SURAHANNARS BRUKS AB

Org.nr 556050-1206

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ANNUAL REPORT 1015/16

Ist April – 31st March

The undersigned director of Surahammars Bruks AB certifies that this copy of the annual report is consistent with the original, and that the results and balance sheet, established at the Annual General Meeting 28 October 2016. The Meeting resolved to approve the Board proposals on how the accumulated profits should be distributed..

Surahammar

Surahammars Bruk is a wholly owned subsidiary of Cogent Power Ltd, which in turn is a subsidiary of Tata Steel Europe Ltd. The companies included in the

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ANNUAL REPORT 2015/16

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The split financial year covers the months from April to March,

Unless otherwise indicated, all amounts are in thousands of Swedish kronor (SEK).

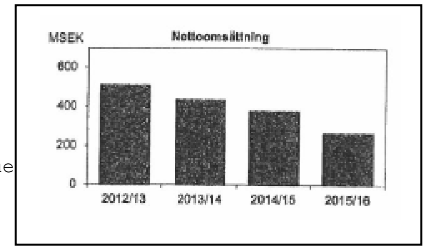
NOTES

Group Affiliations
Surahammars Bruk AB is a subsidiary of Cogent Power Ltd (seat of Newport, South Wales, UK), owned 100% of Tata Steel Europe Ltd. (sate London, UK), This company is in turn wholly owned by the Tata Steel Group (headquarters India), a subsidiary of the Tata Group (India seat).

Activity
Surahammars Bruk AB manufactures electrical steel, mainly used in electric motors and generators.

Market

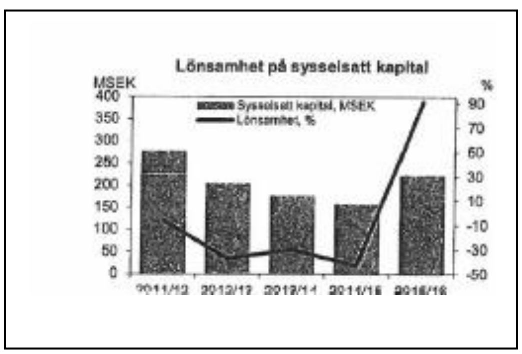
The market for the company remained fierce and price pressure and short front of hållnlng. Volumes have decreased and thus turnover for the company in 2015/16 which resulted in continue negative results..

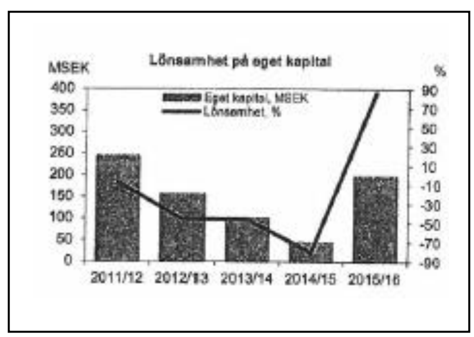


The company's net sales and volumes fell during 2015/16 and is far subtract previous years of normal levels. Net sales fell by 31.7% to EUR 265.7 million (378.0 million), Deliveries fell by 29.3% to 28.3 thousand tonnes (40.0 thousand tonnes).

Earnings and Profitability
Volumes and purchase prices have continued to fluctuate during 2015/16. Continued focus on increasing sales of profitable customers and markets, as well as on cost. During the year, Surahammars Bruk AB sold its subsidiaries, Cogent Power, Inc., US and Cogent Power Inc. in Canada, as well as those of the two owned Mexican subsidiary units Cogent Power S.A. the C.V., sales were made to Tata Steel UK. Operating profit 2015/16 amounted to -33.9 MSEK (-125.1 million). Gross margin was 1.6% (-19.0%), operating margin -12.8% (-33.1%), return on capital employed was 91.1% (-43.5%) and return on equity was 85.7% (-211.5%)..

Volumes and Results





Investments
No further investments were made in fiscal year 2015/16.

Cash Flow

Cash flow was affected by the loss during the fiscal year.
The company has since December 2015 been selling invoices to **PROCO ISSUER PTE. LTD.**
Cash flow was SEK -18.6 million, compared with 26.4 million last year.

Financing and Liquidity

Equity to total assets (equity ratio) was 73.1% (13.7%) at year end. The company's interest-bearing debt consists of provisions for pensions amounted to SEK 23.1 million (SEK 24.7 million). During the fiscal year, the company amortized approximately 5 million Pé pension, During 2016/17, the company will repay another 2 million at this.

At year-end the company's cash 10.6 million SEK (SEK 29.1 million). The company has since 2014/31/12 bank's credit

Tender

Sales on export markets are carried out in local currencies or more general currencies like EUR, USD and GBP. With the market allocation of export sales the inflow occurs mainly in EUR, USD and GBP. The outflow of the currency as a result of purchases also takes place preferably in these currencies. These purchases refer to hot strip, transport, varnishes, oil-related products and other capital investment goods.

