

CONSOLIDATED FINANCIAL STATEMENTS

as at 31 December 2016

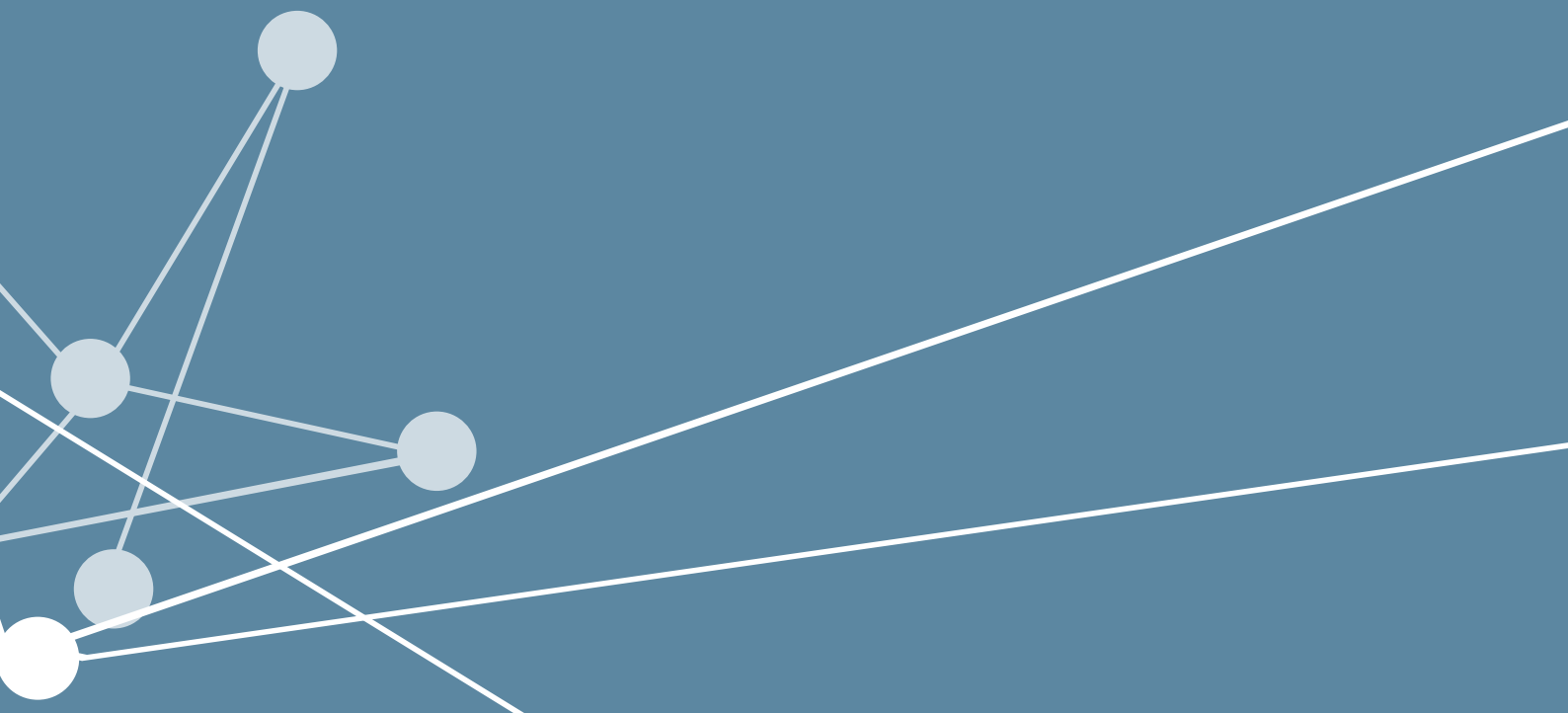
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ARCELORMITTAL CLN DISTRIBUZIONE ITALIA SRL

Corso Susa 13/15 • 10040 Caselette (TO) Italy
Fully Paid-up Share Capital € 60,010,000
R.E.A. n. TO-1197930 Registro Imprese di Torino
VAT: IT11233970018





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CORPORATE BODIES of ArcelorMittal CLN Distribuzione Italia srl

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BOARD OF DIRECTORS

CHAIRMAN	<i>Gabriele Perris Magnetto</i>
MANAGING DIRECTOR	<i>Gabriele Perris Magnetto</i>
DIRECTORS	<i>Giandionigi Ghislanzoni</i>
	<i>Cesare Alessandro Viganò</i>
	<i>Vijay Goyal</i>
	<i>Alain Marie Legrix de la Salle</i>
	<i>José Manuel Arias García</i>

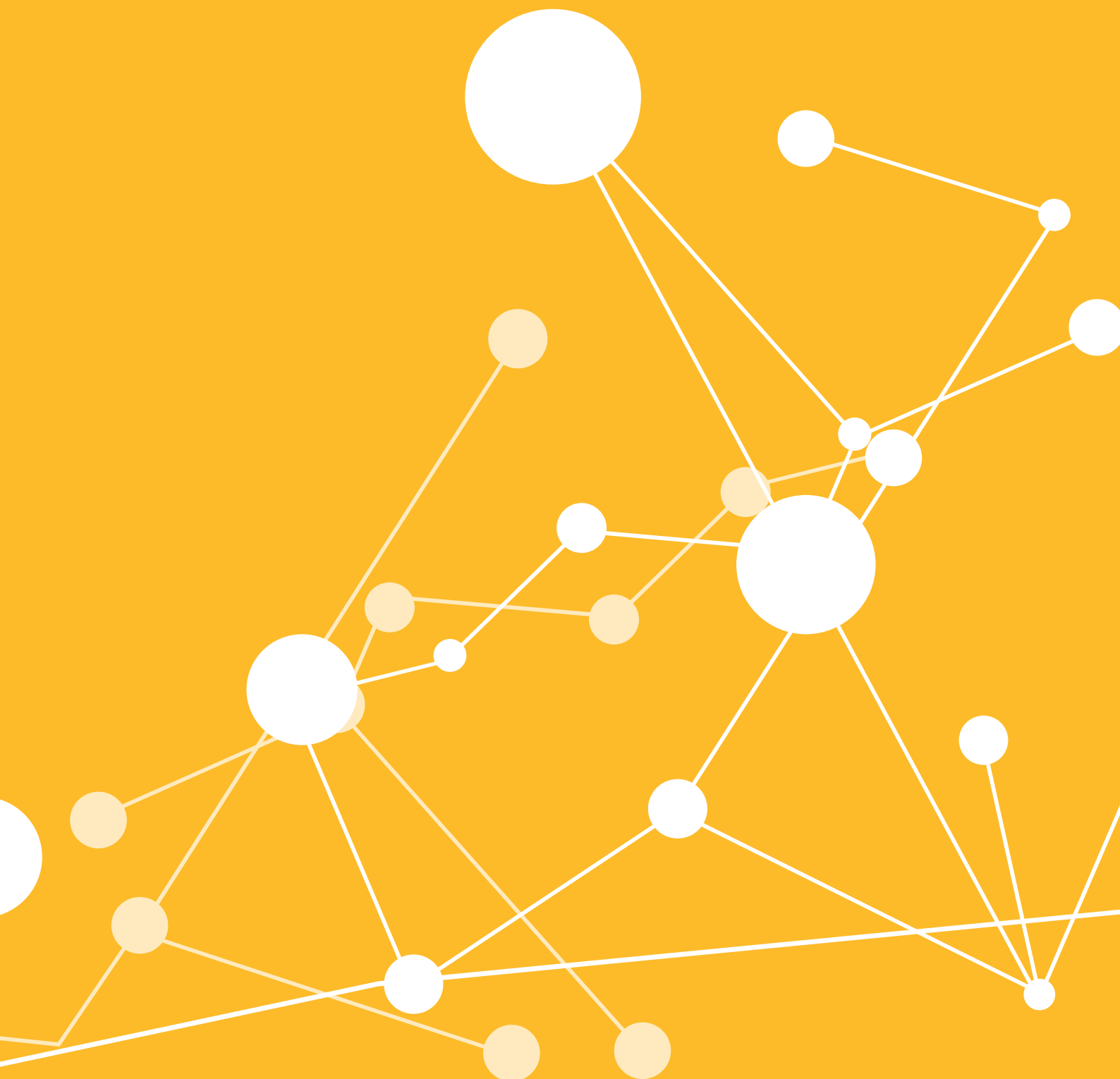
BOARD OF AUDITORS

CHAIRMAN	<i>Mauro Messi</i>
STATUTORY AUDITORS	<i>Maria Venturini</i>
	<i>Colin Johnston</i>
SUBSTITUTE AUDITORS	<i>Alessandra Odorisio</i>
	<i>Luca Longobardi</i>

AUDIT COMPANY

<i>Deloitte & Touche S.p.A.</i>

MANAGEMENT REPORT



LETTER TO SHAREHOLDERS

Dear Shareholders,

2016 was the Group's second year of operations, which followed the 2015 merger between the Italian distribution structures of the ArcelorMittal Group and the CLN Group.

We remind you that the parent company ArcelorMittal CLN Distribuzione Italia srl ("AMCLN") was born from the creation of a joint venture and that it is among the main players in the distribution of carbon steel in Italy by volume of activity and market share.

This operation has enabled the generation of significant synergies which took shape in 2016 through the acquisition of the Ciocca Lamiera business unit on 1 April 2016; the acquisition of 100% of the shares of the French company Acierplus on 1 December 2016; PRO-CAN's purchase of more shares of Delna from OFFICINA GRAFFIGNANA on 6 December 2016; the merger of PRO-CAN into AMCLN on 21 December 2016 and the consequent direct control of Delna shares; the transfer of machinery to Metallurgica Graffignana and the subsequent entry of their 25% into the company structure.

Looking into the results achieved, the financial year which ended on 31 December 2016 records a net profit of 555,455 Euros, of which 228,492 Euros belong to the AMCLN Group, after current taxes of 4,972,978 Euros, against revenues from sales and services of 600,783,768 Euros.

To better understand the results achieved by the Group in 2016 it is appropriate to briefly summarize the market in which it operated.

THE STEEL MARKET

In 2016 world steel production was once again measured at approximately 1.6 billion (WSA data). It is important once again to stress the very high values expressed by Asiatic productions, particularly by China, which alone holds 50% of total world production, with a positive trend of +0.5% compared to 2015.

In Europe (EU-28) there was a 2.5% drop in production (from 166 million to 162 million tonnes, approximately 10% of the total world output), while in Italy there was a trend against the market marked by an increase of 6% compared to the previous year, independently from the ongoing difficulties experienced by the largest Italian producer, which used a very low portion of its productive capacity.

The growth in demand was driven by the improvement in the automotive sector, with a strong increase in the purchase prices of coils from the very low prices at the end of 2015, which basically doubled by the end of 2016, with increases of 250 €/t in Italy, independently from the ongoing and strong production overcapacity at a global level which was partially counterbalanced by the antidumping investigation procedures started by the EU against some Third Countries and China in particular.

OPERATIONS ON THE SCOPE OF CONSOLIDATION

During the analysis period, there were changes in the scope of consolidation of the AMCLN Group: on 1 December 2016, AMCLN srl acquired 100% of Acierplus sas shares at a price of 1,001 Euros adding it to the Group's scope of consolidation. It is a "NewCo" owned by ArcelorMittal Distribution Solutions France – Solustil division, which includes three secondary processing production plants located in France at Biars, Chateaubriant and Héricourt and a logistics center at Ancenis.

Furthermore, on 21 December 2016, the merger of Pro-Can Srl into AMCLN srl was formalized with retroactive accounting and tax effects to 1 January 2016, which did not affect the scope of consolidation compared to the previous year. Following the aforementioned merger, the shares of Delna SpA held by Pro-Can Srl (equal to 72.75%) went to AMCLN srl.

OUTLOOK FOR FINANCIAL YEAR 2017

During financial year 2017 AMCLN Group shall be engaged in a process of optimization aimed at compacting its commercial organization, recognizing opportune synergies therein. The year will also entail the involvement in other external growth projects aimed at widening its business scope and at consolidating its market share in the distribution of flat carbon sheet metals.

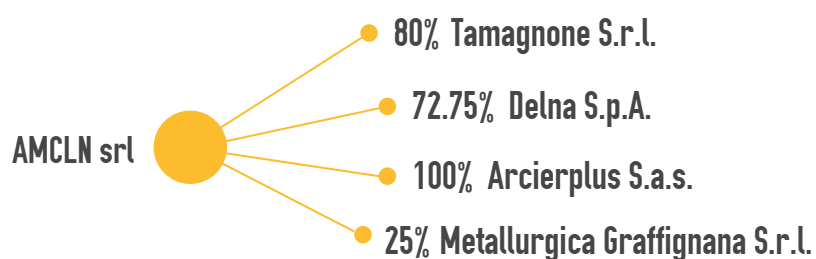
The maintenance and renovation of production plants shall continue to be the subject of attention in 2017, when they shall be upgraded with the most recent technological innovations and a level of production and quality such as to retain the loyalty of the company's clients.

To this end interventions are foreseen in various areas, aimed at preventing disruptions associated with the age of the equipment, as well as making the use of the plants safer from the viewpoint of workers' safety and environmental protection.

AMCLN Group operates in the following different businesses:

- Steel distribution Service Centres (AMCLN Distribuzione Italia srl and Metallurgica Graffignana S.r.l.)
- Production of industrial steel semi-finished products (Acierplus sas)
- Pickling (Delna S.p.A.)
- Transport and direct and indirect storage service (Tamagnone S.r.l.)

The following graphic shows the Group's legal structure as at 31 December 2016.



SIGNIFICANT EVENTS OF 2016

Among the outstanding events, which characterized financial year 2016, the following should be mentioned:

APRIL	DECEMBER
<p>The Ciocca Lamiere SpA business unit, a Lombardy local general service center, was acquired on 1 April 2016, by renting the Arcore plant and acquiring production assets and inventory.</p>	<p>The first of December marked the acquisition of Acierplus sas, a NewCo owned by ArcelorMittal Distribution Solutions France - Solustil division, which includes the transfer of three secondary processing production plants located in France at Biars, Chateaubriant and Héricourt and a logistics center at Ancenis.</p>

ECONOMIC AND FINANCIAL PERFORMANCE

RECLASSIFIED PROFIT AND LOSS STATEMENT AMCLN GROUP

AMCLN Group

Financial year 2016 closed with a turnover of 611 million Euros and an EBITDA equal to 27 million Euros.

