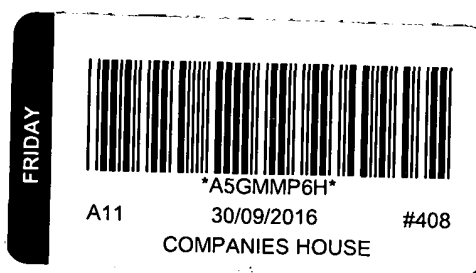


Company Registration No. 03331364

ArcelorMittal Tailored Blanks Birmingham Limited

Annual report and financial statements

for the year ended 31 December 2015



ArcelorMittal Tailored Blanks Birmingham Limited

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ArcelorMittal Tailored Blanks Birmingham Limited

Officers and Professional advisers

Directors

Philippe Miclotte
Philippe Baudon

Secretary

Rémy Mourton

Registered Office

Cakemore Road
Rowley Regis
West Midlands
B65 0QL

Bankers

Barclays Bank Plc
Snow Hill One
Birmingham
B46GN

Auditor

Deloitte LLP
Chartered Accountants and Statutory Auditor
Four Brindleyplace
Birmingham
B1 2HZ

ArcelorMittal Tailored Blanks Birmingham Limited

Strategic report

The Directors present their strategic report and the audited financial statements for the year ended 31 December 2015 as required by section 414C of the Company Act 2006.

Principal activity

The Company is part of the specialised business unit for tailored blanks business in the ArcelorMittal group of companies. ArcelorMittal Tailored Blanks Birmingham Limited ('AMTB Birmingham') is the UK entity of the Belgium based parent company ArcelorMittal Tailored Blanks NV.

AMTB Birmingham is responsible for manufacturing technology that improves the performance of car parts in vehicles. Supplies flat steel sheets of different thickness, grades and coatings to the Automotive industry, some of these blanks so called laser-welded blanks, are made by welding together flat steel sheets of different thicknesses, grades and coatings. These products offer an optimal combination of strength and ductility, as well as reducing vehicle costs. They also reduce the weight of vehicles and improve safety by enhancing crash performance. AMTB Birmingham is a leading producer of tailored blanks and laser-welded blanks.

The company is committed to adopting the philosophy of the group, namely:

Sustainability, quality and leadership. These aims describe how the company aims to 'transform tomorrow'. They are simple and taken one by one, not unique in themselves. It is the combination, and the way they are applied that makes AMTB Birmingham's brand values unique.

Sustainability

The Company are guiding the evolution of steel to secure the best future for the industry for generations to come.

The Company's commitment to the world around us extends beyond the bottom line, to include the people in whom the Company invest and the communities it supports. This long-term approach is central to the Company's business philosophy.

Quality

The Company look beyond today to envision the steel of tomorrow. Quality outcomes depend on quality people. The Company seek to attract and nurture the best people to deliver superior solutions to all its customers.

Leadership

The Company promotes bold thinkers with a clear vision for the future of steel: the fabric of life. The Company is proud of its achievements and its entrepreneurial spirit, which is responsible for elevating AMTB Birmingham to the forefront of the industry.

Business review

On the 1 May 2014, the company acquired the stock and assets of auto processing business from another ArcelorMittal Group company (ArcelorMittal Distribution Solutions UK Limited). This has changed the dynamics of the company by acquiring large apportion of blanking business to complement its current welding business. Therefore, comparative figure between years are not easily comparable.

The key financial performance shows an increase in sales and costs. This was to be expected due to the acquisition of the auto processing business. This business produces blanking of steel parts and has significantly higher volume throughput than the current welding business.

The business continues to be committed to providing excellent customer service. The company aims to continue this growth trend into 2016. As always, costs remain a challenge, but these will continue to be kept under control by tight management systems and a team dedicated to monitoring the situation.

ArcelorMittal Tailored Blanks Birmingham Limited

Strategic Report (Continued)

Business review (continued).

