TATA STEEL

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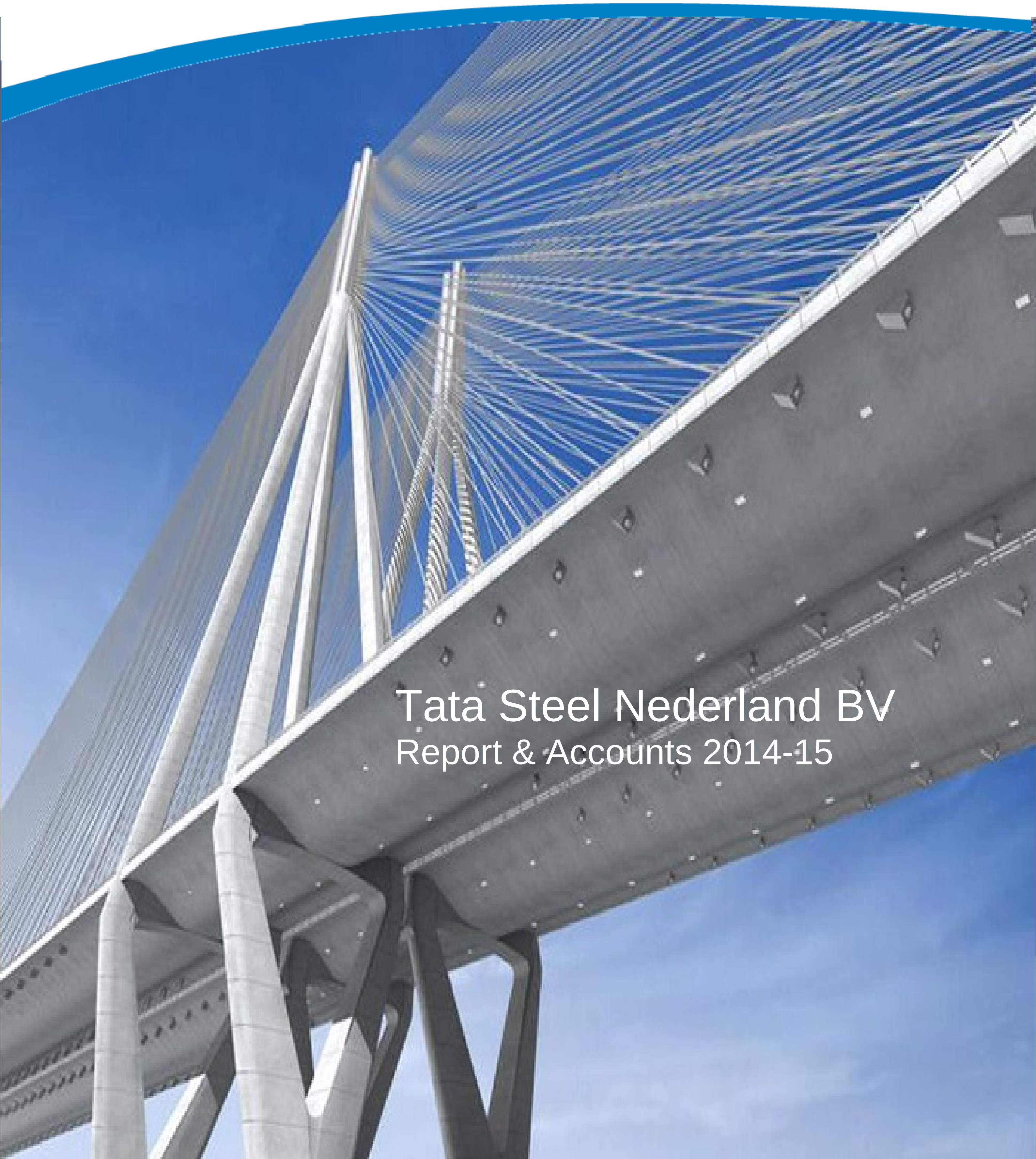

Tata Steel Nederland BV

Report & Accounts 2014-15

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B. Report of the Board of Management

Introduction

The Supervisory Board (hereafter: 'the Board') supervises the policies pursued by the Board of Management (hereafter: 'the BoM') and the general course of affairs of Tata Steel Nederland B.V. (hereafter: 'TSN'), taking account of the interests of all the company's stakeholders, and advises the BoM thereon. The Board regards good corporate governance as an essential foundation for the long-term success of TSN and Tata Steel Group, and as an essential element in the delivery of its strategy.

Composition of the Board

The Board and its members are by law independent and at least half of the members of the Board are not in any way involved in the management or supervision of companies belonging to the Tata Steel Group. Every third member is nominated by the Central Works Council. At the beginning of the year, the Board consisted of Mr. J.H. Schraven, (Chairman), Mr. Th.M. Cohn, Mr. M.J.L. Jonkhart and Mr. K.E.M. Köhler. At the Annual General Meeting in June 2014, the shareholder reappointed Mr. M.J.L. Jonkhart and Mr. K.E.M. Köhler. Mr. Th.M. Cohn resigned after 12 years as a Member of the Board. The Board expresses its appreciation for his commitment to TSN and contributions in the Board. He was succeeded by Mrs. L.M.T. Boeren for a period of four years starting on 1 July 2014. During the year, no other vacancies occurred. For the fulfilment of vacancies, several factors have been and will be taken into consideration, including diversity.

Meetings and activities

Five meetings were held during the year. All the Board members were present at each of these Board meetings. In addition, Members of the Board attended Central Consultative Meetings of the BoM and the Central Works Council, providing information on the meetings of the Board and from time to time interacted with management and members of the Central Works Council outside the formal meetings, both collectively and individually.

The Board was briefed in all the meetings on the developments regarding the company and its financial, business, operational and health & safety performance. In addition, the Board discussed several recurring subjects, such as operational and financial risk management, the financial situation and the governance of IJmuiden's pension scheme, environmental matters, local sponsorship focused on corporate social responsibility and audit activities.

The Board is content to note that a Strategic Asset Roadmap (STAR) has been developed that enables sustainable profitability for Tata Steel in IJmuiden. This Roadmap will enable a state of the art asset base, an extension of the product portfolio in high value products and maintenance of the low cost position in Europe.

In April 2014, the Board performed its yearly self-evaluation. The outcomes have been used to further improve the Board's performance. During the April meeting, the Board was briefed on developments with regard to integrity management & asset protection, optimal cash management, the Group Information Services ('GIS') Right sourcing project and productivity and efficiency in maintenance.

At the June 2014 meeting, the TSN Annual Reports & Accounts for the financial year 2013/14 were approved. The Board also discussed and approved a proposal on the renewal of an optimisation of cash management within Tata Steel in Europe. Fund transfers between Tata Steel UK Holdings Limited, Tata Steel Netherlands Holdings BV and TSN remained governed by the agreement on the Policy for Surplus Cash.

In October 2014, the Board approved the BoM's decision, after having obtained the CWC's advice, to participate in the refinancing of the existing Senior Facilities Agreement, which is now extended until 2021. Other important subjects were Supply Chain and the possible sale of Long Products, including TSN subsidiaries TS France Rail SA and Blume Stahlservice GmbH.

At its December 2014 meeting, the Board discussed the Strategy of TSN within the wider strategy of TSE. Also, the Board was informed on the French marketplace and prospects for TSN in France and approved the BoM's decision to recapitalise three French subsidiaries Tata Steel Bâtiments et Systèmes SAS, Tata Steel Maubeuge SAS and Unitol SAS. The Board was also informed that negotiations had started to acquire assets from SSAB steel service centres in Finland and Sweden and a further 50% interest in Norsk Stål Tynnplater in Norway.

During its February 2015 meeting, special subjects were Research & Development and the Automotive Sector.

Furthermore, the previously mentioned Strategic Asset Roadmap was discussed.

Financial statements

For the financial year 2014/15, the consolidated income statement shows a net profit after taxation (including minority interests) of €264m (2013/14: €116m). In FY15, TSN saw relatively poor results in the first half of the year, followed by a strong second half. Market conditions remained difficult. Global steel demand and production increased but steel prices in most regions fell in reaction to faster declining iron ore prices.

In December 2014, the Board approved the BoM's decision to buy back and cancel the remaining outstanding cumulative preference shares for an amount of approximately €40m and supported the BoM's proposal to pay an interim dividend of €60m to Tata Steel Netherlands Holdings B.V. (hereafter: 'TSNH'), as the owner of all outstanding ordinary shares. During its February meeting, the Board decided to support the BoM's proposal to pay a second interim dividend of €100m to TSNH. The sum of these interim dividends is proposed as final dividend and no further dividend is proposed.

Pursuant to Article 29 of the Articles of Association, we hereby present the Annual Accounts for adoption by the General Meeting of Shareholders of TSN. The members of the BoM and the Board, after discussion with the external auditors, have approved these Annual Accounts. The auditors, Deloitte Accountants B.V., have examined the Annual Accounts for 2014/15 and have issued an unqualified auditor's opinion.

We recommend that the General Meeting of Shareholders adopts the Annual Accounts for the financial year 2014/15 as presented and discharges the members of the BoM and the Board of responsibility in respect of their management and supervision respectively.

The Board is grateful to the BoM and all TSN employees for their efforts and dedication during the financial year 2014/15.

Supervisory Board

J.H. Schraven, Chairman

M.J. Wisselink, Secretary

IJmuiden, 24 June 2015

Introduction

The Board of Management (BoM) herewith presents the annual report together with the audited accounts of Tata Steel Nederland B.V. ('TSN' or the 'Company'), and its subsidiary companies, for the year ended 31 March 2015 (FY15).

TSN is a wholly-owned subsidiary of Tata Steel Netherlands Holdings B.V. ('TSNH'), an unlisted company based in the Netherlands. TSNH is owned by Tata Steel Europe Limited ('TSE'). The ultimate parent company is Tata Steel Limited ('TSL'), which is a company incorporated in India with shares listed on BSE Limited (formerly the Bombay Stock Exchange Limited), Mumbai and the National Stock Exchange of India, and with global depositary receipts listed on the London and the Luxembourg Stock Exchanges.

TSN holds all shares in Tata Steel IJmuiden B.V. whose main assets are the steelmaking hub Strip Products Mainland Europe (SP MLE) and Packaging manufacturing activities in the Netherlands and Belgium. Other subsidiaries cover various activities in markets such as building & construction, automotive, colour coated steels, packaging and rail, both in Europe and beyond.

The BoM hereby declares that, to the best of its knowledge, the Company financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole and that the Report of the BoM gives a true and fair view concerning the position as per the balance sheet date, the development and performance of the business during the financial year of the Company and the undertakings included in the consolidation taken as a whole.

The BoM would like to express its appreciation to all TSN employees for their contributions to the company's performance in FY15 and their support in these gradually improving but still rather difficult economic circumstances.

Principal business activities

The principal activities of the Company comprise the sale and manufacture of steel products throughout the world. TSN produces carbon steel by the basic oxygen steelmaking method at one integrated steelworks in IJmuiden, the Netherlands. This plant produced a total of 7.0mt of steel products in the current year (FY14: 7.1mt).

The Company organises its commercial activities into strategic sectors and these sector teams identify demand, which is met from a single, pan-European, supply chain function.

The Company has sales offices, stockholders, service centres and joint venture or associate arrangements in a number of markets for distribution and further processing of steel products.

The business, objectives and strategy

The steel industry is a highly cyclical industry. Financial performance is affected by general macroeconomic conditions that set the demand from the downstream steel using industries, as well as by available global production capacity and exchange rates relativities. As integrated steel players seek to maintain high capacity utilisation, changes in margins across regions lead to changes in the geographical sales pattern. As a result, in addition to market developments in Europe, changes in the global market for steel influence TSN's financial performance.

The Company's main business is Strip Products Mainland Europe. Other large businesses are Packaging, France Rail, Tubes, Distribution and Building Envelope.

Europe remains the most important market for TSN's steel products. The major operating site of TSN is the integrated steelworks at IJmuiden in the Netherlands. The IJmuiden steelworks include a number of rolling mills and processing lines. Further processing is done at other TSN sites, such as the coating works in Maubeuge, France, the galvanizing line in Flemalle, Belgium, the tube mills in Oosterhout Zwijndrecht and Maastricht, the Netherlands, the cold narrow strip mills and plating lines in Düsseldorf and Trier, Germany, and in Warren and Bethlehem, USA. The rail mill in Hayange, France, is supplied from the TSE mill in Scunthorpe in the United Kingdom.

TSN, also working through Tata Steel Regional Market Development, has an extensive network, both in the EU and outside the EU, of sales offices, stockholders, joint ventures or similar arrangements, such as agents, in various markets for the distribution and further processing of steel products.

TSN's principal end-markets are the automotive, packaging and construction sectors.

TSN is continuing with its strategy of focusing on carbon steel to create long-term value for its stakeholders within a sound financial framework through:

- A top quartile cost position in Europe;
- Continuously improving the service performance;
- Increasing the sales volumes of speciality products;
- Continuing to move the product sales mix to more attractive automotive and construction markets; and
- Capturing growth opportunities with new and existing customers.

Important for the future of the Company is the announcement of an investment program referred to as Strategic Asset Roadmap (STAR). This program will enable a state of the art asset base, an extension of the product portfolio in high value products and maintenance of the low cost position in Europe. TSN can grow in high-value markets, such as Automotive, Lifting & Excavating, Packaging and Building Envelope. This requires a complete product portfolio, very stable production and the highest delivery performance. Targeted investments will allow TSN to meet these requirements and will contribute to a sustainable profit for Tata Steel in IJmuiden.

TSE has announced a proposal to divest its Long Products operations, in order to focus on flat products and to improve long term competitiveness. The intended disposal of TSN subsidiaries TS France Rail SA and Blume Stahlservice GmbH forms part of the discussions, which are continuing.

Economic climate

Global GDP growth in 2014 increased by 3.3% (3.1% in 2013). The eurozone economy grew by 0.8% (0.4% decrease in 2013). Throughout the last year inflation continued to drift down reflecting considerable excess capacity in the eurozone area. In order to avoid a deflationary environment the European Central Bank announced the introduction of a quantitative easing programme, which led to a significant depreciation of the euro. The UK economy recovered strongly by 2.6% in 2014 (1.7% in 2013) as consumer spending strengthened. Growth in China again decelerated in 2014 to 7.4% (2013: 7.7%) as the government is seeking to transform the economy from being investment led to become more consumer driven, as its cost advantage is being eroded.

Global steel market

Global steel demand is estimated to have increased by 0.6% in 2014 (2013: 6.2%) to reach a new high of 1,537mt. Demand for steel in China contracted by 3.3% to 710mt compared to strong growth of 11.4% in 2013. Steel demand in the EU grew by 4.5% to 147mt (2013: 0.9% increase) as improvements were seen at the sector level. Production in the EU automotive market expanded by 4.2% (2013: 3.1%) while construction activity increased by 3.0% (2013: 1.9% decrease).

In 2014, global steel production increased by 1.7% (2013: 5.4% increase) to reach a new record of 1,633mt. Despite demand contracting, steel production in China still increased by 1.8% to 815mt (2013: 11.7%) and equated to 50% (2013: 49%) of global steel production. In the EU output increased by 1.8% to 169mt (2013: 1.3% decrease).

EU net steel trade decreased from 8.3mt in 2013 to 4.8mt in 2014 due to a 3.8mt increase to imports which more than offset a 0.3mt increase to exports. Exports from China were at a record high as demand growth weakened while production levels continued to increase. Exports were over 90mt for the full year.

Global steelmaking capacity utilisation decreased slightly from 73.2% in 2013 to 72.3% in 2014. EU utilisation rates improved from 71.2% to 72.9%.

Steel spot prices in most regions fell during the fiscal year, in reaction to declining iron ore prices except for the USA where the price decline only started at the end of the year in response to a sharp reduction of scrap prices.

Raw materials

The principal raw materials used in the carbon steelmaking processes are iron ore, metallurgical coal and steel scrap.

The market reference price of iron ore fines fell significantly in 2014/15 from $116/t in April 2014 to $58/t in March 2015 due to increased supply from Australia and Brazil and a slow down of demand growth in China. In contrast scrap prices remained relatively stable for most of 2014 and despite decreasing towards the end of the year price levels have still remained at a premium relative to iron ore.

Hard coking coal spot prices were relatively stable during 2014/15 as the market remained over supplied.

Financial review

The company's turnover decreased to €5,045m in FY15 from €5,248m in FY14. Operating profit increased from €128m in FY14 to €311m in FY15. The result before taxation and tax charge in FY15 amounted to €313m and €(49)m respectively. The consolidated net profit after taxation (including minority interests) amounted to €264m, an increase of €148m compared with FY14.

Consolidated capital and reserves (including minority interests) decreased by €63m to €2,510m at the end of FY15.

The decrease of €63m consisted of:

- The profit for the period of €264m;
- Other comprehensive loss of €66m consisting of actuarial losses on defined benefit pension and other post-retirement plans, and movements in the cashflow hedge reserve;
- Dividends of €260m distributed during the year to the shareholder, TSNH; and
- A reduction of €1m to the non-controlling interests.

Net cash flow from operating activities totalled €503m, an increase of €402m compared with FY14. Net cash flow from investment activities amounted to €(172)m (FY14: €(160)m). Including movements in external loans and loans with other group companies, the net cash flow amounted to €(67)m (FY14: €(145)m).

An important strength of TSN is its solid balance sheet, with only a limited level of borrowing.

The majority of the external borrowings of TSE are accounted for by a senior facility agreement (SFA) which was successfully refinanced in October 2014. The SFA comprises of a bullet term loan facility of five years of €370m, an amortising term loan facility of seven years of €1,500m, an amortising term loan facility of seven years of US$379.5m and a revolving credit facility of six years of £700m, of which £100m is reserved for the exclusive use of TSN. TSN also has access to a €400m intercompany loan facility with Tata Steel UK Ltd ('TSUK') and TSNH expiring on 1 November 2021.

At the end of the financial year, £100m had been drawn by TSN under the revolving credit facility but no drawings were made under the intercompany loan facility.

Depending on TSN's actual cash positions and its cash flow forecasts, and taking into account the Policy for Surplus Cash, various amounts have been lent to TSNH for various periods. Also a loan was granted to TSUK Ltd. With regard to FY15, interim dividends of in total €160m have been distributed. The sum of these interim dividends is proposed as final dividend and no further dividend is proposed.

Capital expenditure

Capital expenditure on tangible fixed assets (including loose plant, tools, and spares and including IFRIC 4 additions) in FY15, amounted to €199m (FY14: €160m). Several major projects including the new Finishing Line 32 at CPR, the SIFA Off-gas cleaning scheme, phase 1 of the replacement of 50 kV COQ and replacement of converter 23 have been completed at Strip Mainland Europe operations in 2014/15.

