

COGENT

SURAHAMMARS BRUKS AB

Corporate ID number 556050-1206. The company is a public company.

ANNUAL REPORT 2016/17

April 1 - March 31

The undersigned board member in Surahammars Bruks AB certifies and that this copy of the annual report is consistent with the original, and that the income statement and balance sheet have been determined at the Annual General Meeting of 2017. The AGM approved the Board's proposal for how the accumulated profit will be distributed.

Surahammar
Per Zettergren

Surahammars Bruk is wholly owned sister company of Cogent Power Ltd, which on the other hand is sister company to Tata Steel Europe Ltd.

The Company is part of Tata Steel Group,
which on the other hand belongs to Tata Group.

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The split financial year covers the months from April to March.

Unless otherwise indicated, all amounts are in thousands of Swedish kronor (SEK).

MANAGEMENTREPORT

Group affiliation

Surahammars Bruks AB is the sister company of Cogent Power Ltd (headquarters Newport, South Wales, Great Britain), which is 100% owned by Tata Steel Europe Ltd (headquarters London, Great Britain). This company is in turn wholly owned by Tata Steel Group (headquarters India), the sister company of Tata Group (headquarters).

Group s activities

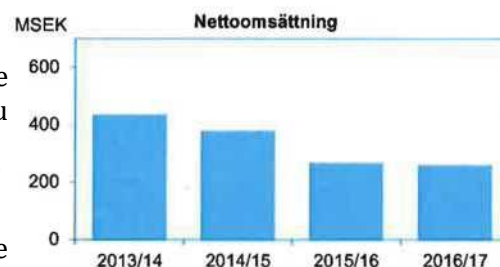
Surahammars Bruks AB company produces electrical steels, which is mainly used in electric motors

Market

The market for the company remained intense with great pressure on prices and short-term planning. Volumes have decreased during the period 2016/17 and this resulted in continued

The company's turnover and volume decreased during 2016/17 from previous years of normal levels.

Net sales fell by 2.7% to SEK 258,432 million (MSEK 433). Deliveries fell by 25.2 million (MSEK 28.3).



Earnings and profitability

Volumes and purchase prices have continued to fluctuate during the period. The focus is on how to increase sales to profitable customers and markets.

The operating profit amounted in 2016/17 to MSEK -10,8 (MSEK 9.03% (1.6%)), the operating margin was of -4.2% (-12.8%), capital employed (MSEK 212.1 million (91.1%)) and the return on equity was of -5% (-85.7%).



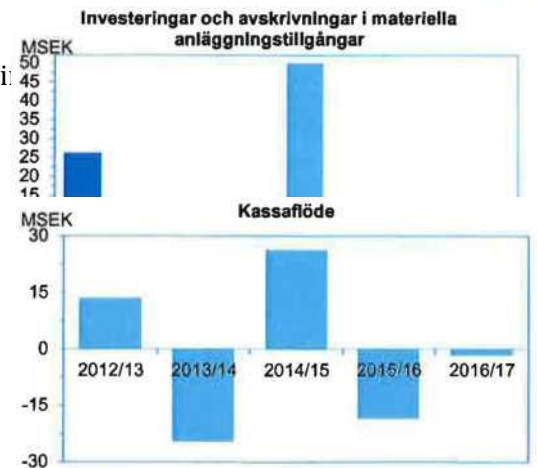
MANAGEMENT REPORT

Investments

During the financial year 2016/17, a total of MSEK 3.0 has been i

Cash Flow

Cash flow was affected by the loss during the fiscal year. Since December 2015, the company has sold invoices to PROC ISSUER PTE. LTD. Cash flow for the year was SEK -1.6 million, compared with -1 MSEK last year..



Financing and Liquidity

At the end of the year, the equity portion of total assets (equity ratio) amounted to 72.7% (73.1%). Besides the short-term loan from the parent company, the company's only interest bearing debt is allocated to pensions, which amounted to MSEK 23.1 (23.1 million). During the fiscal year, the company repaid approximately 5 million for pension liabilities. During 2016/17, the Company will amortize about MSEK 3 on this.

At the end of the year, the Company's cash register held MSEK 8.9 (MSEK 10.6). Since 31.12.2014, the Company had no bank overdrafts



Currency

Sales in export markets take place in local currencies or more general currencies such as EUR, USD and GBP. With the market share of export sales, inflows are mainly in EUR, USD and GBP. Currency outflows as a result of purchases are also preferred in these currencies. These purchases refer to heat tapes, conveyors, rollers, lacquers, oil-related products and investment goods.

The effect of exchange rate movements was SEK 2.1 million (3.0 MSEK). Total outstanding net interest income amounted to SEK 0 M (0 M) on the closing date.

