

ANNUAL REPORT

**Tata Steel Norway
Byggsystemer AS**

01.04.2016 - 31.03.2017

Board's Annual Report 2016/17

Tata Steel Norway Byggsystemer AS

AREA OF ACTIVITY

Tata Steel Building Systems Norway AS manufactures steel building systems (profiled steel plates). Production takes place in Skien, Norway. In addition to production facilities in Skien, the company has sales offices in Trondheim and Oslo.

CONTINUED OPERATION

The annual accounts have been prepared on an ongoing operation basis. The basis for this assumption is profit forecast for 2017/18 and subsequent year.

WORK ENVIRONMENT AND EMPLOYEES

Sickness absence in the company amounted to 2,321 hours in 2016/17 (2,947 hours in 2015/16), which accounted for 3.46% (4.38% in 2015/16) of total working hours in the company. Illnesses are mainly due to long-term sick leave, which is not work-related.

The working environment is considered good, and based on the ISRS systems to the Norwegian Veritas and Tata Steel's own H & S Management System, efforts for improvements are implemented on a regular basis.

No occupational accidents registered during the year 2016/17.

ENVIRONMENTAL REPORT

Emissions from the production, including substances that may involve environmental damage are within the requirements set by the authorities.

The company's operations are not regulated by licenses or restrictions.

GENDER EQUALITY

The Company has established procedures to prevent discrimination based on gender. Of the company's 35 employees, 9 are women. The Board consists of two men and two woman.

In the case of measures related to the prevention of possible discrimination and discrimination under the Discrimination and Availability Act, a need for differentiated measures in 2016/2017 has not been identified.

RESULT, INVESTMENTS, FINANCING AND LIQUIDITY

The company's turnover was 229.9 million in 2016/17. The result was a profit of 9,330,041,- (profit of NOK 3,787,320,- in 2015/16).

Turnover is due to somewhat higher activity in certain geographical areas and higher stall prices. Costs have been positively influenced by exchange rate changes. Operations and costs are adapted to the activity of the construction industry. The board also expects a positive result for 2017/18.

Total cash flow from operations in the company was NOK 2.1 million due to good results and new value added tax treatment of imports. The operating profit for the company amounted to NOK 11.9 million.

The company's liquidity portfolio was NOK 10.6 million at 31.03.2017. The company also has an unused credit framework in Fokus Bank of NOK 3 million. The liquidity situation is satisfactory.

ANNUAL PROFIT AND DISPOSAL

The Board of Directors proposes the following appropriation of profit in Tata Steel Building Systems Norway AS.

<u>Other equity</u>	NOK 9.330.041,-
Total disposed	NOK 9.330.041,-

There has not been any relationship after the end of the financial year which has a significant impact on the assessment of the accounts.

The Board believes that the annual accounts give a true and fair view of the company's assets and liabilities, financial position and result.

MARKET RISKS AND FINANCIAL RISKS.

Market Risks

The Company's use of steel as a raw material means - due to the significant changes in price existing on the market - a particular risk since the price can not be fully included in the price of the finished products

Currency risks

The Company's foreign transactions means that earnings and cash flow are affected by the exchange rate development for selected currencies. The Company's currency policy must cover commercial exchange risk in Euro. Covering is made through currency term agreements.

Liquidity risk

The company's liquidity is considered good, and it is not decided to introduce any measures to change The liquidity risk.

Credit risks

The Company's sales are mostly by credit, upon which the Company is exposed to credit risk. The Company has no significant risk regarding major individual customers or other business partners. The Company's policy for accumulating credit means that all customers and partners are regularly credit checked. It is a Company policy to ensure outstanding parties are credit worthy to a major extent.

FUTURE DEVELOPMENT

Expectations for 2017/16 that the Company expects to maintain its position. The market outlook is expected to improve, but with a slow growth.

Through association with Tata Steel Building Systems Nordic, the Company has secured access to the products and expertise, which puts the company in a strong position on the Norwegian market. Based on the above, the Board considers the outlook for Tata Steel Building Systems Norway AS as good.

