

**TATA Steel International (Denmark) A/S**  
**Central Business Registration No**  
**16416789**

**Annual report 2014/15**

The Annual General Meeting adopted the annual report on 20.06.2015

**Chairman of the General Meeting**



Name: Ole Skjold Hansen

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## **Entity details**

### **Entity**

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

Central Business Registration No: 16416789

Registered in: Furesø

Financial year: 01.04.2014 - 31.03.2015

### **Board of Directors**

Klaus-Peter Galla, Chairman

Thomas Russell

Ole Skjold Hansen

### **Executive Board**

Ole Skjold Hansen, CEO

### **Auditors**

Deloitte Statsautoriseret Revisionspartnerselskab  
Weidekampsgade 6  
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 01.04.2014 - 31.03.2015.

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 31.03.2015 and of the results of its operations for the financial year 01.04.2014 - 31.03.2015.

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, 20.06.2015

### **Executive Board**

Ole Skjold Hansen  
CEO

### **Board of Directors**

  
Klaus-Peter Galla  
Chairman

  
Thomas Russell

  
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 01.04.2014 - 31.03.2015, 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 31.03.2015 and of the results of its operations for the financial year 01.04.2014 - 31.03.2015 in accordance with the Danish Financial Statements Act.

## Independent auditor's reports

### 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, 20.06.2015

### Deloitte

Statsautoriseret Revisionspartnerselskab



Flemming Larsen  
State Authorised Public Accountant

## **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 financial year, the market has been characterised by an increasing price pressure.

A merger of the Nordic steelworks, SSAB in Sweden and Ruukki in Finland, has influenced prices in a decreasing direction as both steelworks have focused on maintaining their market shares.

At the same time, exchange rate conditions have made it appealing for the Russian steelworks to increase volume on the market.

The Parent has simultaneously had the opportunity of increasing sales in the USA.

These factors have impacted the volume the Parent has wished to allocate for sales in Denmark.

In the financial year, one of the Company's largest customers – Andresen Towers – has temporarily discontinued production due to a lack of orders. This has negatively impacted revenue from tonnage by 12,000 tons compared to the 2013/14 financial year.

Overall, the above has negatively impacted revenue from tonnage with a decrease from 85,000 tons in 2013/14 to 57,000 tons in 2014/15.

#### **Organisational structure**

The extensive restructuring and reorganisation of the Parent was completed at year-end. The employees still primarily refer to one division of the organisation.

However, every employee still represents more than one division.

At the end of the year, the Parent has acquired a steelworks service centre in Sweden and a steelworks service centre in Finland. Further, the Parent has acquired an additional 50% of Norsk Stål TynnPlåt, resulting in a total ownership interest of 100%.

## **Management commentary**

In that connection, a Nordic Managing Director, Stefan Landes, has been appointed who will coordinate sales efforts in the Nordic countries.

The impact – if any – is unknown at the time of the presentation of the financial statements.

## **Outlook**

The Company expects an activity level in line with 2014/15.

In connection with the implementation of the above-mentioned service centres, a positive development could occur as a result of the Parent's increased strategic gamble in the Nordics.

The impact remains unknown at present.

## **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 they are 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.

### Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses relating to property, plant and equipment comprise depreciation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of property, plant and equipment.

### 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.

## Accounting policies

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.

### 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.

## **Accounting policies**

### **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 2014/15**

	<u>Notes</u>	<u>2014/15 DKK</u>	<u>2013/14 DKK'000</u>
Revenue		5,713,328	8,394
Other external expenses		<u>(843,240)</u>	<u>(979)</u>
<b>Gross profit/loss</b>		<b>4,870,088</b>	<b>7,415</b>
Staff costs	1	(3,750,990)	(3,632)
Depreciation, amortisation and impairment losses		<u>0</u>	<u>(8)</u>
<b>Operating profit/loss</b>		<b>1,119,098</b>	<b>3,775</b>
Other financial income		<u>11,885</u>	<u>1</u>
<b>Profit/loss from ordinary activities before tax</b>		<b>1,130,983</b>	<b>3,776</b>
Tax on profit/loss from ordinary activities	2	<u>(282,216)</u>	<u>(950)</u>
<b>Profit/loss for the year</b>		<b><u>848,767</u></b>	<b><u>2,826</u></b>
<b>Proposed distribution of profit/loss</b>			
Dividend for the financial year		<u>848,767</u>	<u>2,826</u>
		<b><u>848,767</u></b>	<b><u>2,826</u></b>