MANAGEMENT REPORT

Research And Development

As not all of the criteria for capitalization are met, the development costs will burden the operating result continuously. The costs comprise applied product and process development. Process development has primarily been aimed at reducing certain specific difficulties in producing steel with low losses, i.e. with high silicon content. The development of new products has been concentrated on better sheet metal for large electric generators and thin plates for high frequency motors, primarily for hybrid and electric vehicles. Work on developing better varieties for large generators takes longer than expected due to technical difficulties. The safety of producing the hybrid hybrid and electric vehicles has been improved and the development of detailed data on the characteristics of the varieties is ongoing

Environmental Impact

The company is environmentally certified according to ISO 14001: 2004. The company strives to conduct the business so that the least possible environmental impact can be achieved at reasonable cost. This means that processes, transport and working methods must be designed with due regard for environmental impacts and that the company strictly complies with the laws, regulations and other requirements that concern the business..

A structure with a number of targets has therefore been defined, and will be followed up in the management system.

All investment requests must be assessed for environmental impact before their approval. The characteristic of Company's present products is that these save energy during customers' applications.

The company received a new environmental permit under the Environmental Code by a judgment of the MMD which became final in early January 2015. The judgment followed the company's proposed conditions according to the submitted application. On a few points, the investigations should be made in 2015 before the final conditions were determined. The judgment allows a total production capacity of 160,000 tonnes of electrical sheets per year. The manufacturing-oriented electrical sheets, GO, can be resumed by the Company within the total volume given.

Noting that the company conducts environmentally hazardous activities under the Environmental Code, premiums will be paid to the mandatory environmental damage and remediation insurance. The company has also signed environmental liability insurance.

The work to cover the company's old landfill for hydroxide sludge is ongoing and should be completed by the end of 2017. For this work, a provision equivalent to MSEK 0.9 will be available at the end of the financial year.

The license to open a new landfill has expired and the company does not intend to apply for a new permit.

The company is affiliated with the Repair Registry and pays charges for the packaging quantities of metal, cardboard, paper, corrugated board and plastic, supplied to the Swedish market. The Repair Registry extends this money to a number of companies engaged in packaging recycling..

The Company is as manufacturing industry exempt from the energy taxes, but pays carbon tax on their consumption of gas and fuel oil. Total cost for carbon fees were MSEK -1.1 for the year 2016/17 (MSEK 1.0).

During the year no independent environmental inspection was carried out. This must be done every third

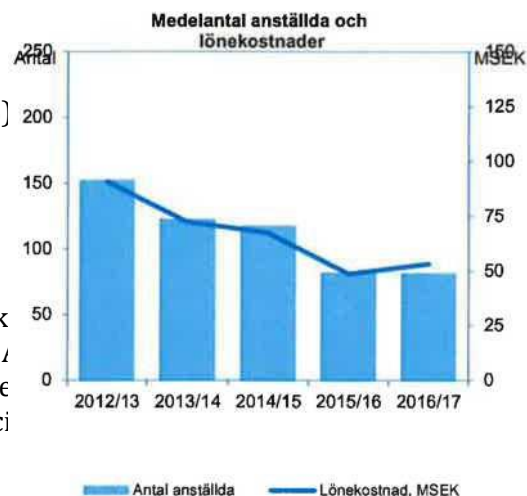
Quality

The Company's products and services must be of a quality that meets customer requirements. In order to fulfill this, the Company is certified according to ISO 9001:2000. The Norwegian Veritas is Company's auditor for the management system ISO 9001:2000 and ISO 14001:2004.

Staff

Medelantalet anställda uppgick till 81 (81), varav 13,6% (13,6%) var kvinnor.

The Group prioritizes very much the preventive protection work internal training, in order to achieve safer production practices. / inspections, health and safety tours are also carried out every we An important key figure is the reporting of security risks and inci



The Company has a continuous work to improve work routines and work processes, and great focus is put on identifying risk moments in the process and to make sure that all employees are aware of how they can conduct their work as safely as possible. After that the staff group has decreased a great effort was made to put awareness on health, protection and safety.

The Parent company is certified, by The Norwegian Veritas pursuant to their standard ISRS (International Safety Rating System) level 7, for its approach to employees' safety in the daily working environment.

The total wage costs incl. social charges and pension costs amounted to MSEK 51.7 (MSEK 46.6), representing 20% (18.8%) of net sales.

