

## Kalzip Guangzhou Limited

Guangzhou Office of DEQIN HUA YONG Certified Public Accountants Office  
(Special PUTONG partnership)

To: Miss Liu Liyan

Dear Sirs,

Regarding HUO GAO WEN Building Systems (Guangzhou) Co. Ltd. ('the Company')

In view of the objective of your esteemed Office to have the Consolidated Financial Statements for Tata Steel Company GmbH, which is the supreme Holding Company of the Company, drawn up and based on the verification and criteria of measurement based on the International Financial Reporting Standards and given the requirement of the Financial Statements Data (Hereinafter abbreviated , "Financial Statements Data") for the period April 1, 2014 to March 31, 2015 to be drawn up as per the presentation as well as disclosures made by Tata Steel Company GmbH contained in the Financial Statements Data; after having made suitable enquiries with other Directors and Managers of the Company and to the best of our knowledge, now we hereby affirm and render the following statement for the benefit of your esteemed office:

### I. GENERAL PROVISIONS

1. We are aware of our responsibility to adhere to the "Accounting Law of the People's Republic of China" as well as the "Enterprise Financial and Accounting Regulations" while guaranteeing authenticity, legitimacy, and integrity in regard to the accounting data relating to the Company. We have also ensured that proper accounting records (including but not limited to Accounting documents, Account books, other accounting materials, etc.) are kept and that these records authentically and accurately reflect the financial situation, operational outcome and cash flow in respect of the Company.
2. We have ensured that we are responsible for guaranteeing that the materials contained in the Financial Statements Data for the period April 1, 2014 to March 31, 2015 have been compiled based on the verification and criteria of computation in terms of International Financial Reporting Standards and disclosures and presentation made by Tata Steel Company GmbH in the Financial Statements data; besides we also guarantee that the Financial Statements Data reflects in a fair and equitable manner the financial details as on March 31, 2015 as well as the operational outcome and the quantum of cash flow for as on March 31, 2015.
3. In the course of compiling materials for the Financial Statements, we have
  - chosen appropriate accounting policies and employed them all through;
  - made rational and prudent judgments and assessments;
  - drawn up the Financial Statements data on the basis of continuing operations. And that the assumptions in terms of the basis of continuing operation being relied upon in the Financial Statements Data are quite rational.
4. The Financial Statements Data in respect of the Company have been compiled in accordance with the verification and computation criteria of International Financial Reporting Standards including the disclosures and presentation by Tata Steel Company GmbH contained in the Financial Statements material.
5. All the accounting records and other relevant records & materials pertaining to the Company are being handed over to your esteemed office for the purpose of review only; all the transactions of

the Company have already been suitably reflected in the accounting records; besides off-balance sheet assets or un-accrued liabilities do not exist. All the other records and relevant material including the records of the management echelons and conferences.