Reclassified profit and loss statement AMCLN Group

€/000	31.12.2016	1.4 / 31.12.2015
TURNOVER	611,280	467,553
Gross operating margin (EBITDA)	27,480	20,843
% turnover	4.50%	4.46%
Operating Earnings (EBIT)	9,462	8,006
% turnover	1.55%	1.71%
Net financial income	(3,934)	(4,279)
Pre-tax result (EBT)	5,528	3,727
% turnover	0.90%	0.80%
Income taxes	(4,973)	(3,392)
Net Profit for the Group and Third Parties (EAT)	555	335
% turnover	0.09%	0.07%

Reclassified balance sheet

€/000	31.12.2016	1.4 / 31.12.2015
Net trade receivables	90,324	91,944
(Net trade payables)	(184,373)	(147,083)
Closing stock	145,381	122,613
Other current assets/(Liabilities)	(11,700)	(31,081)
NET WORKING CAPITAL	39,632	36,393
Net Tangible Fixed Assets	98,680	101,121
Net Intangible Fixed Assets	39,159	42,821
Equity investments and non-current receivables	1,248	273
Reserves	(11,613)	(6,444)
Deferred tax assets/(Liabilities)	(3,308)	(2,136)
NET INVESTED CAPITAL	163,798	172,028
SHAREHOLDER'S EQUITY	69,573	66,604
MINORITY INTERESTS	6,007	6,440
Group SHAREHOLDER'S EQUITY	63,565	60,164
(Liquid assets)	(11,461)	(4,720)
(Investment securities)	(7,131)	(7,129)
Short-term loans	100,914	110,875
Long-term loans	11,902	6,398
NET FINANCIAL DEBT	94,225	105,424
BORROWINGS	163,798	172,028

MAIN INCOME AND CASH FLOW INDICATORS

The main indicator of income for AMCLN Group is represented by the EBITDA, whereas the main cash flow indicator is represented by the Net Financial Debt (as explained in the reclassified income and equity statements shown above). Other relevant indicators regarding income and cash flow are provided below.

ROE - RETURN ON EQUITY (NET PROFIT/NET EQUITY)

It shows in summary corporate profitability, meant as the remuneration of equity invested by shareholders.

	Year 2016	Year 2015
ROE	0.80%	0.55%

ROI - RETURN ON INVESTMENT (EBIT/NET INVESTED CAPITAL)

It shows in summary the company's characteristic turnover, therefore excluding the financial and extraordinary component, respect to the net invested capital.

	Year 2016	Year 2015
ROI	5.78%	4.84%

ROS- RETURN ON SALES (EBIT/REVENUES FROM SALES)

It shows in summary the capability of sales to produce income.

	Year 2016	Year 2015
ROS	1.55%	1.72%

EQUITY/INVESTED CAPITAL

It shows the ratio between Shareholder's Equity and Invested Capital.

	Year 2016	Year 2015
Equity/Invested Capital	38.92%	36.33%

CURRENT ASSETS TO CURRENT LIABILITIES RATIO

It shows the capacity of current assets (trade debtors, short-term investments and liquid assets) to cover the Current Liabilities (trade creditors and financial liabilities).

	Year 2016	Year 2015
Current assets/Current liab.	0.87	0.74

Although the indicator is below 1, we do not, however, perceive a situation of tension as the level of stock realizability is high and transformation times are short.

INDEX OF COVER OF THE CAPITAL ASSETS.

It shows the portion of non-current assets funded by Equity.

	Year 2016	Year 2015
Equity/Fixed Assets	43.47%	41.72%

The “other securities” classified among the “long-term investments” were excluded when determining this ratio, in accordance with the approach explained previously in the comment on the Current assets to current liabilities ratio.

MAIN RISKS AND UNCERTAINTIES TO WHICH THE GROUP IS SUBJECTED

RISKS OF A FINANCIAL NATURE

AMCLN Group is exposed to risks of a financial nature related to its operations; these are constantly monitored in order to mitigate the effects thereof:

- **Credit risk**, in relation to normal trade relations with clients and loan activities.
- **Liquidity risk**, with particular reference to the availability of financial resources and access to the credit market.
- **Financial risks** (mainly related to interest rates) inasmuch as AMCLN is potentially exposed to variations in interest rates.

CREDIT RISK

The greatest theoretical exposure to credit risk for AMCLN Group as at 31 December 2016 is represented by the book value of the receivables shown in the financial statements.

The Group adopts specific business policies aimed at monitoring its clients' solvency and disposes of receivables with factoring companies and securitization companies on the basis of agreements without recourse, thereby transferring the related risk.

The Group has chosen to proceed with insuring its receivables, albeit adopting internal business policies aimed at monitoring the solvency of its clients, as well as specific appropriations when there is an objective condition of partial or total unenforceability that is not guaranteed by the insurance.

LIQUIDITY RISK

The main factors affecting the situation regarding liquidity of AMCLN Group are partly the resources generated and absorbed by operational management and partly those used in investments made for development and the debt service. The Group constantly monitors the trend in liquid assets, financial flows (final and predicted) and available lines by means of reports by the treasury. In particular, as of 31 December 2016, the liquid assets (including restricted securities in the portfolio) amount to 11,460,923 Euros, whereas payables owed to banks within twelve months amount to 100,258,112 Euros and those after more than 12 months amount to 11,902,173 Euros.

INTEREST RATE RISK

AMCLN Group carries out advances on invoices/RIBA transactions subject to collection on a recurrent basis which originate from its commercial activity and also recurs to other technical forms of funding, both short-term (hot money, import/export funding) and in the medium and long term usually at variable interest rates.

Variations in the levels of market interest rates therefore affect the level of the net financial charges.

BUSINESS RISKS

The Group is exposed to some risks associated to its procurement and outlet markets, mainly:

- **The price of steel:** volatility in particular which produces significant and repeated variations in the price of raw material, which can lead to exposure to the risk of not being able to quickly reverse such dynamics onto the end client. One must remember, in particular, that while the price of steel proves to be strongly influenced by “global” dynamics (cost of iron mineral, scrap, carbon and the demand of steel in emerging markets), the end demand for processed steel is strongly influenced by “local” dynamics of consumption and existing competition.

- **Risks associated to the trend in consumption within the main end sectors of use**, such as constructions, the automotive and electrical appliance sectors, which are correlated to the uncertainty of the macroeconomic framework, such as the increase and decrease of the gross national product, the level of consumer loyalty and that of companies, trend in interests rates for consumer credit and in the Euro/Dollar exchange rate, factors which are always defining in the dynamics of the purchase of long-lasting goods.

RISKS ASSOCIATED WITH THE RESTRICTIONS IMPOSED IN RELATION TO HEALTH AND SAFETY

The production activity carried out (above all for Delna S.p.A.) and resulting products are subject to several restrictions laid down by standards and regulations regarding the environment which envisage strict regulations concerning waste disposal, drainage water, emission of gases into the atmosphere and contamination of land, as well as on the matter of prevention and safety at the workplace.

Internal control procedures have constantly observed developments in the norms concerning this issue and have implemented all actions that have become necessary in order to promptly implement the prescribed provisions, also recurring to the services of external consultants.

INFORMATION CONCERNING RELATIONS WITH THE ENVIRONMENT AND SAFETY

The Group carries out its activity in compliance with the provisions in force on the matter of environmental protection with reference to the sectors to which it belongs. In particular, we point out that the activity carried out, due both to the materials treated for energy consumption and produced waste, can be considered as of low environmental impact.

As regard the REACH normative, based on European Regulation EC no. 1907/2006 (introduction of a system of registration, assessment and authorization regarding chemical substances in circulation within the territory of the European Union), as regards such normative, AMCLN Group is placed as a “downstream user” inasmuch as it does not buy, use or import chemical substances standardized by the latter for its manufacturing processes. It therefore periodically requests that its suppliers provide REACH declarations of conformity and monitors the updates in the Candidate List (a list issued by ECHA regarding forbidden substances) and sending such declarations to its clients.

AMCLN Group carries out its activity in compliance with the provisions in force on the matter of environmental protection and occupational health and safety.

As regards the environment, we stress that the activity performed, both with reference to energy consumption, emissions and produced waste can be considered as of low environmental impact. Therefore, during the course of the financial year no damage to the environment occurred and the Company has not been inflicted with fines or sanctions for such reason.

During 2016, it took steps to create homogeneity in its objectives and methodologies on the matter of safety with a view to achieving its main objective of “zero injuries” by means of the following activity guidelines:

- Guarantee the protection of health and prevention or risks in observance of the normative in force.
- Identify the appropriate measures of prevention and protection in order to reduce the risk of events entailing injuries as much as possible.
- Provide corporate management with an efficient and effective management system allowing the permanent identification and management of emerging problems as well as an orderly flow of information capable of adequately supporting decision-making and operational responsibilities.

- Increase the involvement, motivation and awareness of personnel.
- Increase efficiency and performance with a view to continuous improvement.
- Improve its internal and external image, therefore have greater reliability with regard to clients, suppliers and supervisory entities/authorities.
- Progressively reduce the costs of health and safety at the workplace.

Furthermore, the Safety Policy adopted and divulged by AMCLN Group establishes that the protection of Health and Safety is to be considered as a priority and precise responsibility of the entire corporate hierarchy, as well as a constant commitment to be applied to all activities. The Group's objective is aimed at reducing and preventing injury and professional sickness.

Such principles are realized by means of identifying annual objectives of reduction – constant and gradual – in injuries and the related indicators compared to the previous year until reaching zero accidents.

In this regard, it is to be noted that in 2016 nine (Monza, Arcore, Osimo, Marcon, San Giorgio di Nogaro, Rieti, Atella, Quarto Inferiore, Nichelino) out of twelve plants reached or confirmed the “zero injuries” target, a goal set by AMCLN concerning safety at work. In particular, the Marcon, San Giorgio di Nogaro, Rieti and Atella sites reached the enviable goal of 1000 days without injuries at work.

The commitment of the Management of AMCLN Group to reach and maintain the results is also expressed by means of a continuous improvement and identification of new instruments to be adopted and applied. The consolidation of good results regarding such issue must not represent a point of arrival but rather a starting point. Indeed, it shall be necessary to continue to work on the behavioural aspect, which now constitutes the most significant added value for dealing with the matter of health and safety in the various facilities. Indeed, the involvement of employees and, in particular, supervisors (the link between corporate management and workers), represents a direct channel so that environment and safety are not abstract arguments, but become something real, concrete and tangible also, and, above all on the part of the supervisors. Only in this way shall it be possible for the latter to believe in the project and become a fundamental and essential part thereof in order to reduce the risk of injuries to zero.

The instruments used to be able to reach the set objectives on the matter of health and safety are:

1. Training for personnel that must be specific, periodic and effective.
2. An analysis of injuries required for identifying the causes originating the event.
3. An analysis of incidents and dangerous situations in order to reduce opportunities for injury.
4. An assessment of the risks per single activity.
5. Safety inspections in order to monitor the correct application of rules and procedures.
6. A safety audit to establish new prompts for improvement.
7. Suggestions from employees so that supervisors become proactively involved on the matter of safety.

The commitment of the Management of the Group to reach and maintain the results is also expressed by means of a continuous improvement and identification of new instruments to be adopted and applied.

In this regard, we wish to mention that during 2016 AMCLN srl obtained the extension of its OHSAS 18001 certification to the Quarto Inferiore site. Furthermore, during 2016 it spontaneously decided to remove and replace the roof of the Atella plant, which, although it did not constitute a hazard for workers, contained asbestos fibres.

RESEARCH AND DEVELOPMENT ACTIVITIES

The Group carried out some research and development activities aimed at improving its production processes and products.

RELATIONS WITH ASSOCIATED COMPANIES

Relations between the Group companies are governed under market conditions. Relations between AMCLN srl and its subsidiaries and associated companies, as well as between such companies, are of a commercial and financial nature.

A summary table is shown below which highlights financial relations which took place during the year between the Group and the associated companies:

TRADE PAYABLES

€	31.12.2016	31.12.2015
MW ITALIA S.r.l.	-	71,092
MFB S.r.l.	23,413	52,191
MA France	-	55,629
MW France	69,025	69,025
MAC S.p.A.	-	170,457
MA S.r.l.	9,760	18,662
ITLA S.r.l.	1,524,709	118,915
DPMP TYCHY	-	122,560
LIMA S.p.A.	10,744	10,744
UM CORPORATION S.A.S.	42,650	-
EUROSTAMP S.A.S.	48,953	-
CLT S.r.l.	13,267	-
NICHELINO IMMOBILIARE SRL	76,860	-
ARCELORMITTAL LOGISTIC ITALIA SRL	852,831	1,508,377
ARCELORMITTAL CENTRE DE SERVICE	3,114	93,421
ARCELORMITTAL COMMERCIAL ITALY	78,392,796	67,828,175
ARCELORMITTAL DISTRIBUZIONE IT	-	10,465
ARCELORMITTAL DISTRIBUTION SOLUTION	-	118,200
ARCELORMITTAL EUROPE	30,193	52,604
ARCELORMITTAL PIOMBINO SPA	7,223	-
APERAM STAINLESS SERVICES	30,686	-
APERAM STAINLESS ITALY S.r.l.	55,929	-
ARCELORMITTAL FLAT CARBON EUROPE	36,250,444	39,737,048
Total trade payables	117,442,597	110,037,565

TRADE RECEIVABLES

€	31.12.2016	31.12.2015
OMV S.p.A.	1,031,844	420,026
GIANETTI RUOTE S.r.l.	5,169,168	3,512,261
MW ITALIA S.r.l.	1,001,382	712,994
MW AFTERMARKET S.r.l.	12,824	-
Lima S.p.A.	45,088	45,088
MFB S.r.l.	1,272,899	2,366,190
C T L S.r.l.	498,888	511,575
Wagon Automotive S.r.l.	-	-12,578
CELLINO S.r.l.	706,138	514,958
CELMAC S.r.l.	865,100	2,942,139
EMARC S.p.A.	25,419	142,130
PMC AUTOMOTIVE ITALIA S.r.l.	135,550	199,037
MA S.r.l.	6,312,155	6,228,198
MAC S.r.l.	-	-30,116
JBM MA AUTOMOTIVE	32,249	32,904
MW WHEELS SA (PTY)	2,000	2,000
MA AUTOMOTIVE SOUTH	6,203	6,203
C.L.N. SERBIA D.O.O.	338,144	287,509
DELFO POLSKA S.A.	-	10,802
EUROSTAMP S.A.S.	78,640	30,710
MA FRANCE	1,525	151,127
MA AUTOMOTIVE DEUTSCHLAND	52,154	358,756
MW ROMANIA SA	50,340	12,577
UM CORPORATION S.A.S.	-	37,442
ALMASIDER DOO	303,772	584,367
C.L.N. SLOVAKIA S.R.O.	1,104,752	160,145
DP METAL PROCESSING POLSKA	183,876	143,058
CLN POLSKA SP. Z O.O.	167	199,366
ITLA S.R.L.	878,915	891,306
INTEK CM S.R.L.	62,825	34,293
ARCELORMITTAL CENTRES DE SERVICES	346,616	-
ARCELORMITTAL LOGISTIC ITALIA SRL	463,884	-
MG SRL	4,296	-
ARCELORMITTAL DISTRIBUTION	921	-
ARCELORMITTAL ATLANTIQUE & LOR	13,234	-
ARCELORMITTAL MEDITERRANEE	37,915	-
ARCELORMITTAL BREMEN GMBH	14,909	-
IMMOBILIARE GRASSOBBIO S.R.L.	1,071	-
NICHELINO IMMOBILIARE S.R.L.	159,032	238,519
RIZZATO NASTRI ACCIAIO S.p.A.	8,118	8,118
FAM MA S.A.	3,802	-
Total due from associated companies	21,225,814	20,741,104

SIGNIFICANT EVENTS THAT OCCURRED AFTER THE CLOSE OF THE FINANCIAL YEAR

On 11 January 2017, AMCLN finalized the acquisition of 50% of the shares of Metallurgica Graffignana Srl, and now it holds a 75% stake in the company, according to the initial agreements with the Company's member, which will see completion of the operation with a 100% acquisition at the end of 2017.