The company's Key Financial Performance indicators during the year were as follows:

	2015	2014	% Variance 2015/14
Turnover	43,049,411	42,058,296	2%
Profit before Tax	717,875	547,499	31%
Operating profit	1,046,242	1,902,589	52%
Shareholder Funds	10,076,695	9,540,190	6%
Tonnes Sold	58.0k	46.0k	26%
Welded Parts(Quantity)	1.9m	2.2m	-14%
Scrap recycled (Tonnes)	4,917	3,453	42%
Number of Employees	107	87	23%

This year has been a year of consolidation of our activities, after the merger of 2014. The business has undergone a lot of structural changes to bring both the blanking and welding activities together. The Management team are currently striving to reduce complexities and promote action from all areas of the business. This will bring a strong business and the ability to fully support our customer base.

Despite a higher activity than in 2014, our turnover remains quite stable due to a decrease of the steel price in the market.

The Company operates under a transfer pricing agreement with its parent company ArcelorMittal Tailored Blanks NV. The agreement entitles the Company to sell all of its stock to its parent company at an agreed transfer price.

Transfer pricing is based on the Company's cost plus a 1-3% mark up, this will provide guaranteed profits for the company in the future.

Health and safety

Our journey to zero accidents

The Directors of the Company are committed to providing a safe and healthy working environment. Therefore, it follows that the Directors are striving to provide a workplace free of injuries and fatalities. The Company measures the lost time injury frequency rate (LTIFR) and this is currently at 0 (2015) compared to 0 (2014). The Company implemented fatality prevention standards in 2013 and this is continuing in 2015.

The company provides occupational health programmes to all of its employees, including eye and hearing checks. Each year the Company runs health week and safety day to train and promote the safety and well being of its entire staff.

The Company is operating and is certified to the standard - OHSAS 18001.

Environment

The Company remains committed to reducing its impact on the environment.

Vision: we continuously reduce and prevent nuisance and harm from our operations and throughout the lifecycle of our products and services. We totally control our emissions and by-products. The communities in which we operate consider AM plants as demonstrating continuously responsible citizenship.

Objectives: ensure full compliance with the ArcelorMittal environmental policy and local standards and minimize our consumptions in terms of energy and waste.

Targets:

- Zero environmental incidents
- Zero neighbourhood complaints
- Zero deviations from local regulations
- CSR: develop annual activities involving our society / neighbourhood

ArcelorMittal Tailored Blanks Birmingham Limited

Strategic Report (Continued)

Operational review

The Directors are committed to providing operational excellence in the Company and ensuring the plant performs to the highest standards for customer satisfaction. The Company continues to reduce scrap and provide good quality parts. The Company will introduce world class manufacturing techniques in the future to further support its goal of becoming a leader in the supply of safe sustainable steel parts.

Employee diversity and inclusion

The directors aim to be fair, reasonable and professional in all dealings with employees at all times. The company promotes a thriving workforce where everybody is treated equally and respected for the contribution that they make.

Employee relations and engagement

Employee engagement is an important aspect of the business and this is measured by conducting employee surveys. Surveys are scored based on a series of questions, asking about every aspect of their work (i.e. health and safety / working conditions / management) and scores are then calculated by taking the average score between 1 to 5, with 1 being that employees are unsatisfied with their work and 5 being that employees are very happy with their work. The results for 2014 were 2.81 and 2015 it increased to 2.89. The business is continuing to address the needs of its employees by using this survey to improve. The company places considerable value on employees, ensuring easy access to training and communication by way of health and safety meetings and the arrangement of other informal meetings. Communication is a key part of the company's employee engagement strategy and we consult with all our employees to inform them about issues that may affect them, e.g. safety, company performance through the Works Council.

The table below shows the current performance on absenteeism and training rate indicating to us what our target is and whether we have managed to improve. This indicates that we were up on our absenteeism due to several employees being on long term sick. Training is ongoing on the site.

	2015	2014	Target
Absenteeism rate	3.04%	2.86%	1.88%
Training rate	4.6%	8.33%	5.0%

Financial risk management objectives and policies

Cash flow risk

This is reduced due to the transfer price policy agreement in place (the risk has been passed on to the parent company ArcelorMittal Tailored Blanks Limited NV). The company has an exchange rate risk, however this can be managed through the group's treasury service.