The income due to the effect of exchange rate fluctuations is amounted to 3.0 MSEK (2.9 MSEK). The total outstanding of the term covered under the net flow amounted at year-end to 0 MSEK (0 MSEK)

Research and Development

Development costs are charged against operating income on regular basis since all the criteria are not fulfilled. The costs are applied to the product and process development. Process development has been primarily designed to reduce certain specific difficulties in processing steel with low loss i.e. with high silicon content. Development of new products has been concentrated towards better plate for large electrical generators and thin sheet of high-frequency motors mainly for hybrid and electric vehicles. Some new steel grades in these areas have been launched during the year, the process to coat with a so-called adhesive coating has been developed in collaboration with an external subcontractors.

The Environmental impact

The company is certified according to IS0 14001:2004. The company strives to operate at reasonable costs, so that there will be minimal environmental impact. This means that processes, transports and practices should be designed taking into account the environmental effects and that it strictly comply with the laws, regulations and other requirements relating to operations.

A structure with a set of measurable targets have therefore been defined, which is followed up in the management system.

All investment requests must be examined on the basis of the environmental impact before the approval. The hallmark of the company's products is that they save the energy in all the customer applications.

The company operates the business with a new new permit under the judgment of the MMD, which became final in early January 2015. The judgment follows the company's proposals on the conditions of application. On a couple of points inquiries have been made in 2016 and the final terms will be determined by the MMD. In 2016 has a new dust filters installed,as this was the condition set by the Judgment. The judgment permits switching a total production volume of 160 000 tonnes of the spawned quiet sheet per year. Production of oriented electrical sheet, GO, can be resumed by the Company in the total state volume allotted.

Because the company conducts environmentally hazardous activities under the environmental code paid premiums to the mandatory environmental damage and remediation insurance policies, the company has also signed a separate environmental liability insurance.

The work to cover the company's old landfill for hydroxide sludge is in progress and will be finished by the end of 2017. For delta's work is a provision equal to 0.9 million at the end of the fiscal year.

The permit to open a new landfill has expired and the company does not intend to apply for a new permit.

NOTES

The company is affiliated to REPA register and pay fees for packaging quantities of metal, cardboard, paper, cardboard and plastic, which was introduced into the Swedish market, REPA register locks this money in addition to a number of companies involved in packaging recycling.

The company is that manufacturing industries exempt from energy taxes, but pay the CO_2 tax on their consumption of liquefied petroleum gas and fuel oil. The total cost of CO_2 charges became-SEK -1.0 million for the year 2015/16 (-0.7 million). During the year, no independent environmental inspection was done as this will be done every three years.

Quality

The company's products and services must have a quality that meets customer requirements. To meet this the company must be certified according to ISO 9001:2000. The company's auditors of management systems ISO 9001:2000 and ISO 14001:2004 as Det Norske Veritas.

Employees

The new organization consists of 81 people. The average number of employees amounted to 82 (117), of which 13.6% (17%) were women.

The Group prioritizes the prevention protection work very highly and continuously conducted internal trainings in order to achieve safer production routines. As a complement to the safety, inspections are also implemented on health and safety every week, where the focus is on behaviour. An important key ratios is reporting of security risks and incidents.

The company carried out a work on continuous improvements in work procedures and processes, in which a great emphasis is placed on identifying hazardous elements in the process flow and to ensure that all employees know how they will be able to carry out their work as safely as possible. In connection with the employee editorial team they have specific actions implemented with regard to health, safety and security.

The parent company is certified for its system to manage employee safety in the daily work environment, by Det Norske Veritas according to their standard ISRS (International Safety Rating System) Level 7.

The total wage bill incl. social security contributions and pension costs amounted to SEK! 46.6 million (02.2 MILLION), which represented 18.8% (16.7%) of net sales.

Significant events during the financial year

During the year, Surahammars Bruks AB sold subsidiaries Cogent Power Inc. in the United States and Cogent Power Inc. in Canada, as well as those of these two subsidiaries owned by Mexican units Cogent Power S.A. of C.V. The sale was made to Tata Steel in UK.

Continuance

On 29 March 2016 the management of Tata Steel Europe decided on the advice of Tata Steel Limited, to consider all the possible restructuring options inclusive including the disposal of Tata Steel UK Limited. This process has started and is continuing, however, the outcome of this process is uncertain. Tata Steel Europe and its subsidiaries are financed in part by a ' Senior ' Facilities Agreement "and other long-term debt issued by the parent company, partly through working capital which is supplied by Tata Steel Global Procurement Co Pvt. Ltd., a subsidiary of Tata Steel Limited, according to an arrangement that has been approved and supported by Tata Steel Limited. Tata Steel Limited has approved continued support through the provision of working capital of Tata Steel Europe and its subsidiaries with certain limitations. Based on assignment from the parent company, Tata Steel Limited on 29 March 2016, evaluated the Board of Tata Steel Europe by all the options for Tata Steel UK Limited, including a potential sale. Maintaining the ongoing process for potential sale, and representatives of Tata Steel Europe is engaged in discussions with UK and Welsh Government to facilitate alternative restructuring. In the absence of a decisive result for restructuring or sale, there is a significant uncertainty about the company's future. For this reason, management has concluded that there is a significant uncertainty that can lead to significant doubt about the company's capacity for survival, however, the management has a reasonable belief that the company has adequate resources to continue to operate for the foreseeable future. This is because the leadership considered that the claim about 127 million as the company has on the parent company, Tata Steel UK Limited, will be realized. Management continues thereof to adopt the going concern basis at the upright portion of the annual report. The annual report does not include any adjustments that would result if the company would not adopt an going concern basis principle.

