

Non-Statutory Standalone Financial report 2016/2017
AE-Rotor Holding B.V.
Amsterdam

26 June, 2017

AE Rotor Holding B.V.

1

Jan Tinbergenstraat 290
7559 ST Hengelo OV
The Netherlands

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BDO Audit & Assurance B.V.



date

27 JUN 2017

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AE Rotor Holding B.V.
Non-Statutory Standalone Financial statements for the year ended 31 March 2017

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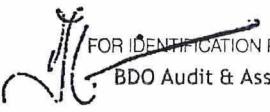
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Non-Statutory Standalone Financial Statements

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Balance Sheet as at 31 March 2017

(After appropriation of the net result)

All amounts in EURO

Assets	Note	31 March 2017	31 March 2016
Fixed assets			
Intangible assets	4		
Goodwill		-	-
Financial assets	5		
Participations in group companies	6	36.000	38.020
Participations held for sale	7	3.041.680	-
Receivable from group companies	8	17.743.995	9.771.722
		20.821.675	9.809.742
Current assets			
Receivables			
Receivables from group companies	9	55.902.231	16.715.806
Receivables from shareholder	10	1.154.925	1.131.307
Taxes and social security contribution	11	121.119	121.073
Other debtors, prepayments and accrued income	12	9.523.102	5.979.470
		66.701.377	23.947.656
Cash and cash equivalents	13	5.006.278	52.180.450
		92.529.330	85.937.848

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Shareholder equity and liabilities	Note	31 March 2017	31 March 2016
Shareholder equity			
Issued and paid-up share capital	14	636.440.000	636.440.000
Share premium	15	387.707.811	387.707.811
Legal reserves	16	6.171.833	15.980.382
Other reserves	17	(1.604.516.914)	(1.559.493.455)
		(574.197.270)	(519.365.262)
Non-current liabilities			
Non-current loan	18		
	19	-	49.573.772
Debts to affiliated companies	20	-	-
			49.573.772
Current liabilities			
Current loan	21		
	22	638.416.868	541.692.639
Trade creditors	23	168.243	418.253
Payables to group companies	24	597.957	816.467
Other liabilities, accruals and deferred income	25	27.543.532	12.801.979
		666.726.600	555.729.338
		92.529.330	85.937.848

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Income Statement for the year ended 31 March 2017
 All amounts in EURO

	Note	31 March 2017	31 March 2016
Other income	26	-	34.503
Salaries and wages	27	812.227	709.729
Other operating expenses	28	<u>273.898</u>	<u>11.211.336</u>
Total operating expenses		<u>1.086.125</u>	<u>11.921.065</u>
Operating profit/(loss)		(1.086.125)	(11.886.562)
Interest and similar income	29	2.947.434	34.978.395
Interest and similar expenses	30	<u>70.831.489</u>	<u>43.019.301</u>
Result from ordinary activities before taxation		(68.970.180)	(19.927.468)
Income from / (impairment on) receivables and participations in group and affiliated companies	31	<u>14.138.172</u>	<u>(307.491.699)</u>
Profit/(loss) after taxation		<u>(54.832.008)</u>	<u>(327.419.167)</u>

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 an Tinbergenstraat 290
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Notes to the Balance Sheet and Income Statement

All amounts are in EUROS unless stated otherwise

1, Notes to the accounts

1,1 Activities

AE-Rotor Holding B.V.'s (the "Company") principal activities are asset management and provision of capital. Its subsidiaries / investments are engaged in the design, development, import, export and trade in windmills and parts and fittings. The Company's subsidiaries also undertakes research and development activity.

1,2 Registered office

The Company has its registered office at Jan Tinbergenstraat 290, 7559 ST, Hengelo. The Company has its statutory seat in Amsterdam. The ultimate parent company is Suzlon Energy Limited, situated at Pune, India.

1,3 Group structure

Suzlon Energy B.V., SE Blade Technology B.V., Valum Holding B.V., SE Drive Technik GmbH, Suzlon Wind Energy (Lanka) Pvt. Ltd., and AE-Rotor Holding B.V. constitute a group. The head of this group is AE-Rotor Holding B.V.

1,4 Related parties

All group companies mentioned in Note 1.3 above and the affiliates / group companies mentioned in Notes below are considered to be related parties. The direct parent company Suzlon Wind Energy Limited, UK, intermediate parent company Suzlon Energy Limited, Mauritius and ultimate parent company Suzlon Energy Limited, India also qualify as related parties.

1,5 Estimates

The preparation of Non-Statutory Standalone financial statements in conformity with the relevant rules requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the group's accounting policies. If necessary for the purposes of providing the view required under Section 362(1), Book 2, of the Netherlands Civil Code, the nature of these estimates and judgments, including the related assumptions, is disclosed in the notes to the Non-Statutory Standalone financial statement items in question. Key estimates include those required in the accounting for valuation / impairment of participations and intercompany receivables and intangible assets. Actual results could differ from those estimates.

1,6 Going concern

The Company recognized a net loss of Euro 54.832.008 (2016 – Euro 327.419.167) in financial year 2017.