MANAGEMENT REPORT

Continuation

Tata Steel Europe (TSE) and its subsidiaries are financed partly through a Senior Facilities Agreement and partly through other long-term loans introduced by the parent company, and partly through working capital provided by Tata Steel Global Procurement Co Pte Ltd, a subsidiary of Tata Steel Limited (TSL), under an arrangement approved and supported by TSL. TSL has approved continued support through the provision of working capital for TSE and its subsidiaries with certain restrictions regarding Tata Steel UK (TSUK), with an agreement on regulated allocation, including UK pension Regulated Apportionment Arrangement (RAA) of the British Steel Pension Scheme Pension Scheme

(BSPS). The TSE Group's operating profit in 2016/17 demanded continued financial support from TSL. With better prospects for 2017/18, however, the continued need for financial support is thought to be at a much lower level. Further significant evidence of continued TSL support can be seen in TSL companies' commitment to provide the necessary £ 550 million funding that has to be paid by TSUK to achieve RAA regarding BSPS obligations for TSUK and other BSPS employer units. The completion of RAA in relation to BSPS, notified by TSL on May 16, 2017, constitutes a significant event for TSUK and its subsidiaries including Surahammar Bruks AB and in its absence, it is expected to be a very large BSPS funding deficit that could raise significant doubts about TSUK's ability to continue as a running activity and to realize its assets and settle its debts in normal business activities. Until the process is completed, there is substantial uncertainty as to whether the BSPS restructuring will be completed, which is a prerequisite for continued financial support from TSL. For these reasons, the Board has a reasonable expectation that the company has sufficient resources to continue to operate in the foreseeable future but concluded that until the RAA process enters into existence, there is significant uncertainty that can give significant doubts about the company's ability to continue as a survivor business. This is because the management has taken into account the SEK 127 million of the company's parent company.

Management continues to assume the principle of survival when preparing the annual report. The annual report does not include the adjustments that would result from the company's failure to adopt the survival principle as it is not practical to identify or quantify them..

Risks and Uncertainties

We can see a big change after the recent financial crisis. Competition on low-carbon and intermediate products from Russian and Asian suppliers is still very hard. This means that the margin on these products is very low. We also see that lead times for shipment to customers become shorter and shorter, which is something that benefits Surahammar's use since recent years rationalization has created a very flexible company with extremely short delivery times. The measures or possible protection duty discussed in the EU with regard to steel dumping on The EU market from mainly Russia and China can have consequences for Surahammar's use. Our raw materials can become more expensive while prices on our product do not increase as no protective duties have been discussed for this product.

Changes in Equity

	Share- Capital	Bond Reserves	Free Reserves	Overall
Shareholders' equity at the end of the year 60 000		14 900	123 756	198 656
Profit for the year			-9 383	-9 383
Shareholders' equity at the end of the year 60 000		14 900	114 372	189 272

Distribution of Company's Profits

It will appear from the Company's Accounting principles that the forward contracts are evaluated at a fair value. The market value on forward periods on the balance sheet date amounted to 0 KSEK (0KSEK), which has not affected the annual result.

According to the balance sheet the available earnings amounted by 31.06.2017 to

Retained earnings	1	23 755
753		
Net profit		-9 383
338		
		114 372 415

The Board proposes the disposable earnings to be carried forward. No allocation to restricted provisions is proposed.

INCOME STATEMENT

KS EK	NotE	2016/17 April-March	2016/17 April-March
Net turnover	1	258 432	265 717
Cost of goods sold	2	-235 075	-261 442
Gross profit		23 356	4 275
Selling Expenses	2,3,4	-17 843	-24 715
Administrative expenses	2,3,4	-17 335	-15 537
Research and Development Expenses	2,3,4	-1 240	-1 210
Other Operating income	2,3,4	2 270	3 291
Operating Profit		-10 792	-33 895

Income and Financial investments

Profit from shares in group companies	5	0	204 170
Other interest received and similar profit items	5	3 855	2 858
Interest expense and similar profit items	5	-2 447	-2 802
Total profit from financial investments		1 408	204 225

Profit after financial items		-9 383	170 330
Tax on annual profit	6	0	0
Profit for the Year		-9 383	170 330
Return on capital employed before taxes	18	-3,7%	91,1%
Return on Equity after tax	18	-5,0%	85,7%
Solidity	18	70,6%	73,1%
Earnings (after taxes) per share, SEK	18	-15,64	283,88

BALANCE SHEET

KS EK	Note	31 March 2017	31 March 2016
ASSETS			
Fixed Assets			
<i>Tangible Fixed Assets</i>			
Land and buildings	7	5 840	5 840
Machinery and other technical facilities	8	3 174	0
Equipment, tools and installations	9	0	0
		9 014	5 840
<i>Financial Fixed Assets</i>			
Other long term receivables		-53	-53
		-53	-53
Total fixed Assets		8 961	5 787
Current Fixed Assets			
<i>Inventories etc</i>			
Raw materials and consumables		25 325	23 059
Good under production		44 689	41 669
Finished goods and trading goods		7 321	5 077
		77 335	69 804
<i>Short term receivables</i>			
Accounts receivable		43 473	38 083
Receivable from Group companies		115 554	134 119
Tax receivables		3 996	3 926
Other short term receivables		4 908	5 805
Prepayments and accrued income	10	4 911	3 777
		172 841	185 710
<i>Cash and bank</i>		8 927	10 592
Total current assets		259 103	266 105
TOTAL ASSETS		268 064	271 893

