

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

Annual report 2015/16

The Annual General Meeting adopted the annual report on 20.06.2016

Chairman of the General Meeting



Name: Ole Skjold Hansen

Entity details

Entity

TATA Steel International (Denmark) A/S

Frederiksborgvej 23

DK-3520 Farum

Central Business Registration No: 16416789

Registered in: Furesø

Financial year: 01.04.2015 - 31.03.2016

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

P.O. Box 1600

0900 Copenhagen 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 01.04.2015 - 31.03.2016.

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 31.03.2016 and of the results of its operations for the financial year 01.04.2015 - 31.03.2016.

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, 20.06.2016

Executive Board

Ole Skjold Hansen
CEO

Board of Directors


Klaus-Peter Galia
Chairman



Philip Leslie Hancox



Ole Skjold Hansen

Independent auditor's reports

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

Report on the financial statements

We have audited the financial statements of TATA Steel International (Denmark) A/S for the financial year 01.04.2015 - 31.03.2016, which comprise the accounting policies, income statement, balance sheet, statement of changes in equity and notes. The financial statements are prepared in accordance with the Danish Financial Statements Act.

Management's responsibility 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.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Entity's preparation of financial statements that give a true and fair view 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as the overall presentation of the financial statements.

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

Our audit has not resulted in any qualification.

Opinion

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31.03.2016 and of the results of its operations for the financial year 01.04.2015 - 31.03.2016 in accordance with the Danish Financial Statements Act.

Statement on the management commentary

Pursuant to the Danish Financial Statements Act, we have read the management commentary. We have not performed any further procedures in addition to the audit of the financial statements.

On this basis, it is our opinion that the information provided in the management commentary is consistent with the financial statements.

Copenhagen, 20.06.2016

Deloitte

Statsautoriseret Revisionspartnerselskab



Flemming Larsen

State Authorised Public Accountant

CVR-nr. 33963556

Management commentary

Primary activities

The Company's primary activity is sale and service of steel products from the Parent's production plants in Great Britain and the Netherlands, respectively.

Development in activities and finances

Market conditions

Throughout the fiscal year, the market has been characterised by an increasing price pressure. However, this changed during the last two months of the fiscal year, when uncertainties concerning import restrictions and capacity availability caused an increase in prices of approx 30%.

Uncertainties surrounding import duty and its implementation have resulted in a decline in steel import in Europe.

Towards the end of the fiscal year, the matter resulted in restrictions on the volume the Company can sell in Denmark, as temporarily the volume has been allocated to the Parent's alternative deliveries to the automotive sector outside the Company's market.

During the fiscal year, the Parent has also closed and disposed of activities in the UK. This has resulted in the Company no longer manufacturing hot-rolled plates. This product has been a significant part of the growth scenario for the Company.

Therefore, the year ended under budget for tonnage purposes. In 2015/16, revenue amounted to approx 50,000 tons compared to 57,000 tons in 2014/15.

Further, the Parent has disposed of the production facilities for the Company's long products in Scunthorpe. It remains unclear whether the Company can represent the acquiring party, British Steel Ltd. Such decision may negatively impact the Company's revenue from tonnage in 2016/17.

Organisational structure

The expected growth as a result of the Parent's acquisition of service centres in Scandinavia as well as increased focus on growth of coil-related products have failed to happen.

Management commentary

Due to the disposal of the Parent's facilities for long products, the closing of the hot-rolled plate mills in Scunthorpe and Glasgow as well as the Parent's plan to dispose of additional UK activities, a further decrease in revenue from tonnage is to be expected in 2016/17.

This decrease should be expected to have consequences for the Company. At the closing of the fiscal year, the extent of such consequences is unknown.

Outlook

Based on the above-mentioned, the Company expects to see an activity level below the 2015/16 levels.

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.

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 enterprises.

The accounting policies applied for 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 one 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 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 for services is recognised in the income statement as it is rendered in accordance with the agreement with the Parent.

Accounting policies

Other external expenses

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

Staff costs

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

Other financial income

Other financial income comprises interest income, including interest income on receivables from group enterprises, payables and transactions in foreign currencies as well as tax relief under the Danish Tax Prepayment Scheme etc.

Income taxes

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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Property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Accounting policies

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less write-downs 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 carryforwards, 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

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

Cash

Cash comprises cash in hand and bank deposits.

Dividend

Dividend is recognised as a liability at the time of adoption at the general meeting. The proposed dividend for the financial year is disclosed as a separate item in equity.

Operating leases

Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

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 calculated on this year's taxable income, adjusted for prepaid tax.