On 28 March 2017, the letter for the exercise of pre-emption right for the purchase of 2.74% of shares of Delna SpA from MA Srl was approved; upon completion of the transaction, the stake owned will amount to 75.49%.

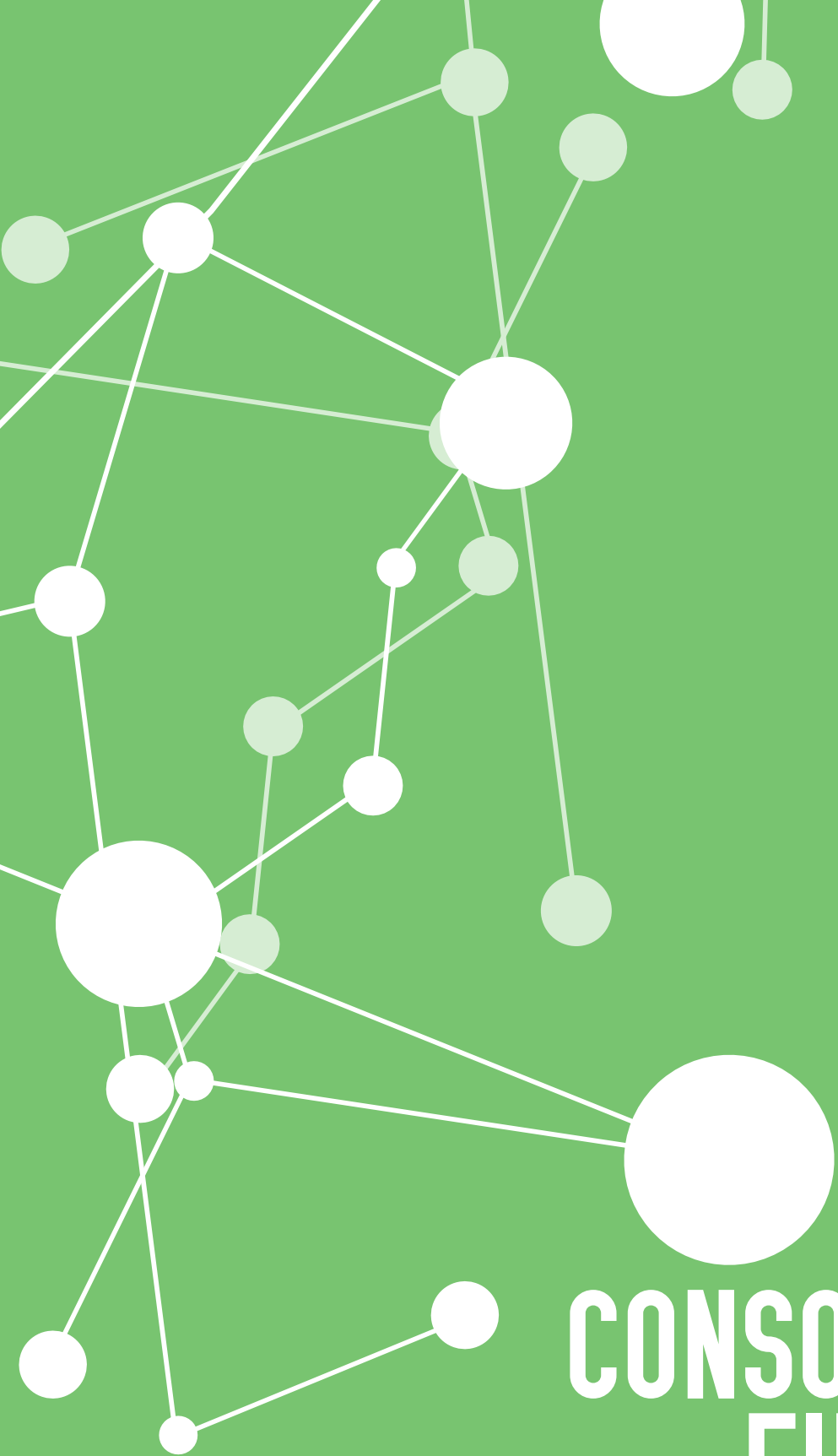
BUSINESS OUTLOOK

During the financial year 2017, AMCLN Group shall still be engaged in a process of optimization of its organization and production footprint, consequent to the establishment of the joint venture, and in an improvement of the effectiveness of its commercial organization, recognizing appropriate synergies therein. The year will also entail the joint venture's involvement in other external growth projects aimed at widening its business scope and consolidating the related market share in relation to the distribution of flat carbon sheet metals.

Concerning operational activities in the first quarter, the restrictive measures adopted by the European Community in the fall of 2016 on steel imports from various countries including China are limiting the sources of supply from third countries. This reduction in supply, coupled with a good level of apparent demand driven by the automotive industry, further strengthened the commercial policy pursued by European steel companies aimed at price increases, which "imposed" on the AMCLN Group the ongoing need to re-align its terms of sale based upon the volatility of purchase prices in order to keep its margins intact within the context of a progressive turnover growth compared to the last months of 2016.

28 April 2017

For the Board of Directors
The Chairman
Gabriele Perris Magnetto



**CONSOLIDATED
FINANCIAL
STATEMENTS
AS AT 31 DECEMBER 2016**

CONSOLIDATED BALANCE SHEET

€

ASSETS	31.12.2016	31.12.2015
PAYMENTS DUE FROM SHAREHOLDERS	-	-
FIXED ASSETS		
I) Intangible fixed assets		
Start-up and expansion costs	4,570	7,702
Research, development and advertising costs	-	-
Industrial patents and intellectual property rights	-	-
Concessions, licenses, trademarks and similar rights	227,494	65,019
Goodwill	30,818,368	33,373,260
Fixed assets under construction and advances	31,239	31,239
Other	975,124	663,339
Differences from consolidation	7,101,864	8,680,715
Total intangible fixed assets	39,158,659	42,821,273
II) Tangible fixed assets		
Land and buildings	52,443,363	54,219,312
Plant and machinery	43,200,851	43,370,461
Industrial and commercial equipment	556,158	588,740
Other tangible assets	1,482,406	1,750,868
Fixed assets under construction and advances	997,008	1,191,339
Total tangible fixed assets	98,679,786	101,120,720
III) Long-term investments		
Equity investments in:		
subsidiaries	-	-
associated companies	1,242,548	-
parent companies	-	-
other companies	4,960	272,945
<i>Total long-term investments</i>	<i>1,247,508</i>	<i>272,945</i>
Receivables:		
due from subsidiary companies	-	-
due from associated companies	-	-
due from parent companies	-	-
due from other companies	4,559	2,520
<i>Total receivables</i>	<i>4,559</i>	<i>2,520</i>
Other securities	7,126,000	7,126,000
Own shares in treasury	-	-
Total long-term investments	8,378,067	7,401,465
Total fixed assets	146,216,512	151,343,458
CURRENT ASSETS		
I) Stock		
Raw materials, ancillary materials and consumables	126,871,629	107,297,785
Work in progress and semi-finished goods	3,912,977	2,053,887
Goods being made to order	-	-
Finished products and goods	14,596,212	13,261,175
Advances paid	-	-
Total stock	145,380,818	122,612,847

(continues)

(follows)

ASSETS	31.12.2016	31.12.2015
II) Receivables		
Trade debtors		
third parties due within 12 months	67,840,463	70,522,355
related parties due within 12 months	21,225,814	20,741,104
third parties after more than 12 months	437,136	556,275
Due from subsidiary companies		
within 12 months	-	-
after more than 12 months	-	-
Due from associated companies		
within 12 months	820,553	-
after more than 12 months	-	-
Due from parent companies		
within 12 months	-	124,235
after more than 12 months	-	-
Tax credits		
within 12 months	16,310,040	1,964,700
after more than 12 months	-	-
Prepaid taxes		
within 12 months	1,133,775	1,933,888
after more than 12 months	-	-
Due from other companies		
within 12 months	-	-
after more than 12 months	-	-
Other debtors		
within 12 months	752,731	900,806
after more than 12 months	2,700	-
Total receivables	108,523,212	96,743,363
III) Short-term investments		
Equity investments	-	-
Other securities	-	-
Own shares in treasury	-	-
Total equity investments	-	-
IV) Liquid Assets		
Bank and postal deposits	11,425,697	4,703,368
Cash and cash equivalents in hand	35,226	16,836
Total liquid assets	11,460,923	4,720,204
Total current assets	265,364,953	224,076,414
ACCRUED INCOME AND PREPAID EXPENSES		
Accruals and deferrals	4,027,524	4,137,528
Total accruals and deferrals	4,027,524	4,137,528
TOTAL ASSETS	415,608,989	379,557,400

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LIABILITIES	31.12.2016	31.12.2015
SHAREHOLDER'S EQUITY		
I) Share capital	60,010,000	60,010,000
II) Share premium account	-	-
III) Revaluation reserves	-	-
IV) Legal reserve	-	-
V) Reserve for own shares in treasury	-	-
VI) Statutory reserve	-	-
VII) Other reserves		
Capital account reserve	-	-
Consolidation reserve	3,172,683	-
Currency conversion reserve	-	-
VIII) Profits (losses) carried forward	154,070	-
IX) Profit (loss) for the period	228,492	154,070
TOTAL SHAREHOLDER'S EQUITY for the Group	63,565,245	60,164,070
Minority interests	6,007,436	6,440,129
TOTAL SHAREHOLDER'S EQUITY	69,572,681	66,604,199
PROVISIONS FOR RISKS AND CHARGES		
Provision for pensions and similar obligations	313,424	290,481
Provisions for taxes, also deferred	4,441,772	4,069,518
Other provisions	5,217,056	1,413,295
Total provisions for risks and charges	9,972,252	5,773,294
STAFF SEVERANCE FUND	6,082,204	4,740,516
PAYABLES		
Debenture loans	-	-
Convertible debentures	-	-
Loans payable to shareholders	-	-
Due to banks		
within 12 months	100,258,112	109,206,186
after more than 12 months	11,902,173	6,397,766
Due to other lenders		
within 12 months	656,287	1,668,877
after more than 12 months	-	-
Advances paid	148	-
Trade creditors		
third parties due within 12 months	66,812,893	36,635,495
related parties due within 12 months	117,442,597	110,037,565
third parties after more than 12 months	-	-
Bills of exchange payable	-	-
Due to subsidiary companies		
within 12 months	-	-
after more than 12 months	-	-
Due to associated companies		
within 12 months	117,194	-
after more than 12 months	-	-
Due to parent companies		

(continues)

(follows)

LIABILITIES	31.12.2016	31.12.2015
within 12 months	-	409,649
after more than 12 months	-	-
Due to other companies		
within 12 months	-	-
after more than 12 months	-	-
Fiscal liabilities		
within 12 months	5,987,735	8,503,563
after more than 12 months	-	-
Due to welfare agencies and social security		
within 12 months	3,341,714	3,039,089
after more than 12 months	757	757
Other creditors		
within 12 months	11,032,455	9,661,269
after more than 12 months	12,317,346	16,754,650
Total payables	329,869,411	302,314,866
ACCRUED LIABILITIES AND DEFERRED INCOME		
Issue premium	-	-
Other accruals and deferrals	112,441	124,526
Total accruals and deferrals	112,441	124,526
TOTAL LIABILITIES	415,608,989	379,557,400

CONSOLIDATED PROFIT AND LOSS STATEMENT

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Consolidated Financial Statements

€	31.12.2016	31.12.2015
A) PRODUCTION VALUE		
Revenues from sales and services	600,783,768	460,225,669
Change in closing stock: work in progress, semi-finished goods and finished products	2,732,165	1,624,681
Changes in goods being made to order	-	-
Work performed for own purposes and capitalized	-	-
Other revenues and income	7,764,341	5,703,057
Total production value	611,280,274	467,553,407
B) PRODUCTION COSTS		
Cost of raw materials, ancillary materials, consumables, goods	500,429,036	382,356,800
Cost of outside services	42,683,897	30,991,899
Use of third party assets	3,318,874	2,035,569
Staff costs		
Wages and salaries	32,960,557	21,359,130
Social charges	11,338,733	8,166,626
Staff severance indemnity	2,040,113	1,502,233
Pensions and post-retirement benefits	37,625	24,947
Other costs	1,739,484	1,695,606
Total staff costs	48,116,512	32,748,542
Depreciation, amortizations and write-downs		
Amortization of intangible assets	5,066,264	3,550,491
Depreciation of fixed assets	12,951,187	9,286,646
Other reductions in value of fixed assets	635,426	-
Write-downs against ST receivables and liquid assets	205,543	652,748
Total amortizations and write-downs	18,858,420	13,489,885
Changes in stock: raw materials, ancillary materials, consumables and goods	(12,690,882)	(3,783,759)
Allocation to risk provisions	-	-
Other provisions	-	763,963
Other management expenses	1,102,235	944,736
Total production costs	601,818,092	459,547,635
Difference between production value and production costs	9,462,182	8,005,772
C) FINANCIAL INCOME AND CHARGES		
Income from equity investments:		
subsidiaries	-	-
associated companies	14	18
parent companies	-	-
other companies	-	-
Total income from equity investments	14	18
Other financial income:		
income from long-term receivables		
subsidiaries	-	-
associated companies	-	-
parent companies	-	-
other companies	1,239	4,873
Total income from long-term receivables	1,239	4,873

(continues)

(follows)