BALANCE SHEET

KSEK	Note	31 March 2017	31 March 2016
EQUITY CAPITAL AND LIABILITIES			
Equity Capital			
<i>Restricted Equity Capital</i>			
Share capital	11	60 000	60 000
Statutory reserves		14 900	14 900
		74 900	74 900
<i>Unrestricted Equity</i>			
Retained earnings		123 756	-46 575
Profit for the year		-9 383	170 331
		114 372	123 756
Total equity		189 272	198 656
Provisions			
Provisions for pensions and similar obligations	12	23 113	23 149
Other provisions	13	2 001	901
Total provisions		25 114	24 050
Short term liabilities			
Prepayments from customers		1 296	894
Accounts payable		8 575	14 024
Liabilities to Group companies		28 310	13 908
Other short term payables		1 770	4 211
Accrued costs and prepaaid income	14	13 727	16 150
Total short terms payables		53 678	49 187
Total equity and payables		268 064	271 893

CASH FLOW STATEMENT

KSEK	2016/17 April- March	2015/16 April- March
OPERATING ACTIVITIES		
Operating profit before financial items	-10 792	-33 895
Other non-cash items	16	-16 105
	-10 656	-50 000
Interest received	3 855	2 858
Interest paid	-1 519	-1 756
Income tax paid	-70	3 427
	-8 389	-45 471
Increase /decrease in inventories	-7 531	16 389
Increase /decrease in customer receivables	-5 391	17 979
Increase / decrease in other short-term receivables	26 091	-131 948
Increase / decrease in accounts payable	-5 449	9 088
Increase / decrease in short-term operating debt	2 178	-99 445
Cash flow from operating activities	1 509	-233 409
INVESTING ACTIVITIES		
Investments in property, plant and equipment	-3 174	0
Sales of busidiaries	0	214 820
Increase / decrease in financial investments	0	
Cash flow from investing activities	-3 174	214 820
INVESTING ACTIVITIES		
Cash flow from investing activities	0	0
Annual Cash flow	-1 665	-18 589
Cash and cash equivalentents at beginning of year	10 592	29 180
Liquid funds at the end of the year	8 927	10 592

NOTES

Account Principals

Accounting principles

The company applies the Swedish Annual Accounts Act (1995:1554) and the general guidelines of the Swedish Accounting Standards Board, BFNAR 2012:1 Annual report and consolidated financial statements (K3).

Revenues

Revenues are recognized at the fair value, out of the compensation that has been acquired or received, net of VAT, discounts, returns and other similar allowances.

Sales of goods

Revenues from sale of goods are recognized when goods are delivered and the ownership has been passed to the customer, and when all the below conditions are fulfilled:

- The company has transferred the significant risks and rewards, along with the ownership of the goods;
- The company no longer has any commitment in the on-going management that is usually associated with the ownership and does not exercise any control over the sold goods,
- revenues can be measured in a reliable way;
- the economic benefits associated with the transaction will accrue to the company, and
- the fees incurred or to be incurred in respect of the transaction, can be measured in a reliable way.

Dividends and interest income

The dividend income is recognized when the owner's right to receive payment is established.

Interest income is recognized at the maturity using the effective interest method. The effective interest rate is the rate that makes all future cash receipts and disbursements during the the fixed interest term to be equal to the revised value of the receivable.

Leases

A finance lease is a contract under which the risks and benefits associated with the ownership of an asset will be entirely transferred from the lessor to the lessee. Other leases are classified as operating leases. All leases are accounted for as operating leases.

Leasing fees under an operating lease are expensed linearly over the lease period, unless in better reflects the user's benefit over time in another systematic way.

Lessors

Leasing revenues for operating leases are recognized linearly as income over the lease period, unless it better reflects in another systematic way how the economic benefits attributed to the object decrease over time.

Foreign currency

The company's reporting currency is the Swedish krona (SEK).

Conversion of items in foreign currency

The monetary items are calculated in foreign currency on the balance sheet date. Non-monetary items measured at historical acquisition cost in a foreign currency will not be calculated. Exchange differences are recognized in operating profit or as financial items based on the underlying transaction, in the period they occur, except for transactions constituting a hedging and meeting the conditions for hedge accounting of cash flows or net investments.

Loan expenses

Loan expenses are recognized in the income statement in the period in which these occur.