On 29 April 2016, the Company has redeemed Bonds worth USD 590.400.000, by availing a credit facility of USD 590.400.000 from State Bank of India, London Branch and Export-Import Bank of India, London Branch, at lower coupon rate of 3.30% p.a. As a part of the transaction, the SBLC issued by SBI in relation to the Bonds has been amended to secure both the credit facility and the balance portion of the Bonds such that post amendment the value of the SBLC does not change. Of this credit availed of USD 590.400.000, USD 21.000.000 had been repaid on 13 July, 2016. The total amount outstanding for the credit facility and the Bonds as on 31 March 2017 is Euro 585.036.238. The credit facility and the Bonds are secured by SBLC from SBI India. Suzlon Energy Limited and certain specified Indian few of its subsidiaries are obligors under the Onshore SBLC Facility Agreement and have provided security under the Offshore SBLC Facility Agreement,

both of which SBLC facilities provide support to the in connection to SBLC issued by SBI India which secures for the loan credit facility availed by the Company and the balance portion of the Bonds.

The credit facility and Bonds are due for repayment in March 2018. However, the lenders of Suzlon Energy Limited have issued NOC to extend the tenure of SBLC by further 5 years to FY 2023 subject to statutory compliance and approval from Reserve Bank of India ('RBI'). RBI has approved an extension of SBLC upto of USD 655.410.000 till April 2023. The Company is working to extend or refinance the existing credit facility and the balance portion of the Bonds till FY 2023.

The Company and its subsidiaries shall continue to engage into the business of procurement and sale of WTGs. Management believes that the Company shall service the existing debt from its business operations for foreseeable future. Management also believe that its immediate parent company will be able to arrange and provide the necessary financial support required by the Company. Given these circumstances, the management believes that these Non-Statutory Standalone financial statements can be prepared under the going concern assumption.

2, Accounting policies for the balance sheet

2,1 General

The Non-Statutory Standalone financial statements have been prepared in accordance with the statutory provisions of Part 9, Book 2, of the Netherlands Civil Code and the firm pronouncements in the Guidelines for Annual Reporting in the Netherlands as issued by the Dutch Accounting Standards Board.

2,2 Changes in accounting policies

The accounting policies are consistent with those used in the previous year.

2,3 Comparative figures

The previous year figures have been reclassified wherever necessary to confirm with the classification in the Non-Statutory Standalone financial statement for the year ended 31 March 2017.

2,4 Foreign currencies

2,4,1 Transactions, assets and liabilities

The Non-Statutory Standalone financial statements are prepared in EUROS, the functional currency of the Company.

Transactions denominated in foreign currencies are initially carried at the functional exchange rates ruling at end of the month. Monetary balance sheet items denominated in foreign currencies are translated at the functional exchange rates ruling at the balance sheet date. Non-monetary balance sheet items that are measured at historical cost in a foreign currency are translated at the functional exchange rates ruling at the date of transaction.

Exchange differences arising on the settlement or translation of monetary items denominated in foreign currencies are taken to the income statement.

The functional and presentation currency of the company and the foreign activities have not changed compared with the previous financial year.

2,5 Intangible assets

An intangible asset is recognized in the balance sheet if:

- It is probable that the future economic benefits that are attributable to the asset will accrue to the company,

And

- The cost of the asset can be reliably measured

Costs relating to intangible assets not meeting the criteria for capitalization are taken directly to the income statement.

Intangible assets are carried at the lower of cost of acquisition or production net of accumulated amortization and their recoverable amount (being the higher of value in use and fair value less costs to sell).

2,6 Financial assets

2,6,1 Investments

The Company uses net asset value method for accounting for its investments in subsidiaries in accordance with Dutch GAAP (Richtlijnen voor jaarverslaggeving). For this management also takes into consideration expected impairment losses based on management expectations of recoverability.

2,6,2 Receivable due from group companies/affiliated companies

Receivables are stated initially at fair value and subsequently at amortized cost based on the effective interest method less provisions considered necessary for doubtful receivables. Insofar the difference between the discounted and nominal value is not material, trade and other receivables are stated at cost.

2,7 Impairment of non-current assets

At each balance sheet date, the Company tests whether there are any indications of assets being subject to impairment. If any such indications exist, the recoverable amount of the asset is determined. If this proves to be impossible, the recoverable amount of the cash generating unit to which the asset belongs is identified. An asset is subject to impairment if its carrying amount exceeds its recoverable amount; the recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Fair value less costs to sell is determined based on the active market. For the purposes of determining value in use, cash flows are discounted. An impairment loss is directly expensed in the income statement.

If it is established that a previously recognized impairment loss no longer exists or has declined, the increased carrying amount of the assets in question is not set any higher than the carrying amount that would have been determined had no asset impairment been recognized.

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. If any such evidence exists, the impairment loss is determined and recognized in the income statement.

The amount of an impairment loss incurred on financial assets stated at amortized cost is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss shall be reversed. The reversal shall not result in a carrying amount of the financial asset that exceeds what the amortized cost would have been had the impairment not been recognized at the date the impairment is reversed. The amount of the reversal shall be recognized in income statement.

If an impairment loss has been incurred on an investment in an equity instrument carried at cost, the amount of the impairment loss is measured as the difference between the carrying amount of the financial assets and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. The impairment loss shall be reversed only if the evidence of impairment is objectively shown to have been removed.

2,8 Receivables

Receivables are stated initially at fair value and subsequently at amortized cost based on the effective interest method less provisions considered necessary for doubtful receivables. Insofar the difference between the discounted and nominal value is not material, trade and other receivables are stated at cost.

2,9 Cash and cash equivalents

Cash and cash equivalents include cash in hand, bank balances and deposits held at call with maturities of less than 3 months. Bank overdrafts are shown in current liabilities on the balance sheet. Cash and cash equivalents are stated at face value. All cash and cash equivalents are at free disposal of management.

2,10 Non-current liabilities

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost, being the amount received taking account of any premium or discount, less transaction costs.

