

# **BRITISH STEEL FRANCE RAIL ( formerly TATA STEEL France RAIL)**

Simplified Joint Stock Company

164, rue Foch  
57700 Hayange  
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## **Auditor's report concerning the annual financial statements**

Financial year ending on 31<sup>st</sup> March 2016  
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Sole partner of,

In accordance with our appointment as Statutory Auditors by your General Meeting, we hereby present our report to you for the financial year ended on 31<sup>st</sup> March 2016 on:

- the audit of the annual financial statements of TATA STEEL FRANCE RAIL France company, as attached to the present report;
- the justification for our judgements;
- The specific verifications and information provided by the law.

The annual financial statements were approved by the President. It is our duty, on the basis of our audit, to express an opinion on the financial statements.

### **I. Opinion concerning the annual financial statements**

We carried out our audit in accordance with the professional standards applicable in France, which require steps making it possible to obtain a reasonable assurance that the annual financial statements do not include any significant anomalies. An audit consists in examining, by sampling, the decisive elements justifying the amounts and information contained in the said financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We consider that the audit evidences we have obtained are sufficient and appropriate to provide a basis for our audit opinion.

We certify that the consolidated financial statements are a faithful presentation of the assets, the financial position and the results of all of the companies within the scope of consolidation at the end of this financial year in accordance with French accounting rules and principles.

## II. Justification for our assessments

In accordance with the requirements of Article L.832-9 of the French Commercial Code relating to the justification of our assessments, we draw your attention to the matters that we reviewed the impairment testing method as well as the cash flow projections and assumptions used for the tests and on the presentation of all the accounts.

Thus the assessments made in this way fall within the framework of our auditing approach to the annual financial statements, taken as a whole, and hence contributed to formation of our opinion without reservations, expressed in the first part of the present report.

## III. Specific verifications and information

We have also, in conformity with professional standards applicable in France, made specific verifications required by the laws in force.

We have no comment to make concerning the sincerity and the agreement with the annual accounts of the information provided within the report on the management of the Board of Directors and within the documents addressed to shareholders, concerning the financial situation and the annual accounts.

Neuilly-sur-Seine, date 29<sup>th</sup> June 2016  
Statutory Auditors  
Deloitte & Associés

R J Alex LEGON

### ASSET BALANCE SHEET

DGFIP No. 2050 2016

Designation: TATA STEEL FRANCE RAIL  
Duration of the financial year expressed in number of months \*  
Address: 164 Rue Mal Poch 57700 HAYANGE  
SIRET no.: 39157535400017

Duration of the previous financial year: 12

|                                                        | <i>Gross</i><br><i>1</i> |            | <i>Amortization provision</i><br><i>2</i> |             | <i>Financial year</i><br><i>N closed on:</i><br><i>31032016</i><br><i>Net</i><br><i>3</i> | <i>N-1</i><br><i>31032015</i><br><i>Net</i><br><i>4</i> |
|--------------------------------------------------------|--------------------------|------------|-------------------------------------------|-------------|-------------------------------------------------------------------------------------------|---------------------------------------------------------|
| Subscribed non-paid capital                            | AA                       |            |                                           |             |                                                                                           |                                                         |
| <b>INTANGIBLE ASSETS</b>                               |                          |            |                                           |             |                                                                                           |                                                         |
| Installation cost                                      | AB                       | 124 833    | AC                                        | 124 833     |                                                                                           |                                                         |
| Development costs                                      | CX                       |            | CQ                                        |             |                                                                                           |                                                         |
| Franchises, patents, and similar rights                | AF                       | 7 610 040  | AG                                        | 7 138 694   | 471 347                                                                                   | 465 006                                                 |
| Goodwill                                               | AH                       | 1 524 490  | AI                                        | 1524 490    |                                                                                           |                                                         |
| Other intangible assets                                | AJ                       |            | AK                                        |             |                                                                                           |                                                         |
| Advance and down payment for intangible assets         | AL                       |            | AM                                        |             |                                                                                           |                                                         |
| <b>TANGIBLE FIXED ASSETS</b>                           |                          |            |                                           |             |                                                                                           |                                                         |
| Land                                                   | AN                       | 2 147 734  | AO                                        |             | 2 147 734                                                                                 | 2 147 734                                               |
| Constructions                                          | AP                       | 39 275 436 | AQ                                        | 21 314 953  | 17 960 483                                                                                | 18 908 457                                              |
| Technical installation, industrial equipment and tools | AR                       | 209475646  | AS                                        | 148 864 322 | 60 611 324                                                                                | 63 481 631                                              |
| Other tangible fixed assets                            | AT                       | 3 298 835  | TO                                        | 2 727 802   | 571 033                                                                                   | 500 548                                                 |

|                                                                          |                                      |                    |                       |                    |                                      |                    |
|--------------------------------------------------------------------------|--------------------------------------|--------------------|-----------------------|--------------------|--------------------------------------|--------------------|
| Assets under construction                                                | AV                                   | 176 784            | AW                    |                    | 176 784                              | 494 526            |
| Advances and deposits                                                    | AX                                   |                    | AY                    |                    |                                      | 4 200              |
| <b>FINANCIAL ASSETS (2)</b>                                              | CS                                   |                    | CT                    |                    |                                      |                    |
| Equity interests evaluated on an equity basis                            | SM                                   |                    | CV                    |                    |                                      |                    |
| Other equity interests                                                   | BB                                   |                    | BC                    |                    |                                      |                    |
| Receivables from participations                                          | BD                                   |                    | Engineering<br>Centre |                    |                                      |                    |
| Other fixed investments                                                  |                                      |                    |                       |                    |                                      |                    |
| Loans                                                                    | BF                                   |                    |                       |                    |                                      |                    |
| Other financial fixed assets                                             | BH                                   | 43 596             | BG                    |                    | 43 596                               | 43 096             |
|                                                                          |                                      |                    | BI                    |                    |                                      |                    |
| <b>TOTAL II</b>                                                          | <b>BJ</b>                            | <b>263 677 396</b> | <b>BK</b>             | <b>181 695 095</b> | <b>81 982 301</b>                    | <b>86 045 630</b>  |
| <b>STOCKS</b>                                                            |                                      |                    |                       |                    |                                      |                    |
| Raw materials, procurement supplies                                      | BL                                   | 14 057 055         | World<br>Bank         | 714530             | 13 342 525                           | 21 110 407         |
| Work-in progress goods                                                   | BN                                   | 6 137 964          | BO                    |                    | 6 137 964                            | 4 241 337          |
| Work-in progress of services and production                              | BP                                   |                    | BQ                    | 201 630            |                                      |                    |
| Intermediate and finished goods                                          | BR                                   | 12 655 279         | BS                    |                    | 12 453 649                           | 9 154 929          |
| Goods                                                                    | BT                                   |                    | BU                    |                    |                                      |                    |
| Advances and prepayments on orders                                       | BV                                   | 2 554              | BW                    |                    | 2 554                                |                    |
| <b>RECEIVABLES</b>                                                       |                                      |                    |                       |                    |                                      |                    |
| Receivables and related accounts (3)                                     | BX                                   | 63 618 954         | BY                    | 54 985             | 63 563 969                           | 72 714 926         |
| Other receivables (3)                                                    | BZ<br>CB                             | 20 363 410         | CA<br>CC              |                    | 20 363 410                           | 22 790 024         |
| Subscribed capital called but unpaid                                     |                                      |                    |                       |                    |                                      |                    |
| <b>MISCELLANEOUS</b>                                                     | DM                                   |                    |                       |                    |                                      |                    |
| Investments in transferable securities<br>(including their own shares: ) |                                      |                    |                       |                    |                                      |                    |
| Assets                                                                   | CF                                   | 458 267            | CE                    |                    | 458 267                              | 27981              |
| <b>ADJUSTMENT ACCOUNTS - ASSETS</b>                                      |                                      |                    |                       |                    |                                      |                    |
| Expenses paid in advance                                                 | CH                                   | 1 768 650          | CJ                    |                    | 1 768 650                            | 1 409 037          |
| <b>TOTAL (III)</b>                                                       | <b>CJ</b>                            | <b>119 062132</b>  | <b>CK</b>             | <b>971 144</b>     | <b>118 090 988</b>                   | <b>131 448 642</b> |
| Debt issuing expenses which can be allocated<br>to future fiscal year IV | CW                                   |                    |                       |                    |                                      |                    |
| Bond redemption premium V                                                | CM                                   |                    |                       |                    |                                      |                    |
| Conversion differences - Assets                                          | CN                                   |                    |                       |                    |                                      |                    |
| VI                                                                       |                                      |                    |                       |                    |                                      |                    |
| <b>GENERAL TOTAL (1 to VI)</b>                                           | <b>CO</b>                            | <b>382 739528</b>  |                       | <b>182 666 239</b> | <b>200 073 289</b>                   | <b>217 494 272</b> |
| <b>Returns: (1) lease right N-1</b>                                      | <b>(2) Part-1 year Immo.fin. N-1</b> |                    | <b>CP</b>             |                    | <b>(3) Part on + 1 year (CR) N-1</b> |                    |
| <b>Clause for the reservation of property Fixed assets:</b>              |                                      | <b>Stocks :</b>    |                       |                    | <b>Debts:</b>                        |                    |

|            |                                                            |                  |
|------------|------------------------------------------------------------|------------------|
| <b>-2-</b> | <b>BALANCE SHEET - LIABILITIES before<br/>distribution</b> | <b>2051 2016</b> |
|------------|------------------------------------------------------------|------------------|

Designation: Tata Steel France Rail SAS

None

|                                                                              |            | <i>Financial year N</i>   | <i>Financial year N-1</i> |
|------------------------------------------------------------------------------|------------|---------------------------|---------------------------|
| <b>EQUITY</b>                                                                |            |                           |                           |
| Personal or legal capital (including actual payments:                        | 49 586 670 | DA                        | 49 586 670                |
| Premium contribution, issuance, merger                                       |            | DB                        | 113 023                   |
| Variation of revaluation (including the variation of equivalence )           |            | DC                        |                           |
| Legal reserve (3)                                                            |            | DD                        | 1 065 164                 |
| Statutory, contractual reserves                                              |            | OF                        |                           |
| Untaxed reserves (including reserves for the current fluctuation provisions) |            | Manufacturing<br>Division | 92 078                    |
| Other reserves (including purchase of the original works by living artists)  |            | DG                        | 9 924 746                 |
| Statutory, contractual reserves                                              |            | DH                        | (2 025 265)               |
| Untaxed reserves (including reserves for the current fluctuation provisions) |            |                           |                           |
| Other reserves (including purchase of the original works by living artists)  |            |                           | 12 046 844                |
| Balance brought forward                                                      |            | DI                        |                           |
| <b>INCOME OF THE FINANCIAL YEAR (profit or loss)</b>                         |            | DJ                        |                           |
| Investment grants                                                            |            | DK                        |                           |
| Regulated provisions                                                         |            |                           |                           |
| <b>TOTAL I</b>                                                               |            | <b>DL</b>                 | <b>72 828 524</b>         |
| <b>OTHER EQUITY CAPITALS</b>                                                 |            | DM                        |                           |
| Proceeds from issues of participating securities                             |            | ND                        |                           |
| Contingent advances                                                          |            |                           |                           |

| <b>TOTAL II</b>                                                    | <b>DO</b>          |                    |                    |
|--------------------------------------------------------------------|--------------------|--------------------|--------------------|
| <b>PROVISIONS FOR RISKS AND CHARGES</b>                            | DP                 | 1 412 374          | 1 459 938          |
| Provisions for the risks                                           | DO                 | 21 163 292         | 25 764 820         |
| Provisions for expenses                                            |                    |                    |                    |
| <b>TOTAL III</b>                                                   | <b>DR</b>          | <b>22 575 666</b>  | <b>27 224 758</b>  |
| <b>DEBTS (4)</b>                                                   | <b>DS</b>          |                    |                    |
| Convertible debenture loans                                        | <i>Tech. Spec.</i> |                    |                    |
| Other debenture loans                                              | <b>FROM</b>        | 36 783             | 978                |
| Loans and other borrowings from credit institutions (5)            | <b>DV</b>          | 37 671 202         | 48 024 814         |
| Sundry borrowings and financial debts (including share borrowings) | <b>DW</b>          | 4 719 672          | 10 312 603         |
| Advances and prepayments received on the current orders            |                    |                    |                    |
| Debts to suppliers and related accounts                            | DX                 | 38 559 922         | 49 346 898         |
| Fiscal and social debts                                            |                    |                    |                    |
| <b>OTHER DEBTS</b>                                                 | DY                 | 13 015 383         | 13 286 702         |
| Amounts payable on fixed assets and related accounts               | <b>DZ</b>          | 919 306            | 2 783 587          |
| Other debts                                                        |                    |                    |                    |
| <b>ADJUSTMENT ACCOUNTS - ASSETS</b>                                | EA                 | 9 756 830          | 5 718 084          |
| Unearned income                                                    | EB                 |                    | 14 167             |
| <b>TOTAL IV</b>                                                    | <b>TH</b>          | <b>104 669 098</b> | <b>129 487 833</b> |
| Conversion differences liabilities V                               | ED                 |                    |                    |
| <b>GENERAL TOTAL (1 to V)</b>                                      | <b>EE</b>          | <b>200 073 289</b> | <b>217 494 272</b> |

|                                                                          |           |            |             |
|--------------------------------------------------------------------------|-----------|------------|-------------|
| <i>Regulators</i>                                                        | <i>IB</i> |            |             |
| (1) Conversion of revaluation incorporates capital                       | <i>IC</i> |            |             |
| - (Special reservation for re-evaluation (1959))                         | <i>ID</i> |            |             |
| (2) Free revaluation deviations                                          | <i>IE</i> |            |             |
| - Reservation for re-evaluation (1976)                                   | <i>EF</i> |            |             |
| (3) Including special reserve of long-term capital gains                 |           |            |             |
| (4) Liabilities and deferred capital gains in the long term              | <i>EG</i> | 99 949 426 | 119 175 230 |
| (5) Including current bank facilities and overdrafts of the bank and CCP | <i>EH</i> | 36783      | 978         |

Explanation regarding the centre

|            |                                                                |                  |
|------------|----------------------------------------------------------------|------------------|
| <b>-3-</b> | <b>PROFIT AND LOSS ACCOUNT OF THE FINANCIAL YEAR (In list)</b> | <b>2052 2016</b> |
|------------|----------------------------------------------------------------|------------------|

Designation : Tata Steel France RAIL SAS

| <i>Sections</i>                                                    | <i>France</i> |                    | <i>Export</i> |                    | <i>Financial year N</i> |                    | <i>Financial year N-1</i> |
|--------------------------------------------------------------------|---------------|--------------------|---------------|--------------------|-------------------------|--------------------|---------------------------|
| Sale of goods                                                      | FA            | 1 600 641          | FB            | 70 582 965         | FC                      | 72 183 606         | 49 144 614                |
| Production - goods                                                 | FD            | 155 721 683        | FE            | 73 786 188         | FF                      | 229 507 870        | 263 172 832               |
| Production - services                                              | FG            | 15 936 945         | FH            | 1 254 308          | FI                      | 17 191 253         | 8 895 379                 |
| <b>NET TURNOVER</b>                                                | <b>FJ</b>     | <b>173 259 268</b> | <b>FK</b>     | <b>145 623 461</b> | <b>FL</b>               | <b>318 882 729</b> | <b>321 212 825</b>        |
| Production of inventory stocks                                     |               |                    |               |                    | FM                      | 5 234 475          | 4 525 510                 |
| Capitalised production                                             |               |                    |               |                    | FN                      |                    | 1 093                     |
| Subsidies                                                          |               |                    |               |                    | FO                      | 19 909             |                           |
| Write-back of depreciation and provision, transfer of charges      |               |                    |               |                    | FP                      | 8 361 200          | 3 576 721                 |
| Other incomes                                                      |               |                    |               |                    | FQ                      |                    | 142 735                   |
| <b>OPERATING INCOME (2)</b>                                        | <b>FR</b>     | <b>332 651 158</b> |               |                    |                         | <b>332 651 158</b> | <b>320 407 864</b>        |
| Purchases of goods bought for resale (including customs duty)      |               |                    |               |                    | FS                      | 65 825 206         | 44 054 059                |
| Change in stocks of goods bought for resale                        |               |                    |               |                    | FT                      |                    |                           |
| Purchases of raw materials and other supplies (incl. customs duty) |               |                    |               |                    | FU                      | 147 556 172        | 166 940 249               |
| Change in stocks of raw materials and other supplies               |               |                    |               |                    | FV                      | 7 882 035          | 10 972 718                |
| Purchases and other external charges                               |               |                    |               |                    | FW                      | 47 211 002         | 54 712 184                |
| Taxes, duties and similar levies                                   |               |                    |               |                    | FX                      | 4 027 219          | 3 637 280                 |
| Wages and salaries                                                 |               |                    |               |                    | FY                      | 21 235 011         | 20 325 249                |
| Payroll                                                            |               |                    |               |                    | FZ                      | 8 375 905          | 8 647 444                 |
| <b>OPERATING ALLOWANCE</b>                                         |               |                    |               |                    |                         |                    |                           |
| On assets: Exceptional depreciation                                |               |                    |               |                    |                         |                    |                           |
| On assets: depreciation and provisions                             |               |                    |               |                    | GA                      | 8 459 443          | 8 415 765                 |
| On current asset of depreciations and provisions                   |               |                    |               |                    |                         |                    |                           |
| Allocation to provision                                            |               |                    |               |                    | GB                      |                    |                           |
|                                                                    |               |                    |               |                    | GC                      | 437 685            | 868 614                   |
| Other expenses                                                     |               |                    |               |                    | GD                      | 2 318 759          | 6 769 536                 |

|                                                                   |            |                    |                    |
|-------------------------------------------------------------------|------------|--------------------|--------------------|
|                                                                   | GE         | 61 097             | 336 853            |
| <b>TOTAL OF THE OPERATING COSTS (4)</b>                           | <b>GF</b>  | <b>313 389 534</b> | <b>303 734 518</b> |
| <b>OPERATING INCOME (I - II)</b>                                  | <b>GG</b>  | <b>19 261 624</b>  | <b>16 673 346</b>  |
| <b>JOINT OPERATIONS</b>                                           | GH         |                    |                    |
| Profits transferred in or losses transferred out                  | GI         |                    |                    |
| Profits transferred out or losses transferred                     | GI         |                    |                    |
| <b>FINANCIAL INCOMES</b>                                          | GK         |                    |                    |
| Financial income from equity interests                            | GL         | 722                | 31 196             |
| Incomes from the other securities and fixed assets receivables    | GM         |                    |                    |
| Other interests and similar income                                | GN         | 34 261             | 5 176              |
| Write-backs of depreciations, provisions and transferred expenses | GO         |                    |                    |
| Deferred positive exchange differences                            |            |                    |                    |
| Net income from sales of marketable securities                    |            |                    |                    |
| <b>TOTAL OF THE FINANCIAL INCOMES V</b>                           | <b>GP</b>  | <b>34 983</b>      | <b>36 372</b>      |
| Financial depreciation, amortisations and provisions              | GQ         |                    |                    |
| Interests and similar charges                                     | GR         | 660 983            | 1 343 205          |
| Deferred negative exchange differences                            | GS         | 206 833            | 166 445            |
| Net charges from sales of marketable securities                   | GT         |                    |                    |
| <b>FINANCIAL EXPENSES (VI)</b>                                    | <b>GU</b>  | <b>867 816</b>     | <b>1 509 650</b>   |
| <b>FINANCIAL INCOME (V - VII)</b>                                 | <b>SG</b>  | <b>832 833</b>     | <b>1 473 278</b>   |
| <b>CURRENT INCOME BEFORE TAX ASSESSMENT (I-II+III-IV+V-VII)</b>   | <b>G W</b> | <b>18 428 792</b>  | <b>15 200 068</b>  |

Description: TATA STEEL FRANCE RAIL SAS

| <i>Sections</i>                                                   | <i>Financial year N</i> |                    | <i>Financial year N-1</i> |
|-------------------------------------------------------------------|-------------------------|--------------------|---------------------------|
| Non-recurring income on management operations                     | HA                      | 805 761            | 540 046                   |
| Non-recurring income on capital transactions                      | HB                      | 63 740             | 76 231                    |
| Write-backs of depreciations, provisions and transferred expenses | HC                      |                    |                           |
| <b>TOTAL NON-RECURRING INCOME (7) (VIII)</b>                      | <b>HD</b>               | <b>869 501</b>     | <b>616 277</b>            |
| Non-recurring charges on management operations                    | HE                      | 624 132            | 442 928                   |
| Non-recurring expenses on capital transactions                    | HF                      | 460 377            | 369 923                   |
| Extraordinary depreciation, amortisations and provisions          | HG                      | 57 972             |                           |
| <b>TOTAL OF THE NON-RECURRING EXPENSES (7) (VIII)</b>             | <b>HH</b>               | <b>1 142 481</b>   | <b>812 851</b>            |
| <b>4. EXTRAORDINARY INCOME (VII - VIII)</b>                       | <b>HI</b>               | <b>272 981</b>     | <b>196 573</b>            |
| Employee profit sharing of the company IX                         | HJ                      | 729 587            | 180 000                   |
| Profit tax X                                                      | HK                      | 5 379 380          | 2 351 129                 |
| <b>TOTAL OF THE INCOMES (I+III+V+VII)</b>                         | <b>HL</b>               | <b>333 555 642</b> | <b>321 060 513</b>        |
| <b>TOTAL OF THE CHARGES (II + IV + VI + VIII + IX + X)</b>        | <b>HM</b>               | <b>321 508 798</b> | <b>308 588 147</b>        |
| <b>PROFIT OR LOSS</b>                                             | <b>HN</b>               | <b>12 046 844</b>  | <b>12 472 366</b>         |

|                                                                                  |    |         |           |
|----------------------------------------------------------------------------------|----|---------|-----------|
| Regulators                                                                       | HO |         |           |
| (1) Including partial net income on long-term operations                         | HY | 86 087  | 85 000    |
| (2) Including income from the property rental                                    | IG |         |           |
| Revenues from operations during previous years (8)                               | HP |         |           |
| Including: - Equipment leasing*                                                  | HQ |         |           |
| - Property leasing                                                               | 1H |         |           |
| Including Revenues from operations during previous years (8)                     | IJ |         | 2 834     |
| (5) Includes income from associated companies                                    | IK | 662 320 | 1 195 793 |
| (6) Includes interest from associated companies                                  | HX |         | 1 600     |
| (6 bis) Donations made to public-interest organisations (article 238 bis of CCI) | A1 | 935 622 | 739 434   |
| (9) Including the transfer of the costs                                          |    |         |           |

|                                                                                                       |                         |                |
|-------------------------------------------------------------------------------------------------------|-------------------------|----------------|
| (10) Including the personal contribution of the operator (13)                                         | A2                      |                |
| (11) Fees for patent concessions, licence concessions (Income)                                        | A3                      |                |
| (12) Fees for patent concessions, licence concessions (expenses)                                      | A4                      |                |
| (13) Including bonuses & personal contributions supplements:<br>facultative A6 obligatory A9          | A4                      | 85 799         |
| Detail reserved in CERFA: An annex is provided for EdiTdfc, or if the number of lines is insufficient |                         |                |
|                                                                                                       | <b>Financial year N</b> |                |
| (7) Details of the extraordinary incomes and expenses                                                 | <b>Charges</b>          | <b>Incomes</b> |
|                                                                                                       |                         |                |
|                                                                                                       | <b>Financial year N</b> |                |
| (8) Details of the incomes and expenses of the previous financial years                               | <b>Charges</b>          | <b>Incomes</b> |
|                                                                                                       |                         |                |

## ANNEX OF THE FINANCIAL 2015 / 2016

### 1- HIGHLIGHTS OF THE FINANCIAL YEAR

Operating income amounted to 19 261 k € m improved significantly compared to the previous year.

The financial result was negative at € 832 k

Profit before income tax amounted to € 18,155 million compared to 15,003 k € last year.

The tax result is positive, a profit tax of 5,379 k€, a net of tax credits for Research and Learning. were recorded.

Net income for the financial year thus amounts to € 12,046 k.

### II - EVENTS POST CLOSING

In post-closing event, it is necessary to indicate that the branch of Tata Steel Long Products Europe, which includes the company, was sold to the English Grey Bull Group.

Thus, as on 31 May 2016, the company was renamed British Steel France Rail SAS and saw its capital increase of 20,448,600 k € by offsetting receivables.

On June 16, 2016, the company became a subsidiary of the French holding company, British Steel France Rail Holding SAS, itself a subsidiary of British Steel Ltd.

### III - PRINCIPLES, ACCOUNTING POLICIES AND METHODS

#### 3.1. Principles

The financial statements presented here are established in accordance with French accounting standards described in the PCG 99 and all regulations that have completed and amended.

The conventions below were applied in adherence to the principle of prudence, according to the basic principles of: the independence of the financial years and in accordance with the general rules for establishing and presenting the annual financial statements.

The basic method selected for evaluation of accounting items is the historical cost method.

The following main methods are used:

#### 3.1.1. Intangible fixed assets

The costs of research and development are not capitalized.

Patents and licenses are recognized as assets when they meet the criteria: identifiable elements to generate future economic benefits, controlled and whose cost is measured with sufficient reliability.

The acquired goodwill is also an intangible asset.

The intangible assets are amortized on the basis of the duration of its use or impaired according to their market value or utility.

### 3.1.2. Tangible assets

Regulations CRC 04-06, 03-07 and 02-10 respectively relating to the definition, recognition and measurement of assets, components, and amortization and depreciation of fixed assets, are applied.

Property to meet these criteria are recognized as an asset apart from items whose value is less than 500 € excluding taxes and are recognized directly in charge or stored items.

Note that, contrary to the general principle, spare parts whose value is less than 500 € excluding taxes are recognized in fixed assets.

Regarding depreciation and generally, assets are amortized over their expected useful, when, within a given asset, the separable elements of meaningful relative value has a duration of separate utility foreseeable useful life of the asset itself, specific components are defined, the components are depreciated over the useful life of their own.

The main useful lives applied to tangible assets are as follows:

- Constructions industrial and traditional buildings (between 30 and 50 years) - fixtures and fittings (between 10 and 15 years)
- Technical installations, industrial equipments and tools (steel industry) Between 20 and 30 years
- Technical installations, industrial equipments and tools Between 15 and 20 years
- spare parts Between 2 and 15 years
- Cylinders and roller mill: Between 2 and 15 years
- Other materials (laboratory, computer, furniture ..) between 5 and 15 years

The depreciation method used is straight-line basis except for the cylinders and rollers which tin mill variable damping based on steel consumption during use applies.

The facilities are discarded derecognized and those whose disruption or disposal is determined depreciated to their residual value on that date of the judgment.

Equipment and spare parts associated with these facilities, following the same accounting treatment unless other industrial assignments are considered.

### 3.1.3. Stocks

Inventories of raw materials and other supplies are valued using the weighted average cost method.

Products in progress and finished goods are valued at cost of production, yield spreads are excluded.

Residuals are stored in the average market value of the last six months before the end of the year.

An impairment loss is recognized if the net realizable value is lower.

In addition, a depreciation method for slow-moving inventories of finished products is performed.

The method which is used as follows:

- Depreciation of 90% of the value of the stock between 3 and 6 months in prison and 100% thereafter, with the minimum disposal value

Potential losses on unfilled orders not yet delivered result in the creation of a provision for contingencies was evaluated by the difference between the net sales price and cost of production standard incorporating the outlook for commodity prices.

#### 3.1.4. Operating receivables and payables

Receivables are stated at nominal value based on terms of sale.

A provision is recognized when the carrying value turns out to be lower than the nominal value.

Receivables and payables in foreign currencies are generally hedged by forward exchange and evaluated, in this case, during guaranteed.

In the context of participation in a cash pool, centralized cash accounts are recorded in "Other receivables" if they are debtors or in "other liabilities" if they are to creditors.

#### 3.1.5. Turnover

The turnovers are recognized upon transfer of ownership of goods sold.

#### 3.1.6. Tax Credit for Competitiveness and Employment

The company applies the accounting provisions of the ANC in its information note of February 28, 2013, relating to the accounting treatment of the Credit of tax competitiveness employment (CICE),

Thus, the IECC is recognised within staff costs.

On March 31, 2016, the IECC recorded within staff costs amounts to 645 k€.

#### 3.1.7. Provisions for the charges Severance and retirement allowances

Commitments for pensions, severance pay and bonuses are accrued.

An evaluation of all the company's liabilities was performed at the end by an independent actuary.

The Collective Agreement Steel, the company agreements and the Convention IRUS (Institution Retirement Usinor - Sacilor) were applied.

The evaluations are based on the prospective method and assumptions used are as follows:

|                                        |                                                                           |
|----------------------------------------|---------------------------------------------------------------------------|
| Discount rate                          | 1.59% per annum (1.17% for the previous financial year)                   |
| Inflation rate;                        | 1.80% per year (maintained)                                               |
| Wage developments (Change in salaries) | 2.00 % per year (maintained)                                              |
| Evolution of pensions                  | 1.30 % per year (maintained)                                              |
| Employer contribution rate             | 48.63% (48.90% for the previous financial year)                           |
| Average age of the retirement:         | 65 years old (executives) - 63 years old (employees)                      |
| Mortality                              | Tables prospective INSEE 2011-13 (2010-12 in the previous financial year) |
| Mobility                               | Statistics of the company in recent years                                 |

With the exception of the retirement allowances, the actuarial gains and losses related to experience and / or changes in assumptions are amortized to expense over the expected average remaining working lives of employees after applying a corridor 10% of the greater of the benefit obligation and value of plan assets.

Gains or losses related to experience and / or changes in assumptions are amortized over the expected average remaining term plans after applying a 10% corridor.

#### 3.1.8. Other items:

No significant events are to be reported.



### 3.2. Changes in evaluation methods and accounts

- Changing in the accounting methods:

No change in accounting policies has affected the accounts of the company during the financial year.

- Changes in estimates and detailed rules

No change in evaluation policies has affected the accounts of the company during the year.

- Corrections of errors

No error correction did not affect the accounts of the company during the year.

## IV - NOTES TO THE BALANCE SHEET

### Note 4.1 Permanent assets

Gross values (k€)

|                                                          | Value gross start of the last financial year) | Increase          | Decre-ase    | Value gross End of the last financial year) |
|----------------------------------------------------------|-----------------------------------------------|-------------------|--------------|---------------------------------------------|
| <b>Intangible fixed assets</b>                           | 9 275                                         | 95                | <b>111</b>   | <b>9 259</b>                                |
| Installation cost                                        | 125                                           |                   |              | 125                                         |
| Patent, licenses fees - brands                           |                                               |                   |              |                                             |
| Similar processes and values                             | 7 625                                         | 95                | <b>111</b>   | 7 609                                       |
| Goodwill                                                 | 1 525                                         |                   |              | 1 525                                       |
| Assets under construction                                |                                               |                   |              |                                             |
| <b>Tangible assets</b>                                   | <b>252395</b>                                 | <b>5 315</b>      | <b>3 336</b> | <b>254 374</b>                              |
| Land                                                     | 2 148                                         |                   |              | 2 148                                       |
| Constructions                                            | 39 239                                        | 76 <sup>1</sup>   | 40           | 39 275                                      |
| Technical installations, equipments and industrial tools | 207 193                                       | 4885 <sup>e</sup> | 2 602        | 209 476                                     |
| Other tangible fixed assets                              | 3 317                                         | 191 <sup>3</sup>  | 209          | 3 299                                       |
| Assets under construction                                | 494                                           | 163               | 481          | 176                                         |
| Advances and accounts                                    | 4                                             |                   | 4            |                                             |
| Financial assets                                         | 43                                            | 1                 |              | 44                                          |
| Participations                                           |                                               |                   |              |                                             |
| Loans                                                    | 43                                            | 1                 |              | 44                                          |
| Other financial fixed assets                             |                                               |                   |              |                                             |
| <b>GENERAL TOTAL</b>                                     | <b>261 713</b>                                | <b>5 411</b>      | <b>3 447</b> | <b>263 677</b>                              |

Including the commissioning in progress and allocation of the advances and deposits of the previous financial year.

<sup>1</sup> constructions : 1 k€

Technical installations, equipments and industrial tools :451 k€

<sup>3</sup>other intangible assets : 12 k€

Including the reclassification of item to item (fixed asset):

2. Technical installations, equipments and industrial tools 12 k€

### Depreciation and amortization (k €)

|                                | Total Start Fiscal year | Increase | Decre-ase | Total End of the last financial year) |
|--------------------------------|-------------------------|----------|-----------|---------------------------------------|
| <b>Intangible fixed assets</b> | 8811                    | 81       |           | 8 789                                 |
| Installation cost              | 125                     |          |           | 125                                   |

|                                                                       |                |              |              |                |
|-----------------------------------------------------------------------|----------------|--------------|--------------|----------------|
| Concessions - Patents - licenses, brands, processes it similar values | 7 161          | 81           |              | 7 139          |
| Goodwill                                                              | 1525           |              |              | 1 525          |
| Assets under construction                                             |                |              |              |                |
| Tangible assets                                                       | <b>166 857</b> | 8 436        | 2 387        | 172 907        |
| Land                                                                  |                |              |              |                |
| Constructions                                                         | 20 331         | 1 008        |              | 21 315         |
| Technical installations, equipments and industrial tools              | 143 711        | 7 330        | 24           | 148 864        |
| Other tangible fixed assets                                           | 2 815          | 98           | 2177         | 2 727          |
| Assets under construction                                             |                |              | 186          |                |
| Advances and deposits                                                 |                |              |              |                |
| Financial assets                                                      |                |              |              |                |
| Participations                                                        |                |              |              |                |
| Loans                                                                 |                |              |              |                |
| Other financial fixed assets                                          |                |              |              |                |
| <b>GENERAL TOTAL</b>                                                  | <b>175 668</b> | <b>8 517</b> | <b>2 490</b> | <b>181 695</b> |

#### Intangible fixed assets

They consist mainly of the 1999 purchase of patents and a business for the production and marketing of certain types of rails.

The net value of intangible assets amounted to € 471 k,

#### Tangible assets

The acquisitions of the year amounted to € 4,839 k (commissioning in progress and allocation of advances from the previous year are not considered).

The activations are at 5,152 k € and relate the following materials:

- Constructions 76 k€
- Technical installations, industrial equipments and tools K € 4,885 (including € 2,465 k cylinders and 1,674 k € spare parts)
- Other intangible assets 191 k€

Divestments amounted to 2,851 k € and decompose, gross value and category as follows:

- Constructions :40 k€
- Technical installations, industrial equipments and tools 2 602 K € (including 2,164€ k cylinders and 438 k € spare parts)
- Other intangible assets 209 k€

The amount of depreciation and depreciation, amortization and provisions amounted to net worth € 6,049 k.

the net value of tangible fixed assets amounted to 81,467 k €, a decrease of (4 070) k € compared to the previous financial year.

#### Note 4.2 Inventories and works in progress

The gross value of inventory at the end of the year is at 31,934 k € against 34,507 k € the previous close.

It comprises the following steps:

- gross value: 32,850 k€ in which:
  - Raw materials and other supplies 14,057 k€
  - Products during the production :6,138 k€
  - Intermediate products (being finalized among subcontractors), finished products (including stored outside) and residual products: 12,655 k€
- Depreciation: 916 k€ in which:

- Raw materials and other supplies 714 k € (lower realizable value of blooms stock and absorbers of the noise))
  - Finished Products 202 k € (slow moving finished products stored on site)
- Impairment losses representing 2.8%

Note 4.3 Operating receivables

**Values (k€)**

| <b>GROSS AMOUNT</b>                                      |         |         | <b>DUE</b>  |                   |                   |
|----------------------------------------------------------|---------|---------|-------------|-------------------|-------------------|
|                                                          | 03/2015 | 03/2016 | Receivables | Related companies | Amount for 1 year |
| <b>Trade accounts receivable</b>                         | 72715   | 63 619  | 844         |                   | 2410              |
| Other receivables                                        |         |         |             |                   |                   |
| - Receivables from suppliers                             | 657     | 507     |             |                   |                   |
| - Personal and social funds                              | 86      | 84      |             |                   |                   |
| - Loans from the government                              | 2730    | 1 309   |             |                   |                   |
| Other receivables (centralized account - cash pool TSFH) | 17 472  | 16 927  |             |                   | 16 927            |
| - Other receivables (receivable IS - TSFH)               | 927     | 847     |             |                   | 847               |
| - Other receivables (various)                            | 918     | 689     |             |                   |                   |
| <b>Total other receivables</b>                           | 22 790  | 20 363  |             |                   | 17 774            |

The trade receivables amounted to € 63 619 k.

No operation of assignment of receivables was organised during the financial year.

Late payments are relatively high at the end but it is anticipated no significant risk of non-recovery is anticipated. The payables receivables 507 k € consists mainly of repayments received in the cap of the contribution year public service of electricity as well as prepaid commissions.

The claims on the state consist of taxes on added value to retrieve. The reports significant share of transactions completed in England.

Under the cash pool, the amount loaned to the company Tata Steel Holding amounted to € 16927 k.

These funds are paid based on the Eonia rates.

. The tax credits available at closing totalled 847 k €

The other receivables correspond to the value added tax accrues on the bills receivable and assets has been established.

The availability of post 458 k € takes debit balances not included in the cash pool.

The prepaid expenses amounted to 1,769 k €.

They consist mainly of completion transport and delivery expenses incurred on business not yet invoiced to customers or not yet recognized as income and semi-finished products charged by the supplier but not yet received.

Note 4.4 Equity capital

**Values (k€)**

| Sections      | Situation end on 03/2015 |  | Affectation of the income (2) | Result of the financial year | End situation 03 /2016 |
|---------------|--------------------------|--|-------------------------------|------------------------------|------------------------|
| Capital stock | 49 587                   |  |                               |                              | 49 587                 |
| Premiums      | 113                      |  |                               |                              | 113                    |
| Reserves      | 634                      |  | 522                           |                              | 1 156                  |

|                             |         |  |          |        |        |
|-----------------------------|---------|--|----------|--------|--------|
| Balance brought forward     | (2 025) |  | 11 950   |        | 9 926  |
| Result                      | 12 472  |  | (12 472) | 12 046 | 12 046 |
| <b>Total equity capital</b> | 60 781  |  |          | 12 046 | 72 827 |

Tata Steel France Holdings, holder of all shares of the company, has decided, on 21 July 2015 on a proposal of the President, the following assignment.

Brought forward from preceding fiscal year ..... 2,025,265€

The outstanding balance of which will be cancelled

On the balance:

5% to the legal reserve ..... 522,355€

The balance carried forward ..... 9,924,746€

As on May 31, 2016, Tata Steel France Holding has decided to increase the share capital from 20 448 600€ to 70 035 270€ through the issuance of 1 363 240 new share, with a nominal amount of 15€ each, released by compensation with claims against the company.

As on June 16, 2016, all the shares were sold to British Steel Rail Holdings SAS France the registered office of which located is 2 avenue du President Kennedy, 78 100 Saint German-en-Laye.

#### **Note 4.5 Provisions for risks and charges**

| Sections                                               | Amount to 03/2015 | Increase | Decrease         | Amount To 03/2016 |
|--------------------------------------------------------|-------------------|----------|------------------|-------------------|
| <b>Provisions for the risks</b>                        |                   |          |                  |                   |
| - losses in license                                    | 433               | 936      | 433 <sup>1</sup> | 936               |
| - Customer disputes - suppliers                        | 897               | 281      | 816              | 362               |
| - Other risks                                          | 1 460             | 1217     | <b>1 264</b>     | 1 413             |
| <b>Provisions for pensions and similar obligations</b> |                   |          |                  |                   |
| - Other charges                                        | 21 374            | 1 202    | <b>1 313</b>     | 21 163            |
|                                                        | 4 391             |          | 4 391            |                   |
| <b>Total</b>                                           | 27 225            | 2 319    | 6 968            | 22 576            |

Which is justified by the recognition of the corresponding charge:

<sup>1</sup>loss on license: 433 k€

<sup>2</sup> Customer disputes - suppliers -816 k€

<sup>3</sup> other risks :15 k€

<sup>3</sup>pensions and similar obligations :1 313 k€

<sup>4</sup>Other charges : 4,391 k€

A new provision for loss has been made o book up to 936 k €.

This allows us to consider the potential loss on orders received before the closing and not delivered.

New customer and supplier disputes were provisioned for the amount of 281 k €.

Concerning the pensions and similar obligations and as stated in the paragraph << change in accounting methods >>, the accumulated actuarial gains and losses and past service costs unamortized at the beginning of the financial year,

The changes in provisions for pensions and similar obligations resulting from the inclusion of payments made over the financial year

The amortisations consist of the following:

Awards: € 13k (137 k € for the last financial year)

Provisions for the retirement gratuity € 291 k (312 k € for the last financial year)  
 IRUS active and inactive: € 798 k (600 k € for the last financial year)

The regulations are divided as follows:

Awards: € 23 k (40 k € for the last financial year)  
 Provisions for the retirement gratuity € 374 k (482 k € for the last financial year)  
 IRUS pensions: € 916 k (882 k € for the last financial year)

The provision for other operating expenses of € 4,391 k was reversed in full.  
 The commitment of the company as part of the pre-financed semi products processing contract is fully unravels with the completion of the contract over the year.

#### **Note 4.6 Borrowings and financial debts**

Values (k €)

| Sections        | Amount to 03/2015 | New Loans | Reimburse-ments | Amount to 03/2016 |
|-----------------|-------------------|-----------|-----------------|-------------------|
| Bank overdrafts | 1                 | 36        |                 | 37                |
| Loan TSFH       | 48 025            | 662       | 11 016          | 37 671            |
| <b>TOTAL</b>    | 48 026            | 698       | 11 016          | 37 708            |

The increase of € 662 k is interest recognized in the period of the loan Tata Steel France Holdings

The average rate was 3.73% against 3.96% during the last year.

It was carried to a refund of 11 016 K € on 30 September 2015.

At closing, the principal amount to € 12,000 k and the total cumulative 25,671 k € interests.

#### **Note 4.7 Debts from operation**

Values (k€)

| GROSS AMOUNT                                               | DUE          |               | Notes payable | Contractors related | Amount for 1 year |
|------------------------------------------------------------|--------------|---------------|---------------|---------------------|-------------------|
|                                                            | 03/2015      | 03/2016       |               |                     |                   |
| <b>Trade creditors and other accounts payable</b>          | 49 347       | 38 550        |               | 27 792              |                   |
| <b>Fiscal and social debts</b>                             | 13 287       | 13 015        |               |                     |                   |
| Other debts                                                |              |               |               |                     |                   |
| - Trade receivables                                        | 1 651        | 1 928         |               |                     |                   |
| - Amounts payable on fixed assets and related accounts     | 2 784        | 919           |               | 5 427               |                   |
| - Other receivables (receivable IS - TSFH)                 | 2 244        | 5 427         |               |                     |                   |
| - Other receivables (centralised account - cash pool TSFH) |              |               |               |                     |                   |
| - Other payables (various)                                 | 1623         | <b>2 402</b>  |               | 1 350               |                   |
| <b>Total other debts</b>                                   | <b>8 502</b> | <b>10 676</b> |               | 6 777               |                   |

The payables amounted to € 38,550 k.

Intra-group payables mainly comprise semi-finished product supplies and finished products, rails and sleepers, and service delivery purchases, particularly brand fees, commissions, costs of central structures and research and development.

The company's debts amounted to 9,897 €k and are formed by the development of paid leave earned by the staff, l'intéressement outstanding at the closing of the share, pro rata, bonuses and elements deferred wages and payroll taxes on accrued liabilities and adjust to social agencies for March or the last quarter of the year.

The liabilities are of 3 118 k Euros including 1 826 k Euros under the value added tax

Accounts payable is the amount customers deferred rebates to customers for which the assets have not yet been established.

The tax on the profit for the financial year, excluding credit, totalled 5,427 k €

Other payables consist of agents' commissions payable in the balance sheet.

## **V - NOTES TO THE INCOME STATEMENT**

### Note 5.1 Operating income

They include mainly:

The turnover for the financial year: € 318,883 k (k € 321,213 in the previous year)

The breakdown of sales is as follows:

Sales of rails: 217,453 k€ (246,081 k€ for the last financial year)  
Merchandise sales (blooms-rail-sleepers): 72184 k€ (49,144 k € last year)  
Sales of working a way: 17,049k€ (8 810 k € for the last financial year)  
Sale of noise absorber: 328 k€ (1,732 k € for the last financial year)  
Waste products and scrap: 10,666 k€ (14,855 k € for the last financial year)  
Other sales and services: 1,203 k€ (591 k € for the last financial year)

France: 173,259 k€ is 54%

Others: 145,624 k€ or 46% including 4,804 k€ intra-group

Stored production : 5,234 €k (4,525 k€ for the last financial year)

This reflects an decreases in inventories of goods in process and finished products.

Reversals of depreciation and provisions: 7,425 k€ (2,837 k € for the last financial year)

Provisions for pensions and similar obligations 4,391 k€  
Risks and charges - Customer disputes and suppliers: 1,313 k€  
Current assets - inventory writedown: 831 k€  
Risks and charges - Customer disputes and suppliers: 458 k€  
Risks and charges – others: 432 k€

The transfer of the costs 936 k€ (739 k € for the last financial year)

Expenses billed: 502 k€  
Reimbursements from (insurance and training): 407 k€  
Value of benefits in kind: 27 k€

Other products: 153 k€ (142 k € for the last financial year)

They consist mainly of balances of claims and payables.

### Note 5.2 Operating charges

They include, in particular:

Purchases of goods and materials (including inventory changes): 221,263 k€ (200,022 k € for the last financial year)

Purchases of goods, mainly intragroup rails and ancillary rail products have found a usual k € to 65,825 level.

The consumption of raw materials and other supplies stood at 155,438 k € against 155,968 k € for the previous year.

Purchases and other external charges: 47,211 k€ (52,712 k € for the last financial year)

including

Transport on sales 9 899 k€

Energy (gas, electricity, water): 8,624 k€

Maintenance of the facilities: 5 361€

Temporary employee: 3,681 k€

Contractual work (blooms and rails): 3,215 k€

Taxes, duties and other similar levies 4,027 k€ (3,637 k € for the last financial year)

Territorial economic contribution: 1,617 k€

Taxes levied on wages: 751 k€

Land tax: 517 k€

Social solidarity contribution 341 k€

Social package of incentives and participation: 507 k€

Tax on pensions << cap>> : 227 k €

Miscellaneous: 67 k€

The amount of territorial economic contribution payable is capped at Ia added value produced by the company.

Personnel expenses: 29,611 k€ (28,973 k € for the last financial year)

The increase in personnel expense is due to pay rises granted for the year and an opening time of the most important workshops

Depreciation 8,459 k€ (8,416 k € for the last financial year)

The allocations correspond to the linear annuity for the year:

Intangible assets: 81 k€

Tangible assets: 6,264 k€

And cylinder wear and pebbles Tangible assets: 6,264 k€

Depreciation charges provision 2,756 k€ (7,638 k € for the last financial year)

Provisions for pensions and similar obligations 1,102 k€

Risks and charges - backlog losses: 936 k€

Current assets - inventory write-down: 382 k€

Risks and charges - Customer disputes and suppliers: 281 k€

On current asset- doubtful accounts: 55 k€

Other charges: 61 k€ (336 k € for the last financial year)

They essentially consist of fees paid.

#### Note 5.3 Financial result

Net financial income amounted to (833 k €) (1 473k€ for the previous year)

Interest expense and negative exchange difference: (868) k€

Interest incomes and negative exchange difference: 35 k€

#### Note 5.4 Extraordinary income

Net exceptional income amounted to - (273 ') k € ((196) k € for the previous financial year)

Including, On capital transactions (397) k € corresponding to the net book value and the proceeds from the sale of fixed assets scrapped

## VI - OTHER INFORMATION

### Note 6.1 Maturities of assets and liabilities

Values (k€)

| Sections and items                                     | Gross amount   | Maturity 1 year ago more than | Maturity Between 1 year and 5 years | Maturity More than 5 years |
|--------------------------------------------------------|----------------|-------------------------------|-------------------------------------|----------------------------|
| <b>Debts</b>                                           |                |                               |                                     |                            |
| Claims on assets                                       |                |                               |                                     |                            |
| - Other financial fixed assets                         | 43             |                               |                                     | 43                         |
| Receivables in current assets                          |                |                               |                                     |                            |
| - Advances and deposits                                | 2              | 2                             |                                     |                            |
| Doubtful and disputed trade receivables                |                |                               |                                     |                            |
| - Clients receivables and related accounts             | 63 619         | 63 619                        |                                     |                            |
| Other receivables                                      | 20 364         | 20 364                        |                                     |                            |
| -Prepaid expenses                                      | 1 769          | 1 705                         | 64                                  |                            |
| <b>Total receivables</b>                               | <b>85 797</b>  | <b>85 690</b>                 | <b>64</b>                           | <b>43</b>                  |
| <b>Debts</b>                                           |                |                               |                                     |                            |
| - Loans and other borrowings from credit institutions  | 37             | 37                            |                                     |                            |
| - Sundry borrowings and financial debts                | 37 671         | 37 671                        |                                     |                            |
| - Advances and payments                                | 4 720          | 4 720                         |                                     |                            |
| - Debts to suppliers and related accounts              | 38 550         | 38 550                        |                                     |                            |
| - Fiscal and social debts                              | 13 015         | 13 015                        |                                     |                            |
| - Amounts payable on fixed assets and related accounts | 919            | 919                           |                                     |                            |
| - Other debts                                          | 9 757          | 9 757                         |                                     |                            |
| - Deferred income                                      |                |                               |                                     |                            |
| <b>Total debts</b>                                     | <b>104 669</b> | <b>104 669</b>                |                                     |                            |

### Note 6.2 Information regarding the company and the related parties

The items were as follows:

Values (k€)

| Posts                                    | Amount  |
|------------------------------------------|---------|
| Clients receivables and related accounts | 2 410   |
| Other receivables (other debtors)        | 17 774  |
| Expenses paid in advance                 | 874     |
| Debts to suppliers and related accounts  | 27 792  |
| Sundry borrowings and financial debts    | 37 671  |
| Other debts (other debtors)              | 6 777   |
| Finished products sales                  | 4 804   |
| Transfer of charges                      | 202     |
| Purchase of various services             | 60      |
| Purchasing materials and products        | 209 053 |
| Commissions                              | 754     |
| Transports                               | 2 146   |
| Security costs                           | 140     |
| Costs for holding and brand              | 1 170   |
| Financial expenses                       | 662     |



There is no significance of transactions with related parties and may fall within the scope of Article R 123-198 of the Commercial Code,

#### Note 6.3 Off-balance sheet commitment

At closing, the amount of bank guarantees granted to customers of € 34,805 k (bid, advance payment, performance, exemption from backup withholding).

Those granted to suppliers amounted to 76 k€ (payment guarantee and security site in case of failure of the operator).

The net positions in coverage of the exchange in the exchange are as follows::

61.0 million pounds (forward purchases and sales)  
0.7 million US dollars (sales term)

The purchases of sterling are intended to cover a portion of the supply of blooms the following year as well as firm orders addressed to the English secure Rails factory.

It should be noted that the individual right to training (DIF) system has disappeared as on 01 January 2015 for the benefit of the account

Personal training (CPF) managed by the Caisse des dépôts et des consignations and funded through the vocational training contributions.

#### Note 6.4 Breakdown of average workforce

The average number of full-time equivalents, amounted to 495 people, including temporary staff.  
The categorical distribution is as follows:

Employees: 17  
Supervisors 19  
technicians 426 (76 temporary)  
Managerial staff: 33

#### Note 6.5 Compensations of the senior managers

In accordance with the principle of respect for the right of people, this information is not communicated, because it would have the indirect effect of providing information has individual character.

#### Note 6.6 Tax situation

Since the fiscal year ending as on March 31, 2012, the company is part of a tax consolidation group the head of which is France Tata Steel Holdings.

The tax consolidation convention provides that the Company pays to the Tata Steel France Holdings the charge for the corporation tax which it is liable as if the incomes were reported independently.

Given an accounting profit before income tax of 17 4793 k€ and after reinstatement provisions and non-deductible expenses and net reversals and non-taxable income, exercise releases a net positive income of € 17 505 k.

Considering the loss carry forwards available and accountable, the tax charge on companies for the year included additional fees, to 5427 k €.

694 k € of research tax credits, learning and competitiveness were recorded over the period.

The tax debt to France Tata Steel Holdings, is recorded at the closing to 4,580 k €.

The breakdown of the tax is included in the table below:

**Values (k€)**

|                                           | Income before tax | Income tax    | Allocations of deficits | Tax payable  | Net profit after tax |
|-------------------------------------------|-------------------|---------------|-------------------------|--------------|----------------------|
| Profit before tax and extraordinary items | 18 429            | 17 937        | 3 158                   | 5 589        | 12 840               |
| Extraordinary income                      | (273)             | (273)         |                         | (103)        | (170)                |
| Employee profit sharing                   | (730)             | (159)         |                         | (60)         | (670)                |
| Credit of tax (without CICE)              | 47                |               |                         |              | 47                   |
| <b>Total</b>                              | <b>17 473</b>     | <b>17 505</b> | <b>3 158</b>            | <b>5 427</b> | <b>12 047</b>        |

The deferred tax position of the Company is as follows;

**Values (k€)**

|                           | Base tax differed asset | Base tax differed liability | Future tax relief | Future tax increase |
|---------------------------|-------------------------|-----------------------------|-------------------|---------------------|
| Carry forwards            |                         |                             |                   |                     |
| Temporary differences     |                         |                             |                   |                     |
| Social liabilities        | 20 480                  |                             | 7 051             |                     |
| Losses in license         | 935                     |                             | 322               |                     |
| Others                    | 968                     |                             | 333               |                     |
| <b>Total deferred tax</b> | <b>22 383</b>           |                             | <b>7 706</b>      |                     |

The removal of the exceptional contribution of 10.7% for fiscal years ending 31/12/2016 was considered.

Note 6.7. Accrued expenses and accrued income**Values (k€)**

| Sections and items                                       | Amount |
|----------------------------------------------------------|--------|
| <b>Including accrued liabilities</b>                     |        |
| <b>Debts</b>                                             |        |
| - Loans and other borrowings from credit institutions    | 37     |
| - Sundry borrowings and financial debts                  | 37 671 |
| Including accrued interest 25,671                        |        |
| - Advances and payments                                  | 4 720  |
| - Debts to suppliers and related accounts                | 38 550 |
| Including bills receivable 10,859                        |        |
| - Fiscal and social debts                                | 13 015 |
| Holiday allowance 3,866                                  |        |
| Including other benefits 2,283                           |        |
| Including fringe benefits payable 2,623                  |        |
| Donations taxes payable 1,287                            |        |
| - Amounts payable on fixed assets and related accounts   | 919    |
| Including bills receivable 633                           |        |
| <b>Other debts</b>                                       | 9 757  |
| Including bills receivable and assets to establish 3,555 |        |
| Unearned income                                          |        |
| <b>Including the accrued income</b>                      |        |
| <b>Debts</b>                                             |        |
| Other financial fixed assets                             | 43     |
| Advances and deposits                                    | 2      |
| Clients receivables and related accounts                 | 63 619 |
| Including bills receivable 27                            |        |
| <b>Other receivables</b>                                 | 3 437  |
| Including bills receivable and assets to establish       |        |

|                                        |        |
|----------------------------------------|--------|
| Including various products receive 328 |        |
| Other receivables (cash- pool TSFH)    | 16 927 |
| Expenses paid in advance               | 1 769  |

Note 6.8 Other information

The annual accounts of the company are included in the consolidated financial statements of Tata Steel UK Ltd Bombay House, 24 Homi Mody Street, 400 001 Mumbai).

The company does not have any subsidiary and has no interest in other companies.

**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.**