

ANNUAL REPORT 2015/2016

Tata Steel Nederland Tubes B.V.

Registered office: Oosterhout NB

Management	: R. Blaauw
Address of the firm	: Souvereinstrat 35 4903 RH OOSTERHOUT
Commercial register	: 20022812
Date	: 30 th June 2016

Tata Steel Nederland Tubes B.V.
Oosterhout NB

For identification purposes.
Belonging to the auditor
d.d

Annual report from the board of directors

1. General

Tata Steel Nederland Tubes B.V. produces and sells longitudinally welded steel tubes for, among others, the construction and installation market, the automotive industry and the furniture industry. The production locations of Tata Steel Nederland Tubes are in Oosterhout, Zwijndrecht and Maastricht. Sales of the tubes occurs in The Netherlands and surrounding countries. During the past book year 68% of the turnover was realized outside The Netherlands.

This year was realized with a revenue increase of 5% an improvement of the added value of 9%. In addition, the market growth of Tata Steel Netherlands Tubes BV for the challenge to expand the production capacity on the pertinent market demand.

The path of maintaining differentiated products and attention to cost control was last year a positive result of 956 k € after taxation.

2. Sales

The sales in 2015/2016 were 270.323 tonnes with respect to 257,411 tonnes in 2014/2015. This is an improvement of 12,912 tonnes.

Sales to product group	2015/2016	2014/2015
Precision products	51.2 kT	46.8 kT
Contiflo products	38.4 kT	35.2 kT
Cold formed products	180.7 kT	175.4 kT
Total	270.3 kT	257.4 kT

3. Financial position

In order to demonstrate the financial situation of the company the following parameters are available:

	2015/2016	2014/2015
Solvency (EV/TV)	-0.14	-0.11
Current ratio	0.51	0.64
Quick ratio	0.25	0.42
DSO in days	38.0	41.0
Average accounts payable in days	41.5	59.8

4. Employees

The average number of employees (fte) decreased with 12 employees with respect to the previous book year and amounted to 410 employees in 2016/2015.

Average number of employees (fte) per location	2015/2016	2014/2015
Oosterhout	266.0	268.7
Zwijndrecht	80.8	68.2
Maastricht	63.5	59.8
Total	410.3	396.7

The management of Tata Steel Nederland Tubes BV consists of one person, which is not met, the balance of women and men referred to in Articles 166 and 276 of Book 2.

5. Investments

In book year 2015/2016 the following expensed occurred for the following investment projects:

Equipment € 0.6 million	€ 0.6 million)
Spare Parts	€ 0.3 million)
Tangible fixed assets in progress	€ 1.8 million)
Total	€ 2.7 million)

Annual report from the board of directors

6. Order book

The marketing has evolved without strong fluctuations in line with market demand, but the sales have shown a continuous downward trend. From the third quarter, it was a very strong reduction in strip prices and therefore was a lot of pressure on the selling prices. Despite the turbulent price movements, the gross margin has improved slightly, but going out of the year was an increase in strip prices visible and gross margin came under pressure again.

7. Risks / risk management

7.1 Strategy

The strategy of Tata Steel Netherlands Tubes BV is discussed regularly with the board the directors of Tata Steel Europe. After approval of the strategy, this converted into the annual plan targets and investment programs for the coming years.

Besides the investments to continue to develop the technical capabilities of the machine park is being developed in close cooperation with the parent company, new products and applications and the progress of these programs carefully monitored.

7.2 Operational

The company draws its raw materials through the integrated supply chain with the steel components of Tata Steel Europe. The collaboration with the parent company has further intensified in recent years and the company uses the expertise of Tata in the areas of purchasing, sales, human resources and financial services and information technology.

7.3 Laws and regulations

Tata Steel Netherlands Tubes BV uses the governance structure that Tata Steel Europe offers its affiliates as a party. This conversion into issuing directives and instructions in line with the Tata framework for policy and standards, e.g.. Tata Code of Conduct. Through online training, the policy principles for safety, environment and compliance laws were introduced and tested. In addition, the company maintains contact with (local) governments and provinces to stay informed the new regulations and legislation.

7.4 Financial

The financial risks of the company are very limited. Purchase or sale transactions are hardly made in foreign currency and, if necessary, any currency positions traded through the Treasury Department of the parent company. Tata Steel Europe has kept assessing and monitoring credit worthiness of its customers centrally organized and credit housed in an enterprise-wide contract with an external insurer.