2,11 Taxes

A deferred tax liability is recognized for all taxable temporary differences. A deferred tax asset is recognized for all deductible temporary differences and carry-forward losses, to the extent that it is probable that future taxable profit will be available for set-off.

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

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

Taxes are calculated on the result disclosed in the income statement, taking account of tax-exempt items and partly or completely non-deductible expenses.

The Company is the fiscal parent of the fiscal unity for Dutch corporate income tax purposes (AE Rotor Holding B.V., SE Blades Technology B.V. and Valum Holding B.V. are included in the fiscal unity). The tax position of the fiscal unity has been appropriately split per unity member. The Company is responsible for the remittance of all tax payments to the tax authorities and is joint and severally liable.

3, Accounting policies for the income statement

3,1 Result

Profit is determined as the balance of the realizable value of the products sold, services rendered and the costs and other charges for the year. Profits on transactions are recognized in the year in which they are realized; losses are taken as soon as they are foreseeable.

3,2 Revenue recognition

3,2,1 Dividend

Dividends are recognized in the income statement if the group is entitled to them and the dividends are probable to be received.

3,2,2 Interest

Interest income is recognized pro rata in the income statement, taking into account the effective interest rate for the asset concerned, provided the income can be measured and the income is probable to be received.

3,3 Expenses

Expenses are determined with due observance of the aforementioned accounting policies and allocated to the financial year to which they relate. Foreseeable and other obligations as well as potential losses arising before the financial year-end are recognized if they are known before the Non-Statutory Standalone financial statements are prepared, provided all other conditions for forming provisions are met.

3,4 Interest expense

Interest is allocated to successive financial reporting periods in proportion to the outstanding principal. Premiums and discounts are treated as annual interest charges so that the effective interest rate, together with the interest payable on the loan, is recognized in the income statement, with the amortized cost of the liabilities being recognized in the balance sheet. Period interest charges and similar charges are recognized in the year in which they fall due.

4 Intangible assets

There is no movement in Intangible assets in the current period.

	<u>Goodwill</u>	<u>Total</u>
Balance as at 1 April 2016		
Cost	6.000	6.000
Accumulated amortisation	(6.000)	(6.000)
Book value	<u>-</u>	<u>-</u>
Movements in book value		
Cost	-	-
Reduction in gross block	-	-
Amortisation of intangible assets (including impairment)	-	-
Reduction in accumulated amortisation	-	-
Balance	<u>-</u>	<u>-</u>
Balance as at 31 March 2017		
Cost	6.000	6.000
Accumulated amortisation (including impairment)	(6.000)	(6.000)
Book value	<u>-</u>	<u>-</u>
Amortisation rates	<u>20%</u>	

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5 Financial assets

The company's direct interests in group companies comprise the following :

Name, registered office	Share in issued capital as percentage	
	2017	2016
SE Blade Technology B.V., the Netherlands	100,00	100,00
Suzlon Energy B.V., the Netherlands	100,00	100,00
Valum Holding B.V., the Netherlands	100,00	100,00
Suzlon Wind Energy South-Africa (Pty) Limited., South Africa	-	80,00
Suzlon Energia Eolica do Brasil Ltda., Brasil	-	13,54
SE Drive Technik GmbH., Germany	100,00	100,00
Suzlon Energy A/S., Denmark	-	75,00
Suzlon Wind Energy Lanka (Pvt) Ltd., Sri Lanka	100,00	100,00
Suzlon Wind Energy Uruguay SA, Uruguay	100,00	100,00

On Dec 31, 2016, Loan given by the Company to Suzlon Wind Energy Uruguay, SA, outstanding as on that date amounting to Euro 9,760,526, was converted into Investment in its Equity shares. Also, it has infused further funds into Suzlon Energia Eolica do Brasil Ltda. by way of Equity during the year amounting to Euro 13,191,002.

Later on, pursuant to the process of Group Restructuring, the Company has sold its stake in 3 (three) subsidiaries namely - Suzlon Energia Eolica do Brasil Ltda. for Euro 1, Suzlon Energy Australia Pty. Ltd. Euro 1 and Suzlon Wind Energy South Africa for Euro 1 to its Parent company - Suzlon Energy Limited, Mauritius.

Losses on sale of Participation have been duly recorded.

Participation in Suzlon Wind Energy Lanka (Pvt) Ltd. and Suzlon Wind Energy Uruguay, SA are also to be sold to its Parent Company - Suzlon Energy Limited, Mauritius for a consideration of Euro 1.8 million and Euro 3.04 million respectively. However, the no transactions have not taken place till the year end, i.e., 31st March, 2017. In case of Suzlon Wind Energy Uruguay, SA, the sale was not effected by 31 March, 2017 due to non-fulfilment of Local Statutory requirements. However, management intends to fulfil the required Local Statutory requirement by June 2017. Also, USD 2 million is received from Suzlon Energy Limited, Mauritius towards the sale consideration of Uruguay on 31 May 2017.