In addition to the already mentioned investment program STAR, major schemes are also scheduled for the Packaging IJmuiden, Tubes Nederland and Colors businesses.

TSN Business review

Tata Steel Strip Products MLE

TS Strip Products Mainland Europe (SP MLE) manufactures hot rolled, cold rolled and metallic-coated steels for the automotive and transport industries, building and construction, consumer appliances and electronics, and general engineering.

The Lost Time Injury (LTI) rate of SP MLE employees in 2014/15 was 1,20 which is 0,86 worse than last year. The rolling LTI rate for contractors was 1,14 bringing the combined (i.e. employees and contractors) 12 month rolling Lost Time Injury Frequency (LTIF) to 1,18 (0.40 below last year's rate).

The FY15 operating result after restructuring, impairment and disposals was better than FY14 due to lower input costs for raw materials and an improved manufacturing performance partly offset by lower selling prices.

Deliveries in FY15 decreased slightly compared with last year due to decreased liquid steel production.

2014/15 selling prices decreased as a result of market demand and lower raw material prices.

As a result of the focus on manufacturing stability, several plants at the IJmuiden site set new production records in 2014/15. The Direct Sheet Plant realised an annual record of 1.307kt, an improvement of the record by 44kt. Hot Strip Mill 2 realised an annual record of 5.220kt, an improvement of 9kt. PL22 realised an annual record of 1.207kt, an improvement of 145kt. Cold Mill 22 achieved a new record of 818kt, an improvement of 131kt.

Due to the power outage in March 2015 SP MLE unfortunately lost 50kt of liquid steel production.

Tata Steel Packaging

Tata Steel Packaging is a supplier of light-gauge steel for packaging and non-packaging applications, based in IJmuiden, the Netherlands, with additional production in Duffel, Belgium.

The LTI rate of employees in 2014/15 was 0,00 which is the same as last year. The rolling LTI rate for contractors was 5,33, bringing the combined 12 month rolling LTIF to 0,59 which is around the same level of last year.

The FY15 operating result after restructuring, impairment and disposals was better than FY14 due to improved margins and increased production volumes.

Production volume in FY15 in both IJmuiden and Duffel at 809kt and 62kt respectively was slightly higher than last year. The impact of the power outage in March 2015 was a 6kt production loss.

Tata Steel France Rail

The Hayange mill, which employs 440 people, supplies rails of varying lengths to railway operators around the world, but predominantly in Europe. The mill can produce rails of up to 108 metres in length and has a production capacity of 340,000 tonnes a year.

The LTI rate of employees in 2014/15 was 3,22 which is 1,60 worse than last year. The rolling LTI rate for contractors was 4,30 bringing the combined 12 month rolling LTIF to 3,51 (2,34 worse than last year's rate).

The FY15 operating result after restructuring, impairment and disposals was better than FY14 due to increased sales volumes supported by increased domestic demand, in particular for high speed long length rail and increased exploitation of export rail opportunities.

Total actual Hayange-made Rail sales excluding COSEA (hire rolling) for the year were at 307kt. This is caused by significant higher demand from the French market but also due to higher export demand from Belgium and Brazil slightly offset by lower deliveries in India, Saudi Arabia and Mauritania.

The sale of COSEA rails was suffering slightly due to some local issues at the start of the track laying operations.

The main highlights for 2014/15 were the start of deliveries for the two main French high speed lines (COSEA and BPL projects) and the significant increase in rail demand from French and Belgian markets.

Tata Steel Nederland Tubes

Tata Steel Nederland Tubes is one of Europe's leading manufacturers of welded steel tubes. From small to large diameters, a variety of wall thicknesses and grades of steel, it manufactures one of the widest ranges of welded steel tubes available for greenhouses, pipelines, construction projects, steel structures, and the automotive sector.

The LTI rate of employees in 2014/15 was 1,38 compared to 1,44 last year. The rolling LTI rate for contractors was 0,00 bringing the combined 12 month rolling LTIF to 1,20 which is around the same level of last year.

The FY15 operating result after restructuring, impairment and disposals was better than FY14 due to increased sales volume and lower operating costs.

After the successful completion of significant cost reduction initiatives and aligning the order book with demand in recent years deliveries increased by 17% to 257kt with all product areas contributing to the increase. The business' key focus remains on producing differentiated products for the Automotive and Lifting & Excavating sector.

Tata Steel Distribution Europe

Tata Steel Distribution Europe comprises a network of service centres and further processing capabilities across Europe.

The LTI rate of employees in FY15 was 4,34 against 0,00 last year. The rolling LTI rate for contractors was 0,00 bringing the combined 12 month rolling LTIF to 4,02 (also against 0,00 last year).

The FY15 operating result after restructuring, impairment and disposals was better than FY14 mainly due to lower operating costs which more than offset lower selling prices. Volumes were below last year. Overall annual, half yearly and quarterly contracts were concluded at lower prices than in the previous year.

The closure of the site in Moerdijk (Namascor) has been concluded with the sale of the property. Unwinding the entity is expected to happen in the next financial year.

Tata Steel Building Systems

Tata Steel Building Systems comprises a network of manufacturing bases providing a wide range of steel products for the building industry worldwide.

The health & safety performance was positive, with no LTIs during the year. This resulted in a LTIF rate of 0,00 compared to 1,03 (combined: employees and contractors) last year.

The FY15 operating result after restructuring, impairment and disposals was better than FY14.

Order book demand for the Building Envelope sector was relatively stable through most of the year, but the latter part of the year has seen a significant weakening. Customers in Germany, France and Benelux have been de-stocking and hesitant in placing orders in anticipation of future price reductions.

Tata Steel Colors

Tata Steel Colors is an international business with nearly 50 years experience in the development and manufacture of pre-finished steels. Applications include building envelope, roof and wall cladding, domestic appliances, consumer products, bake ware and specialist applications.

The LTI rate of employees in 2014/15 was 0,00 which is the same as last year. The rolling LTI rate for contractors was 4.27, bringing the combined 12 month rolling LTIF to 0,96 (also against 0,00 last year.).

The FY15 operating result after restructuring, impairment and disposals was better than FY14 mainly due to improved margins.

Tata Steel Plating

Tata Steel Plating has unique expertise in the rolling, annealing and electrolytic plating of cold-rolled narrow steel strip and its downstream processing. The business is the world's leading supplier of materials for the production of battery cases and its products are used for diverse applications in the automotive industry.

As in the previous year, the H&S performance was positive with again a combined LTIF (12-month rolling average) of 0,00.

The FY15 operating result after restructuring, impairment and disposals was better than FY14 due to increased volume and lower operating costs which more than offset a deterioration to margins.

Tata Steel Kalzip

Tata Steel Kalzip specialises in the international manufacture and supply of tailored metal solutions for building envelopes.

The LTI rate of employees in 2014/15 was 0,00 which is 1,90 better than last year. The combined 12 month rolling LTIF was also 0,00 (1,80 better than last year).

The FY15 operating result after restructuring, impairment and disposals was worse than FY14 due to a deterioration to market conditions, in particular in Asia.

Tata Steel Regional Market Development Europe

Tata Steel Regional Market Development Europe is the specialist supply chain management business unit of the Tata Steel Europe Group. The business manages an international network of offices in nearly fifty countries and stock facilities in strategic locations worldwide.

As during the previous financial year, there were no LTI's reported.

The FY15 operating result after restructuring, impairment and disposals was at the same level as FY14.

Total volumes were lower than the previous year reflecting a continuation of difficult market conditions, in particular in the eurozone.

Research & development

Research & Technology programme

Most of the TSE technology programme is developed under the governance of the Global Expert Committees ('GECs') of Tata Steel, which cover process development and product market sector developments.

Process development

The process technology programme in 2014/15 was focused on robust and stable manufacturing processes, and better use of raw materials. The programme supports the company's manufacturing strategy.

Product market sector developments

A key element of TSE's strategy is the development of new steel products. Structured programmes are initiated for all strategic market segments with particular emphasis on the automotive, lifting & excavation, construction, energy & power and rail sectors.

Automotive developments remain a major component of the technology development portfolio. The development of new and stronger grades of steel, that maintain significant forming capabilities, enable the automotive industry to continuously improve their product offering through optimising weight (and hence energy consumption in use), safety (especially in crash situations) and cost simultaneously.

The development programme in the lifting and excavation sector is focused on new grades of plate that offer higher strengths, whilst retaining other key properties such as fatigue, weldability and formability.

In the construction sector, developments for buildings are focused on the next generation of higher value added branded products and functional coatings, and optimisation of life cycle energy.

Energy and power developments focus on tailor made solutions for specific pipe projects. TSE is leading the development of high thickness over diameter ratio pipelines.

During 2014/15, 35 new products were introduced into TSE's product portfolio (2013/14: 30).

People

Health and safety

Health and safety continues to be TSE's first priority as it strives to achieve the ambition of being an industry benchmark.

Positively there were no fatal accidents for the third consecutive year in 2014/15 with wide ranging interventions to ensure that this is maintained. The extensive programme called 'Taskforce Safety' introduced at IJmuiden has continued with over 50% of the workforce now having attended the 4 week programme. Throughout the year two day training for Group Senior Managers have been undertaken in H&S Excellence and particularly their leadership role in knowledge and behaviour.

Despite all the efforts, TSN's safety performance as measured by the combined lost time injury frequency rate ('LTIF') worsened this year to 1,08 compared to 0,62 in FY14. Several accidents of an incidental nature caused this disappointing performance. The sickness rate of 4.67% remained at broadly the same level.

Pension scheme

Stichting Pensioenfonds Hoogovens (SPH) operates the pension scheme of the IJmuiden site in the Netherlands. During 2014/15 TSN made contributions of €71m (2013/14: €73m) and €31m (2013/14: €32m) from active members. In December 2014 TSN and the Dutch trade unions agreed to implement with effect from 1 January 2015 a new pension agreement which included the following plan changes: switching from final to average pay, reducing the annual accrual rates in line with new tax rules in the Netherlands and introducing an individual defined contribution plan for earnings over €100k. The nominal funding level of SPH as at 31 March 2015 was 105 % compared to 118% at 31 March 2014. SPH granted indexations of 1.0% from 1 July 2014 to pensions in payment and accrued pensions. A further 0.94% (accrued pensions) and 0.33% (pensions in payment) was granted from 1 January 2015. Furthermore, in line with what was agreed between TSN and the Dutch trade unions on the level of contribution for the calendar year 2014, active members of the SPH were granted an additional 0.62% indexation.

As part of the new pension agreement, the Company agreed with the Dutch Trade Unions to fix the Company's contribution level at 28% of pensionable earnings for the three year period from 1 January 2015 to 31 December 2017.

Employment policies

There are established arrangements for communication and consultation with Works Councils and Trade Union representatives, to systematically provide employees with information on matters of concern to them.

During the year several requests for advice on organisational and financial subjects were discussed and concluded with the Central Works Council. In December 2014 an agreement was reached with the Trade Unions about the Pension Scheme. In February 2015 a new two year TS IJmuiden collective labour agreement was agreed with the Trade Unions.

During the March 2015 quarter the Company initiated an Employee Survey. The results were concluded in May 2015 and will be discussed in workgroups with employees to identify suitable action plans for implementation during 2015/16.

Environment

Policy

TSE is committed to minimising the environmental impact of its operations and its products through the adoption of sustainable practices and continuous improvement in environmental performance. As such, respect for the environment is critical to the success of TSE. To implement its environmental policy, systems are in place to manage and minimise the effects of TSE's operations. For example, 100% of manufacturing operations are certified to the independently verified international environmental management standard, ISO 14001.

Climate change is one of the most important issues facing the world today. TSE recognises that the steel industry is a significant contributor to man-made greenhouse gas emissions as the manufacture of steel unavoidably produces CO_2.

However, TSE's products are also part of the solution to climate change. Steel has inherent environmental advantages, as it is durable, adaptable, reusable and recyclable. It is used, for example, in affordable and energy-efficient modular homes, and in lighter, stronger and safer transport systems. As a result, CO_2 emissions in steel production can be offset by reductions in direct & indirect emissions through the life cycle of steel products, achieved through effective product development and design and through recycling at end-of-life.

Furthermore, TSE aims to contribute positively to the communities around or near to its operations.

Energy efficiency and CO_2 emissions

TSN participates in a voluntary agreement with the Dutch government regarding energy efficiency improvements over the period 2013 to 2016. The primary requirement of the agreement is an energy efficiency improvement of 2% per annum, covering both energy used within the manufacturing process and energy saved across the product life cycle. The total energy efficiency improvement in 2014 was 5.0% (2013: 4.9%).

Although TSN's steel production was below pre-crisis levels, the allocation of CO_2-credits was lower than the emitted volume. This was caused by the unexpected application of a cross sectoral correction factor by the European Commission.

Environmental Permit issues

Tata Steel has started the necessary preparations for a permit application regarding the Dutch nature conservation act. The main topic in the permit application is the nitrogen deposition in nature conservation areas (Nature 2000 areas) in the vicinity of the IJmond region. Aim is to protect the production rights in the environmental permit which comprehend the environmental space that the IJmuiden plant needs to produce up to 8mt of steel per annum.

The bag filter installation for treatment of the flue gas from all three sinter strands has been fully operational since November 2013, two years ahead of schedule. The flue gas treatment of the Airfine installation will be decommissioned and the water treatment will be used for other applications. A testing program was executed in 2014. The results will be used in negotiations with the authorities to establish emission limit values (ELV) for the new permit. Tata Steel's position is that the ELV's should be based on the Best Available Techniques (BAT) Reference Document (BREF) Iron and Steel and the Dutch Emission Guidelines in order to facilitate re-use of material in the sinter plant.

Tata Steel successfully appealed the imposed ELV's for NOx for the steam boilers from the Energy Department at the Council of State. The new ELV's will be based on the BREF for Large Combustion Plants which will be finalized in 2016.

The company continues to invest substantially in short to medium term CO_2 emission reduction and energy efficiency improvements. In addition to these improvements, TSE is also working with other steelmakers in Europe on a longer term major research and development project to develop a new smelting reduction technology ('HIsarna') to produce steel from lower grade raw materials without the need for coke making or agglomeration processes, thereby improving efficiency and reducing energy consumption as well as reducing CO_2 emissions.

After evaluation of the first three experimental test periods of the HIsarna pilot plant, during campaign D special attention was given to reduce SO_2 emissions by injecting hydrated lime and measure components like NOx. Preparations have started for an endurance test period of about 6 months in 2016. All results obtained in the HIsarna pilot plant will be included in the design of a full scale demonstration plant in future.

Environmental complaints

In 2014 the number of total complaints was about 11% higher in comparison with 2013. Noise complaints originate mainly from the Beverwijk area, odour complaints are mainly coming from IJmuiden and dust complaints mainly from Wijk aan Zee. Measures taken in 2014 to reduce odour and noise complaints were quite successful with reduction percentages of 27% for odour and 30% for noise. However, dust complaints were about 97% higher, mainly because of incidents with BOS slag handling. Tata Steel decided together with Harsco, the contractor responsible for the slag handling, to build a slag handling hall to process the slag. The first results show that the slag causes no dust complaints anymore.

In March 2015 Tata Steel IJmuiden commissioned a fume condensation system at Blast Furnace No. 7 which will prevent fume emissions from the granulation boilers and reduce odour emissions from the site.

As part of its overall strategy to reduce environmental complaints at IJmuiden, Tata Steel IJmuiden has started to organize regular meetings with citizens of Wijk aan Zee. The purpose of these meetings is to inform the local community about measures taken by Tata Steel to reduce emissions and avoid environmental nuisance, and listen to the involved people about their main issues and concerns regarding the Tata Steel activities.

Tata Steel also started to publish an online environmental news report to inform stakeholders about new developments and possible activities that could cause environmental nuisance.

Regional developments

Partners in the environmental dialogue have decided on the implementation of several measures to enhance the environmental circumstances in the region. Although the local air quality is currently in compliance with European air quality standards, local politicians have the ambition to look for improvement opportunities.

National and European Policy developments

The European Commission is currently revising the thematic strategy on air quality. It has been decided that the ambient air quality limits will not be lowered yet because too many European countries still do not comply with the current ambient air quality directive. The revised National Emissions Ceilings Directive will contain ceilings for NOx, SO_2 and PM2,5 for each Member State and will become part of the legislative follow-up to the 2030 Energy and Climate Package.

In 2013 the revision of the BAT Reference Document for Large Combustion Plants (BREF LCP) started. The Best Reference documents are part of the European Industrial Emissions Directive (IED). Member States have to implement this Regulation into national legislation and transpose it into environmental permits. New in the BREF LCP is that also power stations using process gasses from the Iron & Steel industry will be dealt with. Although the BREF LCP is not yet finalised, it looks likely that very strict SO2 and NOx levels will become applicable for combustion plants above 50MW.

The nitrogen program of the Ministry of Economic Affairs enables the execution of the Dutch nature conservation act. The program combines two purposes: decreasing nitrogen depositions on Nature 2000 areas and facilitating economic growth. Because Tata Steel is surrounded by Nature 2000 areas, it is following this topic closely.

B. Report of the Board of Management

Principal risks and uncertainties

As a major subsidiary of TSE, TSN's businesses are annually subject to a full assessment of business risk. As part of TSE's procedures, monthly reports are made dealing with any significant changes in risk and controls in the period. Detailed reports are also made on a quarterly basis concerning risk and associated control and monitoring procedures.

TSE aims to minimise its expenditure on insurance and to reduce its exposure to catastrophic losses to a level consistent with its ability to carry such losses. To this end TSE maintains insurance cover through a combination of self-funding and policies purchased from external insurers.

The key forward business risks affecting TSE are in the areas of health, safety, environmental and other compliance matters, financing, pensions, general economic conditions, performance and operations and long-term competitiveness.

At Group level, mitigating measures are identified and put in place. TSN applies the same mitigating measures.

Financial risk management

TSE's financial risk management is based upon sound economic objectives and good corporate practice. TSE's main financial risks are related to the availability of funds to meet its business needs, and movements in interest rates, exchange rates and commodity costs. Derivative and other financial instruments are used to manage any exposures, where considered appropriate.

Acquisitions and disposals

On 10 December 2014 TSN signed binding agreements with subsidiaries of steel producer SSAB (namely SSAB Europe OY, Ruukki Sverige AB and Tibnor Aktiebolag) to acquire SSAB's strip products service centres at Halmstad in Sweden and Naantali, and the remaining 50% stake in Norsk Stål Tynnplater AS, another strip products service centre based in Fredrikstad, Norway and a 50/50 joint venture between Tata Steel and Tibnor. The transaction was completed on 31 March 2015.

On 15 October 2014 Tata Steel UK Ltd and the TSN subsidiaries Tata Steel France Holdings SAS and Tata Steel Germany GmbH signed a non-binding memorandum of understanding with Klesch & Co to enter into negotiations to sell TSE's Long Products business and associated distribution units. The disposal of TSN subsidiaries TS France Rail SAS and Blume Stahlservice GmbH forms part of the discussions which are continuing.