Credit risk

The Company's credit risk is migrated as the majority of the debt is from the parent company.

Liquidity risk

The Company has access to internal funding via the group treasury department and submits appropriate cash requirements when necessary. If further funding is required this is then approved by a planning requirement that will determine the cash flow status where additional capital / loan will be needed.

ArcelorMittal Tailored Blanks Birmingham Limited

Strategic Report (Continued)

Future Outlook

The aim for 2016 will be to continue to stabilise our systems due to acquisition of the auto processing business. This will provide us with a good position to support our customers and business partners. The business continues to be committed to providing excellent customer service. World class manufacturing methodology has been introduced later on in the year to drive our progress in forthcoming years.

The business has a good foundation to be successful in its field of expertise and, with the support of its parent company, will continue to provide outstanding products for its customers.



Approved by the board and signed on its behalf by

Philippe Baudon
Director

30 September 2016

ArcelorMittal Tailored Blanks Birmingham Limited

Directors' Report

The Directors present their annual report on the affairs of the Company, together with the financial statements and auditor's report, for the year ended 31 December 2015.

Principal Activities

The principal activity of the company is the manufacture of tailored welded blanks and metal products for a range of industrial applications.

Going Concern

ArcelorMittal Tailored Blanks NV has provided a letter of support to the Company confirming that they will support the Company when needed for a period of 12 months from the date of approval of the financial statements and will provide an adequate notice period of 12 months before recalling any overdraft facilities. The Company does not have any external debt funding.

The expected volumes for 2016 are in line with budget. The acquisition has been mentioned in the business review. The continuation of monitoring of costs will improve the Company's profitability. The Company is forecast to make a profit in the 12 months following the signed date of accounts.

The shareholders are pleased with the progress of the business and new ventures are being planned. These will lead to growth of the business and possible investment in the future.

Considering the above factors, the Directors continue to adopt the going concern basis in preparing the financial statements.

Results and Dividend

The company made a profit after taxation for the year ended 31 December 2015 of £536,505 (2014 : £428,339 Profit). No dividends will be distributed for the year ended 31 December 2015 (2014: £nil).

Directors

The Directors who served throughout the year and subsequently, were as follows:

Philippe Miclotte
Phillippe Baudon

On 31 October 2015, Andrew Brown left the company and his role of company secretary. As from November 1st 2015, Rémy Mourton is the new company secretary.

Supplier's payment policy

The company's policy, which is also applied by the Group, is to settle terms of payment with suppliers when agreeing the terms of each transaction, ensure that suppliers are made aware of the terms of payment and abide by the terms of payment. Trade creditors at 31 December 2015 were equivalent to 33 (2014 : 56) days purchases, based on the average daily amount invoiced by suppliers during the year.

Auditor

Each of the persons who are Directors at the date of approval of this report confirms that:

- so far as the Directors are aware, there is no relevant audit information of which the company's auditor is unaware; and
- The Director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

ArcelorMittal Tailored Blanks Birmingham Limited

Directors' Report

Approval of reduced disclosures

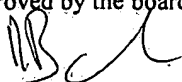
The Company, as a qualifying entity, has taken advantage of the disclosure exemptions in FRS 102 paragraph 1.12. The Company's shareholder have been notified in writing about the intention to take advantage of the disclosure exemptions and no objections have been received.

The Company also intend to take advantage of these exemptions in the financial statements to be issued in the following year. Objections may be served on the Company by ArcelorMittal Tailored Blanks NV, as the immediate parent of the entity.

Events after the balance sheet date

There have been no significant post balance sheet events.