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6 Participations in group companies

	<u>31 March 2017</u>	<u>31 March 2016</u>
SE Blade Technology B.V. (1.800 (1.800) equity shares of Euro 10 each)	18.000	18.000
Suzlon Energy B.V. (540.000 (540.000) equity shares of Euro 10 each)	-	-
Provision on participation Suzlon Energy B.V.	-	-
SE Drive Technik GmbH (25.000 (25.000) equity shares of Euro 1 each)	-	-
Provision on participation SE Drive Technik GmbH	-	-
Valum Holding B.V. (1.800 (1.800) equity shares of Euro 10 each)	18.000	18.000
Suzlon Wind Energy South-Africa (Pty) Limited. (NIL (200) equity shares of ZAR 1 each)	-	-
Provision on participation Suzlon Wind Energy South-Africa (Pty) Limited.	-	-
Suzlon Energia Eolica do Brasil Ltda. (NIL (1.31.237) equity shares of BRL 1 each)	-	-
Provision on participation Suzlon Energia Eolica do Brasil Ltda.	-	-
Suzlon Energy A/S. (NIL (57.356.595) equity shares of Euro 1 each)	-	-
Provision on participation Suzlon Energy A/S	-	-
Suzlon Wind Energy Lanka (Pvt) Ltd. (300.000 (300.000) equity shares of LKR 1 each)	-	1.680
Suzlon Wind Energy Uruguay SA (19.077.800 (10.000) equity shares of UYU 1 each)	-	340
	36.000	38.020

Pursuant to the approval of Corporate Debt Restructuring (CDR) proposal by the CDR Empowered Group, the banks, financial institutions and lenders restructured their outstanding facilities and also made available the Standby Letter of Credit (SBLC) facilities to the Suzlon Group and the Company. Both the restructuring facilities and SBLC facilities were implemented by executing definitive Master Restructuring Agreement and SBLC Facility Agreements respectively. Further the Suzlon Group had also availed specific working capital facilities to meet its business requirements. Other than the pledges already created, the Restructuring facilities, SBLC facilities and specific working capital facilities hereinafter referred to as "facilities" are required to be secured by way of pledge of shares of the Company and its subsidiaries.

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7 Participations held for sale

	31 March 2017	31 March 2016
Suzlon Wind Energy Lanka (Pvt) Ltd. (300.000 (300.000) equity shares of LKR 1 each)	1.680	-
Suzlon Wind Energy Uruguay SA (19.077.800 (10.000) equity shares of UYU 1 each)	9.760.866	-
Provision on participation Suzlon Wind Energy Uruguay SA	<u>(6.720.866)</u>	-
	<u>3.041.680</u>	-

* Refer Note 5

8 Receivable from group companies - Non current

	31 March 2017	31 March 2016
Suzlon Wind Energy South Africa*	26.599.719	26.599.117
Provision for Suzlon Wind Energy South-Africa (Pty) Limited.	(22.374.245)	(26.599.117)
RPW Investments, SGPS, S.A.	-	784.004
Provision for RPW Investments, SGPS, S.A.	-	(784.004)
Suzlon Wind Energy Uruguay**	1.319.595	11.748.883
Provision for Suzlon Wind Energy Uruguay	(719.825)	(7.792.726)
Suzlon Energy Tianjian Ltd, China	6.400.698	6.408.548
Provision for Suzlon Energy Tianjian Ltd, China	(6.400.698)	(6.408.548)
Royalty Suzlon Rotor Corporation, USA	2.134.442	2.003.941
Provision on Royalty Suzlon Rotor Corporation, USA	(2.134.442)	(2.003.941)
Receivable Suzlon Rotor Corporation, USA	4.105.888	3.854.975
Provision on receivable from Suzlon Rotor Corporation, USA	(4.105.888)	(3.854.975)
SE Drive Technik GmbH***	172.258.669	171.046.072
Provision on receivables from SE Drive Technik GmbH	(159.339.917)	(171.046.072)
Suzlon Energy Portugal Energia Eo Un Lda	6.268	-
Provision for Suzlon Energy Portugal Energia Eo Un Lda	(6.268)	-
Suzlon Energia Eolica do Brasil Ltda.	10.289	-
Provision for Suzlon Energia Eolica do Brasil Ltda.	(10.289)	-
Suzlon Wind Energy Nicargua	5.703	-
Provision for Suzlon Wind Energy Nicargua	(5.703)	-
Tarilo Holding B.V.****	-	917.710
Provision for Tarilo Holding B.V.	-	(917.710)
Suzlon Energy A/S, Denmark*****	-	14.388.239
Provision for Suzlon Energy A/S	-	(8.572.674)
	<u>17.743.996</u>	<u>9.771.722</u>

* The interest is charged at a floating rate of 1 year EUR LIBOR + 3% p.a. calculated on daily basis. The loan is due for maturity in January 2018.

** The interest is charged at a floating rate of 1 year USD LIBOR + 3% p.a. calculated on daily basis. The loan amounting to Euro 9.760.526 has been converted into Equity in December 2016. Also, as per the amendment to the original agreement, the loan has been converted into Interest-free from September 2016 onwards.

*** The interest is charged at a fixed rate of 0.5% p.a. based on days during the financial period.

**** The interest is charged at a floating rate of 3 months EURIBOR + 3% p.a. on the beginning of the quarter for

***** The interest is charged at a floating rate 6 months EURIBOR + 1% p.a. on monthly average balance being 6 months EURIBOR adjusted twice per year.

