

Apollo Tyres B.V.
Annual Accounts 2017-18

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Report by the Board of Directors

The board of directors of Apollo Tyres B.V. put on record the company's annual accounts for the year ended March 31, 2018.

The company

Apollo Tyres B.V. is a 100% subsidiary of Apollo Cooperatief U.A and ultimately held by Apollo Tyres Ltd, India, a listed multinational organisation and a global tyre manufacturer. The company has two subsidiaries, Apollo Vredestein B.V. & Apollo Tyres Hungary Kft. The company, and its subsidiaries have been referred to as the group in the sections below.

The group focuses on developing, manufacturing, marketing, sales and distribution of tyres across various categories including passenger car, agriculture and industrial vehicles and bicycles. The group sells passenger vehicle tyres under two brands, Vredestein and Apollo. The groups European headquarters is based at Amsterdam, Netherlands and production facilities are based in Enschede, Netherlands and in Gyöngyöshalász, Hungary. Sales operations are managed by various subsidiary companies across Europe. The group's distribution network covers Europe, its products are also exported to various other countries. The group is well known for its distinctive designs created in collaboration with the Italian industrial design bureau, Giugiaro Design Company.

Financial information

<i>(in millions of euros)</i>	2017-18	2016-17
Revenue	473.1	458.2
Operating profit	16.2	40.2
Net Financing expenses	2.2	0.4
Taxes	4.5	6.9
Net Profit	9.4	32.9

Economy & Market Overview

The European economy has performed significantly better than expected in 2017, propelled by resilient private consumption, stronger growth around the world, and falling unemployment. Investment was also picking up amid favorable financing conditions and considerably brightened economic sentiment as uncertainty has faded.

The economies of all member states were expanding and their labour markets improving, but wages were rising only slowly. Although the cyclical recovery has now been underway for several quarters, it remains incomplete with for instance still significant slack in the labour market and low wage growth. GDP growth and inflation are therefore still dependent on policy support. The European Central Bank has kept its monetary policy very accommodative while some other central banks around the world have started raising interest rates.

The European Commission underlines that the automotive industry is crucial for Europe's prosperity. The sector directly provides jobs for 12 million people in manufacturing, sales, maintenance and transport and accounts for 4 per cent of the EU's GDP.

In 2017 European demand for cars grew by 3.4% reaching more than 15 million new passenger vehicles registered, for the first time since 2007. Among the big markets, Italy (7.9%) and Spain (7.7%) recorded the strongest gains, followed by France (4.7%) and Germany (2.7%). By contrast, last year's demand for cars in the UK declined by 5.7% percent.

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Industry Structure & Development

According to the European Tyre and Rubber Manufacturers' Association (ETRMA) the performance of the tyre sector is generally stable with the exception of the agricultural tyre sales, which performed badly for the fourth year in a row. In Europe there is a public debate about the contamination of water through microplastics and ETRMA suggests the creation of a round table at European Commission level. This would allow for tyre manufacturers together with all stakeholders to bring expertise and data in order to coordinate research and policy initiatives.

Other key topics high on agenda of European tyre industry are quality parameters e.g. Noise levels and CO2 emission levels. CO2 emissions are a very important driver of Tyre development in Europe with increasingly higher demands on lower rolling resistance that drive a large portion of the technological development in collaboration with the OEM's.

According to ETRMA data the sell in passenger tyre market in 2017 was compared to 2016 more or less flat. The focus on the All Season segment remained unchanged, with a strong double digit growth over the year. Despite a slight growth in the winter segment we foresee that All Season growth is impacting winter and summer in the long term. The increasing presence of Manufacturer in the All Season segment is also resulting in price pressure in market. The SUV segment also shows a positive trend with a high single digit growth driven by an increase in winter volumes and all season volumes.

In tyre distribution, further vertical and horizontal integration will drive all market participants into a consolidation process that will result in fewer and bigger market participants. All major industry players drive initiatives to integrate manufacturing and trade which will reduce the independent participants in the tyre distribution in Europe in the long run.

Low cost import tyres are very visible in the market with an increasing volume and price pressure on all segments particularly UHP.

Raw material cost increased significantly in 2017. The three major Natural Rubber producing countries of Thailand, Indonesia and Malaysia have been moderating exports of NR under the Agreed Export Tonnage Scheme (AETS) to shore up prices. There was tightness in the availability of Carbon Black in Europe. Oil prices continued to climb up during the year and have found a new level in the band of USD 60-65 /bbl as against USD 50-55 /bbl last year.

Performance by market

During FY18 total PCT volumes marginally declined over the last year in line with overall market decline. Sales growth was impacted with availability issues but the company will largely overcome its capacity constraints in the premium products segment with the ramp-up of newly commissioned Hungarian factory during next financial year. PCT category also registered a strong improvement in mix driving revenue growth and as such contributing to increased turnover. Major progress was achieved in additional nominations from premium European OEM's.

The sales for agricultural segment also declined moderately over the last year but registered improvement in market share in a declining market. TBR is currently in its seeding phase, with strong growth opportunities for the upcoming financial year and will be supported by the start of production in the Hungarian factory later this year. The company achieved overall 3% increased turnover for the year

The company continues to be dominantly a replacement market player and around 80% of its revenue in FY 2017-18 came from that market while original equipment manufacturers accounted for remaining 20%. Passenger car tyre market constituted 83% of total revenue and Agriculture tyres constituted 14% of total revenue in FY 2017-18.

In our plant in Enschede, The Netherlands we continued to invest in modernization and in new production technology, especially in the extrusion process to address the demands of future high performance requirements of modern tyre technology. During the year, newly installed Triple Side Wall extruder and the new Pre Assembly line were put in full operation. Over the coming year, further modernization and automation is planned. These investments are made to improve productivity and reduce scrap levels.

Our new production facility in Gyöngyöshalász, Hungary started operation during the year. The plant is still in its ramp up phase. The installation & commissioning of the equipment of truck and bus radial tyres is under progress and production is expected to be started during the next financial year.

First product homologations in PV category with major European OEM's have been achieved during the year at our Enschede plant whilst the new factory in Hungary is currently going through this process.

Brand promotion initiatives

- As strategic brand enhancement initiatives, we are partnering for last three years with the Mille de Miglia, one of the most prestigious classic car rallies in the world and also leveraging our sponsorship with Manchester United football club to further promote our APOLLO Brand.
- Our valuable and over 100-years-old Vredestein brand has a strong legacy in ultra high performance (UHP) tyres. In line with our UHP strategy for Europe, additional UHP tyre production capacity is being made available in Hungary plant. The All Season trend in Europe is benefiting our brands. During the course of the year we have further strengthened our recognition in all major markets through customized trade market initiatives which are well received by our partners in the trade.
- In the Agricultural sector we have successfully introduced a new product range, Vredestein Traxion Optimall, the new generation VF (Very High Flexion) tyres for the top tractor segment. We participated in the Agritechnica, the world largest agricultural fair and launched this latest edition with a positive feedback from customers – specifically from OEMs. The fundamental advantage is the load capacity with reduced tyre pressure allowing for high speeds on the road and maintaining highest levels of soil preservation on the field. This product range is at the same time attracting the interest of premium tractor manufacturers.
- At Eurobike Friedrichshafen (Germany) we introduced the new look and feel of our new Two Wheel Tyre communication and showed the prototype of the Fortezza Flower Power, made of rubber extracted from the roots of dandelions.
- During the year, company also enhanced its drive with various trade marketing initiatives like stronger focus on social media e.g. facebook & linkedin, first digital marketing campaigns e.g. Black Friday in Germany and NL, Apollo Corners and introducing the Inner Circle partnership to new markets/countries etc.

During the year we have invested in extension of our product range in Ultra High Performance (UHP) tires in Summer/Winter/All Season to follow our premiumization strategy. New product introductions in Passenger Vehicle (PV) segment include VR Wintrac ICE, VR Comtrac 2 Winter and All Season, Apollo Amazer 4G Eco, Apollo Apterra HT2, Apollo Aspire XP. In Agri Segment we introduced new sizes for Traxion, Flotation Tree & Traxion Hervart. In TWT we introduced Fortezza Tubeless Ready & Fortezza Duralite. We also introduced 22 Sku's in Apollo TBR range as a new market entry

Research & Development

The group's main European R&D activities are concentrated in two R&D centers – Enschede, Netherlands and Raunheim, Germany.

Enschede R&D center has been developing products and technology to cater to a global market

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and focuses on the development of our Passenger Car tyres and adaptive spoiler systems. Products developed here are manufactured and sold in several global regions including Europe, Asia and Americas. Its activities include Material science, Simulations technology, Design & Construction, CAE/FEA, Process development and Testing. Engineering professionals with very diverse backgrounds form the backbone of our R&D. The development process is strongly linked to Manufacturing, Marketing and Sales. The organization structure is flat to facilitate and enhance cross-functional approaches and drive innovation.

Development initiatives are focused on following three main pillars:

- LRR (Low Rolling Resistance) to support market needs evolution and to guarantee product competitiveness for supplies to OEMs
- RFT (Run Flat Technology) and Self Sealing Tyre to expand product offer through Extended Mobility Solutions
- Foam Tyre to support automotive trend to reduce the vehicle interior tyre noise (e.g. for EV)

Innovation in raw materials is a key to support product performance. Our R&D efforts are focused on new generation functionalized polymers, liquid polymers, special resins and special fillers to support premium performance in Summer, Winter and All Season tyres. With high focus on sustainability, development activities are running on alternative sources for Natural Rubber (e.g. Dandelion) and Carbon Black from recycled tyres.

During the year, company has spent Euro 23.74 Million on R&D activities.

Company Policy

The company has implemented its strategic policy, which defines its vision, mission and way of doing business as mentioned below:

Vision

The Company is a flexible and market-oriented company that focuses on continuous innovation and the best possible deployment of competencies, aimed at improving business performance and developing talent as a foundation for successful policy.

Mission

The Company is a healthy, profitable business with a steady stream of new and innovative products of the highest quality, created by a challenging and entrepreneurial culture that encourages employees to develop and enjoy their work.

The Apollo Way

Defining values specific to the group means we can attract the right employees, customers and suppliers. It also makes for a more targeted decision-making process, which ensures that we can always act in a dedicated manner. In addition, our actions and methods become more reliable, enhancing trust and creating relationships that are longer lasting. We expect all employees to express these values in their behaviour.

Environmental Issues

There are no environmental issues outstanding.

Risk Management

The group's activities expose it to a variety of risks including market risk, price risk, interest risk, credit risk, currency risk, raw material risk, environmental & regulatory risk, product liability, and liquidity risk etc. The company's overall risk management seeks to minimise potential adverse effects on the company's financial performance.

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Foreign Currency Risk: The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures. Foreign exchange risk arises because future commercial transactions are denominated in a foreign currency (not EUR). Forward foreign exchange contracts are executed with the specific intention of minimizing the impact of foreign currency fluctuations on income. The exchange rate risk primary arising on the export of tyres to the United Kingdom, Hungary, Norway, Sweden, Poland, Switzerland and the United States. Companies risk management policy requires up to 50 per cent of net currency exposure anticipated for a period of 6 to 12 months in advanced to be hedged. Derivative counter parties are limited to high-credit-quality financial institutions. Management continually monitors the entity's exposures to foreign currency risks as well as its use of derivative instruments. As of balance sheet date, there are is a limited number of derivatives or forward contracts.

The company has a management team that continually monitors its exposures to interest rate risks and uses variable rate debt to finance its operations.

