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Tata Steel Denmark Byggesystemer A/S

Kaarsbjergsvej 2

8400 Ebeltoft

CVR no. 46300017

Annual Financial Report 2015/16

Accepted at the company's General Body meeting on 30.06.2016

**Chairman**

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Name: Niklas Haagerklint

Member of Deloitte Touche Tohmatsu Limited

## **Company Information**

### **Company**

Tata Steel Denmark Byggesystemer A/S  
Kaarsbjergsvej 2  
8400 Ebeltoft

CVR no. 46300017

Head Office: Syddjurs

Financial Year: 01.04.2015 – 31.03.2016

### **Board of Directors**

Hans Schepers, Chairman

Niklas Haagerklint

Willem Faas

Ole Tønning Villumsen

### **Managing Director**

Niklas Haagerklint

### **Auditor**

Deloitte State-authorized Auditing partner company

City Tower, Vaerkmestergade 2

8000 Aarhus C

## **Management Statement**

The Board of Directors and the Managing Director have read and accepted the annual report for the financial year 01.04.2015 – 31.03.2016 of Tata Steel Denmark Byggesystemer A/S.

The annual financial report has been prepared in accordance with the accounting laws.

It is our view that the annual financial report gives a correct picture of the assets, liabilities and financial position of the company as on 31.03.2016, and the income/profits of the company for the financial year 01.04.2015 – 31.03.2016.

The Management report contains our opinion, which is a fair review of the facts that are mentioned in the report.

The annual financial report is being submitted to the Board for acceptance.

Ebeltoft, 30.06.2016

### **Managing Director**

Niklas Haagerklint

### **Board of Directors**

Hans Schepers, Chairman

Niklas Haagerklint

Willem Faas

Ole Tønning Villumsen

## **Statement of the Independent Auditor**

### **To the Shareholders in Tata Steel Denmark Byggesystemer A/S**

#### **Statement of extended review of the financial year**

We have prepared an extended review of the financial year for Tata Steel Denmark Byggesystemer A/S for the financial year 01.04.2015 – 31.03.2016. The annual financial statement includes the accounting policies applied, Profit and loss statement, Balance sheet, Equity statement and notes, prepared in accordance with the accounting laws.

#### **Management's responsibility for the Annual Financial Statement**

Management is responsible for preparing the annual financial report that is in accordance with the Financial Statements Act. Further, the management is responsible for maintaining internal controls, as they seem fit, that is necessary for the preparation of the annual financial statement that is free of significant errors, regardless of whether due to fraud or error.

#### **Responsibility of the auditor**

Our responsibility is to express our view of the annual financial accounts. We have prepared our extended review in accordance with Corporate review standards for small companies and FSR – the Danish auditing standard for extended review of the annual financial accounts.

This requires that we follow the auditing rules and FSR – the Danish auditor's ethical rules, as well as plan and carry out activities to ensure correctness of our views on the annual financial accounts, and further carry out specific necessary supplemental activities to ensure further correctness of our conclusion.

An extended review comprises activities that primarily include management inquiries, and where necessary, of others in the company, analytical activities, and the specifically required supplemental activities, and assessment of the obtained information.

The extent of activities performed in an extended review, is less than an audit, and therefore we do not express an opinion of the annual financial accounts.

The extended review has not led to any conclusion.

#### **Conclusion**

Based on the activities carried out, it is our view that the annual financial statement gives a correct picture of the assets, liabilities and financial position of the company as on 31.03.2016, and the income/profits of the company for the financial year 01.04.2015 – 31.03.2016, in accordance with the accounting laws.

#### **Opinion on the management report**

We have reviewed the management report in connection with the accounting laws. We have not undertaken any further activities, other than the additional extended review of the annual accounts statement.

Based on this, it is our opinion that, the information in the management report is in line with the annual accounts statement.

Arhus, 30.06.2016

#### **Deloitte**

State-authorized Auditing partner company

CVR no. 33963556

Torben Aunbol

Brian Christensen

State-authorised auditor

State-authorised auditor

## **Management report**

### **Primary activities**

Primary activities comprise sales of profiled steel plates etc. for the construction industry, within the country and outside.

Tata Steel Denmark Byggesystemer A/S is a constituent of Tata Steel Europe Limited – one of the World's leading steel companies – and is the driving force behind the setting up of Tata Steel Nordic through sister concerns in Norway (Tata Steel Norway Byggesystemer A/S) and Sweden (Tata Steel Denmark Byggsystem AB).