9 Receivables from group companies - Current

	<u>31 March 2017</u>	<u>31 March 2016</u>
SE Blade Technology B.V.*	9.970.263	9.399.356
Suzlon Wind Energy Corporation	29.471.694	3.235.613
Suzlon Energy Limited, GMBH	4.719	1.133.379
Suzlon Energy B.V.**	8.162.486	2.443.930
Suzlon Energy Limited, Mauritius	32.789	61.961
Valum Holding B.V.***	418.873	441.567
Tarilo Holding B.V.****	948.840	-
Suzlon Energy A/S., Denmark*****	6.850.401	-
Suzlon Energy Australia	23.394	-
Suzlon Wind Enerji, Turkey	11.461	-
Suzlon Wind Energy Romania	4.661	-
Suzlon Wind Energy Equipment Trading Co. Ltd.	2.650	-
	<u>55.902.231</u>	<u>16.715.806</u>

- * This amount is inclusive of interest calculated at fixed interest rate of 6.5% based on days during the financial period.
- ** The interest is charged at floating rate of 3 months EURIBOR +3% p.a. on the beginning of the quarter for the opening balance & further transactions during the quarter.
- *** The interest is charged at floating rate of 3 months EURIBOR +3% p.a. on the beginning of the quarter for the opening balance & further transactions during the quarter.
- **** The interest is charged at a floating rate of 3 months EURIBOR +3% p.a. on the beginning of the quarter for the opening balance & further transactions during the quarter.
- ***** The interest is charged a at floating rate 6 months EURIBOR +1% p.a. on monthly average balance being 6 month EURIBOR adjusted twice per year.

10 Receivable from Shareholder

	<u>31 March 2017</u>	<u>31 March 2016</u>
Suzlon Energy Limited, India	1.039.200	1.039.200
Suzlon Wind Energy Limited, UK	115.725	92.107
	<u>1.154.925</u>	<u>1.131.307</u>

11 Taxes and social security contributions

	<u>31 March 2017</u>	<u>31 March 2016</u>
Corporate income tax	37.607	37.607
VAT Input credit	46	-
Advance Tax Senvion SE	83.466	83.466
	<u>121.119</u>	<u>121.073</u>

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12 Other debtors, prepayments and accrued income

	<u>31 March 2017</u>	<u>31 March 2016</u>
Interest loan SE Drive Technik GmbH	1.652.019	1.167.545
Provision on receivables from SE Drive Technik GmbH	-	(1.167.545)
Interest Suzlon Wind Energy Uruguay	-	325.647
Interest Suzlon Suzlon Energy B.V.	798.356	455.428
Interest accrued on fixed deposit	-	39.447
Royalty Suzlon Energy Tianjian Ltd, China	1.162.750	1.162.750
Provision for Royalty Suzlon Energy Tianjian Ltd, China	(1.162.750)	(1.162.750)
Interest loan Suzlon Energy A/S	4.889.029	4.799.810
Prepaid expenses	2.158.000	359.138
Other Debtors	25.699	-
	<u>9.523.103</u>	<u>5.979.470</u>

13 Cash and cash equivalents

	<u>31 March 2017</u>	<u>31 March 2016</u>
Rabo Bank	4.918.319	179.016
State Bank of India	87.745	152.721
Bank of India	9	9
Bank of Baroda	205	1.083
Term deposit with bank	-	51.847.621
	<u>5.006.278</u>	<u>52.180.450</u>

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14 Issued and paid-up share capital

The authorised share capital of AE-Rotor Holding B.V. is Euro 1.200.000.000 divided into 120.000.000 ordinary shares of Euro 10 each. Issued share capital comprised 63.644.000 ordinary shares (31 March 2016 - 63.644.000).

There is a negative lien in favour of the "Offshore Security Trustee" by Suzlon Energy Limited, Mauritius for all the shares held by it in Suzlon Wind Energy Limited, United Kingdom ("SWEL"), the direct parent company of AE Rotor Holding B.V., and by SWEL & SEL for all the shares held by them in AE Rotor Holding B.V.

Whereas "Offshore Security Trustee" means, the security trustee acting inter alia for and on behalf of the CDR Lenders in relation to the Security over the offshore assets pursuant to the Security Documents.

15 Share premium

	31 March 2017	31 March 2016
Balance as at 1 April	387.707.811	526.707.811
Capital reduction during the year	-	(139.000.000)
Closing balance	387.707.811	387.707.811

16 Legal reserves

The legal reserve relates to its subsidiary Suzlon Energy B.V.

	31 March 2017	31 March 2016
Balance as at 1st April	15.980.382	25.788.931
Movement	(9.808.549)	(9.808.549)
Closing balance	6.171.833	15.980.382

17 Other reserves

	31 March 2017	31 March 2016
Balance as at 1 April	(1.559.493.455)	(1.241.882.837)
Results after taxation	(54.832.008)	(327.419.167)
Movements to the legal reserve	(1.614.325.463)	(1.569.302.004)
Closing balance	9.808.549	9.808.549
	(1.604.516.914)	(1.559.493.455)

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18 Non-current liabilities

	Balance as at 31 March 2017	Repayment obligation in 1 year	Remaining term > 1 year	Remaining term > 5 year
Non-current loan	585.036.238	585.036.238	-	-
Debt to affiliated companies	-	-	-	-
	585.036.238	585.036.238	-	-
	Balance as at 31 March 2016	Repayment obligation in 2017	Remaining term > 1 year	Remaining term > 5 year
Non-current loan	566.503.614	516.929.842	49.573.772	-
Debt to affiliated companies	-	-	-	-
	566.503.614	516.929.842	49.573.772	-

19 Non-current loan

	31 March 2017	31 March 2016
Covered bonds*	-	49.573.772
	-	49.573.772

* Covered Bonds and Term loan are due for Maturity on 28th March, 2018, hence reclassified as Current loan.
(also see note 22)

20 Debts to affiliated companies

	31 March 2017	31 March 2016
Loan Suzlon Wind Energy Corporation, USA*	-	-
	-	-
Opening balance as at 1 April	-	32.115.190
Addition	-	-
Repayment	-	(32.115.190)
Restatement	-	-
Balance as at 31 March	-	-

* The interest was charged in 2015/16 at a floating rate of 3 months EURIBOR +3% p.a. on the beginning of the quarter for the opening balance & further transactions during the quarter.

