

GREENSANDS EUROPE LIMITED

**ANNUAL REPORT
AND FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 MARCH 2016**

Registered number: 06366236

GREENSANDS EUROPE LIMITED

Annual Report and Financial Statements for the year ended

31 March 2016

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GREENSANDS EUROPE LIMITED

COMPANY INFORMATION

The company is a private company limited by shares.

Directors

M Nagle

A Truscott

B Somes

B Goodwin (Alternate to A Truscott)

J Woodard (Alternate to B Somes)

R Daniels

H de Run

Company Secretary

J Statton

Registered office

Southern House

Yeoman Road

Worthing

West Sussex

United Kingdom

BN13 3NX

Bankers

Natwest

15 Bishopsgate

London

United Kingdom

EC2N 3NW

Auditor

Deloitte LLP

Chartered Accountants and Statutory Auditor

London

United Kingdom

Registered number

06366236

GREENSANDS EUROPE LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2016

Greensands Europe Limited (Registered No. 06366236) is incorporated in the United Kingdom and was established to complement the activities of the other companies in the Greensands Holdings group. The company continues to act as a holding company for Greensands (UK) Limited.

The company did not trade during the year, and there is no intention for it to trade in the future. The company's activity was in relation to financing the Greensands Holdings group.

Given the limited activity of the company, additional information including a review of the company's business, future developments and information of the principal risk and uncertainties facing the company is presented in the directors' report, but no further information is included in this strategic report.

Approved by the Board and signed on its behalf by.



M Nagle
Director
20 July 2016

GREENSANDS EUROPE LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2016

The directors of Greensands Europe Limited (Registered No. 06366236) present their annual report and audited financial statements for the year ended 31 March 2016.

The directors, in preparing this directors report, have complied with s414C of the Companies Act 2006.

PRINCIPAL ACTIVITIES

The principal activity of the company continued to be that of an intermediate holding company for the subsidiary undertaking disclosed in note 8 to the financial statements.

REVIEW OF THE BUSINESS, RESULTS AND DIVIDENDS

The company acted as an intermediate holding company during the year.

The company did not trade during the year, and there is no intention for it to trade in the future. The company's activity was in relation to financing the Greensands Holdings group.

During the year the company received no dividends (2015: £nil) from its subsidiary Greensands (UK) Limited, had interest payable of £198.2m (2015: £85.3m) and interest receivable of £198.2m (2015: £85.3m).

The company generated a loss after tax for the financial year of £19.0m (2015: £17.9m).

The directors have not declared a final dividend for the year ended 31 March 2016 (2015: £nil per share).

The company has net liabilities of £154.5m (2015: £135.5m) comprising largely of amounts owed by group undertakings of £1,775.9m (2015: £1,680.4m), £1,040.7m (2015: £1,021.7m) owed to other group companies and £890.7 (2015: £795.2m) owed under 12% Eurobonds maturing in 2021.

The company is party to an agreement with Greensands Holdings Limited, to which it owes a debt of £897.6m (2015: £897.6m) setting the interest rate effective on this facility as 11.45% for the year ended 31 March 2016. Further, this agreement states that for the year ending 31 March 2017 and for the 12 months following the date these financial statements are signed the rate effective can be between 0.0% and 18.0%.

The company is party to an agreement with Greensands (UK) Limited, from which it is owed a debt of £1,775.9m (2015: £1,680.4m) setting the interest rate effective on this facility as 11.49% for the year ended 31 March 2016. Further, this agreement states that for the year ending 31 March 2017 and for the 12 months following the date these financial statements are signed the rate effective can be between 0.0% and 18.0%.

KEY PERFORMANCE INDICATORS

Greensands Europe Limited acts as an intermediate holding company for the overall group and as such does not have any KPIs as an individual company. KPIs are monitored at the group level and are disclosed in the consolidated financial statements of Greensands Holdings Limited which may be obtained from the Company Secretary at Southern House, Yeoman Road, Worthing, BN13 3NX.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risk that the company is exposed to is the occurrence of events that would result in an impairment to the value of its investment in Greensands (UK) Limited and the recoverability of its intercompany debt. Ultimately this is reliant on cash funds being available at Southern Water Services Limited to support the group.

The directors are confident that these risks are mitigated by the use of effective risk management policies employed by Southern Water Services Limited. For further details regarding these policies please refer to the strategic report of Southern Water Services Limited.

GOING CONCERN

The directors have received confirmation that Greensands Holdings Limited intends to support the company for at least one year after these financial statements are signed and accordingly believe that preparing the financial statements on the going concern basis is appropriate.