Credit risk: Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the company. Company has adopted a policy of only dealing with creditworthy counterparties and does not transact with entities with a below standard credit history. Company uses information supplied by credit rating agencies, publicly available financial information and its own trading records to rate its major counterparties. A credit management team continuously monitors the exposure and the credit ratings of its counterparties. The company also uses credit insurance coverage in various countries to limit the credit risk.

Liquidity / Cash flow Risk: Board of directors has established an appropriate liquidity risk management framework for the company's short, medium and long-term funding and liquidity management requirements. The company manages liquidity risk by maintaining adequate reserves and banking facility, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of the financial assets and liabilities. At balance sheet date the company has a €50 Mill headroom under the working capital facility, and is well within the agreed covenants as defined in the agreement.

Price Risk: The Company's sales and purchase is exposed to inflation and general demand/supply situation. Major raw material is natural rubber and various other petroleum based chemicals. The company is normally able to pass on the impact of inflation to its customers in normal course of business. Management keeps track of price developments in the market based on various industry indices to ensure its competitiveness is not compromised.

Insurance coverage: Bigger risks in respect of property, loss of profits and liability have been brought under a worldwide insurance policy. Risks in the case of claims and legal action are monitored closely and where necessary provisions are made.

Risk management framework: The Company has an established enterprise risk management framework up to the last level of management. A Risk Management Steering Committee, headed by the President of the company, with representations from all functional heads, embraces the identification, assessment, mitigation, monitoring and reporting of material risks faced by the company.

Each business risk is measured on a scale of 1 to 25 for two key parameters likelihood and impact. Combined score of these two criteria is considered to decide the overall risk rating of low, medium or high as under:

- ❖ Low: Risk score up to 4
- ❖ Medium: Risk score from 5 to 11
- ❖ High: Risk score from 12 to 25

The objective of the Committee is to assist the Board of Directors in maintaining high standards of business conduct and good risk management practices to protect the company's assets, achieve sustainable business growth, avoid major surprises and ensure compliance with applicable legal and regulatory requirements. As at 31st March 2018, committee has reported following risks and mitigation plans to the board:

Risk No.	Category	Function	Risk identified	Likelihood/ Impact	Mitigating controls of management
1.	Operational	IT	Upcoming GDPR compliance and timely delivery on IT projects for operational excellence.	Low	Running major project with external specialists & Inducting more IT capacity in the organization and focus on deadline 25 May 2018 for implementation GDPR compliance.
2.	Strategic	Production	Timely ramp up and industrialisation for new products to meet sales demand	Low	Close contact with partners and increased focus by project steering committee
3.	Strategic	Supply chain/ sales	Availability of products to ensure timely fulfilment of sales demand	Low	Implementation of strong S&OP process and cross-functional alignment
4.	Brexit, Strategic Operational	Sales Currency risk	More cautious sales market Lower margin on GBP and USD sales	Low	Keep regular track of UK legislation and brexit updates and monitor currency development. To use Euro as standard currency as much as possible

Development in Human Resources & Industrial Relations

Labour market and employment issues

The labour market in Europe is increasingly tight with low levels of unemployment in our big markets. This makes talent acquisition challenging. Both in Netherlands and Hungary it's challenging to find appropriate candidates with experience in the tyre industry. The company decided to search for employees with the appropriate education and skills to be developed on the job. On top the dual education initiatives in both Hungary and the Netherlands are a good way to attract, develop and retain capable workforce

In sales we started to build capability for newly started TBR business in order to make fast progress in developing this business.

Enschede plant

The plant in Enschede agreed a new two-year Collective Labour Agreement (CLA) focusing to increase productivity and rejuvenate the workforce. A generation pact gives older staff the opportunity to retire "part time" early. Reduced working hours (ADV) will be paid for newcomers, also white collar. A working group was set up to look at solutions for a more

flexible factory that better caters for OEM and faster changing market demands. A lean manufacturing program, project Jaguar, was conducted with promising results to improve productivity and this lean program is going to continue

Groups of operators from the Hungary plant were trained in Enschede. During the year, operators, process technologists and engineers from Enschede plant have supported ramping up the Hungary production by also giving on-the-job training for the new Hungary plant operators

Hungary plant

Availability of skilled manpower continues to be a challenge in Hungary. This phenomenon is impacting both direct and indirect human resources. Given the high level of attrition the team spends significant time on recruiting and onboarding newcomers. The Hungary plant also completed a policy to create a solid foundation for the retention of staff. The plant was audited by a leading OEM in March 2018 and was cleared for start of supply of specific products after completion of required procedures

The growth strategy in Europe can take off with the opening of the factory in Hungary. To support growth several initiatives were made.

- Sales launched an agility centre to assess the staff against the future requirements. First outcomes are currently being reviewed to close the main gaps.
- Supply Chain has agreed a new European structure with the works council which is now operational. The new agreement includes the implementation of the S&OP process to optimize supply & demand.
- IT reviewed its structure and proposed changes to become more capable to support running businesses and to build IT solutions that contribute to our growth strategy.
- Hungary completed a job evaluation exercise for all roles.

Following the launch of the strategic dialogue last year Europe kicked off "Strategy into Action". This initiative creates line of sight between the 2020 strategy and the priorities in focus for the next 12 months. All management teams have completed a workshop and further roll-out is planned.

We continue to capture and follow performance of our staff via our performance management system Horizon which mobilizes our employees to take responsibility for both their achievements and personal development

As the group continues on growth path, human resources are a key factor for success. The company seeks to create a mutually beneficial nurturing environment where employees experience personal and professional growth even as they work towards organisational goals. The average number of employees increased from 1,831 as on March-17 to 2,217 as on March-18 mainly due to start-up of Hungary plant during the year

Enschede's factory has passed multiple OEM tests and audits successfully. The staffs capabilities are upgraded to fulfill OEM requirements. The coming year will focus on training measures to increase flexibility by multitasking. The auditors rated the Enschede factory skill matrix and training program world class.

Training & Development initiatives

Company's new performance management system 'HORIZON' enabled the business to survey the training and development needs. In addition to functional skills, other frequently mentioned areas were language skills, management skills and the ability to run projects more effectively. Various successful dual education initiatives are running in the factories to train, attract and retain the next generation of manufacturers and technicians. HR function continued to collate and facilitate various training & development needs to create the future organisation.

The company launched an engagement survey in 2017 within Europe. The results were shared in September and focus groups were held by function to look at areas of improvement and create relevant action plans. The company will repeat the survey in Q4 2018 to see if progress has been made.

Safety, Health, Wellbeing & Environment

Working in a safe and healthy way environment with a maximum focus on wellbeing will continue to be a precondition for the success of our company. We will also continue with the theme of vitality and employability.

The Netherlands

Biodiversity: Part of Apollo's sustainability philosophy is to promote biodiversity by creating living space for plants and animals. We contribute to the costs of planting over the next four years. A measurement of the current status of the biodiversity has already been carried out and the progress will be checked twice a year. Phase one has already been largely completed

Green energy: Feasibility studies are executed to significantly lower natural gas consumption by using steam generated by biomass. The last steps have to be made to work out a flexible steam delivery with related commercial obligations. An option to lower CO2 emission is using solar panels to gain green electrical energy. Studies are ongoing to find the right roof areas to place solar panels. The successful execution depends strongly on government subsidies.

Social responsibility and/or corporate philanthropy

Supporting the so called WEP initiative is part of our social responsibility policy, too. It offers 10 unemployed people in the Netherlands the opportunity to gain work experience at the company and increase their chances for sustainable employment.

Philanthropic projects: Employees had the opportunity to donate the annual Christmas gifts for a good cause. Donations went to:

- Tactus Addiction Care Team KVO, Enschede
- Zonnebloem, Enschede
- Stichting Twentse Wensambulance, Enschede
- KV Rigtersbleek Team Jeu de boules, Enschede
- Pensioners from Apollo Vredestein B.V

Industrial relations

The company has three Employees' Unions and the Management holds regular meetings with Union representatives to brief them about operational performance of the company and future plans. The company has a Works council, which is involved in the operations and plans. Team HR has worked hand in hand with Unions & Works Councils in Europe and the relationship continues to be strong and will go a long way to develop the organisation in line with our strategic ambition.

General Data Protection Regulation (GDPR)

We have initiated the GDPR Initiative to perform detailed analysis of our organization to ensure GDPR compliance. We will be analyzing the regulations, their applicability and impact on our organization and a clear roadmap to ensure we address any potential gaps which require remediation to ensure compliance

Sustainability related information

Having due regard to the company's current financial position together with its forecast results, cash flow and financial position in the coming year, the directors confirm that the company has the resources to continue in operational existence for the foreseeable future. Our aim is to meet the needs of our stakeholders in ways that are economically, environmentally and socially responsible.

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Outlook

The economic growth of 2017 is expected to continue in 2018 and 2019. Labour markets continue to improve. Inflation in the Euro Area is expected to remain at 1.5 per cent in 2018. Thanks to the improving EU labour market, unemployment is expected to continue to decrease in the years to come. However, political risks on a global and European level remain to be addressed. The risks that economic developments could turn out better or worse than forecast are broadly relating to elevated geopolitical tensions (e.g. Syria, Korean peninsula), possibly tighter financial conditions, the economic adjustment in China or the extension of protectionist policies

The automotive industry is living through its most significant change ever since the industrialization of manufacturing. The current revolution is driven by digitalization & electrification. The Brexit negotiations and a global trend towards more protectionist trade policies are still posing a serious threat to growth, according to the European Automobile Manufacturers Association (ACEA)

Despite rising Raw Material costs, it will continue to be very difficult to pass those increases on to the market. Severe competition in all product segments driven by available capacity will be the main driver for next year. The main focus of all competitors will be in improving the mix and gain through innovative products in all segments, whilst focusing on cost reductions throughout the value chain.

In tyres for Passenger Vehicle, the focus remains around premiumization i.e. growing share of UHP tyres. As a segment we foresee further growth in All Season tyres. The launch of the next generation winter tyres, Wintrac Pro, will be supporting our position in the premium winter segment.

In the agricultural segment we see a clear drive for innovation e.g. Flotation tires, that is driven by the OEMs to a customized approach per category.

Hungary plant is expected to attain next level of stability including commencement of production of Truck & Bus Tyres.

Developments after March 31, 2018

There is no significant development.

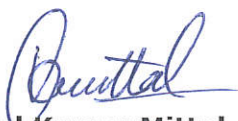
The Board would like to thank all employees, business partners, bankers, customers and other associates for their commitment and efforts in the past year.