**Balance sheet at 31.03.2015**

	<u>Notes</u>	<u>2014/15 DKK</u>	<u>2013/14 DKK'000</u>
Other fixtures and fittings, tools and equipment		0	0
<b>Property, plant and equipment</b>	<b>3</b>	<b>0</b>	<b>0</b>
Other receivables		66,538	65
<b>Fixed asset investments</b>	<b>4</b>	<b>66,538</b>	<b>65</b>
<b>Fixed assets</b>		<b>66,538</b>	<b>65</b>
Receivables from group enterprises		2,929,980	5,242
Deferred tax assets	5	2,650	4
Other short-term receivables		12,046	0
Prepayments		30,768	93
<b>Receivables</b>		<b>2,975,444</b>	<b>5,339</b>
<b>Cash</b>		<b>1,125,261</b>	<b>586</b>
<b>Current assets</b>		<b>4,100,705</b>	<b>5,925</b>
<b>Assets</b>		<b>4,167,243</b>	<b>5,990</b>

**Balance sheet at 31.03.2015**

	<u>Notes</u>	<u>2014/15 DKK</u>	<u>2013/14 DKK'000</u>
Contributed capital	6	910,000	910
Proposed dividend		848,767	2,826
<b>Equity</b>		<u>1,758,767</u>	<u>3,736</u>
Trade payables		25,809	31
Debt to group enterprises		886,093	258
Income tax payable		282,847	888
Other payables		1,213,727	1,077
<b>Current liabilities other than provisions</b>		<u>2,408,476</u>	<u>2,254</u>
<b>Liabilities other than provisions</b>		<u>2,408,476</u>	<u>2,254</u>
<b>Equity and liabilities</b>		<u>4,167,243</u>	<u>5,990</u>
Unrecognised rental and lease commitments	7		
Contingent liabilities	8		
Related parties with control	9		
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**Statement of changes in equity for 2014/15**

	<b>Contributed capital DKK</b>	<b>Proposed dividend DKK</b>	<b>Total DKK</b>
Equity beginning of year	910,000	2,825,753	3,735,753
Ordinary dividend paid	0	(2,825,753)	(2,825,753)
Profit/loss for the year	0	848,767	848,767
<b>Equity end of year</b>	<b>910,000</b>	<b>848,767</b>	<b>1,758,767</b>



## Notes

	<u>2014/15</u> <u>DKK</u>	<u>2013/14</u> <u>DKK'000</u>
<b>1. Staff costs</b>		
Wages and salaries	3,293,318	3,186
Pension costs	424,353	414
Other social security costs	33,319	32
	<u>3,750,990</u>	<u>3,632</u>
	<u>2014/15</u> <u>DKK</u>	<u>2013/14</u> <u>DKK'000</u>
<b>2. Tax on ordinary profit/loss for the year</b>		
Current tax	282,847	888
Change in deferred tax for the year	1,089	62
Adjustment relating to previous years	(1,720)	0
	<u>282,216</u>	<u>950</u>
		<b>Other fix- tures and fittings, tools and equipment DKK</b>
<b>3. Property, plant and equipment</b>		
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>
<b>4. Fixed asset investments</b>		
Fixed asset investments comprise deposit for domicile.		
	<u>2014/15</u> <u>DKK</u>	<u>2013/14</u> <u>DKK'000</u>
<b>5. Deferred tax</b>		
Property, plant and equipment	<u>2,650</u>	<u>4</u>
	<u>2,650</u>	<u>4</u>

## Notes

	<u>Number</u>	<u>Par value DKK</u>	<u>Nominal value DKK</u>
<b>6. Contributed capital</b>			
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>2014/15 DKK</u>	<u>2013/14 DKK'000</u>
<b>7. Unrecognised rental and lease commitments</b>		
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.

## 9. Related parties with control

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

British Steel Nederland International BV, Fregatweg 42, 6222 NZ Maastricht, Holland.

## 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 International BV, Fregatweg 42, 6222 NZ Maastricht, Holland.