Approved by the board and signed on its behalf by:



Philippe Baudon
Director

30 September 2016

ArcelorMittal Tailored Blanks Birmingham Limited

Directors' responsibilities statement

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdiction

Independent auditor's report to the members of ArcelorMittal Tailored Blanks Birmingham Limited

We have audited the financial statements of ArcelorMittal Tailored Blanks Birmingham Limited for the year ended December 31, 2015 which comprise the Profit and Loss Account, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 22. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at December 31, 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Peter Gallimore FCA (Senior statutory auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Birmingham, United Kingdom
30 September, 2016

ArcelorMittal Tailored Blanks Birmingham Limited

Profit and loss account

For the year ended 31 December 2015

	Note	2015 £	2014 £
Turnover	3	43,049,411	42,058,296
Cost of sales		<u>(37,397,949)</u>	<u>(37,036,750)</u>
Gross profit		5,651,462	5,021,546
Administrative expenses		<u>(4,605,220)</u>	<u>(4,334,802)</u>
Operating profit		1,046,242	686,744
Finance costs	4	<u>(328,367)</u>	<u>(139,245)</u>
Profit on ordinary activities before taxation	5	717,875	547,499
Tax on profit on ordinary activities	8	<u>(181,370)</u>	<u>(119,160)</u>
Profit for the financial year attributable to the equity shareholders of the Company		<u>536,505</u>	<u>428,339</u>

All results are derived from continuing operations.

ArcelorMittal Tailored Blanks Birmingham Limited

Statement of comprehensive income For the year ended 31 December 2015

	2015 £	2014 £
Profit for the financial year	<u>536,505</u>	<u>428,339</u>
Other comprehensive income	<u>-</u>	<u>-</u>
Total comprehensive income attributable to equity shareholders of the Company	<u><u>536,505</u></u>	<u><u>428,339</u></u>

ArcelorMittal Tailored Blanks Birmingham Limited

Balance sheet

At 31 December 2015

	Note	2015 £	2014 £
Fixed assets			
Intangible assets	9	333,461	431,041
Tangible assets	10	6,779,819	6,881,086
		<u>7,113,280</u>	<u>7,312,127</u>
Current assets			
Stocks	11	2,882,172	7,647,472
Debtors	12	4,498,036	9,270,680
Cash at bank and in hand		7,610,326	183,971
		<u>14,990,534</u>	<u>17,102,123</u>
Creditors: amounts falling due within one year	13	<u>(4,029,180)</u>	<u>(6,891,932)</u>
Net current assets		<u>10,961,354</u>	<u>10,210,191</u>
Total assets less current liabilities		<u>18,074,634</u>	<u>17,522,318</u>
Creditors: amounts falling due after more than one year	14	<u>(8,000,000)</u>	<u>(8,000,000)</u>
Provisions for liabilities	15	<u>2,061</u>	<u>17,872</u>
Net assets		<u>10,076,695</u>	<u>9,540,190</u>
Capital and reserves			
Called-up share capital	16	10,000,000	10,000,000
Profit & loss account		76,695	(459,810)
Shareholders' funds		<u>10,076,695</u>	<u>9,540,190</u>

The financial statements of ArcelorMittal Tailored Blanks Birmingham Limited (registered number 03331364) were approved by the board of directors and authorised for issue on 30 September 2016. They were signed on its behalf by:



Philippe Baudon
Director

ArcelorMittal Tailored Blanks Birmingham Limited

Statement of changes in equity

At 31 December 2015

	Called-up share Capital £	Profit and loss account £	Total £
At 31 December 2013 as previously stated	2,000,000	(888,149)	(1,111,851)
Changes on transition to FRS 102 (see note 22)	-	-	-
At 1 January 2014 as restated	2,000,000	(888,149)	1,111,851
Profit for the financial year	-	428,339	428,339
Total comprehensive income		428,339	428,339
Issue of share capital	8,000,000	-	8,000,000
At 31 December 2014	10,000,000	(459,810)	9,540,190
Profit for the financial year		536,505	536,505
Total comprehensive income		536,505	536,505
At 31 December 2015	10,000,000	76,695	10,076,695

ArcelorMittal Tailored Blanks Birmingham Limited

Notes to the financial statements

For the year ended 31 December 2015

1. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and to the preceding year.

a) General information and basis of accounting

ArcelorMittal Tailored Blanks Birmingham Limited ('the Company') is a company incorporated in the United Kingdom under the Companies Act. The address of the registered office is given on page 1. The nature of the Company's operations and its principal activities are set out in the strategic report on pages 2 to 5.