On 6 May 2015 Tata Steel Nederland Consulting and Technical Services B.V. sold its 50% interest in Danieli Corus Technical Services B.V. to Industrielle Beteiligung S.A. (the other 50% shareholder). TSE's interest in Danieli Corus Technical Services B.V. was classified as held for sale at 31 March 2015.

Composition of the Board of Management

In June 2014, Mr J.F.C. van den Boer resigned as a Member of the BoM. The BoM expresses its gratitude for his contributions to TSN. There were no further changes in the composition of the BoM during FY15. For the fulfilment of any existing or future vacancies, several factors will be taken into consideration, including diversity.

Prospects for 2015/16

Against the background of a slowly improving economy, the World Steel Association predicts modest global steel demand growth of 0.5% in 2015. Steel demand in China is expected to decrease by 0.5% as the Chinese government continues to rebalance the economy. EU steel demand is expected to grow by 2.1% due to improving economic conditions in Europe albeit still circa 25% below pre-financial crisis levels. Margins in the EU steel industry are expected to remain compressed by high levels of excess capacity, with little expectation that capacity will be reduced significantly in the near future.

Board of Management

Th.J. Henrar, Chairman

J.E. van Dort

IJmuiden, 24 June 2015

Consolidated income statement

For the financial period ended 31 March

	Note	2015 €m	2014 €m
Revenue	1	**5,045**	5,248
Operating costs	2	**(4,734)**	(5,120)
Operating profit		**311**	128
Finance costs	5	**(14)**	(16)
Finance income	5	**14**	15
Share of post-tax profits of joint ventures and associates	10(iii)	**2**	3
Profit before taxation		**313**	130
Taxation	6	**(49)**	(14)
Profit after taxation		**264**	116
Attributable to:			
Owners of the Company		**265**	116
Non-controlling interests		**(1)**	-

All references to 2015 in the Financial Statements, the Presentation of accounts and accounting policies and the related Notes 1 to 34 refer to the financial period ended 31 March 2015 or as at 31 March 2015 as appropriate (2014: the financial period ended 31 March 2014 or as at 31 March 2014).

Notes and related statements forming part of these accounts appear on pages 26 to 53.

Consolidated statement of comprehensive income

For the financial period ended 31 March

	Note	2015 €m	2014 €m
Profit after taxation		**264**	116
Items that will not be reclassified subsequently to profit or loss:			
Actuarial losses on defined benefit pension and other post-retirement plans	31	**(102)**	(262)
Other movements		**-**	1
Income tax relating to items not reclassified		**15**	64
Items that may be reclassified subsequently to profit or loss:			
Gains/(losses) arising on cash flow hedges	21	**26**	(6)
Exchange movements on currency net investments		**2**	-
Income tax relating to items that may be reclassified	21	**(7)**	1
Other comprehensive loss for the year net of tax		**(66)**	(202)
Total comprehensive income/(loss) for the year		**198**	(86)
Attributable to:			
Owners of the Company		**199**	(86)
Non-controlling interests		**(1)**	-

Notes and related statements forming part of these accounts appear on pages 26 to 53.

Consolidated balance sheet

At 31 March

	Note	2015 €m	2014 (restated) €m	2013 (restated) €m
Non-current assets				
Goodwill	7	**29**	29	29
Other intangible assets	8	**38**	39	26
Property, plant and equipment	9	**1,602**	1,613	1,678
Equity accounted investments	10	**36**	57	56
Other investments	11	**4**	4	4
Other non-current assets	12	**3**	4	4
Retirement benefit assets	31	**-**	23	255
Deferred tax assets	23	**10**	20	6
		1,722	1,789	2,058
Current assets				
Inventories	13	**841**	880	1,008
Trade and other receivables	15	**1,451**	1,155	987
Current tax assets	14	**53**	21	20
Cash and short-term deposits	16	**207**	272	413
Assets classified as held for sale	17	**21**	-	-
		2,573	2,328	2,428
TOTAL ASSETS		**4,295**	4,117	4,486
Current liabilities				
Borrowings	19	**(150)**	(140)	(128)
Trade and other payables	18	**(1,079)**	(933)	(1,075)
Current tax liabilities	14	**(164)**	(104)	(55)
Retirement benefit obligations	31	**(7)**	(9)	(7)
Short-term provisions and other liabilities	22	**(23)**	(30)	(28)
		(1,423)	(1,216)	(1,293)
Non-current liabilities				
Borrowings	19	**(26)**	(64)	(70)
Deferred tax liabilities	23	**(40)**	(40)	(139)
Retirement benefit obligations	31	**(186)**	(119)	(134)
Provisions for liabilities and charges	22	**(94)**	(87)	(90)
Other non-current liabilities	20	**(3)**	(3)	(5)
Deferred income	24	**(13)**	(15)	(21)
		(362)	(328)	(459)
TOTAL LIABILITIES		**(1,785)**	(1,544)	(1,752)
NET ASSETS		**2,510**	2,573	2,734
Equity				
Called-up share capital	25	**388**	388	388
Share premium account		**13**	13	13
Other components of equity		**2,110**	2,171	2,332
Equity attributable to owners of the Company		**2,511**	2,572	2,733
Non-controlling interests		**(1)**	1	1
TOTAL EQUITY		**2,510**	2,573	2,734

2014 and 2013 have been restated due to the impact of adopting IFRS 11 (see 'New standards and interpretations applied' on page 18).

Notes and related statements forming an integral part of these consolidated accounts appear on pages 26 to 53.

Consolidated statement of changes in equity

	Called-up share capital €m	Share premium account €m	Retained earnings €m	Hedging reserve €m	Translation reserves €m	Total €m	Non-controlling interests €m	Total equity €m
Balance as at 31 March 2013	**388**	**13**	**2,322**	**(2)**	**12**	**2,733**	**1**	**2,734**
Profit after taxation	-	-	116			**116**	**-**	**116**
Other comprehensive income/(loss) for the period			(198)	(5)	1	**(202)**	**-**	**(202)**
Dividend	-	-	(75)	-	-	**(75)**	**-**	**(75)**
Balance as at 31 March 2014	**388**	**13**	**2,165**	**(7)**	**13**	**2,572**	**1**	**2,573**
Profit after taxation	-	-	265			**265**	**(1)**	**264**
Other comprehensive income/(loss) for the period			(87)	19	2	**(66)**	**-**	**(66)**
Adjustment arising from change in non-controlling interest	-	-	-	-	-	**-**	**(1)**	**(1)**
Dividends	-	-	(260)	-	-	**(260)**	**-**	**(260)**
Balance as at 31 March 2015	**388**	**13**	**2,083**	**12**	**15**	**2,511**	**(1)**	**2,510**

Notes and related statements forming an integral part of these consolidated accounts appear on pages 26 to 53.

Consolidated statement of cash flows

For the financial period ended 31 March

	Note	2015 €m	2014 (restated) €m
Operating activities			
Profit after taxation		**264**	116
Adjustments for:			
Tax	6	**49**	14
Profit on disposal of property, plant and equipment	2	**(10)**	(1)
Interest income	5	**(14)**	(15)
Interest expense	5	**14**	16
Loss on loan revaluations		**(1)**	-
Gain on bargain purchases	32	**(7)**	-
Share of results of joint ventures and associates	10(iii)	**(2)**	(3)
Depreciation and amortisation including impairments (net of grants released)	2	**223**	238
Movement in pension prepayments and provisions		**(29)**	(40)
Movement in insurance and other provisions		**7**	(9)
Movement in loose plant, tools and spares		**9**	9
Movement in inventories		**43**	127
Movement in receivables		**(112)**	(163)
Movement in payables		**95**	(161)
Rationalisation costs provided	22	**7**	18
Utilisation of rationalisation provisions	22	**(14)**	(14)
Cash generated from operations		**522**	132
Interest paid		**(14)**	(15)
Interest element of finance lease rental payments		**(2)**	(2)
Taxation paid		**(3)**	(14)
Net cash flow from operating activities		**503**	101
Investing activities			
Purchase of property, plant and equipment		**(199)**	(160)
Sale of property, plant and equipment		**20**	3
Purchase of other intangible assets		**(7)**	(20)
Purchase of investments in joint ventures and associates	10	**(1)**	-
Dividends from joint ventures and associates	10	**4**	1
Acquisition of assets	32	**(3)**	-
Interest received		**14**	16
Net cash flow from investing activities		**(172)**	(160)
Financing activities			
Loans from Group companies		**(1)**	7
Movement in loans to Group companies		**(90)**	(10)
Movements other loans		**(1)**	(1)
Capital element of finance lease rental payment		**(19)**	(7)
Proceeds used to restructure capital leases		**13**	-
Repayment of preference shares		**(40)**	-
Dividends paid		**(260)**	(75)
Net cash flow from financing activities		**(398)**	(86)
Decrease in cash and cash equivalents		**(67)**	(145)
Cash and cash equivalents at beginning of period		**266**	413
Effect of foreign exchange rate changes		**7**	(2)
Cash and cash equivalents at end of period		**206**	266
Cash and cash equivalents consist of:			
Cash and short-term deposits	16	**207**	272
Bank overdrafts	19	**(1)**	(6)
		206	266

Notes and related statements forming an integral part of these consolidated accounts appear on pages 26 to 53.

I Introduction

Tata Steel Nederland BV ('TSN') with its seat in IJmuiden, municipality of Velsen, the Netherlands, forms part of the Tata Steel Group. The ultimate parent company is Tata Steel Limited ('TSL'), which is a company incorporated in India with shares listed on the Mumbai Stock Exchange and the National Stock Exchange of India, and with global depository receipts listed on the London and the Luxembourg Stock Exchanges. The shares of TSN ('the Company') are held by Tata Steel Netherlands Holdings BV.

TSN and its subsidiaries ('the Group') form an international steel group that manufactures, processes and distributes steel products.

The 2015 Annual Accounts of TSN have been authorised for issue by the Board of Management on 24 June 2015.

II Basis of preparation

TSN is a private limited company incorporated in the Netherlands. The consolidated financial statements of the Group for the year ended 31 March 2015 comprise the Company and its subsidiaries and the Group's interest in its joint venture and associated undertakings.

The consolidated accounts have been prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union ('EU') and interpretations issued by the International Financial Reporting Interpretations Committee ('IFRIC'). IFRS as adopted by the EU differs in certain respects from IFRS as issued by the International Accounting Standards Board ('IASB'). However, the consolidated financial statements for the periods presented would not be materially different if the Company had applied IFRS as issued by the IASB. References to IFRS hereafter should be construed as references to IFRS as adopted by the EU. The functional and presentational currency of the Company is the Euro.

The financial statements also contain the separate accounts for the parent company, TSN. The accounts of the parent company are prepared in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements for the parent company and Group have been prepared under the historical cost convention, with the exception of the Group financial statements which have been modified by the revaluation of available for sale investments and derivative financial instruments.

The Group has prepared consolidated financial statements under the IFRS accounting policies set out below and these policies have been applied consistently to all the periods except for the adoption of IFRS 11 'Joint Arrangements'. The impact of adopting this standard is summarised below.

The Board of Directors have assessed the ability of the Group to continue as a going concern and these financial statements have been prepared on a going concern basis.

III New standards and interpretations applied

The following new International Accounting Standards ('IAS') and new IFRSs have been adopted in the current year:

		Effective Date*
IFRS 10	Consolidated Financial Statements	1 Jan 2013
IFRS 11	Joint Arrangements	1 Jan 2013
IFRS 12	Disclosure of Interests in Other Entities	1 Jan 2013
IAS 27	Separate Financial Statements	1 Jan 2013
IAS 28	Investments in Associates and Joint Ventures	1 Jan 2013
IAS 32 (Amendments)	Financial Instruments	1 Jan 2014
Amendments to IAS 36	Recoverable Amount Disclosures for Non-financial Assets	1 Jan 2014
Amendments to IAS 39	Novation of Derivatives and Continuation of Hedge Accounting	1 Jan 2014
Investment Entities (Amendments to IAS 10,11, 12)	Transitional Guidance	1 Jan 2014
Amendments to IFRS 10, 12 and IAS 27	Business Qualifying as Business Activities	1 Jan 2014
IFRIC 21	Levies	1 Jan 2014

** periods commencing on or after*

The new amendments and interpretation adopted in the year have had no material impact on the TSN financial statements.

Although IFRS 10, 11 12 and IAS 27 and 28 were issued by the IASB with effective dates for periods commencing on or after 1 January 2013, they only became effective in the European Union for periods beginning on or after 1 January 2014.

Details of each of the new standards are summarised below:

IFRS 10 – Consolidated financial statements
This new standard introduces a single consolidation model that identifies control as the basis for consolidation. Control is determined as an investor being exposed or having rights to variable returns from its involvement with the investee and having the ability to affect those returns through its power over the investee. Application of IFRS 10 has not affected the scope of the consolidation in the TSN financial statements.

IFRS 11 – Joint arrangements
This standard requires joint arrangements to be accounted for as either a joint operation or a joint venture. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement. A joint venture is a joint

arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Joint operations are accounted for by recognising the share of assets, liabilities, expenses and income relating to the joint operation. Joint ventures are accounted for using the equity method.

As a consequence of adopting IFRS 11, Hoogovens Court Roll Service Technologies Vof has been classified as a joint operation rather than a joint venture in the March 2015 financial statements:

TSN holds a 50% share in Hoogovens Court Roll Service Technologies Vof and controls it together with an additional partner. The company sells its products directly to the partners and has no access to external financing. The financial impact of adopting this new standard was not material to the Group with no change to the loss after taxation or to net assets for 2014 and 2013. The adoption of the new standard does however change the classification within the balance sheet, with equity accounted investments in 2014 decreasing by €2m (2013: €2m) and property, plant and equipment, receivables and cash increasing by a net €2m (2013: €2m). As such the balance sheet and related notes have been restated for 2014 and 2013.

IFRS 12 – Disclosure of interests in other entities
This standard requires enhanced disclosures of the nature, risks and financial effects associated with the Group's interests in subsidiaries, associates, joint arrangements and unconsolidated structured entities. The disclosures required by this standard (where relevant) have been included in the financial statements (see Note 34).

IAS 27 – Separate financial statements
This standard has been amended to only cover requirements for separate financial statements as the element previously relating to consolidated financial statements has been incorporated as part of IFRS 10. The change to this standard has had no impact on the TSN financial statements.

IAS 28 – Investments in associates and joint ventures
This standard requires associates and joint ventures to be accounted for using the equity method. The change to this standard has had no impact on the TSN financial statements.

All other accounting policies in the preparation of the financial statements remained consistent with those applied in the preparation of the financial statements in 2014.

IV New standards and interpretations not applied

The International Accounting Standards Board has issued the following standards, which are likely to be relevant to the Group's reporting but have either not been applied as they have not been adopted for use in the EU in the year ended 31 March 2015, or have an effective date after the date of these financial statements:

		Effective Date*
IFRS 9	Financial Instruments	1 Jan 2015
IFRS 15	Revenue from contracts with customers	1 Jan 2017

** periods commencing on or after*

The adoption of the above standards is likely to impact the measurement and presentation of financial assets and liabilities.

IFRS 9 'Financial Instruments' brings together the classification and measurement, impairment and hedge accounting phases of the IASB's project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. IFRS 9 adds a new expected loss impairment model and limited amendments to classification and measurement for financial assets. The impairment model is based on the concept of providing for expected losses at inception of a contract, except in the case of purchased or originated credit-impaired financial assets, where expected credit losses are incorporated into the effective interest rate. The Standard supersedes all previous versions of IFRS 9 and is effective for periods beginning on or after January 1, 2018. The Company is currently assessing the impact of the new Standard.

IFRS 15 'Revenue from contracts with customers' specifies how and when revenue is recognized as well as describes more informative and relevant disclosures. The Standard supersedes IAS 18 'Revenue', IAS 11 'Construction Contracts' and a number of revenue related interpretations. The new Standard provides a single, principles based five-step model to be applied to all contracts with customers. Furthermore, it provides new guidance on whether revenue should be recognized at a point in time or over time. The standard also introduces new guidance on costs of fulfilling and obtaining a contract, specifying the circumstances in which such costs should be capitalised. Costs that do not meet the criteria must be expensed when incurred. IFRS 15 must be applied for periods beginning on or after January 1, 2017. The Company is currently assessing the impact of the new Standard.

V Use of estimates and critical accounting judgements

The preparation of accounts in accordance with IFRS requires management to make estimates and assumptions that affect the:
(i) reported amounts of assets and liabilities;
(ii) disclosure of contingent assets and liabilities at the date of the accounts; and
(iii) reported amounts of income and expenses during the period.

Critical accounting judgments and the key sources of estimation or uncertainty in applying the Group's accounting policies arise in relation to impairment of property, plant and equipment and goodwill, the recognition of deferred tax assets, retirement benefits, provisions created for rationalisation and related costs, environmental remediation, legal claims and employee benefits. Each of these areas relies upon a number of estimates and judgements which are subject to uncertainty and which may lead to an adjustment within the next financial year.

A significant part of the Group's capital is invested in property, plant and equipment and intangible assets (including goodwill). Determining whether these assets are impaired requires an estimation of value in use of the cash generating unit ('CGU') to which the asset relates. Value in use calculations require an estimation of future cash flows expected to arise from the cash generating unit and a suitable discount rate in order to calculate present value. Further details on the Group's impairment review and key assumptions are set out in note 7.

The recognition of deferred tax assets is subject to estimations of the future available taxable profits that the directors consider to be more likely than not to occur, based on the Group's annual plans and future forecasts. Further information can be found in note 23.

The Group's retirement benefit obligations are subject to a number of judgements including discount rate, inflation, salary growth and mortality rates. Significant judgement is required when setting these criteria and a change in each of these assumptions would have a significant impact on the amounts recorded within the Group balance sheet and income statement. The Group sets these judgements based on previous experience and third party actuarial advice. Further details on the Group's retirement benefit obligations, including a sensitivity analysis of key judgements are included within note 31.

Estimates in calculating provisions for rationalisation and related costs, environmental remediation, legal claims and employee benefits are based on previous experience and third party advice and are reassessed on a regular basis. Judgement is required in assessing the likely costs and the timing of these costs. Further details on the Group's redundancy and rationalisation provisions can be found in note 2 and in note 22.

The detailed accounting policies for each of these areas, are outlined in section VI below.