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21 Current liabilities

All current liabilities fall due in less than one year. The fair value of the current liabilities approximates the book value due to its short term character.

22 Current loan

	31 March 2017	31 March 2016
Term Loan*	532,149.242	-
Covered Bonds	52,886.996	516,929.842
Suzlon Wind International Ltd.**	9,267.977	8,388.441
Suzlon Energy Limited, India***	44,112.653	16,374.356
	638,416.868	541,692.639

- * The company has issued US dollar-denominated bonds of USD 647,000,000 on 28 March 2013. As at March 31, 2015, the bonds have the benefit of an irrevocable standby letter of credit (SBLC) issued by the State Bank of India which shall initially not exceed USD 655,037,357 being the amount of the initial aggregate principle amount of the bonds, plus interest payable in accordance with the conditions for one quarterly period and reduced from time to time in accordance with these conditions. The bonds have a five year bullet maturity on 28th March, 2018 and are listed on the Singapore stock exchange. The funds raised through this issue have been primarily used to refinance existing US dollar-denominated foreign currency debt of AERH and its subsidiary. It carries interest of 4.969% p.a. The interest is paid in equal quarterly instalments in arrears on 28 June, 28 September, 28 December and 28 March.

The following reflect the main events of default:

There will be an event of default in case the company fails to pay any amount due to the bondholders (Principal or interest) on the relevant payment date or if it fails to deliver the solvency certificate to the trustee on such date, in the manner as stated in the offer document. The bonds can become immediately due and repayable in case greater than 25% bondholders in value, request trustee to issue notices to the issuer or SBLC bank, via extraordinary resolution, upon winding up petition being moved against the Company or the SBLC bank and in case of default by SBLC bank in respect of any of its indebtedness or borrowed money greater than USD 25,000,000. The Company has not made any default till date.

The Bonds amounting to USD 590,400,000 have been redeemed, by availing a credit facility of USD 590,400,000 from State Bank of India, London Branch and Export-Import Bank of India, London Branch, at lower coupon rate of 3.30% p.a. As a part of the transaction, the SBLC issued by SBI in relation to the Bonds has been amended to secure both the credit facility and the balance portion of the Bonds such that post amendment the value of the SBLC does not change. Due to this reason, Bonds worth USD 590,400,000 repayable within 12 months are shown under Current Liabilities.

Of this Credit availed of USD 590,400,000, USD 21,000,000 had been repaid on 13 July 2016.

** The loan from Suzlon Wind International Ltd. carries an interest of 6% p.a.

*** On 31 March 2016, the Company and Suzlon Energy Limited, India ("SEL"), entered into an amended Supplementary Loan Agreement. As per this Loan Agreement, SEL will not raise any demand on the Company to make any repayment of Principal and/or Interest against the loan provided until 31 March 2017.

Further Amendment to the supplemental Loan agreement dated 1 April 2017, SEL will not raise demand on the Company to make any repayment of Principal and/or Interest against the loan provided until 31 March 2023.

The fair value of above loans is approximately the book value.

23 Trade creditors

	31 March 2017	31 March 2016
Trade creditors	168.243	418.253
	168.243	418.253

24 Payables to group companies

	31 March 2017	31 March 2016
Valum Holding B.V.	597.957	816.467
	597.957	816.467

25 Other liabilities, accruals and deferred income

	31 March 2017	31 March 2016
Interest loan Suzlon Energy Limited, India*	1.789.579	2.767.292
Interest loan Suzlon Wind International Ltd.	563.803	879.536
Payable to Suzlon Energy Limited	19.579.962	7.852.603
Interest accrued but not due on bonds	21.937	156.961
Interest accrued but not due on TL	3.478.380	
Real estate transfer tax	-	50.000
Payable to Suzlon Energy B.V.	1.965.555	946.828
Other liabilities	144.316	148.759
	27.543.532	12.801.979

* Year end outstanding interest amount is added to principal loan amount on the first day of the next financial year.
Also see note 22.

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26 Other income

	<u>31 March 2017</u>	<u>31 March 2016</u>
Miscellaneous Income	-	34.503
	<u>-</u>	<u>34.503</u>

27 Salaries and wages

	<u>31 March 2017</u>	<u>31 March 2016</u>
Re-charged salaries and wages	812.227	709.729
	<u>812.227</u>	<u>709.729</u>

28 Other operating expenses

	<u>31 March 2017</u>	<u>31 March 2016</u>
General expenses	352.021	11.211.336
VAT Refund	(6.300)	-
Excess provisions written off	(71.823)	
	<u>273.898</u>	<u>11.211.336</u>

28(1) General expenses

	<u>31 March 2017</u>	<u>31 March 2016</u>
Audit costs	18.000	69.277
Consultancy fees	98.227	10.855.134
Miscellaneous general expenses	225.127	251.907
Business promotion expenses	10.667	35.018
	<u>352.021</u>	<u>11.211.336</u>

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29 Interest and similar income

	31 March 2017	31 March 2016
Interest loan SE Drive Technik GmbH	868.015	1.167.545
Exchange differences	-	31.768.665
Interest Suzlon Energy B.V.	342.929	95.516
Interest Suzlon Blade Technology B.V.	684.235	398.681
Interest loan Suzlon Wind Energy SA, Uruguay	141.095	278.191
Interest Suzlon Energy A/S	89.219	127.306
Interest Tarilo Holding B.V.	22.430	22.258
Interest Suzlon Wind Energy South-Africa (Pty) Limited	719.355	689.167
Dividend	14.710	25.496
Interest on Fixed Deposit	65.446	119.891
Reversal of provision of Real Estate Transfer Tax	-	285.679
	2.947.434	34.978.395