The financial statements have been prepared under the historical cost convention in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The prior year financial statements were restated for material adjustments on adoption of FRS 102 in the current year. Please refer to impact in note 22.

The functional currency of the Company is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates.

The Company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements.

The financial statements of the company are consolidated into the group financial statements of ArcelorMittal Tailored Blanks NV, a company registered in Sluispark Offices, Verlorenbroodstraat 122 b4, 9820 Merelbeke, Belgium. ArcelorMittal Tailored Blanks NV is the smallest group preparing consolidated financial statements including this entity for the year ended 31 December 2015.

ArcelorMittal S.A. is the ultimate controlling party of this company and is the largest group preparing consolidated financial statements including this entity for the year ended 31 December 2015.

Copies of the ArcelorMittal S.A consolidated financial statements may be obtained from the Company Secretary, ArcelorMittal S.A, 19, Avenue de la Liberté, Grand-Duchy of Luxembourg. Exemptions have been taken in these separate Company financial statements in relation to share-based payments, financial instruments, and presentation of a cash flow statement and remuneration of key management personnel.

b) Going concern

ArcelorMittal Tailored Blanks NV has provided a letter of support to the Company confirming that they will support the Company when needed for a period of 12 months from the date of approval of the financial statements and will provide an adequate notice period of 12 months before recalling any overdraft facilities. The Company does not have any external debt funding.

The expected volumes for 2016 are in line with budget.

Considering above factors, the Directors continue to adopt the going concern basis in preparing the financial statements.

c) Intangible assets – research and development

Research expenditure is written off as incurred. Development expenditure is also written off, except where the directors are satisfied as to the technical, commercial and financial viability of individual projects. In such cases, the identifiable expenditure is capitalised as an intangible asset and amortised in equal annual instalments over the period during which the Company is expected to benefit. This period is three years. Provision is made for any impairment.

Amortization is provided on cost in equal instalments over the estimated useful lives of the assets. The rates of amortization are as follows:

Computer software 33% per annum

Intangible assets under construction are assets that are incomplete and have yet to start being depreciated. Once completed then the asset will follow the normal process of intangible fixed asset.

ArcelorMittal Tailored Blanks Birmingham Limited

Notes to the financial statements

For the year ended 31 December 2015

1. Accounting policies (continued)

d) *Tangible fixed assets*

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Land and Buildings 0% Land, 3.5% Buildings

Plant and machinery 10%, 12%, 15% and 20% per annum

Fixtures and fittings 20% per annum

Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

e) *Financial instruments*

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

f) *Financial assets and liabilities*

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments are classified as payable or receivable within one year are initially measured at an undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

g) *Stocks*

Stocks are stated at the lower of cost and estimated selling price less costs to sell, which is equivalent to the net realisable value. Cost includes materials, direct labour and an attributable proportion of manufacturing overheads based on normal levels of activity. Cost is calculated using the FIFO (first-in, first-out). Provision is made for obsolete, slow-moving or defective items where appropriate.

ArcelorMittal Tailored Blanks Birmingham Limited

Notes to the financial statements

For the year ended 31 December 2015

1. Accounting policies (continued)

h) Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

Non-financial assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

Financial assets

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

i) Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax liabilities are recognised for timing differences arising from investments in subsidiaries and associates, except where the Company is able to control the reversal of the timing difference and it is probable that it will not reverse in the foreseeable future.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax relating to non-depreciable property, plant and equipment measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to sale of the asset.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: a) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes

ArcelorMittal Tailored Blanks Birmingham Limited

Notes to the financial statements

For the year ended 31 December 2015

1. Accounting policies (continued)

levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

j) Turnover

Turnover is stated net of VAT and trade discounts and is recognised when the significant risks and rewards are considered to have been transferred to the buyer. Turnover from the sale of goods is recognised when the goods are physically delivered to the customer. Turnover from the supply of services represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the fair value of the consideration received or receivable.

k. Employee benefits

The Company recognises a cost equal to their contribution payable for the period in their profit or loss. For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

l. Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date.