VI Critical accounting policies

(a) Property, plant and equipment

Property, plant and equipment is recorded at original cost less accumulated depreciation and any recognised impairment loss, with the exception of land. Cost includes professional fees and, for assets constructed by the Group, any related works to the extent that these are directly attributable to the acquisition or construction of the asset. From 1 April 2009, this includes borrowing costs capitalised in respect of qualifying assets in accordance with the Group's accounting policy. Amounts incurred in connection with capital projects that are not directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended (which the Group refers to as 'commissioning costs' and which include expenses such as initial operating losses incurred while technical deficiencies on new plant are rectified and incremental operating costs that are incurred while the new plant is operating at less than full capacity) are written off to profit and loss as incurred. Assets in the course of construction are depreciated from the date on which they are ready for their intended use.

The gain or loss arising on disposal of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset, and is recognised in profit and loss.

Included in property, plant and equipment are loose plant and tools which are stated at cost less amounts written off related to their expected useful lives and estimated scrap value and also spares, against which impairment provisions are made where necessary to cover slow moving and obsolete items.

Subsequent costs are included in the carrying value of an asset when it is probable that additional future economic benefits will flow to the Group and the cost of the item can be measured reliably. All other repairs and renewals are charged to profit and loss as incurred.

(b) Depreciation, amortisation and impairment of property, plant and equipment and other intangible assets (including goodwill)

Depreciation or amortisation is provided so as to write off, on a straight-line basis, the cost of property, plant and equipment and other intangible assets, including those held under finance leases, to their residual value, but with the exception of land. These charges are commenced from the dates the assets are available for their intended use and are spread over their estimated useful economic lives or, in the case of leased assets, over the lease period if shorter. The estimated useful lives of assets and residual values are reviewed regularly and, when necessary, revised. Accelerated depreciation or amortisation is provided where an asset is expected to become obsolete before the end of its normal useful life or if events or changes in circumstances indicate that an impairment loss needs to be recognised, as discussed below. No further charges are provided in respect of assets that are fully written down but are still in use.

The estimated useful lives for the main categories of property, plant and equipment and other intangible assets are:

		Life Years
Freehold and long leasehold buildings that house plant and other works buildings		25
Other freehold and long leasehold buildings		50
Plant and machinery:		
Iron and steelmaking	(maximum)	25
IT hardware and software	(maximum)	8
Office equipment and furniture		10
Motor vehicles		4
Other	(maximum)	15
Patents and trademarks		4
Product and process development costs		5

At each reporting period end, the Group reviews the carrying amounts of its property, plant and equipment and other intangible assets (including goodwill) to determine whether there is any indication that the carrying amount of those assets may not be recoverable through continuing use. If any such indication exists, the recoverable amount of the asset is reviewed in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the CGU to which the asset belongs. Other intangible assets with indefinite useful lives are tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate, based upon the Group's long term weighted average cost of capital ('WACC'), which also recognises the comparative WACCs of its European peers, with appropriate adjustments for the risks associated with the relevant units. If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or CGU) in prior years. A reversal of an impairment loss is recognised as income immediately, although impairments of goodwill are not subject to subsequent reversal.

(c) Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences. In contrast, deferred tax assets are only recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Liabilities are not recognised for taxable temporary differences arising on investments in subsidiaries, joint ventures and associates where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Both current and deferred tax items are calculated using the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. This means using tax rates that have been enacted or substantially enacted by the end of the reporting period. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset to the extent that they relate to taxes levied by the same tax authority and they are in the same taxable entity, or a group of taxable entities where the tax losses of one entity are used to offset the taxable profits of another and there are legally enforceable rights to set off current tax assets and current tax liabilities within that jurisdiction.

(d) Retirement benefit costs

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

For defined benefit retirement schemes the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each reporting period end. The Group applies IAS 19 'Employee Benefits' (Revised in 2011) to recognise all actuarial gains and losses directly within retained earnings, presenting those arising in any one reporting period as part of the relevant statement of comprehensive income. In applying IAS 19, in relation to retirement benefits costs, the current service cost and net interest cost have been treated as a net expense within employment costs.

Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the benefits become vested.

The retirement benefit asset recognised in the balance sheet represents the fair value of scheme assets less the present value of the defined benefit obligation as adjusted for unrecognised past service cost. Any asset resulting from this calculation is limited to unrecognised past service cost, plus the present value of available refunds and reductions in future contributions to the plan.

(e) Provisions

Provisions for rationalisation and related measures, environmental remediation and legal claims are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. This involves a series of management judgements and estimates that are based on past experience of similar events and third party advice where applicable. Where appropriate and relevant those provisions are discounted to take into consideration the time value of money.

In particular, redundancy provisions are made where the plans are sufficiently detailed and well advanced, and where appropriate communication to those affected has been made at the end of the reporting period. These provisions also include charges for any termination costs arising from enhancement of retirement or other post-employment benefits for those employees affected by these plans.

Provisions are also created for employee benefits that depend on the length of service, such as long service and sabbatical awards, disability benefits and long term compensated absences such as sick leave. The amount recognised as a liability is the present value of benefit obligations at the end of the reporting period, and all movements in the provision (including actuarial gains and losses or past service costs) are recognised immediately within profit and loss.

TSE participates in the EU Emissions Trading Scheme, initially measuring any rights received or purchased at cost, and recognises a provision in relation to carbon dioxide quotas if there is any anticipated shortfall in the level of quotas received or purchased when compared with actual emissions in a given period. Any surplus is only recognised once it is realised in the form of an external sale.

VII Other accounting policies

(a) Basis of consolidation

The consolidated income statement, statement of comprehensive income, balance sheet, statement of changes in equity and statement of cash flows include the Company and its subsidiaries. They also include the Group's share of the profits, net assets and retained post acquisition reserves of joint ventures and associates that are consolidated using the equity method of consolidation. The profits or losses of subsidiaries, joint ventures and associates acquired or sold during the period are included from the date of acquisition or up to the date of their disposal. All intra-group transactions, balances, income and expenses are eliminated on consolidation, including unrealised profits on such transactions.

(b) Business combinations

On the acquisition of a subsidiary, joint venture or associate, fair values are attributed to the net assets acquired. Any excess of the fair value of consideration given (including the fair value of any contingent consideration) over the fair values of the Group's share of the identifiable net assets acquired is treated as goodwill. The costs of acquisition are charged to profit and loss in the period in which they are incurred. If the fair value of the net assets acquired exceeds the fair value of consideration then these fair values are reassessed before taking the remainder as a credit to profit and loss in the period of acquisition.

Goodwill is recognised as an asset. Although it is not amortised, it is reviewed for impairment annually and whenever there is a possible indicator. Any impairment is recognised immediately in profit and loss and cannot subsequently be reversed. On disposal of a subsidiary, joint venture or associate any residual amount of goodwill is included in the determination of the profit or loss on disposal.

Where an acquisition is achieved in stages, upon obtaining control the previously held equity interest is reassessed at fair value and any resulting gain or loss is recognised in profit and loss.

(c) Revenue

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer, which is when they have accepted physical delivery and control of the goods. No revenue is recognised if there are significant uncertainties regarding recovery of the amount due, associated costs or the possible return of goods.

Revenue is measured at the fair value of the consideration received or receivable and represents amounts due for goods and services provided in the normal course of business net of discounts, VAT and other sales related taxes.

(d) Government grants

Grants related to expenditure on property, plant and equipment are credited to profit and loss over the useful lives of qualifying assets. Total grants received less the amounts credited to profit and loss at the end of the reporting period are included in the balance sheet as deferred income.

(e) Insurance

Most of TSN's insurances are arranged by Tata Steel Europe ('TSE'). Some of these insurances involve TSE's captive insurance company, Crucible Insurance Company Limited. Insurance premiums in respect of those insurances placed by TSE on behalf of TSN and those arranged directly by TSN with insurers are charged to the income statement in the period to which they relate.

(f) Financing items

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Interest expense, excluding that related to financing the construction of qualifying property, plant and equipment from 1 April 2009, is expensed as incurred. Discounts or premiums and expenses on the issue of debt securities are amortised over the term of the related security and included within interest expense. Unamortised amounts are shown in the balance sheet as part of the outstanding balance of the related security. Dividend income is recognised when the right to receive payment is established.

(g) Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into sterling at the quoted rates of exchange ruling at the end of each reporting period. Income statement items and cash flows are translated into sterling at the average rates for the financial period. In order to hedge its exposure to certain foreign exchange transaction risks, the Group enters into forward contracts and options (see (h) below for details of the Group's accounting policies in respect of such derivative financial instruments). In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency are recognised at the rates of exchange prevailing on the dates of the transactions.

Exchange differences on the retranslation of the opening net investment in foreign enterprises and the retranslation of profit and loss items from average to closing rate are recorded as movements on reserves. Such cumulative exchange differences are transferred to profit and loss on subsequent disposals of the foreign enterprise and for other substantial reductions in capital in these enterprises during the period. Under IAS 21, cumulative translation differences on the consolidation of subsidiaries are only being accumulated for each individual subsidiary from the date of transition to IFRS, being 1 January 2004, and not from their original acquisition date. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(h) Financial instruments

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument. The detailed accounting treatment for such items can differ, as described in the following sections:

(i) Trade receivables

Trade receivables are initially recorded at their fair value and are subsequently measured at their amortised cost, as reduced by appropriate allowances for any impairment. Provisions for impairment are made where there is a risk of non-payment, taking into account ageing, previous experience, general economic conditions and credit insurances. When a trade receivable is determined to be uncollectable it is written off, firstly against any provision available and then to the income statement. Subsequent recoveries of amounts previously provided for are credited to the income statement. Where trade receivables are sold prior to settlement by customers, they are derecognised with the respective default deductions and discount costs simultaneously charged to profit and loss.

(ii) Other investments

Other investments include long term financial assets that are initially measured at fair value, including transaction expenses. They are classified as either available for sale or as loans and receivables. For available for sale investments, gains and losses arising from changes in fair values are recognised directly in equity until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in the net profit or loss for the period. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Following initial recognition they are measured at amortised cost using the effective interest rate method.

(iii) Financial liabilities and equity related instruments

Financial liabilities and equity related instruments are classified according to the terms of the individual contractual arrangements.

The redeemable preference shares issued by TSN are disclosed as financial liabilities in accordance with IAS 32 and IAS 39.

(iv) Bank borrowings

Interest-bearing bank loans, overdrafts and issued debt are initially recorded at their fair value which is generally the proceeds received, net of direct issue costs. These borrowings are subsequently measured at amortised cost.

(v) Trade payables

Trade payables are initially recorded at fair value and are subsequently measured at their amortised cost.

(vi) Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(vii) Derivative financial instruments and hedge accounting

In the ordinary course of business the Group uses certain derivative financial instruments to reduce business risks which arise from its exposure to fluctuations in foreign exchange rates and base metal prices. The instruments are confined principally to forward foreign exchange contracts and London Metal Exchange (LME) contracts. The instruments are employed as economic hedges of transactions included in the accounts or forecast for firm contractual commitments. These contracts do not generally extend beyond 6 months for foreign exchange contracts and 12 months for commodity contracts. The creditworthiness of the counterparties is being monitored on a regular basis.

Derivatives are initially accounted for and measured at fair value from the date the derivative contract is taken out. Following this, at each subsequent reporting period end the derivative is re-measured at its current fair value. For forward currency contracts and commodity contracts the fair values are determined based on market forward rates at the end of the reporting period. The Group seeks to adopt hedge accounting for these currency, and commodity contracts. This means that, at the inception of each hedge there is a formal, documented designation of the hedging relationship. This documentation includes, inter alia, items such as identification of the hedged item or transaction and the nature of the risk being hedged. At inception each hedge is expected to be highly effective in achieving an offset of changes in fair value or cash flows attributable to the hedged risk. The methodology of testing the effectiveness and the reliability of this approach for testing is also considered and documented at inception. This effectiveness is assessed on an ongoing basis throughout the life cycle of the hedging relationship. In particular, only forecast transactions that are highly probable are subject to cash flow hedges.

Changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows are recognised directly in equity and the ineffective portion is recognised immediately in profit and loss. If the cash flow hedge of a firm commitment or forecasted transaction results in the recognition of a non-financial asset or liability, then, at the time the asset or liability is recognised, the associated gains or losses on the derivative that had previously been recognised in equity are included in the initial measurement of the asset or liability. For hedges that do not result in the recognition of a non-financial asset or a liability, amounts deferred in equity are recognised in profit and loss in the same period in which the hedged item affects profit and loss.

For an effective hedge of an exposure to changes in fair value, the hedged item is adjusted for changes attributable to the risk being hedged with the corresponding entry in profit and loss. Gains or losses from re-measuring the associated derivative are also recognised in profit and loss. Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in profit and loss as they arise.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, exercised or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss on the hedging instrument recognised in equity is retained in equity until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is reclassified to net profit or loss for the period.

Certain components, such as terms and conditions, embedded in other financial instruments or other host contracts are accounted for as separate derivatives and carried at fair value. These components are only separately accounted for when their risks and characteristics are not closely related to those of the host contract, the host contract itself is not carried at fair value with gains or losses reported in profit and loss, and where a separate instrument with the same terms as the embedded component would itself meet the definition of a derivative.

(i) Other intangible assets

Patents, trademarks and software are included in the balance sheet as intangible assets where they are clearly linked to long term economic benefits for the Group. In this case they are measured initially at fair value on acquisition or purchase cost and then amortised on a straight-line basis over their estimated useful lives. All other costs on patents, trademarks and software are expensed in profit and loss as incurred.

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Costs incurred on individual development projects are recognised as intangible assets from the date that all of the following conditions are met:

- (i) completion of the development is technically feasible;
- (ii) it is the intention to complete the intangible asset and use or sell it;
- (iii) it is clear that the intangible asset will generate probable future economic benefits;
- (iv) adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available; and
- (v) it is possible to reliably measure the expenditure attributable to the intangible asset during its development.

Costs are no longer recognised as an asset when the project is complete and available for its intended use, or if these criteria no longer apply. The approach to amortisation and impairment of other intangible assets is described in section V (b) above.

Where development activities do not meet the conditions for recognition as an asset, any associated expenditure is treated as an expense in the period in which it is incurred.

(j) Leases

The Group determines whether an arrangement contains a lease by assessing whether the fulfilment of a transaction is dependent on the use of a specific asset and whether the transaction conveys the right to use that asset to TSN in return for payment. Where this occurs, the arrangement is deemed to include a lease and is accounted for as such.

Rentals payable under operating leases are charged to the income statement on a straight-line basis over the term of the lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the term of the lease.

Assets held under finance leases are recognised as assets of the Group at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income over the period of the lease.

(k) Joint ventures and associates

The results and assets and liabilities of joint ventures and associates are incorporated in the accounts using the equity method of accounting, except where classified as held for sale (see section (l) below).

Investments in joint ventures and associates are initially measured at cost. Any excess of the cost of acquisition over the Group's share of the fair values of the identifiable net assets acquired, being goodwill, is included within the carrying value of the joint venture or associate and is subsequently tested for impairment on an annual basis. Any deficiency of the cost of acquisition below the Group's share of the fair values of the identifiable net assets acquired is credited to profit or loss in the period of acquisition. The Group's share of post acquisition profits and losses is recognised in profit and loss, and its share of post acquisition movement in reserves are recognised directly in reserves. Losses of associates in excess of the Group's interest in those associates are not recognised, unless the Group has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions with joint ventures or associates are eliminated and, where material, the results of joint ventures and associates are modified to conform to the Group's policies.

(l) Non-current assets held for sale and discontinued operations

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is only met when the sale is highly probable and the asset, or disposal groups, is available for immediate sale in its present condition and is marketed for sale at a price that is reasonable in relation to its current fair value.

The Group must also be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Where a disposal group represents a separate major line of business or geographical area of operations, or is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations, then it is treated as a discontinued operation. The post-tax profit or loss of this discontinued operation together with the gain or loss recognised on its disposal are disclosed as a single amount on the face of the income statement, with all prior periods being presented on this basis.

(m) Inventories

Inventories of raw materials are valued at the lower of cost and net realisable value. Cost is determined using the 'first in, first out' method. Inventories of partly processed materials, finished products and stores are individually valued at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Net realisable value is the price at which the inventories can be realised in the normal course of business after allowing for the cost of conversion from their existing state to a finished condition and for the cost of marketing, selling and distribution. Provisions are made to cover slow moving and obsolete items based on historical experience of utilisation on a product category basis, which involves individual businesses considering their local product lines and market conditions.

(n) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

(o) Equity

Share capital: Ordinary shares are classified as equity.

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's annual accounts in the period in which the dividends are approved by the Company's shareholders.

Notes to the consolidated accounts

1. Revenue

	2015 €m	2014 €m
Revenue by destination:		
The Netherlands	**679**	727
Europe excluding the Netherlands	**3,414**	3,598
North America	**680**	591
Rest of the world	**272**	332
	5,045	5,248

2. Operating costs

	2015 €m	2014 €m
Costs by type:		
Raw materials and consumables	**2,470**	2,968
Maintenance costs (excluding own labour)	**343**	316
Other external charges (including fuels and utilities, hire charges and carriage costs)	**646**	632
Employment costs (Note 4)	**950**	876
Depreciation, amortisation and impairments (Note 8 and 9)	**225**	244
Regional development and other grants released (Note 24)	**(2)**	(5)
Other operating items (including rents, rates, insurance and general expenses)	**114**	118
Changes in inventory of finished goods and work in progress	**21**	(14)
Own work capitalised	**(23)**	(14)
Profit on disposal of property, plant and equipment	**(10)**	(1)
	4,734	5,120

	Operating costs before restructuring, impairment and disposals €m	Restructuring, impairment and disposals €m	Total €m
The above costs in 2015 include:			
Raw materials and consumables	2,470	-	**2,470**
Maintenance costs (excluding own labour)	343	-	**343**
Other external charges (including fuels and utilities, hire charges and carriage costs)	646	-	**646**
Employment costs (Note 4)	945	5	**950**
Depreciation and amortisation	225	-	**225**
Regional development and other grants released	(2)	-	**(2)**
Other operating items (including rents, rates, insurance and general expenses)	112	2	**114**
Changes in inventory of finished goods and work in progress	21	-	**21**
Own work capitalised	(23)	-	**(23)**
Profit on disposal of property, plant and equipment	-	(10)	**(10)**
	4,737	(3)	**4,734**

Further analysis of restructuring and impairment costs is presented in Note 3.

	2015 €m	2014 €m
The above costs are stated after including:		
Amortisation of other intangible fixed assets (Note 8)	**8**	7
Depreciation of owned assets (Note 9)	**212**	221
Impairment losses related to owned assets (Note 3)	**-**	11
Depreciation of assets held under finance leases (Note 9)	**5**	5
Operating leases:		
Plant and machinery	**19**	23
Leasehold property	**18**	20
Costs of research and development (gross)	**53**	53
Recoveries on research and development	**(3)**	(4)
Impairments against trade receivables (Note 15)	**5**	3
Net exchange rate gains	**(5)**	(3)

During the year no significant ineffectiveness from foreign currency hedges was recognised in the income statement.

