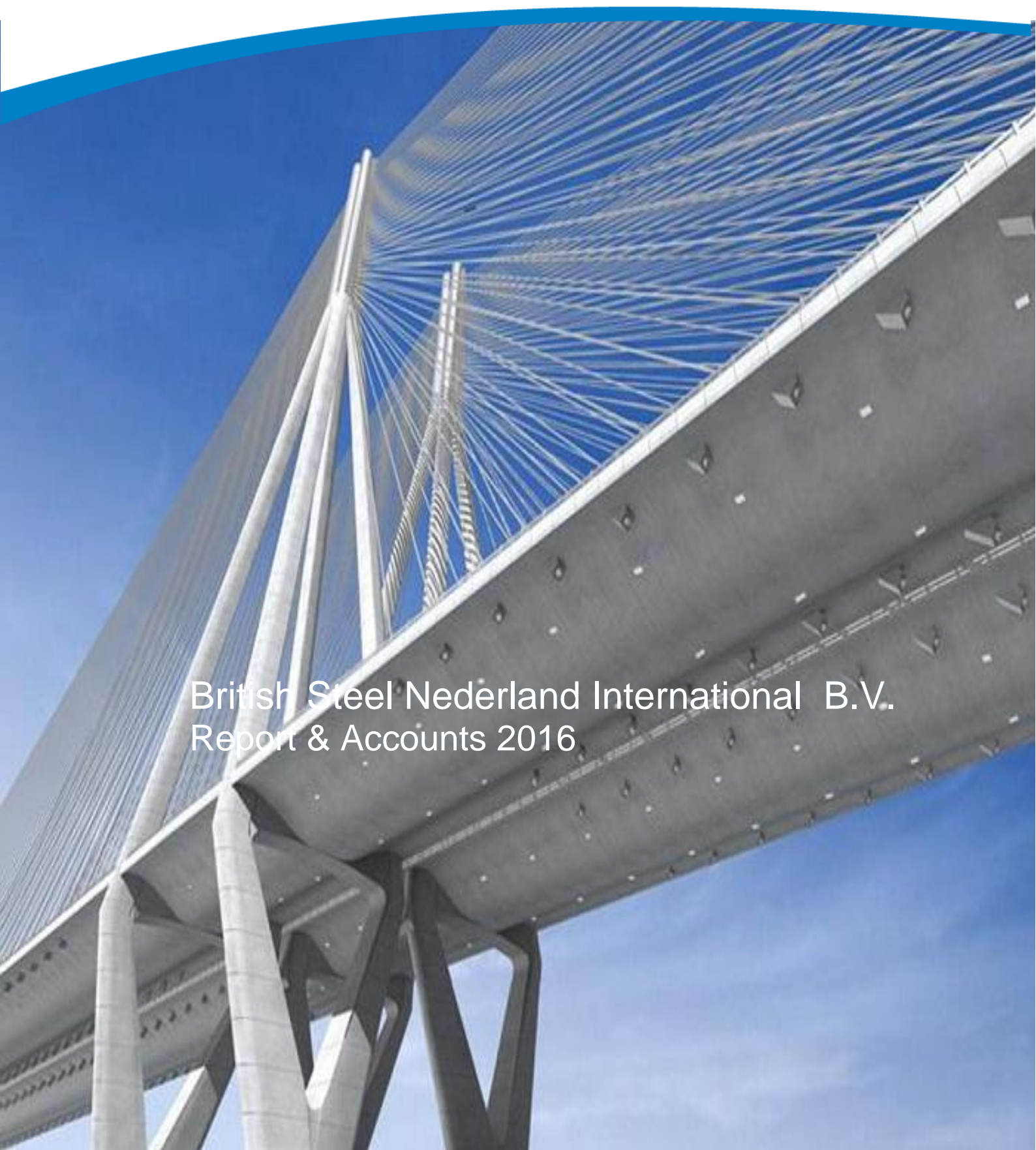


TATA STEEL



British Steel Nederland International B.V.
Report & Accounts 2016



A. Annual accounts

Balance sheet

(before appropriation of net profit/loss)

At March 31	Note	2016	2015
		€k	€k
Financial fixed assets			
Shares and loans group companies	1	92.985	71.983
		92.985	71.983
Current assets			
Other receivables	2	23	191
Cash and shortterm deposits	3	730	3.375
		753	3.566
Total assets held for sale	4	1.000	-
TOTAL ASSETS		94.738	75.549
Current liabilities			
Current tax liabilities	5	(809)	(513)
Other payables	6	(40.008)	-
		(40.817)	(513)
Non current Liabilities			
Other provisions	7	(13)	(13)
		(13)	(13)
TOTAL LIABILITIES		(40.830)	(526)
NET ASSETS		53.908	75.023
Equity			
Called up share capital	8	19	19
Reserves	8	58.904	62.409
Unappropriated result	8	(5.015)	12.595
TOTAL EQUITY		53.908	75.023

