

**TATA STEEL SPECIALITY SERVICE
CENTRE SUZHOU CO., LTD.
31 March 2016
AGREE UPON PROCEDURES REPORT**





All Ways Progressive

蘇州眾勤會計師事務所

Allpro Certified Public Accountants
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Tata Steel Speciality Service Centre Suzhou Co., Ltd.

Agreed upon procedures for financial statements as at March 31, 2016

Dear Board of Directors,

We have performed the procedures agreed with you as detailed in our engagement letter on Balance sheet as at March 31, 2016 and Income statement for the period from April 1, 2015 to March 31, 2016.


Our engagement was undertaken in accordance with the relevant requirements of China Certified Public Accountants Standards on Auditing issued by China Institution of Certified Public Accountants and approved by PRC Ministry of Finance on related services applicable to agreed-upon procedures engagements. The procedures were used solely to assure there is no accounting treatment which is not in compliance with the Chinese GAAP.

Management of the Company is responsible for the preparation and fair presentation of these accounting records in accordance with Accounting Standards for Business Enterprises and the Accounting Regulations for Business Enterprises issued by the Ministry of Finance of the People's Republic of China.

Since the agreed upon procedures do not constitute either an audit or a review engagement in accordance with the relevant requirements of China Certified Public Accountants Standards on Auditing, we do not express any assurance on financial statements as at March 31, 2016.

Based on the agreed upon procedures we have performed, we report to you that (1) Agreed upon procedures; (2) Findings and comments; (3) Reporting figures for identification purpose; (4) Balance sheet and Income statement as at March 31, 2016 on page 3 to page 5; (5) Income and profit appropriation statement for the period from April 1, 2015 to March 31, 2016 on page 6; (6) Index mapping for combination of trial balance and Financial Statements based on PRC GAAP on page 7 to page 9.

This report has been prepared to the Company for the purpose of obtaining the findings found according to agreed upon procedures performed. It should not be relied upon by any other party for any other purpose and we expressly disclaim any liability or duty to other party in this respect.

Sun Su 
April 20, 2016



(1) Agreed upon procedures:

We have carried out the following agreed upon procedures on the financial statements.

- Conduct analytical review procedure on the balance sheet and income statement;
- Conduct sample checking on all the accounts in the balance sheet and the income statement prepared in accordance with Chinese Accounting Standards.

(2) Findings and comments:

According to agreed upon procedures, there are no significant matters coming to our attention which should be reported to you.

(3) Identification figures:

For the purpose of identifying the report, reported amounts for the following line items were (In USD):

Accounts receivable	1,351,686.92
Inventories	6,119,668.26
Long-term equity investment	792,619.13
Fixed assets (cost)	162,676.98
Accounts payable	9,743,240.62
Undistributed profit	(630,541.22)
Investor's equity	(80,541.22)

Tata Steel Speciality Service Centre Suzhou Co., Ltd.

Balance sheet

as at March 31, 2016

USD

<u>Assets</u>	<u>Notes</u>	<u>March 31, 2016</u>	<u>March 31, 2015</u>
Current assets			
Cash and bank balances	BS1	224,020.47	140,310.08
Notes receivables	BS2	680,499.76	1,072,148.69
Accounts receivable	BS3	1,351,686.92	1,035,006.61
Other receivables	BS4	23,011.69	24,200.91
Advances to suppliers	BS5	-	-
Inventories	BS6	6,119,668.26	3,616,651.79
Prepaid expenses	BS7	40,258.74	42,836.72
Total current assets		8,439,145.84	5,931,154.80
Long-term investment			
Long-term equity investment	BS8	792,619.13	792,619.13
Total Long-term investment		792,619.13	792,619.13
Fixed assets			
Cost	BS9	162,676.98	158,592.94
Less: Accumulated depreciation	BS10	126,441.95	104,678.44
Carrying amount		36,235.03	53,914.50
Total fixed assets		36,235.03	53,914.50
Intangible and other assets			
Intangible assets	BS11	2,561.48	3,534.44
Long term prepaid expenses	BS12	-	-
Total intangible and other assets		2,561.48	3,534.44
Total assets		9,270,561.48	6,781,222.87

The accompanying notes form an integral part of the financial statements

Legal representative:

Person in charge of
accounting function:

Finance manager:

Tata Steel Speciality Service Centre Suzhou Co., Ltd.

