

KALZIP ITALY SRL

Headquarter in MILANO - VIA SANTA RADEGONDA 11

Fiscal Code 07065660966 - Number Rea MI 1933564

P.I.: 07065660966

Share Capital Euro 10.000 i.v.

Legal form : SRL

Area of prevailing activity (ATECO): 829999

Company in liquidation: no

Single member company : yes

Company subject to the management and coordination: yes

Name of the company and body which carried out the activity of management and coordination : TATA STEEL EUROPE LIMITED

Group membership: no

FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

All amounts are expressed in Euro

BALANCE SHEET

	31-03-2015	31-03-2014
Balance sheet		
ASSETS		
A) Credits from shareholders for contribution (payment) still due		
Part already mentioned	-	-
Part to be mentioned	-	-
Total Credits from shareholders for contribution (payment) still due	-	-
B) Immobilizations (fixed assets)		
I- <i>Intangible assets</i>		
Gross value	4,485	4,485
Amortization	4,238	3,667
Depreciations	-	-
Total intangible assets	247	818
II – <i>Tangible assets</i>		
Gross value	6,370	5,454
Amortization	3,901	2,719
Depreciations	-	-
Total tangible assets	2,469	2,735
III – <i>Financial assets</i>		
Credits		
Due within one year	-	-
Due beyond one year	-	-
Total credits	-	-
Other financial assets	-	-
Total financial assets	-	-
Total assets (B)	2,716	3,553
C) Current assets		
I-Balance		
Total balance	-	-
II- credits		
- due within one year	21,041	19,862
- due beyond one year	3,000	3,000
Total credits	24,041	19,862
III- financial activity other than assets		
Total financial activity other than assets	-	-
IV- Cash and cash equivalents (liquid assets)		
Total Cash and cash equivalents	163,997	145,177
Total current assets (C)	188,038	168,039
D) Accruals and prepayments	-	-
Total Accruals and prepayments(D)		
TOTAL ASSETS	190,754	171,592
LIABILITIES		
A)Net assets		
I – Capital	10,000	10,000
II - share premium reserve	-	-
III- revaluation reserves	-	-
IV -legal reserve	723	608
V - statutory reserve	-	-
VI - Reserve for treasury shares	-	-
VII - other reserves , separately indicate		
- extraordinary reserves or optional	-	-
Reserve for purchase of treasury share	-	-
Reserve for derogation ex art. 2423 Civil Code	-	-
Reserve for share of parent Company	-	-

Reserve not distributable from depreciation of the shares	-	-
Stock (share) holders' advance payment for share capital	-	-
Stock (share) holders' advance payment for share capital increase	-	-
Capital contribution payment	-	-
Payments into a reserve (or provision account) to cover losses	-	-
Merger reserve	-	-
Reserve for gains on foreign currency translations	-	-
Various other reserve	1	(2)
Total other reserve	1	(2)
VIII- Profit (losses) carried forward	13,743	11,553
IX - Profit (loss) for the fiscal year		
Profit (loss) for the fiscal year	3,220	2,306
Partial coverage of the loss for the year	-	-
Residual profit (loss)	3,220	2,306
Total net equity	27,687	24,465
B) Allowances for contingencies and charges:		
Total allowances for contingencies and charges	-	-
C) Employees' severance indemnities	88,117	77,419
D) Debts		
- due within one year	74,950	69,708
- due beyond one year	-	-
Total debts	74,950	69,708
E) Accruals and prepayments		
Total accruals and prepayments	-	-
Total liabilities	190,754	171,592

