

Montana Bausysteme AG Villmergen

Annual Financial Statement for the fiscal year
that ended on March 31, 2016
and Auditors' Report

Auditors' Report

To the general meeting of
Montana Bausysteme AG, Villmergen

Report by the Statutory Auditors on the Annual Financial Statement

As statutory auditors, we have audited the enclosed annual financial statement of Montana Bausysteme AG consisting of the balance sheet, income statement, cash flow statement and notes for the fiscal year that ended on March 31, 2016.

Responsibility of the Board of Directors

The Board of Directors is responsible for the preparation of the annual financial statement in accordance with the statutory provisions and bylaws. This responsibility includes structuring, implementing and maintaining an internal control system relevant to the preparation of an annual financial statement that are free from material misstatement as a result of non-compliance or errors. In addition, the Board of Directors is responsible for the selection and the application of appropriate accounting policies and making reasonable estimates.

Responsibility of the Statutory Auditors

Our responsibility is to give an opinion on the annual financial statement based on our audit. We conducted our audit in accordance with Swiss law and the Swiss auditing standards. According to these standards, we have to plan and conduct the audit such that we achieve sufficient certainty, whether the annual financial statement is free from material misstatements.

An audit involves performing auditing procedures to obtain audit evidence for the valuations contained in the annual financial statement and other disclosures. The selection of audit processes is at the reasonable discretion of the auditor.

This includes an assessment of the risks of material misstatements in the annual financial statement as a result of non-compliance or errors. In assessing these risks, the auditor considers the internal control system, as far as it is of importance for the preparation of the annual financial statement, to set the audit procedures that are appropriate in the circumstances, but not to deliver an opinion on the effectiveness of the internal control system. The audit also includes evaluating the appropriateness of the accounting policies used, the reasonableness of the estimates made, as well as evaluating the overall presentation of the annual financial statement. We believe that the audit evidence we have obtained forms a sufficient and appropriate basis for our audit opinion.

Audit Opinion

In our opinion, the annual financial statement for the fiscal year that ended March 31, 2016 complies with Swiss law and the bylaws.

Reporting based on further statutory provisions

We confirm that we meet the legal requirements on licensing according to the Law on Audit Supervision (RAG) and the independence of the Code of Obligations (Art. 728 OR) and that there are no circumstances that cannot be reconciled with our independence.

In accordance with Art.728a Sec.1 Item 3 OR and the Swiss Auditing Standard 890, we confirm the existence of an internal control system designed according to the requirements of the Board of Directors for the preparation of the annual financial statement.

In addition, we confirm that the resolution on the appropriation of the accumulated profits complies with Swiss law and statutes, and recommend approving the present annual financial statement.

Patrick Fawer

Licensed Audit Expert

Lead Auditor

Licensed Audit Expert

Basel, June 16, 2016

PFA/MKU/sdo

Enclosures

- Annual Financial Statement (balance sheet, income statement, cash flow statement and notes)
- Resolution on the Appropriation of the Accumulated Profits

Montana Bausysteme AG, 5612 Villmergen

Balance sheet

ASSETS

	Annex	31.03.2016		31.03.2015	
		CHF	CHF	CHF	CHF
Cash and cash equivalents			7 427 942.27		6 089 619.24
Receivables from deliveries and services					
to third parties		4 241 449.81		6 012 637.78	
to group companies	6.4	26 253.12		75 932.63	
Provisions for doubtful debts		-370 640.36	3897 062.57	-526 915.99	5 561 654.42
other short-term receivables					
to third parties		1 086 925.77		722 654.22	
to group companies		2 000 299.56	3 087 225.33	4 432 166.85	5 154 821.07
Supplies	6.3		3 188 002.60		4 041 782.34
Prepaid expenses and deferred charges			38 232.00		40 873.00
Total current assets			17 638 464.77		20 888 750.07
Tangible fixed assets					
Real estate		4 796 828.64		5 111 802.55	
Machines and equipment		1 500 813.78		1 866 853.81	
Plant under construction			6 297 642.42	120 669.80	7 099 326.16
Total fixed assets			6 297 642.42		7 099 326.16
TOTAL ASSETS			23 936 107.19		27 988 076.23