6. We are well aware that we owe the responsibility to ensure that all the operating functions conform to the provisions of the laws and regulations and to detect or prevent such acts that infringe upon the laws and regulations and to put in place or implement necessary internal controls in order to prevent or detect any misstatement arising from fraud or other reasons to be followed by corrective measure. We are also aware that we are responsible for creating good environment in terms of internal controls, safeguarding relevant policies and order so as to ensure that business activities are developed in an efficient and orderly manner, which shall include evolving and safeguarding necessary controls relating to the reliability of Financial Statements Data besides exercising control over any pattern that might lead to major misstatements in terms of the Financial Statements Data.
7. We have already disclosed to your esteemed office the outcome of our assessments in regard to major hazards of financial misstatements arising from frauds.
8. Further, we have not noticed any employee who shoulders major functions involving the management echelons or the internal control system or likely to get so involved, nor have we detected commission of fraud or suspicion of fraud on the part of other employees whose possible fraudulent act might have a significant impact upon the Financial Statements Data.
9. Furthermore, we have not come across any accusation regarding possible adverse influence on the Financial Statements Data due to fraud or suspected fraud.
10. We are of the view that the present Financial Statement Data do not contain any major errors, and that as far as certain issues of inadequacy like uncorrected misstatements and disclosures enumerated in Appendix-1 are concerned, they will not have any significant impact on the Financial Statements Data, when taken as a whole. Therefore, we have not resorted to any adjustments or disclosures as regards those petty matters in the present Financial Statements Data
11. The Company has already fulfilled the terms of the contract that can have a major impact upon the Financial Statements Data and therefore no any such circumstance exists that might adversely impact the Financial Statements Data because of possible contravention of the terms of contract. Furthermore, no acts are seen in respect of the Company that are violative of or violate or likely to violate the relevant laws and regulations whereby producing major adverse impact upon the Financial Statements Data.
12. All transactions by the Company involving foreign exchange conformed to the extant international as well as People's Republic of China laws, regulations and other stipulations.
13. The Company was not in receipt of any notification from any competent government organ or department in regard to any requirement calling for regulating or correcting the Financial Statements or Accounts.
14. We have already furnished the entire data pertaining to related parties, which include all such material that are meant for recognizing the related parties. Relevant activities in respect of the related parties, the nature of relationship with such related parties as well the relevant figures showing unsettled amounts have all been reflected, appropriately and thoroughly.
15. No such development has occurred subsequent to the date of preparation of the Balance Sheet that calls for adjustment or revelation in regard to the Financial Statements Data.

16. There is no any matter concerning the Company that would lead to a restatement of the comparative data.

#### Liabilities, Reserves, and Commitments

17. We have already recorded or revealed, in suitable manner, all the actual liabilities; besides, the Company has no other liabilities, nor has the Company provided security to any third party.

18. All taxes that are due covering customs duty, income tax, value added tax, business tax and other taxes which the Company was liable to pay as on the date of the Balance Sheet, have been comprehensively reflected in the Financial Statements Data; furthermore, there is no other tax liability other than those already reflected. All aspects concerning taxation requirements with respect to the Company are in conformity with the relevant extant laws and regulations of the People's Republic of China. The Company has already submitted to or let your esteemed office know of all notifications and documents containing information relating to the Company, as obtained from the tax authorities concerned.

19. As far as the Company is concerned, no uncertain matters having any significance exist that might tell upon fairness in terms of the Financial Statements Data which we have not disclosed, nor do they exist; besides, no any claim is likely to be raised against the Company arising from litigations.

20. In so far as any developments that occurred that are likely to cause loss as on the date of the Balance Sheet or before that date are concerned, corresponding reserves have been suitably and adequately provided in the Financial Statements Data.

#### Assets

21. We have not noticed any plans or intentions at all which might bring about any major change in terms of the book value or the classification of the assets and liabilities as presented in the Financial Statements Data.

22. We have already attempted to ascertain details relating to impairment or otherwise with respect to the fixed assets/projects under construction/intangible assets that carry limited life of use, but we could not detect any indication of impairments of the said type of assets. We have estimated the recoverable amounts in respect of the fixed assets, and then had them compared with the book value. While assessing the recoverable amounts we have taken the asset group to which the assets belonged as the basis, and determined the higher value between the net amount obtained after deducting the disposal cost from the fair value and the estimated future quantum of cash flow of assets. And while assessing the future cash flow, the quantum of cash flow employed matched with the latest financial budget approved by the management echelon and the forecast data and the assessment was done with a hypothesis having basis and rationality. We are of the view that the discount rate we have employed would represent the expected rates of return on assets that carry similar risks in the market. Based on the aforementioned estimate, we could not detect a situation wherein the book value exceeded the recoverable amount.

23. We have once again considered the remaining useful lifespan of the fixed assets/intangible assets having limited lifespan; further, we have verified the amount arrived at after rationally subtracting the residual value from the depreciated/amortized cost (or, re-estimated) by employing the rate of depreciation/amortization that is being currently applied, and carried out depreciation/amortization in terms of the remaining useful period of the fixed assets.