PROFIT AND LOSS STATEMENT**Profit and loss statement**

A) value of the production		
1) Revenue from sales and services	335,110	365,319
2), 3) Change in inventories of finished goods during work, Semifinished and finished and contract work in progress,	-	-
2) Change in inventories of finished goods during work, Semifinished and finished	-	-
3) changes contract work in progress	-	-
4) Increments of assets for internal work	-	-
5) other revenue and profits		
grant related to incom	-	-
others	2	377
Total other revenue and profits	2	377
Total value of the production	335,112	365,696
B) costs of the production		
6) raw and ancillary materials, consumables and goods	12,266	14,366
7) for services	73,653	72,734
8) for the use of third party property	31,284	42,192
9) for staff		
a) Salaries and wages	132,779	139,279
b) social security charges	56,308	62,207
c), d), e) employees' severance indemnities, retirement benefit and similar obligation, other costs for staff		
c), d), e) employee severance indemnities, retirement benefit and similar obligation, other costs for staff	-	-
c) employees' severance indemnities	10,691	12,028
d) retirement benefit and similar obligation	-	-
e) other costs for staff	-	-
Total costs for staff	199,778	213,514
10) Depreciation and amortization ;		
a),b),c) amortization of tangible and intangible assets, other depreciation of the assets		
a),b),c) amortization of tangible and intangible assets,	1,754	1,566
other depreciation of the assets	-	-
a) amortization of intangible assets	-	-
b) amortization of tangible assets	-	-
c) other depreciation of the assets	-	-
d) devaluation of receivables included in current assets and cash and cash equivalents		
Total amortization and depreciation	1,754	15,56
11) inventory changes of raw and ancillary materials, consumables and goods	-	-
12) Provisions for risks	-	-
13) other provisions	-	-
14) other management expenses	1,116	4,748
Total costs of production	319,851	349,110
Difference between values and costs of production (A-B)	15,261	16,586
C) Financial income and charges		
15) income from equity investment		
from subsidiaries	-	-
from associated companies	-	-
others	-	-
Total income from equity investment	-	-
16) other financial income		
a) from receivables entered on fixed assets		

from subsidiaries companies	-	-
from associated companies	-	-
from parent companies	-	-
others	-	-
Total financial income from receivables entered on fixed assets	-	-
b), c) from securities entered in fixed assets other than shares and from securities entered in current assets other than shares	-	-
b), c) from securities entered in fixed assets other than shares and from securities entered in current assets other than shares	-	-
b) from securities entered in fixed assets other than shares	-	-
c) from securities entered in current assets other than shares	-	-
d) Income other than previous	-	-
from subsidiaries companies	-	-
from associated companies	-	-
from parent companies	-	-
others	-	-
Total income other than previous	-	-
Total other financial income	-	-
17) interest and other financial charges	-	-
from subsidiaries companies	-	-
from associated companies	-	-
from parent companies	-	-
others	8	3
Total interests and other financial charges	8	3
17 bis) profit and losses on changes/exchange	(260)	99
Total income and financial charges (15+16+17+ -17 - bis)	268	96
D) Adjustments of value to financial assets		
18) write-up		
a) of shares	-	-
b) of financial assets other than equity investments	-	-
c) of shares entered in current assets other than equity investments	-	-
Total write-up	-	-
19) write-down		
a) of shares	-	-
b) of financial assets other than equity investments	-	-
c) of shares entered in current assets other than equity investments	-	-
Total write-down	-	-
Total adjustment of value of financial assets (18-19)	-	-
E) Income and extraordinary charges		
20) income		
Capital gains from alienation where revenues are not chargeable in no. 5	-	-
Others	1	-
Total income	1	-
21) charges		
loss from alienation whose accounting effects are not chargeable in no. 14	-	-
Taxes related to previous financial years	-	-
Others	-	-
Total charges	-	-
Total extraordinary items (20 -21)	1	-
Earnings before income tax (A+B+C+D)	14,994	16,682
22) Income taxes expense of the financial year, current, deferred and pre-paid		
current tax	11,774	14,376
deferred tax	-	-
pre-paid tax	-	-
Income (expense) to join the scheme of consolidated tax/ transparency tax	-	-
Total income taxes expense of the financial year, current, deferred and pre-paid	11,774	14,376
23) Profit (losses) of the financial year	3,220	2,306

Explanatory notes to the financial statement for the year ended 31-03-2015

Explanatory notes initial part

Dear Shareholders, the financial statements for the year March 31, 2015 that we are in the process of submitting for your approval, showed a net profit of Euro 3,220, after amortization of Euro 1,754. and taxes of Euro 11,774 .

This financial statement, consisting of balance sheet, income statement and supplementary (explanatory) notes, has been written in abbreviated form as provided by art. 2435-*bis* of civil code, if necessary the assumptions with regard to the total assets , volume of revenue and number of employees. Both the draft of financial statement and supplementary (explanatory) notes incorporate the changes as provided by article. 2435-*bis*. Please note that there has not been the drafting of the report on the management because the information referred to numbers 3 and 4 of the article 2428 of civil code are provided in the supplementary (explanatory) notes.