Skien, 20 June, 2017

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Tata Steel Norway Byggsystemer AS

Income Statement

NOTE	OPERATING INCOME AND COSTS	01.04.2016- 31.03.2017	01.04.2015- 31.03.2016
2, 10	Sales Income	229 857 351	<u>200 805 330</u>
	Total Operating Income	<u>229 857 351</u>	<u>200 805 330</u>
10	Cost of goods sold	162 116 099	148 750 415
3, 9	Wage costs	24 980 135	21 742 136
4	Amortization of tangible and intangible assets	400 167	401 599
3, 4, 10	Other operating costs	<u>30 483 553</u>	<u>25 930 066</u>
	Total operating costs	<u>217 979 954</u>	<u>196 824 216</u>
	Operating Profit	<u>11 877 397</u>	<u>3 981 114</u>
FINANCIAL INCOME AND STATEMENT			
10	Other interest income	474 492	1132 880
	Other financial income	0	15 681
	Other interest costs	10280	3 911
	Other financial costs	<u>28 908</u>	<u>2 919</u>
	Net financial profit	<u>435 304</u>	<u>1 141 731</u>
	Net Annual profit before tax	<u>12 312 701</u>	<u>5 122 845</u>
11	Tax	<u>2 982 660</u>	<u>1 335 525</u>
	Profit for the year	<u>9 330 041</u>	<u>3 787 320</u>
TRANSFERS			
8	Allocated to other party	<u>9 330 041</u>	<u>3 787 320</u>
	Total transfers	<u>9 330 041</u>	<u>3 787 320</u>

Tata Steel Norway Byggsystemer AS

Balance sheet as per March 31st

NOTE	ASSETS	2017	2016
	Fixed Assets		
	Intangible assets		
II	Deferred tax assets	538 878	476 283
	Total Intangible assets	<u>538 878</u>	<u>476 283</u>
	Tangible assets		
4	Land, buildings and other real estate	96 861	156 861
4	Machines and Facilities	1 175 338	1 445 288
4	Movables, inventories, tools, office equipment	<u>0</u>	<u>0</u>
etc		<u>1 272 200</u>	<u>1 602 149</u>
	Total tangible assets	<u>1811078</u>	<u>2 078 432</u>
	Total fixed assets		
	Current assets		
5	Goods	31 700 666	24 491 089
	Receivables		
10	Accounts receivable	44 330 393	34 854 569
		<u>18 473 221</u>	<u>16 764 028</u>
6, 10	Other receivables	<u>62 803 614</u>	<u>51 618 597</u>
	Total receivables		
13	Bank deposits, cash and similar	10 597 206	13 522 538
		<u>105101486</u>	<u>89 632 224</u>
	Total current assets		
	TOTAL ASSETS	<u>106 912 564</u>	<u>91 710 656</u>

Tata Steel Norway Byggsystemer
AS Balance Sheet as per March 31st

NOTE EQUITY AND DEBTS	2017	2016
Equity		
Combined Equity		
7.8 Share Capital (2440 shares NOK 500)	1220000	1220000
Total contributed equity		
Accrued equity	<u>58500853</u>	<u>49 170 812</u>
8. Other equity	<u>58500853</u>	<u>49 170 812</u>
Total accrued equity	<u>59720853</u>	<u>50390812</u>
Debts	22 158 622	33059374
Short term debts	3708590	1820284
10 Supplier Debts	11609493	109030
11 Payable Tax	9715005	5349878
Public Duties	47191710	41319844
10, 12 Other short term debts	47191710	41319844
Total short term debts	106912564	91710656

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Tata Steel Norway Byggsystemer AS

