

TATA STEEL



Tata Steel Netherlands Holdings B.V.
Report & Accounts 2017

Deloitte Accountants B.V.
For identification purposes only
Related to auditor's report
dated July 25, 2017

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A. Report of the Board of Directors

Foreword

The Board of Directors ('Board') has pleasure in presenting the annual report together with the audited accounts of Tata Steel Netherlands Holdings BV ('TSNH' or 'the Company') for the year started 1 April 2016 and ended 31 March 2017.

Principal activities and review of the business

The Company was incorporated on 4 September 2006 and commenced its activities in 2007. The principal activity of the Company is that of an investment and holding company.

The ultimate European parent of the Company is Tata Steel Europe Ltd, which is a wholly-owned subsidiary of TS Global Holdings Pte. Ltd, an unlisted company in Singapore. The ultimate parent company, Tata Steel Ltd ('TSL'), is a company incorporated in India with shares listed on BSE Limited (formerly the Bombay Stock Exchange Limited), Mumbai and the National Stock Exchange of India, and with global depository receipts listed on the London and the Luxembourg Stock Exchanges.

TSNH holds all shares in Tata Steel Nederland B.V. ('TSN'), British Steel Nederland International B.V. ('BSNI') and Corus Group Ltd.

Changes in accounting estimates

Management estimates are an important element of annual reporting and reflect inherent uncertainties. In making such estimates, the Board of Directors considers all relevant information to determine the valuation of an asset or liability. The Company's policy is to hold all equity investments in subsidiaries at cost less provision for impairment. All receivables with subsidiaries are held at amortised costs less provision for impairment. In preparing the 2017 annual accounts, the Board has changed its estimate on the future value of the Company's investments in subsidiaries. As a consequence of this re-estimation, the Company is reporting impairments for its investments in Tata Steel UK Limited ('TSUK') and British Steel Nederland International B.V. ('BSNI'). The main reason for the change in estimation relates to a re-assessment of the future prospects for TSUK and BSNI due to weaker market conditions in the European steel market, which are expected to remain relatively weak over the near and medium term.

As a consequence of this change in estimation, and in accordance with Raad voor de Jaarverslaggeving, richtlijn 145, the impact of the impairment of €615m is reported prospectively in the 2017 statement of income.

Impairment of financial fixed assets

During 2017, the Board has impaired the value of its equity investments in Tata Steel UK Limited ('TSUK') and British Steel Nederland International B.V. ('BSNI'). The value as at March 31, 2017 of the remaining equity investments carried in the financial statements amounts to €4.878m and relates to the Company's investment in Tata Steel Nederland B.V. ('TSN') for an amount of €4.823m and in BSNI for €55m.

The Company has not impaired the remaining value of its investment in TSN as a consequence of the Board's view on the future profitability of TSN within the European steel market. The Company assessed the carrying value of TSN for impairment based on an EBITDA multiple model and a discounted cash flow analysis based on projected future earnings ('Value in Use'). Based on these assessments an impairment is not required. The key assumptions underpinning the Board's projected earnings for TSN include a favorable development of steel spreads (the margin between steel prices and the cost of coal, iron ore and scrap and exchange rates in particular those relating to the USD) in future years (which are based on expectations of future changes in the steel market based on external market sources), the capital expenditure plans within the Board approved planning period of 3 years plus forecasts of sustainable capital expenditure past this date and a discount rate of 7.8% which is derived from the Company's weighted average cost of capital. The results of the impairment test show that the above assumptions together with estimates past 2020 projected into perpetuity, no expected growth in revenue past the initial Board approved planning period, and future capital expenditure estimated at a level equal to depreciation imply significant headroom within the impairment assessment. The impairment assessment is particularly sensitive to changes in forecast profitability. From a historical perspective, the profitability of TSN that has been used to forecast is high. Historical data shows it inherently difficult to accurately predict future changes in steel spreads. Accordingly this estimate contains a significant element of uncertainty.

As a consequence of the operating and financial performance of TSUK, the Company has impaired the value of the investment by €515m to €nil. The company has no obligations to TSUK that would warrant valuing its investment in TSUK at a negative value. The impairment calculation for TSUK is particularly sensitive to the future profitability of that business with the key assumptions being those set out in the TSN impairment assessment above. In the event that the profitability of TSUK substantially improves, the value could potentially be recuperated.

The impairment of BSNI is based on the expectations of changes in future cash flows and profitability with the key assumptions being those applied in the impairment assessment of TSNBV above. The value of the Company's investment in BSNI is

A. Report of the Board of Directors

sensitive to changes in future profitability. These projections are expected to be favorable over time as a result of expected improvements in the product mix and the introduction of new products within the initial 3 year planning period. Notwithstanding this improvement the investment in BSNI is partially impaired.

Going Concern and Realizable value of Intercompany Loans

The Company's balance sheet contains intercompany receivables with Tata Steel UK Limited ('TSUK') for €811m. These receivables are held at amortised costs with an assessment performed annually for any Indicators of Impairment. These receivables each have different terms and repayment dates. Each receivable is assessed for impairment based on the Board of Directors' expectations of collectability from TSUK based on the expected projected operational performance of TSUK and the ability of TSUK to repay these receivables. A long term (10 year maturity) loan of €150m is considered quasi equity and consequently has been fully impaired based on the expected future operational performance and profitability of TSUK.

Tata Steel Europe ('TSE', an intermediate parent of the Company), TSUK and other TSE subsidiaries (including the Company) are financed in part through the Senior Facilities Agreement and through working capital support provided by Tata Steel Global Procurement ('Proco'), a subsidiary of the ultimate parent Tata Steel Limited ('TSL'), under arrangements which have been authorised, and are supported, by TSL. TSL has approved the continued provision of working capital support to TSE and its subsidiaries (including the Company and TSUK) and the operations of TSE's material subsidiaries, including in The Netherlands and the UK, subject to certain restrictions which in respect of TSUK includes agreement on a Regulated Apportionment Arrangement ('RAA') of the British Steel Pension Scheme ('BSPS').