In accordance with the provisions of article 2423 of civil code we would like to point out:

- on the adopted accounting policies, were observed the general postulates of clarity and the true and accurate representation;
- the draft of the balance sheet and income statement provide sufficient information to give a true and accurate representation of the economic and financial situation of the company; it is therefore not necessary to provide additional information;
- there were no incompatibility verified between the provisions of the civil code on the preparation of the budget and the need for true and correct representation; it was therefore not made use of the order referred to in article 2423, Paragraph 4 of civil code;
- the financial statement is prepared in unit of Euro.

In accordance with the provisions of article 2423 *bis* and 2423 *ter* of civil code we would like to point out:

- the evaluation of the entries was made prudently, in the perspective of continuation of the activity and taking into account the economic function/operations of each element of assets and liabilities;
- it was taken into account only the income and expenditure for the financial year, regardless of the date of receipt or payment;
- it was taken into account the risks and losses of the financial year, even if known after the closing of the year, while the profits are included only if they are made at the end of the year;
- it was not made in grouping of entries of the balance sheet or profit and loss account.

In accordance with the article 2424, Paragraph 2 of civil code, it should be noted that elements of assets or liabilities are not found that could fall under multiple entries of the draft of the balance sheet.

CRITERIA OF ASSESSMENT

The criteria and principles of evaluation adopted for the most significant entries are shown below, in accordance with article 2426 of civil code.

1.Intangible Assets

Intangible assets are recorded to the cost of acquisition or production, including the incidental charges. The cost is reduced annually in the amortization rates and depreciation calculated in straight line basis in relation over the assets' estimated useful life.

In particular:

- The costs of planting and enlargement are amortized over five years;
- Concessions, licenses, trademarks and similar rights, consisting of programs of software application, are depreciated over a period of three years;
- Other intangible assets are amortized on the basis of the share reasonably attributable to each financial year.

2. Tangible assets

Fixed assets are recorded at the cost of acquisition or production, including the incidental charges.

Tangible assets are systematically amortized in relation to their assets' useful life, on the basis of the tax rates considered to be representative of the residual life for economic-technical assets. The main tax rates are given below for categories of assets:

The tax rates are reduced by 50% for assets acquired in the financial year, in assumption that the assets purchased in the course of financial year are entered into operation, on average, in the middle period. The assets of low unit value are expensed in the financial year.

In the event that, independent of depreciation already applied, shows an impairment loss (permanent loss) in value, the asset is written down accordingly; if conditions of devaluation are less in subsequent years, the original value is restored.

The costs of maintenance having ordinary nature are entirely charged to the income statement. Maintenance costs having incremental nature are attributed to assets to which they relate and depreciated in relation to the residual useful life of the same asset.

3. Credits

The credits are cautiously entered at the presumable realisable value.

4. Cash and cash equivalents

Cash and cash equivalents consist of stocks on bank accounts and the existing liquid assets at the social funds. These are recorded at nominal value.

5. Accruals and prepayments

Prepayment and accrued expenses and liabilities are shares of income and expenses, common to most years, the extent of which varies because of the time, calculated according to the principles of accrual accounting.

6. Net Assets

The net assets represent the difference between the entries of assets and liabilities and the contributions of members/shareholder, the reserves of any nature and the profits not withdrawn.

7. Employees' severance indemnities

Employees' severance indemnities represents actual debt accrued toward employees in accordance with the laws and contracts of employment in force, whereas every form of remuneration having continuous nature.

8. Debts

The debts are entered at its nominal value, corresponding to the commitments at the end of the financial year.

9. Income and charges

Income and charges are shown in the budget according to the principles of prudence and accruals

10. Taxes

Current taxes are set aside on the basis of the estimate of tax burden for the year determined in accordance with the provisions in force.

The advance and deferred-tax are calculated on the temporary differences between the net income of the financial year and taxable income.

Advance taxes are recognized only if there is a reasonable certainty of its future retrieval.

Deferred taxes instead are recognized even if there are little chance that the related debt arises. The deferred and advance taxes are covered if the compensation is allowed legally.

Explanatory notes Asset***Tangible assets*****Statement of changes in tangible assets**

As far as they are not provided for by article 2435-bis for the explanatory notes to the financial statements of the budget in abbreviated form, in the prospectus below is provided information note required by article 2427 , paragraph 1, no. 2) in relation to the statement of changes in intangible assets .

The entry costs of installation and expansion includes the costs incurred for the establishment of the company, divided in five years.

The concessions item, licenses, trademarks and similar rights shows the cost of the software application.

Total amount is allocated over three years.The cost entered in financial statement (Euro 1,500) shows internally amortized .