24. We affirm that there has been no major sale or scrapping of the fixed assets during the fiscal year.

25. We do not at all see any possibility of occurrence of the overstocked or outdated products terminating production or other plans or intentions; further, all existing inventories do not amount to higher than the realizable net value.

26. The Company has already submitted to your esteemed office the entire warehouse list in respect of stores and inventories (including the warehouse position in terms of the stores and inventories for the period ending March 31, 2015). Apart from the stock held by Shanghai Xin Li Decoration Engineering Co., Ltd., Shenyang Yuan Da Aluminium Industry Co., Ltd. Huizhou City Hon Hai Steel Co., Ltd., Jiangsu Li Dao Materials Joint Stock Co., Ltd. that have been duly disclosed to your esteemed office, on 31<sup>st</sup> March, 2015, the Company does not have such inventories which while belonging to the Company remain in possession of third parties or have been stored elsewhere; the Company also does not possess goods in transit about which no entry has been made in the Financial Statements Data.
27. The Company possesses legitimate interests and ownership over all the assets; furthermore; the assets of the Company have not been mortgaged, pledged or (kept under) lien and are also not subject to any encumbrances.
28. Based on objective proof we have already made estimate of the impairment details in terms of the realizable amounts (including realizable receivables and other receivables). With regard to the net book value exceeding the anticipated future cash flow, we have already verified the loss due the impairment in terms of that portion of the amount after discount as per the initial actual interest rate.
29. We anticipate that the payable amounts that are included in the Balance sheet will match the economic interests in terms of production during period subsequent to what follows the date of the Balance sheet.
30. As far as transactions and matters that are not required to be presented in the present Balance sheet are concerned, we have already furnished to your esteemed office all the relevant data as well as documents. We affirm that no ancillary agreement is in existence towards rendering the accounting treatment appropriate; moreover, nothing more is pending disclosure to your esteemed office; the foregoing is adequate to influence the accounting process and to reveal the relationship in terms of the related parties.

**Person in charge of the Company: (Signed)**

**In charge of accounting work: (Signed)**

## Appendix-1: Uncorrected misstatements

	<u>Year 31-3-2015</u> Per IFRS package	<u>Uncorrected</u> <u>misstatements</u> Dr/(Cr)	<u>Notes</u>	<u>Results</u> <u>if misstatements</u> <u>are corrected</u>
<b>Non current asset</b>				
Trade Debtor outside uk>1y	3,065,812	- -		3,065,812
Provn for Bad and Doubtful Debts>1yr	(474,600)	- -		(474,600)
PM&E-Cost Closing	23,833,237	(326,936)	4	23,833,301
PM&E-Depn closing	(19,681,258)	- -		(19,681,258)
Deferred Tax Assets				-
Intangible Assets	1,521,776	-		1,521,776
Intangible Fixed Assets - Amortization	(1,265,655)	-		(1,265,655)
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Total noncurrent asset	6,999,312	(326,936)		6,672,376
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<b>Current Asset</b>				
Inventory	3,248,641	-		3,248,641
Inventories Provision	(1,741,553)	-		(1,741,553)
Amount Owned by Group Co.<1 Yr	2,985,305	-		2,985,305
Total Other Debtors <1 Yr	1,048,947	626,936	1, 4	1,675,883
Trade Debtors Outside UK <1 Yr	58,784,826	-		58,784,826
Provn for Bad and Doubtful Debts <1 Yr	(10, 482,499)	-		(10, 482,499)
Cash at Bank and in Hand	36,215,059	-		36,215,059
External Interest Receivable<1 Yr	75,016	-		75,016
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Total current asset	90,133, 7414	626,936		90,760,677
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## Current Liabilities