Further very material evidence of continued TSL support is seen in the commitment of TSL affiliates to provide the required financing of c.£550m which will need to be paid by TSUK to achieve the RAA of the BSPS obligations of TSUK and the other BSPS employer entities. The completion of the RAA with relation to the BSPS, which was the subject of the TSL announcement on 16 May 2017, constitutes a material event for TSUK, and in its absence it is expected that there would be a very large BSPS funding deficit which could cast significant doubt about TSUK's ability to continue as a going concern and to realise its assets and discharge its liabilities in the normal course of business which includes recovery of the Company's loans with TSUK. Until the conclusion of the process, there continues to be a material

uncertainty as to whether the BSPS restructuring will be completed.

The Board of Directors have not recorded an impairment in respect of receivables with TSUK of €811m as, after making appropriate enquiries, the Board is confident these will be collected, taking into account that certain receivables were repaid by TSUK post year end and continued approval of working capital support that TSUK has obtained from TSL (as described above). Total receivables of €811m also include €499m arising out of the decision of the Company to assign to itself (from TSUK) the revolving credit facility ('RCF') under the Senior Facilities Agreement. This decision was taken as part of a cash optimisation strategy of the Company and other TSE subsidiaries. The Company could recoup the receivable from TSUK by reassigning at any time the RCF facility back to TSUK. The initiative to reassign this loan to TSUK is at the sole discretion of the Company's Board of Directors. After making appropriate enquiries, the Board is confident that TSUK will be able repay these receivables.

For the above reasons the Board of Directors are satisfied that the receivables from TSUK can be recovered in the event that TSUK continues as a Going Concern. However, they note that until the RAA process is concluded there exists a material uncertainty which may cast significant doubt about TSUK's ability to continue as a going concern. The Company has considered the position of TSUK, its arrangements with TSUK and the mitigating actions that could be taken and on this basis the directors of the Company have concluded that it is appropriate to prepare these financial statements on a going concern basis. However, if TSUK were not a going concern, then adjustments might be required to the Annual Accounts which would include the impairment of the intercompany receivables with TSUK.

Financing

The majority of the external borrowings of TSE are accounted for by the Senior Facilities Agreement ("SFA") which was successfully refinanced in October 2014. The SFA is secured by guarantees and debentures granted by material subsidiaries of TSE (other than TSN and its subsidiaries) and by a share pledge over the shares in TSN. The SFA comprises:

- a bullet term loan facility of five years of € 370 million;
- an amortising term loan facility for seven years of € 1.500 million (amortisation starts from the end of year five);

A. Report of the Board of Directors

- an amortising term loan facility for seven years of US\$ 379,5 million (amortisation starts from the end of year five); and
- a revolving credit facility for six years of £ 700 million (this facility may be extended by a further year if certain conditions are satisfied).

The SFA term loans are denominated in euro and US dollars, but 100% of the proceeds received in US dollars have been hedged in euro. The refinancing of the SFA was accompanied by a € 800 million subordinated loan injection into TSE from TS Global Holdings Pte. Ltd.

Meetings of the Board

Six Board meetings were held during the year. Most Board members were present at each of these meetings. The Board was briefed at all the meetings on the developments regarding the Company and its financial and business performance. Specific attention was given to the liquidity position, cash flow forecast and developments with regard to the SFA and SFA covenant compliance.

Other topics included, but were not limited to tax developments, corporate income tax returns and the potential impact of future collaborations of TSE and/or its subsidiaries.

At its May 2016 meeting, the Board resolved to make an interim dividend distribution in kind of all the issued shares of Tata Steel France Rail France SAS.

In its May and June 2016 meetings, the Board discussed the potential impact of future scenarios, risks and mitigating actions for TSNH.

In its March 2017 meeting the Board discussed the proposal to provide a funding commitment to British Steel Pension Scheme ("BSPS") without reaching a definitive conclusion. The Board decided to designate short-term loans of Tata Steel Americas Holdings Inc of \$155.4million to TSNH and of TSNH for €150 million to TSUK into 10 year loans.

Risk management

Business risks of TSNH are managed by the Board of directors, who have also a principal role as directors of the main subsidiaries of the Company. TSNH's business risk management is based upon sound economic objectives and good corporate practice.

TSE is financed in part through external bank facilities referred to as the senior facility agreement ('SFA') The SFA is provided by a syndicate of international banks. Servicing of interest

payments in challenging trading conditions continues to represent a risk to the business. A significant amount of funding has also been provided to TSNH from TSL Group Companies. In order to effectively manage this risk, the forecast requirements of TSNH continue to be closely monitored and 'downside' sensitivities are undertaken regularly to ensure adequacy of facilities.

TSNH's main financial risks are related to the availability of funds to meet its business needs, and movements in interest rates, exchange rates and commodity costs. Derivatives and other financial instruments are used to manage any exposures, where considered appropriate.

Prospects for 2017

The World Steel Association predicts modest global steel demand growth of 1.3% in 2017. Growth in developing markets in South and Southeast Asia, and NAFTA is expected to offset a contraction in China. Steel demand in China is expected to stabilise with no growth due to a slowdown of its economy.

EU steel demand is expected to grow by 1.3% due to improving economic conditions in Europe although most of this increase is likely to be taken by imports.

Margins in the global steel industry are expected to remain compressed by high levels of excess capacity, with little expectation that capacity will be reduced significantly in the near future.

