

---

# ***Tata Steel International (Denmark) A/S***

Frederiksborgvej 23, DK-3520 Farum

## **Annual Report for 1 April 2017 - 31 March 2018**

---

CVR No 16 41 67 89

The Annual Report was  
presented and adopted at  
the Annual General  
Meeting of the Company on  
19/6 2018

Ole Skjold Hansen  
Chairman



**pwc**

# Contents

	<u>Page</u>
<b>Management's Statement and Auditor's Report</b>	
Management's Statement	1
Independent Auditor's Report	2
<b>Company Information</b>	
Company Information	5
Management's Review	6
<b>Financial Statements</b>	
Income Statement 1 April - 31 March	8
Balance Sheet 31 March	9
Statement of Changes in Equity	11
Notes to the Financial Statements	12

# Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Tata Steel International (Denmark) A/S for the financial year 1 April 2017 - 31 March 2018.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the financial position at 31 March 2018 of the Company and of the results of the Company operations for 2017/18.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Farum, 19 June 2018

## Executive Board

Ole Skjold Hansen  
CEO

## Board of Directors

Ole Tønning Villumsen  
Chairman

Philip Leslie Hancox

Ole Skjold Hansen

# Independent Auditor's Report

To the Shareholder of Tata Steel International (Denmark) A/S

## Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 March 2018 and of the results of the Company's operations for the financial year 1 April 2017 - 31 March 2018 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Tata Steel International (Denmark) A/S for the financial year 1 April 2017 - 31 March 2018, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

# Independent Auditor's Report

## Management's responsibilities for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Financial Statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. 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.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain 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.
- Obtain 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

## Independent Auditor's Report

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

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 deficiencies in internal control that we identify during our audit.

Aarhus, 19 June 2018

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

*CVR No 33 77 12 31*

Henrik Kragh  
statsautoriseret revisor  
mne26783

Dennis Nymann  
statsautoriseret revisor  
mne34469

## Company Information

### **The Company**

Tata Steel International (Denmark) A/S  
Frederiksborgvej 23  
DK-3520 Farum

CVR No: 16 41 67 89  
Financial period: 1 April - 31 March  
Municipality of reg. office: Furesø

### **Board of Directors**

Ole Tønning Villumsen, Chairman  
Philip Leslie Hancox  
Ole Skjold Hansen

### **Executive Board**

Ole Skjold Hansen

### **Auditors**

PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
Nobelparken  
Jens Chr. Skous Vej 1  
DK-8000 Aarhus C

# Management's Review

## **Primary activities**

The Company's primary activity is to sell and service steel products from the Parent Company's manufacturing facilities in the UK and the Netherlands, respectively.

## **Development in the year**

### ***Market conditions***

Steel prices have been stable/slightly increasing at a high level throughout the entire financial year and together with solid demand and the Parent Company's wish for growth in the Nordic region, the financial year has seen a positive development.

Thus, the Company realised positive growth of approximate 17% compared to last year.

Growth relates mainly to coil products.

During the year, the Parent Company conclusively transferred a number of activities in the UK to Liberty and British Steel, respectively. Consequently, the Company no longer represents these activities in the Danish market (rail, rolled wire and engineering bars).

Increasing sales and the staff reduction last year have resulted in the Company realising a profit for the year.

### ***Organisation***

Increasing sales have put pressure on the organisation, and one additional employee would be desirable.

However, the Company awaits the Parent Company's joint venture negotiations with the German company Thyssen Krupp Stahl (TKS) which may have an impact on the Company's organisation as TKS is also represented in Denmark.

### ***Expected development***

The Parent Company continues to focus on growth in the Nordic region. Various activities are in progress to support this process, primarily within the Company's own operations.

The Company is also working on alternatives with other Tata companies, eg Tata Power Solar; in the year, cooperation was entered into on supply to the solar industry. For the present, this activity has no financial effect on the Company's results.

After the end of the financial year, the Company has been requested to carry out activities in Poland on behalf of the Parent Company. These activities may have a positive impact on the year ahead.



## **Management's Review**

### **Subsequent events**

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

## Income Statement 1 April - 31 March

	Note	2017/18 DKK	2016/17 DKK
<b>Revenue</b>		<b>5,262,389</b>	<b>4,882,552</b>
Other external expenses		-813,926	-857,867
<b>Gross profit/loss</b>		<b>4,448,463</b>	<b>4,024,685</b>
Staff expenses	1	-2,941,477	-4,433,232
<b>Profit/loss before financial income and expenses</b>		<b>1,506,986</b>	<b>-408,547</b>
Financial expenses		-556	-12
<b>Profit/loss before tax</b>		<b>1,506,430</b>	<b>-408,559</b>
Tax on profit/loss for the year	2	-342,338	82,333
<b>Net profit/loss for the year</b>		<b>1,164,092</b>	<b>-326,226</b>