Cash Flow Statement

	01.04.2016- 31.03.2017	01.04.2015 - 31.03.2016
CASH FLOW OPERATING ACTIVITIES:		
Earnings before tax expense	12 312 701	5 122 845
Tax paid during the period	-1 156 949	-2 313 936
depreciation	400 167	401 599
Change in goods	-7 209 577	-6 478 934
Change in trade receivables	-9 475 824	-11058315
Change in levy debt	-10 900 752	15 782 322
Change in other current assets and other geld items	<u>18 168 948</u>	<u>-7 737 086</u>
Net cash flows from operating activities	<u>2138 715</u>	<u>-6 281505</u>
CASH FLOWS FROM INVESTMENT ACTIVITIES:		
Payments for the purchase of tangible fixed assets	<u>-70 218</u>	<u>-547 914</u>
Net cash flow from investing activities	<u>-70 218</u>	<u>-547 914</u>
CASH FLOW FROM FINANCIAL ACTIVITIES:		
Payment of Short term Group loan	-18 000000	0
Proceeds of Short term Group loan	<u>13 006 172</u>	<u>0</u>
Net cash from financial activities	<u>-4 993 828</u>	<u>0</u>
Net changes in bank deposits, cash and similar	-2 925 333	-6 829 417
Inventory of bank deposits, cash and similar as per 01.04.	<u>13 522 538</u>	<u>20 351 955</u>
Inventory of bank deposits, cash and similar 31.03.	<u>10 597 207</u>	<u>13 522 538</u>

Tata Steel Norway

Notes for the accounting **01.04.2016- 31.03.2017**

Note 1 Accounties policies

The financial statements have been prepared in accordance with the Accounting Act of 1998 and generally accepted accounting principles in Norway. .

Valuation and classification of assets and liabilities

Assets intended for permanent ownership or use are classified as fixed assets.

Other assets are classified as current assets. Debtors due within one year are classified as current assets.

For the classification of current and non-current liabilities the same criteria are used.

Current assets are valued at the lowest purchase cost and net real value..

Fixed assets are stated at cost and impaired to its recoverable amount if this is lower than the accounted value and the impairment is expected to be temporary. Fixed assets with a limited useful life are systematically depreciated.

Other long-term liabilities and current liabilities are stated at nominal value..

Assets and liabilities in Foreign currency

Monetary items denominated in foreign currencies are converted according to todays rate.

Leases

Assets leased under terms that transfer substantially all the risks to the company (finance leases) are capitalized under fixed assets and associated lease obligations included as liabilities under interest-bearing liabilities at the present value of the lease payments. The asset is depreciated or amortized, and the liability is reduced by lease payments less the effective interest cost.

Goods

Goods are valued at the lowest purchase cost according to the FIFO-method and net realizable value. For raw materials and work in progress, net sales value is estimated to the sales value of finished produced goods less remaining production costs and sale expenses. Manufactured goods are valued at the lowest of full production cost and net real value.

Revenue

Upon sale of goods:

Revenue is accounted when earned, ie when both risk and control have been transferred to the customer. This would normally be the case when product has been delivered to the customer. Revenues are accounted at their value on the transaction date

Upon sale of services:

Revenue is accounted when earned, ie when a claim for compensation arises. This happens when the service is provided, along with the work being performed. Revenues are accounted at their value on the transaction date.

Receivables

Accounts receivable and other receivables are stated at nominal value less a provision for doubtful debts. The provision is made on the basis of an individual assessment of each receivable.

Bank deposits, cash and cash equivalents

Bank deposits, cash and cash equivalents Bank deposits, cash and similar include cash, bank deposits and other payment instruments with maturity shorter than three months from acquisition.

Warranties and service work

When selling, the entire sale price, including the part related to future warranty and service benefits, is taken on the date of sale. There is a provision for future warranty and service benefits.

Pensions

Deposit plans are accrued according to the compilation principle. The annual pension deposit plan is expensed.

Costs

Costs are in general accounted during the same period as the related revenue. In those cases where there is a clear relationship between spending and revenue, the distribution is set according to discretionary criteria. Other exceptions to the compilation principle are provided where applicable.