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Balance sheet

LIABILITIES	Annex	03.31.2016		03.31.2015	
		CHF	CHF	CHF	CHF
Liabilities from deliveries and services					
to third parties		1 246 739.22		1 689 445.11	
to group companies	6.4	<u>857 570.47</u>	2 104 309.69	<u>1 214 893.27</u>	2 904 338.38
Other short-term liabilities					
to third parties		397 290.28		864 446.31	
to group companies		34 439.77		-	
to VAT Swiss and German		<u>353 992.70</u>	785 722.75	<u>507 852.15</u>	1 372 298.46
Passive accrual and deferral			<u>3800 756.60</u>	<u>3 461 179.03</u>	
Total current debt capital			6 690 789.04	7 737 815.87	
Provisions			<u>3 989 965.00</u>	<u>3 595 000.00</u>	
Total non-current liabilities			<u>3 989 965.00</u>	<u>3 595 000.00</u>	
Total liabilities			10 680 754.04	11 332 815.87	
Share capital			8 000 000.00	8 000 000.00	
Statutory retained earnings			4 000 000.00	4 000 000.00	
Voluntary profit reserves					
Amount carried forward from the previous year		5 260.36		4 432.01	
Profit for the year		<u>1 250 092.79</u>	1 255 353.15	<u>4 650 828.35</u>	4 655 260.36
Total equity			<u>13255 353.15</u>	16655 260.36	
TOTAL LIABILITIES			<u>23 936 107.19</u>	<u>27 988 076.23</u>	

Montana Bausysteme AG, 5612 Villmergen

Income Statement

	Annex	01.04.2014 until 03.31.2015 CHF	01.04.2013 until 03.31.2014 CHF
Gross revenue from deliveries and services		51 702 670.56	67 147 754.10
Sales deductions and discounts			
Cash discounts		-411 255.99	-519 792.13
Losses on receivables		123 667.24	54 453.94
Other sales deductions		-594 069.78	-969 131.33
Net proceeds from deliveries and services		50 821 012.03	65 713 284.58
Change in inventory of unfinished and finished products		-245 000.00	51 000.00
Overall performance		50 576 012.03	65 764 284.58
Cost of materials		-26 577 577.07	-35 957 448.41
Personnel expenses		-12 214 856.03	-12 243 000.60
Research and development expenses		-75 546.62	-36 361.58
Other operational expenses		-9 130 953.59	-10 666 283.25
<i>Reimbursement of expenses</i>		-64 035.73	-61 786.05
<i>Operating expenses</i>		-6 494 493.46	-7 830 006.07
<i>Sales and advertising costs</i>		-324 809.41	-152 336.80
<i>Administrative overhead</i>	6.2	-1 315 888.64	-1 363 065.62
<i>Management Fees</i>	6.1	-1 002 879.73	-1 329 676.45
<i>Incidental revenue</i>		71 153.38	70 587.74
Depreciation on tangible fixed assets		-855 841.81	-959 847.20
Total operating expenses		-48 854 775.12	-59 862 941.04
Operating profit		1721 236.91	5 901 343.54
Financial expenses		-71 543.65	-302 900.45
Financial income		239 814.25	141
Total financial result		168 270.60	-161 637.83
Extraordinary, unique, or foreign period expenses and income	10	-358 352.00	-
Total other income		-358 352.00	
Annual profit before taxes		1531 155.51	5 739 705.71
Direct taxes		-281 062.72	-1 088 877.36
Annual profit after tax		1250 092.79	4 650 828.35

