROPE BV

Address POLARISAVENUE 85F

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

Annual Report 2017/2018

IBIDEN Europe B.V.

Hoofddorp

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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 2018. 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), 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 original equipment manufacturers.

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 e.g. the risk appetite for all below mentioned risks is low.

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 are spread in 4 countries, being Hungary, France, Japan and Mexico.

(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 2018 the Company holds equity investment in 4 group companies for which the carrying amount amounts to EUR 108,901,878. If their financial performance deteriorates and eventually the Company judges their recoverable amount is below the book value, the Company suffers from impairment loss. In 2016/2017 there was an impairment loss of Eur 38.7 million relating to one investment.

(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 compani	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

No specific risks and uncertainties occurred in the past financial year.

5. Current or planned improvements in the risk management system

The so called Risk Management Committee ('RMC') judges whether 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 decreased by EUR 28 million to EUR 431 million compared with the previous year, which is a result of decreased sales in DPF business as a result of the weakening demand for diesel passenger cars on the European market. The gross profit decreased by EUR 3.9 million to EUR 28 million mainly as a result of the decrease in sales.
In 2017/2018 selling, general and administration expenses (SG&A expenses) decreased by EUR 0.2 million. The Company's operating margin amounts to EUR 13 million, a decrease of EUR 3.6 million compared with the previous year mainly due to decrease in gross margin. The Company's net result after taxation ended with EUR 69 million gain mainly due to dividend income of EUR 60 million. In previous year the Company's result was a EUR 25 million loss mainly due to impairment loss on financial fixed assets of EUR 39 million.

The Company has sufficient solvency and liquidity. The solvency ratio (total equity/total assets) as per 31 March 2018 equals 0.58 (31 March 2017: 0.46). The liquidity ratio (current assets/current liabilities) equals 1.43; 31 March 2017: 1.11).
The increase in ratios is mainly caused by the Eur 60 million dividend income.

1.4. Resignation and appointment of member of the management board

Mr. Masanori Seki, Vice President of IDFS, joined as a non-executive board member as ~~of May 4,~~ 2018 and he resigned as at January 4, 2019.

1.5. Subsequent events

Acquisition shares

On 25 September 2018, IEU signed a contract with PPC Austria Holding GmbH (PPC Holding) to acquire 40% of the remaining 50% share of Ceram Liegenschaftsverwaltungs GmbH ('CLV'), Frauenthal, Austria, which were previously owned by PPC Holding for the amount of EUR 1 million. After the acquisition, IEU's shareholding of CLV will become 90% and the remaining 10% will be purchased and owned by IBIDEN Porzellanfabrik Frauenthal GmbH (IPF).
By the acquisition of CLV shares, IEU and IPF will become the co-owner of the land and property where IPF has its machineries and equipment to produce SCR products.

IPF will simultaneously purchase the body supply equipment from PPC Insulators Austria GmbH (PPC Austria) which is necessary to produce the body supply for N-Cat products (PPC Austria was the 100% supplier of the body supply to IPF).

Dividend Distribution

In September 2018 Ibiden Europe BV has received Eur 20 million dividends from its 99% subsidiary Ibiden Hungary Kft.

Closing Amsterdam branch

It was decided by IEU management to close the Amsterdam branch as per 31 March 2019. Its operation will be transferred to Ibiden Europe Head Office and no material impact is expected from this branch's closure.

There are no further subsequent events known at this time.

1.6. Outlook for 2018/2019

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.

The Company will face a strong headwind as the automobile market for diesel cars in Europe is diminishing. This is expected to negatively impact sales figures for 2018/2019. However, the Company tries to overcome the situation by selling more to the heavy duty car manufacturers or to the non-road car manufacturers.
The Company will continue to focus on cost saving efforts to retain as much profitability as possible.

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.

No significant investments or reduction in workforce are planned.

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1.7. *Board of directors*

As of 1 January 2013, the 'Wet Bestuur en Toezicht', a new Management and Supervision Act came into effect. The new act requires a large-sized N.V. or B.V. to seek for a balanced distribution on their management and supervisory boards, with at least 30% of the seats occupied by women, and at least 30% by men. The current composition of the Board deviates from the above mentioned percentages.

The Company will pursue a policy to continue to comply with the guidelines of the act and continues to strive for an adequate and balanced composition of its Board in future appointments, by taking into account all relevant selection criteria, including but not limited to gender balance and executive experience.