Board of Directors

Dr H. Adam	Mr B. Jha
Mr T.J. Farquhar	Dr J.L.M. Fischer
Ms H.L. Matheson	Mr N.K. Misra
Mr J.E. van Dort	

Velsen-Noord, July 25, 2017

B. Annual accounts

Balance sheet

(before appropriation of net profit/loss)

At 31 March	Note	2017	2016
		€k	€k
Non-current assets			
Shares and loans group companies	1	4.877.567	5.232.848
Deferred tax assets	2	77.790	99.963
		4.955.357	5.332.811
Current assets			
Current tax assets	4	63.333	188.660
Other receivables	3	670.515	371.574
Cash and short-term deposits	5	12.054	433
		745.902	560.667
TOTAL ASSETS		5.701.259	5.893.478
Current liabilities			
Borrowings	6	(890.578)	(636.490)
Current tax liabilities	7	(33.206)	(54.999)
Other payables	8	(57.968)	(178.541)
		(981.751)	(870.030)
Non-current liabilities			
Borrowings	6	(4.252.149)	(3.986.923)
Other non-current liabilities	9	-	(5.944)
		(4.252.149)	(3.992.867)
TOTAL LIABILITIES		(5.233.900)	(4.862.897)
NET ASSETS		467.359	1.030.581
Equity			
Called-up share capital	10	6.173.342	6.173.342
Reserves	10	(5.140.043)	(5.109.284)
Unappropriated result	10	(565.940)	(33.477)
TOTAL EQUITY		467.359	1.030.581

B. Annual accounts

Income statement

For the financial period ended 31 March	Note	2017	2016
		€k	€k
Operating Profit / (Loss)	14	(614.990)	96.935
Finance costs	15	(223.974)	(326.926)
Finance income	15	167.140	126.155
Profit / (Loss) before taxation		(671.824)	(103.836)
Taxation	16	105.884	70.359
Profit / (Loss) after taxation		(565.940)	(33.477)
Attributable to owners of the Company		(565.940)	(33.477)

B. Annual accounts

Notes to the annual accounts 2017

General information

The Company was incorporated with limited liability under the laws of the Netherlands on 4 September 2006. The statutory seat of the Company is in Amsterdam, and its principal place of business in Velsen-Noord, the Netherlands. The objectives of the Company are to act as an investment and holding company.

Going concern

The directors have assessed the future funding requirements of the Group and the Company, and have compared them against the level of available borrowing facilities, including working capital facilities authorised and supported by the ultimate parent, TSL. They have also assessed the future financial performance against the borrowing facilities as set out in Note 6 to the financial statements, and as supported by a commitment from TSL. As part of these assessments, the directors considered a number of scenarios and the mitigating actions the Group could take to limit any adverse consequences. In particular, the directors considered separately the impact of lower steel margins, higher raw material costs, a lower production volume and different exchange rates than had been assumed in the Group's annual plan. Having undertaken this work, the directors are of the opinion that the Group has access to adequate resources to fund its operations for the foreseeable future and so determine that it is appropriate for the financial statements to be prepared on a going concern basis.

Changes in accounting estimates

Management estimates are an important element of annual reporting and reflect inherent uncertainties. In making such estimates, the Board of Directors considers all relevant information to determine the valuation of an asset or liability. The Company's policy is to hold all equity investments in subsidiaries at cost less provision for impairment. All receivables with subsidiaries are held at amortised costs less provision for impairment. In preparing the 2017 annual accounts, the Board has changed its estimate on the future value of the Company's investments in subsidiaries. As a consequence of this re-estimation, the Company is reporting impairments for its investments in Tata Steel UK Limited ('TSUK') and British Steel Nederland International B.V. ('BSNI'). The main reason for the change in estimation relates to a re-assessment of the future prospects for TSUK and BSNI due to weaker market conditions in the European steel market, which are expected to remain relatively weak over the near and medium term.

As a consequence of this change in estimation, and in accordance with Raad voor de Jaarverslaggeving, richtlijn 145, the impact of the impairment of €615m is reported prospectively in the 2017 statement of income.

Impairment of financial fixed assets

During 2017, the Board has impaired the value of its equity investments in Tata Steel UK Limited ('TSUK') and British Steel Nederland International B.V. ('BSNI'). The value as at March 31, 2017 of the remaining equity investments carried in the financial statements amounts to €4.878m and relates to the Company's investment in Tata Steel Nederland B.V. ('TSN') for an amount of €4.823m and in BSNI for €55m.

The Company has not impaired the remaining value of its investment in TSN as a consequence of the Board's view on the future profitability of TSN within the European steel market. The Company assessed the carrying value of TSN for impairment based on an EBITDA multiple model and a discounted cash flow analysis based on projected future earnings ("Value in Use"). Based on these assessments an impairment is not required. The key assumptions underpinning the Board's projected earnings for TSN include a favorable development of steel spreads (the margin between steel prices and the cost of coal, iron ore and scrap and exchange rates in particular those relating to the USD) in future years (which are based on expectations of future changes in the steel market based on external market sources), the capital expenditure plans within the Board approved planning period of 3 years plus forecasts of sustainable capital expenditure past this date and a discount rate of 7.8% which is derived from the Company's weighted average cost of capital. The results of the impairment test show that the above assumptions together with estimates past 2020 projected into perpetuity, no expected growth in revenue past the initial Board approved planning period, and future capital expenditure estimated at a level equal to depreciation imply significant headroom within the impairment assessment. The impairment assessment is particularly sensitive to changes in forecast

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profitability. From a historical perspective, the profitability of TSN that has been used to forecast is high. Historical data shows it inherently difficult to accurately predict future changes in steel spreads. Accordingly this estimate contains a significant element of uncertainty.

As a consequence of the operating and financial performance of TSUK, the Company has impaired the value of the investment by €515m to €nil. The company has no obligations to TSUK that would warrant valuing its investment in TSUK at a negative value. The impairment calculation for TSUK is particularly sensitive to the future profitability of that business with the key assumptions being those set out in the TSN impairment assessment above. In the event that the profitability of TSUK substantially improves, the value could potentially be recuperated.