30 Interest and similar expenses

	31 March 2017	31 March 2016
Interest loan Suzlon Energy Limited, India	1.789.558	2.767.292
Exchange differences	34.462.754	-
Interest loan Suzlon Wind Energy Corporation, USA	-	92.055
Interest loan Suzlon Wind International Limited	563.803	879.537
Interest Valum Holding B.V.	22.694	23.515
Interest and other expenses on Bonds & Term Loan	33.929.161	39.108.566
Interest others	16	135.129
Bank charges*	60.999	13.207
Penalty for Real estate transfer tax	2.504	-
	70.831.489	43.019.301

* Includes SBLC charges and amortised borrowing cost on Covered Bond and Term Loan. Further, SBLC charges and amortised borrowing cost was disclosed under 'Bank Charges' in the previous year same is regrouped with 'Interest and other expenses on Bonds & Term Loan' in the current year and comparatives, as it represents better presentation.

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31 Income from / impairment on receivables and participations in group and affiliated companies

	<u>31 March 2017</u>	<u>31 March 2016</u>
Reversal of / (Impairment) on participation Suzlon Energy B.V.	-	(86.991.164)
Reversal of / (Impairment) on Participation in Suzlon Energy A/S., Denmark	337.186.447	(192.473.263)
Reversal of / (Impairment) on participation in Suzlon Wind Energy South Africa (Pty) Limited	19	-
Reversal of / (Impairment) on participation Suzlon Energia Eolica do Brasil Ltda.	76.351	-
Reversal of / (Impairment) on participation Suzlon Wind Energy Uruguay SA	(6.720.866)	-
Reversal of / (Provision) on royalty receivables from Suzlon Rotor Corporation, USA	-	117.250
Reversal of / (Provision) on receivables from Suzlon Energy Tianjian Ltd, China	-	657.997
Reversal of / (Provision) on receivable from Suzlon Wind Energy Uruguay SA	7.072.901	(7.792.726)
Reversal of / (Provision) on receivable from Suzlon Energy A/S., Denmark	8.572.674	-
Reversal of / (Provision) on royalty receivables from Suzlon Energy Tianjian Ltd, China	7.850	(1.162.750)
Reversal of / (Provision) on receivables from Suzlon Wind Energy South Africa (Pty) Limited	4.224.872	(19.270.831)
Reversal / (Provision) of receivables from SE Drive Technik GmbH	13.657.704	2.796.098
Reversal of / (Provision) on receivable Suzlon Energia Eolica do Brasil Ltda.	(10.289)	-
Reversal of / (Provision) on receivable Suzlon Rotor Corporation, USA	(381.414)	(2.459.675)
Reversal of / (Provision) on receivable Tarilo Holding B.V.	917.710	(26.400)
Reversal of / (Provision) on receivable Suzlon Energy Portugal Energia Eo Un Lda	(6.268)	-
Reversal of / (Provision) on receivable Suzlon Wind Energy Nicaragua	(5.703)	-
Loss on sale of Suzlon Brasil Investment*	(13.267.352)	-
Loss on sale of Suzlon Wind Energy South Africa (Pty) Limited**	(18)	-
Loss on sale of Suzlon Energy A/S Investment***	(337.186.446)	-
Loss on liquidation of Suzlon PLC #	-	(886.235)
	14.138.172	(307.491.699)

* sold during the year (see note 5 also)

** sold during the year (see note 5 also)

*** sold during the year (see note 5 also)

Liquidated during FY 2015/16

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32 Average number of employees

During the year 2016/17, the average number of employees calculated on a full-time-equivalent basis was 1 (2015/16: 1), i.e., Whole Time Director.

33 Directors' remuneration

The Company paid Remuneration to Director of Euro 812.227 (2016 - Euro 709.729).

34 Income tax expense

The income Tax Payable for the year is NIL (2015/16 - NIL).

No corporate income benefit has been accounted for as future taxable profits are uncertain.

The Company has unutilized carry forward losses of approximately Euro 393.769.064 as on the balance sheet date.

Carry forward losses have started expiring from 2016/17 onwards.

The company has incurred losses in the period and has carried forward losses from previous periods. It is not clear that the company can substantiate a future claim to use these losses and no deferred tax asset has been booked as a result. Also the tax returns of the company are currently under routine audit by the tax authorities and there may be a possibility of difference of opinion between the position of the company and of the tax authorities. Given the uncertainty of any outcome, no provision has been recognized nor does the company recognizes the need to disclose a contingent liability in this respect.

Based on Dutch law the Company (head) is jointly and severally liable for income taxes payable by the fiscal unity.

35 Commitments and contingent liabilities

Refer to note 6 and note 14 with respect to the pledges, note 2.11 and note 34 with respect to taxes and note 19 with respect to long term loans. Further, the Company (head) forms together with SE Blade Technology B.V. and Suzlon Energy B.V. a fiscal unity for VAT. The Company is jointly and severally liable as a member of the fiscal unity.

The Company has given performance guarantee of EUR 94.971.082 and collateral security for various bank guarantees EUR 32.024.524. There are no defaults by the beneficiaries of the guarantee in cases where the company has given guarantee.

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36 Related party transactions

Transactions take place between the Company and other subsidiaries of the Suzlon Group. These transactions are conducted in the ordinary course of business at an arm's length basis and are subject to commercial agreements. The main transactions with related parties relate to SBLC commission paid by Suzlon Energy Limited, India to various Banks on behalf the Company.