Income statement for 2015/16

	<u>Notes</u>	<u>2015/16 DKK</u>	<u>2014/15 DKK'000</u>
Revenue		5,484,917	5,713
Other external expenses		<u>(813,582)</u>	<u>(844)</u>
Gross profit/loss		4,671,335	4,869
Staff costs	1	<u>(4,357,254)</u>	<u>(3,750)</u>
Operating profit/loss		314,081	1,119
Other financial income		<u>0</u>	<u>12</u>
Profit/loss from ordinary activities before tax		314,081	1,131
Tax on profit/loss from ordinary activities	2	<u>(78,761)</u>	<u>(282)</u>
Profit/loss for the year		<u>235,320</u>	<u>849</u>
Proposed distribution of profit/loss			
Dividend for the financial year		<u>235,320</u>	<u>849</u>
		<u>235,320</u>	<u>849</u>

Balance sheet at 31.03.2016

	<u>Notes</u>	<u>2015/16 DKK</u>	<u>2014/15 DKK'000</u>
Other fixtures and fittings, tools and equipment		0	0
Property, plant and equipment	3	<u>0</u>	<u>0</u>
Other receivables		67,768	67
Fixed asset investments	4	<u>67,768</u>	<u>67</u>
Fixed assets		<u>67,768</u>	<u>67</u>
Receivables from group enterprises		2,341,951	2,930
Deferred tax assets	5	1,954	3
Other short-term receivables		20,558	12
Prepayments		498,601	31
Receivables		<u>2,863,064</u>	<u>2,976</u>
Cash		<u>493,099</u>	<u>1,126</u>
Current assets		<u>3,356,163</u>	<u>4,102</u>
Assets		<u><u>3,423,931</u></u>	<u><u>4,169</u></u>

Balance sheet at 31.03.2016

	<u>Notes</u>	<u>2015/16 DKK</u>	<u>2014/15 DKK'000</u>
Contributed capital	6	910,000	910
Proposed dividend		235,320	849
Equity		<u>1,145,320</u>	<u>1,759</u>
Trade payables		14,453	26
Debt to group enterprises		1,168,940	886
Income tax payable		78,065	283
Other payables		1,017,153	1,215
Current liabilities other than provisions		<u>2,278,611</u>	<u>2,410</u>
Liabilities other than provisions		<u>2,278,611</u>	<u>2,410</u>
Equity and liabilities		<u>3,423,931</u>	<u>4,169</u>
Unrecognised rental and lease commitments	7		
Contingent liabilities	8		
Related parties with control	9		
Ownership	10		

Statement of changes in equity for 2015/16

	Contributed capital DKK	Proposed dividend DKK	Total DKK
Equity beginning of year	910,000	848,767	1,758,767
Ordinary dividend paid	0	(848,767)	(848,767)
Profit/loss for the year	0	235,320	235,320
Equity end of year	910,000	235,320	1,145,320

Notes

	<u>2015/16</u> <u>DKK</u>	<u>2014/15</u> <u>DKK'000</u>
1. Staff costs		
Wages and salaries	3,883,697	3,293
Pension costs	436,511	424
Other social security costs	37,046	33
	<u>4,357,254</u>	<u>3,750</u>
	<u>2015/16</u> <u>DKK</u>	<u>2014/15</u> <u>DKK'000</u>
2. Tax on ordinary profit/loss for the year		
Current tax	78,065	283
Change in deferred tax for the year	696	1
Adjustment relating to previous years	0	(2)
	<u>78,761</u>	<u>282</u>
		<u>Other fixtures and fittings, tools and equipment DKK</u>
3. Property, plant and equipment		
Cost beginning of year		<u>241,495</u>
Cost end of year		<u>241,495</u>
Depreciation and impairment losses beginning of the year		<u>(241,495)</u>
Depreciation and impairment losses end of the year		<u>(241,495)</u>
Carrying amount end of year		<u>0</u>
4. Fixed asset investments		
Fixed asset investments comprise deposit for domicile.		
	<u>2015/16</u> <u>DKK</u>	<u>2014/15</u> <u>DKK'000</u>
5. Deferred tax		
Property, plant and equipment	1,954	3
	<u>1,954</u>	<u>3</u>

Notes

	<u>Number</u>	<u>Par value DKK</u>	<u>Nominal value DKK</u>
6. Contributed capital			
Ordinary shares	910	1,000.00	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>2015/16 DKK</u>	<u>2014/15 DKK'000</u>
7. Unrecognised rental and lease commitments		
Commitments under rental agreements or leases until expiry	<u>15,667</u>	<u>15,667</u>

An operating lease agreement has been concluded for a copying machine for the period until 1 May 2017. The annual lease amounts to DKK 26 thousand.

8. Contingent liabilities

The Company 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 Company is therefore liable from the financial year 2013 for income taxes etc for the jointly taxed companies and from 1 July 2012 also for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed companies. The jointly taxed companies' total known net liability in the joint taxation arrangement is stated in the financial statements of the administration company.

9. Related parties with control

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

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

10. Ownership

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

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