€	31.12.2016	31.12.2015
income from securities held on a long-term basis	-	-
income from securities held on a short-term basis	-	-
other financial income not included above:		
interests and commissions from subsidiary companies	-	-
interests and commissions from associated companies	-	-
interests and commissions from parent companies	-	-
interests and commissions from other companies and miscellaneous income	28,239	37,266
Total other financial income not included above	28,239	37,266
Total other financial income	29,478	42,139
Interest payable and other financial charges:		
subsidiaries	-	-
associated companies	-	-
parent companies	-	-
other Group companies	-	-
other companies	3,963,385	4,304,194
Total interest payable and other financial charges	3,963,385	4,304,194
Gains and losses on exchange rates	144	(16,669)
Total financial income and charges	(3,933,749)	(4,278,706)
D) VALUE ADJUSTMENTS TO INVESTMENTS		
Revaluations:		
of equity investments	-	-
of long-term investments	-	-
other than equity investments	-	-
short-term securities included in the current assets	-	-
other than equity investments	-	-
Total revaluations	-	-
Write-downs:		
of equity investments	-	-
of long-term investments other than equity investments	-	-
of short-term securities included in the current assets other than equity investments	-	-
of financial credits	-	-
<i>Total write-downs</i>	<i>-</i>	<i>-</i>
Total adjustments made to the value of investments	-	-
PRE-TAX RESULT	5,528,433	3,727,066
Current taxes	4,312,537	3,413,860
Prepaid and deferred taxes	660,441	(21,416)
Income tax for the period	4,972,978	3,392,444
PROFITS (LOSSES) FOR THE PERIOD	555,455	334,622
Profit (loss) attributable to minority interests	326,963	180,552
PROFIT (LOSS) FOR THE PERIOD ATTRIBUTABLE TO THE GROUP	228,492	154,070

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FINANCIAL STATEMENT CHART	YEAR 2016	YEAR 2015
Financial flow from operating activities (indirect method)		
Profits (losses) for the period	555,455	334,622
Income taxes	4,972,977	3,429,010
Interest paid/(interest earned)	3,759,489	4,301,397
(Dividends)		
(Gains)/losses arising from the sale of assets	(883,411)	(47,886)
Profit (loss) for the year before tax on income, interests, dividends and gains / losses on sales	8,404,510	8,017,143
<i>Adjustments for non-monetary items that did not have any counterparts in net working capital</i>		
Provisions	2,243,694	3,335,765
Amortizations of fixed assets	18,017,451	13,460,457
Write-downs for impairment	635,426	-
Financial flow before changes in the net working capital	29,301,081	24,813,365
<i>Changes in net working capital</i>		
Decrease/(increase) in stock	(15,657,030)	(32,665,710)
Decrease/(increase) in receivables from clients	5,947,186	1,268,334
Increase/(decrease) in trade payables	34,219,924	9,730,527
Decrease/(increase) in accrued income and prepaid expenses	3,207	16,434
Other changes in net working capital	(21,867,234)	7,493,607
Financial flow after changes in the net working capital		
<i>Other adjustments</i>		
Interest received/(paid)	(3,761,575)	(4,341,860)
(Paid income taxes)	(3,530,546)	(4,132,159)
Dividends received		
(Use of provisions)	(2,406,596)	(1,787,941)
Other receipts/payments		
Operating financial flow (A)	22,248,417	394,597
Financial flows deriving from investments		
<i>Tangible Fixed Assets</i>		
Investments	(10,054,814)	(42,789,711)
Disinvestments	2,008,133	313,698
<i>Intangible Fixed Assets</i>		
Investments	(2,065,023)	(12,753,241)
Disinvestments	-	27,425,538
<i>Long-term investments</i>		
Investments	(1,585,862)	(2,271,668)
Disinvestments	-	33,245,816
<i>Non-fixed financial assets</i>		
Investments		
Disinvestments		
Investing financial flow (B)	(11,697,566)	3,170,432
Financial flows deriving from financing activities		
<i>Third party means</i>		
Increase (decrease) in payables to banks/other lenders	(3,186,085)	1,050,992
(Increase)/Decrease of intergroup financial receivables	(548,306)	(1,636,150)

(continues)

(follows)

FINANCIAL STATEMENT CHART	YEAR 2016	YEAR 2015
<i>Own means</i>		
Paid increase in capital	-	1
(Capital repayment)	-	-
Sale (purchase) of own shares	-	-
(Dividends (and dividend advances) paid)	(75,740)	-
Financial flow from financing activities (C)	(3,810,131)	(585,157)
Increase (decrease) in liquid assets (A ± B ± C)	6,740,720	2,979,872
Liquid assets at the beginning of the financial year	4,720,203	1,740,331
of which:		
bank and postal deposits	4,703,368	1,727,422
checks		
cash and cash equivalents in hand	16,835	12,909
Liquid assets at the end of the financial year	11,460,923	4,720,203
of which:		
bank and postal deposits	11,425,697	4,703,368
checks		
cash and cash equivalents in hand	35,226	16,835

* The financial statement for the previous year has been reclassified according to the OIC 10 framework



**NOTES TO THE
CONSOLIDATED
FINANCIAL
STATEMENTS
AS AT 31 DECEMBER 2016**

MAIN ACTIVITIES

ArcelorMittal CLN Distribuzione Italia srl is a legal entity under Italian law and with its subsidiaries ("the Group") it operates with different lines of business: steelwork service centres (pre-working of steel coils and sheet steel works in general), transport and direct and indirect storage service, steel pickling and cutting, and production of industrial steel semi-finished goods.

Operations performed with related parties fall within the routine activities of the Group companies and are mainly of a commercial nature. Such operations are governed under market conditions.

1. FORM AND CONTENT OF THE CONSOLIDATED FINANCIAL STATEMENTS

The financial statements comply with the provisions of Articles 2423 et seq. of the Italian Civil Code as shown in these Notes to the Financial Statements drawn up in accordance with Article 2427 of the Civil Code, which constitutes, pursuant to Article 2423, an integral part of the consolidated financial statements.

They have been applied according to the prudence principle and a perspective of continuing the business activities, considering the economic function of the observed assets or liabilities.

The consolidated financial statements include the balance sheet, the profit and loss statement, the financial statement (prepared in accordance with the frameworks referred to in Articles 2424, 2424 bis C.C., 2425 and 2425 bis C.C. and Article 2425 ter of the Civil Code) and of this explanatory note.

The significant events which took place after the year closed, explained in the Management Report, form an integral part of these Explanatory Notes.

In order to provide better information, the financial statements have been supplemented with the financial statement which analyses cash flows in 2016.

The consolidated Financial Statements were drawn up using the global integral method for consolidating the financial statements of AMCLN srl, the Parent Company, as well as all the Italian and foreign companies in which the latter directly or indirectly holds voting rights and exercises unilateral control.

Group companies, their legal names, locations, corporate purpose, share capital and direct and indirect holding percentages are listed as an attachment to these Notes to the Financial Statements.

The financial statements being consolidated refer to the same date of closure of the Parent Company.

We specify that we did not proceed with derogations pursuant to paragraph 4 of art. 2423 of the civil code in these financial statements.

The amounts indicated in the financial statements and the Explanatory Notes are all expressed in Euros, unless indicated otherwise.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements were drafted including the financial statements as of 31 December 2016 of the Group companies included in the area of consolidation that had been drawn up by the Boards of Directors for approval by the individual Shareholder's Meetings, duly amended where necessary, in order to standardize them to the accounting principles adopted by the Parent Company.

All the subsidiary companies included in the area of consolidation are consolidated using the global integration method, as from acquisition of control and summarized thus:

- a. Assumption of the assets, liabilities, costs and revenues at their comprehensive total amount, regardless of the entity of the shareholding and attributing, in general, to minority Shareholders the portion of equity and net profit for the period due to them under dedicated entries.
- b. The difference emerging from the act of acquisition from the elimination of the book value of the

holding in an enterprise included in the area of consolidation against the corresponding portion of equity is imputed, where possible, to the elements of the assets and liabilities of such enterprise. Any remaining amounts is treated as follows:

- if positive, it is entered in item “difference from consolidation” in the intangible fixed assets and amortized at constant quotas in relation to the predicted recoverability of the latter;
 - if negative it is entered under an item of the shareholder’s equity as “consolidation reserve”, or, when due to expected unfavourable operating results, under an item called “consolidation provision for future risks and charges”.
- c. Elimination of receivables and payables, as well as costs and revenues between the consolidated companies.

Eliminated, moreover, were:

- Capital gains deriving from transfers of fixed assets among consolidated companies.
- Profits, where significant, deriving from transactions between consolidated companies related to transfers of assets remaining as inventories at the buying company, where deemed significant.

2. ACCOUNTING PRINCIPLES

The principles referred to in art. 2426 of the C.C. used in the creation and evaluation of the financial statements closed on 31/12/2016 take into account the changes introduced in the national law by Leg.D. 139/2015, which implemented the Directive 2013/34/EU, which amended the content of art. 2423 and following of the Italian Civil Code; the new provisions apply to the financial statements from 1 January 2016. The new provisions of the Italian Civil Code have been included in the accounting principles published by the Italian Accounting Organization (OIC).

Pursuant to Article 2426 of the C.C., we outline the accounting principles adopted for the preparation of the financial statements.

COMPARABILITY

It should be noted that the balance sheet and profit and loss statement for the 2015 financial year have been re-elaborated, where necessary, to make them comparable to the financial statements as at 31 December 2016. Changes to the accounting standards applicable from 1 January 2016 have been recognized prospectively pursuant to OIC 29. Re-elaborations and reclassifications concerned the elimination of the item “Extraordinary income and charges” and the subsequent reclassifications; the elimination of the memorandum accounts and the separate indication of receivable and/or payable balances and the related income/charges concerning commercial or financial relations with the companies subject to the control of the parent companies. It should be noted that the application of the new legislation did not have any effect on the opening balance of shareholders’ equity for the financial year.

INTANGIBLE FIXED ASSETS

Intangible fixed assets are entered at purchase or production cost. Such cost includes supplementary charges and direct and indirect costs for the portion reasonably attributable to the fixed asset. In all cases the sustained cost, as defined above, does not exceed the recoverable value.

Intangible fixed assets with limited use over time are systematically amortized every financial year pursuant to the remaining possibility of future use for such assets. The amortization plans vary in duration according to the expected economic use, estimated with reference to the fixed assets.

Fixed assets proving to have a lower value than book value on a long-lasting basis as at the date of closure of the financial year are entered at such lower value which, nonetheless, with the exception of goodwill, cannot be kept in subsequent financial statements when the reasons for adjustment are invalid. If devaluations deriving from long-lasting losses in value derive from transactions of an extraordinary

nature, production reconversion, restructuring or production re-dimensioning, the latter are classified as extraordinary charges.

ACCESSORY COSTS RELATED TO FINANCING

The Group applies the amortized cost criterion exclusively to the payables arising from 2016 and therefore the costs connected to previous loans continue to be entered in the 'Other' item in the intangible fixed assets and they are amortized in accordance with the previous accounting principle, subject to the exceptions specified in the paragraph "Payables".

TANGIBLE FIXED ASSETS

Tangible fixed assets are entered at purchase or production cost increased, for some, by the increases related to revaluations as per law 72/83, 413/91, 342/00, 350/03 and 185/08 pursuant to the attached statement. Furthermore, some assets were revaluated after conferral, on the basis of the values established by independent third party experts.

The tangible fixed assets having limited use over time are systematically depreciated every financial year according to constant economic-technical rates, determined in relation to the remaining possibility to use the assets.

The depreciation rates that have been applied are as follows:

Industrial building and light constructions	3% - 10%
Plants and machinery	7.5% - 10% - 15%
Industrial and commercial equipment	15% - 35%
Other assets	12% - 20% - 25%

The period of depreciation begins from the financial year in which the asset is used and in the first year such rates are reduced, as a one-off, to 50%, on the presumption that the quota of depreciation thus obtained does not significantly deviate from that calculated as from the moment in which the asset is available and ready for use.

Fixed assets proving to have a lower value than book value on a long-lasting basis as at the date of closure of the financial year are entered at such lower value which, however, cannot be kept in subsequent financial statements if the reasons for the adjustment become invalid. If devaluations deriving from long-lasting losses in value derive from transactions of an extraordinary nature, production reconversion, restructuring or production re-dimensioning, the latter are classified as extraordinary charges.

Maintenance costs of an ordinary nature are fully debited to the Profit and Loss Account. Maintenance costs which tend to increase are attributed to the assets to which they refer and depreciated according to their remaining possibility of use.

Advances and costs for tangible fixed assets under construction which have not entered into use at the end of the period are highlighted separately.

Lease agreements were booked in the consolidated financial statements according to the criteria provided under the financial method. In particular, the capital worth of the assets, including quotas of initial fees included in the prepaid expenses in the financial statements for the year, was included in the tangible fixed assets whereas payables for lease fees as principal were included in the medium/long term financial debts. The lease fees booked in the financial statements for the year were replaced with the depreciation and write-downs of the fixed assets subject matter of the lease, with the related interest payables entered in the financial charges and the related appropriated deferred taxes.

In derogation of the accounting principles generally accepted in Italy, where permitted by special laws, the Group booked (in observance of the limits provided under the law) revaluations with a double entry in the reserves of the shareholder's equity. The revaluated amounts do not, in any case, exceed the recoverable values.

LONG-TERM INVESTMENTS

Holdings in other companies are instead entered at cost, reduced, where applicable, in order to account for long-lasting losses in value.

Receivables were valued at their presumed value of realization.

Bonds in the portfolio are entered at cost and devaluated in the case of long-lasting losses in value.

STOCK

Stock is entered at the lower amount between the purchase or production cost and the presumable net realizable value deducible from the market trend, which is represented by the value of replacement for raw materials and the value of realization for finished goods and semi-finished products.

This cost is determined according to the LIFO method.

RECEIVABLES

The receivables are entered at their nominal value. In particular, with regard to trade receivables, these are traced to their value of presumable realization, in compliance with the provisions of art. 2426 civil code, by means of allocation of an adequate amount to the bad debts provision. Pursuant to art. 2426, paragraph 1, number 8 of the Italian Civil Code, receivables are recognized according to the amortized cost method, with the exception of receivables for which the effects of the application of the amortized cost criteria, pursuant to art. 2423 paragraph 4 of the Italian Civil Code, are irrelevant (expiration in less than 12 months). In accordance with the materiality concept referred to in art. 2423 paragraph 4 of the Italian Civil Code, receivables were not discounted if the interest rate deducible from the contractual terms is not significantly different from the actual interest rate. Moreover, the 'time factor' referred to in art. 2426, paragraph 1, number 8 of the Italian Civil Code, was taken into consideration by discounting receivables that were due in more than 12 months in the event of a significant difference between the interest rate deducible from the contractual terms and the market interest rate. The receivables, regardless of whether the amortized cost was applied or not, are shown in the financial statements net of the allocation to a provision to cover bad debts and the generic risk relating to the remaining receivables, based on estimates made on the basis of the past experiences, the performance of maturity indexes of overdue credits, the general economic and sector situation, as well as events that happened after the end of the financial year which have an effect on the numbers at the balance sheet date. For collateralized receivables, the effects related to the enforcement of the collateral have been taken into account, and only the portion not covered by insurance has been taken into account for insured receivables.