FUTURE DEVELOPMENTS

The directors expect the general level of activity to remain consistent with 2016 in the forthcoming year.

EVENTS AFTER THE STATEMENT OF FINANCIAL POSITION DATE

One of the major shareholders of Greensands Holdings Limited (GSH), being The Northern Trust Company, sold their shares in GSH, the ultimate parent company, after the reporting date. The shares were acquired by existing shareholders under the pre-emption arrangements on 19 May 2016.

GREENSANDS EUROPE LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2016 (continued)

DIRECTORS

The directors who held office during the year and up to the date of signing the financial statements unless otherwise stated, were as follows:

M Nagle	
A Truscott	
P Ryan	(Resigned as alternate to A Truscott 23 February 2016)
B Goodwin	(Appointed as alternate to A Truscott 23 February 2016)
P Moy	(Resigned 20 July 2016)
B Somes	(Appointed as director and resigned as alternate to P Moy 20 July 2016)
K Budinger	(Resigned 4 August 2015)
C McAllister	(Resigned as alternate to K Budinger 4 August 2015)
J Woodard	(Resigned as director 19 May 2016 and appointed alternate to B Somes 20 July 2016)
H de Run	(Appointed 28 June 2016)
R Daniels	(Appointed 28 June 2016)

DIRECTORS' INDEMNITIES

The company maintains liability insurance for its directors and officers. Following shareholder approval, the company has also provided an indemnity for its directors and the company secretary, which is a qualifying third party indemnity provision for the purposes of the Companies Act 2006.

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 Reduced Disclosure Framework. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

RESPONSIBILITIES STATEMENT

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company; and
- the management report, which is incorporated into the directors' report, includes a fair review of the development and performance of the business and the position of the company, together with a description of the principal risks and uncertainties that they face.

GREENSANDS EUROPE LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2016 (continued)

STATEMENT OF PROVISION OF INFORMATION TO AUDITOR

Each of the persons who is a director at the date of approval of this report confirms that:

- (1) so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware;
and
- (2) each director has taken all the steps that he/she ought to have taken as a director in order to make him/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

INDEPENDENT AUDITOR

Deloitte LLP have indicated their willingness to continue in office. A resolution that they be reappointed will be proposed at the forthcoming annual general meeting.

Approved by the Board of Directors and signed by order of the Board.



J Statton
Company Secretary
20 July 2016

GREENSANDS EUROPE LIMITED

INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2016

	Notes	2016 £m	2015 £m
Continuing operations			
Finance income	4	198.2	85.3
Finance costs	5	(198.2)	(85.3)
Net finance result		-	-
Result before taxation	6	-	-
Tax on result	7	(19.0)	(17.9)
Loss for the financial year		(19.0)	(17.9)

There was no other comprehensive income or losses for the years ending 31 March 2015 and 31 March 2016, accordingly no separate statement of other comprehensive income is presented.

GREENSANDS EUROPE LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2016

	Notes	2016 £m	2015 £m
Non-current assets			
Investments	8	1.0	1.0
Other non-current assets	9	1,775.9	1,680.4
Total assets		1,776.9	1,681.4
Current liabilities			
Trade and other payables	10	(124.2)	(105.2)
Non-current liabilities			
Borrowings: amounts falling due after one year	11	(1,807.2)	(1,711.7)
Total liabilities		(1,931.4)	(1,816.9)
Total net liabilities		(154.5)	(135.5)
Equity			
Called up share capital	12	1.0	1.0
Retained deficit		(155.5)	(136.5)
Total equity		(154.5)	(135.5)

The financial statements of Greensands Europe Limited (Registered no. 06366236) were approved by the Board of Directors and authorised for issue on 20 July 2016.

Signed on behalf of the Board of Directors:



M Nagle
Director

GREENSANDS EUROPE LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2016

	Called up share capital £m	Retained Earnings £m	Total £m
Balance at 1 April 2014	1.0	(118.6)	(117.6)
Loss for the financial year	-	(17.9)	(17.9)
Balance at 31 March 2015	1.0	(136.5)	(135.5)
Loss for the financial year	-	(19.0)	(19.0)
Balance at 31 March 2016	1.0	(155.5)	(154.5)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

1 Accounting policies

Basis of preparation

The company is incorporated in the United Kingdom under the Companies Act. The address of the registered office is given on page 1. The nature of the company's operations and its principal activities are set out in the directors' report on page 3.