8. Prospects

For the year 2016/17 a further recovery in market demand is expected particularly in the Benelux and Germany, with demand in France, Central and Southern Europe exhibited some contraction.

Strip steel prices after a low in February, considerably increased import restrictions against imports of steel from China. The profitability of Tata Steel Netherlands Tubes BV will be further supported by the growth of market share in Western Europe. In the coming financial year will continue to be invested in the machinery .

Oosterhout, 15 July 2016
was signed: R. Blaauw
General Manager

Tata Steel Nederland Tubes B.V.
Oosterhout NB

Balance per 31 March 2016

	31 st March 2016		31 st March 2015	
	€			
	1.000	€ 1.000	€ 1.000	€ 1.000
Fixed assets	Ref.			
Material fixed assets				
1. Company buildings and terrains	8,707		9,295	
2. Machinery and equipment	12,436		14,155	
3. Other fixed assets	4,413		4,317	
4. Fixed assets under construction:	<u>2,088</u>		<u>270</u>	
			27,644	28,037
Financial fixed assets				
1. Other receivables	2,224		2,236	
			2,224	2,236
Total fixed asset			29,868	30,273
Current assets				
Inventory				
1. Raw materials and consumables	8,310		9,028	
2. Work in progress	1,974		1,395	
3. Finished goods and merchandise	9,393		11,878	
4. Prepaid on inventories	<u>0</u>		<u>72</u>	
			19,678	22,375
Claims				
1. trade debtors	17,660		21,648	
2. from group companies	63		9,397	
3. Other receivables	354		1,168	
			18,077	32,183
Cash			<u>112</u>	10,249
Total current assets			<u>37,867</u>	64,807
Current liabilities (due within one year)				
1. Loans from the group company	54,700		34,000	
2. Debts to suppliers and trade credits	4,948		5,435	
3. Liabilities to group companies	8,369		55,482	
4. Tax and social security contributions	1,884		2,862	
5. liabilities in respect of pensions	0		0	
6. Other amounts payable	3,979		3,888	
			73,839	101,997
Results of current assets Current liabilities			-35,972	-36,860
Balance of assets and current liabilities			-6,104	-6,587
Facilities	1,264		1,535	
1. before tax	2,322		2,525	
2 Others			3,586	4,059
Equity				
Called up share capital	5,730		5,730	
Premium	48,000		48,000	
Statutory reserve	-64,376		-65,000	
Undistributed profit	956		732	
			<u>-9,690</u>	<u>-10,646</u>
			<u>0</u>	<u>0</u>

Profit and loss account over 2015/2016 (1 April 2015 till 31 March 2016)

	2015/2016		2014/2015	
	€ 1.000	€ 1.000	€ 1.000	€ 1.000
Net turnover		184,026		185,498
Changes in inventories of finished goods and work in progress		-1,907		742
Total operating revenues			182,119	186,240
Cost of raw materials and consumables		126,154		134,206
Cost of outsourced works and other external costs		21,616		21,928
Wages, salaries and social costs		23,972		23,093
Depreciation material fixed assets		3,090		3,271
Other value mutations of material fixed assets		0		0
<u>Other operating costs</u>		4,842		1,398
Total operating costs			179,669	183,896
Operating result			2,449	2,344
Share in the result of non-consolidated companies subscribed			-1	18
Financial income and expenses			-1,186	-1,293
Operating income and business operation taxes			1,262	1,069
Tax result from normal business activities			-307	-337
Result from normal business activities after taxes			<u>956</u>	<u>732</u>

The comparative figures have been adjusted in relation to comparability. Due to the reclassification shifts, 0.9 million of outsourced work and other external costs for raw materials and consumables. In addition, the change in inventories of finished goods and work in progress increased by 2.6 million, adjusted for the cost of raw materials.

Explanation to the balance sheet and the profit and loss account

1 General

End of March 2016, the Board of Tata Steel Ltd and Board of Tata Steel Europe (TSE) advised all options to investigation of restructuring its European operations, including in a possible partial or total divestment of the subsidiary. Tata Steel UK Ltd.. The Board of Tata Steel Netherlands BV works closely with the tubing operations within TSUK it is considered limited if any effect.

1.1 *Activities*

Tata Steel Nederland Tubes B.V., with its registered office at Souvereinstraat 35 in Oosterhout NB, produces and sells longitudinally welded steel tubes.

