

KALZIP ITALY SRL**FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016**

Personal Data	
Headquarter in	VIA SANTA RADEGONDA 11- -20121- MILANO (MI)
Fiscal Code	07065660966
Rea Number	MI 00000 1933564
P.I	07065660966
Share Capital	10,000 i.v.
Legal form	Limited liability company
Area of prevailing activity	829999
Company in liquidation	no
Single member company	no
Company subject to the management and coordination	no
Group membership	no

All amounts are expressed in Euro

BALANCE SHEET	31-03-2016	31-03-2015
Balance sheet		
ASSETS		
-	-	
B) Immobilizations (fixed assets)		
I- <i>Intangible assets</i>		
Gross value	4,485	4,485
Amortization	4,453	4,238
Depreciations	32	247
Total intangible assets		
II – <i>Tangible asset</i>		
Gross value	5,454	6,370
Amortization	4,576	3,901
Total tangible assets	878	2,469
Total fixed assets (B)	910	2,716
C) Current assets		
II- credits		
- due within one year	7,446	21,041
- due beyond one year	3,000	3,000
Total credits	10,446	24,041
IV- Cash and cash equivalents (liquid assets)		
Total Cash and cash equivalents	185,510	163,997
Total current assets (C)	195,956	188,038
D) Accruals and prepayments		
Total Accruals and prepayments(D)	1,500	0
TOTAL ASSETS		
LIABILITIES		
A) Net assets	198,366	190,754
I – Capital	10,000	10,000
IV -legal reserve	884	723
VII - other reserves , separately indicate		
Various other reserve	1	1
Total other reserve	1	1
VIII- Profit (losses) carried forward	16,802	13,743
IX - Profit (loss) for the fiscal year	10,352	3,220
Profit (loss) for the fiscal year	10,352	3,220
Residual profit (loss)		
Total net equity	38,039	27,687
C) Employees' severance indemnities	98,666	88,117
D) Debts		
- due beyond one year	61,661	74,950
Total debts	61,661	74,950
Total liabilities	198,366	190,754

PROFIT AND LOSS STATEMENT

Profit and loss statement	31-03-2016	31-03-2015
A) value of the production		
1) Revenue from sales and services		
5) other revenue and profits		
others	313,500	335,110
Total other revenue and profits		
Total value of the production	710	2
B) costs of the production		
6) raw and ancillary materials, consumables and goods	710	2
7) for services	314,210	335,112
8) for the use of third party property		
9) for staff	9,857	12,266
a) Salaries and wages	54,936	73,653
b) social security charges	34,171	31,284
c), d), e) employees' severance indemnities, retirement benefit and similar obligation, other costs for staff	122,868	132,779
c) employees' severance indemnities	56,623	56,308
Total costs for staff	10,600	10,691
10) Depreciation and amortization ;		
a),b),c) amortization of tangible and intangible assets, other depreciation of the assets	10,600	10,691
a),b),c) amortization of tangible and intangible assets, other depreciation of the assets	190,091	199,778
a) amortization of intangible assets	982	1,754
b) amortization of tangible assets		
Total amortization and depreciation	215	572
14) other management expenses		
Total costs of production		
Difference between values and costs of production (A-B)	767	1,182
C) Financial income and charges	982	1,754
17) interest and other financial charges		
others	2,828	1,116
Total interests and other financial charges	292,865	319,851
17 bis) profit and losses on changes/exchange	21,345	15,261
Total income and financial charges (15+16+17+ -17 - bis)		
E) Income and extraordinary charges	1	8
20) income	1	8
Capital gains from alienation where revenues are not chargeable in no. 5	(16)	(260)
Others	(17)	1
Total income		1
21) charges 1	-	
Total extraordinary items (20 -21)	0	1
Earnings before income tax (A+B+C+D+E)	0	14,994
22) Income taxes expense of the financial year, current, deferred and pre-paid	0	
current tax	21,328	11,774
Total income taxes expense of the financial year, current, deferred and pre-paid		11,774
23) Profit (losses) of the financial year	10,976	3,220
	10,976	
	10,357	

Explanatory notes to the financial statement for the year ended 31-03-2016

Explanatory notes initial part

Dear Shareholders, the financial statements as of March 31, 2016 that we are in the process of submitting for your approval, showed a net profit of Euro 10,352, after amortization of Euro 982 and taxes of Euro 10,976 .