The company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council (FRC). Accordingly, in the year ended 31 March 2016 the company has changed its accounting framework from pre-2015 UK GAAP to FRS 101 'Reduced Disclosure Framework' as issued by the FRC and has, in doing so, applied the requirements of IFRS 1 'First Time Adoption of International Financial Reporting Standards' paragraphs 6-33 and related appendices. The principal accounting policies adopted are set out in Note 1.

These financial statements were prepared in accordance with FRS 101 incorporating the Amendments to FRS 101 issued by the FRC in July 2015 and the amendments to Company law made by The Companies, Partnerships and Groups (Accounts and Reports) Regulations 2015 prior to their mandatory effective date of accounting periods beginning on or after 1 January 2016. The prior year financial statements were re-stated for material adjustments on adoption of FRS 101 in the current year. For more information see note 14.

The financial statements have been prepared on a going concern basis under the historical cost convention.

Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services.

The financial statements contain information about Greensands Europe Limited as an individual company and do not contain consolidated financial information as the parent of subsidiary companies. The company is exempt under Section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertaking are included by full consolidation in the consolidated financial statements of the ultimate holding company, Greensands Holdings Limited. The group financial statements of Greensands Holdings Limited are available to the public and can be obtained from the address in note 13.

As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to presentation of a statement of cash flows, financial instruments, standards not yet effective and related party transactions. Where required, equivalent disclosures are given in the group financial statements of Greensands Holdings Limited.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016 (continued)

1 Accounting Policies (continued)

Going concern

The directors believe that preparing the accounts on the going concern basis is appropriate due to the continued financial support of the ultimate parent company Greensands Holdings Limited. The directors have received confirmation that Greensands Holdings Limited intends to support the company for at least one year after these financial statements are signed.

Related party disclosure

The company has taken advantage of the exemption under FRS 101 paragraph 8(j) from the requirements of IAS 24, 'Related Party Disclosures', on the grounds that it is a wholly owned subsidiary of a group headed by Greensands Holdings Limited, whose financial statements are publicly available from the address in note 13.

Investments

Investments held as non-current assets are stated at cost, less provision, if appropriate, for any impairment in value other than a temporary impairment in value. The carrying values of non-current asset investments are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable. Interest income is accrued on a daily basis. Dividends and other investment income is accounted for when it becomes receivable.

Taxation

The taxation charge in the income statement represents the sum of the tax currently payable and deferred tax.

Current taxation is based on the profit for the year as adjusted for disallowable and non-taxable items and items of income or expense which are taxable or deductible in other years. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the statement of financial position date.

Deferred taxation is tax expected to be payable on temporary differences between the treatment of certain items for taxation and accounting purposes. Deferred taxation is provided on all temporary differences that have originated but not reversed by the end of the reporting period. It is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the statement of financial position date.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is regarded as probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the company intends to settle its current tax assets and liabilities on a net basis.

Interest income, interest payable and similar income and charges

Interest income, interest payable and similar income and charges are recognised on an accruals basis.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016 (continued)

2 Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, which are described in note 1 above, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the company's accounting policies

The following are the critical judgements that the directors have made in the process of applying the company's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

- (i) Taxation
The tax charge is based on the results for the year and the tax rates in force at the end of the reporting period. Estimation of the tax charge involves an assessment of the potential tax treatment of certain items, which will only be resolved once finally agreed with the tax authorities.
- (ii) Impairment
Impairment is recognised in the income statement when there is evidence that the value of an investment is higher than the recoverable amount. Recoverable amount is the lower of, value in use or net realisable value. An impairment review requires management to make subjective judgements regarding the recoverable amount of the investment under review.

GREENSANDS EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016 (continued)

3 Employee information

During the year the company had no employees (2015: None).

The services of the directors are deemed to be wholly attributable to their services to Greensands Holdings Limited, with only one director receiving payment for their services in the year. The total sum has been recorded in the consolidated financial statements of Greensands Holdings Limited, which are available to the public and can be obtained from the address in note 13. Therefore, the directors received no emoluments during the year or the prior year in respect of their services to the company.

4 Finance income

	2016	2015
	£m	£m
Interest receivable from group companies	<u>198.2</u>	<u>85.3</u>

5 Finance costs

	2016	2015
	£m	£m
Interest payable to group companies	102.8	0.1
Other interest payable	95.4	85.2
	<u>198.2</u>	<u>85.3</u>

6 Result before taxation

In 2016 and 2015 audit fees of £1,000 were borne by Greensands Holdings Limited and not recharged to the company.