3. Restructuring and impairment costs

	2015 €m	2014 €m
Provision for restructuring and related measures:		
Redundancy and related costs (Note 4)	**5**	15
Impairment losses related to property, plant and equipment (Note 9)	**-**	11
Other rationalisation costs	**2**	3
	7	29

4. Employees

	2015 €m	2014 €m
The total employment costs of all employees (including directors) in the Group were:		
Wages and salaries	**778**	711
Social security costs	**108**	103
Other pension costs (Note 31)	**59**	47
Redundancy and related costs (Note 3)	**5**	15
	950	876

The average number of the Group's employees was 11,948 (2014: 12,238). The analysis by area and by country was:

Strip Product MLE	7,086	The Netherlands	9,075
France Rail	436	Germany	1,032
Speciality Businesses	3,445	France	1,160
Distribution & Sales Network	436	Other	681
Central	545		

5. Financing items

	2015 €m	2014 €m
Interest expense:		
Bank and other borrowings	**(10)**	(6)
Borrowings from Group companies	**(1)**	(1)
Finance leases	**(2)**	(2)
Discount on disposal of trade receivables within purchase agreement with Tata Steel subsidiary (see Note 33)	**(1)**	(7)
Finance costs	**(14)**	(16)
Interest income:		
Cash and short-term investments	**-**	1
From Group companies	**14**	14
Finance income	**14**	15
	-	(1)

6. Taxation

	2015 €m	2014 €m
Dutch corporation tax	**59**	41
Dutch prior year (credit)/charge	**(27)**	13
Other corporation tax	**4**	8
Current tax	**36**	62
Dutch deferred tax charge/(credit)	**3**	(29)
Other deferred tax charge/(credit)	**10**	(19)
Taxation	**49**	14

In addition to the total taxation charged to the income statement, an amount of €8m has been credited in other comprehensive income in the year (2014: credit of €65m).

The total charge for the year can be reconciled to the accounting profit as follows:

	2015 €m	2014 €m
Profit before taxation	**313**	130
Profit before taxation multiplied by the applicable income tax rate of 25.1% (2014: 24.5%)	**79**	32
Effects of:		
Adjustments to current tax in respect of prior periods	**(27)**	15
Adjustments to deferred tax in respect of prior periods	**-**	(16)
Movements in unrecognised losses	**15**	(12)
Other differences	**(18)**	(5)
Total taxation	**49**	14

The applicable income tax rate of 25.1% for 2015 is the average tax rate weighted in proportion to the accounting profits earned in each geographical area.

7. Goodwill

	2015 €m	2014 €m
Net book value	**29**	29

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units that are expected to benefit from that combination. TSN tests goodwill annually for impairment, or more frequently if there are any indications that goodwill might be impaired. In addition, property, plant and equipment is tested for impairment where there are indicators of impairment.

The recoverable amount of the goodwill has been determined from a value in use calculation. The calculation uses cash flow forecasts based on the most recently approved financial budgets and strategic forecasts which cover a period of three years and future projections taking the analysis out to 15 years. Key assumptions for the value in use calculation are those regarding expected changes to selling prices and raw material costs, market growth rates, the ability of the entity to realise significant savings from approved internal efficiency and improvement programmes currently being implemented, and a discount rate of 8.0% (2014: 8.3%). Changes in selling prices and raw material costs are based on expectations of future changes in the steel market based on external market sources. Forecast savings from approved internal efficiency and improvement programmes are based on the Group's experience of implementing and deriving benefits from these programmes. A nil growth rate is used to extrapolate the cash flow projections beyond the three-year period of the financial budgets and the pre-tax discount rate of 8.0% (2014: 8.3%) is derived from the Group's WACC and the WACCs of its main European steel competitors. The outcome of the Group's goodwill impairment test as at 31 March 2015 resulted in no impairment of goodwill (2014: no impairment). The BoM believe that no reasonable possible change in any of the key assumptions used in the value in use calculation would cause the carrying value of the CGU to materially exceed its value in use.

8. Other intangible assets

2015	Computer software €m	Development costs €m	Patents and trademarks €m	Emission Rights €m	**Total €m**
Cost at beginning of period	54	65	9	10	**138**
Additions	-	7	-	-	**7**
Disposals	(11)	-	-	-	**(11)**
Exchange rate movements	2	-	-	-	**2**
Cost at end of period	45	72	9	10	**136**
Amortisation at beginning of period	48	42	9	-	**99**
Charge for the period	2	6	-	-	**8**
Disposals	(11)	-	-	-	**(11)**
Exchange rate movements	2	-	-	-	**2**
Amortisation at end of the period	41	48	9	-	**98**
Net book value at end of the period	4	24	-	10	**38**

2014	Computer software €m	Development costs €m	Patents and trademarks €m	Emission Rights €m	**Total €m**
Cost at beginning of period	56	55	9	-	**120**
Additions	-	10	-	10	**20**
Disposals	(2)	-	-	-	**(2)**
Cost at end of period	54	65	9	10	**138**
Amortisation at beginning of period	49	36	9	-	**94**
Charge for the period	1	6	-	-	**7**
Disposals	(2)	-	-	-	**(2)**
Amortisation at end of the period	48	42	9	-	**99**
Net book value at end of the period	6	23	-	10	**39**

The remaining amortisation period for development costs is approximately 4 years (2014: 4 years).

9. Property, plant and equipment

2015	Land and buildings €m	Plant and machinery €m	Assets under construction €m	**Total €m**
Cost or valuation at beginning of period	1,112	6,298	195	**7,605**
Additions	-	52	148	**200**
Acquisition of assets	10	4	-	**14**
Exchange translation differences	8	35	1	**44**
Transfers to/from assets under construction	18	140	(158)	**-**
Disposals	(13)	(69)	-	**(82)**
Cost or valuation at end of period	1,135	6,460	186	**7,781**
Depreciation at beginning of period	847	5,124	21	**5,992**
Charge for the period	20	197	-	**217**
Exchange translation differences	6	33	-	**39**
Transfers to/from assets under construction	1	-	(1)	**-**
Disposals	(12)	(57)	-	**(69)**
Depreciation at end of period	862	5,297	20	**6,179**
Net book value at end of period	273	1,163	166	**1,602**

2014 (Restated)	Land and buildings €m	Plant and machinery €m	Assets under construction €m	**Total €m**
Cost or valuation at beginning of period	1,098	6,243	140	**7,481**
Additions	-	45	138	**183**
Exchange translation differences	(1)	(8)	-	**(9)**
Changes in classification	10	(6)	-	**4**
Transfers to/from assets under construction	6	75	(83)	**(2)**
Disposals	(1)	(51)	-	**(52)**
Cost or valuation at end of period	1,112	6,298	195	**7,605**
Depreciation at beginning of period	819	4,963	21	**5,803**
Charge for the period	23	203	-	**226**
Impairment (Note 3)	2	9	-	**11**
Exchange translation differences	(1)	(9)	-	**(10)**
Changes in classification	4	-	-	**4**
Disposals	-	(42)	-	**(42)**
Depreciation at end of period	847	5,124	21	**5,992**
Net book value at end of period	265	1,174	174	**1,613**

(i) Additions for 2014 have been restated following an analysis of assets in the course of construction. This restatement resulted in an adjustment of €18m to both the assets in the course of construction and capital expenditure creditors at 31 March 2014, but has no effect on net assets.

(ii) The figures for 2014 have also been restated for the impact of adopting IFRS 11 'Joint Arrangements' (see Accounting Policies on page 18). This restatement resulted in adjustments to the property, plant & equipment cost of €2m (2013: €nil), depreciation of €nil (2013: €nil) and net book value of €2m (2013: €nil).

(iii) There were no borrowing costs capitalised during the year (2014: €2m using a capitalisation rate of 0.8%).

(iii)

	2015 €m	2014 €m
The net book value of land and buildings comprises:		
Freehold	**241**	242
Long leasehold (over 50 years unexpired)	**3**	3
Short leasehold (in less than 50 years expired)	**29**	20
	273	265
Which may be further analysed as:		
Assets held under finance leases:		
Cost	**46**	47
Accumulated depreciation	**(26)**	(24)
	20	23
Owned assets	**253**	242
	273	265

(iv)

The net book value of plant and machinery comprises:		
Assets held under finance leases:		
Cost	**74**	67
Accumulated depreciation	**(64)**	(58)
	10	9
Owned assets	**1,153**	1,165
	1,163	1,174

10. Equity accounted investments

As at 31 March	Interest in joint ventures €m	Investments in associates €m	**2015 Total €m**	2014 (restated) Total €m
Cost at beginning of period	27	9	**36**	36
Additions	2	-	**2**	-
Disposals	-	(1)	**(1)**	-
Transfers to assets held for sale	(22)	-	**(22)**	-
Cost at end of period	7	8	**15**	36
Share of post acquisition reserves at beginning of period	13	8	**21**	20
Share of results in period retained	5	1	**6**	3
Dividends	(2)	(2)	**(4)**	(1)
Disposal of post acquisition results	-	1	**1**	(1)
Transfers to assets held for sale	(3)	-	**(3)**	-
Share of post acquisition reserves at end of period	13	8	**21**	21
Net book value at end of period	20	16	**36**	57
Net book value at beginning of period	40	17	**57**	56

(i) Summarised information in respect of the Group's joint ventures is presented below:

As at 31 March	2015 €m	2014 €m
The share of assets and liabilities of the Group's joint ventures is as follows:		
Non-current assets	**11**	14
Current assets	**16**	42
Current liabilities	**(6)**	(15)
Non-current liabilities	**(1)**	(1)
Group's share of net assets	**20**	40

The share of revenue and expenses of the Group's joint ventures is as follows:		
Revenue	**88**	93
Expenses	**(83)**	(92)
Group's share of joint ventures' profit for the period	**5**	1
Dividend received	**(2)**	(1)
Group's share of retained profit for the period	**3**	-

(ii) Summarised information in respect of Group's associates is presented below:

As at 31 March	2015 €m	2014 (restated) €m
Summarised balance sheet information		
Total assets	**89**	100
Total liabilities	**(38)**	(46)
Net assets	**51**	54
Group's share of net assets	**16**	17

Summarised income statement information		
Revenue	**238**	243
Profit for the period	**5**	7
Group's share of associates profit for the period	**1**	2
Dividend received	**(2)**	-
Group's share of retained profit for the period	**(1)**	2

(iii)The share of post tax profits of joint ventures and associates as disclosed in the income statement arose as follows:

	2015 €m	2014 €m
Group's share of joint ventures' profit for the period	**5**	1
Group's share of associates profit for the period	**1**	2
	6	3
Loss on disposal of investment in associate	**-**	(1)
Impairment due to Danieli Corus Technical Services BV reclassified as assets held for sale (Note 17)	**(4)**	-
Total profit on joint ventures and associates for the year	**2**	2

(iv) On 31 March 2015 TSN acquired a 50% share in Norsk Stal Tynnplater AS for a value of €2m. 50% of the total consideration was paid in March 2015 with the remaining 50% deferred until October 2015.

(v) On 31 March the Group also reclassified its 50% investment in Danieli Corus Technical Services BV to assets held for sale for a fair value of €21m. For further information please refer to Note 17 for Assets Held for Sale.

11. Other investments

	Other Loans and receivables €m	Other investments €m	**2015 Total €m**	2014 Total €m
Carrying value at beginning and end of period	2	2	**4**	4

12. Other non-current assets

As at 31 March	**2015 €m**	2014 €m
Other receivables	**3**	4

13. Inventories

As at 31 March	**2015 €m**	2014 €m
Raw materials and consumables	**325**	348
Work in progress	**234**	250
Finished goods and goods for resale	**282**	282
	841	880

The value of inventories above is stated after impairment of €17m (2014: €15m) for obsolescence and write-downs to net realisable value.

14. Current tax

2015	**Assets €m**	**Liabilities €m**
Dutch corporation tax	**47**	**(158)**
Other corporation tax	**6**	**(6)**
	53	**(164)**

2014	Assets €m	Liabilities €m
Dutch corporation tax	18	(102)
Other corporation tax	3	(2)
	21	(104)

At the end of March 2015 the Dutch corporation tax balances contain a €111m net payable owed to TSNH (2014: a net payable of €85m).

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15. Trade and other receivables

As at 31 March	**2015 €m**	2014 (restated) €m
Trade receivables	**677**	550
Less provision for impairment of receivables	**(7)**	(7)
	670	543
Amounts owed by other Tata Steel companies	**118**	109
Amounts owed by joint ventures	**5**	7
Amounts owed by associates	**4**	6
Derivative financial instruments (Note 21)	**44**	5
Derivative financial instruments owed by Group companies (Note 21)	**5**	-
Other taxation	**14**	27
Prepayments	**29**	23
Interest owed by other Tata Steel companies	**1**	1
Other receivables	**53**	34
Loans to other Tata Steel companies	**508**	400
	1,451	1,155

(i) Trade receivables are further analysed as follows:

As at 31 March 2015	**Gross amount €m**	**Subject to credit insurance cover €m**	**Impairment provision made €m**	**Net credit risk amount made €m**
Amounts not yet due	**626**	**(538)**	**(1)**	**87**
One month overdue	**27**	**(25)**	**-**	**2**
Two months overdue	**8**	**(7)**	**-**	**1**
Three months overdue	**2**	**(1)**	**-**	**1**
Greater than three months overdue	**14**	**(5)**	**(6)**	**3**
	677	**(576)**	**(7)**	**94**

As at 31 March 2014	Gross amount €m	Subject to credit insurance cover €m	Impairment provision made €m	Net credit risk amount made €m
Amounts not yet due	517	(441)	-	76
One month overdue	13	(3)	-	10
Two months overdue	4	(3)	-	1
Three months overdue	2	(2)	-	-
Greater than three months overdue	14	(4)	(7)	3
	550	(453)	(7)	90

The Group considers its maximum exposure to credit risk with respect to customers at 31 March 2015 to be €94m (2014: €90m), which is the fair value of trade receivables (after impairment provisions) less those that are subject to credit insurance cover as shown in the table above. The other classes of financial assets within trade and other receivables do not contain impaired assets. There is no concentration of credit risk with any particular customers.

Credit risk management is discussed further in Note 21.

(ii) Movements in the provision for impairment of receivables are as follows:

As at 31 March	**2015 €m**	2014 €m
At beginning of period	**7**	12
Impairments in the period (Note 2)	**5**	3
Amounts utilised, exchange and other movements	**(5)**	(8)
At end of period	**7**	7

(iii) The loans to other Tata Steel companies include amounts of €11m (2014: €28m) at a weighted average fixed interest rate of 4.4%; the loans include amounts of €497m (2014: €372m) at a weighted average floating interest rate of 3.7%.

16. Cash, short-term deposits and short-term investments

As at 31 March	2015 €m	2014 (restated) €m
Cash at bank and in hand	**203**	68
Short-term deposits	**4**	204
	207	272

The currency and interest exposure of cash, short-term deposits and short-term investments of the Group is as follows:

	2015			**2014**		
	Cash €m	**Short-term deposits €m**	**Total €m**	Cash €m	Short-term deposits €m	Total €m
Euros	**139**	**-**	**139**	27	200	227
US Dollars	**40**	**-**	**40**	30	-	30
Other currencies	**24**	**4**	**28**	11	4	15
	203	**4**	**207**	68	204	272

Short-term deposits are highly liquid investments with original maturities of three months or less. The effective interest rate on short-term bank deposits was 0.2% (2014: 0.2%).

17. Assets held for sale

	2015 €m	2014 €m
Investment in Danieli Corus Technical Services BV	**21**	-

On 6 May 2015, the Group's wholly owned subsidiary Tata Steel Nederland Consulting and Technical Services B.V. completed the sale of its 50% interest in Danieli Corus Technical Services B.V. to Industrielle Beteiligung S.A. (the other 50% shareholder). Prior to the classification as held for sale, the Group's interest in Danieli Corus Technical Services B.V. was accounted for as an equity investment with a carrying value of €25m (see Note 10). On classification as held for sale at 31 March 2015, the Group recognised an impairment of €4m to write down the carrying value of the equity investment to the fair value less costs to sell of the asset. The impairment has been included in the income statement within 'share of post-tax profits of joint ventures and associates'.

18. Trade and other payables

As at 31 March	2015 €m	2014 (restated) €m
Trade payables	**380**	355
Amounts owed to other Tata Steel companies	**187**	193
Amounts owed to joint ventures	**6**	-
Amounts owed to associates	**4**	3
Other taxation and social security	**26**	28
Interest payable to other Group companies	**-**	1
Capital expenditure creditors	**49**	48
Derivative financial instruments (Note 21)	**54**	11
Derivative financial instruments owed to Group companies (Note 21)	**-**	1
Advances from customers	**16**	9
Deferred consideration on business purchase	**3**	-
Other payables	**354**	284
	1,079	933

Other payables include amounts provided in respect of insurances, holiday pay, other employment costs and sundry other items.

Capital creditors for 2014 have been restated following an analysis of assets in the course of construction. This restatement resulted in an adjustment of €18m to both the assets in the course of construction and capital expenditure creditors as at 31 March 2014, but has no effect on net assets.

19. Borrowings

	2015 €m	2014 €m
Current:		
Bank overdrafts	**1**	6
Loans from other Tata Steel companies	**7**	7
Bank and other loans	**137**	121
Obligations under finance leases	**5**	6
	150	140

	2015 €m	2014 €m
Non-current:		
Redeemable preferences shares	**-**	40
Bank and other loans	**2**	3
Obligations under finance leases	**24**	21
	26	64
Total borrowings	**176**	204

(i) The currency and interest exposure of gross borrowings of the Group at the end of the period is as follows:

	2015				2014			
	Fixed rate borrowings €m	**Floating rate borrowings €m**	**Zero rate borrowings €m**	**Total €m**	Fixed rate borrowings €m	Floating rate borrowings €m	Zero rate borrowings €m	Total €m
Euros	**31**	**3**	**5**	**39**	70	14	2	86
Sterling	**-**	**137**	**-**	**137**	-	118	-	118
Total	**31**	**140**	**5**	**176**	70	132	2	204

	2015		2014	
	Weighted average fixed interest rate %	**Weighted average time for which rate is fixed Years**	Weighted average fixed interest rate %	Weighted average time for which rate is fixed Years
Euros	**5.3**	**2.9**	3.3	4.8

Of the floating rate borrowings €137m (£100m) has been drawn on the SFA and bears interest at a rate of 4.0% (2014: 4%).

The remainder are borrowings from other Tata Steel companies bearing interest rates based on Euro LIBOR or official local rates. These rates are fixed for periods up to six months. The weighted average interest rate on short-term borrowings from other Tata Steel companies was 0.2% (2014: 0.5%).