A. Annual accounts

Income statement

For the financial period ended March 31

		2016	2015
		€k	€k
Total other operating Income		-	17.184
Total operating costs	9	(198)	(20)
Operating profit/ (loss)		(198)	17.164
Impairment of Associate	10	(19.542)	(7.279)
Shares of Joint Venture Income	11	7.764	-
Finance income	12	7.138	2.813
Profit / (Loss) before taxation		(4.838)	12.698
Taxation	13	(176)	(103)
Profit / (Loss) after taxation		(5.015)	12.595
Attributable to owners of the company		(5.015)	12.595

Notes to the annual accounts 2016

General information

The Company was incorporated with limited liability under the laws of the Netherlands on January 14, 1992 by Corus International (Overseas Holdings) Ltd., United Kingdom. The statutory seat of the Company is IJmuiden, and its principal place of business is in Velsen-Noord. The activities of the Company are that of a holding and finance company.

Group structure

British Steel Nederland International B.V. is a subsidiary of Tata Steel Netherlands Holdings B.V. which has its statutory seat at IJmuiden and its registered office at Wenckebachstraat 1, 1951 JZ Velsen-Noord, the Netherlands. The ultimate parent company is Tata Steel Limited, Mumbai, India.

Related parties

The Company is incorporated with the purpose of holding and financing of group companies and/or several of its subsidiaries and associate companies out of its equity and by using loans provided by its shareholder and/or group companies.

Consolidation

The consolidated annual report of the Company and its subsidiaries is not included in this annual report, as the Company makes use of the exemption as permitted in article 2:408.1b of the Dutch Civil Code.

The financial data of British Steel Nederland International B.V. and its subsidiaries are part of the consolidated annual accounts of Tata Steel Europe Limited, 30 Millbank, London SW1P 4WY, United Kingdom.

The annual accounts of the ultimate parent company in the European Union, Tata Steel Europe Limited, are filed with the Companies' House, Crown Way, CF14 3UZ DX 33050 Cardiff, United Kingdom. These annual accounts are also available at the Chamber of Commerce at Amsterdam, Trade Registry Number: 34255148.

Accounting policies

General

The annual accounts have been prepared in accordance with the statutory provisions of Part 9, Book 2, of the Dutch Civil Code and the firm pronouncements in the Guidelines for Annual Reporting in the Netherlands as issued by the Dutch Accounting Standards Board. The annual accounts are denominated in euro.

In general, assets and liabilities are stated at the amounts at which they were acquired or incurred, or fair value. If not specifically stated otherwise, they are recognised at the amounts at which they were acquired or incurred. The balance sheet and income statement include references to the notes.

Functional currency and presentation currency

The annual accounts of the Company are presented in euro, the currency of the primary environment in which it operates (its functional currency).

Transactions and balances

Monetary assets and liabilities in foreign currencies are translated into euro at the quoted rates of exchange ruling at each balance sheet date. Income statement items are translated into euro at the average rates for the financial period. Any resulting exchange differences are taken to the income statement.

A. Annual accounts

Shares in subsidiaries

Because of international entanglement of the Company's operations and the application of article 2:389 of the Dutch Civil Code juncto article 2:408 of the Dutch Civil Code, participations are valued at historical cost less any provision for impairment in value. Expenses directly related to the purchase, sale and/or issue of new shares are activated as part of the value of the shares in subsidiaries.

Impairment of shares in subsidiaries

On balance sheet date, the Company tests whether there are any indications of an asset which could be subject to impairment. If there are such indications, the legal entity should estimate the recoverable amount of the asset concerned. If this is not possible, the recoverable amount of the cash-generating unit to which the asset belongs, is identified.

An asset is subject to impairment if its book value is higher than its recoverable value; the recoverable value is the highest of the realisable value and the present value. An impairment is recognised as an expense in the income statement immediately.

Receivables

Receivables are valued at face value less a provision for possible uncollectable accounts.

Interest paid and received

Interest paid and received is recognised on a time-weighted basis, taking account of the effective interest rate of the assets and liabilities concerned. When recognising interest paid, allowance is made for transaction costs on loans received.

Dividends

Dividends to be received from subsidiaries or joint ventures are recognised as soon as the Company acquires the right to them.

Income taxes

Taxes on income are accrued in the same periods as the revenues and expenses to which they relate, taking into account permanent differences. In computing the taxes current tax rates are applied. The difference between the taxation computed in this manner and that according to the tax regulations is included in the balance sheet as a deferred tax asset or liability.