Amsterdam, May 8, 2018

On behalf of the Board of Directors



Kannan Prabhakar



Vishal Kumar Mittal



Mathias Heimann



Jogchum Hedde Beetsma

Consolidated financial statements

Consolidated financial statements

Consolidated statement of financial position

Before profit appropriation

(Euro x1,000)	Notes	As at 31 March 2018	As at 31 March 2017 *)
Assets			
Non-current assets			
Property, plant and equipment	3	670.344	526.904
Intangible assets	4	58.737	47.479
Deferred tax assets	5	7.956	5.202
Other non-current assets	6	1.687	1.658
Total non-current assets		738.724	581.243
Current assets			
Inventories	7	105.231	79.829
Trade receivables	8	120.777	122.755
Cash and bank balances	9	29.349	12.895
Other current assets	10	12.901	17.332
Intercompany loan		-	30.000
Derivative financial assets	13	7.829	-
Corporate Advance tax paid	11	4.056	2.257
Total current assets		280.144	265.068
Total assets		1.018.868	846.311

(Euro x1,000)	Notes	As at 31 March 2018	As at 31 March 2017
Equity and liabilities			
Total group equity	12	493.441	375.227
Non-current liabilities			
Borrowings	17	228.125	190.000
Deferred tax liability	5	36.839	36.525
Pension liabilities	14	9.779	10.640
Provisions	15	39.828	24.589
Total non-current liabilities		314.571	261.754
Current liabilities			
Trade and other payables	16	179.936	147.804
Derivative financial liabilities	13	7.780	-
Corporate Income Tax Payable	11	1.265	-
Borrowings	17	21.875	36.676
Inter Company Loan	18	-	24.850
Total current liabilities		210.857	209.329
Total equity and liabilities		1.018.868	846.311

* Certain prior year amounts have been reclassified for consistency with the current

period presentation. These reclassifications had no effect on the reported results of operations

Consolidated statement of income

(Euro x1,000)	Notes	Period ended 31 March 2018	Period ended 31 March 2017*)
Revenue	19	471.617	456.371
Other Income	20	1.471	1.870
Total Income		473.088	458.241
Changes in inventories of finished goods and work in progress	21	-24.532	12.182
Raw materials and purchase of Finished goods	22	210.463	166.915
Employee expenses	23	143.749	126.081
Depreciation and amortisation expenses	24	25.668	19.800
Other expenses		101.585	93.052
Total expenses		456.933	418.031
Operating result		16.155	40.210
Interest expense	25	-2.579	-1.101
Interest income	25	354	735
Result before taxes		13.930	39.844
Income tax expense	26	-4.491	-6.925
Profit for the year		9.438	32.919

* Certain prior year amounts have been reclassified for consistency with the current period presentation. These reclassifications had no effect on the reported results of operations

Consolidated statement of comprehensive income

(Euro x1,000)	Period ended 31 March 2018	Period ended 31 March 2017
Profit for the year	9.438	32.919
Items that will never be reclassified to profit and loss		
Actuarial gains or losses on pension plans	507	-13
Tax on actuarial gains or losses on pension plans	-147	4
Items that are or may be reclassified to profit and loss		
Translation differences on foreign operations	-2.585	1.020
	-2.225	1.012
Total comprehensive income for the year	7.213	33.930

The total comprehensive income is attributable to the owner of the parent company.

Consolidated statement of changes in equity

(Euro x 1,000)	Issued Capital	Share premium reserves	Translation of foreign operations	Legal Reserves	Actuarial gains or losses on pension plans	Retained earnings	Profit for the period	Total Equity
Total as at 31 March 2016	18	9.000	-1.373	18.817	-6.057	287.204	27.188	334.797
Profit for the period							32.919	32.919
Other comprehensive income, net of income tax			1.020		-9			1.011
Dividends								-
Capital Contribution		6.500						6.500
Transfers to and from reserves				7.469		19.719	-27.188	-
Total as at 31 March 2017	18	15.500	-352	26.286	-6.066	306.923	32.919	375.227
Profit for the period							9.438	9.438
Other comprehensive income, net of income tax			-2.585		360			-2.225
Dividends								-
Capital Contribution		111.000						111.000
Transfers to and from reserves				10.128	4.280	18.511	-32.919	-
Total as at 31 March 2018	18	126.500	-2.938	36.414	-1.426	325.434	9.438	493.441

The Legal reserves of the company (Translation of Foreign Operations, Legal Reserves (Development) & Actuarial gain/loss on Pension) are non-distributable.

Consolidated statement of cash flows

(Euro x 1,000)	Period ended 31 March 2018	Period ended 31 March 2017
Profit before tax for the year	13.930	39.844
Depreciation and amortisation	25.668	19.800
Interest	2.225	366
Non-cash items	1.189	1.064
Cash flows from operating activities	43.012	61.074
<i>Movements in working capital</i>		
Decrease /(increase) in inventories	-25.402	6.094
Decrease /(increase) in trade receivables	1.979	-19.303
Decrease /(increase) in other non-current assets	-2.783	-
Decrease /(increase) in other current assets	-5.198	-11.273
(Decrease)/increase in current liabilities	50.637	9.968
(Decrease)/increase in non-current liabilities	-549	-
Cash increase due to working capital	18.684	-14.513
Cash generated from operations	61.696	46.561
Net tax paid	-4.707	-6.681
Net cash generated by operating activities	56.989	39.880
<i>Cash flows from investing activities</i>		
Payments for property, plant and equipment	-174.882	-231.675
Capitalization intangibles	-16.131	-13.747
Intercompany loan	-	-
Proceeds from disposal of property, plant and equipment	214	-
State aid subsidy	15.240	22.463
Net cash (used in) /generated by investing activities	-175.558	-222.959
<i>Cash flows from financing activities</i>		
Proceeds from borrowings	60.000	139.420
Repayment from borrowings	-36.676	-
Proceeds of Inter company loan	30.000	24.850
Repayment of Inter Company loan	-24.850	-
Capital contribution from holding company	111.000	6.500
Interest received	354	735
Interest paid	-2.579	-1.101
Net cash used in financing activities	137.249	170.404
Exchange gains/(losses) on cash and cash equivalents	-2.225	1.009
Net decrease/increase in cash and cash equivalents	16.455	-11.666
Cash and cash equivalents at the beginning of the financial year	12.895	24.561
Cash and cash equivalents at the end of the financial year including bank overdraft	29.349	12.895

Notes to the consolidated annual accounts for 2017-18

1. General information

Apollo Tyres B.V. is a private company with limited liability, incorporated in Enschede, the Netherlands. The registered office address of Apollo Tyres B.V. is IR E L C Schiffstraat 370, 7547 RD Enschede, The Netherlands. The company is registered in the Chamber of Commerce register under number 54806941.

As at reporting date, Apollo Tyres Coöperatief U.A. owns 100% of the shares in Apollo Tyres B.V. The ultimate parent of Apollo Tyres B.V. is Apollo Tyres Ltd., India. Apollo Tyres Ltd. files its annual report with Bombay Stock Exchange (India). Apollo Tyres B.V. concentrates on manufacturing, marketing, sales and distribution of tyres and supplies tyres for passenger cars, agricultural and industrial vehicles and bicycles. The company's distribution network extends through Europe. The company's products are also sold in North America and to sister companies in Asia. The 2017-2018 financial statements are prepared by the Board of Directors and authorized by the Supervisory Board on May 2nd, 2018 and will be submitted for adoption to the general meeting of shareholders.

2. Accounting policies

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards published by the International Accounting Standards Board (IASB) as adopted by the European Union and company financial statements in terms of Title 9 BW 2 of Dutch civil code. The consolidated financial statements have been prepared at historical cost, unless indicated otherwise. The accounting policies outlined below were applied consistently for all the periods presented in these consolidated financial statements. The financial data of subsidiaries are incorporated in the consolidated financial statements. Therefore, an abbreviated income statement is presented for the company under article 2:402 of the Dutch Civil Code.

2.1 Application of new and revised International Financial Reporting Standards (IFRS)

New Standards and interpretations

There are no IFRS standards or IFRIC interpretations that are effective for the first time for the financial year beginning on or after 31 March 2017 that have a material impact on Apollo Tyres B.V. There is one IFRS standard effective per 1 January 2017 and applicable for Apollo Tyres B.V that requires additional disclosure:

Management anticipates that all of the pronouncements will be adopted in the entity's accounting policies for the first period beginning after the effective date of the pronouncement. Certain other statements have been issued but are not expected to have a material impact on the financial statements.

Standards and interpretations effective and not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 31 December 2017, and have not been applied in preparing these consolidated financial statements. Those which may be relevant to the company are set out below. The company does not plan to adopt these standards early.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes.

i. Sales of goods

For the sale of tyres, revenue is currently recognised when the goods are delivered to the customers' premises, which is taken to be the point in time at which the customer accepts the goods and the related risks and rewards of ownership transfer. Revenue is recognised at this point provided that the revenue and costs can be measured reliably, the recovery of the consideration is probable and there is no continuing management involvement with the goods. The Group is not involved in any other service than the sale of goods.

Under IFRS 15, revenue will be recognised when a customer obtains control of the goods. The company's assessment indicates that this will not result in a change in revenue accounting, so we do not expect an impact on retained earnings and Net Comprehensive Income at 1 April 2018.

ii Transition

The company plans to adopt IFRS 15 using the cumulative effect method, with the effect of initially applying this standard recognised at the date of initial application (i.e. 1 April 2018). As a result, the company will not apply the requirements of IFRS 15 to the comparative period presented.

IFRS 9 Financial Instruments

In July 2014, the International Accounting Standards Board issued the final version of IFRS 9 Financial Instruments. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. The Group will apply IFRS 9 initially on 1 April 2018. Based on our current analyses we expect the impact of adopting IFRS 9 on the Group's consolidated financial statements in 2018 to be limited. We do not expect that revision of our credit losses policy in line with IFRS 9 will result in a material adjustment

IFRS 16 Leases

IFRS 16 introduces a single, on-balance lease sheet accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are optional exemptions for short-term leases and leases of low value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases. IFRS 16 replaces existing leases guidance including IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases—Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard is effective for annual periods beginning on or after 1 January 2019. Early adoption is permitted for entities that IFRS 16.

We are currently assessing the consequences of these and other IFRS standards or IFRIC interpretations that are not yet effective. Although we have not yet completed these assessments, we do not expect the changes following IFRS 9 and IFRS 15 to have a significant impact on the group's financial reporting beyond what is stated above.

For IFRS 16 we expect to included right-of-use assets and lease liabilities in the order of magnitude of the amounts currently disclosed as lease and rental commitments under Note 35 (€12 million at the end of March 2018), plus the rental commitment of a new warehouse lease in Enschede, which contract is currently under negotiation.

New Standards and interpretations not yet effective

The company has chosen to not early adopt the following standards and interpretations which have been published and are mandatory for the company's accounting periods beginning on or after 01 April 2018:

Standard		Effective date	Expected impact
IFRS 17	Insurance contracts	1 January 2021	Not yet been assessed
IFRIC 23	Uncertainty over tax treatments	1 January 2019	Not yet been assessed
IAS 28	Long term interests in associates and joint venture	1 January 2019	Not yet been assessed

2.2. Basis for Consolidation

The consolidated financial statements include the financial statements of Apollo Tyres B.V. and its subsidiaries, being the entities controlled by Apollo Tyres B.V. Control is achieved where Apollo Tyres B.V. has the power over an investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power over the investee to affect the amount of the investor's return.