Exchange differences are recognised in profit or loss in the period in which they arise except for:

- exchange differences on transactions entered into to hedge certain foreign currency risks (see above); and
- exchange differences arising on gains or losses on non-monetary items which are recognised in other comprehensive income.

m. Leases

The Company as lessee

Assets held under finance leases, hire purchase contracts and other similar arrangements, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets at the fair value of the leased asset (or, if lower, the present value of the minimum lease payments as determined at the inception of the lease) and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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Notes to the financial statements

For the year ended 31 December 2015

2. Critical accounting judgements and key sources of estimation uncertainty (continued)

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Company's accounting policies

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Impairment of property, plant and equipment

Determining whether the Company's investments in property, plant and equipment have been impaired requires estimations of the property, plant and equipment's values in use. The value in use calculations require the entity to estimate the future cash flows expected to arise from the property, plant and equipment and suitable discount rates in order to calculate present values. The carrying amount of property, plant and equipment at the balance sheet date was £ 6,779,819 with no impairment loss recognised in 2015 or 2014.

Key source of estimation uncertainty – impairment of intangible assets

Determining whether intangible assets are impaired requires an estimation of their value in use to the Company. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the intangible asset and a suitable discount rate in order to calculate present value. The carrying amount of intangible assets at the balance sheet date was £333,461 with no impairment loss recognised in 2015 or 2014.

3. Turnover and revenue

The Company operates in one business segment only.

An analysis of the Company's turnover by geographical market is set out below.

	2015 £	2014 £
Turnover sales of good:		
United Kingdom	43,049,411	42,058,296
	<u>43,049,411</u>	<u>42,058,296</u>

Turnover relates wholly to the sale of goods

4. Finance costs

	2015 £	2014 £
Interest payable to group companies	(328,367)	(139,245)
	<u>(328,367)</u>	<u>(139,245)</u>

ArcelorMittal Tailored Blanks Birmingham Limited

Notes to the financial statements

For the year ended 31 December 2015

5. Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging/(crediting):

	2015 £	2014 £
Depreciation of tangible fixed assets (note 10)	724,235	1,193,159
Operating lease rentals	103,346	125,397
Foreign exchange gain	(18,519)	(242,735)
Amortisation of intangible assets (note 9)	97,580	22,686
Cost of stock recognized as expense	34,084,214	34,157,167
Stock provision	136,477	25,026

6. Auditor's remuneration

Fees payable to Deloitte LLP for the audit of the Company's annual financial statements were £14,400 (2014: £8,061). Fees payable for the non-audit works were nil (2014: nil).

7. Staff numbers and costs

The average monthly number of employees (including executive directors) was:

	2015 Number	2014 Number
Production	72	62
Quality	5	3
Administration	30	22
	<u>107</u>	<u>87</u>

Their aggregate remuneration comprised:

	2015 £	2014 £
Wages and salaries	3,662,184	2,873,688
Social security costs	262,351	202,582
Other pension costs	110,250	83,914
	<u>4,034,785</u>	<u>3,160,184</u>

Directors' emoluments are paid by the parent company, ArcelorMittal Tailored Blanks NV

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Notes to the financial statements

For the year ended 31 December 2015

8. Tax on profit on ordinary activities

The tax charge comprises:

	2015 £	2014 £
Current tax on profit on ordinary activities		
UK corporation tax	(151,204)	(203,172)
Adjustments in respect of prior years		
UK corporation tax	(14,355)	85
Total current tax	(165,559)	(203,087)
Deferred tax		
Origination and reversal of timing differences	(14,766)	83,919
Effect of increase in tax rate on opening liability	825	8
Effect of tax rate change on opening balance	(1,870)	-
Total deferred tax	(15,811)	83,927
Total tax on profit on ordinary activities	(181,370)	(119,160)

The standard rate of tax applied to reported profit on ordinary activities is 20.25 per cent (2014: 21.49 per cent).