Notes on the first application of Leg.D. 139/2015

The Group made use of the option of not applying the amortized cost and the discounting criteria for receivables recorded in the financial statements as at 31 December 2015, and therefore these criteria were applied exclusively to receivables identified starting on 01/01/2016, subject to the derogations provided for by art. 2423 paragraph 4 of the Italian Civil Code that were already specified.

The Group implements disposal transactions on its trade receivables portfolio by means of securitization and factoring operations. In some cases, transfers can take place according to the "with recourse" procedure, so that the Group continues to be subjected to the risk of insolvency of the transferred debtor. In this case the receivables are not removed from the financial statements.

LIQUID ASSETS

Liquid assets are entered at their nominal value. Any liquid assets denominated in foreign currencies are valued at the year-end exchange rate.

ACCRUALS AND DEFERRALS

Accruals constitute the numeric counterpart of the ascertainment of the portion of competence of costs (where owed) and revenues (where due) common to several financial years, for which, as at the date of the financial statements, the corresponding changes in monetary availability or of receivables and payables have not yet been verified.

Deferrals represent the counterpart of portions of costs (where due) and revenues (where owed) common to several financial years not imputable to the net profit for the year related to the period during the course of which the corresponding monetary variation took place or that of receivables and payables. These express the value of services yet to be received or in any case usable in future financial years, where due, and the value of services yet to be carried out or for which the corresponding costs are yet to be sustained, where owed.

The adopted criteria of measurement constitute the application of the general principle of correlation of costs and revenues according to the financial year.

PROVISIONS FOR RISKS AND CHARGES

The provisions for risks and charges are appropriated in order to cover losses or debts of certain or likely existence, the amount or date of occurrence of which, however, could not be determined upon closure of the financial year. The appropriations reflect the best possible estimate on the basis of available elements. We report that the “provisions for taxes, also deferred” is also allocated to such item.

STAFF SEVERANCE INDEMNITY

The staff severance indemnity, appropriated by the Italian companies of the Group, is allocated in order to cover the entire liability accrued against each employee, in conformity with the legislation in force and the collective and supplementary corporate labour agreements.

As far as the Group's Italian companies are concerned, Law 27 December 2006, no. 296 (Finance Law 2007) introduced new rules for the TFR (Severance indemnity) accrued as from 1 January 2007.

By effect of the reform on supplementary pensions:

- Portions of TFR accrued up to 31/12/2006 remain in the company.
- Portions of TFR accrued starting from 1st January 2007, by choice of the employee and according to the explicit or implicit process of participation, were:
 - a. Destined to forms of supplementary pension.
 - b. Kept in the company which proceeded to transfer the portions of TFR to the Treasury Reserve established at the INPS.

At financial level, item “Staff severance indemnity” represents the remainder of the provision existing as of 31 December 2016; item “Payables due to welfare agencies and social security” shows the debt accrued as of 31 December 2016 related to the quotas of severance indemnity yet to be paid to the pension reserves and to social welfare entities.

PAYABLES

Payables are entered at their nominal value, with a separate indication of the amounts collectable within twelve months, those collectable after more than twelve months, and, where present, those lasting more than five years. Pursuant to art. 2426, paragraph 1, number 8 of the Italian Civil Code, payables are identified according to the amortized cost method, with the exception of payables for which the effects of the application of the amortized cost criteria, pursuant to art. 2423 paragraph 4 of the Italian Civil Code, are irrelevant (expiration in less than 12 months). In accordance with the materiality concept referred to in art. 2423 paragraph 4 of the Italian Civil Code, payables were not discounted if the interest rate deducible from the contractual terms is not significantly different from the actual interest rate. Moreover, the ‘time factor’ referred to in art. 2426, paragraph 1, number 8 of the Italian Civil Code, was taken into consideration by discounting payables that were expiring in more than 12 months in the event of a significant difference

between the interest rate deducible from the contractual terms and the market interest rate. Payables for which the amortized cost criterion has not been applied have been entered at their nominal value. Payables arising from asset acquisitions are recorded at the time when the risks, charges and benefits were transferred; those relating to the services are recorded at the time of performance of the service; those of a financial or other nature are recorded at the time when the obligation towards the counterparty arises.

Tax payables include deferred tax liabilities as well as withholdings that have not yet been paid at the financial statements date and, where compensation is permitted, they are entered net of advances, withholdings and tax receivables.

Notes on the first application of Leg.D. 139/2015

The Group made use of the option of not applying the amortized cost and the discounting criteria for payables recorded in the financial statements as of 31 December 2015, and therefore these criteria were applied exclusively to payables recognized as of 01/01/2016, subject to the derogations provided for by art. 2423 paragraph 4 of the Italian Civil Code that were already specified. Payables recorded in the financial statements as of 31/12/2015 are valued at their nominal value.

COMMITMENT, GUARANTEES AND RISKS

The memorandum accounts show the amounts of the effective risks, commitments and guarantees existing as at the date of the financial statements.

RECOGNIZING REVENUES

Revenues are disclosed in the accounts according to the accrual principle and net of returns, discounts, allowances and bonuses. Revenues from the sale of goods are recognized at the time of change in ownership which normally coincides with shipment or delivery of the goods. Revenues for outside services are recognized once the service is rendered.

RECOGNIZING COSTS AND EXPENSES

Costs and expenses are booked according to the accrual principle.

INTERESTS RECEIVABLE AND PAYABLE, INCOME AND CHARGES

Interests receivable and payable as well as income and charges are disclosed in the financial statements according to the accrual principle, with a calculation of the related accruals and deferrals.

TAXES

Current taxes are allocated in the financial statements according to the rates and norms in force based on a precise estimate of the taxable income for fiscal purposes, considering any exemptions or non-deductibility.

Deferred and prepaid taxes are, moreover, defined in relation to the most significant operations of consolidation and to all the temporal differences between the values of the consolidated assets and liabilities and the corresponding values that are relevant for tax purposes as found in the financial statements for the consolidated companies.

In particular, prepaid tax assets, classified in the related item, are only entered if their recovery is reasonably certain. Fiscal liabilities, classified among the "Provisions for taxes, also deferred", are not, instead, entered when it is very unlikely that the related debt arises.

Furthermore, as permitted by the accounting principles of reference, the tax benefit deriving from carrying tax losses forward is disclosed when there is a reasonable certainty of the existence of future taxable income in which losses can be carried forward.

Deferred and prepaid taxes are calculated by applying the tax rate in force for the periods in which the temporary differences shall be carried over.

Lastly, the Group has decided not to adhere to the national tax consolidation under art. 117/129 of the Consolidated Income Tax Code (TUIR).

NOTES TO THE CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2016



NOTES TO THE CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2016

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Notes to the Financial Statements

3.1 FIXED ASSETS

INTANGIBLE FIXED ASSETS

As at 31 December 2016 these amount to 39,159 thousand Euros and are broken down as follows.

€	31.12.2016	31.12.2015
Start-up and expansion costs	4,570	7,702
Concessions, licenses, trademarks and similar rights	227,494	65,019
Goodwill	30,710,706	33,373,260
Fixed assets under construction and advances	31,239	31,239
Other	975,124	663,339
Differences from consolidation	7,209,525	8,680,714
Total	39,158,659	42,821,273

During the 2016 financial year, the changes in the Intangible assets are as follows:

€	Historical cost 31.12.2016	Amortization reserve as at 01.01.2016	Amortization for the period	Net value
Goodwill	37,305,711	(2,877,617)	(3,717,392)	30,710,706
Concessions, licenses, trademarks, etc.	2,456,323	(2,147,186)	(81,642)	227,495
Start-up and expansion costs	23,656	(17,486)	(1,600)	4,570
Multi-year costs	3,807,325	(2,865,822)	(226,200)	715,303
Other tangible assets	675,724	(311,993)	(103,911)	259,820
Fixed assets under construction	31,239	-	-	31,239
Difference from consolidation	8,841,286	(699,373)	(932,387)	7,209,525
Total	53,141,268	(8,919,477)	(5,063,133)	39,158,658

Concerning the data brought to consolidation by AMCLN srl, we point out that:

As of 1 January 2016, the opening balance of the "intangible fixed assets" item amounted to 42,821,273 Euros, while at 31 December it amounts to 39,158,658 Euros. This amount mainly includes the following items:

- 30,710,706 Euros inherent to the goodwill arising from the transfer of the business lines by CLN, AMDSI, Prorona merger; acquisition of the Ciocca business unit on 01.04.2016 for 487,607 Euros and the reclassification of the goodwill consolidation loss concerning Pro- Can for 470,647 Euros;
- 715,303 Euros pertaining to notary and legal fees for the acquisition of Ciocca and Acierplus, the Pro-Can merger and previous year costs related to the establishment of the AMCLN joint venture;
- 7,209,525 Euros concerning the "Difference from consolidation" item; the table below shows the details of the consolidation differences determined as the difference between the value of the holding and the pro-quota of shareholder's equity of the subsidiary companies as at the date of first consolidation, not allocated to the entries of the assets and liabilities of the acquired

company. It should be noted that Pro-Can's consolidation difference in 2016 has been reclassified to "goodwill" as a result of its merger into the parent company AMCLN srl.

€	31.12.2015	Increases	Re-classifications	Amortizations	31.12.2016
Pro-Can	527,695	-	(527,695)	-	-
Delna	7,131,290	(11,107)	-	(770,839)	6,349,344
Tamagnone	1,494,313	-	-	(161,548)	1,332,765
1 st qtr. result 2015 Prorona-Canessa	(472,584)	-	-	-	(472,584)
Total	8,680,714	(11,107)	(527,695)	(932,387)	7,209,525

Amortization is carried out over periods of 10 years from the date the holding was acquired according to the remaining possibility of use. The remaining value of the "Difference from consolidation" is considered as recoverable on the basis of the predicted profitability of the subsidiaries and actions and plans envisaged for the near future.

TANGIBLE FIXED ASSETS

As of 31 December 2016 these amount to 98,679,786 Euros and are broken down as follows.

€	31.12.2016	31.12.2015
Land and buildings	52,443,363	54,219,312
Plant and machinery	43,200,851	43,370,461
Industrial and commercial equipment	556,158	588,740
Other tangible assets	1,482,406	1,750,868
Fixed assets under construction	997,008	1,191,339
Total	98,679,786	101,120,720

Details of the single items are given below:

- **Land and buildings:** include the properties in which the Group performs its activities.
- **Plant and machinery:** this item includes the production lines used in the working process.
- **Industrial and commercial equipment:** includes the apparatuses supporting the production process.
- **Other assets:** the item in questions includes electric and electronic machinery and furnishings.

During the course of 2016, the changes in Tangible fixed assets were as follows:

€	Historical cost	Acierplus	Amortization reserve	Acquisitions 2016	Transfers	Cessions	2016	NBV 31.12.2016
Land and buildings								
Plant and machinery	212,959,492	1,921,604	(169,589,031)	7,940,603	636,149	(1,066,232)	(9,601,734)	43,200,851
Ind. and comm. equip.	6,752,157		(6,163,417)	245,759	-	-	(278,341)	556,158
Other tangible assets	11,261,326		(9,510,458)	386,727	10,883	(58,490)	(607,581)	1,482,407
Fixed assets under construction	1,191,339		-	452,701	(647,032)	-	-	997,008
Total	314,631,040	1,921,604	(213,510,320)	10,348,797	-	(1,124,722)	(13,586,612)	98,679,787

Concerning the data provided to the consolidated statements by AMCLN srl, it is noted that the acquisitions of the year, including the fixed assets of the Ciocca business unit, amounted to 8,522,298 Euros, in particular 7,153,003 Euros of equipment and machinery related the following purchases:

- 1,554,408 Euros for the purchase of the SP 2500 straightening machine for the Alpignano site and 23,800 Euros for the motorization and installation of the loading cradle.
- 936,592 Euros for the purchase of the Slitter SL 2100 and the implementation of the specifications at the Alpignano plant.
- 328,200 Euros for the purchase of two 35-ton bridge cranes for the Monza and Marcon sites.
- 225,000 Euros for the revamping of the Slitter SL 1500x3 at the Monza plant.

Acierplus grants 1,921,604 Euros of tangible fixed assets, subject to independent technical expert evaluation.

LONG-TERM INVESTMENTS

Equity investments

€	Balance as of 31.12.2016	Balance as of 31.12.2015
In subsidiary companies	-	-
In associated companies	1,242,548	-
In parent companies	-	-
In other companies	4,960	272,945
Total holdings	1,247,508	272,945

The Group has no holdings in parent companies and subsidiaries but in associated companies (Metallurgica Graffignana Srl belonging to AMCLN srl) and holdings in other companies valued at the purchase price (all of which belong to AMCLN srl):

€

OTHER COMPANIES	Valuation	Balance as of 31.12.2016	Balance as of 31.12.2015
Metallurgica Graffignana srl	Cost	-	268,500
Credito Coop. Carate Brianza	Cost	1,000	1,000
Credito Coop. Castenaso	Cost	1,650	1,650
Banca di Bologna	Cost	517	517
Consorzio Alpignano Industrial	Cost	517	517
Consorzio API Formazione	Cost	52	52
C.O.N.A.I.	Cost	1,224	707
Centro Assistenza API	Cost	1	1
Total		4,961	272,945

The increase in the item "Associated Companies" is solely attributable to the subscription of the capital increase for the holding in Metallurgica Graffignana Srl ("MG Srl") by the transfer of machinery, as described below.

On 21 December 2015, AMCLN srl signed an agreement providing for the transfer of machinery and money to MG for a total of 1,166,000 Euros. The cash payment of 266,000 Euros was accounted for at the time of the payment, which was made in 2015 at the same time as the deed, while the remaining 900,000 Euros (in machinery, as of a sworn valuation report) have been effectively accounted for on 1 January 2016.

The decrease in the item "Other companies" in 2016 is mainly attributable to the reclassification of MG in the "Associated companies" item.