7 Tax on result

	2016	2015
	£m	£m
Current tax:		
Current year	19.0	17.9
Total tax charge	<u>19.0</u>	<u>17.9</u>

The tax charge for the year can be reconciled to the income statement as follows:

	2016	2015
	£m	£m
Result before taxation	<u>-</u>	<u>-</u>
UK corporation tax rate at 20% on loss for the year (2015: 21%)	-	-
Permanent differences arising on Eurobond interest	19.0	17.9
Total tax charge for year	<u>19.0</u>	<u>17.9</u>

Factors that may affect future tax charges

On the 8 July 2015 the UK government announced reductions in the main rate of corporation tax from 20 per cent to 19 per cent from 1 April 2017 and 18 per cent from 1 April 2020. These rate changes were enacted in the Finance Bill 2015 during the year and any deferred tax balances have been calculated using these reduced rates.

On 16 March 2016 the UK government announced a further reduction in the future main rate of corporation tax from the planned 18 per cent, to a rate of 17 per cent, effective from 1 April 2020, although this reduction was not substantively enacted at the statement of financial position date.

No deferred tax arose during the year to 31 March 2016 (2015: nil).

GREENSANDS EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016 (continued)

8 Investments

**Shares in
subsidiary
undertakings
£m**

At cost & net book amount:

At 1 April 2015 and 31 March 2016

1.0

Subsidiary undertaking

Company	Class of share capital	No shares issued at £1 each	% shares held	Activity	Country of incorporation	Registered office
Greensands (UK) Limited	Ordinary	1,000,000	100%	Holding company	UK	Southern House, Yeoman Road, Worthing, West Sussex, BN13 3NX

The directors are satisfied that the book value of investments is supported by their underlying net assets or the company's position within the wider group.

GREENSANDS EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016 (continued)

8 Investments (continued)

By virtue of the company's ownership of Greensands (UK) Limited it also has the following indirect holdings in subsidiary undertakings of the below companies.

Company	Registered Office	Activity
Southern Water (Greensands) Financing plc	Southern House, Yeoman Road, Worthing	To raise debt finance
Greensands Junior Finance Limited	Southern House, Yeoman Road, Worthing	Holding company
Greensands Senior Finance Limited	Southern House, Yeoman Road, Worthing	Holding company
Greensands Investments Limited	Southern House, Yeoman Road, Worthing	Holding company
Southern Water Capital Limited	Southern House, Yeoman Road, Worthing	Holding company
Southern Water Investments Limited	Southern House, Yeoman Road, Worthing	Holding company
Southern Water Services Group Limited	Southern House, Yeoman Road, Worthing	Holding company
SWS Group Holdings Limited	Southern House, Yeoman Road, Worthing	Holding company
SWS Holdings Limited	Southern House, Yeoman Road, Worthing	Holding company
Southern Water Services Limited	Southern House, Yeoman Road, Worthing	Supply of Water and Wastewater Services
Southern Water Services (Finance) Limited*	Ugland House, PO Box 309, George Town, Grand Cayman	To raise debt finance
Southern Water Executive Pension Scheme Trustees Limited	Southern House, Yeoman Road, Worthing	Dormant
Southern Water Pension Trustees Limited	Southern House, Yeoman Road, Worthing	Dormant
Southern Water Retail Services Limited	Southern House, Yeoman Road, Worthing	Dormant
Southern Water (NR) Holdings Limited	Southern House, Yeoman Road, Worthing	Holding company
Southern Water (NR) Limited	1 Exchange Crescent, Conference Square, Edinburgh	Holding company
Southern Water Limited	Southern House, Yeoman Road, Worthing	Holding company
Bowsprit Holdings Limited	Southern House, Yeoman Road, Worthing	Dormant
Bowsprit Property Development Limited	Southern House, Yeoman Road, Worthing	To hold property rights
Monk Rawling Limited	Southern House, Yeoman Road, Worthing	Dormant
Southern Water Industries Limited	Southern House, Yeoman Road, Worthing	Dormant
EcoClear Limited	Southern House, Yeoman Road, Worthing	Dormant

*Southern Water Services (Finance) Limited is registered in the UK for tax purposes.

All of the above subsidiary companies are wholly owned by ordinary shares.

GREENSANDS EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016 (continued)

9 Other non-current assets

	2016	2015
	£m	£m
Amounts due from group undertakings	1,775.9	1,680.4

All amounts due from group undertakings due after one year are unsecured. Interest on this balance has accrued at 11.49% for the year ended 31 March 2016. Further, for the year ending 31 March 2017 the interest rate charge has been decided by agreement of the directors of Greensands Europe Limited and Greensands (UK) Limited and has been set to between 0.0% and 18.0%. The directors have confirmed that this balance will not be called upon for 12 months from the date of these financial statements.