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, 22 February, 2019

The Board of Directors,

A. Yamada

Annual accounts

Balance sheet as at 31 March 2018

(Before proposed appropriation of result)

	Notes	31 March 2018		31 March 2017	
		EUR	EUR	EUR	EUR
Assets					
Fixed assets					
Intangible fixed assets	4.1	36,325		1,564	
Tangible fixed assets	4.2	130,913		95,670	
Financial fixed assets	4.3	132,493,799		133,496,200	
			132,661,036		133,593,434
Current assets					
Stocks	4.4	9,546,398		7,791,010	
Receivables	4.5	95,538,927		104,453,284	
Cash at banks and in hand	4.6	89,579,404		83,711,381	
			194,664,729		195,955,675
			327,325,766		329,549,109
Equity and liabilities					
Shareholder's equity	4.7				
Share capital		35,800,000		35,800,000	
Share premium		0		26,831,978	
Other reserves		86,483,587		115,149,470	
Result for the year		69,055,177		(25,497,861)	
			191,338,764		152,283,587
Current liabilities	4.8		135,987,002		177,265,522
			327,325,766		329,549,109

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Profit and loss account for the financial year ended 31 March 2018

	Ref.	2017/2018	2016/2017
		EUR	EUR
Net turnover	5.1	430,659,457	458,676,302
Cost of sales		(402,555,315)	(426,721,614)
Gross margin		28,104,142	31,954,688
Selling expenses		(7,861,916)	(7,236,683)
General and administrative expenses	5.2	(7,195,012)	(8,041,198)
Total expenses		(15,056,928)	(15,277,881)
Operating margin		13,047,214	16,676,807
Other non-operating income and expense		351,908	1,353,335
Financial income / (expenses), net	5.3	(210,340)	686,581
Impairment loss on financial fixed assets	5.4	0	(38,703,094)
Dividend income from investments recognized at cost		60,000,000	0
Result from ordinary activities before taxation		73,188,782	(19,986,371)
Taxation	5.5	(4,133,605)	(5,511,490)
Net result after taxation		69,055,177	(25,497,861)

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Notes to the balance sheet and profit and loss account

1. General

IBIDEN Europe B.V. (hereinafter "the Company") is a private company, 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 since it makes 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 and at www.ibiden.com.

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 2016/2017. 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 and at www.ibiden.com.

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, assets and liabilities
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 2.8 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 in the line item General and administrative expenses of the 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 profit and loss account.
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 profit and loss account (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.

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2.9. *Stocks*

Stocks of finished goods are stated at the purchase cost or at net realizable value, whichever is lower. 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 goods are delivered 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 face 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 13th 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 pension payable, 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.

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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 when 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 cost relating to sales activities that cannot be traced to individual goods sold.

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.

3.6. *Dividends*

Dividends are recognized in the profit and loss account if the Company is entitled to them and the dividends are probable to be received.

3.7. *Financial instruments*

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%). Please also refer to the details of the credit facilities under 4.9 Off-Balance Sheet commitments and contingent liabilities.

IV. Financial Risk

At the end of March 2018 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 recoverable amount is below the book value, the Company suffers from impairment loss. In 2016/2017 there was an impairment loss of Eur 38.7 million relating to one investment.

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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 2017			
At cost	6,408	885,819	892,227
Accumulated amortization and impairment	(5,126)	(885,537)	(890,663)
Book value	1,282	282	1,564
Movements 2017/18			
Additions	0	40,598	40,598
Amortisation	(1,026)	(4,811)	(5,837)
	(1,026)	35,787	34,761
31 March 2018			
At cost	6,408	921,456	932,825
Accumulated amortization and impairment	(6,152)	(885,387)	(896,500)
Book value	256	36,069	36,325

There are no internally generated intangible assets. The length of amortization is between 5 and 10 years.

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

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4.2. Tangible fixed assets

Movements of tangible fixed assets are as follows:

	Land and buildings	**Office Equipment**	**Total**
	EUR	EUR	EUR
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)	(5,862)	(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
Movements 2017/18			
Additions	73,205	17,541	90,746
Accumulated costs of disposals	(6,808)	(19,278)	(26,086)
Depreciation of tangible fixed assets	(30,742)	(13,990)	(44,732)
Depreciation of disposals	0	15,314	15,314
	35,655	(412)	35,243
31 March 2018			
At cost	429,442	235,033	664,475
Accumulated impairments	0	0	0
Accumulated depreciation	(340,939)	(192,623)	(533,562)
Book value	88,503	42,410	130,913

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 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
Movements 2017/2018				
Increases / (Decreases)	-	-	17,599	17,599
Repayment of loans from IPF	-	(1,020,000)	-	(1,020,000)
	-	(1,020,000)	17,599	(1,002,401)
31 March 2018				
Book value	108,901,878	23,500,000	91,921	132,493,799

The accumulated impairment as per 31 March 2018 amounts to EUR 38.699.759 (31 March 2017: EUR 38.699.759).