Sales take place both nationally as well as internationally, where the countries of the European Union form the most important market. The export amounted to 68% of the total turnover.

1.2 *Continuity*

There is a sustained improvement in the stand-alone operating results seen in recent years and Tata Steel Netherlands Tubes BV will continue to pursue further growth of future results. In addition to the stand-alone profitability generates Tata Steel Netherlands Tubes BV,

and downstream business of Tata Steel Europe, an additional positive contribution to the group income.

With this the continuity of Tata Steel Nederland Tubes B.V. is of importance for the group, which is confirmed by a declaration of the shareholder. In this declaration it is indicated that the shareholder will provide sufficient means so that Tata Steel Nederland Tubes B.V. can continue its activities under normal business circumstances, for a period till the date on which the annual report 2016/2017 will be prepared by the shareholder.

The annual report 2015/2016 is thus prepared as per the continuity principle.

1.3 *Related parties*

All group companies, such as taken up in paragraph 1.5, as well as the participations in explained in paragraph 1.6 are marked as related parties. Further also the groups head Tata Steel Ltd, based in London can be marked as a related party.

1.4 *Assumptions*

When applying the principles and rules for the preparation of the annual report the management of Tata Steel Nederland Tubes B.V. forms various judgments and makes estimates that can be essential for the amounts taken up in the annual report. If it is required for providing the insight as required by 2:362 Book 1 Civil Law, then the nature of these assumptions and judgments, including the corresponding assumptions have been taken up in the explanation on the concerned annual report entries.

1.5 *Group relationships*

Tata Steel Nederland Tubes B.V. is part of Tata Steel Europe (United Kingdom). Together with Tata Steel Limited (India), Tata Steel Thailand and NatSteel (South-East Asia), Tata Steel Europe is part of the Tata Steel Group. The financial data of Tata Steel Netherlands Tubes BV and its subsidiaries are consolidated in the consolidated financial statements of Tata Steel Netherlands BV (Ijmuiden).

A copy of this annual report is available with the Trade Register of the Chamber of Commerce in Amsterdam under number 34005278.

Tata Steel Nederland Tubes B.V.
Oosterhout NB

1.6 Consolidation

The firm has used the exemption concerning the consolidation obligation as a result of article 2:408 book 1 CL.

Overview of capital interest

The overview shows the situation per the end of the book year.

Name	Location	Participation %
- Tata Steel Polska Tubes z.o.o.	Wroclaw	98

2 General principles for the preparation of the annual report

2.1 General

The annual report is prepared conform the rules of Title 9 Book2 CL.

The valuation of assets and liabilities and the determination of the result take place on basis of historical cost, unless mentioned otherwise.

Assets and liabilities are allocated to the year to which they relate. Profits are only taken up insofar as they have been realized on the balance sheet date. Obligations and possible losses originating from before the end of the book year, are taken into account if they have become known before preparing the financial statements.

2.2 Financial instruments

Financial instruments for the primary financial instruments such as receivables and payables are included. For the principles of primary financial instruments refer to the balance sheet item.

2.3 Foreign currency

Receivables, payables and liabilities in foreign currencies are converted at the closing rate.

Transactions in foreign currencies during the reporting period are processed in the annual report against the rate that applied on the date of the transaction. The exchange differences arising from the conversion at the balance sheet date are recognized in the profit and loss account.

The foreign subsidiaries and associates qualify as foreign operations with a functional currency other than that of the company. For the conversion of the financial statements of the foreign operations of the exchange rate at the balance sheet date for balance sheet items and the exchange rates on the transaction dates for the posts of profit and loss account. The gains and losses from conversions are taken directly credited or charged to equity.

Tata Steel Nederland Tubes B.V.
Oosterhout NB

3 Principles for valuation of assets and liabilities

3.1 Material fixed assets

The material fixed assets are evaluated on acquisition cost, minus the cumulative depreciation and if applicable with the special value depreciation. The depreciation is based on the estimated economic lifespan and is calculated on basis of a fixed percentage of the acquisition cost, taking into account a possible residual value. Depreciation takes place from the moment of deployment. Grounds are not depreciated. Costs for scheduled major maintenance are charged to the income statement when they arise.

The valuation of rollers is calculated as a percentage of life remaining in relation to the total lifespan, multiplied by the historical purchase price. Obsolescent rolls and rollers without longevity are valued at scrap price.