In 2017, salary expenses of Euro 812.227 (2016 - Euro 709.729) have been charged to the Company from Suzlon Energy B.V.

37 Audit fees

The total audit fee in respect to the procedures applied to the Company by BDO Audit & Assurance B.V. the Netherlands, the external auditor as referred to in Section 1(1) of the Dutch Accounting Firms Oversight Act (Dutch acronym: Wta) amounts to Euro 42.000 plus VAT (2016 - Euro 50.000 plus VAT).

38 Financial Risks

Foreign exchange risk

The Company is influenced by transactions in foreign currencies. The Company does not enter into any forward currency contracts. Sometimes it enters into intercompany swap deal agreement to hedge the foreign exchange risk. As at 31 March 2017, the Company has USD 56.6 million of US dollar-denominated bonds and USD 569.4 million of Term loan outstanding. The foreign currency exchange risk on these bonds and term loan has not been hedged.

Interest rate risk

As the Company's long-term receivables and loans bear floating rates of interest, the company runs the risk that receivables and loans will decrease or increase in value respectively due to changing market rates of interest. The company does not hedge this risk by entering into interest rate swap contracts to cover expected significant increases or decreases in market interest rates.

Credit risk/liquidity risk

The Company is primarily involved with transactions with related parties. The Company has liability towards repayment of the Covered Bonds and Term Loan. It expects to get the proceeds from its assets and support from parent. The Company also has a significant concentration of credit risk with respect to the long term loan receivable due from SE Drive Technik GmbH and Suzlon Wind Energy South Africa.

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39 Post balance sheet date events

- i) The lenders of Suzlon Energy Limited have issued No Objection Certificate to extend the tenure of Stand-by Letter of Credit (SBLC) by further 5 years to FY 2023 subject to statutory compliance and approval from Reserve Bank of India ('RBI'). RBI has approved an extension of SBLC upto of USD 655.410.000 till April 2023 vide letter dated 04 May 2017. The Company is working to extend or refinance the existing credit facility and the balance portion of the Bonds till FY 2023.
- ii) On 31 May, 2017, the Company has received USD 2 million from Suzlon Energy Limited Mauritius against part sale consideration of Suzlon Wind Energy Uruguay, SA.
- iii) The Company has prolonged Inter-company Liability with Suzlon Energy Limited ('SEL') the ultimate parent company, amounting to Euro 44.112.653 along with interest due until March 2023 vide Supplemental loan agreement dated 01 April 2017.

Amsterdam, 26 June 2017

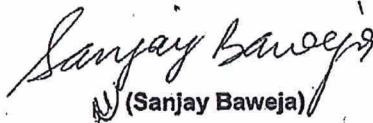
AE-Rotor Holding B.V.

Director



(F.H.J. Visscher)

Director



(Sanjay Baweja)

AE Rotor Holding B.V.

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Independent auditor's report

To: The General Meeting and the Management of AE-Rotor Holding B.V.

Report on the audit of the non-statutory stand-alone financial statements for the year ended March 31, 2017

Our opinion

We have audited the non-statutory stand-alone financial statements (hereafter to be referred to as stand-alone financial statements) for the year ended March 31, 2017 of AE-Rotor Holding B.V., based in Amsterdam.

In our opinion, the enclosed stand-alone financial statements are prepared, in all material respects, in accordance with the accounting policies selected and disclosed by the entity, as set out note 2 to the stand-alone financial statements.

The stand-alone financial statements comprise:

1. the balance sheet as at March 31, 2017;
2. the income statement for the year ended March 31, 2017; and
3. the notes comprising a summary of the applicable 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 stand-alone financial statements" section of our report.

We are independent of AE-Rotor Holding B.V. in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO) and other relevant independence requirements in the Netherlands. Furthermore, we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA).

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

Basis of accounting and restriction on use and distribution

We draw attention to the notes to the stand-alone financial statements, which describe the basis of accounting. The accounting policies used are selected and disclosed by the entity. Our opinion is not qualified in this respect.

The stand-alone financial statements as at March 31, 2017 with our auditor's report is solely intended to be submitted to Banks, Financial institutions, Covered bond holders and Suzlon Group companies and may not be used for other purposes. In case, the Company intends to publish or otherwise reproduce the financial statements together with our reports for any purposes other than those stated above, the Company should obtain our approval for inclusion of our report and follow the necessary procedures as may be prescribed by us, before it is printed and distributed.



Responsibilities of management for the stand-alone financial statements

Management is responsible for the preparation of the stand-alone financial statements in accordance with the accounting policies selected and disclosed by the entity, as set out in the notes to the financial statements. Furthermore, management is responsible for such internal control as it determines is necessary to enable the preparation of stand-alone financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the stand-alone 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 stand-alone 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 stand-alone 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.

Misstatements can arise from errors or fraud 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 stand-alone financial statements.

The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgment and have maintained professional scepticism 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 stand-alone financial statements, whether due to errors or fraud, 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 errors, 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 stand-alone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company ceasing to continue as a going concern;
- Evaluating the overall presentation, structure and content of the stand-alone financial statements, including the disclosures; and
- Evaluating whether the stand-alone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Rotterdam, 27 June 2017

For and on behalf of
BDO Audit & Assurance B.V.,



A handwritten signature in blue ink, appearing to read "W.A. de Jong". The signature is enclosed within a blue oval shape. A blue line extends from the right side of the oval, crosses over the signature, and then continues downwards and to the left, ending near the name "RA".

W.A. de Jong RA