The impairment of BSNI is based on the expectations of changes in future cash flows and profitability with the key assumptions being those applied in the impairment assessment of TSNBV above. The value of the Company's investment in BSNI is sensitive to changes in future profitability. These projections are expected to be favorable over time as a result of expected improvements in the product mix and the introduction of new products within the initial 3 year planning period. Notwithstanding this improvement the investment in BSNI is partially impaired.

Going Concern and Realizable value of Intercompany Loans

The Company's balance sheet contains intercompany receivables with Tata Steel UK Limited ('TSUK') for €811m. These receivables are held at amortised costs with an assessment performed annually for any indicators of impairment. These receivables each have different terms and repayment dates. Each receivable is assessed for impairment based on the Board of Directors' expectations of collectability from TSUK based on the expected projected operational performance of TSUK and the ability of TSUK to repay these receivables. A long term (10 year maturity) loan of €150m is considered quasi equity and consequently has been fully impaired based on the expected future operational performance and profitability of TSUK.

Tata Steel Europe ('TSE', an intermediate parent of the Company), TSUK and other TSE subsidiaries (including the Company) are financed in part through the Senior Facilities Agreement and through working capital support provided by Tata Steel Global Procurement ('Proco'), a subsidiary of the ultimate parent Tata Steel Limited ('TSL'), under arrangements which have been authorised, and are supported, by TSL. TSL has approved the continued provision of working capital support to TSE and its subsidiaries (including the Company and TSUK) and the operations of TSE's material subsidiaries, including in The Netherlands and the UK, subject to certain restrictions which in respect of TSUK includes agreement on a Regulated Apportionment Arrangement ('RAA') of the British Steel Pension Scheme ('BSPS').

Further very material evidence of continued TSL support is seen in the commitment of TSL affiliates to provide the required financing of c.£550m which will need to be paid by TSUK to achieve the RAA of the BSPS obligations of TSUK and the other BSPS employer entities. The completion of the RAA with relation to the BSPS, which was the subject of the TSL announcement on 16 May 2017, constitutes a material event for TSUK, and in its absence it is expected that there would be a very large BSPS funding deficit which could cast significant doubt about TSUK's ability to continue as a going concern and to realise its assets and discharge its liabilities in the normal course of business which includes recovery of the Company's loans with TSUK. Until the conclusion of the process, there continues to be a material uncertainty as to whether the BSPS restructuring will be completed.

The Board of Directors have not recorded an impairment in respect of receivables with TSUK of €661m as, after making appropriate enquiries, the Board is confident these will be collected, taking into account that certain receivables were repaid by TSUK post year end and continued approval of working capital support that TSUK has obtained from TSL (as described above). Total receivables of €811m also include €499m arising out of the decision of the Company to assign to itself (from TSUK) the revolving credit facility ('RCF') under the Senior Facilities Agreement. This decision was taken as part of a cash optimisation strategy of the Company and other TSE subsidiaries. The Company could recoup the receivable from TSUK by reassigning at any time the RCF facility back to TSUK. The initiative to reassign this loan to TSUK is at the sole discretion of the Company's Board of Directors. After making appropriate enquiries, the Board is confident that TSUK will be able repay these receivables.

For the above reasons the Board of Directors are satisfied that the receivables from TSUK can be recovered in the event that TSUK continues as a Going Concern. However, they note that until the RAA process is concluded there exists a material uncertainty which may cast significant doubt about TSUK's ability to continue as a going concern. The Company has considered the position of TSUK, its

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arrangements with TSUK and the mitigating actions that could be taken and on this basis the directors of the Company have concluded that it is appropriate to prepare these financial statements on a going concern basis. However, if TSUK were not a going concern, then adjustments might be required to the Annual Accounts which would include the impairment of the intercompany receivables with TSUK.

In the figures for the year ended March 31, 2016, loans to group companies in the amount of € 363,662k have been reclassified from "Shares and loans Group companies" to "Other receivables" in order to ensure comparability with the current year's presentation.

Group structure

Tata Steel Netherlands Holdings B.V. is a subsidiary of Tata Steel UK Holdings Limited which has its registered office in London, United Kingdom. The ultimate parent is Tata Steel Limited, Mumbai, India.

Related parties

The Company is incorporated with the purpose of future holding and financing of group companies and/or several of its subsidiaries and associated companies out of its equity and by using loans provided by its shareholder and/or third parties.

Consolidation

The consolidated annual report of the Company and its subsidiaries is not included in this annual report, as the Company makes use of the exemption as permitted in Article 408, Book 2 of the Dutch Civil Code.

The financial data of Tata Steel Netherlands Holdings B.V. and its subsidiaries are part of the consolidated annual accounts of Tata Steel Europe Ltd, 30 Millbank, London SW1P 4WY, U.K.

Based upon the firm pronouncement (RJ 360 par 104) for the Statement of Cash Flows reference is made to the annual report of Tata Steel Europe Ltd.

The annual accounts of the ultimate parent in the European Union, Tata Steel Europe Ltd, are filed with the Companies' House, Crown Way, CF14 3UZ DX 33050 Cardiff, United Kingdom. This annual report is also available at the Chamber of Commerce at Amsterdam, Trade Registry Number: 34255148.

Accounting policies

General

The annual accounts have been prepared in accordance with the statutory provisions of Part 9, Book 2, of the Dutch Civil Code and the firm pronouncements in the Guidelines for Annual Reporting in the Netherlands as issued by the Dutch Accounting Standards Board. The annual accounts are denominated in Euro.

In general, assets and liabilities are stated at the amounts at which they were acquired or incurred, or fair value. If not specifically stated otherwise, they are recognized at the amounts at which they were acquired or incurred. The balance sheet and income statement include references to the notes.