Significant events after the reporting period

The company has changed its Chief Executive (CEO) from Mark Cichuta to Per Zettergren

NOTES

Risks and uncertainties

We can see a great förrändring after the recent financial crisis. Competition on the low silicon and the silicon materials from Russian and Asian vendors are still very hard. This means that the margin on these products is very low. We also see that the lead times for delivery to the customers gets shorter and shorter and this is something that benefits Surahammars Bruk where rationalization in recent years have created a very flexible company with extremely short delivery times or any safeguard measures list as discussed in the EU with respect to the dumping of steel on the EU market, mainly from Russia and China and there may be consequences for Surahammars Bruk. Our raw materials can be more expensive, while prices of our product does not increase when no protective tariffs discussed for this product.

Appropriation of the company's results

Of the company's accounting policies are presented to futures contracts are valued at fair value. The market value of the contracts at the balance sheet date amounted to MSEK 0 (0 MSEK), vifket not have affected net income. According to the balance sheet amounts of disposable earnings 2016-03-31

retained earnings	_46 574 779
Net income	170 330 532
	123 756 753

The Board proposes that the unappropriated earnings be carried forward. No allocations to restricted funds is proposed.

KSEK	Not	2015/16 apr-mar	2014/15 apr-mar
Net Sales	1	265 717	378 058
Cost of the Goods Sold	2	-261 442	-449 919
Gross Profit		4 275	•7 1 860
Selling Expenses	2,3,4	-24 715	-35 700
Administrative Expenses	2,3,4	-15 537	-19 732
Research and Developmental Expenses	2,3,4	-1 210	-1 074
Other Operating Income	2,3,4	3 291	3 257
Operating Profit		-33 895	-125 109
Results from Financial Investments			
Earnings from Share in Group Companies	5	204 170	53 410
Other Interest Income and Similar Items	5	2 858	20
Interest Expense and similar Items	5	-2 802	-2 052
Total Income from Financial Invements		204 225	51 378
Profit after Financial Items		170 330	-73 731
Appropriations	6	0	16 236
Tax on Profit	7	0	-2 407
Net Income		170 330	-59 902

NOTES

Return on Capital Employed Before Tax	**20**	**91,1%**	**-43,5%**
Return on Equity After Tax	**20**	**85,7%**	**211,5%**
Solidity	**20**	**73,1%**	**13,7%**
Profit (After Tax) per Share, SEK	**20**	**283,88**	**-72,10**

KSEK	**Note**	**2016** **3 1 mars**	**2015** **3 1 mars**
ASSETS			
Fixed assets			
Tangible fixed assets			
Buildings and land	8	5 840	5 840
Machinery and other technical facilities	9	0	**0**
furniture, fixtures and fittings	10	0	**0**
		5 840	**5 840**
Financial fixed assets			
Shares in subsidiaries	1!	**0**	10 000
Other long-term receivables		**-53**	597
		-53	**10 597**
Total fixed assets		**5 787**	**16 437**
Turnover duration 1 Inputs			
Stocks m.m.			
Raw materials and consumables		**23 059**	28 981
Work in progress		**41 669**	41 244
Finished goods and goods for resale		**5 077**	15 968
		69 804	**86 193**
Short-term receivables			

	NOTES		
Accounts receivable		**38 083**	56 062
Receivables from Group companies		**134 119**	*4* 913
Tax assets		**3 926**	7 353
Other current receivables		**5 805**	3 012
Prepayments and accrued income	12	**3 777**	3 828
		185 710	**75 167**
Cash and bank balances		**10 592**	29 180
Total current assets		**266 105**	**190 540**
TOTAL ASSETS		**271 893**	**206 977**

KSEK	**Not**	**2016 3 1 mars**	**2015 31 mars**
EQUITY AND LIABILITIES			
Equity	**13**		
Restricted equity			
Share capital (600,000 shares)		***60* 000**	60 000
Reserve Fund		**14 900**	14 900
		74 900	**74 900**
Unrestricted equity			
Retained earnings		**-46 575**	13 328
Net income		**170 331**	-59 902
		123 756	**-46 574**
Total equity		**198 656**	**28 326**
Untaxed reserves	14	**0**	**0**
Provisions			
Provisions for pensions and similar obligations	15	**23 149**	24 698
Other provisions	16	**901**	14 411
Total provisions		**24 050**	**39 109**
Current liabilities			
Advances from the customers		**894**	324

	NOTES		
Accounts payable		**14 024**	4 936
Liabilities to Group companies		**13 908**	106 964
Other current liabilities		**4 211**	6 030
Accrued expenses and deferred income	**17**	**16 150**	21 289
Total current liabilities		**49 187**	**139 543**
TOTAL EQUITY AND LIABILITIES		**271 893**	**206 977**
Pledged assets	I8	0	596
Contingent liabilities	18	460	506

CASH FLOW STATEMENT

KSEK		**2015/16** apr-mar	**2014/15** apr-mar
OPERATING ACTIVITIES			
Operating profit before financial items		-33 895	-125 109
Depreciation, amortization and impairment		0	60 503
Other non-cash items	19	•16 105	-9 340
		-50 000	-73 946
Result from participations in Group Companies		0	53 410
Interest received		2 858	20
Interest paid		-1 756	-899
Income tax paid		3 427	-3 961
		-45 471	-25 376
Increase / decrease in inventories		16 389	15 048
Increase / decrease in accounts receivable		17 979	-3 562
Increase/decrease other current receivables		-131 948	17 083
Increase / decrease in accounts payable		9 088	-2 648
Increase / decrease in other current liabilities		-99 445	24 022
Cash flow from operating activities		-233 409	24 566
Investing Activities			
Sale of subsidiaries		214 820	0

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Increase / decrease in financial investments	0	1 866
Cash flow from investing activities	214 820	1 866
FINANCING ACTIVITIES		
Cash flow from financing activities	0	0
Cash flow	-18 589	26 432
Cash and cash equivalents at beginning of year	29 180	2 748
Exchange rate difference in cash and cash equivalents	0	0
Cash and cash equivalents at end of year	10 592	29 180

Accounting principles

Accounting principles

The company applies the Swedish Annual Accounts Act < 1995:1554) and the General Council of the Accounting Board BFNAR 2012:1 Annual report and consolidated financial statements ("K3").

Income

Income is recognized to the works-term value of the consideration received or receivable as per the "Insider information" deduction of value added tax, discounts, returns with other similar allowances.

Sales of goods

Income from sale of goods is recognized when goods are delivered and title has passed to the customer, by which all the following conditions are met:

* The company has transferred the significant risks and benefits associated with ownership,

The company has no longer negotiated such involvement in the day-to-day management that are usually associated with ownership, nor exercises any real control over the sold the land.,

- The income can be measured reliably,
- The economic benefits associated with the transaction are likely to accrue to the company, and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Dividend and interest income

Dividend income is recognised when the owner's right to receive payment has been established.

Interest income is recognized over the term using the effective interest method. The effective interest rate is the rate that makes the present value of all future receipts and payments during the fixed interest term equal to the carrying value of the receivable.

Leasing agreements

A finance lease is an agreement under which the risks and rewards associated with ownership of an asset are transferred from the lessor essentially «lessee >. All other leases are classified as operating leases. All leases are accounted for in accordance with the operational rules.

Lease payments for operating leases are expensed on a straight-line basis over the lease term, unless another systematic sätf better reflects the user's financial advantage over the same,

The lessor

Leasing income by operating the lease income on a straight-line basis over the lease term, unless another systematic basis is representative of how the economic advantage falling object decreases over time.

Foreign currency

The company's reporting currency is the Swedish krona (SEK).

Translation of foreign currency items

At each balance sheet date, foreign currency monetary items are counted at Ul closing rate. non-monetary items measured at historical cost in a foreign currency, do not count on. Translation differences are recognised in the operating result or financial record based on the underlying business event, in the period in which they arise, except for the sanctions that make up the hedge, and that meets the criteria for hedge accounting of cash flow panels of net investments.

Borrowing costs

Borrowing costs are recognised in the income statement in the period in which they occur.

Employee benefits

NOTES

Employee benefits in the (pensions, bonus, paid vacation, paid sick leave, etc., SAMF pensions are recognized as it is earned. With regard to the pensions and other post-employment benefits are classified these as defined contribution or defined benefit pension plans. There are no other long-term employee benefits.

Defined contribution plans

For defined contribution plans the company pays fixed contributions till a separate independent legal entity and has no obligation to pay additional fees. The company's earnings were charged for the costs as the benefits are earned which normally coincides with the meeting point for when the reward is added.

Defined benefit plans

For defined benefit pension obligations, the company has an obligation to provide the agreed benefits to current and former employees. Company carry in all material risk that benefits will cost more than expected (actuarial risk), the risk that the return on assets from expectations {Investment Risk). Investment risk is present even if the assets are transferred to another company. Information on the pension liability is obtained by independent companies (PRI). Pension liabilities are reported according to the obtained task.

Income taxes
The tax expense represents the sum of current and deferred taxes.

Actual tax
Actual tax is calculated on the taxable profit for the period. Taxable income differs from the result reported in the income statement when it is adjusted for non-taxable income and non-deductible expenses and income and expense that are taxable or deductible in the second period. Current tax is calculated using tax rates EOM balance sheet date.

Deferred taxes

Deferred tax is recognised on temporary differences between the carrying value! of assets and liabilities in the financial statements and the tax base used in the computation of taxable profit. Deferred tax is recognised according to the liability method. Deferred tax liabilities are recognised for all taxable temporary differences in principle, and deferred tax assets are recognised for all deductible temporary differences to the extent it is probable that these amounts can be used against future taxable profit. Untaxed reserves are reported including deferred taxes.

The book value of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to be utilized, fully or partly, against the deferred tax asset.

The valuation of deferred tax is based on the company balance sheet date, expects to recover the book value of the corresponding taxes or settle the book value of the corresponding debt. Deferred tax is calculated based on the tax rates (and tax laws) that have been decided before the balance sheet date.

Actual *and deferred tax for the period*

Actual tax and deferred tax are recognised as an expense or income in the income statement, except when the tax relates to transactions that are recognised directly in equity. In case if it fails, even taxes recognised directly in equity.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and any impairment losses.

The cost consists of the purchase price and expenses directly attributable to the acquisition on order to put it in place and in a condition to be used. The additional represents the customer is only the assets or recognized as a separate asset when it is probable that future economic benefits associated with the item will flow to the company and that the cost of the same can be measured reliably. All other repairs and maintenance and subsequent costs are recognized in the income statement in the period in which they arise.

When the difference in the consumption of a tangible asset significant components are deemed to be significant, shared access on these components.

Depreciation expense prior to the asset's cost, possibly less estimated residual value at the end of the period, are depreciated linearly over their estimated useful period. If an asset has been divided into various components are written each component separately over its useful period the. Depreciation begins the tangible fixed asset can be put to use. Tangible fixed assets' useful lives are estimated to: Vehicles, computers, office equipment, instruments.

	3-7 year
lighter machines	8-12 year
Heavy machinery, overhead cranes	13-17 year
Buildings	
Frame	25 year
strains	25 year
Facade	25 year
Cileing	25 year

Building equipment and land improvements 10-27 year

The useful life of the land is limited and therefore it is not depreciated land..

The estimated useful lives and depreciation methods are reviewed if there are indications that the expected consumption has changed significantly compared to the estimate at the previous balance sheet date. The company changes the assessment of useful lives are reviewed including assets of any residual value. The effect of these changes is recognized in the frame.

Removal from the balance sheet

The reported value of a tangible asset is derecognised upon disposal or sale, or when, no future economic benefits are expected from use or disposal or disposal of assets or component. The profit or loss that arises when a tangible asset or an component is derecognized is the difference between what is possibly obtained, after deduction for direct selling expenses and the book value. The capital profit! or capital loss that arises when a tangible asset or component is removed from the balance sheet, the income statement as other operating income! or other operating costs.

Impairment of tangible assets and intangible assets

At each balance sheet analyzes the company the carrying values of tangible and intangible assets to determine whether there is any indication that those assets have declined in value. If so, the asset's recoverable amount to determine the value of a possible impairment. Where it is not possible lo compute the recoverable amount of an individual asset, the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell and value in fair value less costs to sell is the price that the company expects to obtain in a sale between knowledgeable, independent parties, and who have an interest in the transaction, net such costs that are directly attributable to the sale. When calculating the value in use discounted estimated future cash flows to present value using a discount rate that reflects current market assessments of the time value of money and the risks associated with the asset. To calculate future cash flows, the company used the budget and forecasts for the next five years,

If the recoverable amount of an asset (or cash-generating unit) is set at a lower value than the book value, the book value of the asset (or cash-generating unit) is reduced to recoverable amount. An impairment loss is immediately expensed in the income statement.

At each balance sheet date the company makes an assessment of the previous impairment no longer moth / ed. If so, it is reversed partially or completely. When an impairment loss is reversed, increasing the asset (cash-generating unit's) book value. The book value after reversal of impairment loss shall not exceed the book value that would be determined if no impairment had been made of the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in the income statement.

Shares in group companies

Shares in subsidiaries are carried at cost. Dividends from subsidiaries are recognized as income when the right to receive the dividend is safe and can be measured reliably.

Inventories

Inventories are valued at the lower of cost and net realizable value on the balance sheet date. Cost is calculated using the first-in-first-out (FIFO) method. Net realizable value is the sales value which is less estimated costs directly attributable to the sale transaction. That the cost includes the purchase, conversion and other costs incurred in bringing the inventories to their present location and condition. The cost of a self-made access Included, in addition to those costs that are directly attributable to the production of the asset, an appropriate proportion of indirect production costs.

Cash and cash equivalents

Cash and cash equivalents include cash and demand deposits at banks and other credit institutions and other current elected investments that are readily convertible to cash and are subject to an insignificant risk of changes in value. To be classified as cash and cash equivalents duration may not exceed three months from the date of acquisition

Provisions

Provisions are recognized when the company hare present obligation (brick or constructive) as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

Provisions are reviewed at each reporting date and adjusted to reflect the best estimate of the expenditure required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties associated with the obligation. When a provision is calculated by estimating the expenditures expected to be required to settle the obligation, corresponds to the carrying amount is the present value of these payments.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by a third party, the reimbursement is recognized separately of the asset balance sheet when it is virtually certain that it will be received if the company settles the obligation and the amount can be reliably estimated.

Restructuring reserve

A provision for restructuring of operations are recognized when the company must complete the restructuring as a result of a legal or constructive obligation. A constructive obligation exists when the company has an established and detailed restructuring plan and those affected hare informed assessment of the restructuring will be carried out.

In / out contract

A provision for loss making contracts are recognized when the unavoidable costs to fulfill the contract exceed the expected economic benefits.

Shareholder contributions

Shareholder contributions that an owner leave are recognised as an increase in the book value. Shareholder contributions that an owner obtains recognition directly of the equity.

Contingent liabilities

A contingent liability is a possible obligation arising from past events and whose existence will only be confirmed by one or more uncertain future events not wholly within its control, occurring or not occurring, or a present obligation as a result of past events, but which is not recognized as a liability or provision because it is not probable that an outflow of resources will be required to settle the obligation but the obligation cannot be measured with sufficient reliability contingent liabilities are recognized within line in the balance.

NOTES

Cash Flow Analysis
The cash flow statement shows the company's changes in cash and cash equivalents during the financial year. The cash flow statement has been prepared using the indirect method. The reported cash flow includes only transactions that involve receipts and disbursements.

Currency risk
Currency risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in exchange rates. The company operates in several geographic marimader and in different currencies and is thus exposed to currency risk. Exposure to currency risk derives mainly from payments in foreign currency, so-called transaction exposure and from the translation of balance sheet items in foreign currency.

Company outflow consists mainly of EUR, while the company's inflows mainly consists of EUR company is thus limited extent influenced by changes in these foreign exchange rates.

Significant estimates and judgments

Listed below are the key assumptions concerning the future and other key sources of uncertainty in estimates tiet balance sheet date, AOM involves a significant risk of material adjustments to the carrying values F & R assets and liabilities within the next financial year,

The inventory obsolescence
Write-nothing needs are calculated and assessed on the basis that there has been no movement of stock items in the six months, should impairment be the difference between inventory value and scrap value. The calculated amounts obsolescence ULL -392 KSEK in the account the volume of which will be sold price is normally obsolescence Ull -101 KSEK. Hence assessed additional impairment which is not relevant..

Impaired receivables
Provision is made for accounts receivable overdue by more than 120 days.

Receivables from group companies
At the closing date, the company has a receivable am 127 million of the parent company considering paragraph relating to going concern (management report, this' request deemed unsafe).

Note 1
Net sales

	2015/16 KSEK	%	20J4/I5 KSEK	%
Subsidiaries	**16 885**	*6,4%*	31 658	*8,4%*
Other Group companies	**I 802**	0,7%	2 263	0,6%
Third-party	**247 030**	93.0%	344 137	91,0%
Total	**265 717**	**100,0%**	**378 058**	**100,0%**
Distribution of net sales by region	**KSEK**	%	KSEK	%
Sweden	**68 940**	**25,9%**	109 467	29,0%
EU	**132 494**	**49,9%**	168 342	44,5%
The Rest of Europe	**31 606**	II,9%	49 394	13,1%
NAFTA	**18 465**	6,9%	31 845	8,4%
The Rest of the world	**14213**	5,3%	19 010	5,0%
Total	**265** *717*	**100,0%**	**378 058**	**100,0%**

Note 2

Operating expenses

	2015/16	2014/15
Raw materials, purchased products, etc.	**162 482**	251 033
Energy	**33 397**	48 074
Personnel costs	**48 639**	67217
Services	**55 089**	70 106
Depreciation according to plan	**7**	9 808
Impairment	**0**	56 929
Total	**299 613**	**503 167**

[Operating expenses include fees and remuneration to accounting firms:	351	330
Rewston		
Deloitte		
- Auditary operation beyond the auditary assignment	0	0
- Tax advice	35	30
- Other Services	0	0

Total	386	**360**

Other Operational fees.		
The Annual fees	1 176	1 965
Within a year	1 261	1 261
Later than 1 year but within 5 years	216	216
Later than 5 years	0	0

Purchases from Group companies including the operating expenses	**2015/16 KSEK**	%	2014/15 KSEK	%
Parent company	**78 139**	**26,1%**	123 795	24,6%
Other Group companies	**16 934**	**5,7%**	72 589	14,4%
Total	**95 073**	**31,7%**	**196 384**	**39,0%**

Note 3

Average number of employees, Salaries, Other Remuneration and Social Security Contributions

	2015/16	2014/15
Average number of employees		
Women	**II**	20
Men	**70**	97
Total	**81**	117
Salaries and remuneration		
Board of Directors	**0**	**II**
Chief executive Officer	**0**	0
Bonuses	**0**	0
Other employees	**30 014**	46 814
Total salaries and remuneration	**30 014**	**46 825**
Social security contributions under the law and agreements	**18 625**	20 392
including pension costs, the Board of Directors	**0**	0
including pension costs, Chief Executive Officer	**0**	0
including pension costs, other	*4* **066**	3 714
Total Payroll Expenses	**48 639**	**67 217**

Obligations for pensions and similar benefits in addition to the above not available,

The CEO's employment conditions

Mark Gchuta took over as Chief Executive in November 2010. Mark Gchuta is is an employee of the parent company Cogent Power Ltd.

The Board's activities

The Board consists of three members, including the company's Managing Director(CEO) is one, all of them are elected in the general body meeting. It also includes two members, with personal deputies, elected by the trade unions. There are currently two women in 1 Board. Board fee is paid by the staff representatives on the Board with 700 SEK per meeting to the other directors, the company will not paid any compensation, either any renumerations or directors ' fees.

Note *4*

Depreciation

	2015/16	2014/15
Land and buildings	**0**	**216**
Machinery and other technical facilities	**0**	**9 591**

Equipment, tools and installations	0	0
Total	0	9 807

Impairment

	2015/16	2014/15
Land and buildings	0	1 525
Machinery and other technical facilities	0	48 124
Equipment, tools and installations	0	17
Total	0	49 666

Note 5

Result from fiancial investments

	2015/16	2014/15
Income from participations 1 Group companies	0	53 410
Capital gains on sale of shares	204 170	0
Interest income from parent company	0	0
Interest income from third parties	2 858	20
Total	207 028	53 430

Expenses and similar profit / loss items		
Interest expense to parent company	816	816
Interest expense to third parties	940	82
Estimated financial expenses, pension liabilities *	1 046	1 154
Total	2 802	2 052

* The financial cost of the pension liability corresponding to 3.7%

Note 6

Balance sheet appropriations cr

	2015/16	2014/15
Difference between book depreciation and depreciation according to plan	0	16 236
Total amount	0	16 236

Note 7

Tax

	2015/16	2014/15
Current tax of the current year * 1	0	2 670
Tax attributable to prior years * 2	0	-263
Total	0	2 407
Effective tax rate 1 relationship to income after financial items	.	_
Effective tax rate 1 relationship to income before tax	.	.
Tax regarding dividend from subsidiaries		

* 2 The refund of the property taxes after reappraisal

Difference between reported tax expense and tax depending on the applicable tax rate

Reported profit before tax	170 330	-57 495
The corporate income tax 11%	■37 473	12 649
Tax effect of non-deductible expenses	-594	-4 188
Tax effect of non-taxable income	46 545	12 779
Tax effect of imputed interest on tax allocation	0	0
Tax effect of one year Incurred deficits	-8 478	-21 240
Tax effect related to dividends	0	2 670
Total	0	2 670

Adjustments recognized in the current year to previous years' taxes

previous years' taxes	0	-263
Present year's reported tax expense	**0**	**2 407**

The company has outback loss carryforwards amounting to SEK 278940 thousand (2-1040S KSEK), These are not recognized when it is probable that the company in the near future will show a taxable profits.

.Note 8
Land and buildings

	2016-03-31	2015-03-31
Acquisition values *)	41 987	41 987
Closing acquisition values	**41 987**	**41** *987*
opening depreciation according to the plan	•34 622	-34 406
Insurance and disposals	0	0
Present year's depreciations	0	-216
Closing depreciation according to plan	**-34 622**	**-34 622**
Opening impairment	• 1 525	0
Impairments for the year	0	-1 525
Outgoing impairment	**-1 525**	**-l 525**
Carrying value	**5 840**	**5 840**
*) Of which land value 5840 SEK	5 840	5 840

Note 9
Machinery and other technical facilities

	2016-03-31	2015-03-31
Opening acquisition values	310 933	310 933
Closing acquisition values	310 933	310 933
opening depreciation according to plan	-262 809	-253 218
Present year's depreciations	0	-9 591
Closing depreciation according to plan	-262 809	-262 809»
Opening impairment	-48 124	0
Impairments for the year	0	■48 124
Outgoing impairment	-48 124	-48 124
Carrying value	0	0

Not e 10

Equipment, tools and installations

	2016-03-31	2015-03-31
Opening acquisition values	I2 653	12 653
Closing acquisition values	12 653	12 653
Opening depreciation according to plan	-12635	-12 653
Present year's depreciations	0	0
Closing depreciation according to plan	■12 635	-12 635
Opening impairment	-17	0
Impairments for the year	0	-17
Outgoing impairment	-17	-17
Residual value according to plan	0	0

Note 11

Shares in subsidiaries

Surahammars Bruks AB has sold the subsidiaries to United States, Canada and Mexico

Note 12

Prepayments and accrued income

	2016-03-31	2015-03-31
Förutbetalda kostnader	1953	910
A-conto fakturering Telge Energi	51	1 176
Förutbetalda försäkringspremier	1202	1 063
Upplupna ränteintäkter	9	9
Övriga upplupna intäkter	562	670
Summa	**3 777**	**3 828**

Not 13

Eget kapital

	Aktie kapital	Bundna reserver	Fria reserver	Totalt
Shareholders' equity at beginning of year	60 000	14 900	-46 575	28 325
Profit for the year			170 331	170 331
Eget kapital vid årets slut	**60 000**	**14 900**	**123 756**	**198 656**

The number of shares (with a par value of SEK 100) in the parent company amounts to! 600 000 st

Note 14

Untaxed reserves

	2016-03-31	2015-03-31
Accumulated depreciation	0	0
Total	**0**	**0**
Net change according to income statement, Note 6	**0**	**-16 236**

Note 15

Provisions for pensions and similar obligations

	2015-03-31	2015-03-31
FPG/PRI-pensioner	23 149	24 698
Total	23 149	24 698

Allocated capital insured through the PRI (PRI Pensionsgaranti Insurance, Mutual)

NOTES

Not 16
Övriga avsättningar

	2015-03-31	2015-03-31
Cost of covering the landfill with hydroxide sludge	901	1 237
Restructuring reserve, salaries during the notice period	0	13 174
Pension obligations, early retirement	0	0
Total	901	14 411

The work to cover the company's old landfill hydroxide sludge is in under progress and should be completed by the end of 2016,

Note 1 7

Accrued expenses and prepaid income

	2016-03-31	2015-03-31
Accrued salaries	5 722	7317
Accrued social security charges	3 478	3 580
Accrued property tax, payroll tax and policyholder	4 572	7 189
Interest commission skuid	1 495	935
Accrued expenses	860	2 245
Other	23	23
Amount	I6 150	21 289

Note 18

Assets pledged and contingent liabilities

	2016-03-31	2015-03-31
Endowment SPP, as collateral for pension commitments	0	596
Contingent liabilities towards the FPG / PRI	460	506

Note 19

Other non-cash items, cash flow analysis

	20 15/16	2014/15
Interest portion of pension 1	-1 046	-1 153
Changes Provisions	■IS 059	-8 187
Amount	-16 105	-9 340

Note 20
Definitions

Adjusted equity
Net shareholders' equity increased to 00% (78%) of untaxed reserves.

Capital employed
Total assets reduced by non-interest bearing liabilities and 22% (22%) of untaxed reserves.

Returns on working capital
Profit after depreciation plus financial income in relation to average Working capital.

Gross profit margin
Gross profit in relation to net sales.

Operating margin
Operating profit in relation to net sales.

Profit margin
Profit after depreciation plus financial income in relation to net sales.

Capital Turnover
Net sales divided by average woking capital.

Returns on adjusted equity
Profit after financial income and expenses decreased by 22% (22%) in the standard tax relation to average adjusted equity.

Solidity
Adjusted equity in relation to total assets.

Cash Flow
Cash flows from operating activities, investing and financing activities.

Operating cash flow
Cash flow from operations excl. of the Interest, Taxes, dividends and cash flow relating to investment in production resources

Signatures

The financial statements will be submitted to the Annual General Meeting in 2016 for adoption

Deloitte.

AUDIT REPORT

To the shareholders of Surahammars Bruk Aktiebolag

Corporate Identity Number 556050-1206

Annual Accounts Report

We conducted an audit of the financial statements for Surahammars Bruk Aktiebolag for the fiscal year 20154) 4-01 - 2016-03-31.

Board and CEO's responsibility for the Annual Report

It controls the ice and the CEO are responsible for preparing an annual report that gives a true and fair view in accordance with the Annual Accounts Act and for such internal control as the Board and the Managing Director determine is necessary to establish an annual report that is 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 eniigt International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain rimiig assurance that the annual accounts are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The auditor decides which actions to take, including assessing 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 company prepares its financial statements to give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the Board and CEO of accounting estimates, as well as evaluating the overall financial statement presentation.

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

Statements

In our opinion, the financial statements prepared in accordance with the Annual Accounts Act and give, in all material respects, true and fair view of Surahammars Bruk Aktiebolag's financial position as of 31 March 2016 and of its financial performance and cash flows for the year according to Swedish law. The management report is consistent with other parts of the annual accounts. We therefore recommend that the income statements and balance sheets.

Disclosure of particular importance

Without prejudice to our statement, we want to draw attention to the management report, which indicates that there is an uncertainty regarding Tata Steel UK Limited's future. Considering that Surahammars Bruk Aktiebolag owned by Tata Steel UK Limited and receivables at the annual day amounting to 127 million at the TATA Steei UK Limited as exists factors that could cause Herring significant doubts Surahammars Bruk Aktiebolag's ability to continue operations.

Report on sutdra requirements under laws OEH regulations

In addition to our audit of the financial statements, we have also performed an audit of the proposed appropriation of the profit or loss and the Board of Directors and the Managing Director of Surahammars Bruk Aktiebolag for the fiscal year 2015-04-01 - 2016-03-31

Director's responsibility

The Board of Directors is responsible for the proposed appropriation of the profit or loss, and the Board of Directors and the CEO are responsible for administration under the Companies Act.

Auditor's responsibility

Our responsibility is to tilt reasonable assurance on the proposed appropriation of the profit or loss and the administration on the basis of v & r audit. We conducted our audit in accordance with auditing standards in Sweden.

As a basis for our opinion on the Board's proposal for appropriation of the profit or loss, we examined whether the proposal is consistent with the Companies Act.

As a basis for our statement on discharge from liability, in addition to our audit of the financial statements examined significant decisions, actions and circumstances of the company in order to assess whether any Board member or the Chief Executive Officer. We also examined whether any Board member or the President has acted in contravention of the Companies Act eläer Association.

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

Statements

We recommend that the profit as proposed

the annual report and discharge the board members and CEO from liability for the financial year

Remark

The annual report has been prepared in such time that it was possible that, under Chapter 7. § 10 of the Companies Act, holding the AGM within six months of the financial year.

Gothenburg, 28 October 2016 Deloitte AB

Harald Jagner Certified

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.