Comparable numbers

In 2016-2017, the company has changed its accounting policies according to the classification of freight and transport costs on sale. This is in 2016-2017 the accounts classified as other operating expenses against cost of goods sold in earlier years and, accordingly, comparable figures for 2015-2016 are the work done for NOK. 6.678.845.

Taxes

Taxes expenses are calculated with accounting result before tax. Tax related to equity transactions is recognized in equity. Tax expenses comprises current tax (tax on direct taxable income) and changes in net deferred tax. Deferred tax assets and deferred tax benefits are net presented in the balance sheet.

Use of estimates

The preparation of the financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the income statement and the valuation of assets and liabilities and disclosure of contingent assets and liabilities on the balance sheet date. Contingent losses that are probable and quantifiable are expensed as incurred.

The cash flow statement

The cash flow statement is prepared using the indirect method. Cash and cash equivalents include cash, bank deposits and other short term investments.

Note 2 Sales revenue

Per area of activity:	01.04.2016- 31.03.2017	01.04.2015- 31.03.2016
<i>Construction</i>	37 457 859	34 875 094
<i>Project</i>	109 606 689	90 208 439
<i>Wholesale</i>	66 653 539	60 228 083
<i>Internet sales</i>	16 139 264	15 493 714
Total	229 857 351	200 805 330

Per geographical area:	01.04.2016- 31.03.2017	01.04.2015 - 31.03.2016
<i>Norway</i>	212 248 273	184 776 494
<i>Sweden</i>	13 933 283	12 767 695
<i>Other land</i>	3 675 795	3 261 141
Total	229 857 351	200 805 330

Note 3 Wage expenses, number of employees, remuneration, loan for employees, etc.

Wage expense	01.04.2016- 31.03.2017	01.04.2015- 31.03.2016
Wages	20 254 156	17 069 676
Payroll taxes	2 988 235	2 866 367
Pension Costs	1 221 783	1 357 792
Other benefits	515 961	448 301
Total	24 980 135	21 742 136

<u>Number of employees employed during the financial</u>	<u>35</u>	<u>34</u>
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Manager is employed by the sister company Tata Steel Denmark Byggsystemer AB

No wages or other remuneration is paid to the manager or other members of the Board

No loan or securities granted for members part of the management.

Auditor

Remuneration to Deloitte AS and cooperating companies is as follows:

	01.04.2016- 31.03.2017	01.04.2015- 31.03.2016
	173 235	155 000
Statutory audit		23 180
Audit related consulting	16 080	16 040
Tax consulting		
Other attestation Services		

The statutory audit line contains agreed fees, as well as cost-related audit-related services. Remaining lines show cost in the Iiret. All amounts are exclusive of VAT..

Note 4 Tangible assets

	Buildings and fixtures	Machines And facilities	Movables, inventories, tools	Total
Purchase cost 01.04.2016	1 227 208	15 038 581	3 929 716	20 195 505
Access purchased assets		70 218		70 218
Purchase cost 31.03.2017	1 227 208	15 108 799	3 929 716	20 265 723
Annual depreciations and impairments	59 999	340 168		400 167
Acc. Depreciations and impairments	1 130 346	13 933 460	3 929 716	18 993 523
Accounted value as per 31.03.2017	96 862	1 175 339		1272 200
Economic longevity Depreciation plan	10- 2511r Liner	3-10 ar Liner	3-10 ar Liner	
Annual loss of non balanced assets- Operating assets	4 567 239	974 994	60 511	5 602 744
Duration of the lease	Until 2021 Agreed for 5 years	5 years	5 years	

Note 5 Good

	31.3.2017	31.3.2016
Raw materials	25 661 361	20 157 191
Yarer under tilvirkning	2 932 579	1 690 826
Finished goods	813 177	701 060
Commercial goods	2 293 549	1 942 011
Total	31 700 666	24 491 088