### **Development in activities and financial status**

The company has suffered a loss of 3,506 thousand kroner, compared to a loss of 5,030 thousand kroner in the previous year.

After consideration of the losses this year, the equity value is 23,134 thousand kroner.

A better result is expected for the year 2016/17.

### **Events following the balance sheet date**

From the balance sheet date until today, no events have occurred that have had an impact on the annual report.

### **Accounting principles applied**

#### **Accounting class**

The annual report has been prepared in accordance with the accounting laws applicable for accounting class B and a single applicable for accounting class C.

The annual financial statement has been prepared in the same way as was done the previous year.

### **General information on recognition and measurement**

Assets are recognised in the balance sheet, as a past event is likely to bring in economic benefits to the company in future, and the value of the asset can be reliably measured.

Liabilities are recognised in the balance sheet, as a past event that carries a legal or factual liability and is likely to bring in economic losses to the company in future, and the value of the liability can be reliably measured.

Our first calculation measures assets and liabilities against the cost price. Thereafter it is calculated as described below for every individual accounting item.

Calculation and measurement takes into account unforeseen risks and losses, that may occur in future before the annual report is submitted, and that may validate or invalidate conditions prevailing on the balance sheet date.

The income statement recognises income as revenue as it is earned, whereas expenses are recognised as costs that are incurred during the financial year.

## **Representation of foreign currency**

Transactions in foreign currency are recognised by first converting them to the price as on the transaction day. Receivables, debts and other amounts posted in foreign currency that are not settled as on the balance sheet date, are represented at the value as on balance sheet date. Difference in value between the amount on transaction date and that on payment and balance sheet date, is represented in the income statement as financial income. Tangible and intangible assets, inventories, and other non-monetary assets that were purchased in foreign currency are represented in historical values.

## **Income statement**

### **Gross profit or loss**

Gross profit or less comprises net income and production costs.

### **Net Income**

Net income from the sale of commodities and finished products is represented in the income statement, when delivery and risk transfer to the buyer is done. Net income, is calculated excluding VAT, taxes and discounts with regard to sales.

## **Accounting principles applied**

### **Production costs**

Production costs include costs that have been incurred to achieve net income for the financial year. Production cost includes direct purchase costs of raw materials and consumables, wages and salaries relating to the production processes. Moreover amortization of inventories are also included.

### **Distribution costs**

Distribution costs include costs incurred in the sales and distribution of the company's products, which is wages and salaries of the sales people, advertisement costs, travel and marketing costs, as well as amortization of tangible and intangible assets that are used in the process of distribution.

### **Administration costs**

Administration cost includes cost of the company's administrative functions, which is wages and salaries of employees in administration and management, office maintenance costs, amortization of receivables as well as tangible and intangible fixed assets that are used in the process of administration of the company.

### **Other operating income**

Other operating income includes income of secondary nature with regard to the company's primary activities.

### **Other financial income**

Other financial income comprises rental income and net gains with regard to debts and foreign currency transactions etc.

### **Other financial costs**

Other financial income comprises rental costs and net losses with regard to debts and foreign currency transactions etc.

### **Taxes**

The yearly tax which comprises the actual tax for the year and change in deferred tax is represented in the income statement in a way that can be attributable to the annual income, and directly the equity.

### **Balance sheet**

#### **Intellectual property rights**

Intellectual property rights include business intellectual property rights in the form of licenses.

Business Intellectual property rights is measured as cost price less accumulated depreciation. Rights are amortized over the contract period.

Intellectual property rights are marked down to their recoverable value, if it is lower than the calculated value.

#### **Tangible assets**

Plots and buildings, as well as other assets, fixtures and inventories is taken at the cost price, less accumulated depreciation. There is no depreciation on the plot value.

Cost price comprises the purchase value, costs directly related to the purchase, and costs involved in the production of the asset until the time it is ready for use.

The basis for depreciation is cost price less projected residual value. Linear depreciation is done based on the following information of the asset's expected life:

Buildings	25 years
Other assets, fixtures and inventory	3-5 years

Tangible assets are marked down to their recoverable value, if it is lower than the calculated value.