(ii) The maturity of borrowings is as follows:

	2015 €m	2014 €m
In one year or less or on demand	**151**	142
Between one and two years	**6**	10
Between two and three years	**4**	4
Between three and four years	**3**	4
Between four and five years	**2**	4
More than five years	**17**	51
	183	215
Less: amounts representing interest in future minimum lease payments	**(7)**	(11)
	176	204
Analysed as:		
Current liabilities	**150**	140
Non-current liabilities	**26**	64

Amounts payable under finance leases are as follows:

	Minimum lease payments		Present value of minimum lease payment	
	2015 €m	2014 €m	**2015 €m**	2014 €m
Not later than one year	**5**	8	**5**	6
Later than one year but not more than five years	**14**	19	**12**	14
More than five years	**17**	11	**12**	7
	36	38	**29**	27
Less: future finance charges on finance leases	**(7)**	(11)	**-**	-
Present value of finance lease liabilities	**29**	27	**29**	27

(iii) The maturity of undrawn committed borrowing facilities of the Group is as follows:

	2015 €m	2014 €m
More than five years	**400**	400
	400	400

(iv) Of the revolving credit facility available under TSE's SFA, TSN can exclusively use £100m. The full £100m has been drawn down by TSN. TSN also has an internal loan facility available of €400m with Tata Steel UK Holdings Limited and TSNH, due to expire in November 2021. Each advance bears interest equal to LIBOR plus a margin of 0.5% per annum and there are no financial covenants. At the end of March 2015 TSN has not drawn on this facility.

TSUKH and TSNH agreed that in the event the €400m internal loan facility and the £100m RCF are fully drawn or not available, TSN may approach, at its own discretion and independently, the banking syndicate in TSE's SFA directly for additional credit lines.

(v) Furthermore the Group has uncommitted short-term bank facilities in various countries (the Netherlands, France, Germany, Belgium and Switzerland) mostly within the framework of daily treasury operations such as cash pooling but also in order to have guarantee facilities available related to commercial transactions.

(vi) Preference shares
On 4 December 2014, TSN redeemed 3,981,450 of cumulative preference shares of €10 each which had previously been issued to TSNH. The full amount of the preference shares were repaid to TSNH along with all accrued interest. As at 31 March 2015 there were no preference shares outstanding.

20. Other non-current liabilities

As at 31 March	**2015 €m**	2014 €m
Other creditors	**3**	3

21. Financial instruments and risk management

(i) The carrying amounts of the Group's financial assets and financial liabilities (excluding derivative assets and liabilities) are:

	2015 €m	2014 €m
Financial assets		
Other loans and receivables (Note 11)	**2**	2
Trade and other receivables (Note 15) 1	**1,359**	1,096
Cash and cash equivalents (Note 16)	**207**	272
	1,568	1,370
Financial liabilities		
Financial liabilities at amortised cost:		
Trade and other payables (Note 18) 1,2	**(983)**	(884)
Current borrowings (Note 19)	**(150)**	(140)
Non-current borrowings (Note 19)	**(26)**	(64)
	(1,159)	(1,088)
	409	282

1 Excludes derivatives, other taxation and prepayments
2 Excludes other taxation, social security, and advances from customers

The carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values with the exception of current and non-current borrowings. The fair value of these are €148m and €25m respectively. The fair value of borrowings would be classified as Level 3 within the fair value hierarchy. The fair value is based on discounted cash flows and reflects the credit risk of counterparties.

(ii) Fair value measurements recognised in the balance sheet
The following table categorises the Group's financial instruments held at fair value by the valuation methodology applied in determining this value. Where possible, quoted prices in active markets for identical assets and liabilities are used (Level 1). Where such prices are not available, the asset or liability is classified as Level 2, provided all significant inputs to the valuation model used are based on observable market data (this includes the Group's forward currency and commodity contracts). The Group's derivative financial assets and liabilities are categorised as Level 2 and their valuation is based on future cash flows (estimated from observable data such as forward exchange rates and yield curves) which are, where material, discounted at a rate which reflects the credit risk of counterparties. If one or more of the significant inputs to the valuation model is not based on observable market data, the instrument is classified as Level 3.

2015	Level 1 €m	Level 2 €m	Level 3 €m	**Total €m**
Financial assets at fair value:				
Commodity contracts	-	**3**	-	**3**
Forward foreign currency contracts	**-**	**46**	**-**	**46**
	-	**49**	**-**	**49**
Derivative financial liabilities at fair value:				
Commodity contracts	**-**	**(12)**	**-**	**(12)**
Forward foreign currency contracts	**-**	**(42)**	**-**	**(42)**
	-	**(54)**	**-**	**(54)**

2014	Level 1 €m	Level 2 €m	Level 3 €m	**Total €m**
Financial assets at fair value:				
Forward foreign currency contracts	-	5	-	5
	-	5	-	5
Derivative financial liabilities at fair value:				
Commodity contracts	-	(2)	-	(2)
Forward foreign currency contracts	-	(10)	-	(10)
	-	(12)	-	(12)

There were no transfers between any of the levels during the periods represented above.

(iii) Financial risk management and financial instruments

The Group uses certain financial instruments to reduce business risks arising from its exposure to fluctuations in exchange rates and base metal prices. The instruments used, which are confined principally to forward foreign exchange contracts and London Metal Exchange contracts, involve elements of credit and market rate risk in excess of the amount recognised in the accounts.

Risk management is carried out by a central Treasury department and by Tata Steel Europe Metals Trading BV under policies approved by the Board of Management. The Treasury department as well as Tata Steel Europe Metals Trading BV identify, evaluate and hedge financial risks in close cooperation with the Group's operating units.

(a) Market risk: Foreign exchange risk and management

It is the Group's policy that substantially all the net currency transaction exposure arising from contracted sales and purchases over an approximate 6 month time horizon is hedged by selling or purchasing foreign currency forwards. At 31 March 2015 the notional amounts of outstanding foreign currency contracts was €1,258m (2014: €1,191m) with a net fair value of €4m (2014: €(5)m).

At 31 March 2015, a 10% appreciation of the Euro against the US dollar would decrease the net assets of Tata Steel Nederland BV by approximately €10m (2014: €28m), decrease equity by approximately €10m (2014: €28m) and have no impact on the operating profit (2014: no impact). The sensitivity analysis has been based on the composition of the dollar denominated financial assets and liabilities of the Group at 31 March, excluding trade payables, trade receivables, other non-derivative financial instruments not in debt and financial lease obligations which do not present a material exposure.

The net positions of the Euro versus other currencies (Pound Sterling, Norwegian Kronor, Swiss Franc) are of less importance and the sensitivity of a 10% weakening/strengthening of the Euro is therefore not significant.

(b) Market risk: Commodity risk and management
The Group makes use of commodity futures contracts to manage its purchase price risk for certain commodities. Forward purchases are made for zinc, tin and nickel to cover sales contracts with fixed metal prices. At 31 March 2015 the Group had commodity contracts with a total notional value of €140m (2014: €104m) and a net fair value of €(9)m (2014: €(2)m).

At 31 March 2015, a 10% decrease of the market prices of zinc, tin and nickel would decrease the equity of Tata Steel Nederland by approximately €7m (2014: €6m). There was no significant market risk relating to the income statement since the majority of commodity derivatives are treated as cash flow hedges with movements being reflected in equity and the timing and recognition in the income statement depending on the point at which the underlying hedged transactions are also recognised.

(c) Market risk: Interest rate risk and management
The financial structure of the Group includes only a small percentage of net assets that have been financed by loans. During 2015 and 2014, the Group's borrowings were denominated in Euro and Sterling. The Group did not enter into interest rate swap contracts or forward rate agreements. For further details of the borrowings, such as maturity and interest rates, see Note 19.

On 31 March 2015 the Group had fixed rate borrowings of €31m and floating rate borrowings of €140m (31 March 2014: €70m and €132m respectively). If at 31 March 2015 the interest rate would have been 100 bps higher/lower, with all other variables held constant, profit after taxes would have shown no material change. The cash flow would also have shown no material change. For 2014, the impact would have been the same.

(d) Credit risk

Cash deposits, trade receivables and other financial instruments give rise to credit risk for the Group arising from the amounts and obligations due from counter-parties. The credit risk on short-term deposits is managed by limiting the aggregate amount and duration of exposure to any one counter party, depending on its credit rating and other credit information, and by regular reviews of these ratings. The possibility of material loss arising in the event of non performance is considered unlikely.

Sector sales teams, supported by the TSE's central credit risk management department are responsible for controlling the credit risk arising from the Group's normal commercial operations, although they must act within a series of centrally agreed guidelines. Trade receivables are, where appropriate, subject to a credit insurance programme, and regular reviews are undertaken of exposures to key customers and those where known risks have arisen or still persist. Any impairment to the recoverability of debtors is reflected in the income statement.

Credit risk also arises from the possible failure of counter-parties to meet their obligations under currency and commodity hedging instruments. However, counter parties are established banks and financial institutions with high credit ratings and the Group continually monitors each institution's credit quality and limits as a matter of policy the amount of credit exposure to any one of them. The Group's theoretical risk is the cost of replacement at current market prices of these transactions in the event of default by counter-parties. The Group believes that the risk of incurring such losses is remote and underlying principal amounts are not at risk.

(e) Liquidity risk

Liquidity risk is defined as the risk that the Group could not be able to settle or meet its financial liabilities on time and at a reasonable price. The Treasury department is responsible for liquidity and funding and manages the liquidity risk by maintaining sufficient cash resources and by maintaining the availability of funding through available committed and uncommitted credit facilities, for further information on the credit lines see Note 19. The management of the liquidity risk is based on the calculation of the future net liquidity which results from the expected cash outflows and inflows.

The following table is a maturity analysis of the anticipated contractual cash flows including interest payable for the Group's derivative and non-derivative financial liabilities on an undiscounted basis, which therefore differs from both the carrying value and fair value. Floating interest rate is estimated using the prevailing interest rate at the end of the reporting period. Cash flows in foreign currencies are translated using the period end spot rates at 31 March 2015.

Liquidity risk

	Maturity of contractual undiscounted cash flows			
At 31 March 2015	**Contractual cash flows €m**	**In one year or less or on demand €m**	**Between one and five years €m**	**More than five years €m**
Non-derivative financial liabilities				
Trade and other payables 1	**(983)**	**(983)**	**-**	**-**
Borrowings				
Repayment	**(176)**	**(150)**	**(14)**	**(12)**
Fixed interest	**(8)**	**(1)**	**(2)**	**(5)**
	(1,167)	**(1,134)**	**(16)**	**(17)**
Derivative financial assets/liabilities				
Foreign currency contracts				
Payables	**(1,221)**	**(1,221)**	**-**	**-**
Receivables	**1,225**	**1,225**	**-**	**-**
Derivatives commodities: net settlement	**(9)**	**(9)**	**-**	**-**
	(5)	**(5)**	**-**	**-**
Total	**(1,172)**	**(1,139)**	**(16)**	**(17)**

1 Excludes other taxation and social security and advances from customers

The forex derivatives outflow includes €671m from liabilities (2014: €603m); the inflow includes €629m from liabilities (2014: €595m).

	Maturity of contractual undiscounted cash flows			
At 31 March 2014	Contractual cash flows €m	In one year or less or on demand €m	Between one and five years €m	More than five years €m
Non-derivative financial liabilities				
Trade and other payables1	(884)	(884)	-	-
Borrowings				
Repayment	(204)	(140)	(18)	(46)
Fixed interest	(17)	(2)	(8)	(7)
	(1,105)	(1,026)	(26)	(53)
Derivative financial assets/liabilities				
Foreign currency contracts				
Payables	(1,084)	(1,084)	-	-
Receivables	1,079	1,079	-	-
Derivatives commodities: net settlement	(2)	(2)	-	-
	(7)	(7)	-	-
Total	(1,112)	(1,033)	(26)	(53)

1 Excludes other taxation and social security and advances from customers

(iv) Derivative financial instruments

The Group utilises currency and commodity derivatives to hedge significant future transactions and cash flows. These items gave rise to the following fair values that have been recognised in the balance sheet:

	2015		2014	
	Assets €m	**Liabilities €m**	Assets €m	Liabilities €m
Current:				
Commodity contracts	**3**	**(12)**	-	(2)
Forward foreign currency contracts	**46**	**(42)**	5	(10)
	49	**(54)**	5	(12)

The fair value of derivative financial instruments that were designated as cash flow hedges at the balance sheet date was:

	2015 €m	2014 €m
Commodity contracts	**(11)**	(3)
Forward foreign currency contracts	**28**	(6)
Cash flow hedge reserve	**17**	(9)
Taxation	**(5)**	2
Cash flow hedge reserve net of taxation	**12**	(7)

Amounts recognised in the cash flow hedge reserve, excluding deferred tax, are expected to affect profit or loss within one year.

	2015 €m	2014 €m
The following amounts have been charged/(credited) to the cash flow hedge reserve during the period:		
Commodity contracts	**19**	6
Forward foreign currency contracts	**(50)**	26

	2015 €m	2014 €m
The following amounts have been (credited)/charged to the income statement from the cash flow hedge reserve during the period:		
Commodity contracts	**11**	4
Forward foreign currency contracts	**(16)**	22

At the balance sheet date the notional amount of outstanding foreign currency and commodity contracts that the Group has committed to is as follows:

	2015 €m	2014 €m
Commodity contracts	**140**	104
Forward foreign currency contracts	**1,258**	1,191

The Group covers substantially 100% of its contracted currency transaction exposure over an approximate 6 month time horizon by way of forward currency exchange contracts.

During the year no significant ineffectiveness from foreign currency hedges was recognised in the income statement (2014: nil).

22. Provisions for liabilities and charges

	Rationalisation Costs (i) €m	Environmental Provisions (ii) €m	Guarantee commitments (iii) €m	Employee Benefits (iv) €m	Other €m	**2015 Total €m**	2014 Total €m
At beginning of period	13	14	8	72	10	**117**	118
Charged to income statement	7	5	9	12	2	**35**	41
Released to income statement	-	(6)	(1)	-	(4)	**(11)**	(9)
Utilised during the period	(14)	-	(7)	-	(3)	**(24)**	(33)
At end of period	6	13	9	84	5	**117**	117
Analysed as:							
Current liabilities	6	5	5	5	2	**23**	30
Non-current liabilities	-	8	4	79	3	**94**	87

(i) Rationalisation costs include redundancy provisions as follows:

	2015 €m	2014 €m
At beginning of period	**11**	9
Charged to income statement	**5**	15
Utilised during the period	**(12)**	(13)
At end of period	**4**	11

(i) Other rationalisation provisions of €2m (2014: €2m) relate to onerous lease payments of unutilised premises. Although the precise timing in respect of rationalisation provisions including redundancy is not known, the majority is expected to be utilised in one year.

(ii) The environmental provisions consist of remediation and clean-up activities that are likely to be undertaken in the foreseeable future and of which the costs can reasonably be estimated.

(iii) Guarantee commitments relate to the anticipated cost of any warranties offered to customers.

(iv) Provisions for employee benefits include long–term benefits such as long service and sabbatical leave, disability benefits and sick leave. All items are subject to independent actuarial assessments.

23. Deferred tax

The following is the analysis of the deferred tax balances for balance sheet purposes:

	2015 €m	2014 €m
Deferred tax assets	**10**	20
Deferred tax liabilities	**(40)**	(40)
	(30)	(20)

The following are the major deferred tax assets and liabilities recognised by the Group, and the movements thereon, during the current and prior period.

2015	Accelerated tax depreciation €m	Losses €m	Pension €m	Inventory €m	Other €m	**Total €m**
At beginning of period	(9)	15	-	(44)	18	**(20)**
Credited/(Charged) to income statement	2	(9)	(7)	15	(14)	**(13)**
Credited/(Charged) to other comprehensive income	-	-	15	-	(12)	**3**
At end of period	(7)	6	8	(29)	(8)	**(30)**

2014	Accelerated tax depreciation €m	Losses €m	Pension €m	Inventory €m	Other €m	Total €m
At beginning of period	(35)	4	(57)	(49)	4	(133)
Credited/(Charged) to income statement	26	11	(7)	5	13	48
Credited/(Charged) to other comprehensive income	-	-	64	-	1	65
At end of period	(9)	15	-	(44)	18	(20)

Deferred tax assets of €10m (2014: €20m) have been recognised at 31 March 2015. In evaluating whether it is probable that taxable profits will be earned in future accounting periods, all available evidence was considered, including TSN Supervisory Board approved budgets and forecasts. Following this evaluation, it was determined there would be sufficient taxable income generated to realise the benefit of the deferred tax assets. Deferred tax assets have not been recognised in respect of total tax losses of €165m (2014: €200m).

At balance sheet date there are temporary differences associated with undistributed earnings of subsidiaries. No liability has been recognised in respect of these differences because the vast majority of these differences occur in the Netherlands, for which the participation exemption applies.

24. Deferred income

	2015 €m	2014 €m
At beginning of period	**15**	21
Releases to profit or loss (Note 2)	**(2)**	(5)
Other movements	**-**	(1)
At end of period	**13**	15

25. Called-up share capital

For more detailed information on called-up share capital, see Parent Company Accounts, Note 4.

26. Future capital expenditure

As at 31 March	**2015 €m**	2014 €m
Contracted but not provided for	**130**	62
Authorised but contracts not yet placed	**71**	30

27. Operating leases

	2015 €m	2014 €m
Future minimum lease payments for the Group at the end of the period are:		
Not later than one year	**7**	5
Later than one year and not later than five years	**14**	11
More than five years	**5**	4
	26	20

28. Contingencies

	2015 **€m**	2014 (Restated) €m
Guarantees given under trade agreements	**65**	45
Others	**33**	50

(i) Contingencies at 31 March 2014 have been restated from €20m to €95m to include guarantees given by TSN under trade agreements and to subsidiary companies. The same approach has been adopted at 31 March 2015.

(ii) There are no significant legal claims that need to be recognised as contingent liabilities. Included in the contingencies are the restoration costs for a possible redevelopment of the Averijhaven.

(iii) The Group is party to a number of claims which may provide the Group with a future inflow of cash. No amount has been recorded in these financial statements on the basis that the Group does not consider it virtually certain that an amount will be received.