Income and expenses are accounted for on an accrual basis. Profit is only included when realized on balance sheet date. Liabilities and any losses originating before the end of the financial year are taken into account if they have become known before preparation of the financial statements.

At the date of authorisation of these financial statements there was an amendment to the Standard 290 Financial Instruments (2013) of the Dutch Accounting Standards Board. The changes arising from the adoption of the amendment in future periods are not expected to have a material impact on the financial statements of the Company.

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Functional currency and presentation currency

The annual accounts of the Company are presented in Euro, the currency of the primary environment in which it operates (its functional currency).

Transactions and balances

Monetary assets and liabilities in foreign currencies are translated into Euro at the quoted rates of exchange ruling at each balance sheet date. Income statement items are translated into Euro at the average rates for the financial period. Any resulting exchange differences are taken to the income statement.

Shares in subsidiaries

Because of international entanglement of the Company's operations and the application of article 389, Part 9, Book 2 of the Dutch Civil Code juncto Article 408 Part 9, Book 2 of the Dutch Civil Code, participations are valued at historical cost less any provision for impairment in value.

Impairment of shares in subsidiaries

On balance sheet date, the Company tests whether there are any indications of an asset which could be subject to impairment. If there are such indications, the legal entity should estimate the recoverable amount of the asset concerned. 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 book value is higher than its recoverable value; the recoverable value is the highest of the realizable value and the present value. An impairment is recognized as an expense in the Income statement immediately.

Deferred taxes

Deferred taxes on temporary differences arising between the value of the assets and liabilities for financial reporting purposes on the one hand and for tax purposes on the other are calculated in accordance with the balance sheet liability method. Deferred tax assets and liabilities are measured at the tax rates at yearend or at the rates prevalent in the next years, when these rates are laid down in law or if it has substantively been decided to. In general no provisions are provided for deferred tax liabilities on interests in group and affiliated companies.

Deferred tax assets, including those resulting from tax loss carry-forwards, are recognized if it is probable that future taxable profits will be available against which they can be offset.

Receivables

Receivables are valued at face value less a provision for possibly uncollectable accounts.

Equity

Expenses directly related to the purchase, sale and/or issue of new shares are directly charged against equity, net of the relevant income tax effects. Other direct changes in equity are also recognized net of the relevant income tax effects.

Financial instruments

Financial assets and financial liabilities are recognized on the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument. The detailed accounting treatment for such items can differ, as described in the following sections:

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the terms of the individual contractual arrangements.

Borrowings

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date. Interest-bearing bank loans and overdrafts are initially recorded at their fair value which is generally the proceeds received, net of direct issue costs. These borrowings are subsequently measured at amortised cost.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Derivative financial instruments and hedge accounting

B. Annual accounts

In the ordinary course of business the Company uses certain derivative financial instruments to reduce business risks which arise from its exposure to foreign exchange and interest rate fluctuations. The instruments are confined principally to forward foreign exchange contracts, forward rate agreements and options. The instruments are employed as hedges of transactions included in the accounts or forecast for firm contractual commitments. The creditworthiness of the counterparties is being monitored on a regular base.

Derivatives are initially accounted for and measured at fair value from the date the derivative contract is taken. Following this, at each subsequent balance sheet date the derivative is remeasured at its current fair value.

For derivative contracts the fair values are determined based on market forward rates at the balance sheet date as published by Reuters or Bloomberg. The Company seeks to adopt hedge accounting for specific currency contracts and interest risk. This means that, at the inception of each hedge there is a formal, documentary designation of the hedging relationship. This documentation includes, inter alia, items such as identification of the hedged item or transaction and the nature of risk being hedged. At inception each hedge is expected to be highly effective in achieving an offset of changes in fair value or cash flows attributable to the hedged risk. The methodology of testing the effectiveness and the reliability of this approach for testing is also considered and documented at inception. The effectiveness is assessed on an ongoing basis throughout the life cycle of the hedging relationship. In particular, only forecast transactions that are highly probable are subject to cash flow hedges.

Changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows are recognized directly in equity and the ineffective portion is recognized immediately in the income statement. Amounts deferred in equity are recognized in the income statement in the same period in which the hedged item affects profit or loss.

For an effective hedge of an exposure to changes in fair value, the hedged item is adjusted for changes attributable to the risk being hedged; the corresponding entry is in the income statement on the same accounts as the underlying item. Gains or losses from re-measuring the associated derivative are also recognized in the income statement.

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognized in the income statement as they arise.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss on the hedging instrument recognized in equity is retained in equity until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognized in equity is transferred to net profit or loss for the period.

Interest paid and received

Interest paid and received is recognized on a time-weighted basis, taking account of the effective interest rate of the assets and liabilities concerned. When recognising interest paid, allowance is made for transaction costs on loans received.

Dividends

Dividends to be received from subsidiaries are recognized as soon as the Company acquires the right to them.

Income taxes

Taxes on income are accrued in the same periods as the revenues and expenses to which they relate, taking into account permanent differences. In computing the taxes current tax rates are applied. The difference between the taxation computed in this manner and that according to the tax regulations is included in the balance sheet as a deferred tax asset or liability.

For corporation tax purposes, the Company is the ultimate parent of the Dutch fiscal unity Tata Steel Netherlands Holdings B.V. Within the fiscal unity of Tata Steel Netherlands Holdings B.V. the following arrangements are in place: each year, the Company is to pay Tata Steel Netherlands Holdings B.V. the corporation tax that it owns on its taxable profits in line with the rate prevailing for that year. If the Company makes a loss for tax purposes in a given year, Tata Steel Netherlands Holdings B.V. will pay the Company a refund of taxes, similarly calculated on the basis of the rate prevailing for that year.