3.2 Financial fixed assets

The non-consolidated companies, in which significant influence is exercised on the business and financial policy, are valued at the net asset value, but not less than nil. This net asset value is calculated on the basis of the foundations of Tata Steel Netherlands Tubes BV.

Participating interests with a negative net asset value be on nil rated. If the company is wholly or partly responsible for the debts of the company concerned, a provision is formed, primarily against amounts owed by the participation and the remainder to the provisions in the amount of the remaining share in the losses incurred by the participation, or for the expected payments by the company on behalf of these companies.

Participating interests where no significant influence on the business and financial policy decisions are valued at cost and, where applicable, net of impairment losses.

The financial fixed assets, deferred tax assets if and insofar as the probability that realization of the tax claim will be made in due course. These deferred tax assets are appreciated at face value and have a predominantly long term nature.

3.3 Inventory

Inventories of the raw materials and the consumable goods are evaluated at the last known respectively lower of cost or net realizable value.

This lower net realizable value is determined by individual assessment of stocks. The evaluation of stocks of raw materials is established on the basis of FIFO, the recipients based on weighted average prices.

Stocks of semi-finished and finished goods are stated at the lower of cost and net realizable value. Production cost includes direct material consumption, direct labor and machine costs and other costs that can be attributed directly to the manufacture and storage for indirect manufacturing costs.

Net realizable value is based on estimated selling price. In determining the net realizable value takes into account the obsolescence of inventories.

3.4 Claims and prepayments

Receivables are recognized initially at fair value and subsequently measured at amortized cost, which may be equal to the nominal value, net of any provision for the risk of bad debts. These provisions are determined on basis of individual evaluation of the claims.

3.5 Cash

Liquid assets are valued at their nominal value. If resources are not freely available, it is taken into account in the valuation.

3.6 Facilities

Provisions for employee benefits

The company Tata Steel Netherlands Tubes BV has a plan. The scheme is funded by contributions to the pension provider, namely PME. The pension from the scheme is accounted for using the liability to the pension provider approach'. In this approach, the premium payable to the pension as an expense in the profit and loss account.

On the basis of the administration cost, it is whether, and if so what obligations in addition to the payment of the annual premium due to the pension provider exist at the balance sheet date. These additional obligations, including any obligations from recovery plans of the pension administrator, lead to charges for the company, and in the balance sheet in a provision. The valuation of the liability is the best estimate of the amounts necessary to settle. This is balance sheet date. Additions to and releases from the obligations shall be debited or credited to the profit and loss account.

End of March 2016 (and 2015) there were no obligations to the company in addition to the payment of the annual premium due to the pension provider.

According to further information from the PME policy coverage by 31 march 2016 amounted to 95.8%. The policy coverage under the new legislation from 2015 determines policy decisions such as indexation premium provision, as well as discounts.

Facility deferred tax obligations

Provision for deferred tax liabilities for tax payable amounts arising from differences between commercial and tax balance sheet valuations in the future, a provision equal to the sum of these differences multiplied by the applicable tax rate. These are deducted from the tax amounts to be offset in the future by virtue of available tax losses, to the extent that it is probable that future taxable profits will be available for settlement. Available at this facility The provisions for deferred tax liabilities are evaluated at the nominal value.

Other provisions

Other provisions are measured at the nominal value of the expenditures expected to be required to settle. Concerning the obligations off unless otherwise stated

Tata Steel Nederland Tubes B.V.
Oosterhout NB

Provision for disability:

For the balance sheet date, existing commitments to continued payment of wages and salaries (including employer contributions) of the balance sheet date expected for a long time disabled staff, a provision is made for the expected future amount owed.

On incapacitated staff payments are charged to the provision.

Provision for restructuring:

A provision is recognized when the balance sheet date has formalized a plan and whether the legitimate expectation among those affected that the restructuring will be carried out,

Provision for anniversary bonuses:

The liability recognized is the best estimate of the amounts necessary to settle. Relevant obligations at the balance sheet date.

Provision for environment:

The remediation of the soil in the Oosterhout gives rise to the formation of this provision.

The liability recognized is the best estimate of the amounts necessary to settle. Relevant obligations at the balance sheet date.

3.7 Long term and short term debts

The Borrowings and debt are, with the first processing, taken up against the real value and subsequently against the amortized cost price.