29. Reconciliation of net cash flow to movement in net funds

	2015 **€m**	2014 €m
Movement in loans to other Tata Steel companies	**90**	13
Movement in cash and short-term deposits	**(67)**	(145)
Movement in debt	**48**	-
Change in net debt resulting from cash flows in period	**71**	(132)
Effect of foreign exchange rate changes	**-**	(2)
Movement in net debt in period	**71**	(134)
Net funds at beginning of period	**468**	602
Net funds at end of period	**539**	468

30. Analysis of changes in net funds

	2014 €m	Cash Flow €m	Exchange rate changes and other €m	**2015** **€m**
Loans to other Tata Steel companies	400	90	18	**508**
Cash at bank and short-term deposits	272	(72)	7	**207**
Bank overdrafts	(6)	5	-	**(1)**
Cash and cash equivalents	266	(67)	7	**206**
Long term borrowings	(43)	41	-	**(2)**
Other loans	(128)	1	(17)	**(144)**
Obligations under finance leases	(27)	6	(8)	**(29)**
Total debt excluding bank overdrafts	(198)	48	(25)	**(175)**
Total net funds	468	71	-	**539**

31. Pensions and post retirement benefits

Defined contribution schemes
TSN participates in a number of defined contribution plans on behalf of relevant personnel. Any expense recognised in relation to these schemes represents the value of contributions payable during the period by TSN at rates specified by the rules of those plans. The only amounts included in the balance sheet are those relating to the prior month's contributions that were not due to be paid until after the end of the reporting period. The total cost charged to income in 2015 amounted to €3m (2014: €3m).

Defined benefit schemes
Until the end of 2014/15 TSN operated a number of defined benefit pension and post-retirement schemes covering the majority of employees. Benefits offered by these schemes are largely based on pensionable pay and years of service at retirement. With the exception of plans in Germany and France, the assets of these schemes are held in administered funds that are legally separated from the company. The trustees of the pension fund are required by law to act in the interest of the

fund and of all relevant stakeholders of the scheme, and are responsible for the investment policy with regard to the assets of the fund.

TSN accounts for all pension and post-retirement benefit arrangements using IAS 19 '*Employee Benefits*' (as amended in 2011) with independent actuaries being used to calculate the costs, assets and liabilities to be recognised in relation to these schemes. The present value of the defined benefit obligation, the current service cost and past service costs are calculated by these actuaries using the projected unit credit method. However, the ongoing funding arrangements of each scheme, in place to meet their long-term pension liabilities, are governed by the individual scheme documentation and national legislation. The accounting and disclosure requirements of IAS 19 do not affect these funding arrangements.

The principal defined benefit scheme of TSN at 31 March 2015 is the Stichting Pensioenfonds Hoogovens ('SPH') which is the main scheme for previous and present employees based in the Netherlands. The strategic objective of the SPH is to execute the scheme in accordance with an execution agreement (the 'uitvoeringsovereenkomst') that exists between the SPH and TSN. Pursuant to this execution agreement, the SPH aims to index pension benefits with inflation. Granting indexation is conditional and dependent upon the funding ratio of the SPH. In situations where there is a shortfall in the scheme assets against its obligations, the level of pension benefits may be reduced. Within this framework, the SPH adopts a strategic asset allocation (currently 50% maturity; 50% growth portfolios) with investments made in a low risk maturity portfolio that aims to match the cash flow characteristics of the future pension benefits by investing in secure nominal and inflation-linked bonds, and interest and inflation derivatives, and also in a return portfolio (mainly equities, real estate and infrastructure) in order to fund future indexation and longevity, and to preserve the cost effectiveness of the scheme.

The execution agreement stipulates the level of annual contributions that TSN will make. TSN has no obligation to recover scheme funding deficits over and beyond this level of annual contributions. The level of contributions into the SPH in calendar year 2014 was set at the maximum level permitted under the applicable execution agreement. During 2014/15 TSN made contributions of €71m (2013/14: €73m) and €31m (2013/14: €32m) from active members.

On 15 December 2014 TSN and the Dutch trade unions agreed to implement with effect from 1 January 2015 a new pension agreement ('pensioen protocol') which includes the following plan changes: switching the calculation of pensions from final to average pay, reducing the accrual rate from 1.900% and 2.150% for final and average pay respectively to 1.875% for just average pay (in line with the above change and new tax rules in the Netherlands), and introducing an individual defined contribution plan for earnings over €100k. These plan amendments have been recognised in the scheme's IAS 19 funding valuation at 31 March 2015, comprising a past service credit of €45m in the income statement with a related reduction to the scheme's liabilities for the same amount. In addition, as part the new pension agreement the Company agreed with the Dutch trade unions to fix the Company's contribution level at 28% of pensionable earnings for the 3 year period from 1 January 2015 to 31 December 2017.

During the year the SPH granted the following indexation increases to pensions in payment and accrued pensions: 1.0% for the period 1 July to 31 December 2014 (Nil% at 1 January 2014) and 0.94% (accrued pensions) and 0.33% (pensions in payment) effective from 1 January 2015. In line with what was agreed between TSN and the Dutch trade unions on the level of contribution for the calendar year 2014, active members of the SPH were granted an additional 0.62% indexation.

The nominal actual funding level of the SPH as at 31 March 2015 was 105%, a 13% decrease compared to 118% at 31 March 2014. The estimated employer and active members' contributions to the scheme in 2015/16 are €73m and €31m respectively. The weighted average duration of the SPH liabilities at 31 March 2015 was 19 years (2014: 17 years).

Actuarial assumptions
A range of assumptions must be used to determine the IAS 19 amounts and the values to be included in the balance sheet and income statement can vary significantly with only small changes in these assumptions. Furthermore the actuarial assumptions used may vary according to the country in which the plans are situated.

The key assumptions applied at the end of the reporting period for the purposes of the actuarial valuations were as follows:

2015	**SPH %**	**Other %**
Salary growth	1.85	1.00 to 2.00
Pension increases	0.95 to 1.14	0.00 to 1.75
Discount rate	1.60	0.80 to 3.85
Inflation	1.85	1.00 to 3.00

2014	SPH %	Other %
Salary growth	1.90	1.00 to 2.75
Pension increases	1.71	0.00 to 2.00
Discount rate	3.30	2.25 to 4.40
Inflation	1.90	2.00 to 3.00

The discount rate is set with reference to the current rate of return on AA rated corporate bonds of equivalent currency and term to the scheme liabilities. Projected inflation rate and pension increases are long-term predictions based, mainly, on the yield gap between long-term fixed interest and index-linked gilts.

Demographic assumptions are set having regard to the latest trends in life expectancy, plan experience and other relevant data, including externally published actuarial information within each national jurisdiction. The assumptions are reviewed and updated as necessary as part of the periodic actuarial funding valuations of the individual pension and post-retirement plans. Mortality assumptions for the SPH scheme were updated in 2014 to reflect the latest Dutch base tables (Prognosetafel AG 2014) with a SPH specific correction to reflect mortality experience. The correction is derived from the results of an investigation into SPH scheme experience up to 2014. The rates used also reflect future improvements in life expectancy. This indicates that today's 65 year old male member is expected to live on average to 86 years of age and a 65 year old male member in 15 years time is expected to live on average to 88 years of age.

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, inflation, salary growth and mortality. The sensitivity analysis below has been determined based on reasonable possible changes of the assumptions occurring at the end of the reporting period:

Assumption	**Change in assumption**	**Impact on SPH liabilities**
Discount rate	Increase/ decrease by 10bps	Decrease/ increase by 1.9%
Inflation	Increase/ decrease by 10bps	Increase/ decrease by 0.8%
Salary growth	Increase/ decrease by 25bps	Increase/ decrease by 1.4%
Mortality	1 year increase/ decrease in life expectancy	Increase/ decrease by 3.9%

The above sensitivities reflect the effect of changing one assumption as a time, though in actual, economic factors and conditions often affect multiple assumptions simultaneously, and the effect of the changes are not necessarily linear.

The market value of pension assets and liabilities is significantly greater than the net assets of TSN and, therefore, any change can have a material impact on TSN's financial statements as well as impacting the level of company pension contributions. TSN has put in place a framework to manage pension risks and works with schemes' trustees to ensure that obligations remain affordable and sustainable. A range of measures has already been adopted by the principal schemes in TSN to manage liabilities and to protect against investment market risk exposure, whilst maintaining asset performance.

Income statement costs
Under IAS 19 costs in relation to pension and post-retirement plans mainly arise as follows:

- The current service cost is the actuarially determined present value of the pension benefits earned by employees in the current period. No charge or credit is reflected here for any surplus or deficit in the scheme and so the cost is unrelated to whether, or how, the scheme is funded.
- Net interest cost / (income) on the liability or asset recognised in the balance sheet.

These items are treated as a net operating cost in profit or loss within employment costs.

Variations from expected costs, arising from the experience of the plans or changes in actuarial assumptions, are recognised immediately in the statement of comprehensive income. Examples of such variations are differences between the discount rate used for calculating return on scheme assets (credited to profit or loss) and the actual return, the remeasurement of scheme liabilities to reflect changes in discount rates, changes in demographic assumptions such as using updated mortality tables, or the effect of more employees leaving service than forecast.

Income statement pension costs arose as follows:

2015	**SPH €m**	**Other €m**	**Total €m**
Current service cost	91	4	**95**
Net interest cost	2	4	**6**
Settlements, curtailments and past service costs	(45)	-	**(45)**
Defined benefit schemes	48	8	**56**
Defined contribution schemes	-	3	**3**
Total charge for the period	48	11	**59**

2014	SPH €m	Other €m	Total €m
Current service cost	79	4	83
Net interest (income)/cost	(8)	5	(3)
Settlements, curtailments and past service costs	(36)	-	(36)
Defined benefit schemes	35	9	44
Defined contribution schemes	-	3	3
Total charge for the period	35	12	47

Plan assets

The asset classes include national and international stocks, fixed income government and non-government securities and real estate. The majority of the reported plan assets are located in the EU. The pension funds invest in diversified asset classes to maximise returns while reducing volatility. The percentage of total plan assets for each category of investment was as follows:

2015	**SPH %**	**Other %**
Quoted:		
Equities	**35.1**	**49.3**
Bonds – Fixed Rate	**41.0**	**24.4**
Bonds – Index Linked	**1.4**	**-**
Derivatives	**-**	**4.0**
Other	**-**	**4.6**
Unquoted:		
Property	**6.2**	**3.7**
Derivatives	**11.1**	**-**
Cash and cash equivalents	**5.0**	**14.0**
Other	**0.2**	**-**
	100.0	**100.0**

2014	SPH %	Other %
Quoted:		
Equities	31.5	38.7
Bonds – Fixed Rate	42.0	24.2
Bonds – Index Linked	1.9	0.7
Derivatives	-	7.0
Others	-	20.6
Unquoted:		
Property	6.6	7.6
Derivatives	8.4	-
Cash and cash equivalents	4.7	1.2
Other	4.9	-
	100.0	100.0

Balance sheet measurement
In determining the amounts to be recognised in the balance sheet the following approach has been adopted:

- Pension scheme assets are measured at fair value (for example for quoted securities this is the bid-market value on the relevant public exchange).
- Pension liabilities include future benefits that will be paid to pensioners and deferred pensioners, and accrued benefits which will be paid in the future for members in service taking into account projected earnings. As noted above, the pension liabilities are discounted with reference to the current rate of return on AA rated corporate bonds of equivalent currency and term to the pension liability.

Amounts recognised in the balance sheet arose as follows:

2015	SPH €m	Other €m	**Total €m**
Fair value of plan assets at end of period	8,198	109	**8,307**
Present value of obligation at end of period	(8,209)	(291)	**(8,500)**
Defined benefit liability at end of period	(11)	(182)	**(193)**
Disclosed as:			
Defined benefit liability - current	-	(7)	**(7)**
Defined benefit liability - non current	(11)	(175)	**(186)**
Defined benefit liability at end of period	(11)	(182)	**(193)**

2014	SPH €m	Other €m	Total €m
Fair value of plan assets at end of period	6,957	82	7,039
Present value of obligation at end of period	(6,934)	(210)	(7,144)
Defined benefit asset/liability at end of period	23	(128)	(105)
Disclosed as:			
Defined benefit asset	23	-	23
Defined benefit liability - current	-	(9)	(9)
Defined benefit liability - non current	-	(119)	(119)
Defined benefit asset/liability at end of period	23	(128)	(105)

The movements in the present value of plan assets and defined benefit obligations in 2015 and 2014 were as follows:

2015	SPH €m	Other €m	**Total €m**
Plan assets:			
At 1 April 2014	6,957	82	**7,039**
Return on plan assets greater than the discount rate	1,162	3	**1,165**
Interest income on plan assets	227	4	**231**
Contributions from the employer	71	5	**76**
Contributions from plan participants	31	-	**31**
Benefits paid from plan assets	(250)	(7)	**(257)**
Exchange rate movements	-	22	**22**
At 31 March 2015	8,198	109	**8,307**
Benefit obligations:			
At 1 April 2014	(6,934)	(210)	**(7,144)**
Current service cost	(91)	(4)	**(95)**
Past service cost - plan amendments	45	-	**45**
Interest cost on the defined benefit obligation	(229)	(8)	**(237)**
Actuarial loss due to actuarial experience	(53)	(13)	**(66)**
Actuarial loss due to financial assumption changes	(1,161)	(34)	**(1,195)**
Actuarial loss due to demographic assumption changes	(5)	(1)	**(6)**
Contributions from plan participants	(31)	-	**(31)**
Benefits paid directly by the Group	-	4	**4**
Benefits paid from plan assets	250	7	**257**
Exchange rates	-	(33)	**(33)**
Other	-	1	**1**
At 31 March 2015	(8,209)	(291)	**(8,500)**

Included within other schemes above are post-retirement medical and similar net obligations of €8m (2014: €8m).

2014	SPH €m	Other €m	Total €m
Plan assets:			
At 1 April 2013	6,779	82	6,861
Return on plan assets greater than the discount rate	94	3	97
Interest income on plan assets	236	3	239
Contributions from the employer	73	5	78
Contributions from plan participants	32	-	32
Benefits paid from plan assets	(257)	(7)	(264)
Exchange rate movements	-	(5)	(5)
Effect of Asset Ceiling	-	1	1
At 31 March 2014	6,957	82	7,039

Benefit obligations:			
At 1 April 2013	(6,524)	(223)	(6,747)
Current service cost	(79)	(4)	(83)
Past Service Cost-plan amendments	36	-	36
Interest cost on the defined benefit obligation	(228)	(8)	(236)
Actuarial gain/(loss) due to actuarial experience	160	(1)	159
Actuarial (loss)/gain due to financial assumption changes	(470)	6	(464)
Actuarial loss due to demographic assumption changes	(54)	-	(54)
Contributions from plan participants	(32)	-	(32)
Benefits paid directly by the Group	-	3	3
Benefits paid from plan assets	257	7	264
Exchange rates	-	7	7
Other	-	3	3
At 31 March 2014	(6,934)	(210)	(7,144)

Actuarial losses recorded in the Statement of Comprehensive Income for the period were €102m (2014: €262m).

32. Acquisition of assets

	2015 €m
Property, plant and equipment	**14**
Trade and other payables	**(2)**
Net assets acquired	**12**
Total consideration	**(5)**
Gain on bargain purchases	**7**

In March 2015 the Group incorporated two new wholly owned subsidiaries - Halmstad Steel Service Centre AB (owned by Tata Steel IJmuiden BV) and Naantali Steel Service Centre Oy (owned by Tata Steel Nederland BV). On 31 March 2015, these subsidiaries purchased from SSAB certain assets and liabilities two steel service centres in Sweden and Finland. The acquisitions will enable the Group to improve the range of products and services it can offer to customers in the Nordic region.

Given that SSAB sold the businesses as a condition of its takeover of Rautaruukki, the consideration paid by the Group for the two businesses was less than the fair value of the net assets acquired. This led to a gain on bargain purchase of €7m which has been recognised in the income statement as a credit to operating costs within ‘other operating charges’.

The total consideration €5m will all be settled in cash with 50% paid in March 2015 and the remaining 50% deferred until October 2015. In addition the Group also acquired €3m worth of cash and cash equivalents in the form of bank overdrafts. As the transaction completed on 31 March 2015 no revenue or costs are included in these accounts relating to the acquisitions. There were no material acquisition costs.

33. Related party transactions

The table below sets out details of transactions and loans between TSN, other Tata Steel companies, joint ventures and associates.

	2015 €m	2014 €m
Sales to joint ventures	**63**	75
Sales to associates	**89**	86
Sales to other Tata Steel companies	**405**	410
Purchases from joint ventures	**6**	6
Purchases from associates	**36**	36
Purchases of raw materials from other Tata Steel companies, acting as an agent	**902**	1,244
Purchase of emission rights from other Tata Steel companies (Note 8)	**-**	10
Other purchases from other Tata Steel companies	**540**	592
Net recharges to other Tata Steel companies	**(35)**	(35)
Amounts owed by other Tata Steel companies (Note 15)	**118**	109
Amounts owed by joint ventures (Note 15)	**5**	7
Amounts owed by associates (Note 15)	**4**	6
Derivative financial instruments owed by Group companies (Note 15 & 18)	**5**	(1)
Amounts owed to other Tata Steel companies (Note 18)	**187**	193
Amounts owed to joint ventures (Note 18)	**6**	-
Amounts owed to associates (Note 18)	**4**	3
Tax payable to TSNH (Note 14)	**111**	85
Loans to TSNH (Note 15)	**300**	200
Loans to other Tata Steel companies (Note 15)	**208**	200
Loans from other Tata Steel companies (Note 19)	**7**	7
Interest receivable from other Tata Steel companies (Note 15)	**1**	1
Interest payable to other Tata Steel companies (Note 18)	**-**	1
Loss on disposal of trade receivables within purchase agreement with Tata subsidiary (Note 5)	**1**	7

TSN and its subsidiaries enter into transactions with other group companies of Tata Steel. Sales and purchases are carried out against market conditions.

A non-recourse securitisation agreement has been reached with Proco Issuer Pte Limited (Proco Issuer), a subsidiary of Tata Steel Global Procurement Co. Pte Limited (Proco), whereby it purchases a portfolio of trade receivables from TSN. The purchase price of these transactions is set with reference to the carrying value of the underlying receivables less a default deduction and a discount charge, with the receivables derecognised by TSN at the time of sale to Proco Issuer and a loss on sale (representing the default deduction and discount charge) recognised at the same time. The loss on sales for the period to March 2015 amounted to €1m (2014: €7m).

Under the terms of the policy for surplus cash balances agreed between TSN, Tata Steel UK Limited and TSNH a short-term loan of €300m was granted by TSN to TSNH bearing a floating interest rate based on Euribor. Interest rate and other conditions of this loan are in conformity with market conditions.

The Group has received from Tata Steel Global Holdings Pte Ltd guarantees of £100m and € 350m for loans it holds to other Tata Steel companies.

TSN Treasury department and Tata Steel Europe Metals Trading BV are responsible for the external hedging of currency and metal risks. They also enter into transactions with Tata Steel UK Ltd Treasury and Tata Steel subsidiaries, which are not part of TSN. At the end of March 2015 the fair value of the currency contracts with these parties was €2m (31 March 2014: €(1)m); the fair value of the metal contracts with these parties amounted to €3m (31 March 2014: nil).

Details of transactions with key management personnel are given in 'Further notes to and signing of the annual accounts' on page 61.