Benefits to employees

Benefits to employees in the form of salaries, bonuses, paid holidays, paid sick leave, etc. and pensions are posted as they are earned. Pensions and other post-employment benefits are classified as defined contribution or defined benefit pension plans. The company has only defined contribution pension plans. There are no other long-term employee benefits.

Defined contribution plans

For defined contribution plans, the company pays fixed contributions to a separate independent legal entity and has no obligation to pay additional fees. The company's earnings are charged with costs as the benefits are earned, which normally coincides with the time when the premiums are paid.

Defined Contribution Plans

Contingency-based pension obligations, the company has an obligation to make agreed payments to current and former employees. The company essentially carries the risk that the benefits will cost more than expected (actuarial risk) and the risk that the return on the assets differs from the expectations (investment risk). Investment risk exists even if the assets are transferred to another company. An indication of the size of the pension debt is obtained by independent companies (PRI). Pension liabilities are reported according to the information received.

Income tax

Tax expense is the sum of current and deferred tax.

Current tax

Current tax is calculated on taxable earnings for the period. The taxable profit differs from the reported profit in the income statement, as it is adjusted for non-taxable income and non-deductible expenses as well as income and expenses that are taxable or deductible in other periods. The current tax is calculated using the tax rates that apply at the balance sheet date.

Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the taxable value used in calculating the taxable profit. Deferred tax is recognized using the balance sheet method. Deferred tax liabilities are recognized for practically all taxable temporary differences, and deferred tax assets are generally recognized for all deductible temporary differences to the extent that amounts can be used against future taxable surpluses. Untaxed reserves are reported including deferred.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent it is no longer probable that sufficient taxable profit will be used, wholly or partly, against the deferred tax asset.

The valuation of deferred tax is based on how the company, as of the balance sheet date, expects to recover the carrying value of the corresponding asset or settle the carrying amount for the associated liabilities. Deferred tax is calculated based on the tax rates decided at the balance sheet date.

. Current and deferred tax for the period

The current and deferred tax are recognized as an expense or income in the income statement, except when the tax is attributable to items recognized directly in equity. In such cases, the tax is also recognized directly in equity.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and impairment losses.

The acquisition cost consists of the purchase price and costs directly attributable to usage. Subsequent costs are only included in the asset or recognized as a separate asset, when it is probable that future economic benefits associated with the item will flow to the company and when it is probable that the cost of the same can be measured reliably. All other costs related to repairs and maintenance, and commanding expenses will be recognized in the income statement in the period in which they arise.

When the difference in the consumption of a tangible asset's significant components is deemed essential, access will be shared up to these components.

Depreciation on tangible assets is expensed so that the purchase cost of the asset, possibly less estimated residual value at the end of the useful life, will be amortized over its estimated useful life. If an asset has been divided into various components, each component will be separately written over the useful life. Depreciation begins when the tangible fixed asset can be used. The useful lives of tangible fixed assets are estimated at:

Vehicles, computers, office equipment, instruments	3-7 Year
Light machinery	8-12 Year
Heavy machinery, cranes	13-17 Year
Buildings	
Frames	25 Year
Strains	25 Year
Facade	25 Year
Roofs	25 Year
Building equipment and land improvements	10-27 Year

The useful life of land is unlimited and therefore the land cannot depreciate

Estimated useful lives and depreciation methods are reviewed if there are indications that the expected consumption has changed significantly compared to the estimate in the previous balance sheet date. When the company changes the assessment of the useful lives, residual value of an asset will also be reviewed. The effect of these changes are recognized prospectively.

Removal From the Balance Sheet

The carrying value of a fixed asset is derecognized upon disposal or sale, or when no future economic benefits are expected from use or disposal/sale of the asset or component. The profit or loss arising when a tangible fixed asset or a component is derecognized, is the difference between what is possible obtained after deduction for direct selling expenses and the asset's carrying value. The capital gain or losses arising when a tangible asset or component is removed from the balance sheet are recognized in the income statement as other operating income or other operating expense.

Impairment of tangible fixed assets and intangible assets

At each balance sheet, the company analyzes the carrying values of tangible fixed assets and intangible assets to determine whether there is any indication that those assets have declined in value. If so, the asset's recoverable value will be calculated in order to determine the value of a possible impairment. Where it is not possible to estimate the recoverable amount of an individual asset, the recoverable value of the cash-generating unit to which the asset belongs will be calculated.

The recoverable amount is the higher of fair value less selling costs and value in use. The fair value less the selling expenses is the price the company expects to obtain from a sale between knowledgeable, mutually independent parties and who have an interest in the transaction, net of such costs directly attributable to the sale. In calculating the fair value, the estimated future cash flows will be discounted to present value using a discount rate that reflects the current market assessments of the monetary value over time and the risks associated with the asset. In order to calculate future cash flows, the company used the budget and forecasts for the next five years.