B. Annual accounts

Notes to the balance sheet

1. Shares and loans group companies

	Shares in group companies €k	Loans to own group companies €k	Total €k
Balance sheet value at 31 March 2016	5.232.848	-	5.232.848
Movements in 2016/17:			
Shares	110.000	-	110.000
Loans	-	150.000	150.000
Impairment losses recognised during the period	(465.281)	(150.000)	(615.281)
At 31 March 2017	4.877.567	-	4.877.567

On 20 December 2007 the shares of Corus Group Ltd. (€ 5.078.758 thousand) and Tata Steel Nederland B.V. (€ 4.823.323 thousand) were acquired at fair value by the Company. On 1 July 2009 the shares of British Steel International B.V. (€ 114.767 thousand) were acquired at market value by the Company. On 31 May 2011 British Steel International B.V. merged with its subsidiary British Steel Holdings B.V. being the absorbing company. On 1 June 2011 British Steel Holdings B.V. merged with its subsidiary British Steel Nederland International B.V. being the absorbing company. On 31 March 2013 an impairment on the shares of Corus Group Ltd. was made of € 1.746 million due to weaker steel market conditions in Europe. At 31 March 2015 a permanent diminution of € 3.038m took place in the value of the Company's investment in Corus Group Limited due to weaker market conditions in mainly the UK construction market, which is expected to remain weak over the near and medium term.

The carrying values of the Company's investments are tested annually for impairment using an enterprise value (EV) calculation. The calculation in 2017 uses EBITDA forecasts based on the most recently approved financial budgets and strategic forecasts approved by the Board which cover a period of five years. Key assumptions for the EV calculation are those regarding expected changes to selling prices and raw material costs, EU steel demand, exchange rates, and an EU steel industry EV/EBITDA ratio of 6.99. Changes in selling prices, raw material costs, exchange rates and EU steel demand are based on expectations of future changes in the steel market based on external market sources. The EV/EBITDA ratio of 6.99 is derived from the EV/EBITDA ratios for EU steel companies that are comparable to TSE. The outcome of the test at 31 March 2017 resulted in a permanent diminution of €365m in the value of the Company's equity investment in Corus Group Ltd, €101m in the value of the Company's equity investment in British Steel Nederland International B.V and €150m in the Company's loan investment in Tata Steel UK Ltd, due to weaker market conditions in mainly the European steel market, which are expected to remain weak over the near and medium term.

On 31 May 2016 the shares of Tata Steel France Rail SAS (4.669.018 share with a par value of € 15,-) were transferred to Corus Group Ltd., total value € 70m.

At 29 June 2016 the board of British Steel Nederland International B.V. and Layde Steel SLU agreed to do a capital injection for compensation of prior years' losses of € 40m.

The ownership shares and registered addresses of the Company's subsidiaries are:

	Ownership		
Corus Group Ltd.	100%	30 Millbank	SW1P4WY LONDON
Tata Steel Nederland B.V.	100%	Wenckebachstraat 1 Postbus 10.000	1951 JZ Velsen-Noord 1970 CA IJmuiden
British Steel Nederland International B.V.	100%	Wenckebachstraat 1 Postbus 10.000	1951 JZ Velsen-Noord 1970 CA IJmuiden

B. Annual accounts

2. Deferred tax assets

The following is the analysis of the deferred tax balances for balance sheet purposes:

	2017	2016
	€k	€k
Dutch corporation tax	77.790	99.963
	77.790	99.963

The following are the major deferred tax assets recognised by the entity, and the movements thereon, during the current and prior reporting period.

	Tax losses	Other	Total
	€k	€k	€k
At 31 March 2016	99.963	-	99.963
Credited/(charged) to profit and loss	(22.753)	-	(22.753)
Credited/(charged) to equity	-	580	580
At 31 March 2017	77.210	580	77.790

In evaluating whether it is probable that taxable profits will be earned in future accounting period, all available evidence was considered, including Board approved budgets and forecasts of entities within the fiscal unity. Following this evaluation, it was determined there would be sufficient taxable income generated to realise the benefit of the deferred tax asset. Deferred tax assets have not been recognized in respect of total tax losses of € 0,9bn (2016: €1,1bn), of which €0,4bn will expire by 2021, €0,2bn will expire by 2022, €0,1bn will expire by 2023 and €0,2bn will expire by 2025.

At the balance sheet date there are temporary differences associated with undistributed earnings of subsidiaries. No liability has been recognised in respect of these differences because the vast majority of these differences occur in the Netherlands, for which the participation exemption applies.

3. Current tax assets

Tata Steel Netherlands Holdings B.V. is the ultimate parent of the Dutch fiscal unity. The current tax assets consist of tax receivables with other members of the fiscal unity.

	2017	2016
	€k	€k
Amounts receivable from group companies	63.333	188.660
	63.333	188.660

4. Other receivables

	2017	2016
	€k	€k
Amounts owed by other Tata Steel Companies	9.413	6.766
Loans to other Tata Steel Companies	660.805	363.662
Interest receivable from group companies	297	1.146
	670.515	371.574

5. Cash and short-term deposits

	2017	2016
	€k	€k
Bank balances and terminable deposits	12.054	433

B. Annual accounts

	12.054	433
6. Borrowings	2017	2016
	€k	€k
Current:		
Bank loans	(699.106)	(200.000)
Loans from other Tata Steel Companies	(191.472)	(436.490)
	(890.578)	(636.490)
	2017	2016
	€k	€k
Non-current:		
Bank loans	(2.160.446)	(2.124.729)
Loans from other Tata Steel Companies	(2.091.703)	(1.862.194)
	(4.252.149)	(3.986.923)

Current borrowings

The bank loans at the end of March 2017 relate to € 200m of the revolving credit facility drawn and a loan of £ 427m bearing an interest rate of on average 3,5765%.