For corporation tax purposes, the Company is part of the fiscal unity Tata Steel Netherlands Holdings B.V. Within the fiscal unity of Tata Steel Netherlands Holdings B.V., the following arrangements are in place: each year, the Company is to pay Tata Steel Netherlands Holdings B.V. the corporation tax that it owns on its taxable profits in line with the rate prevailing for that year. If the Company makes a loss for tax purposes in a given year, Tata Steel Netherlands Holdings B.V. will pay the Company a refund of taxes, similarly calculated on the basis of the rate prevailing for that year.

Equity

Expenses directly related to the purchase, sale and/or issue of new shares are directly charged against equity, net of the relevant income tax effects. Other direct changes in equity are also recognised net of the relevant income tax effects.

Financial instruments

Financial assets and financial liabilities are recognised on the Company's balance sheet when the Company 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:

A. Annual accounts

Financial liabilities and equity

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

Borrowings

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date. Interest-bearing bank loans and overdrafts 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.

Equity instruments

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

Interest paid and received

Interest paid and received is recognised on a time-weighted basis, taking account of the effective interest rate of the assets and liabilities concerned. When recognising interest paid, allowance is made for transaction costs on loans received.

Dividends

Dividends to be received from subsidiaries are recognised as soon as the Company acquires the right to them.

Income taxes

Taxes on income are accrued in the same periods as the revenues and expenses to which they relate, taking into account permanent differences. In computing the taxes current tax rates are applied. The difference between the taxation computed in this manner and that according to the tax regulations is included in the balance sheet as a deferred tax asset or liability.

A. Annual accounts

Notes to the balance sheet

1. Shares and loans group companies

	Shares in group companies	Loans to group companies	Total
	€k	€k	€k
Balance March 31, 2015	55.983	16.000	71.983
Loan to Tata Steel Sweden Byggsystem AB	-	1.176	1.176
Addition loan Service Centre Maastricht B.V.	-	4.000	4.000
Recapitalisation Layde Steel SL., Spain	40.000	-	40.000
Impairment of Service Centre Maastricht B.V.	(18.151)	-	(18.151)
Impairment of Tata Steel Denmark Byggesystemer A/S	(1.391)	-	(1.391)
Sale of Norsk Stal AS	(3.632)	-	(3.632)
Sale of Corus-Kalpinis Simos Cladding Industrial SA	(1.000)	-	(1.000)
Balance March 31, 2016	71.809	21.176	92.985

Investments in subsidiaries at March 31, 2016 are:

	<u>Share- holding</u> %	<u>Value</u> €k
Service Centre Maastricht B.V.	100	-
Tata Steel International (Benelux) B.V.	100	-
Corus Steel Service STP LLC, Russia	100	25
Tata Steel Istanbul Metal Sanayi ve Ticaret A.S., Turkey	100	15.146
Eric Olsson & Söner Förvaltnings AB, Sweden	100	6.945
Tata Steel International (Canada) Holdings Inc., Montreal, Quebec, Canada	100	310
Corus Ireland Limited, Dublin, Rep. of Ireland	100	-
Tata Steel International (Sweden) AB, Gothenburg, Sweden	100	7
Norsk Stal Tynplater A/S, Norway	50	1.252
Tata Steel International (Czech Republic) S.R.O., Czech Republic	100	34
Tata Steel International (Poland) Sp.Zo.o., Poland	100	2.135
Tata Steel International (Denmark) A/S., Denmark	100	120
Tata Steel International Ibérica S.A., Spain	100	142
Tata Steel International (Finland) oy, Finland	100	128
Kalzip India Private Ltd., India	100	913
Tata Steel Denmark Byggesystemer A/S, Denmark	100	4.401
Layde Steel SL., Spain	100	40.000
Stainless Velsen-Noord B.V.	100	118
Tata Steel Ticaret AS, Istanbul, Turkey	50	133
Corus-Kalpinis Simos Cladding Industrial SA	50	-
Tata Elastron S.A. Service Center	50	-
Financial fixed assets		71.809

The carrying values of the Company's investments are tested annually for impairment. The outcome of the test at 31 March 2016 resulted in a permanent diminution of € 20 million in the value of the Company's investment in Service Centre Maastricht B.V. and Tata Steel Denmark Byggesystemer A/S.

Annual accounts

2. Other receivables	2016	2015
	€k	€k
Amounts owed by other Tata Steel Companies	23	191
	23	191
3. Cash and shortterm deposits	2016	2015
	€k	€k
Bank balances and terminable deposits	730	3.375
	730	3.375
4. Total assets held for sale	2016	2015
	€k	€k
Sale of the 50% share holding Corus-Kalpinis Simos Cladding Industrial SA in FY 2017	1.000	-
	1.000	-
5. Current tax liabilities	2016	2015
	€k	€k
Dutch corporation tax	(809)	(513)
	(809)	(513)
6. Other payables	2016	2015
	€k	€k
Recapitalisation Layde Steel SL., Spain	(40.000)	-
Amounts owed to other Tata Steel companies	(8)	-
	(40.008)	-
7. Other provisions	2016	2015
	€k	€k
Other provisions	(13)	(13)
	(13)	(13)