The difference between the total tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows

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Notes to the financial statements

For the year ended 31 December 2015

Profit on ordinary activities before tax	717,875	547,4
Tax on profit on ordinary activities at standard UK corporation tax rate of 20.25 per cent (2014: 21.49%)	(145,345)	(110,7
Effects of:		
- Fixed asset differences	(24,038)	65,5
- Expenses not deductible for tax purposes	(2,239)	
- Timing differences	(7,606)	
- Change in unrecognised deferred tax assets	10,305	
- Adjustments to tax charge in respect of previous periods	(12,447)	(157,9
Total tax charge for period	(181,370)	(203,0

9. Intangible fixed assets

	Computer Software
	2015
	£
At 1 January 2015	673,470
Additions	-
At 31 December 2015	673,470
Amortisation	
At 1 January 2015	242,429
Charge for the year	97,580
At 31 December 2015	340,009
Net book value	
At 31 December 2015	333,461
At 31 December 2014	431,041

ArcelorMittal Tailored Blanks Birmingham Limited

Notes to the financial statements

For the year ended 31 December 2015

10. Tangible fixed assets

	Freehold Land and buildings £	Plant and machinery £	Fixtures and fittings £	Payments on account and assets in the course of construction £	Total £
Cost or valuation					
At 1 January 2015	3,032,582	8,656,209	158,833	810,670	12,658,294
Additions	-	13,386	-	609,582	622,968
At 31 December 2015	<u>3,032,582</u>	<u>8,669,595</u>	<u>158,833</u>	<u>1,420,252</u>	<u>13,281,262</u>
Depreciation					
At 1 January 2015	52,690	5,641,171	83,347	-	5,777,208
Charge for the year	79,035	627,343	17,857	-	724,235
At 31 December 2015	<u>131,725</u>	<u>6,268,514</u>	<u>101,204</u>	<u>-</u>	<u>6,501,443</u>
Net book value					
At 31 December 2015	<u>2,900,857</u>	<u>2,401,081</u>	<u>57,629</u>	<u>1,420,252</u>	<u>6,779,819</u>
At 31 December 2014	<u>2,979,892</u>	<u>3,015,038</u>	<u>75,486</u>	<u>810,670</u>	<u>6,881,086</u>

At 31 December 2015 the net book value of freehold land and buildings includes land of £740,567 (2014: £740,567). Freehold and leasehold land and buildings were not valued to fair value at 31 December 2015, and is held at cost.

11. Stocks

	2015 £	2014 £
Raw materials and consumables	1,987,680	6,699,098
Work in progress	894,492	948,374
	<u>2,882,172</u>	<u>7,647,472</u>

12. Debtors

	2015 £	2014 £
Amounts falling due within one year:		
Amounts owed by group undertakings	3,140,862	8,293,260
Trade debtors	935,221	-
Prepayments and accrued income	421,953	977,420
	<u>4,498,036</u>	<u>9,270,680</u>

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Notes to the financial statements

For the year ended 31 December 2015

Increase in the trade debtors' balance is due to the sale of scrap materials as a result of stock take in 2015.

13. Creditors: amounts falling due within one year

	2015 £	2014 £
Trade creditors	428,033	271,928
Amounts owed to group undertakings	985,132	3,693,993
Corporation tax	354,376	174,149
Other taxation and social security	143,140	130,809
VAT payable	420,586	1,022,774
Accruals and deferred income	1,697,913	1,598,279
	<u>4,029,180</u>	<u>6,891,932</u>

14. Creditors: amounts falling due after more than one year

	2015 £	2014 £
Amounts owed to group undertakings	8,000,000	8,000,000
	<u>8,000,000</u>	<u>8,000,000</u>

The borrowing facility from inter-company loan is subject to floating interest rates linked to LIBOR.