Profit and loss with respect to tangible assets is represented as the difference between sales price less sales costs and the book value at the time of sales. Profit or loss is represented in the income statement as an adjustment of the depreciation or under other operating income, in the event the sales price shoots up over the original cost price.

#### **Receivables**

Receivables are measured at the amortized cost price, which specifically relates to nominal value, less depreciation to cover expected loss.

#### **Income tax refund and payable**

The actual tax liability or refund is calculated in the balance sheet as tax payable for the taxable income of the year, which is adjusted against advance tax paid.

### **Pre-payments**

Prepayments classified under assets consist of costs incurred with regard to the subsequent financial year. Prepayment is measured to the cost price.

### **Liquid assets**

Liquid assets comprise cash on hand and bank deposits.

### **Other provisions for liabilities**

Other provisions for liabilities comprise expected costs of warranty obligations.

Other provisions for liabilities is represented and measured as the best estimate of costs as on balance sheet date, that are necessary to settle the liabilities. Liabilities that are expected to mature within a year from the balance sheet date are measured.

### **Debts owed to mortgage credit institutions**

Debts owed to mortgage institutions in the form of priority debts are calculated at the moment for borrowings equivalent to the receipt of proceeds less transaction costs. Thereafter it is calculated at the amortized cost price. This means that the difference between the borrowings and the nominal value that must be repaid is included in the income statement over the borrowing period as a financial cost using the effective interest method.

### **Operational leasing contracts**

Leasing services pertaining to operational leasing contracts is calculated in a linear fashion in the income statement over the leasing period.

### **Other financial liabilities**

Other financial liabilities are calculated at the amortized cost price, which specifically equals the nominal value.

### **Income statement for 2015/16**

	<b>Notes</b>	<b>2015/16 Kr.</b>	<b>2014/15 Kr.</b>
Gross profit		13,300,326	1,792,2046
Distribution costs		(13,545,440)	(14,310,495)
Administration costs		(3,789,464)	(7,119,100)
<b>profit</b>		<b>(4,034,578)</b>	<b>(3,507,549)</b>
Other financial income	1	579,064	6,49,862

	Notes	2015/16 Kr.	2014/15 Kr.
Other financial costs		(128,146)	(207,046)
<b>Income of operations before tax</b>		<b>(3,583,660)</b>	<b>(3,064,733)</b>
Tax on operations income	2	78,000	(1,964,886)
<b>Annual income</b>		<b>(3,505,660)</b>	<b>(5,029,619)</b>
<b>Proposal for profit distribution</b>			
Retained earnings		(3,505,660)	(5,029,619)
		<b>(3,505,660)</b>	<b>(5,029,619)</b>

#### Balance Sheet as on 31.03.2016

	Notes	2015/16 Kr.	2014/15 Kr.
Company licenses		0	0
<b>Intangible assets</b>	<b>3</b>	<b>0</b>	<b>0</b>
Plot and buildings		7,253,353	8,377,801
Other installations, operating equipments and inventory		61,111	133,493
<b>Tangible assets</b>	<b>4</b>	<b>7,314,464</b>	<b>8,511,294</b>
<b>Fixed assets</b>		<b>7,314,464</b>	<b>8,511,294</b>
Receivables from sales and services		8,249,361	7,692,394
Receivables from related companies		14,319,712	22,480,004
Other receivables		618,057	1,370,292
Income tax receivable		360,968	282,968



	Notes	2015/16 Kr.	2014/15 Kr.
Pre-payments		207,090	84,481
<b>Receivables</b>		<b>2,375,188</b>	<b>31,190,139</b>
<b>Liquid assets</b>		<b>6,266,084</b>	<b>1,644,603</b>
<b>Current assets</b>		<b>30,021,272</b>	<b>33,554,742</b>
<b>Assets</b>		<b>37335736</b>	<b>42066036</b>

**Balance Sheet as on 31.03.2016**

	Notes	2015/16 Kr.	2014/15 Kr.
Business capital	5	500,000	500,000
Retained earnings or loss		22,634,056	26,139,716
<b>Equity</b>		<b>23,134,056</b>	<b>26,639,716</b>
Other provisions for liabilities		494,000	195,000
<b>Provisions for liabilities</b>		<b>494,000</b>	<b>195,000</b>
Debts owed to mortgage credit institutions		1,463,491	1,765,774
<b>Long-term debt liabilities</b>	<b>6</b>	<b>1,463,491</b>	<b>1,765,774</b>
Short-term component of long-term debt liability	6	303,259	386,226
Distribution of products and supply of services		696,010	238,136
Debts of related companies		7,008,793	8,769,591
Other debts		4,236,127	4,071,593
<b>Short-term debt liabilities</b>		<b>12,244,189</b>	<b>13,465,546</b>
<b>Debt liabilities</b>		<b>13,707,680</b>	<b>15,231,320</b>