If the recoverable amount of an asset (or cash-generating unit) is set at a value lower than the carrying amount, the carrying amount of the asset (or cash-generating unit) will be written down to the recoverable amount. An impairment loss is immediately expensed in the income statement.

At each balance sheet date, the company makes an assessment of whether the previous impairment is no longer justified. If so, the impairment is reversed partially or totally. When an impairment loss is reversed, the asset's (the cash-generating unit's) carrying value will increase. The carrying amount after reversal of impairment loss, shall not exceed the carrying amount that would be determined if no impairment had been made of the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognized directly in the income statement.

Shares in group companies

Shares in subsidiaries are carried at the acquisition cost. Dividends from subsidiaries are recognized as revenue when the right to receive dividends is considered safe and can be calculated in a reliable way.

Inventories

Inventories are valued at the lowest acquisition value and net realizable value at the balance sheet date. The acquisition cost is calculated using the first-in-first-out (FIFO) method. Net realizable value is the sales value less calculated costs that are directly attributable to the sale transaction.

The acquisition cost includes expenses related to the purchase, manufacturing and other expenses incurred in bringing the inventories to their present location and condition. The acquisition cost of

a self-constructed asset includes, in addition to those costs directly attributable to the production of the asset, an appropriate proportion of indirect manufacturing costs.

Cash and cash equivalents

Cash and cash equivalents include cash and demand deposits at banks and other credit institutions and other short-term liquid investments that are readily convertible into cash and subject to insignificant risk of changes in value. To be classified as cash equivalents, the duration may not exceed three months from the date of acquisition.

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) and when as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and provided a reliable estimate of the amount can be made.

Provisions are reviewed at each balance date and are adjusted to reflect the best estimate of the expenditure required to settle the present obligation at the balance sheet date, by taking into account the risks and uncertainties associated with the obligation. When a provision is calculated by estimating the expenditures expected to be required to settle the obligation, the carrying amount of the present value of these payments must correspond.

Where part or all amount required to settle a provision is expected to be reimbursed by a third party, the reimbursement is recognized separately as an asset in the balance sheet when it is virtually certain that it will be received if the enterprise settles the obligation and if the amount can be reliably estimated.

Restructuring reserve

A provision for restructuring the activities will be recognized when the company must complete the restructuring as a result of a legal or constructive obligation. A constructive obligation exists when the company has an established and extensive restructuring plan and those affected have a well-founded belief that the restructuring will happen.

Onerous contracts

A provision for onerous contracts is recognized when the unavoidable costs of meeting the contract exceeds the economic benefits expected.

Shareholder contributions

The shareholder contributions obtained are recognized as an increase to the carrying value. Shareholder contributions obtained are recognized directly in the equity.

Contingent liabilities

A contingent liability is a possible obligation arising from past events and whose existence will only be confirmed by one or more uncertain future events that are not wholly within the control of the company, occurring or not occurring, or a present obligation as a result of past events, but which is not recognized as a liability or provision because it is not probable that an outflow of resources will be required to settle the obligation or provided obligations cannot be measured with sufficient reliability. Contingent liabilities are recognized in the balance sheet.

Cash flow statement

The cash flow statement shows the company's changes in cash and cash equivalents during the financial year. The cash flow statement has been prepared using the indirect method. The reported

cash flow only covers transactions involving incoming and outgoing payments.

Currency risk

Currency risk represents the risk that the fair value or future-flows will fluctuate due to changes in exchange rates. The company operates in several geographic markets and in different currencies and therefore, is exposed to currency risk. Exposure to currency risk derives mainly from payments in foreign currency, so-called transaction exposure, as well as from the conversion of balance sheet items in foreign currencies.

The company's outflows mainly consist of EUR while the company's inflow mainly consists of EUR. The company is thus limited influenced by changes in these foreign exchange rates.

NOTES

Important estimates and assessments.

Below are the main assumptions about the future and other important sources of uncertainty in estimates at the balance sheet date, which represents a significant risk of significant adjustments in the reported values of assets and liabilities in the next financial year.

Incurtion in inventories Impairment need is calculated and assessed on the basis that no inventory of inventory has occurred in six months, write-downs should be made with the difference between inventory value and scrap value. The calculated incurrency amounts to SEK -852 thousand, taking into account the volume of what is being sold at normal price, the incurrency amounts to SEK -161 thousand. Hence, further impairment is not considered to be applicable.

Doubtful receivables

Provision is made acc. to the instructions on accounts receivable past due more than 120 days

Subsidiaries

At the balance sheet date, the company has a receivable of MSEK 127 at the parent company. Considered the paragraph regarding survival in the management report, this feed can be assessed as uncertain.

