

TATA STEEL INTERNATIONAL IBERICA, S.A.

Annual Accounts SME

Directors of the Company:

President: Mr. Luis Miguel Valle Soriano

Member Secretary: Mr. Francisco M. Aragon Martinez

Deputy member-secretary: D. Claudio Chimienti

Madrid, June 30, 2017

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Mr. Luis M. Valle Soriano

Mr. Francisco M. Aragon Martinez

Sign

Mr. Claudio Chimienti

TATA STEEL INTERNATIONAL IBERICA S.A.
SME Balance Sheet as on March 31, 2017 and March 31, 2016

(expressed in euros)

ASSET	31/03/2017	31/03/2016	LIABILITY	31/03/2017	31/03/2016
Fixed Assets	40.433,26	46.642,32	Equity	583.426,06	1.312.666,25
Tangible Fixed Assets	12.216,18	18.306,42	Share Capital	150.250,00	150.250,00
Financial Fixed Assets	28.217,08	28.335,90	Reserves	30.053,64	30.053,64
			Results from previous financial years	0,00	88.467,12
			Profit and Loss	470.759,81	1.043.895,49
			Interim dividends for the financial year	-67.637,39	
Current Assets	1.204.337,32	1.571.577,93	Provisions for risks and expenses	0,00	0,00
Debtors	965.954,60	964.088,22			
Temporary Financial investments	0,00	0,00	Short term creditors	661.344,52	305.554,00
Cash	183.397,00	579.567,49	Provisions for risks and expenses c/p	0,00	0,00
Accrual Adjustments	54.985,72	27.922,22			
<u>TOTAL</u>	<u>1.244.770,58</u>	<u>1.618.220,25</u>	TOTAL	<u>1.244.770,58</u>	<u>1.618.220,25</u>

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TATA STEEL INTERNATIONAL IBERICA S.A.
SMEs Profit and Loss account for the financial years ending on March 31 of 2017 and March 31 of 2016 (expressed in euros)

Debit	31/03/2017	31/03/2016	Credit	31/03/2017	31/03/2016
Operating Expenses	0,00	0,00	Net amount of the turnover		
Staff expenditure	1.638.538,86	1.290.823,09	Sales	2.802.511,13	3.180.011,81
Allocations for amortization of fixed assets	6.090,24	6.090,19			
Other operating expenses	444.820,19	425.794,28			
Operating profit	713.061,84	1.457.304,25			
Financial and similar expenses			Profits in financial investments	1.666,17	354,36
Net financial income	1.666,17	354,36			
Profit from ordinary activities	714.728,01	1.457.658,61	Profits from disposal of intangible assets, materials and control portfolio	0,00	0,00
Losses from tangible and intangible fixed assets and control portfolio,	0,00	0,00	Extraordinary Income	0,00	1.034,75
Extraordinary expenses	0,00	0,00	Net extraordinary losses		
Extraordinary Income	0,00	1.034,75			
Profit before tax	714.728,01	1.458.693,36			
Corporate Income tax	243.968,20	414.797,87			
Other taxes	0,00	0,00			
Profit of the year (earnings)	<u>470.759,81</u>	<u>1.043.895,49</u>			

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TATA STEEL INTERNATIONAL IBERICA S.A.

Report 2016/2017

1. ACTIVITY OF THE COMPANY

The Company British Steel España, SA. incorporated on 3rd April 1995, for indefinite period, has its registered office in Madrid (28020), Calle Rosario Pino 14-16, its corporate object being the purchase and sale, as a principal and as a representative, of steel and steel-related products and provision of services related to them.

On 30 January nineteen hundred and ninety seven the Company changed its corporate name to British Steel, S.A.

On 2nd March 2000 the Company changed its corporate name and thereafter, took the name Corus Metal Ibérica S.A

On 1st April 1997, the activities of the branch Corus Metal Ibérica S.A. commenced in Portugal, according to the decisions taken by the Board of Directors of the Company, on 27 February 1997. This branch has been set up with an allocation of 400,000 Escudos (1,999.15 euros).

According to the Second Additional Provision of Law 2/1995 of 23rd March of Limited Liability Companies, which amends the Revised text of the Law of Public Companies SA, the Company has been registered in the Commercial Register as "Unipersonal Company".