A. Annual accounts

8. Equity

	Issued share capital	Share premium account	Legal and non-distributional reserve	General reserve	Unappropriated result	Total
	€k	€k	€k	€k	€k	€k
Balance sheet value at March 31, 2015	19	52.753	1.113	8.543	12.595	75.023
Appropriated result 2015	-	-	-	12.595	(12.595)	-
Net result current year	-	-	-	-	(5.015)	(5.015)
Interim dividend paid	-	-	-	(16.100)	-	(16.100)
At March 31, 2016	19	52.753	1.113	5.038	(5.015)	53.908

The authorised capital of the Company amounted to € 90.000,00 consisting of 2.000 ordinary shares of € 45,00 each of which 412 shares amounting to € 18.540,00 are issued and paid up.

An interim dividend has been paid in July 2015 of € 11.500.000 on the ordinary shares to Tata Steel Netherlands Holdings B.V.
In March 2016 an interim dividend of € 4.600.000 has been paid on the ordinary shares tot Tata Steel Netherlands Holdings B.V.

Contingent liability

British Steel Nederland International B.V. is part of the Dutch fiscal unity Tata Steel Netherlands Holdings B.V. since April 1, 2010 and for this reason could be liable for corporate income tax liabilities of this fiscal unity.

Pledge

The shares of British Steel Nederland International B.V. have been pledged to the Bank syndicate as security for the Senior Facilities Agreement of Tata Steel Netherlands Holdings B.V.

A. Annual accounts

Notes to the income statement

9. Operating costs	2016	2015
	€k	€k
Costs by type:		
Exchange rate differences	14	(11)
General expenses	(212)	(9)
Disposal of group companies	-	17.184
	(198)	17.164
10. Impairment of Associate	2016	2015
	€k	€k
Impairment Service Centre Maastricht B.V.	(18.151)	-
Impairment Tata Steel Denmark Byggestemer A/S	(1.391)	-
Impairment Corus-Kalpinis Simos Cladding Industrial SA	-	(2.279)
Impairment Tata Elastron S.A. Service Center	-	(5.000)
	(19.542)	(7.279)
11. Result on Joint Venture Expense	2016	2015
	€k	€k
Sale of Norsk Stal A/S, Oslo, Norway	7.764	-
	7.764	-
12. Financing items	2016	2015
	€k	€k
Finance cost	-	-
Dividend income Joint Venture	473	1.333
Interest from group companies	899	719
Dividend from group companies	5.766	761
Finance income	7.138	2.813
13. Taxation	2016	2015
	€k	€k
Dutch corporation tax	(176)	(103)
	(176)	(103)

Taxation

Taxation is based on 25% of the result before taxation after exclusion of the income from investments not recorded at net equity value. The taxable amount is € 699 thousand which results in a tax charge of € (175) thousand. This tax charge is corrected with a prior year adjustment of € (1) thousand resulting in a total tax position of € 176 thousand.

Number of employees

The average number of active employees in 2016 was 0 (2015: 0).

Remuneration and loans to Directors

In the financial year, no remuneration or payment of any other kind was made at the Company's expense to its directors.

A. Annual accounts

Further explanation and signing of the annual accounts

Names and addresses of consolidating companies

The financial information of British Steel Nederland International B.V. is consolidated in the consolidated annual accounts of Tata Steel Europe Limited, 30 Millbank, London SW1P 4WY, United Kingdom.

The ultimate parent company is Tata Steel Limited, Mumbai, India, which is registered in the relevant trade register.

The office address of the Company and its parent company Tata Steel Netherlands Holdings B.V. is as follows:

British Steel Nederland International B.V.	Wenckebachstraat 1 P.O. Box 10.000	1951 JZ Velsen-Noord 1970 CA IJmuiden
Tata Steel Netherlands Holdings B.V.	Wenckebachstraat 1 P.O. Box 10.000	1951 JZ Velsen-Noord 1970 CA IJmuiden

Signing of the annual accounts

The 2016 annual accounts of British Steel Nederland International B.V. have been signed by its plenary Board of Directors.

Velsen-Noord, July 4, 2016

The Board of Directors:

E.A. Lambrechts

E.A.M. Selie

B. Other information

Appropriation of the result as provided for by the Articles of Association

The profit/ loss as shown by the annual accounts is at the disposal of the annual General Meeting.

Appropriation of the result for the financial year 2015

The net profit for the year ended March 31, 2015 was added to the General Reserve account.

Appropriation of the result for the financial year 2016

It is proposed to the annual General Meeting to charge the loss of the 2016 financial period, in the sum of € 5.015 thousand, against the General Reserve.

Independent Auditor's report

The report of the independent auditor is provided by Deloitte Accountants B.V. on the next page.