Note 6 Other changes

	31.3.2017	31.3.2016
Prepaid costs	473 221	1 564 618
Demand for consignment company	18 000 000	13 006 172
For good value added tax		2 189 239
Other changes		4000
Total	18 473 221	16 764 028

Note 7 Share capital and shareholder information

The share capital of the company as per 31.03.2015 is classified according to the following:

	Antall	Piilydende	Bokf0rt
A-shares	2 440	500	1 220 000
Total	2 440	500	1220 000

Ownership Structure

The largest shareholders in the company as of 31.03.2017 were:

	Shares	Ownership	Voting share
Tata Steel UK Limited	2440	100%	100%
Total number of shares	2 440	100%	100%

The Company is included in the company group accounting of Tata Steel Limited, which may be obtained by contacting Tata Steel Limited, Bombay House, 24 Homi Mody Street, Fort, Mumbai, Maharashtra-400 001 or by downloading at www.tatasteel.com.

Note 8 Equity

	Aksjekapital	Annen egenkapital	Sum egenkapital
Equity capital 01.04.2016	1220 000	49 170 812	50 390 812
Annual results		9 330 041	9 330 041
Equity 31.03.2017	1 220 000	58 500 853	59 720 853

Note 9 Pension expenses

The Company is liable to have an occupational pension schedule according to regulations of mandatory occupational pension, and does have a pension schedule that meet the requirements of such regulations.

There are total 36 people included in such schedule and the costs amount to 1 221 783 NOK in the annual report.

Note 10 Transactions and outstanding accounts with parties below

Agreements and transactions between related parties are based on arm's length principle.

Results of the transactions made with the parties are given below:

Transaction-group	Belongs to result line	Counterparty	Relation with counterparty	01.04.2016-31.03.2017	01.04.2015-31.03.2016
Operating revenues	Sales revenue	TS Sweden AB	Sister company	16 155 632	15 771 195
Total operating				16155 632	15 771 195
Operating expenses	Cost of goods	TS UK Ltd	Sister company	51 723 615	67 295 641
Operating expenses	Cost of goods	TSBY	Sister company	25 966 478	19 748 296
Operating expenses	Cost of goods	SAB Profiel BY	Sister company	9 421 129	8 730 836
Operating expenses	Cost of goods	Kalzip GmbH	Sister company		1 267 256
		SAB Profiel GmbH		478 389	
Operating expenses	Cost of goods	TS Strip Productcs Ijmuiden BY	Sister company	1 764 995	1 868 539
Operating expenses	Cost of goods	Montana-Bauesysteme AG	Sister company	1 834 516	
Operating expenses	Cost of goods	TS Sweden AB	Sister company	7 769 978	8936711
Operating expenses	Other op. costs	TS Denmark Byggesystemer NS	Sister company	1 108 808	1 062 992
Operating expenses	Other op. costs	TS SwedenAB	Sister company	3 593 118	3 355 705
Operating expenses	Other op. costs	TS UK Ltd	Parent company	3 011 598	2 897 870
Total operating costs				106 672 624	115 163 845
Income from interest	Other interest income	TS Sweden AB	Sister company	253514	944 611

Interest income	Other interest income	TS UK Ltd	Sister company	39 194	
Total interest income				292 708	944 611
TOTAL				-90 224 284	-98 448 039

Other operating costs include, among other, administration, support, market and IT costs, as well as business development.

Outstanding accounts with the parties below

Counterpart	Relation to counterpart	Accounts receivable		Supplier debts	
		31.03.2017	31.03.2016	31.3.2017	31.3.2016
TS Denmark Byggesystemer NS	Sister company			106 151	33 845
TS Sweden AB	Sister company	14 230 765	12 321 729	2 483 082	1 044 477
TS UK Ltd	Sister company			3 829 704	13 259 685
Kalzip GmbH	Sister company				961 436
TS BV	Sister company			2 944 738	10 948
SAB Profil BV	Sister company			419 593	911 645
SAB Profiel GmbH	Sister company			104 171	
Montana-Bauesysteme AG	Sister company			729 324	
TS Strip Productes Ijmuiden BV	Sister company				-3 344
TS UK Ltd				-54 997	
Total		14 230 765	12 321 729	10 561 766	16 218 692