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%

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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, 2018 amounts to EUR 23.5 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. The loan is classified as long term loan since there is no clear intention to settle the amount within one year after the balance sheet date.

4.4. Stocks

	31 March 2018	31 March 2017
	EUR	EUR
Finished goods	9,546,398	7,791,010
	9,546,398	7,791,010

4.5. Receivables

	31 March 2018	**31 March 2017**
	EUR	EUR
Trade receivables	94,142,116	102,087,295
Due from parent company	60,617	106,279
Due from group companies	266,703	932,624
Prepayments and accrued income	412,079	289,124
Deferred tax asset	3,904	2,566
Other current assets	653,507	1,035,396
	95,538,927	104,453,284

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 2018 amounts to EUR 42,000,000 (31 March 2017: EUR 42,000,000) and consists of 42,000 (31 March 2017: 42,000) ordinary shares of EUR 1,000 each.
Issued and paid in share capital amounts to EUR 35,800,000 (31 March 2017: EUR 35,800,000) and consists of 35,800 (31 March 2017: 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 for the year	Total
Balance as at April 1, 2016	35,800,000	66,831,978	108,892,246	6,257,224	217,781,448
Result appropriation for the prior year	0	0	6,257,224	(6,257,224)	0
Dividend paid to shareholder	0	(40,000,000)	0	0	(40,000,000)
Result for the year	0	0	0	(25,497,861)	(25,497,861)
Balance as at March 31, 2017	35,800,000	26,831,978	115,149,470	(25,497,861)	152,283,587
Balance as at April 1, 2017	35,800,000	26,831,978	115,149,470	(25,497,861)	152,283,587
Result appropriation for the prior year	0	0	(25,497,861)	25,497,861	0
Dividend paid to shareholder	0	(26,831,978)	(3,168,022)	0	(30,000,000)
Result for the year	0	0	0	69,055,177	69,055,177
Balance as at March 31, 2018	35,800,000	0	86,483,587	69,055,177	191,338,764

Proposed appropriation of result

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	69,055,177
Net result	69,055,177

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4.8. *Current liabilities*

	31 March 2018	31 March 2017
	EUR	EUR
Trade creditors	117,974	1,875,905
Due to parent company	16,577,564	23,412,171
Due to investments	60,737,991	67,181,073
Cash pooling to group companies	48,004,560	73,427,504
Accrued liabilities	2,672,862	547,806
Deferred income	1,298,996	1,712,283
Corporate income tax payable	3,766,717	5,110,151
Other accruals	88,039	91,243
Wage tax and social securities	172,647	160,764
Pension premium payable	59,347	41,501
VAT payable	2,288,134	1,170,664
Other current liabilities	202,171	2,534,457
	135,987,002	177,265,522

The amounts due to group companies concern purchasing mainly 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 2017/2018. 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 FY2017/2018 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 2018 are:

	31 March 2018	31 March 2017
	EUR	EUR
Due in one year	587,615	662,121
Due in more than one year and less than 5 years	475,239	558,349
	1,062,854	1,220,470

There are no commitments longer than 5 years. The amount of operational lease expenses charged to the result for the financial year is EUR 159,935 (2016/2017: EUR 173,377).

Guarantees

There is 1 guarantee amounting to EUR 28,058 at 31 March 2018 (31 March 2017: 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 (31 March 2017 EUR 30 million), no portion of that was utilized as of 31 March 2018 (31 March 2017: none).

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5. Notes to the profit and loss account

5.1. Net turnover

Breakdown of revenue by geographical location of clients:

	2017/2018	2016/2017
	EUR	EUR
Europe Region	383,529,306	413,300,229
North America	4,670,651	6,543,370
Africa	36,548,417	38,186,507
Other	5,911,083	646,196
	430,659,457	458,676,302

Beginning from fiscal year ended 31 March 2018, the geographical location has been reclassified to regional areas. Figures for the fiscal year ended 31 March 2017 have been reclassified under the new regional areas to make them comparable to the current year figures. This has mainly resulted in a reclassification of EUR 32.8 million from the other to Europe region in the comparative figures.