The financial data of subsidiaries acquired during the year under review are consolidated as of the moment that Apollo Tyres B.V. obtains control. The financial data of subsidiaries disposed of during the year under review are included in the consolidation until the moment that Apollo Tyres B.V. loses control. Apollo Tyres B.V. did not lose control of any subsidiary during the reporting period. There are no significant restrictions on the ability of group to access or use the assets and settle the liabilities of the group. There are no contractual arrangements that require the parent or its subsidiaries to provide financial support to a consolidated entity. If necessary, the figures for the subsidiaries' financial statements are adjusted to bring the statements in line with the accounting standards applied by Apollo Tyres B.V. The financial data of the consolidated subsidiaries are fully included in the consolidated financial statements after elimination of all intercompany balances and transactions. Unrealized profits and losses on intercompany transactions are eliminated from the consolidated financial statements. Proportion of ownership interest and voting power held by the group are:

	As at 31 March 2018	As at 31 March 2017
Apollo Vredestein B.V.	100%	100%
Apollo Tyres Hungary Kft	100%	100%
Vredestein Consulting B.V., Enschede - The Netherlands	100%	100%
Finlo B.V., Enschede - The Netherlands	100%	100%
Vredestein marketing B.V., Enschede - The Netherlands	100%	100%
Apollo Vredestein Belux SA, Brussels - Belgium	100%	100%
Apollo Vredestein GmbH, Vallendar - Germany	100%	100%
Vredestein Marketing Agentur, Schönefeld - Germany	100%	100%
Apollo Vredestein Limited, Kettering - United Kingdom	100%	100%
Apollo Vredestein France SAS, Paris - France	100%	100%
Apollo Vredestein Italia Srl, Rimini - Italy ¹	100%	100%
Apollo Vredestein Gesellschaft GmbH, Vienna - Austria	100%	100%
Apollo Vredestein Iberica SA, Cornellà de Llobregat - Spain	100%	100%
Vredestein Nordic AB, Hisings Backa - Sweden	100%	100%
Apollo Vredestein Schweiz AG, Baden -Switzerland	100%	100%
Apollo Vredestein Kft, Budapest - Hungary	100%	100%
Apollo Vredestein Opony Polska, Warschau - Poland	100%	100%

Apollo Tyres B.V. is part of the Apollo Tyres Ltd group, based in Gurgaon, India. All transactions with related parties within the Apollo group are based on regular business activities.

Notes:

1. Apollo Vredestein Italia Srl, Rimini – Italy has initiated voluntary liquidation with effect from April 1st, 2017, with the liquidation process currently still open.

2.3 Foreign currency translation

The balance sheet and income statement are stated in euros, which is the functional currency of Apollo Tyres B.V. and the presentation currency for the consolidated financial statements. Receivables, debts and liabilities in foreign currencies are converted at the exchange rate on the balance sheet date. Assets and liabilities of foreign subsidiaries are translated using the exchange rates at the date of the balance sheet. The income statements of foreign subsidiaries are converted at the average exchange rates applying for the periods involved. These exchange rates approximate the exchange rates at the dates of the transactions. Exchange rate differences arising from interests in foreign subsidiaries have been recorded under the other comprehensive income as a separate item.

2.4 Estimates

Apollo Tyres B.V. makes certain estimates and assumptions when preparing the consolidated financial statements. Use of available information and the application of judgement is inherent in the formation of estimates. These estimates and assumptions have an impact on the assets and liabilities, disclosure of contingent liabilities at the date of the financial statements, and income and expense items for the period under review. Important estimates and assumptions relate largely to provisions, pensions, intangible fixed assets, deferred tax assets and liabilities. Actual results may differ from these estimates and assumptions. All assumptions, expectations and forecasts that are used as a basis for estimates in the consolidated financial statements represent as accurately an outlook as possible for Apollo Tyres B.V. These estimates only represent Apollo Tyres B.V.'s interpretation as of the dates on which they were prepared.

2.5 Revenue recognition

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognized when the significant risks and rewards of ownership have been transferred to the buyer, recovery of consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods. Transfers of risks and rewards vary depending on the individual terms of the contract of sale.

2.6 Taxation

Income tax includes current and deferred tax. Tax expense recognized in profit or loss comprises the sum of deferred and current tax not recognized in other comprehensive income or directly in equity. Current tax is the expected income tax payable or receivable in respect of taxable profit or loss for the year, taking into account tax concessions and non-deductible costs.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. The most significant temporary differences arise from the depreciation differences of property, plant and equipment, measuring the net assets at Cost. A deferred tax asset is recognised for the carry forward of unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

2.7 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease liability. This liability is not discounted.

Any contingent rents are expensed in the period they are incurred.

2.8 Property, plant and equipment

Property, plant and equipment include all expenditure of a capital nature and are stated at cost less accumulated depreciation and any impairment losses. Depreciation is calculated according to the straight-line method, with the rate depending on the expected useful life of the asset concerned. No allowance is made for residual values. The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting period. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Assets held for sale are valued at the lower of book value and market value, less sales costs. The term of depreciation is generally:

- Accommodations: 25 years
- Buildings: 30 years
- Moulds and formers: 4 years
- Furniture and fixture: 4-10 years
- Plant and machinery: 10-25 years

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

2.9 Intangible fixed assets

Expenditure on research activities is recognized as an expense in the period in which it is incurred. An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognized if all of the following have been demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- The intention to complete the intangible asset and use or sell it;
- The ability to use or sell the intangible asset;
- How the intangible asset will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognized for internally generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally generated intangible asset can be recognized, development expenditure is recognized in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately. Capitalised costs are written-down over estimated useful lives, which is 6 years. The depreciation takes place on the straight-line basis.

Software is valued at historical cost less accumulated depreciation. It mainly consists of customised software, which is depreciated according to the straight-line method, with the rate depending on the expected useful life of the asset concerned (5 years).

Brand name rights have no foreseeable limit to the period over which they are expected to generate net cash inflows for the entity.

For intangible assets with indefinite lives, no indications for impairment are applicable, but instead every year an impairment test calculation is made.

The residual value, useful life and amortization /depreciation method of each asset are reviewed at the end of each reporting period. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

2.10 Impairment or disposal of tangible and intangible fixed assets

On each balance sheet date, Apollo Tyres B.V. tests whether there are indications that an individual non-current asset may be subject to impairment. If there are such indications, the recoverable amount of the asset involved is estimated in order to determine the extent to which impairment may apply.

If it is not possible to determine the recoverable amount of the individual asset, then Apollo Tyres B.V. determines the recoverable amount of the cash-generating unit to which the asset belongs. Impairment applies if the carrying value of an asset exceeds its recoverable amount. The recoverable amount is equal to the fair value less cost to sell or value in use (business value), whichever is the greater, the business value being the present value of the expected future cash flows from the use of the asset and its ultimate disposal. Impairment is charged to the income statement in the period in which it occurs, unless it relates to a revalued asset at acquisition date due to an acquisition of an entity or a group of entities. Impairment testing for brand names results in more than significant head room. In that case, the impairment is accounted for as a reduction of revaluation.

2.11 Inventories

Raw materials and consumables are valued at the lower of purchase price and net realizable value. The purchase price is calculated according to the "first in first out" method. Finished products and goods in progress are valued at the lower of cost and net selling price. General costs not relating to production, sales and financing costs are not taken into account.

Standard cost is applied to finished goods and includes all expenses directly attributable to the manufacturing process as well as suitable portions of related production overheads, based on normal operating capacity.

Finished goods inventory is valued at the lower of Cost and Net realisable value. Net realisable value is the higher of net selling price and the value in use.

2.12 Financial instruments

Trade receivables

Trade receivables are at initial recognition valued at fair value and subsequently measured at amortised cost using the effective interest rate method, less the doubtful receivables. When payment terms are shorter than one year, the fair value is equal to the nominal

Apollo Tyres B.V.

value. Additions to or releases from the provision for doubtful debts are charged to the profit or loss statement.

Cash and cash equivalents

Cash and cash equivalents consist of petty cash and bank balances with a term of less than twelve months. Cash and cash equivalents are stated at fair value.

Borrowings

Interest-bearing borrowings are initially recorded at fair value. Transaction costs that can be attributed directly to procuring the loans are included in the valuation when initially recorded. Subsequent to initial recognition, borrowings are recorded at amortised cost using the effective interest rate method.

Loan to (from) related parties These include loans to and from holding companies, fellow subsidiaries, joint ventures and associates are initially recognised at fair value plus direct transaction costs.

Loan to related parties are classified as financial liabilities measured at amortised cost.

Trade payables

Amounts due to trade creditors are initially recorded at fair value and are subsequently measured at amortised cost using the effective interest rate method. When payment terms are shorter than one year, the fair value is equal to the nominal value.

Derivatives

Derivatives such as foreign exchange derivatives used by Apollo Tyres B.V. are recognized at fair value. Fair value of the derivatives is equal to inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly (level 2). All changes in fair value of interest swaps and foreign exchange instruments are recorded in the income statement in the period in which they arise.

2.13 Pension liabilities

Defined contribution plan Apollo Vredestein B.V

At reporting date, employees of Apollo Vredestein B.V. (a subsidiary of Apollo Tyres B.V) participated in defined contribution pension plan. Under this pension plan, fixed contributions are paid to the pension fund. Apollo Vredestein B.V. has no legal or constructive obligation to pay further contribution if the pension fund does not hold sufficient assets to pay all employee benefits relating to employee service. Contributions that will not be settled within 12 months are discounted and recognized as liability. Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Defined benefit plan Apollo Vredestein GmbH

At reporting date, employees of Apollo Vredestein GmbH participated in defined benefit pension plan. This plan augments the pension provided by the state and provides additional support for the employees in the case of early disability or for surviving relatives in case of the death of an employee. Employees are entitled to this pension plan after 5 years of employment. The benefits of the defined benefit pension plan in Germany are based primarily on years of service and employees' compensation. The mortality level was assessed in accordance with the German Mortality table 2005 G Heubeck. Independent actuary carries out valuation of the obligation under the pension plan on an annual basis. Past service costs are recognised immediately to the extent that the benefits are already vested, and are otherwise amortised on a straight line basis over the average period until the amended benefits become vested. Actuarial gains or losses are recognised in the other comprehensive income. The present value of the DBO was measured using the projected unit credit method. The amount

recognised in the statement of financial position represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service costs, and reduces by the fair value of plan assets

2.14 Provisions

Provisions are set aside to cover present legal or constructive obligations, arising from events on or before the balance sheet date, where it is probable that the company will have to meet these obligations and to the extent that the obligations can be estimated reliably. The level of the provisions reflects the best estimate of Apollo Tyres B.V. on the balance sheet date, regarding expected expenditures. The liabilities are discounted to their present value if it falls due after 12 months. Provisions are recognized when a legal or constructive obligation has been incurred which will probably lead to an outflow of resources that can be reliably estimated. Provisions are recognized when it is probable that an outflow of economic resources will be required and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain.

2.15 Fair value measurement

Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible but this is not always available. In that case, management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date

2.16 Equity, reserves and dividend payments

Share capital represents the nominal (par) value of shares that have been issued.

Share premium includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits. Other components of equity include the following:

- *Actuarial gains or losses on pension plans* – comprises the actuarial losses from changes in demographic and financial assumptions and the return on plan assets.
- *Translation reserve* – comprises foreign currency translation differences arising from the translation of financial statements of the Group's foreign entities into EURO.
- *Retained earnings* include all current and prior period retained profits and share-based employee remuneration.

All transactions with owners of the parent are recorded separately within equity.

Dividend distributions payable to equity shareholders are included in other liabilities when the dividends have been approved in a general meeting prior to the reporting date.

2.17 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported in finance costs

2.18 Cash Flow Statement

The cash flow statement is prepared using the indirect method. The cash balance in the cash flow statement consists solely of immediately available cash. Cash flows in foreign currencies are translated using the exchange rate on the transaction date. Cash dividends are included in the cash flow from financing activities. The costs of acquisitions and other

investments, as long as paid in cash, are included in cash from investing activities. Currency translation effects on foreign operations are presented in the cash flow statement in order to achieve reconciliation between the cash and cash equivalents at the beginning and the end of the period.

2.19 Information by segment

IFRS 8 requires Apollo Tyres B.V. to identify operational segments separately based on internal reports that are regularly reviewed by the management in order to allocate resources to the segments and to assess their performance. Apollo Tyres B.V. identifies only one operational cash generating unit: Europe. Sales and activities outside Europe are marginal.

2.20 Subsequent events

The company has no subsequent events.

