

**TATA Steel International
(Denmark) A/S**
Frederiksborgvej 23
3520 Farum
Central Business Registration No
16416789

Annual report 2016/17

The Annual General Meeting adopted the annual report on 22.06.2017

Chairman of the General Meeting



Name: Ole Skjold Hansen

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Entity details

Entity

TATA Steel International (Denmark) A/S
Frederiksborgvej 23
3520 Farum

Central Business Registration No: 16416789

Registered in: Furesø

Financial year: 01.04.2016 - 31.03.2017

Board of Directors

Klaus-Peter Galla, Chairman

Philip Leslie Hancox

Ole Skjold Hansen

Executive Board

Ole Skjold Hansen, CEO

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

Postboks 1600

0900 København C

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of TATA Steel International (Denmark) A/S for the financial year 01.04.2016 - 31.03.2017.

The annual report is presented in accordance with the Danish Financial Statements Act

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.03.2017 and of the results of its operations for the financial year 01.04.2016 - 31.03.2017.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

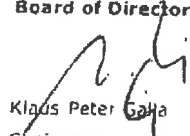
We recommend the annual report for adoption at the Annual General Meeting

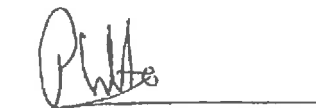
Farum, 22.06.2017

Executive Board

Ole Skjold Hansen
CEO

Board of Directors


Klaus Peter Gøha
Chairman


Phillip Leslie Hancox


Ole Skjold Hansen

Independent auditor's report

To the shareholders of TATA Steel International (Denmark) A/S

Opinion

We have audited the financial statements of TATA Steel International (Denmark) A/S for the financial year 01.04.2016 - 31.03.2017, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.03.2017 and of the results of its operations for the financial year 01.04.2016 - 31.03.2017 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of 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.

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 Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity 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:

Independent auditor's report

- 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 Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- 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 Entity'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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, 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.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, 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 the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Independent auditor's report

Based on the work we have performed, we conclude that the management commentary 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 of the management commentary.

Copenhagen, 22.06.2017

Deloitte

Statsautoriseret Revisionspartnerselskab

Central Business Registration No: 33963556



Flemming Larsen

State Authorised Public Accountant

Management commentary

Primary activities

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

Development in activities and finances

Market conditions

The Company realized a loss of DKK 326k for the financial year 2016/17.

This is primarily attributable to two circumstances:

The price per ton on which the Company receives a commission went down with approx. 7 % from 2015/16 to 2016/17. In tonnage, the Company also sold less in 2016/17 than in 2015/16.

In addition, the Company has dismissed two out of a total of five employees who have received pay for nearly all of the year as well as a termination benefit, which has increased this year's payroll costs.

These two circumstances have resulted in the Company realizing a loss of DKK 326k for the financial year 2016/17.

For 2017/18, the Company anticipate for a profit of approx. DKK 1.5m in the budget. Also, the budget provides for almost the same level of sales as realized for 2016/17, although at lower payroll costs as the Company has gone from five to three full-time employees.

Organisation

The Parent's sell-off of assets last year in the UK and further sell-offs this year have led to a need to restructure and discharge in Denmark.

Consequently, two employees have been discharged and have left in the financial year.

Outlook

The Parent is working targetedly to grow 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, and there are still activities with the new owners of former Tata operations.

Generally, significant results from these efforts are not expected to be seen until in the financial year 2018/19, for which reason expectations for the financial year 2017/18 will be the same as for this year.

Management commentary

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Income statement for 2016/17

	<u>Notes</u>	<u>2016/17 DKK</u>	<u>2015/16 DKK'000</u>
Revenue		4.882.552	5.485
Other external expenses		(857.867)	(813)
Gross profit/loss		4.024.685	4.672
Staff costs	1	(4.433.232)	(4.358)
Operating profit/loss		(408.547)	314
Other financial expenses		(12)	0
Profit/loss before tax		(408.559)	314
Tax on profit/loss for the year	2	82.333	(79)
Profit/loss for the year		(326.226)	235
Proposed distribution of profit/loss			
Ordinary dividend for the financial year		0	235
Retained earnings		(326.226)	0
		(326.226)	235
Dividend distributed after the balance sheet date			
Extraordinary dividend		0	235.320