The loans from other Tata Steel Companies include a short-term loan of € 150m from Tata Steel Nederland B.V. bearing an interest rate of on average 2,478% and a short term loan of US\$ 12,5m from Corus Group Ltd. bearing an interest rate of on average 4,4511%.

The current borrowings are due for repayment within one year.

Non-current borrowings

The bank loans consist of the loans granted under the senior facility agreement entered into on 28 October 2014.

The final composition, in approximate amounts, at the close of syndication was:

- an amortising term loan facility of three years €370m;
- an amortising term loan facility of five years €1.500m (amortisation starts from the end of three years);
- an amortising term loan facility of five years US\$ 379,5m (amortisation starts from the end of three years); and
- a revolving credit facility of five years £ 700m.

The total amount of loans due after five years is € 0.

The bank loans have different durations and are all due for repayment between three and five years.

Loans from other Tata Steel Companies include a loan with Tata Steel UK Holdings Ltd. of total € 1.825,3 million, € 1.087,0 million of which will expire in 2021 bearing an interest percentage of on average 4,7889% and € 738,3 of which will expire in 2026 bearing an interest percentage of on average 5,4914% and a loan from Tata Steel Americas Holding of US\$ 155,9m which will expire in 2027 bearing an interest percentage of on average 2,76%. The remaining part of loans from other Tata Steel Companies is a loan with ABJA Investment Co. Pte. Ltd. of € 150m which will expire on 2 May 2023 bearing an interest rate of 8,25%.

7. Current tax liabilities

Tata Steel Netherlands Holdings B.V. is the ultimate parent of the Dutch fiscal unity. The current tax liabilities consist of tax payables with other members of the fiscal unity.

	2017	2016
	€k	€k
Amounts payable to group companies	(33.205)	(54.999)
	(33.205)	(54.999)

B. Annual accounts

8. Other payables

	2017	2016
	€k	€k
Amounts owed to other Tata Steel Companies	(3.082)	(2.399)
Interest payable	(36.404)	(150.313)
Derivative financial instruments	(6.688)	(16.735)
Other payables	(11.794)	(9.094)
At 31 March	(57.968)	(178.541)

9. Other non-current liabilities

	2017	2016
	€k	€k
Derivative financial instruments	-	(5.944)

10. Equity

	Issued share capital	Share premium	Hedging Reserve	General Reserve	Unappropriated result	Total
	€k	€k	€k	€k	€k	€k
Balance sheet value at 31 March 2016	5.018	6.168.324	(4.458)	(5.104.826)	(33.477)	1.030.581
Share premium contribution	-	-	-	-	-	-
Appropriated result 2015/16	-	-	-	(33.477)	33.477	-
Movement Cash Flow Hedge Reserve	-	-	2.718	-	-	2.718
Net result current year	-	-	-	-	(565.940)	(565.940)
At 31 March 2017	5.018	6.168.324	(1.740)	(5.138.303)	(565.940)	467.359

Appropriation of the result as provided for by the Articles of Association

The profit/ loss as shown by the annual accounts is at the disposal of the annual General Meeting.

Appropriation of the result for the financial year 2016

The net loss for the year ended March 31, 2016 was added to the General Reserve account.

Appropriation of the result for the financial year 2017

It is proposed to the annual General Meeting of shareholders to charge the loss of the 2017 financial period, in the sum of € (565.940) thousand, against the General Reserve.

At the establishment of Tata Steel Netherlands Holdings B.V., the authorized capital amounted to € 18.000,00 consisting of 180 ordinary shares of € 100,00 each of which are issued and paid-up. In 2007, 50.000 shares of € 100,00 each were issued. These shares were paid upon with the shares of Corus Group Ltd. The difference between the nominal value of the ordinary shares and the value of Corus Group Ltd. was recorded as share premium reserve. The long-term loan from Tata Steel UK Holdings Ltd. of € 1.089.308k. was transferred to Share premium.

B. Annual accounts

11. Financial instruments

Derivative financial instruments used by Tata Steel Netherlands Holdings B.V. include forward currency contracts and interest rate swaps. These financial instruments are utilised to hedge significant future transactions and cash flows and in most cases are subject to hedge accounting under RJ 290. All transactions in derivative financial instruments are undertaken to manage risks arising from financing activities.

The fair values of derivatives held by Tata Steel Netherlands Holdings B.V. at the end of the reporting period were:

€k	2017		2016	
	assets	liabilities	assets	liabilities
non-current:				
Interest rate swaps	-	-	-	(5.944)
Cross currency swaps	-	-	-	-
	-	-	-	(5.944)
current:				
Interest rate swaps	-	(2.320)	-	-
Foreign currency contracts	-	(4.368)	-	(16.735)
	-	(6.688)	-	(16.735)
	-	(6.688)	-	(22.679)

The fair values of derivative financial instruments that were designated as cash flow hedges at the end of the reporting period were:

€k	2017	2016
Interest rate swaps	(2.320)	(5.944)
Cross currency swaps	-	-
Cash flow hedge reserve	(2.320)	(5.944)
Deferred taxation	580	-
Current taxation	-	1.486
Cash flow hedge reserve net of taxation	(1.740)	(4.458)

The movements of the derivatives were:

€k	Total movement	P&L	Cash Flow Hedge Reserve	Balance
Non-current:				
Interest rate swaps	3.624	-	3.624	-
Foreign currency contracts	(17.054)	(29.421)	-	12.367
	(13.430)	(29.421)	3.624	12.367

The underlying values of the derivative financial instruments at the end of the reporting period were:

	2017	2016
Interest rate swaps (€m)	1.425	1.425
Foreign currency contracts (US\$m)	379,5	535,4

12. Guarantees

Tata Steel Netherlands Holdings B.V. is the ultimate parent of the Dutch fiscal unity Tata Steel Netherlands Holdings B.V. and is for this reason liable for corporate income tax liabilities of this fiscal unity.