3. Property, plant and equipment

(Euro x 1,000)	Land & accommodations	Building	Moulds & formers	Assets under construction	Furniture & Fixture	Plant & Machinery	Total
GROSS BLOCK							
Balance as at 31 March 2016	23.820	51.476	83.784	76.856	8.934	443.452	688.323
Reclassifications Investments				-2.398		1.131	-1.267
Additions	113	679	5.955	249.487	111	18.615	274.960
Disposals						-206	-206
Balance as at 31 March 2017	23.933	52.155	89.739	323.946	9.045	461.861	961.810
Additions	1.627	89.391	12.444	-106.777	486	168.253	165.424
Disposals		-135			-12	-5.101	-5.248
Balance as at 31 March 2018	25.560	141.411	102.184	217.169	9.518	625.013	1.120.855
Accumulated depreciation							
Balance as at 31 March 2016	1.878	29.313	79.783	-	5.199	303.563	419.737
Reclassifications depreciation					311	-311	-
Depreciation for financial year	147	957	3.382	-	543	10.656	15.686
Disposals					-311	-206	-516
Balance as at 31 March 2017	2.025	30.269	81.166	-	5742	313.702	434.907
Depreciation for financial year	144	1.853	3.962		748	14.087	20.794
Disposals		-135			-12	-4.887	-5.034
Foreign currency translation		47				-202	-155
Balance as at 31 March 2018	2.169	32.034	87.128		6.480	322.700	450.511
Balance as at 31 March 2018	23.391	109.378	15.056	217.169	3.038	302.313	670.344
Balance as at 31 March 2017	21.907	21.887	6.574	323.946	3.301	148.159	526.904

Property, plant and equipment are primarily valued at cost.

The tangible fixed assets have an assessed value of 980 million euros for insurance purposes as at 31 March 2018. For the company's Hungarian subsidiary, all the assets under construction have also been insured under the Construction & All Risk Insurance cover.

4. Intangible Assets

(Euro x 1,000)	Develop- ment	Brand names	Software	Total
As at 31 March 2016				
Cost	46.974	12.900	18.703	78.578
Depreciation	-28.157	-	-14.971	-43.129
Book value	18.817	12.900	3.732	35.449
Reclassifications Investments software			2.398	2.398
Book value	18.817	12.900	6.130	37.847
<i>Changes in book value</i>				
Investments	10.049	-	3.698	13.747
Depreciation for financial year	-2.580	-	-1.535	-4.114
Balance	7.469	-	2.163	9.632
As at 31 March 2017				
Cost	57.023	12.900	24.799	94.722
Depreciation	-30.737	-	-16.506	-47.243
Book value	26.286	12.900	8.293	47.479
<i>Changes in book value</i>				
Investments	13.078	-	3.055	16.134
Divestments				
- Acquisition value				
- Depreciation				
Depreciation for financial year	-2.950	-	-1.923	-4.873
Balance	10.128	-	1.132	11.257
As at 31 March 2018				
Cost	70.101	12.900	27.850	110.852
Depreciation	-33.687	-	-18.428	-52.115
Book value	36.414	12.900	9.425	58.737

An impairment test on the Brand names was carried out as at Mar 31, 2018, details of the test are outlined in table below. Based on the present value calculation, no impairment is deemed necessary

Test method	"Relief from Royalty method" – American Appraisal
Discount Rate	9.1%
Growth Rate	0% - 2.0%
Book Value (Eur'000)	12.900
Number of years for which cash flows were considered to calculate DCF	5 year
Test Result	No Impairment Loss

5. Deferred tax

(Euro x 1,000)	As at 31 March 2018	As at 31 March 2017
Deferred tax asset movement		
At beginning of the year as previously reported	5.203	4.887
Current year charge	2.753	316
At end of the year	7.956	5.203

(Euro x 1,000)	As at 31 March 2018	As at 31 March 2017
Deferred tax liability movement		
At beginning of the year as previously reported	36.525	34.141
Current year charge	314	2.384
At end of the year	36.839	36.525

Deferred tax	Period Ended 31-MAR-2018	Period Ended 31-MAR-2017
Deferred tax assets:		
Tax losses carried forward	5.900	3.405
Pension benefit plans and jubilee provision	2.056	1.797
Total deferred tax asset	7.956	5.202
Deferred tax liability		
Property, plant and equipment	24.658	24.567
Pre-operatives	4.574	6.064
Brand names	5.095	2.523
Pension benefit plans		
Valuation subsidiaries	1.173	2.671
Other items	1.340	700
Total deferred tax liability	36.839	36.525
Net deferred tax liability	28.883	31.323

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. The most significant temporary differences arise from the depreciation differences of property, plant and equipment, pension liability and taxable losses carried forward. Brand names have no fiscal value.

6. Other non-current assets

(Euro x 1,000)	As at 31 March 2018	As at 31 March 2017
Deposit VICO	1.687	1.658

The deposit mentioned here is meant for some building rented by Apollo Vredestein BV from VICO BV. This deposit is valued against amortized cost based on the effective interest method. In line with the characteristics of the deposit, the nominal value equals the value at amortized cost. The deposit is represented under other non-current assets.

7. Inventories

(Euro x 1,000)	As at 31 March 2018	As at 31 March 2017
Raw materials	11.025	10.798
Work in progress	6.642	3.573
Finished goods	56.732	43.737
Stock-In-Trade	17.194	12.215
Stock-In-Trade – In Transit	4.860	1.370
Consumable stores	8.780	8.136
Total	105.231	79.829

Part of inventories have been ceded as security for liabilities of the company. The cost of inventories recognized as an expense during the year in respect of continuous operations was 186 million. Inventories include an allowance for slow moving/obsolete stock of EUR 784k (2017:0,8 million).

8. Trade receivables

(Euro x 1,000)	As at 31 March 2018	As at 31 March 2017
Trade receivables	125.585	126.161
Allowance for doubtful debts	-4.808	-3.406
Total	120.777	122.755

All trade receivables shorter than a year are valued at nominal value, which is a reasonable approximation of fair value of the receivables. The credit period generally ranges from 14 days to 90 days and customer loses the incentive if not paid in time. Apollo Tyres B.V. has no significant concentrations on credit risks. It has a policy which prevent sales to customers with a below standard credit history. Apollo Tyres B.V. has also a good credit management team, which is responsible for overdue receivables. Credit limit is granted after assessing the credit worthiness of customer. Credit report from independent credit rating agency like D&B or equivalent is used. Trade receivables disclosed above include amounts that are past due at the end of the reporting period for which no allowance for doubtful debts has been recognized because there has not been a significant change in credit quality and the amounts are still considered recoverable.

Ageing of past due but not impaired receivables

(Euro x 1,000)	As at 31 March 2018	As at 31 March 2017
0 - 60 days	9.431	12.636
61 - 180 days	1.184	3.209
more than 180 days	194	-
Total	10.809	15.845

The total not past due for FY 2017-2018 amounts 111 million euro. This amount includes an amount of Eur 10.3 million due from Apollo Group companies.

Movement in the allowance for doubtful debts

(Euro x 1,000)	As at 31 March 2018	As at 31 March 2017
Balance at the beginning of the year	-3.406	-4.772
Movement to allowance recognized in statement of income	-1.725	450
Amounts written off during the year as uncollectible	323	916
Balance at end of year	-4.808	-3.406

9. Cash and bank balances

(Euro x 1,000)	As at 31 March 2018	As at 31 March 2017
Cash at bank	29.349	12.895

Cash is at free disposal of the company. Negative balances are included as debt (see note 17).

10. Other current assets

(Euro x 1,000)	As at 31 March 2018	As at 31 March 2017
Prepayments	4.013	2.638
VAT recoverable	8.322	13.631
Other receivables	567	1.063
Total	12.901	17.332

Intercompany loan

Other receivables included in the previous year a short term intercompany loan to ATBV of EUR 30 million. The loan was repaid on 15 Mar 2018.

11. Corporate tax (receivable/payable)

(Euro x 1,000)	As at 31 March 2018	As at 31 March 2017
Corporate Advance Tax Paid	4.056	4.196
Provision for tax	-1.265	-2.347
Net corporate tax position	2.792	1.849

The corporate income tax position is netted by country and jurisdiction.

12. Total group equity

Reference is made to the note on shareholders' equity in the company financial statements for a detailed note on the share of the legal entity in the group equity.

13. Derivative financial assets and liabilities

(Euro x 1,000)	As at 31 March 2018	As at 31 March 2017
Current assets relating to derivative financial instruments	7.829	-
Current liabilities relating to derivative financial instruments	7.780	-
Total net position	49	-

All derivatives relate to forward foreign currency contracts. The carrying amounts of the various derivatives at 31 March 2018 were equal to their fair values.

Forward exchange contracts hedge the risk of volatility of future trade activities in foreign currencies. The amount disclosed relates mainly to positions in USD-EUR and EUR-GBP.

See note 29 for more information on risk management and financial instruments. We do not apply hedge accounting for derivative financial instruments.

14. Pension Liabilities

The pension liability as recorded in the balance sheet relates to the defined benefit plan of Apollo Vredestein GmbH in Germany and defined contribution plan of Apollo Vredestein B.V. in the Netherlands. For the defined benefit plan an actuary of a certified actuarial firm performed plan of Apollo Vredestein GmbH an actuarial calculation.

The Dutch pension fund is liquidated and the plan is transferred to the insurer as a direct insured plan on the same conditions.

The liability from the Defined Contribution Plan is based on an agreement from 2005 in which the company agreed to fund 800k annually for a period of 15 years to increase the indexation capacity of the pension plan.

The pension liability Apollo Vredestein GmbH is valued using the German Law on Modernisation of Accounting Regulations (BilMoG). The entity has no specific (governance) responsibilities with regards to the plan. As the plan is state operated, no entity specific / plan specific risk are applicable other than described above. The valuation method applied is based on the project unit credit method. The 2005 G Standard Tables of Prof. Dr. Heubeck are used as biometric basis. The service period is limited to 40 years resulting in a maximum yearly entitlement (for the first 5 years of credited service) of 0.60% of Average Pay up to the final average social security contribution ceiling (SSCC) and 15% of Average pay exceeding the final average SSCC. For each year of credited service exceeding 5 years there is an entitlement of 0.40% of Average Pay up to the final average SSCC and 1% of Average pay exceeding the final average SSCC. For each year of credited service there is an entitlement of 0.40% of Average Pay up to the final average SSCC and 1.20% of Average pay exceeding the final average SSCC.

(Euro x 1,000)	As at 31 March 2018	As at 31 March 2017
Pension liabilities		
Defined benefit plan	8.286	8.446
Defined contribution plan	1.493	2.194
At end of the year	9.779	10.640

Extracts of defined benefit plan are as follows:

Assumptions Apollo Vredestein GmbH	Period ended 31 March 2018	Period ended 31 March 2017
Inflation	1.75%	1.75%
Indexation non-active members	1.75%	1.75%
Mortality table	Heubeck 2005G	Heubeck 2005G
Individual salary increase (dependent on age)	3%	3%
Discount rate	1.90%	1.80%

Defined benefit pension plan (Euro x 1,000)	As at 31 March 2018	As at 31 March 2017
Defined benefit obligation		
Balance at beginning of the year	-8.447	-8.079
Service costs	-293	-191
Interest expense	-150	-151
Benefits paid	269	271
Remeasurements due to experience	182	-144
Remeasurements due to change in financial assumptions	151	-153
Balance at end of year	-8.286	-8.447

Net balance pensions liability

Defined benefit obligation		
Plan assets		
Unfunded status	-8.286	-8.447
Net balance pensions liability	-8.286	-8.447

Movement of net liability

Balance at beginning of the year	-8.447	-8.079
Service cost		
<i>Past service cost</i>		
<i>Current service cost</i>	-293	-191
Interest expense	-150	-151
Defined benefit cost recognized in profit and loss	-443	-342
Defined benefit cost recognized in OCI	360	-9
Benefits paid / contributions paid	269	271
Other adjustments	-25	-288
Balance at end of the year	-8.286	-8.447

The defined benefit cost recorded in profit and loss is recognized in the income statement. The key assumptions regarding the calculation of the defined benefit obligation are included below. These summarize the effects on the defined benefit obligation if there would be a change in the assumption mentioned.