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Cash flow statement

2015/16
CHF

Annual profit after tax	1 250 092.79
Depreciation and amortization/impairment	855 841.81
Other non-affecting fund expenses (+) / income (-)	-550 467.45
Tax expense (+)	281 062.72
Taxes paid within business	-983 119.70
Decrease (+) / increase (-) claims	2 158 652.91
Decrease (+) / increase (-) supplies	1 253 779.74
Decrease (+) / increase (-) prepaid expenses	2 641 .00
Decrease (-) / increase (+) liabilities	-1 386 604.40
Decrease (-) / increase (+) passive income	323 169.70
Decrease (-) / increase (+) provisions	394 965.00
Cash flow from operating activities (operating Cash Flow)	3 600 014.12
Investment in fixed assets	-60 158.07
Decrease (+) / gain (-) other short term receivables from Group companies	2 431 867.29
Paid interest received from loans	16 599.69
Cash flow from investment activities	2 388 308.91
(-) Payment of a dividend	-4 650 000.00
Cash flow from financing activities	-4 650 000.00
Decrease (-) or increase (+) of cash and cash equivalents	1 338 323.03
Cash and cash equivalents 01.04.2015	6 089 619.24
Cash and cash equivalents 31.03.2016	7 427 942.27
Decrease (-) or increase (+) of cash and cash equivalents	1 338 323.03

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Annex

1 **Legal form, seat and capital (Art. 959c Sec. 2 Item 1 OR)**

Montana Bausysteme AG was founded as a joint stock company in Switzerland and is domiciled in Villmergen AG.

The capital of Montana Bausysteme AG is CHF 8 000 000.00 and is composed of 16 000 registered shares valued at CHF 500.00.

2 **Consolidated financial statements**

Montana Bausysteme AG is included in the consolidated financial statements of the parent company (TATA Building Envelope). Based on Art.963a Sec. 1 Item 2 OR no consolidated financial statements need to be created.

3 **Information on the full-time positions in the annual average (Art. 959c Sec. 2 Item 2 OR)**

Montana Bausysteme AG does not have over 250 full-time positions in the annual average (previous year: not over 250 FTEs).

4 **Details of the previous year's figures (transitional provision Art. 2 Sec. 4 OR)**

The previous year's figures were created according to current accounting legislation to achieve a continuous presentation and outline of the figures.

5 **Accounting and valuation principles (Art. 959c Sec. 1 Item 1 OR)**

The present annual account of Montana Bausysteme AG was created in accordance with the provisions of the Swiss accounting law. The essential applied accounting and valuation principles, which are not already prescribed by the law of obligations, are described below.

Revenue recognition

Montana Bausysteme AG received the gross amounts listed on invoices from the sales of goods, after the deduction of value added tax, as "gross revenue from sales and services". Any differences between the agreed net prices and actual invoiced charges (rebates, discounts or other price reductions) will be included in the item sales deductions and discounts. The net proceeds from sales and services as a result represent the income of Montana Bausysteme AG in the fiscal year.

Revenues are recorded when the Montana Bausysteme AG has transferred the relevant risks and rewards associated with ownership of the products sold, to the customer and the recoverability of the receivables incurred is properly secured (to avoid loss-bearing transactions). Usually this occurs in the delivery of the goods to the customer.

Adequate provisions are made for expected warranty claims from the provision of services.

Related parties

The related parties include the shareholder and other group companies, as well as members of the Board of Directors of Montana Bausysteme AG. Transactions with related parties will always be made on market terms.

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Annex

Tangible fixed assets

Tangible assets are depreciated according to their expected economic useful lives. Exceptions are vacant land and lots, which are not depreciated. The useful lives have been set as follows:

Vacant land	No depreciation
Building lots	No depreciation
Buildings	25 to 50 years
Building facilities	10 to 15 years
Machines and production facilities	5-15 years
Facilities with construction in progress	No depreciation
Computer and hardware	3 to 8 years
Fleet	4 to 8 years

If signs of overvaluation are recognizable, the book values are checked and if necessary, impaired.