13. Pledge

The shares of Corus Group Ltd have been charged and the shares of Tata Steel Nederland B.V. and British Steel Nederland International B.V. and the bank accounts of Tata Steel Netherlands Holdings B.V. have been pledged to the Security Trustee as agreed in the Senior Facility Agreement and the Intercreditor Agreements for the benefit of the lenders and B.S. Pension Fund Trustee Limited.

B. Annual accounts

Notes to the income statement

14. Operating Profit / (Loss)

	2017	2016
	€k	€k
Profit / (Loss) by type:		
Exchange rate differences	320	95.147
Impairment Corus Group Ltd.	(364.758)	-
Impairment British Steel Nederland International B.V.	(100.523)	-
Impairment loan to Tata Steel UK Ltd.	(150.000)	-
General expenses	(29)	1.788
	(614.990)	96.935

15. Financing Items

	2017	2016
	€k	€k
Interest expense		
Bank and other borrowings	(110.715)	(129.351)
Borrowings from group companies	(113.259)	(197.575)
Finance costs	(223.974)	(326.926)
Interest and dividend income	-	70
Interest from group companies	22.140	9.985
Dividend from group companies	145.000	116.100
Finance income	167.140	126.155
	(58.834)	(200.771)

16. Taxation

	2017	2016
	€k	€k
Dutch corporation tax	78.365	47.386
Dutch prior year (credit)/ charge	50.271	1.768
Total current tax	128.636	49.154
Dutch deferred tax	(22.752)	21.205
Total taxation	105.884	70.359

Taxes

For the financial year of 1 April 2016 up to 31 March 2017 the nominal tax rate is 25% of the result before taxes, with the exclusion of the dividends received and impairments for which the participation exemption applies.

	2017	2016
	€m	€m
Profit/ (loss) before taxation	(672)	(104)
Profit/ (loss) before taxation multiplied by the applicable corporation tax rate of 25%	168	26

Effects of:

Impairments	(154)	
Dividends received for which the participation exemption applies	36	29
Change in unrecognised tax	49	(3)
Prior year current tax charge	50	2
Prior year deferred tax charge	(43)	-
Other differences	-	16
Total taxation	106	70

B. Annual accounts

Number of employees

The average number of active employees employed in 2017 was 0 (2016: 0).

Remuneration and loans to Directors

In the financial year, no remuneration or payment of any other kind was made at the Company's expense to its directors.

As per 31 March 2017, no loans had been made by the Company to the directors of the Company.

B. Annual accounts

Further explanation and signing of the annual accounts

Names and addresses of consolidating companies

The financial information of Tata Steel Netherlands Holdings B.V. is consolidated in the consolidated annual accounts of Tata Steel Europe Ltd, 30 Millbank, London SW1P 4WY, U.K.

The ultimate parent company is Tata Steel Limited, Mumbai, India, which is registered in the relevant trade register.

The office address of the Company and its parent company Tata Steel UK Holdings Limited is as follows:

Tata Steel Netherlands Holdings B.V.	Wenckebachstraat 1 P.O. Box 10.000	1951 JZ Velsen-Noord 1970 CA IJmuiden
Tata Steel UK Holdings Limited	30 Millbank	London SW1P 4WY, UK

Signing of the annual accounts

The 2017 annual accounts of Tata Steel Netherlands Holdings B.V. have been signed by its plenary Board of Directors.

Velsen-Noord, July 25, 2017

The Board of Directors:

Dr. H. Adam

J.E. van Dort

T.J. Farquhar

Dr. J.L.M. Fischer

B. Jha

H.L. Matheson

N.K. Misra

C. Other information

Independent auditor's report

The report of the independent auditor is provided by Deloitte Accountants B.V. on the next page.

Independent auditor's report

To the shareholders of Tata Steel Netherlands Holding B.V.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 INCLUDED IN THE ANNUAL ACCOUNTS

Our opinion

We have audited the accompanying financial statements for the year ended March 31, 2017 of Tata Steel Netherlands Holding B.V., based in Amsterdam.

In our opinion the accompanying financial statements give a true and fair view of the financial position of Tata Steel Netherlands Holding B.V. as at 31 March 2017, and of its results for the year ended March 31, 2017 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

1. The balance sheet as at 31 March 2017.
2. The profit and loss account for the year ended March 31, 2017.
3. 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 Tata Steel Netherlands Holding 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.

Emphasis of matter regarding the valuation of financial fixed assets

We draw your attention to the paragraph "Impairment of shares in subsidiaries" in the notes on page 6 of the financial statements which describes the uncertainty related to the impairment assessment, which is particularly sensitive to changes in forecast profitability. Management based its forecast on expectations of future changes in the steel market based on external market sources. Historical data shows it is inherently difficult to accurately predict future changes in steel spreads. Our opinion is not modified in this respect.

Emphasis of matter regarding realizable value of intercompany loans

We draw your attention to the paragraph "Going Concern and Realizable value of Intercompany Loans" in the notes on page 7 of the financial statements which describes the uncertainty related to going concern of Tata Steel UK Limited and the adjustments to the valuation of the intercompany receivables with Tata Steel UK Limited that might be required if Tata Steel UK Limited were not a going concern. Our opinion is not modified in this respect.

REPORT ON THE OTHER INFORMATION INCLUDED IN THE ANNUAL ACCOUNTS

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

- Report of the Board of Directors
- Other Information as required by 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 substantially 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 FREETEXT in accordance with Part 9 of Book 2 of the Dutch Civil Code, and the other information as required by Part 9 of Book 2 of the Dutch Civil Code.

DESCRIPTION OF RESPONSIBILITIES REGARDING 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 detect all material errors and fraud during our audit.

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 judgement and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.:

- 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 the 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.

Deloitte

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the 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 identified during our audit.

Amsterdam, July 25, 2017

Deloitte Accountants B.V.