Sensitivity analysis	Change in assumption	Change in defined benefit obligation
Discount rate	Increase by 1.00%	-15.78%
Salary increase	Increase by 0.50%	+1.74%
Inflation	Increase by 0.25%	+3.14%

Maturity profile (Euro x 1,000)

Expected payments during fiscal year ending 31/03/2019	275
Expected payments during fiscal year ending 31/03/2020	276
Expected payments during fiscal year ending 31/03/2021	276
Expected payments during fiscal year ending 31/03/2022	278
Expected payments during fiscal year ending 31/03/2023	278
Expected payments during fiscal year ending 31/03/2024 through 31/3/2028	1.532

Analyses of Defined Benefit Obligation by Participant Category (Euro x 1,000)

Active participants	2.773
Deferred participants	1.130
Pensioners	4.382

Expected Contributions for the period ending 31/03/2019

Employer	0
Plan participants	0

Weighted average Duration of Defined Benefit Obligations: 17.59 years

Asset information	Allocation percentage 31/03/2018 Quoted	Allocation percentage 31/03/2018 Unquoted	Allocation percentage 31/03/2018 Total
Equity securities			
Debt securities			
Real estate/property			
Cash and cash equivalents			
Derivatives			
Other		100%	100%
Total		100%	100%

15. Provisions

(Euro x 1,000)	As at 31 March 2018	As at 31 March 2017
Deferred Subsidy Income	37.703	22.463
Jubilee benefits	2.124	2.126
Total Provisions	39.828	24.589

Jubilee Benefits

There is a jubilee scheme in place for all employees of Apollo Tyres B.V. on Dutch payroll. For 12, 5, 25 and 40 years of service, benefits are paid to the personnel.

For the provision as at Mar 31, 2018, following was considered: Salary Increase: 2.5%, Discount Rate: 1.5%, Retirement Age: 66 years & Retention rate: 5%

Risks in the case of claims and legal action are monitored closely and where necessary provisions are made.

Movement in the Jubilee provision

(Eur x 1,000)	As at 31 March 2018	As at 31 March 2017
Opening balance	2126	2251
Release during the current year	-2	-125
Closing balance	2124	2126

Deferred Subsidy Income

The group is in process of establishing a new green field radial tyre manufacturing facility in Gyöngyöshalász, Hungary thru its subsidiary Apollo Tyres Hungary Kft (AT Kft). For this purpose AT Kft has entered into an agreement for grant with the Ministry of National Development, Government of Hungary on 30th June, 2014.

The Project start date for this investment is 23rd Jun 2014 and the Investment completion date is 31st December, 2019. Passenger car tyre facility production was started during the year and Commercial tyres facility production is expected to start in next year. This grant is subject to fulfilment of certain obligations by AT Kft.

As AT Kft has fulfilled its periodical obligations as per the incentive agreement, an amount of HUF 5.018.639 Thousand has been received during the year, being the eligible amount

of grant during the year. This amount has been accounted as deferred revenue (included in Other Non-current liabilities).

Out of the total grant, HUF 172.027 Thousand for which the capitalisation of Property, Plant and Equipment (PPE) is completed has been recognized as income in Statement of Profit and Loss.

The portion of grant for which the capitalisation of PPE is under construction phase has been retained in deferred revenue under "Other Non-current liabilities".

Movement in the provision

(Eur x 1,000)	As at 31 March 2018	As at 31 March 2017
Opening balance	22.463	-
Receipt during the year	14.685	22.436
Amortization during the year	556	27
Closing balance	37.703	22.463

16. Trade and other payables

(Euro x 1,000)	As at 31 March 2018	As at 31 March 2017
Trade payables	46.315	31.781
Payable to related parties	28.304	19.296
Payables related to Capital Goods	46.989	57.637
Sales deductions	8.237	6.037
Interest accrued but not due	822	895
Tax & social premiums	8.934	5.477
Other Employees Payable	2.360	2.812
13th month	1.298	1.369
Leave pay	2.368	2.805
Holiday allowance	3.008	2.987
Statutory payable	11.766	5.478
Other payables and accruals	19.557	10.995
Total trade and other payables	179.936	147.804

The credit period on purchases generally ranges from 15 days to 60 days. Apollo Tyres B.V. has financial risk management policies put in place to ensure that all payables are paid within the pre-agreed credit terms.

17. Borrowings

(Euro x 1,000)	As at 31 March 2018	As at 31 March 2017
Overdraft facility		
ABN AMRO	-	18.138
Cooperative Rabobank	-	18.538
Total facility	-	36.676

(Euro x 1,000)	As at 31 March 2018	As at 31 March 2017
Long-term borrowings	228.125	190.000
Short-term part of Long term Borrowings	21.875	
Overdraft facility		36.676
Total	250.000	226.676

A Revolving Credit Facility (RCF) agreement from Apollo Vredestein B.V. with ABN AMRO and Cooperative Rabobank was revised in August, 2016. The agreement included an overdraft facility. The Company's subsidiary, Apollo Vredestein B.V. provided securities for these debts in the form of its bank accounts, inventories and receivables. This RCF is also backed by a guarantee from its German subsidiary Apollo Vredestein GmbH, the value of which is limited to its equity on the Balance sheet date. At 31 March 2018 no amount was drawn under this facility

The interest rate is based on the 1 month EURIBOR figure plus a margin. Apollo Tyres B.V. minimizes liquidity risk with the help of an accurate liquidity forecast.

The company and its subsidiary, Apollo Tyres Hungary Kft. have signed a financing agreement for a long term loan (EUR 300 Million) with a consortium of banks (ABN AMRO BANK N.V., MAGYAR EXPORT-IMPORT BANK ZRT, RAIFFEISEN BANK ZRT, STANDARD CHARTERED BANK and UNICREDIT BANK HUNGARY ZRT) for investing in the new plant in Hungary. The credit facility is available for Apollo Tyres B.V. (50%) and Apollo Tyres Hungary Kft. (50%). The Company's other subsidiary, Apollo Vredestein B.V. has provided guarantee for the loan which is secured by a pledge on the movable tangible assets (other than stock in trade, raw materials and trade receivables) and a mortgage of its Real Estate being the Land and Buildings located in the Netherlands.

18. Inter Company Loan

(Euro x 1,000)	As at 31 March 2018	As at 31 March 2017
Loan from AT Greenfield BV	-	24.850
Total	-	24.850

An Intercompany loan was granted to the company in Oct 2016, repayable in a year's time. The Loan bears an annual interest to be calculated on EURIBOR + margin, calculated on quarterly basis. The loan was repaid in March 2018.

Gearing Ratio

(Euro x 1,000)	As at 31 March 2018	As at 31 March 2017
Net debt	220.651	213.781
Equity	493.441	375.227
Net debt to equity ratio	45%	57%

Net debt is defined as the sum of the borrowings and cash and bank balances (see note below). The borrowings include the long-term and short-term borrowings.

Net Debt

(Euro x 1,000)	As at 31 March 2018	As at 31 March 2017
Long Term Borrowings	228.125	190.000
Short Term Borrowings	21.875	36.676
Less: Cash Balance	-29.349	-12.895
Net Debt	220.651.	213.781

19. Revenue

IFRS 8 requires Apollo Tyres B.V. to identify operational segments separately based on internal reports that are regularly reviewed by the management in order to allocate resources to the segments and to assess their performance. Apollo Tyres B.V. identifies only one operational cash generating unit: Europe. Sales and activities outside Europe are marginal.

20. Other Income

(Euro x 1,000)	Period ended 31 March 2018	Period ended 31 March 2017
Job Creation Subsidy	248	953
Training Subsidy	305	360
Investment Subsidy	556	27
Royalty Income	83	151
Others	279	379
Total	1.471	1.870

21. Changes in inventories of finished goods and work in progress

(Euro x 1,000)	Period ended 31 March 2018	Period ended 31 March 2017
Opening Stock		
Work in progress	3.573	4.372
Stock-in-trade	13.585	16.378
Finished goods	43.737	52.327
	60.895	73.077
Closing Stock		
Work in progress	6.642	3.573
Stock-in-trade	22.053	13.585
Finished goods	56.732	43.737
	85.427	60.895
Changes in work in progress and finished goods	-24.532	12.182

22. Raw materials and consumables used

(Euro x 1,000)	Period ended 31 March 2018	Period ended 31 March 2017
Raw materials consumed	158.936	106.629
Purchase of finished goods	51.527	60.286
Total	210.463	166.915

23. Employee expenses

(Euro x 1,000)	Period ended 31 March 2018	Period ended 31 March 2017
Wages and salaries	119.011	102.561
Pension & social contribution	24.738	23.520
Total employees cost	143.749	126.081

Pension & social contribution include company pension expenses (see note 14).

24. Depreciation and amortisation expenses

(Euro x 1,000)	Period ended 31 March 2018	Period ended 31 March 2017
Amortisation of intangible fixed assets	4.873	4.114
Depreciation of property, plant and equipment	20.794	15.686
Total costs	25.668	19.800

25. Interest

(Euro x 1,000)	Period ended 31 March 2018	Period ended 31 March 2017
Interest expenses	2.579	1.101
Interest income	-354	-735
Total	2.225	366

26. Income tax expense

(Euro x 1,000)	Period ended 31 March 2018	Period ended 31 March 2017
Current tax	5.270	4.861
Deferred taxation	-779	2.064
Total	4.491	6.925

Apollo Tyres B.V. forms part of the fiscal unity with Apollo Coöperatief U.A., head of the fiscal unity. Apollo Tyres B.V. is therefore jointly and severally liable for the liabilities of

the fiscal unity. The corporate income tax is calculated as if the company was separately liable for tax. The taxation according the profit and loss account is calculated at applicable rates taking into account permanent and temporary differences. A reconciliation of income tax expense to the tax based on the Dutch statutory rate is as follows:

(Euro x 1,000)	Period ended 31 March 2018	Period ended 31 March 2017
Income before taxes	13.930	39.844
Tax based on Dutch tax rate	6.318	9.961
Higher statutory rate of foreign countries	507	1.265
Dutch R&D tax incentive(innovation box)	-1.670	-2.221
Capitalization of interest on borrowings	562	-
Pre-operative expenses	1.631	-
Refund MAP France	-	-1.973
Lower tax due to taxable losses carried forward in AT Hungary	-2.642	-453
Assets valuation	416	
Fiscal Unity allocation to ATBV	-630	-346
Total	4.491	6.925

The tax effects related to components of other comprehensive income is:

(Euro x 1,000)	Period ended 31 March 2018	Period ended 31 March 2017
Actuarial gains and losses on pension plans	-147	4

Below is the detail for the current year deferred taxation:

