
***TATA STEEL
INTERNATIONAL
(DENMARK) A/S***

Frederiksborgvej 23, DK-3520 Farum

**Annual Report for 1 April 2018 -
31 March 2019**

CVR No 16 41 67 89

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
20/6 2019

Ole Skjold Hansen
Chairman of the General
Meeting



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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 2018 - 31 March 2019.

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 2019 of the Company and of the results of the Company operations for 2018/19.

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

Farum, 20 June 2019

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 2019 and of the results of the Company's operations for the financial year 1 April 2018 - 31 March 2019 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 2018 - 31 March 2019, 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, 20 June 2019

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Henrik Kragh

statsautoriseret revisor

mne26783

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 activities and financial position

Market conditions

Steel prices have been declining from a high level throughout the entire financial year, and together with declining demand, the Company has not succeeded in achieving the planned growth in volume. The Company has started handling the sales to a Polish customer, which has contributed positively to revenue.

Thus, the Company closed the year having realised positive growth in volume of 3.8% over last year.

Growth is realised mainly in coil products.

Increasing sales and lower costs due to earlier restructuring have resulted in the Company realising a profit.

Organisation

Increasing sales have put pressure on the organisation, and as the expected joint venture with the German Thyssen Krupp Stahl (TKS) apparently comes to nothing, the pressure is expected to continue.

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 further weakening of the market is expected to influence the profit for 2019/20 when sales will presumably be even lower than in 2018/19; not to an extent, however, that will materially affect the performance of the Company.

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	2018/19 DKK	2017/18 DKK
Gross profit/loss		5,127,877	4,448,463
Staff expenses	1	-2,731,158	-2,941,477
Profit/loss before financial income and expenses		2,396,719	1,506,986
Financial expenses		-80	-556
Profit/loss before tax		2,396,639	1,506,430
Tax on profit/loss for the year	2	-532,978	-342,338
Net profit/loss for the year		1,863,661	1,164,092

Distribution of profit

Proposed distribution of profit

Proposed dividend for the year	1,863,661	837,866
Retained earnings	0	326,226
	1,863,661	1,164,092

Balance Sheet 31 March

Assets

	<u>Note</u>	<u>2019</u> DKK	<u>2018</u> DKK
Other receivables		71,915	69,468
Fixed asset investments		71,915	69,468
Fixed assets		71,915	69,468
Receivables from group enterprises		4,129,750	2,374,625
Other receivables		30,943	19,547
Prepayments		36,430	64,397
Receivables		4,197,123	2,458,569
Cash at bank and in hand		1,333,184	1,569,822
Currents assets		5,530,307	4,028,391
Assets		5,602,222	4,097,859

Balance Sheet 31 March

Liabilities and equity

	<u>Note</u>	<u>2019</u> DKK	<u>2018</u> DKK
Share capital		910,000	910,000
Proposed dividend for the year		1,863,661	837,866
Equity		<u>2,773,661</u>	<u>1,747,866</u>
Provision for deferred tax		8,015	14,167
Provisions		<u>8,015</u>	<u>14,167</u>
Trade payables		11,859	26,392
Payables to group enterprises		1,490,893	1,247,703
Corporation tax		539,130	243,188
Other payables		778,664	818,543
Short-term debt		<u>2,820,546</u>	<u>2,335,826</u>
Debt		<u>2,820,546</u>	<u>2,335,826</u>
Liabilities and equity		<u>5,602,222</u>	<u>4,097,859</u>
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Statement of Changes in Equity

	Share capital	Proposed dividend for the year	Total
	DKK	DKK	DKK
Equity at 1 April	910,000	837,866	1,747,866
Ordinary dividend paid	0	-837,866	-837,866
Net profit/loss for the year	0	1,863,661	1,863,661
Equity at 31 March	910,000	1,863,661	2,773,661

Notes to the Financial Statements

	<u>2018/19</u>	<u>2017/18</u>
	DKK	DKK
1 Staff expenses		
Wages and salaries	2,398,312	2,613,755
Pensions	314,862	308,689
Other social security expenses	17,984	19,033
	<u>2,731,158</u>	<u>2,941,477</u>
Average number of employees	<u>3</u>	<u>3</u>
2 Tax on profit/loss for the year		
Current tax for the year	539,130	243,188
Deferred tax for the year	-6,152	99,150
	<u>532,978</u>	<u>342,338</u>
	<u>2019</u>	<u>2018</u>
	DKK	DKK
3 Contingent assets, liabilities and other financial obligations		
Unrecognised rental and lease commitments		
Hereof liabilities under rental or lease agreements until maturity in total	<u>107,868</u>	<u>70,505</u>
	<u>107,868</u>	<u>70,505</u>

Other contingent liabilities

The Danish group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. Moreover, the Danish group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

Notes to the Financial Statements

4 Accounting Policies

The Annual Report of TATA STEEL INTERNATIONAL (DENMARK) A/S for 2018/19 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 2018/19 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

4 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.

Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue and other external expenses.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

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 other Danish companies in the group. 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 deposits.

Notes to the Financial Statements

4 Accounting Policies (continued)

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.

Prepayments

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

Equity

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.