15. Provisions for liabilities

	Deferred taxation £
At 1 January 2015	(17,872)
Charged to profit and loss account	15,811
	<u>(2,061)</u>
At 31 December 2015	<u>(2,061)</u>

Deferred tax

Deferred tax is provided as follows:

	2015 £	2014 £
Accelerated capital allowances	-	(10)
Other timing differences	(2,061)	(17,862)
Provision for deferred tax	<u>(2,061)</u>	<u>(17,872)</u>

The corporation tax rate has been reduced from 20.25% to 18% with effect from 1 April 2016. As such, in accordance with FRS 102, the rate of 18% is used for the calculation of the deferred tax position at 31 December 2015 on the basis that it will materially reverse after 1 April 2016.

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Notes to the financial statements

For the year ended 31 December 2015

Deferred tax assets and liabilities are offset only where the Company has a legally enforceable right to do so and where the assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity or another entity within the Company.

16. Called-up share capital and reserves

	2015 £	2014 £
Allotted, called-up and fully-paid 10,000,000 ordinary shares of £1 each	10,000,000	10,000,000
	<u>10,000,000</u>	<u>10,000,000</u>

The Company has one class of ordinary shares which carry no right to fixed income.

In 2014, the company increased its share capital by 8 million new shares at £1.00 each to help fund the merger of the two ArcelorMittal entities.

17. Financial commitments

Total future minimum lease payments under non-cancellable operating leases are as follows:

	Land and buildings		Other operating leases	
	2015 £	2014 £	2015 £	2014 £
Leases which expire:				
Within one year	-	122,421	45,530	131,584
Between one and five years	-	-	134,215	-
After five years	-	-	-	-
	<u>-</u>	<u>122,421</u>	<u>179,745</u>	<u>131,584</u>

18. Employee benefits

Defined contribution schemes

The Company operates defined contribution retirement benefit schemes for all qualifying employees. The total expense charged to profit or loss in the period ended 31 December 2015 was £110,250 (2014: £83,914).

19. Related party disclosure

Exemption has been claimed under Financial Reporting Standard 102 Section 33 "Related party disclosures" regarding the disclosure of group transactions and transactions with associated companies on the basis that the company is a wholly owned subsidiary of a parent who prepares consolidated financial statements which are publicly available.

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Notes to the financial statements

For the year ended 31 December 2015

20. Events after the balance sheet date

No adjusting events have occurred between the balance sheet date and the date of signing of these financial statements.

21. Ultimate Parent Company

The financial statements of the company are consolidated into the group financial statements of Arcelor Mittal Tailored Blanks NV, a company registered in Sluispark Offices, Verlorenbroodstraat 122 b4, 9820 Merelbeke, Belgium. ArcelorMittal Tailored Blanks NV is the smallest group preparing consolidated financial statements including this entity for the year ended 31 December 2015.

ArcelorMittal S.A. is the ultimate controlling party of this company and is the largest group preparing consolidated financial statements including this entity for the year ended 31 December 2015.

Copies of the ArcelorMittal S.A. consolidated financial statements may be obtained from the Company Secretary, ArcelorMittal S.A, 19, Avenue de la Liberte, Grand-Duchy of Luxembourg.

22. Explanation of transition to FRS 102

This is the first year that the Company has presented its financial statements under Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. The following disclosures are required in the year of transition. The last financial statements under previous UK GAAP were for the year ended 31 December 2014 and the date of transition to FRS 102 was therefore 1 January 2014. Accounting policies have not changed as a consequence of adopting FRS 102 and there was no impact arising on the transition.

Reconciliation of equity

Note	At 1 January 2014 £	At 1 December 2014 £
Equity reported under previous UK GAAP	10,076,695	9,540,190
Adjustments to equity on transition to FRS 102	-	-
Equity reported under FRS 102	10,076,695	9,540,190

Notes to the reconciliation of equity at 1 January 2014

Reconciliation of profit or loss for 2014

Note	£
Profit for the financial year under previous UK GAAP	428,339
Adjustment	-
Profit for the financial year under FRS 102	428,339