Balance sheet

as at March 31, 2016 (continued)

USD

<u>Liabilities and investor's equity</u>	<u>Notes</u>	<u>March 31, 2016</u>	<u>March 31, 2015</u>
Current liabilities			
Accounts payable	BS13	9,743,240.62	6,551,423.80
Advances from customers	BS14	23,118.43	3,415.29
Tax payables	BS15	(469,098.69)	(95,928.08)
Other payables		-	-
Accrued expenses	BS16	53,842.34	15,317.02
Total current liabilities		<u>9,351,102.70</u>	<u>6,474,228.03</u>
Total liabilities		<u>9,351,102.70</u>	<u>6,474,228.03</u>
Investor's equity			
Paid-in capital	BS17	550,000.00	550,000.00
Accumulated losses	BS18	(630,541.22)	(243,005.16)
Total investor's equity		<u>(80,541.22)</u>	<u>306,994.84</u>
Total liabilities and investor's equity		<u>9,270,561.48</u>	<u>6,781,222.87</u>

The accompanying notes form an integral part of the financial statements

Legal representative:

Person in charge of
accounting function:

Finance manager:

Tata Steel Speciality Service Centre Suzhou Co., Ltd.

Income and profit appropriation statement

for the period from April 1,2015 to March 31, 2016

USD

	<u>Notes</u>	<u>2015.4.1-2016.3.31</u>	<u>2014.4.1-2015.3.31</u>
Sales from principle activities	PL1	10,910,934.20	10,596,251.37
Less: Cost of sales from principle activities	PL2	10,110,195.90	9,854,217.92
Business tax and surcharges	PL3	1,313.95	521.98
Profit from principle activities		799,424.35	741,511.47
Add: Profit from other activities	PL4	(26,992.14)	(5,201.15)
Less: Distribution and marketing expenses		-	-
Administration expenses	PL5	1,085,418.64	1,024,332.75
Financial expenses	PL6	58,466.32	(29,306.41)
Operating profit / (loss)		(371,452.75)	(258,716.02)
Add: Non-operating income	PL7	-	-
Less: Non-operating expenses	PL9	16,083.31	-
Profit before income tax		(387,536.06)	(258,716.02)
Less: Income tax	PL8	-	-
Net profit		(387,536.06)	(258,716.02)
Add: Undistributed profit at beginning of the year		(243,005.16)	15,710.86
Distributable profit		(630,541.22)	(243,005.16)
Less: Statutory reserve		-	-
Distributed profit		-	-
Undistributed profit at the end of the year		(630,541.22)	(243,005.16)

The accompanying notes form an integral part of the financial statements

Legal representative:

Person in charge of
accounting function:

Finance manager:

Tata Steel Speciality Service Centre Suzhou Co., Ltd.

Income and profit appropriation statement

for the period from April 1, 2015 to March 31, 2016

USD

	<u>Paid-in capital</u>	<u>Capital Surplus</u>	<u>Surplus Reserve</u>	<u>Undistributed Profit</u>	<u>Total</u>
I					
Balance at 3/31/2015	550,000.00	-	-	(243,005.16)	306,994.84
Changes in accounting policies	-	-	-	-	-
Corrections of prior period errors	-	-	-	-	-
Balance at 4/1/2015	<u>550,000.00</u>	<u>-</u>	<u>-</u>	<u>(243,005.16)</u>	<u>306,994.84</u>
III					
Increases/decreases in current year (deduct: decreases)					
1. Net income/loss				(387,536.06)	(387,536.06)
2. Gains or losses directly recorded into owners' equity					
3. Capital contributed by owners					
4. Profit distribution					
Appropriation of surplus reserve					
Profit distributed to owners (or stockholders)					
5. Others					
Total of increases/decreases in current year	<u>-</u>	<u>-</u>	<u>-</u>	<u>(387,536.06)</u>	<u>(387,536.06)</u>
IV					
Balance at 3/31/2016	<u>550,000.00</u>	<u>-</u>	<u>-</u>	<u>(630,541.22)</u>	<u>(80,541.22)</u>

The accompanying notes form an integral part of the financial statements

Legal representative:

Person in charge of accounting function:

Finance manager:

Index Mapping
as at March 31, 2016

USD

Account No.	Account Description	Debit	Credit	Mapping
10101	Sales, FTZ	-	2,443,959.90	PL1
10102	Sales, Domestic China	-	5,343,787.57	PL1
10103	Sales ROW	-	3,105,717.04	PL1
10108	Sales, Intra Corus	-	17,469.69	PL1
10120	Exchange Differences	-	30,350.39	PL6
10170	Sales, Scrap	-	16,413.51	PL4
10601	COS, FTZ	1,991,384.96	-	PL2
10602	COS, Domestic China	5,148,252.37	-	PL2
10603	COS - ROW	2,615,589.68	-	PL2
10608	COS, Intra Corus	31,693.95	-	PL2
10650	COS, Scrap	43,405.65	-	PL4
10660	COS, Import Duty	29,169.99	-	PL2
10690	COS, Aged Stock Adjustment	-	-	PL2
10690	COS, Aged Stock Adjustment	95,427.53	-	PL5
10695	COS, Stock Errors	-	-	PL2
11610	Carriage, FTZ	8,290.06	-	PL2
11620	Carriage, China Domestic	19,857.19	-	PL2
11630	Carriage, ROW	13,541.65	-	PL2
12602	Saw Blades	7,548.19	-	PL2
12603	Hand Tools	4.27	-	PL2
12604	Pallets and Bins	17,679.07	-	PL2
12605	Strapping and Boxing	1,986.38	-	PL2
12606	Paint, Labels and Marking	1,292.22	-	PL2
12608	Oil, Cooling	651.61	-	PL2
12609	Oil, Hydraulic	-	-	PL2
12611	Testing, External Services	2,021.61	-	PL2
12612	Safety Equipment	602.52	-	PL2
12613	Cleaning Supplies, Warehouse	2,974.42	-	PL2
12615	Other Consumables	925.73	-	PL2
12616	Weighing / Measuring Equipt	766.38	-	PL2
12617	Other Equipment	37.26	-	PL2
12651	Hire of FLT Without Personnel	34,325.25	-	PL2
12652	Hire of Cars	51,657.18	-	PL5
13101	Maintenance of Buildings	-	-	PL5
13102	Maintenance of Site	-	-	PL5
13103	Maintenance of Office	653.78	-	PL5
13104	Maintenance of Warehouse	392.36	-	PL2
13106	Maintenance of Office Equipment	555.42	-	PL5
13107	Maintenance of Motor Vehicles	624.50	-	PL5
13108	Maintenance of Saws	4,152.19	-	PL2
13109	Maintenance of Other Equipment	262.02	-	PL2
14101	Electricity	36,121.04	-	PL2
15102	Rent	155,303.51	-	PL5

Index Mapping
as at March 31, 2016 (continued)

USD

Account No.	Account Description	Debit	Credit	Mapping
15103	General Rates (Management Fees)	20,045.29	-	PL5
15104	Water Rates	205.26	-	PL5
15106	General Insurance	5,133.55	-	PL5
15107	Credit Insurance	8,095.39	-	PL5
15110	Telephone	22,232.21	-	PL5
15151	Postage	3,659.75	-	PL5
15152	Books, Magazines & Newspapers	85.45	-	PL5
15153	Printing and Stationery	9,022.45	-	PL5
15154	Computer and Office Equipment	12,057.50	-	PL5
15155	Conferences and Seminars	98.09	-	PL5
15156	Bank Charges	6,812.84	-	PL6
15157	Entertainment	4,859.74	-	PL5
15158	Travel and Subsistence	39,068.95	-	PL5
15159	China Foreign Travel	5,984.62	-	PL5
15160	Recruitment	32,941.90	-	PL5
15161	Personnel and Welfare	-	-	PL5
15162	Cleaning and Laundry	5,735.86	-	PL5
15163	Canteen	21,559.57	-	PL5
15167	Small Differences	-	0.33	PL5
15168	Computer Costs	16.02	-	PL5
15169	Fees & Subscriptions	31,711.41	-	PL5
15170	Bad Debt Write Off/On	-	-	PL5
15172	Tax and additional duty	1,313.95	-	PL3
15173	Stamp Tax	1,569.16	-	PL5
15174	Staff Training	4,263.78	-	PL5
15175	Operating Exchange Difference	83,145.77	-	PL6
15177	Income tax expense	-	-	PL8
15610	TSS Head Office Charges	40,239.62	-	PL5
15620	Corus Head Office Charges	-	-	PL5
16605	Salaries, Warehouse	45,620.10	-	PL2
16606	Salaries, Commercial	228,506.60	-	PL5
16607	Salaries, Administration	77,531.18	-	PL5
16608	Salaries, Production	85,557.83	-	PL2
16609	Employers NI Contributions	107,563.74	-	PL5
16610	Staff NI	73,108.66	-	PL5
16612	Payroll Services	12,660.43	-	PL5
17105	Dep'n, Plant and Equipment	9,495.60	-	PL2
17110	Dep'n, Computer and Office Eq't	12,267.91	-	PL5
17120	Amort. Intangible assets	972.96	-	PL5
18021	Interest Received	-	1,141.90	PL6
18022	Nonrevenue receipt	16,083.31	-	PL9
18022	Nonrevenue receipt	-	-	PL7

Index Mapping
as at March 31, 2016 (continued)

USD

Account No.	Account Description	Debit	Credit	Mapping
19999	(Profit) / Loss	387,536.06	-	BS18
21110	At Cost Brought Forward	76,668.51	-	BS9
21120	Cumulative Depreciation B/fd	-	44,571.58	BS10
21130	Additions / Disposals	-	-	BS9
21140	Depreciation This Year	-	9,495.61	BS10
21210	At Cost Brought Forward	81,924.43	-	BS9
21220	Cumulative Depreciation B/fd	-	60,106.86	BS10
21230	Additions / Disposals	4,084.04	-	BS9
21240	Depreciation This Year	-	12,267.90	BS10
21310	At Cost Brought Forward	206,133.09	-	BS12
21320	Cumulative Depn b/f	-	206,133.09	BS12
21410	At Cost Brought Forward	4,865.06	-	BS11
21420	Cumulative Depn b/f	-	1,330.62	BS11
21430	Additions/Disposals	-	-	BS11
21440	Depreciation This Year	-	972.96	BS11
22020	Local Stock Valuation	5,444,926.90	-	BS6
22021	Interim Stock (not invoiced)	906,427.36	-	BS6
22120	Stock Devaluation Provision	-	227,603.11	BS6
22140	Inventory Adjustment	-	-	BS6
23003	Notes receivable	680,499.76	-	BS2
23004	Trade Debtor Control - ROW	809,973.33	-	BS3
23005	Trade Debtor Control - FTZ	439,423.05	-	BS3
23006	Trade DR Ctrl - Domestic China	102,290.54	-	BS3
23006	Trade DR Ctrl - Domestic China	-	23,118.43	BS14
23008	Trade Debtor Control - Corus	-	-	BS3
23205	Rent	29,964.25	-	BS7
23210	Rates	4,794.28	-	BS7
23235	Hire of FLT	21,418.20	-	BS7
23250	General Bus Exps	-	15,917.99	BS7
23250	General Bus Exps	23,011.69	-	BS4
23250	General Bus Exps	-	53,842.34	BS16
23425	Head Office, Other	-	-	BS7
23510	Long-term investment - Xian	792,619.13	-	BS8
24040	Bank Account - ABC (STG)	516.16	-	BS1
24050	Bank Account - ABC (RMB)	131,962.35	-	BS1
24051	Bank Account - ABC (USD)	89,730.56	-	BS1
24052	Bank Account - ABC Capital	1,811.40	-	BS1
25011	Trade Cr Ctl - Domestic China	-	8,442.98	BS13
25012	Trade Creditor Control - Corus	-	9,734,971.55	BS13
25016	Tax suspense	-	-	BS15
25020	G.R.N.I.	-	4,082.89	BS6

Index Mapping
as at March 31, 2016 (continued)

USD

Account No.	Account Description	Debit	Credit	Mapping
25022	Purchases Reconciliation	173.91	-	BS13
25210	Sales Output VAT	-	807,543.37	BS15
25220	Input VAT	1,190,931.02	-	BS15
25230	VAT Net Account	85,711.04	-	BS15
29100	Capital Investment Current	-	550,000.00	BS17
29499	Year End Profit Transfer	243,005.16	-	BS18

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