The entry of other intangible assets includes work on third-party assets, the amount of which is allocated on the basis of the remaining duration of the lease contract for operating offices of the company.

	Plant and expansion costs	Concessions, licenses, trademarks and similar rights	other intangible assets	Total intangible assets
Value at beginning of year	2,221	1,500	764	4,485
Costs				
Amortization (accumulated depreciation)	1,690	1,500	477	3,667
Carrying (operating)value	531	0	287	818
Variation in financial year	444	-	127	571
Depreciation in financial year	444	-	127	571
Total variations				
Year- end value				
Cost	2,221	1,500	764	4,485
Amortization (accumulated depreciation)	2,133	1,500	605	4,238
Carrying (operating)value	88	0	159	247

TANGIBLE ASSETS**Statement of changes in tangible assets**

In accordance with the article 2427, paragraph 1, n. 2)it is given in the annex prospectus nos. 4, 5 and 6, the changes in tangible assets, divided between historical cost, depreciation funds and net values.

	Other tangible assets	Total tangible assets
Value at beginning of year	5,454	5,454
Costs		
Amortization (accumulated depreciation)	2,719	2,719
Carrying (operating)value	2,735	2,735
Variation in financial year		
Increment in acquisition	916	916
Depreciation in financial year	1,182	1,182
Total variations	(266)	(266)
Year- end value	6,370	6,370
Cost		
Amortization (accumulated depreciation)	3,901	3,901
Carrying (operating)value	2,469	2,469

Credits entered in current assets	Value at beginning of year	variation in financial year	year - end value
Liquid assets	22,862	1,179	24.041
	145,177	18,820	163,997

The credits entered in current asset expiring within the next operation may be raised a total of EUR 21.041 and refer:

Amounting to Euro 4.548 to tax credits for Ires (Euro 2,090); Irap (Euro 738) and VAT (Euro 1.720).

Amounting to Euro 16.110 to trade receivables against the German subsidiary Kalzip GmbH;

Amounting to Euro 383 to different credits.

The credits in maturity over financial year relate for entire amount (EUR 3,000) to guarantee deposits on contracts of locations.

In the determination of the expiry of the credits taking into account the contractual terms and conditions and, where appropriate, the situation of the fact.

In accordance with the article 2427, Paragraph 1, no. 6-rw) please note that there are debts relating to operations/transactions that involve obligation for buyer of retrocession at end.

The cash and cash equivalent – overall equal to Euro 163,997 – shows your bank account balance maintained by the company.

NET ASSETS

Changes in the net assets entries

The Company has been constituted on June 11, 2010, by subscription and simultaneous payment of a single share of nominal value Euro 10,000. As on March 31, 2015 the share capital is therefore entirely paid.

The changes and the composition of the net assets are given in the below table . In accordance with the article 2427, Paragraph 1, n. 7/bis) for each entry of net assets has been specified in accompanying statements, origin, the possibility of use and dispensability.

	Value at beginning of year	Other variations		Income of financial year	year end value
		Increment	Decrement		
Capital	10,000	-	-		10,000
Legal reserve					
Other reserve	608	115	-		723
Various other reserve	(2)	3	-		1
Total other reserve	(2)	3	-		1
Profit(loss) carried forward	11,553	2,190	-		13,743
Profit(loss) of the financial year	2,306	-	2,306	3,220	3,220
Total net assets	24,465	2,308	2,306	3,220	27,687

Availability and use of net assets

	Share	Origin/ nature	possibility of utilization	share available
Capital	10,000	shareholders' contribution/capital		-
Legal reserve				
Other reserve	723	Profit	A,B	-
Various other reserve				
Total other reserve	1			-
Profit(loss) carried forward	1			-
Total	13,743	Profit	A,B,C	13,743
Share not distributable	24,467			13,743
Residual distributable share				12,378
				12,378

Legend

A: for increase in capital

B: for recovery of loss

C: for distribution to shareholders

In accordance with the article 2427, Paragraph 1 no. 20) and 21) Please note that there are no assets intended for a specific business.