Trade Creditors- For Goods Supplied	3,903,525	300,000	1	4,203,525
Trade Creditors-Other	247,722	–		247,722
Amounts Owed to Group COS	20,452,943	–		20,452,943
Other Credit Balances	24,332,162	10,129	3	24,342,291
Payments Received on Account fr. Custome	940,380	–		940,380
Other Payroll Provisions	3,310,087	(10,129)	3	3,299,959
Holiday Pay Provisions	190,655	–		190,655
Employment Taxes	43,184	–		43,184
Social Security Taxes	3,007	–		3,007
VAT	745,964	(62,016)		745,964
Non UK Taxes	--	--		--
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Total current liabilities	54,169,628	300,000		54,469,628
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<b>Net assets</b>	<b>42,963,425</b>			<b>42,963,425</b>
=====	=====	=====		=====
 <b>Equity</b>				
Group share capital	25,239,122	–		25,239,122
Retained earnings opening	32,713,856	(1,999,707)	2, 5, 6	30,714,150
Statutory Reserve		4,210,713	2	4,210,713
Result for current year	(14,989,553)	(2,211,006)		(17,200,559)
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<b>Total equity</b>	<b>42,963,425</b>	<b>-</b>		<b>42,963,425</b>
=====	=====	=====		=====
<i>control</i>	--			--

## Appendix-1: Uncorrected misstatements

	<u>Year 31-3-2015</u> <u>Per IFRS package</u>	<u>Uncorrected</u> <u>Dr/(Cr)</u>	<u>Notes</u>	<u>Results</u> <u>if misstatements</u> <u>are corrected</u>
External group turnover	45,910,889	364,800	5	46,275,689
Intercompany group turnover	4,896,764	–		4,896,764
<b>Total Group Turnover</b>	<b>50,807,653</b>	<b>364,800</b>		<b>51,172,453</b>
Total raw materials and consumables	24,580,246	–		24,580,246
wip	5,419,497	–		5,419,497
Maintenance costs excluding labour	220,698	–		220,698
Other external charges	1,772,803	783,346	5	2,556,149
Total employment costs	11,461,135	–		11,461,135
Depreciation and amortisation	1,056,848	–		1,056,848
Other operating charges	21,407,795	–		21,407,795
Total P/L on sale of fixed assets	468,407	–		468,407
<b>Total Operating Costs</b>	<b>66,387,428</b>	<b>(783,346)</b>		<b>67,170,774</b>
Interests and dividends receivable	838,732	–		838,732
<b>Profit/Loss Before Tax</b>	<b>(14,741,043)</b>	<b>(418,546)</b>		<b>(15,159,589)</b>
Taxation	248,510	1,792,460	6	2,040,971
<b>Profit/Loss for Financial Year</b>	<b>(14,989,553)</b>	<b>(2,211,006)</b>		<b>(17,200,559)</b>

## Appendix-1: Uncorrected misstatements

## Comments

### 1. Adjustment for understatement Note receivable

DR Total Others Debtors <1Yr	300,000.00
CR Trade Creditors-For Goods Supplied	(300, 000. 00)

### 2. Adjustment for understatement of provision for statutory reserve

DR Retained earning opening	4,210,712.89
CR Statutory Reserve	(4,210,712.89)

### 3. Reclassify the labour union expenditure from Other Credit Balances to Other Payroll Provisions

DR Other Credit Balances	10,128.50
CR Other Payroll Provisions	(10,128.50)

### 4. Reclassify the PM&E-impairment from other debtors<1 yr to PPE

DR Total Other Debtors <1 Yr	326,936.00
CR PM&E –Cost Closing	(326,936.00)

### 5. Adjustment for the cut off revenue and cost

DR Other external charges	783,345.78
CR External group turnover	(364,800.00)
CR Retained earning opening	(418,545.78)

### 6. Adjustment for prior year deferred tax assets and prior year income tax expenses

DR taxation	1,792,460.42
CR Retained earning opening	(1,792,460.42)

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.