On 28th June 2002 the General Meeting of shareholders approved the redenomination of capital in euros and reduction of Share capital comprised of 25,000 registered shares of 6 euros of face value each.

On 25th October 2007 the General Meeting of shareholders approved to change the dates of commencement and end of the financial year with effect from 1st January 2008.

Exceptionally the year 2008 has two financial years: the first of these commences on 1st January 2008 and ends on March 31, 2008, and the second one commences on April 1, 2008 and ends on March 31, 2009.

On 28th April 2011 this Company changed its corporate name and thereafter, assumed the name TATA STEEL INTERNATIONAL IBÉRICA S.A. UNIPERSONAL

2. BASES OF PRESENTATION

a) True Image

The Annual accounts have been prepared from the accounting records of the Company and they are presented in accordance with the commercial legislation in force and with the rules laid down in the General Accounting Plan, in order to show a faithful image of the assets, financial situation and results of the Company.

According to the legislation in force the information of Tata Steel International Ibérica, S.A. and its branch in Portugal is taken up together.

b) Grouping of Items

In order to facilitate the understanding of the Balance Sheet and the Profit and Loss Account, these statements are presented in summarized form, presenting the analysis required in the relevant notes of the Report.

c) Annual Accounts SME format

In order to fulfill conditions set forth in Article 181.1 of the Public Limited Companies Act, the Directors present the Annual accounts in SME format.

3. DISTRIBUTION OF RESULTS

a) Result for the financial year

The proposed distribution of the result of the financial year ending on March 31, 2015 to be presented at the General Meeting of Shareholders is as follows:

	In Euros
	<u>31.03.2017</u>
<u>Basis for distribution</u>	
Profit for the year to be distributed	470.759,81
	<u>470.759,81</u>
<u>Distribution</u>	
Unrestricted voluntary reserve	470.759,81
Dividends	-
	<u>470.759,81</u>

4 ACCOUNTING CRITERIA

a) Tangible Fixed Assets

Tangible fixed assets are presented valued at the acquisition cost and are amortized using the following coefficients:

	<u>%</u>
Furniture	10
Transport Elements	25
Data Processing Equipment	12,5

Improvements to existing assets that extend the useful life of assets are capitalized. Financial expenses and exchange differences directly related to the tangible fixed assets and accrued before being put into service are also capitalized.

Maintenance and preservation costs are charged to the results when they occur. Retirements and disposals are reflected in accounting by removing the cost of the item and the corresponding accumulated depreciation.

b) Provisions for Pensions

The provision for pensions of the employees of the Company has been outsourced, calculated on the basis of the reports of a firm specialized in this area during previous financial years.

c) Tax on profit

Corporate Tax calculated on the basis of the broken down profit before tax is recognized as an expense each financial year in the annual accounts, adjusted for permanent differences with fiscal criteria and taking into account the applicable rebates and deductions.

Rebates and deductions in the tax amount as well as the tax effect of the application of loss carry forwards are treated as a reduction of tax expense in the financial year in which they are applied or offset.

d) Income and Expenditure

The accounting of income and expenditure has been carried out on accrual basis, i.e, depending on the actual flow of goods and services they represent, regardless of when the monetary or financial flow derived from them occurs.

5.- **tangible fixed assets**

a) Fixed assets material

In Euros

	Tata Steel International Iberica,					Branch
	S.A.					
	Transport	Furniture	Data equipment	Furniture	Data Equip.	Total
Cost	<u>Items</u>					
Initial Balance	0	32,396.10	31,308.57	14,647.21	0,00	78.351.88
Increase	0	0,00	0,00	0,00	0,00	0,00
Decrease	0	0,00	0,00	0,00	0,00	0,00
Final Balance	0	32.396,10	31.308,57	14.647,21	0,00	78.351,88
Depreciation						
Initial Balance	0	26.288,49	19.131,98	14.624,97	0,00	60.045,44
Allocation	0	4.604,00	1.464,02	2224	0,00	6.090,26
Decrease	0	0,00	0,00	0,00	0,00	0,00
Transfers	0	0,00	0,00	0	0	0
Final balance	0	30.892,49	20.596,00	14.647,21	0,00	66.135,70
Net accounting value						
Initial	0	<u>6.107,61</u>	<u>12.176,59</u>	<u>22.43</u>	0	<u>18.306,44</u>
Final	0	<u>1.503,61</u>	<u>10.712,57</u>	0,00	0	<u>12.216,18</u>