(Euro x 1,000)	Period ended 31 March 2018
Tax effect of items constituting deferred tax liabilities:	
Deviating valuation property, plant and equipment	392
Deviating valuation intangible assets	31
Profit elimination of unsold stock at subsidiaries	78
Pre-operative expenses	1.631
Capitalised Interest cost	562
Tax effect of items constituting deferred tax assets:	
Carried forward tax loss	-2.706
Deviation valuation employee benefits	-766
	-779

27. Financial assets by category

As at March 2018 (Euro x1,000)	Loans and receivables	Fair value through profit and loss - designated	Non- financial instruments	Total
Cash and cash equivalents	29.349			29.439
Trade receivables	120.777			120.777
Derivative financial assets		7.829		7.829
Other current assets	-		12.901	12.901
	150.126	7.829	12.901	170.856

As at March 2017 (Euro x1,000)	Loans and receivables	Fair value through profit and loss - designated	Non-financial instruments	Total
Cash and cash equivalents	12.895			12.895
Trade receivables	122.755			122.755
Other current assets	30.000		18.463	48.463
	165.650		18.463	184.113

28. Financial liabilities by category

As at March 2018 (Euro x1,000)	Financial liabilities at amortised cost	Non- financial instruments	Liability at fair value	Total
Pension liabilities			9.779	9.779
Trade and other payables	162.788	17.148		179.936
Derivative financial liabilities			7.780	7.780
Borrowings	250.000			250.000
	412.788	17.148	17.559	447.495

As at March 2017 (Euro x1,000)	Financial liabilities at amortised cost	Non- financial instruments	Liability at fair value	Total
Pension liabilities			10.640	10.640
Trade and other payables	132.353	15.450		147.803
Borrowings	226.676			226.676
	359.029	15.450	10.640	385.119

29. Risk management

General

For our strategy we target long-term growth in net sales and EBITDA. In addition, we set financial targets for return on average capital employed (based on the operating result). An enabling condition in our policy is a healthy financing structure that maintains a balance between adequate solvency, the leverage of loan capital and sufficient available funding. Our cash flows are strong.

As a result of its activities, Apollo Tyres B.V. is exposed to various financial risks. We apply a group-wide treasury policy for adequate management of our cash flows and financing flows and the financial risks relating to them, including (re)financing risks, currency risks and interest rate risks.

A summary is provided below of the main financial risks relating to our objectives, categorised as liquidity risks, currency risks, interest rate risks and credit risks. We also state how we manage these risks.

Credit risk management

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the company. Apollo Tyres B.V. has adopted a policy of only dealing with creditworthy counterparties. The entity does not transact with entities with a below standard credit history. Apollo Tyres B.V. uses information supplied by credit rating agencies, publicly available financial information and its own trading records to rate its major counterparties. A credit management team continuously monitors the exposure of Apollo Tyres B.V. and the credit ratings of its counterparties. A Risk Management Steering Committee, headed by the CEO of the company, with representations from all functional heads, embraces the assessment, mitigation and monitoring of credit risks faced by the company. The management steering committee also uses credit insurance in various countries to limit the credit risk.

Trade receivables consist of a large number of customers, spread across diverse geographical areas. It has a policy which prevent sales to customers with a below standard credit history. Credit limit is granted after assessing the credit worthiness of customer. Credit report from independent credit rating agency like D&B or equivalent is used. The credit risk on liquid funds and derivatives is limited because the counterparties are banks with high credit rating assigned by international credit rating agencies.

The maximum credit risk is equal to the carrying amount of each financial instrument on the balance sheet and relates to the following items :

(Euro x 1,000)	As at 31 March 2018	As at 31 March 2017
Cash and cash equivalents	29.349	12.895
Trade receivables	120.777	122.755
Derivative financial assets	7.829	-
Other current assets	16.723	48.463
Total costs	174.678	184.113

Liquidity risk management

Liquidity risk is the risk that Apollo Tyres B.V. is unable at the required time to meet its financial obligations. Ultimate responsible for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the company's short, medium and long-term funding and liquidity management requirements. Apollo Tyres B.V. manages liquidity risk by maintaining adequate reserves and banking facility, by continuously monitoring forecast and actual cash

flows, and by matching the maturity profiles of the financial assets and liabilities. Note 17 set out the details of the borrowing agreements with the banks.

Our borrowings amounted to € 250.000 million as at 31 March 2018, as part of a €300 million loan facility with a consortium of banks. The undrawn part of this loan facility (€50 million) was cancelled in April 2018. Next to the loan facility the company has an RCF of €50 million, which was undrawn at 31 March 2018. The company therefore has credit facilities that are sufficient for the existing and expected credit requirements of the group.

The extent of the risk that the ratios agreed with lenders are exceeded is regularly determined. With the present borrowing position of € 250 million, the leverage ratio is 4.35 This is within the limit agreed with the various lenders of a maximum debt cover of 4.5 The agreed maximum leverage of 4.5 would be reached if the operating result fell by 3%.

Table below analyses the group's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

(Euro x 1,000)	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
As at 31 March 2018				
Pension liabilities	1.769	276	832	6.903
Derivative financial liabilities	7.780			
Trade and other payables	179.639			
Borrowings	21.875	21.785	206.250	
As at 31 March 2017				
Pension liabilities	1.242	1.242	2.926	5.230
Trade and other payables	147.803			
Borrowings	36.676			190.000

Exchange rate risk

Foreign exchange risk arises because future commercial transactions are denominated in a foreign currency (not EUR). The management monitors continually the entity's exposures to foreign currency risks. As per March 2017 Apollo Tyres B.V. had no derivatives.

In addition to the above mentioned transaction related currency risk, the company is also subject to translation related currency risk as a result of consolidation of business units with different functional currencies. The translation related currency risks are not hedged by means of derivatives.

The sensitivity of the operating result of 2017/18 in respect of the currency risk of our positions outside the euro area to a 10% change in the exchange rate of the euro is positive € 1 million.

Within the operating result, the negative impact of appreciated foreign currencies on cost of goods sold (transaction impact) are offset by the positive impact of appreciated foreign currencies in translating the operating result of non-EUR business (translation impact). Gains or losses on forward currency contracts (reported in operating result) offset the currency risk from purchasing contracts in foreign currencies from a cash and net profit perspective

Interest rate risk

The company has a management team that continually monitors its exposures to interest rate risks and uses variable rate debt to finance its operations.

Table below presents the impact on profit for the interest-bearing assets and liabilities assuming a market interest rate shift of 0.25%.

Sensitivity analysis		(Euro x 1,000)	
Movement interest rate risk		-0.25%	+0.25%
	Carrying amount	Profit before tax	Profit before tax
Borrowings	250.000	-625	+625

30. Fair value information

Financial instruments by category

The table in note 28 sets out the carrying amount of the various financial instruments by category as at the balance sheet date

Method for fair value measurement of financial instruments

We use a three-level fair value hierarchy:

Level 1

The financial asset at fair value through profit or loss is measured by reference to quoted prices in an active market. At the end of 2018 the company had no assets in this category.

Level 2

As there are no external market prices on which to base the value of receivables, and borrowings, their fair value is determined from generally accepted valuation models. The value determined in this way is equal to the price at which the derivative can be sold in a transparent market. We set the values regularly in consultation with accepted external market parties.

For the valuation of forward currency contracts, the future cash flows in the contract currency are discounted at a rate based on the term and contract currency. The present value at the balance sheet date in the contract currency is translated at the closing exchange rate ruling on the same day.

Level 3

Financial instruments carried at fair value determined by reference to input that is not based on observable market data only apply to the pension liabilities in relation to the defined benefit plans in Germany.

The other receivables, borrowings and commitments are carried at amortised cost. The fair value of the long-term bank liabilities does not materially differ from the carrying amount as the margins were adjusted to market levels in 2015. The fair values of the other items do not differ materially from their carrying amount.

The following table summarizes the assets and liabilities categorized by this hierarchy. The table summarizes only the fair value measurement that has not been previously disclosed. The valuation technique used to describe level 3 measurements has been disclosed in note 14.

At 31 March 2018	(Euro x 1,000)			
	Level 1	Level 2	Level 3	Total
Borrowings			250.000	250.000
Derivative financial liabilities		7.780		7.780
Derivative financial assets		7.829		7.829
Pension liability			9.779	9.779

31. Auditor's remuneration

(Euro x 1,000)	Period ended 31 March 2018	Period ended 31 March 2017
Audit fee	454	302
Other auditing services	91	120
Total auditor's remuneration	545	422

The auditor's remuneration is charged to the financial year for which the audit was performed.

32. Board of directors and all key personnel's' remuneration

(Euro x 1,000)	Period ended 31 March 2018	Period ended 31 March 2017
Board of directors' remuneration	477	604
Post-employment benefits	54	-
Other benefits	122	-
Termination benefits	-	-
Share-based payment benefits	-	-
Total Board of directors remuneration	653	604
Key management compensation	1.584	2.278
Total board and key personnel remuneration	2.236	2.882

No loans, advances or guarantees have been issued in favour of members of the board.

33. Related party transactions

33.1 Related party indebtedness

This note is related to intercompany balances between Apollo Tyres B.V. and companies that are ultimately controlled by Apollo Tyres Ltd (ultimate parent). Intercompany balances between Apollo Tyres B.V. and its subsidiaries (other related transactions) have been eliminated. Related party transactions were made on terms equivalent to transactions with third parties.

(Euro x 1,000)	Period ended 31 March 2018	Period ended 31 March 2017
Receivable from:		
Reifencom GmbH	6.747	15.717
Apollo Tyres UK	-	139
Apollo Tyres Global R&D	679	452
Apollo Tyres Thailand	1	89
Apollo Tyres Middle-East	51	152
Apollo Tyres Limited, India (ultimate parent)	236	244
Apollo Tyres South Africa	118	845
Vredestein Tyres North America Inc.	1.451	2.160
Total Receivables	9.283	19.798
Payable to:		
Apollo Tyres GmbH	110	268
Saturn F1	74	-
Reifencom GmbH	422	539
Apollo Tyres Coop	131	131
Apollo Tyres Brasil	301	301
Apollo Tyres Global R&D	8.961	4.178
Apollo Tyres UK	2.141	1.046
Apollo Tyres Limited, India (ultimate parent)	11.101	8.704
Apollo Tyres Singapore	4.845	4.736
Apollo Tyres AG, Switzerland	219	210
Total Payables	28.304	19.296

Management has assessed the collectability of receivables from related parties.

33.2 Related party transactions – Income

(Euro x 1,000)	Period ended 31 March 2018	Period ended 31 March 2017
Apollo Tyres AG, Switzerland	-	22
Apollo Tyres South Africa	1.342	3.804
Apollo Tyres Middle-East	1.627	938
Apollo Tyres Thailand	271	788
Apollo Tyres Limited, India	1.028	1.150
Vredestein Tyres North America Inc.	7.591	2.195
Apollo tyres Cooperatief	350	-
Reifencom GmbH	12.147	29.691
Total	24.356	38.588

33.3 Related party transactions – Expenses

(Euro x 1,000)	Period ended 31 March 2018	Period ended 31 March 2017
Apollo Tyres UK	7.918	7.849
Apollo Tyres Global R&D (sister)	24.951	20.185
Apollo Tyres Limited, India (ultimate parent)	29.976	29.097
Apollo Tyres AG, Switzerland (sister)	825	789
Apollo Tyres Singapore	24.110	16.216
Apollo Tyres GmbH	845	611
Reifencom GmbH	158	3.654
Saturn F1	191	-
Total	88.974	78.401

34. Average number of employees

	Period ended 31 March 2018	Period ended 31 March 2017*)
Direct departments (production)	1.575	1.366
Non-direct departments	497	292
Total in the Netherlands	2.071	1.659
Other countries	146	172
Total average number of employees	2.217	1.831

*) Restated for comparison purposes

35. Capital commitment

35.1 Capital commitment

(Euro x 1,000)	Period ended 31 March 2018	Period ended 31 March 2017
Capital commitment	55.974	158.600

35.2 Rental and lease commitments

(Euro x 1,000)	Period ended 31 March 2018	Period ended 31 March 2017
Due in year one	6.027	4.462
Due between years two and five	5.653	5.621
Due after five years	576	
Total	12.255	9.853

The company has operational lease contracts for cars and IT hardware. Rental obligations

relate to various warehouse and office buildings with contracts up to 9 years. The rental arrangements include adjustments depending upon benchmark inflation indices. The current contract for the Enschede warehouse will end on July 1st, 2018. A new contract is under negotiation.