<b>Liabilities</b>		<b>37,335,736</b>	<b>42,066,036</b>

Rental and lease liabilities not considered	7
Final liabilities	8
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### Equity statement for 2015/16

	<b>Business capital Kr.</b>	<b>Retained earnings or losses Kr.</b>	<b>Total Kr.</b>
Initial equity	500,000	26,139,716	26,639,716
Annual income	0	(3,505,660)	(3,505,660)
<b>Final equity</b>	<b>500,000</b>	<b>22,634,056</b>	<b>23,134,056</b>

### Notes

	<b>2015/16 Kr.</b>	<b>2014/15 Kr.</b>
<b>1. Other Financial Income</b>		
Financial income from associated companies	572,630	580,055
Rental income including interest	0	106
Exchange rate adjustments	0	69,053
Other financial income	6,434	648
	<b>579,064</b>	<b>649,862</b>
<b>2. Tax on income</b>		
Actual tax	(78,000)	0
Adjustment against advance tax paid	0	(1,962,939)
Previous year adjustments	0	1,947
	<b>(78,000)</b>	<b>1,964,886</b>

	2015/16 Kr.	2014/15 Kr.
<b>3. Intangible assets</b>		<b>Company licenses (Kr.)</b>
Initial cost		
<b>Final cost</b>		<b>1,422,107</b>
		<b>1,422,107</b>
Initial Depreciation and amortization		(1,422,107)
<b>Final Depreciation and amortization</b>		<b>(1,422,107)</b>
<b>Final Accounting value</b>		<b>0</b>

**Notes**

		Ground and buildings Kr.	Other installations, operating materials and inventory Kr.
<b>4. Tangible assets</b>			
Initial cost		32,962,205	2,330,141
<b>Final cost</b>		<b>32,962,205</b>	<b>2,330,141</b>
Initial depreciation and amortization		(24,584,404)	(2,196,648)
Depreciation during the year		(1,124,448)	(72,382)
<b>Final depreciation and amortization</b>		<b>(25,708,852)</b>	<b>(2,269,030)</b>
<b>Final accounting value</b>		<b>7,253,353</b>	<b>61,111</b>
	<b>Quantity</b>	<b>Face value</b>	<b>Nominal value</b>
<b>5. Business capital</b>			
Ordinary assets	1000	500	500,000
	<b>1000</b>		<b>500,000</b>
	<b>Decline within 12 months 2015/16 Kr.</b>	<b>Decline within 12 months 2014/15 Kr.</b>	<b>Decline after 12 months 2015/16 Kr.</b>
<b>6. Long-term debt liabilities</b>			
Debts with mortgage companies	303,259	386,226	1,463,491
	<b>303,259</b>	<b>386,226</b>	<b>1,463,491</b>

## **7. Rental and leasing liabilities not represented**

The company has signed operational leasing liabilities for the years 2016-18. The lease for the year comprises 3 cars that represents 173 thousand kroner for the coming financial year.

## **8. Contingent liabilities**

The company is an administration company under group taxation. The company is therefore liable, under the Company Tax Act rules from and including the year ended 2013 for income taxes etc. for the jointly taxed companies, and as of July 2012 also for contingent liabilities to withhold tax on interest, royalties and dividends for these companies.

## **Notes**

### **9. Mortgages and Collateral**

Priority debt is guaranteed by way of mortgage of property through mortgage deed to a value of 6,000 thousand kr.

The audited value of the mortgaged property is 7,253 kr.

### **10. Ownership**

The company has registered the following property with more than 5% of equity voting rights or face value:

British Steel Nederland Internation, B.V., Holland

### **11. Relationship with the Group**

Name and location of the parent company, which prepares consolidated financial statements for the child company:

Tata Steel Limited, Bombay House, 24 Homi Modi Street, Fort Mumbai, Maharashtra

**These accounts are a translated version for information purpose only, the original language version prevails in the event of any discrepancies between the English translation and the original.**