34. Subsidiaries and investments

The subsidiary undertakings, joint ventures, joint operations and associates of TSN at 31 March 2015 are set out below. Country names are countries of incorporation. Undertakings operate principally in their country of incorporation except where otherwise stated.

Subsidiary undertakings
Steel producing, further processing or related activities:

Austria
Kalzip GmbH

Belgium
Societe Europeenne de Galvanisation (Segal) SA
Tata Steel Belgium Packaging Steels N.V.
Tata Steel Belgium Services NV

Bulgaria
Corus Building Systems Bulgaria AD (65%)

China
Kalzip (Guangzhou) Ltd

France
CBS Investissement SAS
Corbeil Les Rives SCI (67%)
Corus Building Systems SAS i.l.
Inter Metal Distribution (I.M.D.) SAS
Tata Steel France Holdings SAS
Tata Steel France Bâtiment et Systèmes SAS
Tata Steel France Rail SAS
Tata Steel International (France) SAS
Tata Steel Maubeuge SAS
Unitol SAS

Finland
Naantali Steel Service Centre OY

Germany
Augusta Grundstücks GmbH
Blume Stahlservice GmbH
Corus Aluminium Verwaltungsgesellschaft mbH
Corus Beteiligungs GmbH
Degels GmbH
Fischer Profil GmbH
Hille & Müller GmbH
Kalzip GmbH
S.A.B. Profil GmbH
Service Center Gelsenkirchen GmbH
Tata Steel Germany GmbH
Tata Steel International (Germany) GmbH
Trierer Walzwerk GmbH

Italy
Kalzip Italy Srl
Tata Steel International (Italia) Srl

The Netherlands
Beheermaatschappij Industriële Producten BV
Belfin Beheermaatschappij BV
Corus Primary Aluminium BV
CV Bénine (76.92%)
Demka BV
Esmil BV
Hoogovens Finance BV
Huizenbezit "Breesaap" BV
Myriad Nederland BV
Namascor BV
S.A.B.-Profiel BV
Staalverwerking en Handel BV
Tata Steel Europe Distribution BV
Tata Steel Europe Metals Trading BV
Tata Steel IJmuiden BV
Tata Steel Logistics and Shipping BV
Tata Steel Nederland Consulting & Technical Services BV
Tata Steel Nederland Services BV
Tata Steel Nederland Star-Frame BV
Tata Steel Nederland Technology BV
Tata Steel Nederland Tubes BV

Poland
Blume Stahlservice Polska Spólka z.o.o.
Corus Tubes Poland Spólka z.o.o.

Singapore
Kalzip Asia Pte

Spain
Kalzip Spain SL

Sweden
Halmstad Steel Service Centre AB

Switzerland
Montana Bausysteme AG
Tata Steel International (Schweiz) AG

United Arab Emirates
Kalzip FZE

United Kingdom
Cladding & Decking (UK) Ltd
Hoogovens (UK) Ltd
Hoogovens Aluminium UK Ltd

USA
Apollo Metals, Ltd
Hille & Müller USA Inc
Hoogovens USA, Inc
Oremco Inc (70%)
Rafferty - Brown Steel Co. Inc. of Conn.
Tata Steel USA Inc
Thomas Processing Comp.
Thomas Steel Strip Corp.

Unless indicated otherwise, subsidiary undertakings are wholly owned within TSN, and TSN holding comprises ordinary shares and 100% of the voting rights.

Joint ventures, joint operations and associates

	Classification	Products	Annual sales €m		Issued capital Number of shares	% held
France						
Isolation du Sud SA	Associate	Insulation of buildings in southern France	-	-	-	0.3
Albi Profils SARL	Associate	Construction of industrial buildings in southern France	-	-	-	30
Mexico						
Hoogovens Gan Multimedia SA de CV	Joint Venture	Inactive company	-	-	-	50
The Netherlands						
Danieli Corus Technical Services BV	Joint Venture	Supply of engineering, proprietary equipment and contracting in the metals industry	66	Shares of €355	41,750	50
GietWalsOnderhoudCombinatie BV	Joint Venture	Maintenance of parts of DSP	10	Shares of €454	100	50
Hoogovens Court Roll Surface Technologies VOF	Joint Operation	Processing chrome deposit on rolls	4	-	-	50
Industrial Rail Services IJmond BV	Joint Venture	Maintenance and construction of rail infrastructure	-	Shares of €180	100	50
Laura Metaal Holding BV	Joint Venture	Trading and processing of non-prime metal	113	Shares of €454	5,600	49
Wupperman Staal Nederland BV	Associate	Purchase, process, refine and sale of steel products and other metal products	228	Shares of €1,000	8,000	30
Norway						
Norsk Stal Tynnplater AS	Joint Venture	Processing of strip and long products	55	shares of NOK1,000	26,500	50

Parent company income statement

For the financial period ended 31 March	2015 €m	2014 (Restated) €m
Income group companies excluding parent	**260**	122
Other income and charges, after taxation	**5**	(6)
Net profit after taxation	**265**	116

Parent company balance sheet

At 31 March Before appropriation of the result for the year	Note	2015 €m	2014 (Restated) €m	2013 (Restated) €m
Fixed assets				
Financial fixed assets	(1)	**2,505**	2,779	3,050
Loans to group companies		**406**	524	689
		2,911	3,303	3,739
Current assets				
Receivables	(2)	**609**	447	224
Cash and short-term deposits	(3)	**50**	223	259
		659	670	483
TOTAL ASSETS		**3,570**	3,973	4,222
Current liabilities				
Borrowings	(5)	**948**	1,311	1,387
Other payables	(5)	**111**	50	62
		1,059	1,361	1,449
Non-current liabilities				
Borrowings	(6)	**-**	40	40
TOTAL LIABILITIES		**1,059**	1,401	1,489
NET ASSETS		**2,511**	2,572	2,733
Equity				
Called-up share capital	(4)	**388**	388	388
Share premium account	(4)	**13**	13	13
Legal Reserves	(4)	**27**	6	10
Other Reserves	(4)	**1,818**	2,049	2,353
Result for the year	(4)	**265**	116	(31)
Equity attributable to owners of the Company		**2,511**	2,572	2,733

Parent company 2015 accounts

Introduction

The accounts of the parent company included in this section are prepared in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Change Accounting policies: Parent company accounts to IFRS accounting principles applied in the consolidated accounts

Section 362 (8), Book 2, Dutch Civil Code, allows companies that apply IFRS as adopted by the European Union in their consolidated accounts to use the same measurement principles in their parent company accounts. The Company has decided to use this provision from 1 April 2015 onwards and has prepared the 2015 parent company accounts using this provision. The accounting policies are described in Presentation of consolidated accounts and accounting policies.

Due to change in accounting policies the capital and reserves as of 31 March 2014 have increased from €1,337m to €2,572m (31 March 2013: from €1,348m to €2,733m) and the result has increased from €65m to €116m (31 March 2013: decreased from €6 m to €(31)m).
Main changes:

- Investments in group companies are accounted for in the Company accounts using the equity method instead of at cost resulting in an increase from €1,504m to €2,779m (31 March 2013: from €1,625m to € 3,050m).
- The redeemable preference shares issued by Tata Steel Nederland for the amount of € 40m are under IFRS disclosed as financial liabilities; under Dutch GAAP these shares were included within equity.

Application of the provision results in achieving optimal transparency between the consolidated accounts and the parent company accounts. Main advantages are equality between equity and result in consolidated and parent company accounts.

Presentation of Company financial statements

The parent company statement of income has been prepared in accordance with Section 2:402 of the Dutch Civil Code, which allows a simplified Statement of income in the Company financial statements in the event that a comprehensive Statement of income is included in the consolidated Group financial statements.

Information on the use of financial instruments is provided in Note 21 of the consolidated report and accounts.

Additional information
For 'Additional information' within the meaning of Section 2:392 of the Dutch Civil Code, please refer to section D, Other Information and section E. of this Annual Report, Independent auditor's report.

Notes to the parent company accounts

1. Financial fixed assets

	Investments in group companies €m	Loans to own group companies €m	**Total €m**
Balance sheet value at 31 March 2014	2,779	524	**3,303**
Movements in 2014/15:			
Income group companies	260	-	**260**
Dividend payments	(377)	-	**(377)**
Other comprehensive income	(66)	-	**(66)**
Capital investments	39	-	**39**
Change in consolidation	(130)	-	**(130)**
New loans	-	81	**81**
Loan redemptions	-	(199)	**(199)**
At 31 March 2015	2,505	406	**2,911**

Investments in group companies are accounted for using the equity method. Goodwill paid upon acquisition of investment in group companies is included in the net equity value of the investment and is not separately shown on the face of the balance sheet.

The long-term loans to group companies also include loans, which although formally in the short-term category, are of a long-term economic nature. The list of group companies is presented in Note 34 of the consolidated accounts.

2. Receivables

	2015 €m	2014 €m
Amounts owed by group companies	**10**	33
Interest receivable from group companies	**2**	2
Derivative financial instruments	**86**	13
Other debtors	**16**	28
Loans to other Tata Steel companies	**495**	371
	609	447

Derivative financial instruments comprise forward foreign currency contracts only.

The Company has received from Tata Steel Global Holdings Pte Ltd guarantees of £100m and € 350m for loans it holds to other Tata Steel companies.

3. Cash and short-term deposits

	2015 €m	2014 €m
Cash at bank and in hand	**50**	23
Short-term deposits	**-**	200
Cash and short term deposits	**50**	223

Cash and banks consist of bank balances and deposits with a maturity within 3 months when acquired.

Short-term deposits are highly liquid investments with original maturities of three months or less. The effective interest rate on short-term bank deposits was at 31 March 2014: 0.2%.

4. Capital and reserves

	Share capital €m	Share premium account €m	Legal reserve €m	Other reserves €m	Result for the year €m	**Total €m**
Balance as at 31 March 2013	428	13	-	901	6	**1,348**
Impact of change in accounting policies	(40)	-	10	1,452	(37)	**1,385**
Balance as at 1 April 2013 restated	388	13	10	2,353	(31)	**2,733**
Appropriated result	-	-	-	(31)	31	**-**
Profit after taxation	-	-	-		116	**116**
Actuarial gains/(losses)	-	-	-	(198)	-	**(198)**
Translation reserve	-	-	1	-	-	**1**
Hedging reserve	-	-	(5)	-	-	**(5)**
Dividend	-	-	-	(75)	-	**(75)**
Balance as at 31 March 2014	388	13	6	2,049	116	**2,572**
Appropriated result	-	-	-	116	(116)	**-**
Profit after taxation	-	-	-	-	265	**265**
Actuarial gains/(losses)	-	-	-	(87)	-	**(87)**
Translation reserve	-	-	2	-	-	**2**
Hedging reserve	-	-	19	-	-	**19**
Dividends	-	-	-	(260)	-	**(260)**
Balance as at 31 March 2015	388	13	27	1,818	265	**2,511**

The authorised share capital of the Company at 31 March 2015 amounts to €1,300,000,000 (31 March 2014: €1,300,000,000) and consists of 130,000,000 Ordinary shares of €10.00 each.

Both at 31 March 2015 and 31 March 2014 38,760,710 Ordinary shares were in issue to a nominal value of €387,607,100. All shares in issue have been fully paid up. All the outstanding Ordinary shares were held by Tata Steel Netherlands Holdings BV.

The shares of Tata Steel Nederland BV have been pledged to the Bank syndicate as security for the Senior Facility Agreement between Tata Steel UK Holdings Limited (formerly Tata Steel UK Limited) and Tata Steel Netherlands Holdings BV (formerly Tata Steel Netherlands BV) and a syndicate of 13 banks.

Legal reserves include the cash flow hedge reserve of €12m (2014: €(7)m) and the translation reserve of €15m (2014: €12m).

5. Current liabilities

	2015 €m	2014 €m
Borrowings from own group companies	**797**	1,185
Bank and other loans	**151**	126
Total	**948**	1,311
Other short-term creditors:		
Amounts owed to group companies	**17**	26
Derivative financial instruments	**86**	13
Other payables	**8**	10
Interest payable on preference shares	**-**	1
Total	**111**	50

The borrowings from own group companies bear interest rates based on EURO Libor or official local rates. These rates are fixed for periods up to six months. The weighted average interest rate on short-term borrowings from other Tata Steel companies was 0.1% (2014: 0.3%). Of the bank and other loans €137m (£100m) has been drawn on the new SFA and bears on interest rate of 4.1%. Derivative financial instruments comprise forward foreign currency contracts only.

6. Non current liabilities

	2015 €m	2014 €m
Redeemable Preferences shares	-	40
Total	-	40

At 31 March 2014 38,760,710 3,981,450 Preference shares were in issue to a nominal value of € 39,814,500. All the outstanding Preference shares were held by Tata Steel Netherlands Holdings BV(TSN).
On 4 December 2014, TSN redeemed 3,981,450 of cumulative preference shares of €10 each which had previously been issued to TSNH. The full amount of the preference shares were repaid to TSNH along with all accrued interest. As at 31 March 2015 there were no preference shares in issue.

7. Contingent liabilities not appearing in Balance Sheet

	2015 €m	2014 €m
Guarantees and securities on behalf of group companies	45	35

Tata Steel Nederland BV has provided a declaration of liability, as referred to in Article 403, Book 2, of the Dutch Civil Code, for the debts of its subsidiaries Tata Steel Nederland Technology BV, Tata Steel Nederland Services BV and Hoogovens Finance BV.

As of 1 January 2008 Tata Steel Nederland BV and most of its Dutch subsidiaries are part of the fiscal entity “Tata Steel Netherlands Holdings BV”, which is the ultimate parent within the fiscal entity. Therefore Tata Steel Nederland BV and most of its Dutch subsidiaries are jointly and severally liable for the corporate income tax liabilities of the fiscal entity.

The Company has provided letters of support on behalf of Tata Steel France Holdings SAS, Tata Steel France Bâtiment et Systèmes SAS, Tata Steel Maubeuge SAS, Unitol SAS, Blume Stahlservice GmbH, Degels GmbH, Tata Steel Germany GmbH and Tata Steel Nederland Tubes BV.

8. Other

No employees are employed by the Company, the same as in the previous reporting period.

Regarding the statement of auditing fees Tata Steel Nederland BV applies the exemption as referred to in Article 382a Part 3, Book 2 of the Dutch Civil Code to not disclose these in the parent company financial statements.

Further notes to and signing of the annual accounts

Group and affiliated companies and other capital interests
A list forming part of the Annual Accounts with names and other particulars of companies in which Tata Steel Nederland BV directly or via group companies participates or holds capital interests in other ways has been filed with the Trade Register in Amsterdam.

Remuneration of and loans to members of the Board of Management and of the Supervisory Board*

	2015 €	2014 €
The total employment costs of the Board of Management of Tata Steel Nederland BV were:		
Emoluments of current and former (including crisis levy)	**2,059,867**	2,410,981

* Borne by the Company and its subsidiary or group companies

Employment costs relate to all activities within the Group of the members of the Board of Management.

Up until May 2013 pension costs of former Board members were paid directly by the company. Included in the 2014 amount is a charge of €1.018.876 to reflect that future pension liabilities have been transferred to SPH through a one off payment in May 2013.

The amounts of loans granted as at 31 March 2015 totalled €39,155 (31 March 2014: €81,799). These were interest-free loans to members and former members of the Board of Management to finance purchases of accommodation. An amount of €42,644 was repaid on these loans in the 12 months to 31 March 2015 (12 months to 31 March 2014: €6,588).

The Annual General Meeting of Shareholders determines the remuneration of the members of the Supervisory Board. This was last done in 2009, becoming effective in 2009.

	2015 €	2014 €
Remuneration of the members of the Supervisory Board*	**115,000**	115,000

* Borne by the Company and its subsidiary or group companies

The members of the Supervisory Board do not own any securities in the Company's capital or rights thereto.

Signing of the Annual Accounts
The 2015 Annual Accounts of Tata Steel Nederland BV have been signed by all the members of the Board of Management and by all the members of the Supervisory Board.

Board of Management

Th.J. Henrar, Chairman
J.E. van Dort

Supervisory Board

J.H. Schraven, Chairman
L.M.T. Boeren
M.J.L. Jonkhart
K.E.M. Köhler

IJmuiden, 24 June 2015

D. Other Information

Appropriation of the result as provided for by the Articles of Association
On 4 December 2014, TSN redeemed 3,981,450 of cumulative preference shares of 10 each which had previously been issued to TSNH. The full amount of the preference shares were repaid to TSNH along with all accrued interest. As at 31 March 2015 there were no preference shares in issue.

If the Board of Management is authorized to issue shares, it may determine that a distribution on Ordinary shares shall be made in the form of Ordinary shares rather than cash or to provide holders of Ordinary shares with the choice to receive a distribution in the form of Ordinary shares or Preference shares instead of a distribution of cash from the amount of profit at the disposal of the Annual General Meeting of Shareholders. In so far as a distribution in shares is chosen, the amount of profit consequently not distributed in cash is added to the general reserve.

Appropriation of the result for the financial year 2015
During the year the following dividends were paid:
- €100m in June 2014 (proposed in financial year 2014)
- €60m in December 2014
- €100m in March 2015

Dividend
With regard to FY15, interim dividends of in total €160m have been distributed. The sum of these interim dividends is proposed as final dividend and the Supervisory Board and the Board of Management propose no further dividends for the financial year 2015.

E. Independent Auditor’s Report

To: the Shareholders of Tata Steel Nederland B.V.

Report on the financial statements

We have audited the accompanying financial statements for the year ended March 31, 2015 of Tata Steel Nederland B.V., IJmuiden. The financial statements include the consolidated financial statements and the company financial statements. The consolidated financial statements comprise the consolidated statement of financial position as per March 31, 2015, the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of the significant accounting policies and other explanatory information. The company financial statements comprise the company balance sheet as per March 31, 2015, the company profit and loss account for the year then ended and the notes, comprising a summary of the accounting policies and other explanatory information.

Management's responsibility

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code, and for the preparation of the Report of the Board of Management in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore management is responsible for such internal control as it determines is necessary to enable the preparation of the 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 these financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. 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 misstatement 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 and fair presentation of the financial statements 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 evaluating 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.

Opinion with respect to the consolidated financial statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Tata Steel Nederland B.V., as per March 31, 2015 and of its result and its cashflows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code.

Opinion with respect to the company financial statements

In our opinion, the company financial statements give a true and fair view of the financial position of Tata Steel Nederland B.V., as per March 31, 2015 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirement under Section 2:393 sub 5 at e and f of the Dutch Civil Code, we have no deficiencies to report as a result of our examination whether the Report of the Board of Management, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and whether the information as required under Section 2:392 sub 1 at b-h has been annexed. Further we report that the Report of the Board of Management, to the extent we can assess, is consistent with the financial statements as required by Section 2:391 sub 4 of the Dutch Civil Code.

Amsterdam, June 25, 2015

J. Hendriks