Breakdown of revenue by category is as follows:

	2017/2018	2016/2017
	EUR	EUR
Sale of ceramics	429,927,461	458,226,099
Service fee	731,996	450,203
	430,659,457	458,676,302

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.

	2017/2018	2016/2017
	EUR	EUR
Wages and salaries	4,362,617	5,168,582
Pension costs	365,987	409,774
Other social security costs	527,303	306,064
	5,225,907	5,884,420

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:

	2017/2018	2016/2017
	EUR	EUR

Amortization of intangible fixed assets (note 4.1)	5,837	1,567
Depreciation of tangible fixed assets (note 4.2)	44,732	25,481
	50,569	27,048

Auditor's fees

The following audit fees were expensed in the reporting period:

	EY Accountants LLP	Other EY	Other audit firms	Total
2016/2017				
Audit of financial statements	64,260	46,092	0	110,352
Tax advisory services	0	32,606	42,439	75,045
Other non-assurance services	0	7,462	54,106	61,568
Total 2016/2017	64,260	86,160	96,545	246,965
2017/2018				
Audit of financial statements	50,556	55,324	0	105,880
Tax advisory services	0	26,103	64,311	90,414
Other assurance services	50,000	0	0	50,000
Other non-assurance services	0	0	17,717	17,717
Total 2017/2018	100,556	81,427	82,028	264,011

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.

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5.3. *Net financial income and expenses*

	2017/2018	2016/2017
	EUR	EUR
Interest income	256,945	285,321
Foreign exchange differences	(467,001)	401,364
Interest expense	(284)	(104)
	(210,340)	686,581

Interest income from subsidiaries amounts to EUR 256,945 (2016/2017: EUR 268,983).

5.4. *Impairment*

	2017/2018	2016/2017
	EUR	EUR
IBIDEN DPF France SAS complete write-off	0	38,699,759

In view of the financial performance of IDFS in the last few years, the Company recognized clear indications that the carrying value of the shares in IDFS was subject to impairment in previous year. 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. No clear indication for (reversal of) impairment were recognized in the current year.

5.5. *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.

	2017/2018	2016/2017
	EUR	EUR
Result from ordinary activities before taxation	73,188,782	(19,986,371)
At the statutory tax rate of 25%	18,287,196	(4,669,181)
Non-deductible expenses relating to impairment	-	9,674,940
Non-taxable (dividend) income	(15,000,000)	-
Differences in tax rate in local branches	846,410	505,731
Income tax for the year	4,133,605	5,511,490
Effective tax rate	6%	-28%

The participation exemption is applied to the Company's dividend income on its investment in subsidiaries (dividend received).

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6. *Supplementary information*

6.1. Average number of employees

During the year 2017/2018, the average number of employees - on a full time basis - was 51 (2016/2017: 54). Of these employees 42 were employed outside the Netherlands (2016/2017: 45). 13 employees (2016/2017: 13) were directly involved in sales.

6.2. 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 target remuneration is 5% of the total amount of revenue invoiced to its customers.

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

6.3. Subsequent events

Acquisition shares

On 25 September 2018, IEU signed a contract with PPC Austria Holding GmbH (PPC Holding) to acquire 40% of the remaining 50% share of Ceram Liegenschaftsverwaltungs GmbH ('CLV'), Frauenthal, Austria, which were previously owned by PPC Holding for the amount of EUR 1 million. After the acquisition, IEU's shareholding of CLV will become 90% and the remaining 10% will be purchased and owned by IBIDEN Porzellanfabrik Frauenthal GmbH (IPF).
By the acquisition of CLV shares, IEU and IPF will become the co-owner of the land and property where IPF has its machineries and equipment to produce SCR products.

IPF will simultaneously purchase the body supply equipment from PPC Insulators Austria GmbH (PPC Austria) which is necessary to produce the body supply for N-Cat products (PPC Austria was the 100% supplier of the body supply to IPF)

Dividend Distribution

In September 2018 Ibiden Europe BV has received Eur 20 million dividends from its 99% subsidiary Ibiden Hungary Kft.

Closing Amsterdam branch

It was decided by IEU management to close the Amsterdam branch as per 31 March 2019. Its operation will be transferred to Ibiden Europe Head Office and no material impact is expected from this branch's closure.

There are no further subsequent events known at this time.

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Hoofddorp, 22 February, 2019

Board of Directors,

A. Yamada

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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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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 2018 included in the annual report

Our opinion

We have audited the financial statements for the financial year ended 31 March 2018 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 2018, 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 2018
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

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- 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, 22 February 2019

Ernst & Young Accountants LLP

signed by A.M. Kayhan