Long-term receivables due from others

This item, equal to 4,559 Euros as of 31 December 2016 (2,520 Euros in the previous year), refers to a security deposit paid to the Province of Lecco in order to obtain a concession for drawing water for industrial use from the river Adda by means of two supply points in the Municipality of Brivio and a new security deposit paid during the year concerning a leasing contract.

Other securities

This item exclusively includes the values of two deposit accounts of 7,126,000 Euros. These securities are entered in the consolidated financial statements at cost and their intended use is deemed as long-lasting.

This item is formed of:

- 7,061,000 Euros related to a term deposit account. This item is fully committed to guaranteeing a bank credit line granted by Cariparma for the amount of 7,000 thousand Euros;
- 65,000 Euros related to a security deposit paid by Tamagnone S.r.l. to Ferrovie dello Stato for leasing the railway station at Orbassano.

3.2 CURRENT ASSETS

STOCK

€	31.12.2016	31.12.2015
Raw materials, ancillary materials and consumables	126,871,629	107,297,785
Work in progress and semi-finished goods	3,912,977	2,053,887
Goods being made to order	-	-
Finished products and goods	14,596,212	13,261,175
Advances paid	-	-
Total	145,380,818	122,612,847

Stock included in the financial statements include inventories at the Group companies' plants and warehouses (other than those received by third parties for trial and testing purposes, goods in process and on consignment), the Group's stock held by third parties and the goods in transit for which the Group has already acquired ownership.

The increase in warehouse stock is due to a greater resupply than the previous year and to the entry of Acierplus into the Group's scope.

The final stock valuation has been carried out, as already indicated in the accounting principles, with the LIFO method. If the Group had valued inventories according to the current cost criterion (FIFO method), the stock variation during 2016 would have been higher by 3,074,412 Euros compared to the LIFO amount entered in the balance sheet. The impact on the profit and loss statement would be an increase of 10,398,220 Euros, gross of taxes. In the previous financial year, the application of the FIFO method would have resulted in both a capital and economic reduction of 7,323,809 Euros, gross of taxes.

RECEIVABLES

The receivables in the current assets can be analysed as follows::

€	31.12.2016	31.12.2015
Trade debtors	68,277,599	71,078,630
Due from related companies	21,225,814	20,741,104
Due from subsidiary companies	-	-
Due from associated companies	820,553	-
Due from parent companies	-	124,235
Tax credits	16,310,040	1,964,700
Prepaid taxes	1,133,775	1,933,888
Other debtors	755,431	900,806
Total	108,523,212	96,743,363

The balance as at 31 December 2016 is broken down according to the following deadlines:

€	Within 12 months	Over 12 months	Total
Due from third party trade debtors	69,589,174	437,136	70,026,310
Due from related companies	21,225,814	-	21,225,814
Due from subsidiary companies	-	-	-
Due from associated companies	820,553	-	820,553
Due from parent companies	-	-	-
Tax credits	16,310,040	-	16,310,040
Deferred tax assets	1,133,775	-	1,133,775
Other debtors	752,731	2,700	755,431
Total receivables	109,832,087	439,836	110,271,923

The division of receivables by geographical area is as follows:

€	Italy	UE area	Extra-UE area	Total
Receivables from clients included in the current assets	64,053,755	5,972,555	-	70,026,310
Receivables from related companies included in current assets	18,993,661	2,232,154	-	21,225,814
Receivables from subsidiaries included in current assets	-	-	-	-
Receivables from associated companies included in current assets	820,553	-	-	820,553
Tax credits included in current assets	15,749,445	560,595	-	16,310,040
Deferred tax assets included in current assets	1,133,775	-	-	1,133,775
Receivables from others included in current assets	497,430	258,001	-	755,431
Total receivables included in current assets	101,248,619	9,023,305	-	110,271,923

Trade debtors

The trade debtors, equal to 68,277,599 at the end of the financial year, are shown net of write-down provisions equal to 1,748,711 Euros as at 31 December 2016 (1,628,229 Euros of AMCLN srl, 95,000 Euros of Delna S.p.A. and 25,482 Euros of Tamagnone S.r.l.).

The bad debts provision underwent the following movement during the financial year and its amount at the end of the year is to be deemed as consistent in relation to existing risks:

€	
Bad debts provision as of 31.12.2015	2,039,954
Appropriations	205,542
Usage/other changes	(496,785)
Bad debts provision as of 31.12.2016	1,748,711

Receivables due from related companies

The receivables due from related companies as at 31 December 2016 amount to 21,225,814 Euros. The table below summaries existing relations at the end of the financial year:

€	31.12.2016	31.12.2015
OMV S.p.A.	1,031,844	420,026
GIANETTI RUOTE S.r.l.	5,169,168	3,512,261
MW ITALIA S.r.l.	1,001,382	712,994
MW AFTERMARKET S.r.l.	12,824	-
Lima S.p.A.	45,088	45,088
MFB S.r.l.	1,272,899	2,366,190
C T L S.r.l.	498,888	511,575
Wagon Automotive S.r.l.	-	-12,578
CELLINO S.r.l.	706,138	514,958
CELMAC S.r.l.	865,100	2,942,139
EMARC S.p.A.	25,419	142,130
PMC AUTOMOTIVE ITALIA S.r.l.	135,550	199,037
MA S.r.l.	6,312,155	6,228,198
MAC S.r.l.	-	-30,116
JBM MA AUTOMOTIVE	32,249	32,904
MW WHEELS SA (PTY)	2,000	2,000
MA AUTOMOTIVE SOUTH	6,203	6,203
C.L.N. SERBIA D.O.O.	338,144	287,509
DELFO POLSKA S.A.	-	10,802
EUROSTAMP S.A.S.	78,640	30,710
MA FRANCE	1,525	151,127
MA AUTOMOTIVE DEUTSCHLAND	52,154	358,756
MW ROMANIA SA	50,340	12,577
UM CORPORATION S.A.S.	-	37,442
ALMASIDER DOO	303,772	584,367
C.L.N. SLOVAKIA S.R.O.	1,104,752	160,145
DP METAL PROCESSING POLSKA	183,876	143,058
CLN POLSKA SP. Z O.O.	167	199,366
ITLA S.R.L.	878,915	891,306
INTEK CM S.R.L.	62,825	34,293
ARCELORMITTAL CENTRES DE SERVICES	346,616	-
ARCELORMITTAL LOGISTIC ITALIA SRL	463,884	-
MG SRL	4,296	-
ARCELORMITTAL DISTRIBUTION	921	-
ARCELORMITTAL ATLANTIQUE & LOR	13,234	-
ARCELORMITTAL MEDITERRANEE	37,915	-
ARCELORMITTAL BREMEN GMBH	14,909	-
IMMOBILIARE GRASSOBBIO S.R.L.	1,071	-
NICHELINO IMMOBILIARE S.R.L.	159,032	238,519
RIZZATO NASTRI ACCIAIO S.p.A.	8,118	8,118
FAM MA S.A.	3,802	-
Total due from associated companies	21,225,814	20,741,104

Tax credits

Tax receivables as of 31 December 2016 amounted to 16,310,040 Euros with an increase of 14,345,340 Euros compared to the financial year 2015. This item is mainly composed of: 15,021,906 Euros in receivables from the Inland Revenue for VAT (all belonging to the company AMCLN srl which requested the VAT refund for the third and fourth trimesters, following the creation of a VAT credit generated by an increasing number of customers who are exempt from VAT).

Deferred tax assets

The item Deferred Tax Assets, equal to 1,133,775 Euros, is determined from the appropriations against certain liabilities charged to the Group according to realistic estimates of their definition and of some items for which the fiscal normative imposes a division over several financial years. In particular, we stress that we have considered items representing events which shall be realized in the short term and which we therefore consider as covered by the taxable income that shall be realized. We invite you to consult the table of deferred taxes in the final pages of these explanatory notes in order to obtain details related to the movement which took place during the period.

Other debtors

Receivables due from other debtors amount to 755,431 Euros as of 31 December 2016 compared to the 900,806 Euros of the previous year. This item is made up mostly by AMCLN srl for 384,223 Euros and Acierplus for 258,001 Euros.

Receivables due from others, which are largely composed of the items in the AMCLN financial statements, mainly relate to:

- Security deposits of 124,140 Euros.
- INPS credit for CIG advances of 91,720 Euros.
- Loans to employees of 47,136 Euros.

As far as we know today, there are no receivables with a residual term of more than five years and with a right of retrocession.

LIQUID ASSETS

The liquid assets amount to 11,460,923 Euros and are formed mostly by AMCLN bank deposits for 9,395,520 Euros. The item is composed as follows:

€	31.12.2016	31.12.2015
Bank and postal deposits	11,425,697	4,703,368
Cash and cash equivalents in hand	35,226	16,836
Total	11,460,923	4,720,204

3.3 ACCRUALS AND DEFERRALS

€	31.12.2016	31.12.2015
Accrued income	19,358	77
Prepaid expenses	4,008,166	4,137,452
Total	4,027,524	4,137,529

Accrued income and prepaid expenses are entered in the financial statements upon conclusion of assessments and valorisations performed pursuant to law, in response to the purpose of merging the competent components into the financial year. This item includes prepaid expenses for insurance, administrative consultancy and lease fees.

The item is mainly formed of implicit interests paid in order to purchase Prorena-Canessa for an amount equal to 3,722,233 Euros.

Refer to the description of item "Other creditors" for further details on the matter.

3.4 SHAREHOLDER'S EQUITY AND LIABILITIES

SHAREHOLDER'S EQUITY

€	Financial year start value	Destination of the previous year's result	Negative goodwill	Financial year result	Financial year end value
Share capital	60,010,000				60,010,000
Revaluation reserves					-
Legal reserve					-
Extraordinary reserve					-
Other reserves			3,172,683		3,172,683
Profits (losses) carried forward		154,070			154,070
Profit (loss) for the period	154,070	(154,070)		228,492	228,492
Total shareholder's equity for the Group	60,164,070	-	3,172,683	228,492	63,565,245

As a result of the acquisition of Acierplus, which was previously reported, the negative goodwill generated (7,079 thousand Euros) was allocated for 3,906 Euros to a specific Consolidation Fund for future risks and charges and the residual difference of 3,173 thousand Euros to the net equity reserve.

For the sake of better understanding the changes in net equity, the previous year's movements of the net equity items are highlighted below:

€	Financial year start value	Destination of the previous year's result	Financial year result	Financial year end value
Share capital	60,010,000			60,010,000
Revaluation reserves				-
Legal reserve				-
Other reserves				-
Extraordinary reserve				-
Other reserves total				-
Profits (losses) carried forward				-
Profit (loss) for the period			154,070	154,070
Total shareholder's equity for the Group	60,010,000	-	154,070	60,164,070

The following table reconciles the Net profit and Shareholder's equity for the Parent Company and the corresponding data as found in the consolidated financial statements.

€	Net Profit	Shareholder's equity
Financial statements of AMCLN srl for the year	877,115	62,077,533
Elimination of value consolidated holdings	-	(24,798,724)
Profit for the period and Shareholder's equity achieved by the consolidated subsidiaries	1,038,688	29,542,664
Losses from 2016 consolidation	(925,178)	7,683,110
Deconsolidation Q1 Prorena-Canessa	-	(472,584)
Dividends	(174,260)	-
Pro-Can merger effects	-	(107,919)
Reclassification Acierplus negative goodwill	-	(3,906,000)
Adjustment IAS 17	(260,910)	(444,634)
Other adjustments	-	765
Consolidated financial statements	555,455	69,572,681
Minority Interests	326,963	6,007,436
Consolidated financial statements for the Group	228,492	63,565,245

In addition to the information provided on the Net Equity, the following additional information is specified below.

The share capital is fully subscribed and paid as of 31 December 2016 and amounts to 60,010 thousand Euros, divided among the shareholders according to the following quotas:

- C.L.N. Coils Lamiere Nastri S.p.A. holding a share of 51% of the share capital, for a value of 30,605,100 Euros;
- ArcelorMittal Distribution Solutions Italia srl holding a share of 49% of the share capital, for a value of Euro 29,404,900 Euros;

PROVISIONS FOR RISKS AND CHARGES

€	31.12.2016	31.12.2015
Provision for pensions and similar obligations	313,424	290,481
For taxes, also deferred	4,441,772	4,069,518
Other provisions	5,217,056	1,413,295
Total	9,972,252	5,773,294

Provision for pensions and similar obligations

The provision for pensions and similar obligations equal to 313,424 Euros includes indemnities accrued in favour of sales agents in compliance with contractual agreements or legal provisions.

Provision for taxes

The provision for taxes as at 31 December 2016 includes deferred tax liabilities emerging with reference to the single companies for 4,441,772 Euros.

This amount includes: 3,052,240 Euros of AMCLN srl (of which 1,128,213 Euros concerning the delta IAS 17) and 851,483 Euros of Delna S.p.A. and 538,049 Euros of Acierplus.

We invite you to consult the table of deferred taxes in the final pages of these explanatory notes in order to obtain details related to the movement which took place during the period.

Other provisions

The item increased by 3,803,761 Euros compared to the previous year, mainly for the provision for future risks and charges subscribed by Acierplus sas, as of 31 December 2016, of 3,906,000 Euros. This provision has been allocated on a prudent basis in order to provide for a partial recovery of the net working capital (or NWC) in the event of the company's dissolution.

Environmental restoration provision

On 1 April 2015, following conferral of the corporate branch, the company booked a provision established by AMDSI (31 December 2014), concerning the environmental restoration associated to separating the value of land from the value of the buildings. No changes were made to the provision during the year.

STAFF SEVERANCE INDEMNITY

This provision, equal to 6,082,204 Euros, reflects the indemnity accrued by employees of the Italian companies.

€	
Staff severance indemnity as of 31.12.2015	4,740,516
Changes in scope	1,399,669
Usage and other changes	(1,944,544)
Appropriations	1,886,563
Staff severance indemnity as of 31.12.2016	6,082,204

The changes of this provision can be analysed as follows:

- Item "Changes in scope" refers to the first year of consolidation of Acierplus.
- Item "Usage and other changes" refers to liquidations of TFR upon termination of working relationships, liquidation of any advance payments, as well as portions transferred to the Treasury reserve established at the INPS or paid to other forms of supplementary pension indicated by the individual employee.