10 Trade and other payables

	2016	2015
	£m	£m
Amounts owed to group undertakings	124.2	105.2

All amounts owed to group undertakings due within one year are unsecured, interest free and repayable on demand.

11 Borrowings: amounts falling due after one year

	2016	2015
	£m	£m
Amounts owed to group undertakings (note (i) below)	916.5	916.5
Loans and other borrowings:		
Eurobonds 12% 2021 (note (ii) below)	890.7	795.2
	1,807.2	1,711.7

Notes

- (i) All amounts owed to group undertakings are unsecured. Of this balance, £897.6m accrued interest at 11.45% for the year ended 31 March 2016. Further, for the year ending 31 March 2017 and for 12 months from the date of signing of these financial statements the interest rate charge has been decided by agreement of the directors of Greensands Europe Limited and Greensands Holdings Limited and has been set to between 0% and 18.0%. The remaining balance of £18.9m is unsecured, interest free and repayable on demand. It has been confirmed by Greensands Holdings Limited and Greensands Junior Finance Limited that neither of these balances will be called upon for 12 months from the date of these financial statements.

- (ii) The Eurobonds are issued by the company to the shareholders of its ultimate parent company, Greensands Holdings Limited. This facility is guaranteed under a group Security Agreement. The agreement is over the entire property, assets, rights and undertakings of each of Southern Water Services Limited, Southern Water Services (Finance) Limited, SWS Holdings Limited and SWS Group Holdings Limited. In the case of Southern Water Services Limited, this is to the extent permitted by the Water Industry Act 1991 and License.

	2016	2015
	£m	£m
Repayments fall due as follows:		
After five years not by instalments	1,807.2	1,711.7

GREENSANDS EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016 (continued)

12 Called up share capital

	2016 £m	2015 £m
Authorised, allotted, called up and fully paid:		
1,000,000 ordinary share (2015: 1,000,000) of £1 each	<u>1.0</u>	<u>1.0</u>

13 Ultimate parent and controlling party

The immediate parent, ultimate parent and controlling company is Greensands Holdings Limited, a company incorporated in Jersey. At 31 March 2016, the major shareholders in Greensands Holdings Limited were a consortium including IIF International SW UK Investments Limited (managed by JP Morgan Investments Inc.) and The Northern Trust Company.

Greensands Holdings Limited is the only group company that prepares consolidated financial statements which contain the financial statements of Greensands Europe Limited. Copies of Greensands Holdings Limited's consolidated financial statements may be obtained from the Company Secretary of Greensands Holdings Limited, at Southern House, Yeoman Road, Worthing, BN13 3NX.

14 Transition from UK GAAP to FRS 101

This is the first year the company has presented its financial statements under FRS 101 issued by the Financial Reporting Council. The last financial statements prepared under the previous UK accounting framework were for the year ending 31 March 2015. The date of transition was 1 April 2014 and all comparative information in these financial statements has been restated, where appropriate, to reflect the company's adoption of FRS 101, except where otherwise required or permitted by IFRS 1.

Preparation of the opening statement of financial position as at 1 April 2014 under FRS 101 was consistent with that under UK GAAP therefore there are no financial adjustments on transition from UK GAAP to FRS 101. As part of this process consideration was also given to the income statement and statement of financial position disclosed within these financial statements and no differences have been identified.

15 Events after the statement of financial position date

One of the major shareholders of Greensands Holdings Limited (GSH), being The Northern Trust Company, sold their shares in GSH, the ultimate parent company, after the reporting date. The shares were acquired by existing shareholders under the pre-emption arrangements on 19 May 2016.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GREENSANDS EUROPE LIMITED

We have audited the financial statements of Greensands Europe Limited for the year ended 31 March 2016 which comprise the income statement, statement of financial position, statement of changes in equity and the related notes 1 to 15. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 "Reduced Disclosure Framework."

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

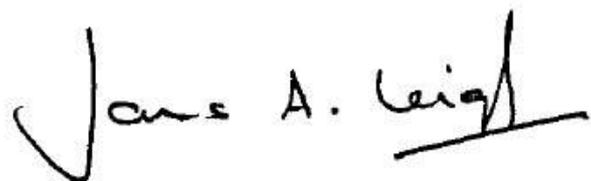
In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report and the directors' report.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GREENSANDS EUROPE LIMITED (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

A handwritten signature in black ink that reads "James A. Leigh". The signature is written in a cursive style with a horizontal line underneath the name.

James Leigh (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom
29 July 2016