Counterpart	Relation to counterpart	Other receivables		Other short-term debts	
		31.03.2017	31.03.2016	31.3.2017	31.3.2016
TS Sweden Byggsystemer AB	Sister company		13 006 172		
TS Denmark Byggesystemer NS	Sister company				23 460
TS UK Ltd	Sister company	18 000 000		1 157 727	493 000
Total		18 000 000	13 006 172	1 157 727	516 460

Note 11 Tax Expenses

Annual tax expenses are calculated as follows:	01.04.2016- 31.03.2017	01.04.2015- 31.03.2016
Payable tax	3 045 255	1 219 562
Changes in deferred tax	-81 646	72 093
Effect of changes in tax regulation and rates	19 051	43 870
Tax Expenses	2 982 660	1 335 525

Reconciliation from nominal to actual tax rate:	01.04.2016 - 31.03.2017	01.04.2015- 31.03.2016
Annual profit before tax	12 312 701	5 122 845
Expected income tax at nominal tax rate 24% (25%)	2 955 048	1 280 711

Tax effect on the following items		
Other non deductible expenses	8 561	10 944
Effect of changes in tax regulations and rates	19 051	43 870
Income tax expense	2 982 660	1 335 525
Effective tax rate	24,2%	26,1%

Specifications of temporary differences :	31.3.2017	31.3.2016
Plant and equipment	-388 142	-372 426
Goods	-391 274	-138 837
Receivables	-447 781	-394 867
Other accounting liabilities	-1 018 124	-999 000
Total	-2 245 321	-1 905 130
Net deferred benefit in the balance sheet	538 877	476 283

Deferred tax assets are listed on the basis of future income.

Specifications of payable tax:	31.3.2017	31.3.2016
Tax payable for the accounting year 2014/2015		600 722
Tax payable for the financial year 2015/2016	663 335	1 219 562
Tax payable for the financial year 2016/2017	3 045 255	
Total owed payable tax	3 708 590	1820 284

Note 12 Other short term debts

	31.3.2017	31.3.2016
Warranty provisions	1 018 124	999 000
Holiday pay provision	2 680 398	2 527 740
Other provisions	2444711	177 951
Customer bonus provision	1 203 879	939 282
Debts to Group companies	1 157 727	189 445
Other cost provisions	1 210 166	516 460
Total	9 715 005	5 349 877

Note 13 Bank deposits

Bank deposits, cash and cash equivalents include binding tax funds of NOK 537 596

To the Board of Directors of Tata Steel Norway
Byggsystemer AS

AUDITOR'S REPORT

Opinion on the financial statements

Conclusion

We have audited the financial statements of Tata Steel Building Systems Norway AS showing a profit of NOK.9 330 041. The financial statements consist of the balance as per March 31st, 2017, and the income statement and cash flow statement for the year ended as of this date, and a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements prepared in accordance with the law and regulations and give a true and fair view of the financial position of Tata Steel Building Systems Norway as of 31st March 2017, and the results and cash flows for the year then ended in accordance with Accounting Act regulations and generally accepted accounting principles in Norway.

Basis for the conclusion

We have conducted the audit in accordance with statutory regulations and generally accepted auditing standards in Norway, including International Standards on Auditing (ISAs). Our duties and responsibilities according to these standards are described in the Auditor's duties and responsibilities when auditing the annual accounts. We are independent of the company as required by law and regulation, and have complied with our duties and other ethical obligations in accordance with these requirements. In our opinion, audit evidence obtained is sufficient and appropriate as the basis for each conclusion.

Other information

Management is responsible for other information. Other information consists of the annual report, but does not include the annual accounts and the audit report.

The statement of auditing of the financial statements does not cover other information and we do not certify it.