PAYABLES

As of 31 December 2016, payables amount to 329,869,411 Euros. The following are the changes compared to the previous year:

€	31.12.2016	31.12.2015	Variation
Due to banks	112,160,285	115,603,952	(3,443,667)
Due to other lenders	656,287	1,668,877	(1,012,590)
Advances paid	148	-	148
Trade creditors	66,812,893	36,635,495	30,177,398
Payables due to related companies	117,442,597	110,037,565	7,405,032
Due to associated companies	117,194	-	117,194
Due to parent companies	-	409,649	(409,649)
Fiscal liabilities	5,987,735	8,503,563	(2,515,828)
Payables due to welfare agencies and social security	3,342,471	3,039,846	302,625
Other creditors	23,349,801	26,415,919	(3,066,118)
Total	329,869,411	302,314,866	27,554,545

Payables are valued at nominal value and their expiration is divided as follows:

€	Within 12 months	Over 12 months	Total
Due to banks	100,258,112	11,902,173	112,160,285
Due to other lenders	656,287	-	656,287
Advances paid	148	-	148
Trade creditors	66,812,893	-	66,812,893
- related companies	117,442,597	-	117,442,597
Due to subsidiary companies	-	-	-
Due to associated companies	117,194	-	117,194
Fiscal liabilities	5,987,735	-	5,987,735
Payables due to welfare agencies	3,341,714	757	3,342,471
Other creditors	11,032,455	12,317,346	23,349,801
Total payables	305,649,135	24,220,276	329,869,411

The breakdown by geographical area of the payables is:

€	Italy	EU area	Extra-EU area	Total
Due to banks	112,160,285	-	-	112,160,285
Due to other lenders	656,287	-	-	656,287
Advances paid	148	-	-	148
Trade creditors	52,958,778	13,595,262	258,853	66,812,893
Payables due to subsidiary companies	80,967,532	36,475,065	-	117,442,597
Payables due to subsidiary companies	-	-	-	-
Payables due to associated companies	117,194	-	-	117,194
Fiscal liabilities	5,434,743	552,992	-	5,987,735
Payables due to welfare agencies and social security	3,342,471	-	-	3,342,471
Other creditors	21,355,837	1,993,964	-	23,349,801
Payables	269,201,980	45,966,105	258,853	329,869,411

Payables due to banks and other lenders

The following table gives details of payables due to banks and other lenders as of 31 December 2016. It also shows the division of debt between payables due:

- In the short term (repayment within twelve months)
- Medium/long term (repayment from 1 to 5 years)

€	Total financial debt as at 31.12.2016	of which Short Term	of which Medium Long Term
Payables due to banks for advances on invoices/overdrawn c/c	41,762,621	40,669,662	1,092,959
Payables due to banks for ST loans	59,286,285	59,286,285	-
Payables due to banks for MLT loans	9,759,355	-	9,759,355
IAS 17 lease due after more than 12 mo.	1,050,114	-	1,050,114
IAS lease due within 12 months	349,238	349,238	-
Payables to the finance company AMDSI	27,930	27,930	-
Payables due to factor companies	307,049	307,049	-
Accrued financial liabilities	274,234	274,234	-
Total payables due to banks and other lenders	112,816,827	100,914,398	11,902,428

The item “payables due to banks” includes advance payments on invoices subject to collection; the item “payables due to banks for short term loans” mainly includes overdraft credit lines, advances on imports and short term loans from Banca Vicenza, Carisbo, Banca Popolare dell’Emilia Romagna and Cassa di Risparmio Parma e Piacenza, as detailed below:

- Mortgage loan (Euro 6,000,000) granted to C.L.N. S.p.A. in March 2011 by Banca Popolare di Vicenza and transferred to AMCLN srl on 1 April 2015. The mortgage was granted for a period of ten years and is governed by a three-month Euribor rate increased by 380 basis points. On 31 December 2016, the residual amount was 2,312,147 Euros for the portion due in more than 12 months and 610,013 Euros for the portion due within 12 months. The mortgaged loan is on the Atella building for a value of 12 million Euros.
- Mortgage loan (9,000,000 Euros) granted to Canessa SpA now C.L.N. S.p.A. in July 2008 and transferred to AMCLN srl on 1 April 2015 granted by Carisbo in a pool with other banks with the following quotas: 3/6 Carisbo, 1/6 Banca di Imola, 1/6 Banca Popolare di Milano and 1/6 Cassa di Risparmio di Pistoia e Pescia. The mortgage was granted for a period of twelve years and it is repayable in quarterly instalments, the last falling on 22/07/2020. On 31 December 2016, the residual amount was 2,249,369 Euros for the portion due in more than 12 months and 789,163 Euros for the portion due in 2017. The loan was transferred to AMCLN at the end of December 2016, while the previous year it had been entered among the payables to CLN, inside the “other creditors” item which will be discussed later. The mortgaged loan is on the Quarto Inferiore (BO) building for a value of 18 million Euros.
- Unsecured Loan (5,000,000 Euros) granted to AMCLN on 16 December 2016 by Banca Popolare dell’Emilia Romagna. The loan was granted with a duration of 36 months, with a 1.75% spread. This loan is repayable in monthly instalments starting on 16 January 2017. On 31 December 2016, the residual amount is 3,352,141 Euros for the portion due in more than 12 months and 1,625,359 Euros for the portion due in 2017. The application fees are 22,500 Euros. Following the new OIC, the loan was accounted for at amortized cost.
- Unsecured Loan (3,000,000 Euros) granted to AMCLN on 3 October 2016 by Casa di Risparmio di Parma e Piacenza. The loan was granted with a duration of 36 months, with a three months Euribor + 2% spread. This loan is repayable in monthly instalments starting 3 November 2016. On 31 December 2016, the residual amount is 1,845,696 Euros for the portion due in more than 12 months and 978,217 Euros for the portion due in 2017. The application fees are 15,000 Euros. Following the new OIC, the loan was accounted for at amortized cost.

The item medium/long term loans, for 9,759,355 Euros, includes the long term quotas of the loans mentioned above; the item “Leasing – IAS 17” includes the debt for payment of lease instalments.

Trade creditors

The amount due to trade creditors is equal to 66,812,893 Euros as at 31 December 2016, owed mainly by AMCLN (57,747,234 Euros) and by Acierplus (4,071,563 Euros).

Payables due to related companies

Payables due to related companies amount to 117,442,597 Euros as of 31 December 2016 (117,365,737 Euros by AMCLN srl).

The following table summarizes the most significant relations as of 31 December 2016:

€	31.12.2016	31.12.2015
MW ITALIA S.r.l.	-	71,092
MFB S.r.l.	23,413	52,191
MA France	-	55,629
MW France	69,025	-
MAC S.p.A.	-	170,457
MA S.r.l.	9,760	18,662
MAGNETTO WHEELS FR	-	69,025
ITLA S.r.l.	1,524,709	118,915
DPMP TYCHY	-	122,560
LIMA S.p.A.	10,744	10,744
UM CORPORATION S.A.S.	42,650	-
EUROSTAMP S.A.S.	48,953	-
CLT S.r.l.	13,267	-
NICHELINO IMMOBILIARE SRL	76,860	-
ARCELORMITTAL LOGISTIC ITALIA SRL	852,831	1,508,377
ARCELORMITTAL CENTRE DE SERVICE	3,114	93,421
ARCELORMITTAL COMMERCIAL ITALY	78,392,796	67,828,175
ARCELORMITTAL DISTRIBUZIONE IT	-	10,465
ARCELORMITTAL DISTRIBUTION SOLUTION	-	118,200
ARCELORMITTAL EUROPE	30,193	52,604
ARCELORMITTAL PIOMBINO SPA	7,223	-
APERAM STAINLESS SERVICES	30,686	-
APERAM STAINLESS ITALY S.r.l.	55,929	-
ARCELORMITTAL FLAT CARBON EUROPE	36,250,444	39,737,048
Total payables owed to related companies	117,442,597	110,037,565

Fiscal liabilities

The fiscal liabilities amount to 5,987,735 Euros as of 31 December 2016 and are divided as follows:

€	31.12.2016	31.12.2015
Inland Revenue for withholdings IRPEF employees	1,847,104	1,643,961
Inland Revenue for withholdings IRPEF self-employed	18,209	22,287
Substitute tax revaluation L/176	2,455,816	3,508,308
Payables to Inland Revenue for IRAP	191,097	686,219
Payables to Inland Revenue for IRES	729,057	2,526,669
IRPEF on TFR revaluation	5,644	(17,676)
Other provisions	740,808	133,795
Total fiscal liabilities	5,987,735	8,503,563

Substitute tax revaluation Law 176: following expert reports on plants and machinery, which generated a fair value of the assets, against assets divested during 2016 and amortizations, AMCLN srl calculated the duty for tax relief on the amount of 23,801,923 Euros, determining a substitute tax payable equal to 3,508,308 Euros. During the year, the Group paid the first instalment of 1,052,492 Euros; the substitute tax payable as at 31 December 2016 amounts to 2,445,816 Euros.

Payables due to welfare agencies and social security

Payables due to welfare agencies and social security, equal to 3,342,471 Euros and include the following items:

€	31.12.2016	31.12.2015
INPS	2,172,403	1,933,930
Cometa Reserve	154,434	140,060
Previndapi	50,366	80,113
INAIL	274,765	432,171
Payables due to INPS for mobility instalments	37,296	42,633
Deferred retributions for contributions	590,674	369,343
Other provisions	62,533	41,596
Total payables due to welfare agencies	3,342,471	3,039,846

Other creditors

Item other creditors, equal to 23,349,801 Euros as of 31 December 2016, is formed thus:

€	31.12.2016	31.12.2015
Employees for retributions	3,065,744	2,783,669
Other creditors	16,943,795	16,684,093
Employees for deferred retributions	2,031,216	1,326,584
Payables for deferred retributions 14th monthly payment	202,367	972,366
Payables due to CLN	-	3,831,323
Payables for deferred retributions 13th monthly payment	704,725	226,684
VAT settlement to parent company	272,019	119,734
Miscellaneous	129,936	272,019
Total other creditors	23,349,801	26,415,919

The item "other creditors" decreased by 3,066,118 Euro compared with the previous year as a result of the extinguishing of the payable to CLN of 3,831,323 Euro as a result of the transfer to AMCLN of the Carisbo loan and the extinguishing of the payable due to the former Metaltranciati shareholders of 972,366 Euros which was in existence in 2015.

Accrued liabilities and deferred income

As of 31 December 2016, this item amounts to 112,441 Euros and is formed as follows:

€	31.12.2016	31.12.2015
Travelling expenses	3,650	3,650
Insurance costs	44,791	31,339
Other	64,000	89,537
Total accrued liabilities	112,441	124,526

3.5 MEMORANDUM ACCOUNTS

The memorandum accounts are shown in the financial statements to which reference is made.

Surety guarantees amount to a total of 34,391,925 Euros and they include:

- Sureties issued to subsidiaries for 599,202 Euros. It refers to a guarantee issued by CLN;

- sureties issued to third parties for 1,585,092 Euros. Following the merger by incorporation of Prorena-Canessa Srl, AMCLN accounted for the guarantees to cover the payables that Prorena-Canessa Srl had contracted following the acquisition of Metaltranciati Srl against the Checchi family and Metaimmobiliare Srl;
- surety issued in favour of the Serbian Customs for C.L.N. S.p.A. for 120,000 Euros for export guarantees;
- mortgage guarantees for loans granted by Cassa di Risparmio di Bologna and Banca Popolare di Vicenza for a total of 30,000,000 Euros.

In relation to the provisions of art. 2427, paragraph 1, number 9 of the Italian Civil Code, the following prospectus shows commitments, guarantees and potential liabilities not resulting from the balance sheet:

Beneficiaries	Release Date	Amount	Due date	for:
SURETY GUARANTEES				
Famiglia Checchi	28/05/2014	1,140,000	31/05/2016	Prorena-Canessa
Checchi Luciano	28/05/2014	360,000	30/09/2016	METALTRANCIATI
Metaimmobiliare	28/05/2014	444,732	30/09/2016	METALTRANCIATI
Togliatti - SACE	28/03/2014	599,202	31/03/2016	Pro-Can
C.L.N. S.p.A.	09/11/2012	120,000	31/05/2016	Rep. Upravacarin
		2,663,934		
MORTGAGES				
Banca Popolare Vicenza		12,000,000		
Carisbo - B.ca Imola - BPM - CR Pistoia		18,000,000		
		30,000,000		
LEASING				
Rete Ubi Leasing expiring		1,727,991		
		1,727,991		

4. NOTES TO THE CONSOLIDATED INCOME STATEMENT FOR FINANCIAL YEAR 2016

Before proceeding with an analysis of the single items, we remind you that the comments on operating performance have already been made in the Management Report, pursuant to paragraph 1 of art. 2428 of the civil code.

Given the preceding comments on the items of the Balance Sheet, the following analyses are limited solely to the main entries.

4.1 REVENUES

REVENUES FROM SALES

AMCLN Group realized a turnover of 600,783,769 Euros during financial year 2016.

The division by area of destination thereof is as follows:

€	2016	2015
Overseas	52,178,105	30,339,673
Italy	548,605,664	429,885,997
Total by geographic area	600,783,769	460,225,669

Below is the breakdown of sales revenue by business category:

€	Cutting and selling owned goods	Subcontracted performances	Transport	Other activities	Total
Overseas	49,150,986	55,507	626,742	2,344,870	52,178,105
Italy	524,261,051	19,338,661	5,005,952	-	548,605,664
Total by geographic area	573,412,037	19,394,168	5,632,694	2,344,870	600,783,769

OTHER REVENUES AND INCOME

The item other revenues and income as of 31 December 2016 amounts to 7,764,341 Euros and is formed as follows:

€	01.01.2016 - 31.12.2016	01.04.2015 - 31.12.2015
Sale of scrap, wastage and rejects	5,436,398	4,697,777
Sale of equipment	892,568	183,909
Contribution to repayment of excise duties	156,784	70,443
Compensation for damages	70,808	33,579
Issues of risks provisions	461,961	382,002
Miscellaneous income	745,822	172,036
Total	7,764,341	5,539,746

REVENUES OF EXCEPTIONAL SIZE OR INCIDENCE

In relation to the provisions of art. 2427, paragraph 1, number 13 of the Italian Civil Code, the following prospectus shows the revenues of exceptional size or incidence:

€		
Cost item	Amount	Nature
A.5) - Other revenues and income	892,568	Gains on sale of assets
Total	892,568	

The item includes extraordinary revenues that can no longer be entered under the item "extraordinary income and expense" as a consequence of the new OIC 12: they contain the capital gains on the sale of assets which as of 31 December 2016 amount to 892,568 Euros.

4.2 PRODUCTION COSTS

For the purposes of comparison, it must be noted that the Group started its activity on 1 April 2015 and the figures for the previous year thus refer to nine months of activity.