Receivables from deliveries and services

Receivables from goods and services are recorded with the original net invoice amount. A value adjustment for specific risk-bearing receivables (factoring) is carried out. Value adjustments for all other claims are performed at 5% domestic and 10% abroad. Non-performing receivables are derecognised after receiving a certificate of loss.

6 Notes regarding the balance sheet and income statement (Art. 959c Sec. 1 Item 2 OR)

6.1	Management fees (Administrative overhead)	03.31.2016	03.31.2015
	CHF	1002 879.73	1329 676.45
	GBP	722 587.89	954 062.17
	Course	1,388	1,394
6.2	Fees of the Auditors (Administrative overhead) (Art. 961a OR)	03.31.2016	03.31.2015
		CHF	CHF
	Audit fees (without VAT)	44 000.00	46 000.00
6.3	Change third of the goods	Gross	Third of the goods
	Inventories as of 31.03.2016	4 671 214.60	1 560 000.00
	Inventories as of 31.03.2015	5 869 782.34	<u>1 960 000.00</u>
	Dissolution third of goods as of 31.03.2016		-400 000.00

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Annex

6.4 Group assets and liabilities

	<u>03.31.2016</u>	<u>03.31.2015</u>
	CHF	CHF
Receivables from group	26 253.12	75 932.63
Including receivable from shareholder	-	170.38
Liabilities to group	892 010.24	1 214 893.27
thereof liabilities to shareholder	6 252.07	
Deposit	2 000 299.56	4 000 640.00
Cash pool		431 526.85

7 Balance of liabilities from leasing transactions similar to purchase agreements and other lease obligations, unless they end or can be terminated within twelve months from the balance sheet date (Art. 959c Sec. 2 Item OR 6)

Leasing liabilities at closing date (amounts incl. interest and VAT)	<u>03.31.2016</u>	<u>03.31.2015</u>
	CHF	CHF
Car and forklift truck	436 566.65	402 275.55
< 1 year	19 454.80	13 329.65
1-5 years	417 111.85	388 945.90
> 5 years	-	-
	436 566.65	402 275.55

8 NET dissolution of hidden reserves (Art. 959 c Sec. 1 Item 3 OR)

	<u>31.03.2016</u>	<u>31.03.2015</u>
	CHF	CHF
Total amount of net dissolution of hidden reserves	-821 232.86	-700 749.39

9 Liabilities for pension funds (Art. 959c Sec. 2 Item 7 OR)

	<u>31.03.2016</u>	<u>31.03.2015</u>
	CHF	CHF
Liability to ASGA	290 805.15	

10 Explanations of extraordinary, non-recurring or non-period positions within the income statement (Art. 959c Sec. 2 Item 12 OR)

Provisions for anniversaries (Art. 959c Sec. 12 OR)

The provisions for anniversaries are newly represented also in the OR statements. Anniversaries provisions as of March 31, 2015 in the amount of CHF 358 352.00 are included in the extraordinary expenses. The change in the provision for anniversaries for the fiscal year 2015/16 in the amount of CHF 21 613.00 in are included in personnel expenses.

Further legal notes within the meaning of Article 959c Sec. 2 OR are not required.

Montana Bausysteme AG, Villmergen

Appropriation of Profit

Resolution of the Board of Directors on the Appropriation of the Annual Profit

	<u>31.03.2016</u>	<u>31.03.2015</u>
	CHF	CHF
Annual profit	1 250 092.79	4 650 828.35
Amount brought forward from the previous year	<u>5 260.36</u>	<u>4 432.01</u>

Available voluntary profit reserves	1255 353.15	4 655 260.36
Alignment of dividends from the voluntary profit reserves	-1 250 000.00	-4 650 000.00
Amount carried forward to new statement	5 353.15	5 260.36

The Board of Directors will propose the distribution of a dividend of CHF 1250 000.00 to the general shareholder meeting.

Last year, in accordance with the decision of the general shareholder meeting on July 9, 2015 a distribution of CHF 4 650 000.00 was carried out.

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.