In accordance with the article 2428, Paragraph 2, no. 3) and 4) We would like to inform you that the company does not meet at the end of the financial year, has not purchased or sold during the course of financial year, directly or indirectly, shares or shares in a parent companies

EMPLOYEES' SEVERANCE INDEMNITIES

Information about employees' severance indemnities

Fund of employees severance indemnities is registered in the balance sheet liabilities for a value equal to Euro 88,117 and corresponds to actual debt of the company toward the employees on March 31, 2015, determined in accordance with the provisions of article 2120 of the Civil Code

The composition and changes in post-employment benefits is described in detail in the prospectus as follows:

	Employees' severance indemnities
Value at beginning of year	77,419
Variation in financial year	
Provision in the financial year	10,691
Other variation	7
Total variation	10,698
Year end value	88,117

Information on other entry of liabilities

	Value at beginning of year	Variation in financial year	Year end value
Debts	69,708	5,242	74,950

Overall debts amount in Euro 74,950 and refer:

Amounting to Euro 27,449 to amounts owed to suppliers for normal commercial operations.

Amounting to Euro 2,943 to tax payables for withholding tax deposit to be paid to Treasury.

Amounting to 8,329 to amounts owed to social security institutions and social security.

Amounting to 7,801 to amount owed to subsidiaries for commercial relations (Euro 7,200) and advances financial (Euro 601);

Amounting to 28,428 in different debts, mainly in respect of employees, and other bonuses and leave not taken.

In accordance with the article 2427, Paragraph 1, no. 6-rw) please note that there are debts relating to operations/transactions that involve obligation for buyer of retrocession at end

In accordance with the article 2427, Paragraph 1, no. 18) it should be noted that the Company has not issued any bonds, convertible bonds or similar securities

In accordance with the article 2427, Paragraph 1, no. 19) it should be noted that the Company has not issued financial instruments in the course financial year

Profit and loss Account Explanatory Notes

VALUE OF PRODUCTION

Production value consisting of the accrued fees in respect of the German subsidiary kalzip GmbH: it should be noted that the contract of commercial cooperation between the two companies is adjusted according to normal conditions of market.

COSTS OF PRODUCTION

The costs for raw materials, consumables, supplies and goods amounted to Euro 12,266 and mainly involve purchases of fuels and lubricants, and capital goods of low unit value, fully expensed in the financial year.

The costs for service, amounting to Euro 73.653, include mainly:

- Legal advice, tax, administrative and managerial in Euro 52,413;
- Costs for traveling, boarding and lodging for employees in Euro 7,883;
- Representations expenses in Euro 1,897;
- Utilities in Euro 6,924;

The costs for leasing and rental expenses, amounting to Euro 31,284, consists primarily fees for the car rental business (Euro 20,881) and rent for the place of operating office of the company (10.203)

The costs of staff amounted to euro 199.778.

With regard to depreciation of the financial year refers to that stated in explanatory notes in the comments of tangible and intangible fixed assets. Other operating expenses are equal to Euro 1,116 consist mainly of taxes and different taxes/charges.

Distribution of interest and other financial charges for each type of debts

The financial burden in respect of the financial year amounted to euro 268 and are primarily (Euro 260) negative differences on changes made

Income for the last the financial year , current, deferred and pre-paid taxes

Current, deferred and pre-paid taxes

The current taxes amounting to Euro 11,774, referred to Euro 6,086 for Ires and Euro 5,688 for Irap.

Explanatory Notes Other Information

Summary statement of the company's balance sheet that exercise activity of direction and coordination

The company is governed in accordance with the article 2497 *Bis*, of the civil code to the activity of management and coordination on behalf of its parent company, Tata Steel Europe Ltd.

The main economic data/ assets of Tata Steel Europe Ltd, which shows the balance sheet ended 31 /03/2015 , are given in tables as follow.

Explanatory Notes final parts

In accordance with the article 2427, Paragraph 1 no. 22-bis, it should be noted that the Company has not entered into transactions with related parties for relief amounts or with conditions that differ from those of the market.

In accordance with the article 2427, Paragraph 1 no. 22-ter, finally, it should be noted that the Company has not carried out operations which are not indicated in the budget, characterized by risk or significant benefits in term of financial balance sheet and income statement.

In accordance with the article 2427, Paragraph 1, no. 8) It should be noted that no financial charges were recorded as assets on the balance sheet Dear Shareholders,

At the conclusion of the foregoing, we invite you to approve the financial statements for the year closed on March 31, 2015 and we propose you to allocate profit for the financial year in Euro 3,220 as follows

- Euro 161 for legal reserves;
- Euro 3.059 again.

For the Board of Directors
The president
Horst Dieter Schulz

These accounts are a translated version for information purpose only, the original language version prevails in the event of any discrepancies between the English translation and the original.