4. Principles for determination of the result.

4.1 Net turnover

Net turnover represents the proceeds of the goods delivered in the year, and services provided net of discounts and sales taxes levied.

Proceeds from the sale of goods are recognized when all the significant economic benefits as well as all significant risks have passed to the buyer. The cost of these goods is allocated to the same period.

Revenue from services is recognized by reference to the extent to which the services are performed. The cost of these goods is allocated to the same period.

4.2 Cost of raw materials and consumables

Under the cost of raw materials, attributable direct and indirect costs are included with the turnover.

4.3 Share in the result of non-consolidated companies

As a result of participating interests where significant influence is exercised over the operating and financial policies is recognized accruing to the company's share in the results of these investments. This result is determined by the force at Tata Steel Netherlands Tubes BV principles of valuation and determination of results.

Tata Steel Nederland Tubes B.V.
Oosterhout NB

4.4 Taxes

The corporate tax is calculated against the prevailing tariff over the result of the book year, taking into account the permanent differences between profit and loss accounts and the fiscal profit calculations where active deferred tax credits (if applicable) are only valued insofar the realization of those is probable.

5 Principles for determination of the cash flow overview

Tata Steel Netherlands Tubes BV uses the exemption to the inclusion of a cash flow statement in accordance with RJ 360 104.

Notes to the separate balance sheet items

6 Material fixed assets

	Land and buildings	Machines and installations	Other Tangible fixed assets	Spare Parts	Tangible fixed assets in progress	Total
	€ 1.000	€ 1.000	€ 1.000	€ 1.000	€ 1.000	€ 1.000
Situation on 31 March 2014						
Purchase price:	38,537	85,017	1,477	7,032	270	134,333
Depreciations	-29,242	-72,862	-1,238	-2,954	0	-106,296
Balance sheet value	9,295	14,155	239	4,078	270	28,037
Changes in balance sheet 2015/2016						
Investments	0	572	0	307	1,818	2,697
Depreciations	-588	-2,291	-51	-160	0	-3,090
Other impairments						
Total mutations	-588	-1,719	-51	147	1,118	-393
Situation per 31 March 2016						
Purchase price:	38,537	87,589	1,477	7,339	2,088	137,030
Depreciations	-29,830	-75,153	-1,289	-3,114	0	-109,386
Balance sheet value	8,707	12,436	188	4,225	2,225	27,644

Linear depreciation is calculated based on the estimated useful lives. Buildings are that 25 years for machinery and equipment, this varies from predominantly 10 to 15 years, spare parts and tools is 4 years and other tangible assets, this varies from 3 to 10 years.

7 Financial fixed assets

	Participation in group of companies	Deferred tax assets	Total
	€ 1.000	€ 1.000	€
Balance sheet value on 31 st March 2015	0	2,236	2,236
Mutations in 2014/2015			
Share in results	-1		-1
Provision for negative equity	1		1
Change in deferred tax			
Balance sheet value on 31 st March 2015		-12	-12
	<u>0</u>	<u>2,224</u>	<u>2,224</u>

Participating interests

The overview shows the situation per the end of the book year.

Name	Location	Participation %	€ 1.000
Tata Steel Polska Tubes z.o.o.	Wroclaw	98	-55
provision concerning negative value participation Tata Steel Polska Tubes z.o.o.			55
			<u>0</u>

8 Inventory

	31 st March 2016	2015	31 st March
	€ 1.000		€ 1.000
Commodities	6,999		7,977
Auxiliary and operating materials	1,313		1,051
Semi-finished Products	1,974		1,397
Finished goods and merchandise	9,393		11,878
Goods in transit	0		72
	<u>19,678</u>		<u>22,375</u>

The carrying forward amount of inventories is evaluated at net realizable value € 4,016,188, -.

9 Claims

	31 st March 2016	31 st March 2015
	€ 1.000	€ 1.000
Trade receivables:	17,660	21,648
Receivables from group companies	63	9,367
Other tax and social security contributions	0	734
Other receivables	354	434
	<u>18,073</u>	<u>32,183</u>

All receivables have a maturity < 1 year.

On the receivables from group companies be free of interest.

Trade receivables:

It contained a provision for doubtful debts amounting to € 163,000 (2014/2015: € 82,000) was deducted.

10 Equity

	Placed Share- capital	Premium reserve	General reserve	Total
	€ 1.000	€ 1.000	€ 1.000	€ 1.000
Situation on 31 March 2014	5,730	48,000	-64,376	-10,646
Income 2015/20 16	-		956	956
Situation per 31 March 2016	5,730	48,000	-64,420	-9,690

The placed share capital consists of 127,341 shares with a nominal value of 45.00€ each, together nominally 5,730,345 €. All shares are fully paid.

The amendment (dated December 6, 2007), each share of a nominal value of NLG 100.00 converted into a share of a nominal value of € 45.00. The total of the issued share capital in Euros is due to rounding, lower than the originally issued capital in Dutch guilders, converted at the exchange rate fixed in Euros.

All shares in Tata Steel Nederland Tubes BV are held by Steel Processing and Trading BV.

Tata Steel Netherlands BV has confirmed to the management of Tata Steel Netherlands Tubes BV, that it will provide in order to enable it to continue its operations. During normal operation continues Tata Steel Netherlands Tubes BV with all necessary means. This, at least for the period up to the date the financial statements 2015/2016 will be determined by the shareholder.

11 Facilities

	Deferred Taxes	WAO	Annual	Structure	Environment	Participation	Other products	Total
	€ 1.000	€ 1.000	€ 1.000	€ 1.000	€ 1.000	€ 1.000	€ 1.000	€ 1.000
31 st March 2015	1,535	352	1,075	204	465	54	374	4,059
Increments	0	0	200	116	0	1	0	1
	1,535	352	1,075	204	465	55	374	4,060
Expenditure		18	0	24	0	0	0	42
Release	-271	0	-19	-199	0	0	-27	-516
31 st March 2016	1,264	370	1,056	29	465	55	347	3,586

The other provision is formed of obligations involving government and business ready.

The provisions for deferred tax liabilities, disability, environment, participation, and other jubilee benefits are generally long-term nature.

The provision for restructuring is short-term nature.

Tata Steel Nederland Tubes B.V.
Oosterhout NB

12 Short-term debt

	31 st March 2016		31 st March 2015	
	<u>€ 1.000</u>		<u>€ 1.000</u>	
Short-term loans	rate		rate	
Tata Steel Nederland BV	0.668%	54,700	3.238%	34,000

There are no guarantees related to the loan.

Tata Steel Netherlands Tubes BV has confirmed to the management of Tata Steel Netherlands Tubes BV that it does not intend to claim for the period until such time as the financial statements 2014/2016 Tata Steel Netherlands Tubes BV is determined by the shareholder short-term loans .

	31 st March 2016	31 st March 2017
	<u>€ 1.000</u>	<u>€ 1.000</u>
Short term debt:		
Trade debts	4,948	5,435
Amounts owed to group companies	8,369	55,482
To Tata Steel Netherlands Holdings BV to pay corporation tax	1,023	1,945
Other tax and social security insurance	821	917
Pension contributions payable	0	211
Other current liabilities and Accruals	<u>3,979</u>	<u>3,888</u>
	19,139	67,667

On the receivables debts from group companies be free of interest. All debts have a maturity <1 year.

13 Obligations which have not been taken up in the balance sheet

	31 st March 2016	31 st March 2015
	<u>€ 1.000</u>	<u>€ 1.000</u>
Term rental and lease agreements		
In the next year amounts due	526	426
After one year of amounts due	988	531
After five years of recurring charges	7	4
	<u>1,521</u>	<u>961</u>

The company forms with Tata Steel Netherlands Holdings BV, a fiscal unity for company tax and Tata Steel Netherlands BV, a tax group for VAT purposes. Under the standard conditions the Company and its subsidiaries with her each jointly and severally liable for the matter by the combination tax due.

Within the corporate tax of fiscal unit will, till further order, have the agreement that the firms will pay each year the owed company tax, as per the rates applicable for the year over their fiscal profit, to Tata Steel Netherlands Holdings BV With a fiscal loss of the company in a year, will Tata Steel Netherlands Holdings B.V. take up a tax compensation towards the company, also calculated on basis of the tariff applicable for the year.

Tata Steel Netherlands Tubes BV participates in a facility Tata Steel Netherlands Holdings BV with The Royal Bank of Scotland has concluded. The size of the total facility amounts to € 60.0 million, of which € 54.7 million is included.