## Distribution of profit

### Proposed distribution of profit

Proposed dividend for the year	837,866	0
Retained earnings	326,226	-326,226
	<b>1,164,092</b>	<b>-326,226</b>

## Balance Sheet 31 March

### Assets

	Note	2018 DKK	2017 DKK
Other receivables		69,468	69,120
<b>Fixed asset investments</b>		<b>69,468</b>	<b>69,120</b>
<b>Fixed assets</b>		<b>69,468</b>	<b>69,120</b>
Receivables from group enterprises		2,374,625	1,934,986
Other receivables		19,547	17,603
Deferred tax asset		0	84,983
Prepayments		64,397	74,577
<b>Receivables</b>		<b>2,458,569</b>	<b>2,112,149</b>
<b>Cash at bank and in hand</b>		<b>1,569,822</b>	<b>704,150</b>
<b>Currents assets</b>		<b>4,028,391</b>	<b>2,816,299</b>
<b>Assets</b>		<b>4,097,859</b>	<b>2,885,419</b>

# Balance Sheet 31 March

## Liabilities and equity

	Note	2018 DKK	2017 DKK
Share capital		910,000	910,000
Retained earnings		0	-326,226
Proposed dividend for the year		837,866	0
<b>Equity</b>	3	<b>1,747,866</b>	<b>583,774</b>
Provision for deferred tax		14,167	0
<b>Provisions</b>		<b>14,167</b>	<b>0</b>
Trade payables		26,392	1,898
Payables to group enterprises		1,247,703	1,483,025
Corporation tax		243,188	0
Other payables		818,543	816,722
<b>Short-term debt</b>		<b>2,335,826</b>	<b>2,301,645</b>
<b>Debt</b>		<b>2,335,826</b>	<b>2,301,645</b>
<b>Liabilities and equity</b>		<b>4,097,859</b>	<b>2,885,419</b>
Contingent assets, liabilities and other financial obligations	4		
Related parties	5		
Accounting Policies	6		

## Statement of Changes in Equity

	Share capital	Retained earnings	Proposed dividend for the year	Total
	DKK	DKK	DKK	DKK
Equity at 1 April	910,000	-326,226	0	583,774
Net profit/loss for the year	0	326,226	837,866	1,164,092
<b>Equity at 31 March</b>	<b>910,000</b>	<b>0</b>	<b>837,866</b>	<b>1,747,866</b>

## Notes to the Financial Statements

	<u>2017/18</u>	<u>2016/17</u>
	DKK	DKK
<b>1 Staff expenses</b>		
Wages and salaries	2,613,755	3,952,063
Pensions	308,689	446,803
Other social security expenses	19,033	34,366
	<u>2,941,477</u>	<u>4,433,232</u>
<b>Average number of employees</b>	<u>3</u>	<u>5</u>
<b>2 Tax on profit/loss for the year</b>		
Current tax for the year	243,188	0
Deferred tax for the year	99,150	-82,333
	<u>342,338</u>	<u>-82,333</u>

### 3 Equity

The share capital consists of 910 shares of a nominal value of DKK 1,000. No shares carry any special rights.

There have been no changes in the share capital during the last 5 years.

## Notes to the Financial Statements

	<u>2018</u> DKK	<u>2017</u> DKK
<b>4 Contingent assets, liabilities and other financial obligations</b>		
<b>Unrecognised rental and lease commitments</b>		
Hereof liabilities under rental or lease agreements until maturity in total	<u>70,505</u>	<u>112,559</u>
	<u><b>70,505</b></u>	<u><b>112,559</b></u>

### Other contingent liabilities

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of Tata Steel Denmark Byggesystemer A/S, which is the management company of the joint taxation purposes. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on un-earned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

## 5 Related parties

The following shareholder is recorded in the Company's register of shareholders as holding at least 5% of the votes or at least 5% of the share capital:

British Steel Nederland BV, Fregatweg 42, 6222 NZ Maastricht, the Netherlands.

# Notes to the Financial Statements

## 6 Accounting Policies

The Annual Report of Tata Steel International (Denmark) A/S for 2017/18 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2017/18 are presented in DKK.

### Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

### Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.



# Notes to the Financial Statements

## 6 Accounting Policies (continued)

### Income Statement

#### Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

#### Other external expenses

Other external expenses comprise expenses for premises, sales and distribution as well as office expenses, etc.

#### Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses other than production wages.

#### Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

#### Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with wholly owned Danish and foreign subsidiaries. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

### Balance Sheet

#### Fixed asset investments

Fixed asset investments consist of security deposit.

#### Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

# Notes to the Financial Statements

## 6 Accounting Policies (continued)

### **Prepayments**

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

### ***Dividend***

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

### **Deferred tax assets and liabilities**

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

### **Current tax receivables and liabilities**

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

### **Financial debts**

Debts are measured at amortised cost, substantially corresponding to nominal value.