6. EQUITY

The transactions in the accounts included in Equity during the financial years ending on March 31, 2017 and March 31, 2015 are as follows:

	In Euros				
	Capital	Reserves	Profit and Loss	Interim dividend paid during the year	Total
Balance as on March 31 of 2015	150.250,00	2.213.212,47	1.155.308,29	0	3.518.770,76
Distribution of results		1.155.308,29	-1.155.308,29		0
Dividends		-3.250.000,00			-3.250.000,00
Profit for the financial year Transfer			1.043.895,49		1.043.895,49
Balance as on March 31 of 2016	150.250,00	118.520,76	1.043.895,49	0	1.312.666,25
Interim dividends for the year					
Distribution of results		1.043.895,49	-1.043.895,49		
Dividends Transfer		-1.132.362,61		-67.637,39	-1.200.000,00
Profit for the financial year			470.759,81		470.759,81
Balance as on March 31 of 2017	<u>150.250,00</u>	<u>30.053,64</u>	<u>470.759,81</u>	-67.637,39	<u>583.426,06</u>

1a) Subscribed Capital

As on March 31, 2017, the share capital, consists of 25,000 registered shares of face value 6 euros each.

All constituent capital shares enjoy the same economic and voting rights in proportion to the paid-up capital.

As on March 31, 2017, the shareholders of the Company were as follows:

<u>Shareholder</u>	<u>Equity</u>
BRITISH STEEL NEDERLAND INT BV	100%

b) Reserves

The transaction of assets and liabilities in the accounts included in the reserves for the years ending on March 31 of 2017 and March 31 of 2015 were as follows:

In Euros

	<u>Legal Reserve</u>	<u>Voluntary Reserve</u>	<u>Total</u>
<u>Balance as on March 31 of 2015</u>	30.053,64	2.183.158,83	2.213.212,47
Distribution of results		1.155.308,29	1.155.308,29
Dividends			
Payment of dividends		-3.250.000,00	-3.250.000,00
<u>Balance as on March 31 of 2016</u>	<u>30.053,64</u>	<u>88.467,12</u>	<u>118.520,76</u>
Distribution of results		1.043.895,49	1.043.895,49
Dividends			
Payment of Dividends		-1.132.362,61	-1.132.362,61
Balance as on March 31 of <u>2017</u>	<u>30.053,64</u>	<u>0.00</u>	<u>30.053,64</u>

7. PROVISION FOR RISKS AND EXPENSES

During the period from April 1 of 2016 till March 31 of 2017, no provisions have been made for potential risks and expenses.

8. CORPORATE TAX

The reconciliation between the accounting profit and corporate tax base is as follows:

	In Euros		
	Increase	Decrease	
Net result of the financial year			470.759,81
Corporate tax			243.968,20
Profit before tax			714.728,01
Temporary differences:			
- arising in current year	42.834,40	-1 17.362,31	-74.527,91
Set-offs for Negative Tax Bases			0,00
Tax base (Taxable Income)			640.200,10

The current corporate tax for the year ending March 31, 2017 amounts to 243.968,20 euros.

The Company has pending inspection by the tax authorities for the financial years from January 1, 2012, with respect to the main taxes applicable to it. On the other hand, Tata Steel International Ibérica, S.A. Portugal branch has the financial years from January 1, 2012, pending inspection by the Portuguese tax authorities for the main taxes applicable to it.

Consequently, inter alia, because of the different interpretations of the legislation in force, additional liabilities could arise as a result of an inspection. In any case, the Management considers that these liabilities, if any, would not significantly affect the annual accounts.

9. OTHER INFORMATION

As an extension of the information contained in this Report, some of the expense accounts of the financial year are listed below:

a) Staff Expenditure

Wages and Salaries	992.744,18
Social security charges	676.446,37
Total	1.638.538,86

b) Remuneration of Administrators

The Company has not paid any amount to the Directors/Administrators on any account during the financial year ending on March 31, 2017.

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.