Balance sheet at 31.03.2017

	<u>Notes</u>	<u>2016/17 DKK</u>	<u>2015/16 DKK'000</u>
Other fixtures and fittings, tools and equipment		0	0
Property, plant and equipment	3	0	0
Other receivables		69.120	66
Fixed asset investments		69.120	66
Fixed assets		69.120	66
Receivables from group enterprises		1.934.986	2.342
Deferred tax		84.983	2
Other receivables		17.603	20
Prepayments		74.577	499
Receivables		2.112.149	2.863
Cash		704.150	494
Current assets		2.816.299	3.357
Assets		2.885.419	3.423

Balance sheet at 31.03.2017

	<u>Notes</u>	<u>2016/17</u> <u>DKK</u>	<u>2015/16</u> <u>DKK'000</u>
Contributed capital	4	910.000	910
Retained earnings		(326.226)	235
Equity		<u>583.774</u>	<u>1.145</u>
Trade payables		1.898	14
Payables to group enterprises		1.483.025	1.169
Income tax payable		0	78
Other payables		816.722	1.017
Current liabilities other than provisions		<u>2.301.645</u>	<u>2.278</u>
Liabilities other than provisions		<u>2.301.645</u>	<u>2.278</u>
Equity and liabilities		<u>2.885.419</u>	<u>3.423</u>
Unrecognised rental and lease commitments	5		
Contingent liabilities	6		
Related parties with controlling interest	7		
Group relations	8		

Statement of changes in equity for 2016/17

	Contributed capital DKK	Retained earnings DKK	Proposed dividend DKK	Total DKK
Equity beginning of year	910.000	0	235.320	1.145.320
Ordinary dividend paid	0	0	(235.320)	(235.320)
Profit/loss for the year	0	(326.226)	0	(326.226)
Equity end of year	910.000	(326.226)	0	583.774

Notes

	2016/17	2015/16
	DKK	DKK'000
1. Staff costs		
Wages and salaries	3.952.063	3.884
Pension costs	446.803	437
Other social security costs	34.366	37
	4.433.232	4.358
Average number of employees	5	6
	2016/17	2015/16
	DKK	DKK'000
2. Tax on profit/loss for the year		
Tax on current year taxable income	0	78
Change in deferred tax for the year	(82.333)	1
	(82.333)	79
		Other fixtures and fittings, tools and equipment DKK
3. Property, plant and equipment		
Cost beginning of year		241.495
Cost end of year		241.495
Depreciation and impairment losses beginning of the year		(241.495)
Depreciation and impairment losses end of the year		(241.495)
Carrying amount end of year		0

Notes

	<u>Number</u>	<u>Par value DKK</u>	<u>Nominal value DKK</u>
4. Contributed capital			
Ordinary shares	910	1000	910.000
	<u>910</u>		<u>910.000</u>

No shares have been assigned special rights.

There have been no changes in share capital in the past five financial years.

	<u>2016/17 DKK</u>	<u>2015/16 DKK'000</u>
5. Unrecognised rental and lease commitments		
Hereof liabilities under rental or lease agreements until maturity in total	<u>112.559</u>	<u>137</u>

6. Contingent liabilities

The Entity participates in a Danish joint taxation arrangement in which TATA Steel Denmark Byggesystemer A/S serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable from the financial year 2013 for income taxes etc for the jointly taxed entities and from 1 July 2012 for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The total known net liability of the jointly taxed entities under the joint taxation arrangement is evident from the administration company's financial statements.

7. Related parties with controlling interest

Related parties with a controlling interest in Tata Steel International (Denmark) A/S:

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

8. Group relations

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:

The Company has registered the following shareholder to hold more than 5 % of the voting share capital or the nominal value of the share capital:

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

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B.

The accounting policies applied to these financial statements are consistent with those applied last year.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

Income statement

Revenue

The Entity's income in the form of payments is recognised in the income statement as it is rendered in accordance with the agreement with the Parent. Revenue comprises commission from parent company based on sold tonnage.

Other external expenses

Other external expenses comprise expenses for distribution, sale, marketing, administration, premises, bad debts, ect.

Staff costs

Accounting policies

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for entity staff.

Other financial expenses

Other financial expenses comprise interest expenses

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The Entity is jointly taxed with all Danish subsidiaries in the TATA Steel Group. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet

Property, plant and equipment

Other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Other fixtures and fittings, tools and equipment	3-10 years
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Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities, for which the tax-based value of assets is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carry forwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Prepayments

Accounting policies

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprises cash in hand and bank deposits.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Income tax receivable or payable

Current tax payable or receivable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax