

The Board of Directors and Managing Director of Tata Steel International (Sweden) AB hereby submit the Annual Report in respect of financial year 1 April 2016 to 31 March 2017.

Directors' report

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Directors' report

This Annual Report has been prepared in accordance with the BFNAR 2012:1 regulations on Annual Report and Consolidated Financial Statements (K3).

The Company, established in 1973, assists parent company British Steel Nederland International BV in the sale of steel products on the Swedish market.

Ownership structure

The Company is a wholly owned subsidiary of British Steel Nederland International BV (corporate ID: 1463601). The Group's parent company is Tata Steel Europe. Since 2 April 2007, Tata Steel Europe has fallen under the ownership of Indian company Tata Steel, which forms part of the Tata Group.

Key events during the financial year

Last year, our activities through the sale of Long Products and Specialities accounted for around 10–15% of our total volume. In order to forecast the outcome of the sale of Longs and Specialities, we anticipate expanding our customer base and volume to existing customers within Strip products, fully offsetting the volumes that were transferred through the sale of the entities.

We have extended our volumes to the Automotive Sector and grown volumes through distribution channels (including our own assets in Sweden) into the Swedish market.

Our activities are now fully focused on the sale of Strip steel products (Hot Rolled Coil, Cold Rolled and Galvanised coils, Colour coated material and metallic plated material).

The company has undergone a number of changes. The previous announcement regarding an alternative to the British operation led to the sale of Long Products and Speciality Steel in Great Britain. In the course of the financial year, Long Products has been taken into new ownership, under the company name British Steel. The sale of Specialities has been concluded, with the changeover scheduled to take place during the next financial year.

Continued emphasis on the region has been the main priority for Tata Steel. With its new footprint, focusing on Strip products, The Nordic region and its assets harmonise nicely with the Tata Steel Europe strategy.

After 12 months when steel prices were low, things have eased somewhat during this financial year, with a greater balance between demand and volume of steel products. This has led to increasing prices during the year, which is also a result of the rise in price of raw materials such as coal and iron ore. Demand for steel has risen further in Sweden, with Tata supplying Strip products (sheet) to this market to a greater extent.

The company is headquartered in Gothenburg.

Changes in equity

	Share capital	Statutory reserve	Net profit/loss for the year	Profit/loss for the year	Total
Totals at year end	100,000	20,000	350	5,201,893	5,322,243
Allocation in accordance with Annual General Meeting resolution: Net profit for the year			5,201,893	-5,201,893	0
Totals at year end	100,000	20,000	5,202,243	3,128,669	8,450,912

Proposed appropriation of profits

The Board of Directors recommends that the profit available for disposition (SEK):

profit brought forward	5,202,243
net profit for the year	3,128,669
	8,330,912

be distributed in order that the
following amount is carried forward

	8,330,912
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The Company's financial performance and standing are otherwise represented in the following profit and loss statement and balance sheet, including accompanying notes.

Profit and loss statement

	Note	01/04/2016 -31/03/2017	01/04/2015 -31/03/2016
Net turnover	1	0	698,125
Commission income		20,178,206	21,575,949
Other operating income	2	484	11,660
		20,178,690	22,285,734
Operating costs			
Commodities		0	-390,051
Other external costs	3, 4	-3,796,286	-3,714,117
Personnel costs	5	-11,994,472	-11,097,825
Depreciation of tangible assets	6	-308,198	-270,584
		-16,098,956	-15,472,577
Operating profit		4,079,734	6,813,157
Profit/loss from financial items			
Other interest income and similar profit/loss items	7	1,754	59
Interest expenses and similar profit/loss items	8	-33,321	-118,691
		-31,567	-118,632
Profit/loss after financial items		4,048,167	6,694,525
Pre-tax profit		4,048,167	6,694,525
Tax on profit for the year	9	-919,498	-1,492,632
Net profit for the year		3,128,669	5,201,893

Balance sheet

Note **31/03/2017** **31/03/2016**

ASSETS

Fixed assets

Tangible assets

Equipment, tools, fixtures and fittings

6	1,585,506	971,420
	1,585,506	971,420

Total fixed assets

1,585,506	971,420
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Current assets

Current receivables

Receivables from group companies

8,734,891	6,285,378
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Current income tax receivables

792,412	0
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Other receivables

424,341	123,445
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Prepaid expenses and accrued income

552,505	470,434
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10,504,149	6,879,257
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Cash and bank balances

1,629,662	2,225,946
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Total current assets

12,133,811	9,105,203
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TOTAL ASSETS

13,719,317	10,076,623
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Balance sheet	Note	31/03/2017	31/03/2016
EQUITY AND LIABILITIES			
Equity			
<i>Restricted equity</i>			
Share capital (1,000 shares)		100,000	100,000
Statutory reserve		20,000	20,000
		120,000	120,000
<i>Non-restricted equity</i>			
Profit/loss brought forward		5,202,243	350
Net profit for the year		3,128,669	5,201,893
		8,330,912	5,202,243
Total equity		8,450,912	5,322,243
Long-term liabilities			
Leasing liability	3	1,111,314	666,981
Total long-term liabilities		1,111,314	666,981
Current liabilities			
Bills payable		379,475	240,034
Liabilities to group companies		21,214	0
Current tax liabilities		0	249,983
Other liabilities		433,578	409,499
Leasing liability	3	322,000	269,826
Accrued expenses and deferred income	10	3,000,824	2,918,057
Total current liabilities		4,157,091	4,087,399
TOTAL EQUITY AND LIABILITIES		13,719,317	10,076,623

Notes on the accounts

Accounting and valuation principles

General information

This Annual Report has been prepared in accordance with the Swedish Annual Accounts Act and the BFNAR 2012:1 regulations on Annual Report and Consolidated Financial Statements (K3).

Receivables

Receivables have been recorded at the values at which they are anticipated to be paid. If nothing else is stated, other assets and liabilities have been recorded at their acquisition values. Distribution of revenue and expenditure over a period of time has been carried out in accordance with generally accepted accounting principles.

Foreign currencies

Foreign currency receivables and liabilities are recorded at the rate in effect on the balance sheet date. Foreign currency transactions have been translated by applying the spot exchange rate in effect on the transaction date.

Profit and loss from receivables relating to operations have been offset among other operating income, or other operating costs, respectively.

Revenue

Receivables

Revenue has been recorded at the fair value for what has been, or will be, received, and reported to the extent that the financial proceeds will most likely be utilised by the Company, and revenue can be calculated in a reliable manner.

Fixed assets

Depreciation of fixed assets has been made according to plan over the anticipated duration of their useful life, taking into account the material residual value. Depreciation percentages have been applied as follows:

Tangible assets

Equipment and tools	20%
Server and installation	33%

Leasing agreements

As the financial risks and benefits associated with the leased assets have been passed to the lessee, the agreement is classified as financial leasing. For the initial accounting transaction, a receivable is reported in the balance sheet. Direct costs arising in connection with the Company entering into financial leasing agreements shall be spread over the entire leasing period. For subsequent accounting transactions, financial revenue attributable to the agreement shall be spread over the leasing period, to ensure an even return.

Income taxes

Current tax

Current tax is calculated on the taxable profit for the period. Taxable profit differs from the profit recorded in the profit and loss statement, as it has been adjusted for non-taxable income and non-allowable costs in addition to income and costs which are taxable or allowable in other periods. The current tax liability is calculated in accordance with the tax rates in effect as of the balance sheet date.

Note 1 Purchases between group companies

	01/04/2016 –31/03/2017	01/04/2015 –31/03/2016
Purchases (%)	100 100	97 97

Note 2 Other operating income

	01/04/2016 –31/03/2017	01/04/2015 –31/03/2016
Exchange rate gains	484 484	11,660 11,660

Note 3 Financial leasing agreements – lessees

Leasing costs attributable to leasing agreements for the year amount to SEK 0 (SEK 0).
In accordance with K3 regulations, leasing of cars for the year is recorded as financial leasing.

Future leasing liabilities relating to non-cancellable leasing agreements become due for payment as follows:

	01/04/2016 –31/03/2017	01/04/2015 –31/03/2016
Within one year	322,000	269,826
Later than one year but within five years	1,111,314	666,981
Later than five years	0	0
	1,433,314	936,807
Leased property		
Fixed assets		
Accumulated acquisition costs	2,284,381	1,754,019
Accumulated depreciation	-851,067	-817,212
Closing carrying amount	1,433,314	936,807

The amount of -817,212 (Accumulated depreciation costs for previous year) includes former employees' takeover of leasing contracts at -265 860.

Note 4 Auditors' fees

Audit assignments refer to the examination of the Annual Report and financial records, as well as the administration of the Board of Directors and Managing Director, other tasks incumbent upon the Company's auditor and consultancy or other assistance which arises from observations noted in conjunction with such examination or the performance of such other tasks.

	01/04/2016 –31/03/2017	01/04/2015 –31/03/2016
Deloitte AB		
Audit assignments	47,250	47,250
Audit activities in addition to the audit assignment	0	7,500
	47,250	54,750

Note 5 Employees and personnel costs

	01/04/2016 –31/03/2017	01/04/2015 –31/03/2016
Average number of employees		
Women	5.29	5.40
Men	6.59	5.75
	11.88	11.15
Salaries and other remuneration		
Salaries and other remuneration	8,855,996	7,343,200
	8,855,996	7,343,200
National insurance costs		
Pension costs for the Board of Directors and Managing Director.	0	0
Pension costs for other employees	785,117	860,738
Other national insurance contributions according to laws and agreements	1,698,181	2,347,983
	2,483,298	3,208,721
Total salaries, remuneration, national insurance and pension costs	11,339,294	10,551,921
Breakdown by gender in senior management		
Percentage of women on board	0 %	0 %
Percentage of men on board	100 %	100 %
Percentage of women in other senior management posts	50 %	50 %
Percentage of men in other senior management posts	50 %	50 %

Note 6 Equipment and leased cars

	01/04/2016 -31/03/2017	01/04/2015 -31/03/2016
Opening acquisition costs	2,219,863	2,450,523
Acquisitions	922,284	35,200
Sales/disposals		-265,860
Closing accumulated acquisition costs	3,142,147	2,219,863
Opening depreciation balance	-1,248,443	-986,238
Sales/disposals		8,379
Depreciation for the year	-308,198	-270,584
Closing accumulated depreciation costs	-1,556,641	-1,248,443
Closing carrying amount	1,585,506	971,420

In accordance with K3 regulations, leased cars shall be recorded as leased assets, and subject to depreciation until the expiration of the leasing term.

Note 7 Other interest income and similar profit/loss items

	01/04/2016 -31/03/2017	01/04/2015 -31/03/2016
Other interest income	1,754	59
	1,754	59

Note 8 Other interest expenses and similar profit/loss items

	01/04/2016 -31/03/2017	01/04/2015 -31/03/2016
Interest on leased assets	-28,695	-33,993
Other interest expenses	-4,626	-84,698
	-33,321	-118,691

Note 9 Tax on profit for the year

	01/04/2016 -31/03/2017	01/04/2015 -31/03/2016
Current tax	-919,498	-1,492,632
Tax on profit for the year	-919,498	-1,492,632

Reconciliation of tax expense for the year:

Reported pre-tax profit/loss	4,048,167	6,694,525
Tax calculated at 22%	-890,597	-1,472,795
Tax effect of non-allowable costs	-29,287	-19,850
Tax effect of non-taxable income	386	13
Reported tax expense for the year	-919,498	-1,492,632

10 Accrued expenses and deferred income

	31/03/2017	31/03/2016
Special payroll tax	397,092	515,556
Accrued salaries	733,535	702,653
Accrued holiday pay	1,063,962	954,346
Deferred national insurance contributions, holiday pay and bonuses	564,774	520,629
Other interim liabilities	241,462	224,872
	3,000,825	2,918,056

Note Key events after the financial year


Due to the sale of long products and special steel (Specialities), Tata Steel Europe will be focusing solely on Strip products. Backed by our capacity and footprint on the Swedish market, we will seek to build on our growth strategy in Sweden.

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

Gothenburg, 22 June 2017



Philip Hancox
Chairman



Stephan Landes
Managing Director



Raimo Järvelä