COSTS FOR THE PURCHASE OF RAW MATERIALS, ANCILLARY MATERIALS, CONSUMABLES AND GOODS

This item, equal to 500,429,036 Euros, is detailed as follows:

€	01.01.2016 - 31.12.2016	01.04.2015 - 31.12.2015
Raw materials	498,911,828	383,101,132
Ancillary consumables	1,517,208	1,377,448
Total	500,429,036	384,478,580

COSTS FOR OUTSIDE SERVICES

As of 31 December 2016 the costs for outside services amount to 42,683,897 Euros and can be analysed as follows:

€	01.01.2016 - 31.12.2016	01.04.2015 - 31.12.2015
Transport	17,199,966	11,586,607
Works assigned to third parties	2,999,400	1,799,562
Maintenance services	5,156,564	3,856,478
Purchases of energy	3,217,645	2,327,754
Purchases of other utilities	1,388,538	816,164
Lawyers, consultancy, audit	1,048,024	770,174
Insurance	1,156,085	762,827
Technical consultancy	226,916	377,528
Emoluments to directors	1,766,778	1,382,933
Emoluments to auditors	85,951	98,603
Postal, telephone, fax	486,719	396,209
Costs for cleaning services	748,740	212,976
Costs for safety services	41,347	26,159
Travelling expenses	1,054,732	1,080,326
Bank charges	2,487,763	1,568,776
Other costs for outside services	3,618,727	1,807,042
Total	42,683,897	28,870,119

COSTS FOR THE USE OF THIRD PARTY ASSETS

As of 31 December 2016, the costs for the use of third party assets amount to 3,318,874 Euros and can be analysed as follows:

€	01.01.2016 - 31.12.2016	01.04.2015 - 31.12.2015
Leases payable, fees and hire	1,974,418	1,309,411
Other provisions	1,344,456	726,159
Total	3,318,874	2,035,570

The increase in the period is mainly due to the entry into this category of the rental costs of the Arcore building following the acquisition of the Ciocca business unit, with a total impact of 270,000 Euros.

STAFF COSTS

This item, equal to 48,116,512 Euros, includes the whole expense for all employees, including merit salary increases, enhancements, promotions, automatic cost-of-living increases, unused vacation costs, statutory provisions and collective bargaining agreements, also connected to severance.

€	01.01.2016 - 31.12.2016	01.04.2015 - 31.12.2015
Salaries and wages	32,960,557	21,359,130
Social charges	11,338,733	8,166,626
Severance indemnity	2,040,114	1,502,233
Pensions and post-retirement benefits	37,625	24,947
Other costs	1,739,484	1,695,606
Total	48,116,512	32,748,542

DEPRECIATIONS, AMORTIZATIONS AND WRITE-DOWNS

As far as amortizations are concerned, we specify that these were calculated according to the useful life of the asset and its use in the production phase.

This item, equal to 18,858,420 Euros, includes depreciation of tangible assets for 12,951,187 Euros and of intangible assets for 5,066,264 Euros (net of the goodwill amortization on equity investments equal to 932,387 Euros).

Furthermore, the item includes 205,543 Euros in bad debt write-downs included in the current assets.

OTHER MANAGEMENT EXPENSES

These amount to 1,102,235 Euros and are detailed as follows:

€	01.01.2016 - 31.12.2016	01.04.2015 - 31.12.2015
Indirect taxes	702,802	453,740
Membership fees and scholarships	33,102	17,402
Other charges	366,331	298,913
Total	1,102,235	770,054

COSTS OF EXCEPTIONAL SIZE OR INCIDENCE

In relation to the provisions of art. 2427, paragraph 1, number 13 of the Italian Civil Code, the following prospectus shows the costs of exceptional size or incidence:

€		
Cost item	Amount	Nature
B.14) – Other management expenses	8,320	Loss on sale of assets
Total	8,320	

4.3 INVESTMENT INCOME

OTHER FINANCIAL INCOME

€	01.01.2016 - 31.12.2016	01.04.2015 - 31.12.2015
Bank interest receivable	3,319	4,873
Other financial income	26,159	37,266
Total	29,478	42,139

OTHER FINANCIAL CHARGES

€	01.01.2016 - 31.12.2016	01.04.2015 - 31.12.2015
Bank interest payable	3,690,812	4,187,720
Other interest and commissions	272,573	116,474
Total	3,963,385	4,304,194

4.4 VALUE ADJUSTMENTS TO INVESTMENTS

No revaluations and devaluations on investments were carried out during the year.

4.5 INCOME TAXES

Taxes have been calculated on the basis of the current tax law and represent the amount of taxes that fall within the scope of the financial year to which the financial statements refer.

They total 4,973,000 Euros (3,429,000 as of 31 December 2015) and relate to:

- current taxes on income attributable to taxable income for the year;
- deferred and prepaid taxes.

Below is the detail of the composition of this item:

€	01.01.2016 - 31.12.2016	01.04.2015 - 31.12.2015
IRES and other corporate taxes	3,420,192	2,887,272
IRAP	892,345	563,154
Total current taxes	4,312,537	3,450,426
Taxes previous years	180,129	(36,566)
Prepaid and deferred taxes	480,311	(21,416)
Total income taxes	4,972,978	3,392,444

The main temporary differences that led to the recognition of deferred taxation are shown in the following table together with the related effects:

€	Tax prev. year %	Prev. year Tax base	Prev. year Tax	Tax this year	Changes Tax base	Changes Tax	This year tax base	This year tax
Stock obsolescence provision	27.5	461,961	127,039	27.5	(461,961)	(127,039)	-	-
Bad debts provision	27.5	355,815	97,849	27.5	296,041	48,235	651,856	146,084
Misalignment re-valued fixed assets (Leg.D. 185/2008)	31.4	751,552	209,683	31.4	-	-	751,552	209,683
Taxed bad debts provision	27.5	1,284,457	353,226	27.5	(122,585)	(74,376)	1,161,872	278,849
Severance indemnity Checchi 2008	27.5	300,000	82,500	27.5	(300,000)	(82,500)	-	-
Revaluation amortization Leg.D. 185/2008	31.4	1,467,551	409,447	31.4	-	-	1,467,551	409,447
CIOCCA goodwill	-	-	-	24.0	10,250	2,860	10,250	2,860
Other	31.4	602,388	175,781	31.4	(340,390)	(111,947)	261,998	63,833
Deferred deductibility costs	27.5	20,497	5,636	24.0	(305)	(791)	20,192	4,845
Bad debts provision	24.0	83,205	19,969	24.0	(7,478)	(1,795)	75,727	18,174
Fixed asset amortization	24.0	54,212	13,011	24.0	(54,212)	(13,011)	-	-
Fixed asset write-down	27.9	1,576,158	439,748	27.9	(1,576,158)	(439,748)	-	-
Total Prepaid Taxes		6,957,796	1,933,889		(2,556,798)	(800,112)	4,400,998	1,133,775
Deferred Taxes								
Deferred tax liabilities on building conferral	31.4	5,320,964	1,493,956	31.4	(268,777)	(84,396)	5,052,187	1,409,560
FY16 DIVISION OF GAINS INTO INSTALLMENTS	24.0	-	-	24.0	255,722	61,373	255,722	61,373
FY15 DIVISION OF GAINS INTO INSTALLMENTS	27.5	364,881	90,764	27.5	(91,220)	(25,086)	273,661	65,679
Revaluation of AMDSI conferral	31.4	1,374,818	383,574	31.4	(5,452)	(1,521)	1,369,367	382,053
Sitek merger AMDSI	31.4	21,094	6,623	31.4	(1,875)	(1,261)	19,219	5,362
Leasing	31.4	3,835,810	1,204,444	31.4	(242,775)	(76,231)	3,593,035	1,128,213
Revaluation of Acierplus	28.0	-	-	28.0	1,921,604	538,049	1,921,604	538,049
Revaluation Capex L. 2/2009	31.4	120,298	37,774	31.4	(120,298)	(37,774)	-	-
Revaluation Capex L. 2/2009	27.9	3,047,542	850,264	27.9	-	-	3,047,542	850,264
Gains	27.5	3,952	1,086	27.5	(3,952)	(1,086)	-	-
Anticipated deductibility costs	27.5	3,749	1,031	27.5	(3,749)	(1,031)	-	-
Anticipated deductibility costs	-	-	-	24.0	5,082	1,219	5,082	1,219
Total deferred taxes		14,093,108	4,069,516		1,444,310	372,254	15,537,419	4,441,772
Net Deferred (Anticipated) taxes		7,135,312	2,135,627		4,001,108	1,172,366	11,136,421	3,307,997

4.6 OTHER INFORMATION

COMPENSATIONS TO DIRECTORS AND STATUTORY AUDITORS

The compensations payable to the Board of Directors amount to 1,170,000 Euros.

The compensations payable to the Board of Auditors amount to 40,000 Euros.

COMPENSATION FOR STATUTORY AUDITORS OR AUDITING FIRM

The payments due for the audit service on the consolidated financial statements for 2016 amount to 120,000 Euros (*).

(*) the indicated fees include payments related to audit activities on the financial statements and consolidated financial statements of AMCLN srl. Such fees include payments related to audits carried out on the subsidiary companies of the Group.

EMPLOYMENT DATA

The number of employees, divided by category, is as follows:

no.

Staff 2016	AMCLN	ACIERPLUS	DELNA	TAMAGNONE	AMCLN Group
Senior management	20	16	2	0	38
Office workers	201	47	29	9	286
Labourers	406	153	91	25	675
Temporary staff	24	54	0	0	78
Total Staff	651	270	122	34	1,077

Throughout the year the number of employees increased by 313 mainly due to the entry of Acierplus in the consolidation scope and to the purchase of the Ciocca Lamiere Srl business unit by AMCLN.

no.

Staff	01.01.2016 - 31.12.2016	01.04.2015 - 31.12.2015
Senior management	38	18
Office workers	286	237
Labourers	675	486
Temporary staff	78	23
Total Staff	1,077	764

INFORMATION ON ASSETS AND FINANCING DESTINED FOR A SPECIFIC DEAL

Pursuant to art. 2447 bis of the Italian Civil Code it is noted that the Group has not assigned any assets or financing to any specific deal.

AGREEMENTS NOT RESULTING FROM THE BALANCE SHEET

Pursuant to art. 2427, item 22-ter of the Italian Civil Code, it is noted that no third-party agreements have been entered into which do not appear in the balance sheet and which involve significant risks and/or benefits to the Group's structure.

SIGNIFICANT EVENTS THAT OCCURRED AFTER THE CLOSE OF THE FINANCIAL YEAR

On 11 January 2017 another percentage of the share capital of Metallurgica Graffignana Srl was acquired, going from 25% to 75%, according to the initial agreements with the Company's member, which will see completion of the operation with the achievement of 100% at the end of 2017.

NAME AND REGISTERED OFFICE OF THE COMPANIES THAT DRAFT THE CONSOLIDATED FINANCIAL STATEMENTS OF THE LARGEST/SMALLEST BODY OF COMPANIES TO WHICH THEY BELONG

The following prospectus contains the information required by Article 2427, paragraph 1, number 22 quinquies and 22 sexies of the Italian Civil Code:

	Largest
Company name	C.L.N. S.p.A.
City (if in Italy) or foreign country	Caselette (TO)
Tax code (for Italian companies)	00521230011
Place where the consolidated financial statements were filed	Turin

	Largest
Company name	ArcelorMittal Distribution Solutions Italy S.r.l.
City (if in Italy) or foreign country	Milan
Tax code (for Italian companies)	05076940963
Place where the consolidated financial statements were filed	Milan

PLACE WHERE A COPY OF THE CONSOLIDATED FINANCIAL STATEMENTS IS AVAILABLE

Pursuant to art. 2427, paragraph 1 number 22-sexies of the Italian Civil Code it is stated that a copy of the consolidated financial statements is available at the Registered Office at Corso Susa 13/15 Caselette, Turin, Italy.

DERIVATIVE FINANCIAL INSTRUMENTS

Pursuant to art. 2427 bis, paragraph 1, point 1 of the Italian Civil Code, it is noted that the Group has no derivative financial instruments.

FINANCIAL INSTRUMENTS

Pursuant to art. 2427, point 19 of the Italian Civil Code, it is noted that the Group did not issue financial instruments.

These Financial statements, which consists of a Balance Sheet, Profit and Loss Statement, Financial Statement and Notes to the Financial Statements, is a true and correct representation of the assets and liabilities, of the financial position and of the profit for the year and corresponds to the accounting records. There are no other considerations to be made on the content of the Financial statements and on the accounting principles that were followed.

The considerations and the values contained in these financial statements are consistent with the accounting records and correctly reflect the administrative facts as they occurred.

28 April 2017

For the Board of Directors
The Chairman
Gabriele Perris Magnosto

AUDITORS' REPORT



INDEPENDENT AUDITORS' REPORT PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010

**To the Shareholders of
Arcelor Mittal C.L.N. Distribuzione Italia S.r.l.**

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Arcelor Mittal C.L.N. Distribuzione Italia S.r.l. and its subsidiaries (the "AMCLN Group"), which comprise the consolidated balance sheet as at December 31, 2016, the consolidated statement of income and statement of cash flows for the year then ended and the explanatory notes.

Management's Responsibility for the Financial Statements

The Company's Directors are responsible for the preparation of these consolidated financial statements that give a true and fair view in accordance with the Italian law governing financial statements.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA Italia) issued pursuant to art. 11 of Italian Legislative Decree 39/10. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the AMCLN Group as at December 31, 2016, and of its financial performance and cash flows for the year then ended in accordance with the Italian law governing financial statements.

Ancona Bari Bergamo Bologna Brescia Cagliari Firenze Genova Milano Napoli Padova Parma Roma Torino Treviso Verona

Sede Legale: Via Tortona, 25 - 20144 Milano | Capitale Sociale: Euro 10.328.220,00 i.v.

Codice Fiscale/Registro delle imprese Milano n. 03049560166 - R.E.A. Milano n. 1720239 | Partita IVA: IT 03049560166

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Report on Other Legal and Regulatory Requirements*Opinion on the consistency of the report on operations with the consolidated financial statements*

We have performed the procedures indicated in the Auditing Standard (SA Italia) n° 720B in order to express, as required by law, an opinion on the consistency of the report on operations, which is the responsibility of the Directors of Arcelor Mittal C.L.N. Distribuzione Italia S.r.l., with the consolidated financial statements of the AMCLN Group as at December 31, 2016. In our opinion the report on operations is consistent with the consolidated financial statements of the AMCLN Group as at December 31, 2016.

DELOITTE & TOUCHE S.p.A.

Signed by
Santo Rizzo
Partner

Turin, Italy
May 12, 2017

This report has been translated into the English language solely for the convenience of international readers.





edited by
ArcelorMittal CLN Distribuzione Italia srl
printed in Italy © 2017
graphic design
Massi Corporation



arcelormittalcln.com

Corso Susa 13/15
10040 Caselette (TO) • Italy