NOTES

Note 1
Net Turnover

	2016/17 KSEK	%	2015/16 KSEK	%
Subsidiary	0	0,0%	16 885	6,4%
Other Group Companies	29 106	11,3%	1 802	0,7%
Outstanding	229 325	88,7%	247 030	93,0%
Total	258 432	100,0%	265 717	100,0%
Distribution of the net turnover per region	KSEK	%	KSEK	%
Sweden	69 786	27,0%	68 940	25,9%
EU	134 274	52,0%	132 494	49,9%
Rest of Europe	7 502	2,9%	31 606	11,9%
NAFTA	28 727	11,1%	18 465	6,9%
Restof the World	18 143	7,0%	14213	5,3%
Total	258 432	100,0%	265 717	100,0%

Note 2

Operational Cost

	2016/17	2015/16
Raw materials, purchased products,etc.	132 622	162 482
Energy	32 034	33 397
Cost of Human Resources	51 685	48 639
Services	52 892	55 089
Depreciation pursuant to plant	0	7
Impairment	0	0
Total	269 233	299 613

Operating expenses include fees and remunerations to accounting firms with::

	319	351
Revision		
Deloitte		
- Auditing activities other than the audit assignment	0	0
Tax Counselling	41	35
Other Services	0	0
Total	360	386

Operational Leasing agreements:

Annual Charges	895	1 176
Within a year	637	1 261
Later than a 1 year but within 5 years	401	216
Later than 5 years	0	0

Purchases from Group companies incoming in operating costs	2016/17 KSEK	%	2015/16 KSEK	%
Parent Company	75 965	28,2%	78 139	26,1%
Other Group companies	14 703	5,5%	16 934	5,7%
Total	90 668	33,7%	95 073	31,7%

NOTES

Note 3

Average number of employees, salaries, other remuneration and social security contributions

	2016/17	2015/16
Average number of employees		
Women	11	11
Men	70	70
Total	81	81
<i>Salaries and remunerations to</i>		
Board of Directors	0	0
CEOs of which	711	0
Royalties	0	0
Other employees	34 870	30 014
Total wages and salaries	35 581	30 014
Welfare charges pursuant to the law and agreement	16 104	18 625
of which pension expenses, the Board	0	0
of which pension expenses, Managing Director	300	0
of which pension expenses, other Executive Directors	3 619	4 066
Total wage expenses	51 685	48 639

Obligations relating to pensions or similar benefits in addition to the above

CEO's terms of Employment

Per Zettergren took office as CEO in July 2016.

Board's Activities

The Board consists of three members, including Company's Executive Director, and all were elected during the Annual General Meeting. In addition, there are two members with personal deputies, elected by the unions. Presently, one woman is Board member. Board remuneration was

Note 4

Depreciation

	2016/17	2015/16
Buildings and land	0	0
Machinery and other technical plant	0	0
Equipment, tools and installations	0	0
Total	0	0

Impairment	2016/17	2015/16
Buildings and land	0	0
Machinery and other technical plant	0	0
Equipment, tools and installations	0	0
Total	0	0

Note 5	2016/17	2015/16
Profit from shares in group companies	3 855	204 170 0
Interest income from parent company		
Interest income from outsiders	0	2 858
Total	3 655	207 028

Interest expense and similar items		
Interest expense to parent company	0	816
Interest Expense to outsiders	1519	940
Estimated financial expenses, pension liabilities *)	928	1 046
Total	2447	2 802

*) The financial cost on pension liabilities corresponds to 4.4%

NOTES

Note 6 Tax

Current taxes current year ¹⁾ .	2016/17 20 0	15/16 0
Tax attributable to the previous year ²	0	0
Summa	0	0
Effective tax rate in relation till profit after financial items	-	.
Effective tax rate in relation till profit before taxes	-	.

¹⁾Tax relating to dividends from subsidiaries
²⁾Repayment property taxes after reassessment

Difference between reported tax expense and tax depending on current tax rate

Recognized profit before taxes	-9 383	170 330
Tax pursuant to the current tax rate 22%	2 064	-37 473
Tax effect of non-deductible expenses	-675	-594
Tax effect of non-taxable income	1 336	46 545
Tax effect on imputed interest on tax allocation	0	0
Effect of current deficit	-2 725	-8 478
Adjusted tax effect attributable dividend	0	0
Total	0	0
Adjustments reported in the current year		
Adjusted Tax attributable to previous years	0	0 0

The company has unused loss carryforwards amounting to SEK 290688 thousand (SEK 278940 thousand). These are not reported as it is unlikely that the company will in future have a taxable surplus.

Note 7 2017-03-31 2016-03-31 Buildings and Lands

Incoming acquisition value *)	41 987	41 987
Outgoing acquisition value	41 987	41 987
Incoming depreciation according to plan	-34 622	-34 622
Outgoing depreciation according to plan	-34 622	-34 622
Opening writedowns	-1 525	-1 525
Existing writedowns	-1 525	-1 525
Reported Value	5 840	5 840
*) of which land value is 5840 KSEK	5 840	5 840

NOTES

Note 8

Machinery and other technical plant

	2017-03-31	2016-03-31
Incoming acquisition value	310 933	310 933
Capitalized expenses	3 174	0
Closing acquisition cost	314 107	310 933
Incoming depreciation according to plan	-262 809	-262 809
Outgoing depreciation according to plan	-262 809	-262 809
Opening writedowns	-48 124	-48 124
Outgoing writedowns	-48 124	-48 124
Reported Value	3 174	0

Note 9

Inventories, tools and installations

	2017-03-31	2016-03-31
Opening acquisition cost	12 653	12 653
Closing acquisition cost	12 653	12 653
Initial plan-based depreciation	-12 635	-12 635
Current depreciation	0	0
Closing plan depreciation	-12 635	-12 635
Opening writedowns	-17	-17
Impairment for the year	0	0
Existing writedowns	-17	-17
Scheduled residual value	0	0

NOTES

Note 10

Prepayments and accrued incomes

	2017-03-31	2016-03-31
Prepaid costs	1515	1 953
A-conto Billing count Energy	1355	51
Prepaid insurance premiums	1199	1 202
Accrued interest income	9	9
Other accrued income	833	562
Total	4911	3 777

Note 11

Share Capital

The share capital consists of 600,000 shares with a quota value of 100 kr

Note 12

Provisions for pension and similar obligations

	2017-03-31	2016-03-31
FPG/PRI-pensioner	23 113	23 149
Total	23 113	23 149

Provisional capital insured through PRI (Insurance Company PRI Pension Guarantee, mutually)

NOTER

Not 13		
Övriga avsättningar		
	2017-03-31	2016-03-31
The cost of covering the disposal of hydroxide sludge	2 001	901
Total	2 001	901
The work to cover the company's old landfill for hydroxide sludge is in progress and will be completed until the end of 2017,		
Note 14		
Accrued expenses and prepaid income		
	2017-03-31	2016-03-31
Accrued wages	5 158	5 722
Accrued social security contributions	1 488	3 478
Accrued property tax, payroll tax and return tax	4 007	4 572
Accrued provisions	110	1 495
Accrued expenses	2 940	860
Other	25	23
Total	13 727	16 150
Note 15		
Pledged collateral and contingent liabilities		
	2017-03-31	2016-03-31
Liabilities in relation to FPG/PRI	468	460
Note 16		
Other non-cash items, Cash flow statement		
	2016/17	2015/16
Interest in pension liabilities	-928	-1 046
Changes in provisions	1 064	-15 059
Total	136	-16 105

Note 17

Disposition of the company's results

The company's accounting policies show that forward contracts are valued at fair value. The market value of the futures at the balance sheet date amounts to MSEK 0 (0 MSEK), which has affected earnings for the year..

According to the balance sheet, available profit on 3103-2017 is

Balanced result	I23 7S5 7S3
Profit for the year	-9 383 338
	114 372 415

The Board proposes that the disposable profit be transferred on a new account. No provision for restricted funds is proposed.

NOTES

Note 18
Definitions

Adjusted Equity

Recognized equity increased with 100% (78%) on the invested capital untaxed provisions

Invested capital

Total assets decreased by non-interest-bearing debt and operating debt and with 22% (22%) of untaxed provisions.

Contributions from invested capital

Profit after depreciation increased with financial revenues in relation the average invested capital.

Gross profit level

Total gross profit in relation to net turnover.

Operating margin

Operating profit in relation to net turnover.

Profit margin

Profit after depreciation decreased with financial income in relation to the net sales

Capital turnover rate

Net turnover in relation to average

Contributions from adjusted equity

Result after financial income and costs decreased by 22% (22%) standard tax in relation to average adjusted equity.

Solidity

Adjusted equity in relation to balance sheet total.

Cash flow

Cash flow from operating activity, investment and financing activities.

Operating cash flow

Cash flow from the operating activity excluding interest, taxes, dividends and the cash flow attributable to the production resources included therein

Signatures

The income statements and balance sheets will be submitted to the AGM in August 2017 for adoption.

Surahammar en 14 August 2017

Phill Clements –
Sryrefseocdförande

Jo Regan

Per Zettergren
CEO

Stephan Landes

Mark Cichuta

Sonny BergfeJdt
Employee representative

Anna Lindgren
Employee representative

Our audit report has been submitted to
Deloitte AB

Harald Jagner
Authorized 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.