Tata Steel Nederland Tubes B.V.
Oosterhout NB

Notes to the separate the items of profit and loss account

14 Net turnover

	<u>2015/2016</u>	<u>2014/2015</u>
	<u>€ 1.00</u>	<u>€ 1.00</u>
Germany	52,370	57,012
Netherlands	59,209	51,225
France	14,052	15,483
Great Britain	13,069	14,314
Belgium	10,237	12,252
Denmark	5,644	5,983
Sweden	6,149	5,099
Poland	6,997	5,794
Other countries EU	3,363	3,3 19
Other countries	5,011	4,771
Czech Republic	2,497	3,075
Slovakia	3,356	3,732
United States	0	75
Group companies (Netherlands + UK)	2,072	3.364
	<u>185.498</u>	<u>185.498</u>

15 Wages, salaries and social costs

	<u>2015/2016</u>	<u>2014/2015</u>
	<u>€ 1.000</u>	<u>€ 1.000</u>
Wages and salaries	19,663	18,948
Social security costs	2,803	2,667
Pension cost	1,506	1,478
Restructuring costs	0	0
	<u>23,972</u>	<u>23,093</u>

Average employment (FTE)

410

397

This can be divided into direct (357 FTEs) and indirect (53 FTE) employees.

No employees are employed abroad

16 Depreciation and other value mutations of material fixed assets

Linear depreciation is calculated based on the estimated useful lives. Buildings are that 25 years for machinery and equipment, this varies from predominantly 10 to 15 years, spare parts and tools is 4 years and other tangible assets, this varies from 3 to 10 years.

17 Other operating expenses

	2015/2016	2014/2015
	€ 1,000	€ 1,000
Other personnel costs	997	986
General costs	1,430	-622
Fixed costs	1,036	839
Other operating costs	1,379	195
	4,842	1.398

18 Other explanation to the profit and loss account*operating leases*

With respect to operating leases is € 590,000 in lease payments recognized in the profit and loss account.

Auditor's fees

Tata Steel Nederland Tubes BV uses the exemption for publishing the fees of the audit firm, according to Art. 382a paragraph 3 BW 2 Part 9.

19 Share in result participations

	2015/2016	2014/2015
	€ 1,000	€ 1,000
Tata Steel Polska Tubes z.o.o.	-1	18
	-1	18

20 Financial income and expenses

	2015/2016	2014/2015
	€ 1,000	€ 1,000
Interest expenses group companies	1,167	1,290
Interest expense	19	3
	1,186	1,293

21 Tax result from normal business activities

	2015/2016	2014/2015
	€ 1,000	€ 1,000
Result from normal business activities after taxes	1,262	1,069
Tax result from normal business activities	-307	-337
Effective tax rate	24.3%	31.5%
Applicable tax rate	25%	25%

The effective tax rate differs from the applicable tax rate due to permanent differences between the commercial and fiscal valuation of tangible fixed assets and inventories and application of tax facilities.

Tata Steel Nederland Tubes B.V.
Oosterhout

NB

22 Transactions with linked parties

All Group companies are regarded as related parties.

In addition to group companies are no other organizations related party Tata Steel Nederland Tubes BV.

Transactions between group companies and related parties mainly concern purchases of goods and services in the context of normal business at market prices and totals some € 116.8 million (2014/2015: € 121.8 million).

Tata Steel Nederland Tubes BV has a 0.668% short-term loan (€ 54.7 million), closed at Tata Steel Nederland Tubes BV.

23 Salaries management

In accordance with Article 383 paragraph 1 CC 2 Title 9, the statement on the remuneration of the director omitted.

24 Signing of the financial statement

Oosterhout, 15 June 2016

The Board of Directors,

was signed:

R. Blaauw

Oosterhout NB

Other data

25 Auditors report of the independent auditor

For this we refer to the statement entered below.

26 Statutory Profit appropriation

The result shown in the adopted financial statement is available to the general meeting of shareholders.

27 Appropriation of the result over the book year 2014/2015

The financial statements 2014/2015 adopted at the general meeting held on 15.07.15.

The General Assembly has appropriated the result in accordance with the proposal.

28 Proposal for the appropriation of the result over the book year 2015/2016

At the Annual General Meeting is proposed to add the profit for financial year 2015/2016 the amounting to € 1,355,000 to the general reserves. This proposal has been processed as such in the annual report.

29 Events later then the balance sheet date

There are no post balance sheet events which have a material impact on equity at 31.03.16 and / or the results of financial year 2015/2016.

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.