36. Contingent liabilities

The company had no contingent liabilities as per end of March 2018 (March 2017:0). The company provided securities for the rent of buildings (€393K) in the form of bank guarantees.

Company financial statements

Company financial statements

Company statement of financial position

Before profit appropriation

(Euro x 1,000)	Notes	Period ended 31 March 2018	Period ended 31 March 2017
Assets			
Non-current assets			
Investment in subsidiaries	1	608.655	487.164
Other non-current assets		1	-
Total non-current assets		608.656	487.164
Current assets			
Receivables from group companies	2	2.779	4.332
Other current assets	3	1.041	1.092
Inter Company Loan to AT Coop		-	30.000
Cash and bank balances		4.829	812
Total current assets		8.649	36.236
Total assets		617.305	523.400

(Euro x 1,000)	Notes	Period ended 31 March 2018	Period ended 31 March 2017
Equity and liabilities			
Total equity	4	491.904	372.976
Non-Current Liabilities			
Borrowings	5	115.625	95.000
Total non-current liabilities		115.625	95.000
Current liabilities			
Intercompany Loan from group companies	6	-	54.850
Borrowings – short term	5	9.375	
Interest payable		401	574
Total current liabilities		9.776	55.424
Total equity and liabilities		617.305	523.400

Company statement of income

(Euro x 1,000)	Notes	Period ended 31 March 2018	Period ended 31 March 2017
Profit from investment in subsidiaries	7	10.841	33.388
Other profit after Tax		-2.940	-1.710
Profit of the year		7.901	31.678

Notes to the separate annual accounts for 2017-18

Valuation principals and accounting policies relating to the determination of the result

The company financial statements of the company are prepared in accordance with the statutory provisions of Part 9, Book 2 of the Dutch Civil Code. We utilise the option afforded by Section 362(8) of Book 2 of the Dutch Civil Code to apply the accounting policies used for the consolidated financial statements to the holding company financial statements, with exception of the valuation for investments in subsidiaries, see Note 1. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRSs). The policies include those covering the presentation of financial instruments as equity or loan capital. The financial data of Apollo Tyres B.V. are incorporated in the consolidated financial statements. Therefore, an abbreviated income statement is presented for the company under article 2:402 of the Dutch Civil Code.

1. Investments in subsidiaries

Subsidiaries

In accordance with article 2:362 (8) of the Dutch Civil Code, subsidiaries that are included in the consolidation are stated at net asset value, but not lower than nil.

Subsidiaries with negative equity value are valued at nil. When the company partially or in whole is liable for the debts of such subsidiary, or has the factual obligation to facilitate that subsidiary for (the companies part in) payments of its debts, a provision is formed. This provision is calculated taking into account any bad debt provisions already formed for receivables on such subsidiary. The equity and results of the subsidiaries have been determined in accordance with the accounting policies of Apollo Tyres B.V.

(Euro x 1,000)	Period ended 31 March 2018	Period ended 31 March 2017
Net Position at beginning of year	485.844	352.708
Investments:		
Additional Investment in Apollo Tyres Hungary Kft.	147.005	112.747
Investment in AT- Brazil	-	1
Dividends	-36.404	-13.000
Other Comprehensive Income	366	-
Result	10.841	33.388
Net position	607.650	485.844
Negative Participation	1.004	1.320
Net Position at the end of the year	608.655	487.164

2. Receivables from Group companies

(Euro x 1,000)	Period ended 31 March 2018	Period ended 31 March 2017
Receivable from Apollo Vredestein B.V.	2.779	4.332

3. Other current assets

(Euro x 1,000)	Period ended 31 March 2018	Period ended 31 March 2017
Interest on IC Loan	-	684
Others	1.041	408
Total	1.041	1.092

4. Equity

Ordinary shares

Issued

Ordinary shares: 18.000 ordinary shares of EUR 1,00 each.

All shares issued are fully paid and registered.

There were no changes in the share capital.

(Euro x 1,000)	Issued Capital	Share premium reserves	Translation of foreign operations	Legal Reserves	Actuarial gains or losses on pension plans	Retained earnings	Profit for the period	Total Equity
Total as at 31 March 2016	18	9.000	-1.373	18.817	-6.057	287.204	27.188	334.797
Profit for the period							31.678	31.678
Other comprehensive income, net of income tax			10		-9			1
Dividends								
Transfers to and from reserves				7.469		19.719	-27.188	-
Capital Contribution		6.500						6.500
Total as at 31 March 2017	18	15.500	-1.363	26.286	-6.066	306.923	31.678	372.976
Profit for the period							7.901	7.901
Other comprehensive income, net of income tax			-333		360			27
Dividends								
Transfers to and from reserves				10.128	4.280	17.270	-31.678	-
Capital Contribution		111.000						111.000
Total as at 31 March 2018	18	126.500	-1.696	36.414	-1.426	324.193	7.901	491.904

The company's legal reserve amounts to EUR 36.4 million (2017: EUR 26.3). The legal reserves consist of investments in development activities. The legal reserves are non-distributable.

Reconciliation consolidated equity to company only equity as per 31-3-2017 (amounts Euro x 1,000):

Consolidated equity value EUR 493.441

Adjustment 1- Negative investment value: EUR1.004

Adjustment 2- Capitalisation of Interest costs charged off to PL: EUR -6.178

Adjustment 3- Reversal of Deferred Tax Liability on above capitalisation: EUR 1.440

Adjustment 4- Impact of FCTR EUR 2.197

Company only equity value as per 31-3-2018: EUR 491.904

Proposal for Profit appropriation

The Board of directors did not propose a dividend payout for the current year. The Board of Directors had proposed to add the profit for the year ended 31 Mar 2018 to the other reserves of the company.

Appropriation of result for Financial year 2016-17

No dividend has been paid for FY 2016-17.

5. Borrowings

(Euro x 1,000)	Period ended 31 March 2018	Period ended 31 March 2017
Long term and short term Borrowing from consortium of Banks	125.000	95.000
Total	125.000	95.000

The company and its Sister Company (Apollo Tyres Hungary Kft.) have signed a financing agreement for a long term loan (EUR 300 Million) with a consortium of banks (ABN AMRO BANK N.V., MAGYAR EXPORT-IMPORT BANK ZRT, RAIFFEISEN BANK ZRT, STANDARD CHARTERED BANK and UNICREDIT BANK HUNGARY ZRT) for investing in the new plant in Hungary. The credit facility is available for Apollo Tyres B.V. (50%) and Apollo Tyres Hungary Kft. (50%). The Company has provided guarantee for the loan which is secured by a pledge on the movable tangible assets (other than stock in trade, raw materials and trade receivables) and a mortgage of its Real Estate being the Land and Buildings located in the Netherlands.

6. Inter Company Loan from Group Companies

(Euro x 1,000)	Period ended 31 March 2018	Period ended 31 March 2017
IC Loan from AT Greenfield	-	24.850
IC Loan from Apollo Vredestein BV	-	30.000
Total	-	54.850

An Intercompany loan on short-term basis for an amount not exceeding Eur 30Mn was granted to the company in Oct 2016 by Apollo Tyres Greenfield BV. The loan bears an annual interest, which shall be calculated on a quarterly basis, on three months EURIBOR +margin subject to arm's length review. The loan was repaid in March 2018.

7. Profit from Investment in Subsidiaries

(Euro x 1,000)	Period ended 31 March 2018	Period ended 31 March 2017
Apollo Vredestein B.V.	21.163	32.961
Apollo Tyres Hungary Kft.	-10.321	427
Total	10.841	33.388

8. Board of directors and all key personnel's' remuneration

There was no remuneration paid to the Directors, key personnel & supervisory Directors of the company. No loans, advances or guarantees have been issued in favour of members of the board or supervisory board.


Post balance sheet events

The company has no subsequent events

Signing the financial statements

Amsterdam, The Netherlands, May 8, 2018

The Board of directors:



Kannan Prabhakar



Mathias Heimann



Vishal Kumar Mittal



Jogchum Hedde Beetsma

Other information

Other information

Provisions of the articles of association concerning profit appropriation

Article 32: profit and distribution of profits

1. The profits shall be at the disposal of the shareholders meeting, subject to the following provisions:
 - a. the company may only make distributions of profits to shareholders to the extent that the shareholders' equity exceeds the paid and called up part of its capital plus the reserves, which are required to be maintained by law;
 - b. distribution of profits may only be made after adoption of the annual accounts showing that the distribution is permissible.
2. The company may make interim distributions provided that the requirements of paragraph I sub a have been met.
3. The shares that the company holds in its own capital shall not be included for the purpose of calculating the profit distribution, unless a right of usufruct has been established on those shares in favour of persons other than the company or if depositary receipts were issued for those shares.
4. As of one month after the declaration, the dividend shall be at the disposal of the shareholders, unless the shareholders meeting determines another term. After five years have passed, the claims shall expire. Dividends that are not disposed of within five years after their becoming available for payment shall revert to the company.
5. A loss may only be offset against the reserves which are prescribed by law to the extent that it is permitted by law.

Independent auditors report

The independent auditors report is stated on the following pages.

To: the shareholders and board of directors of Apollo Tyres B.V.

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INDEPENDENT AUDITOR'S REPORT

A. Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements for the year ended March 31, 2018 of Apollo Tyres B.V., as set out on pages 12 to 53. The financial statements include the consolidated financial statements and the company financial statements.

In our opinion:

- the accompanying consolidated financial statements give a true and fair view of the financial position of Apollo Tyres B.V. as at March 31, 2018, and of its result and its cash flows for 2017 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.
- the accompanying company financial statements give a true and fair view of the financial position of Apollo Tyres B.V. as at March 31, 2018, and of its result in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The consolidated financial statements comprise:

- 1 the consolidated statement of financial position as at March 31, 2018;
- 2 the following statements for the year ended March 31, 2018:
the consolidated income statement, the consolidated statements of comprehensive income, changes in equity and cash flows; and
- 3 the notes comprising a summary of the significant accounting policies and other explanatory information.

The company financial statements comprise:

- 1 the company balance sheet as at March 31, 2018;
- 2 the company profit and loss account for the year ended March 31, 2018; and
- 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 Apollo Tyres B.V. in accordance with the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), 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.

B. Report on the 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:

- the management board’s report;
- 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 management board’s report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information as required by Part 9 of Book 2 of the Dutch Civil Code.

C. Description of responsibilities regarding the financial statements**Responsibilities of management and the supervisory board for the financial statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and 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 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 a company to cease to continue as a going concern;

- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- 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 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 those charged with governance 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, May 8, 2018

Grant Thornton Accountants en Adviseurs B.V.

N.H.B. Jonker RA