Other information.

In connection with revision of the financial statements, it was part a read other information with the aim to assess whether there is substantial inconsistency between other information and financial statements, the knowledge that we have acquired during the audit, or whether the apparent material misstatement.

If we conclude that the other informant contains significant misinformation, we are pleased to report it. We have nothing to report in this regard.

Responsibility of the Board and CEO for the financial statements

The Board of Directors and each other (management) are responsible for preparing the annual accounts in accordance with laws and regulations, including for providing a true and fair view in accordance with the Norwegian Accounting Act and generally accepted accounting principles. Management is also responsible for such internal control as it deems necessary to prepare an annual financial statement that does not contain material misstatement, either as a result of fraud or error.

In preparing the annual accounts, the management takes a stand on the company's ability to continue operations and inform about matters of significance for continued operations. The assumption of continued operations shall be used as the preliminary statement as long as it is unlikely that the business will be diluted.

Auditor's duties and responsibilities in the audit of the financial statements

Our aim with the revision is to obtain reasonable assurance that the financial statements as a whole do not contain significant error information, whether fraud or unintentional errors, and a report containing a conclusion is included. Reliable security is a high degree of security, but no guarantee that an audit performed in accordance with law, regulations and generally accepted auditing practices in Norway, including the ISAs, will always reveal material misstatement that exists. Incorrect information may occur as a result of fraud or accidental error. Incorrect information should be considered as material if it can be expected individually or together to reasonably be expected to make financial decisions that the users make based on the annual accounts.

As part of an audit in accordance with the laws, regulations and good auditing practices in Norway, including the ISAs, we professionally perform and display professional skepticism throughout the audit. In addition:

- We identify and estimate the risk of material misstatement in the accounts, whether due to fraud or accidental errors. We design and implement audit deals negotiators
- Such risks and obtain audit evidence that is adequate and appropriate as the basis for each conclusion. The risk that material misstatement resulting from fraud is not revealed is higher than for misinformation due to unintentional errors, as mergers may involve collusion, forgery, deliberate omissions, false representations or overriding of internal control.
- We are working on an understanding of the internal control relevant to the audit to design audit procedures that are appropriate in the circumstances, but not to express an opinion on the effectiveness of the company's internal control.
- We evaluate whether the accounting principles used are appropriate and if the accounting estimates and related note information prepared by management are reasonable. We conclude the appropriateness of management's use of the continued operating assumption when preparing the accounts based on obtained audit evidence and whether there is significant uncertainty related to events or circumstances that may be of significance if the company's ability is to continue operations. If we conclude that there is significant uncertainty, we require that in the audit report we draw attention to the additional information in the accounts or, if such additional information is insufficient, that we modify the conclusion of the annual accounts and the annual report. Conclusions are based on audit evidence obtained until the date of the audit report. However, the following events or circumstances may cause the company to continue operating.
- We evaluate the overall presentation, structure and content, including additional information, And whether the annual accounts represent the underlying transactions and events to an extent that gives a true picture.
- We communicate with those who have overall responsibility for management and control - among other things - about the planned scope of the audit and at what time the audit work is to be carried out. We also exchange information about matters of importance that we have discovered during the course of the audit, including any weaknesses of importance in the internal control.

Statement of other legal requirements

Conclusion on the report

Based on the audit of the annual accounts as described above, we believe that the information in

The annual report on the annual accounts, the assumption of continued operations and the proposal for the use of the profit are consistent with the annual accounts and in accordance with the law and regulations.

Conclusion on Registration and documentation

Based on our audit of the financial statements as described above, and the procedures that we considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000 "Assurance engagements other than audits or simplified audit control of historical financial information," we mean that the Management has fulfilled its obligation to provide for proper registration and documentation of accounting information in accordance with the law and good bookkeeping practice in Norway.

Skien 20. June 2017
Deloitte AS

Sd /-
Espen Thorbjørnsen
Certified Auditor

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.