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 true and accurate representation;
- the statement 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 drafted 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 statement 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 to the residual possibility of future use.

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 to the cost of acquisition or production, including the incidental charges.

Tangible assets are systematically amortized in relation to residual possibility of use , 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, assuming 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 possibility of use 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 represent 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

Intangible assets

Statement of changes in intangible assets

However 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 .

	Plant and expansion costs	Concessions, licenses, trademarks and similar rights	Other intangible assets	Total intangible assets
Value at beginning of year				
Costs	2,221	1,500	784	4,485
Amortization (accumulated depreciation)	2,133	1,500	605	4,238
Carrying (operating)value	88	-	159	247
Variation in financial year				
Depreciation in financial year	88	-	127	215
Total variations	(88)	-	(127)	(215)
Year- end value				
Cost	2,221	1,500	764	4,485
Amortization (accumulated depreciation)	2,221	1,500	732	4,453
Carrying (operating)value	-	-	32	32

The entry costs of installation and expansion include the costs incurred for the establishment of the company, divided in five years. The concessions item, licenses, trademarks and similar rights show 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 residual duration of the lease contract for operating offices of the company, to which the work concerned.

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 Costs		
Cost	6,370	6,370
Amortization (accumulated depreciation)	3,901	3,901
Carrying (operating)value	2,469	2,469

	Other tangible assets	Total tangible assets
Variations in financial year		
Diminution in disposals and divestments	916	916
Amortization in financial year	767	767
Other variations	92	92
Total variations	(1,591)	(1,591)
Year- end value		
Cost	5,454	5,454
Amortization (accumulated depreciation)	4,576	4,576
Carrying (operating)value	878	878

Informations on other asset items

	Value at beginning of year	Variation in financial year	Year end value	Installments due within one year	Installments due after one year
Credits entered in current asset	24,041	(13,595)	10,446	7,446	3,000
Liquid availability	163,997	21,513	185,510		
Prepayments and accrued income	0	1,500	1,500		

The credits entered in current asset expiring within the next operation total amounting to EUR 7,446 and refer:

- amounting to Euro 7,097 to tax credits for Ires (Euro 3,783) and VAT (Euro 3,314).
- amounting to Euro 349 to miscellaneous receivables .

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.

Liquid assets – overall equal to Euro 185,510 – shows bank account balance maintained by the company.

The prepaid expenses amounting to Euro 1.500 and relate to the share of costs (relating to car rental) of competence of next financial year.

Explanatory Notes net equity and Liability**Net Assets****Changes in the net assets entries**

The Company was incorporated on June 11, 2010, by subscription and simultaneous payment of a single share of nominal value Euro 10,000. As on March 31, 2016 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	723	161	-		884
Other reserve					
Various other reserve	1	-	-		1
Total other reserve	1	-	-		1
Profit(loss) carried forward	13,743	3,059	-		16,802
Profit(loss) of the financial year	3,220	-	3,220	10,352	10,352
Total net assets	27,687	3,220	3,220	10,352	38,039

Availability and use of net assets

	Amount	Origin/ nature	Possibility of utilization	Share available
Capital	10,000	Shareholders' contribution/capital		-
Legal reserve	884	Profit	A,B	884
Other reserve				
Various other reserve	1	Reserve from rounding -off		-
Total other reserve	1			-
Profit carried forward	16,802	Profit	A,B,C	16,802
Total	27,687			17,686
Amortization (accumulated depreciation)				884
Carrying (operating)value				16,802

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 INDEMNITIESInformation about employees' severance indemnities

Fund of employees' severance indemnities is registered in the balance sheet liabilities for a value amounting to Euro 88,117 and corresponds to actual debt of the company toward the employees on March 31, 2016, determined in accordance with the provisions of article 2120 of the Civil Code

The statement of changes in post-employment benefits is described in detail in the prospectus as follows:

	Employees' severance indemnities
Value at beginning of year	88,117
Variation in financial year	
Provision in the financial year	10,600
Other variation	(51)
Total variation	10,549
Year end value	98,666

Information on other entry of liabilities

	Value at beginning of year	Variation in financial year	Year end value	Installments due within one year
Debts	74,950	(13,289)	61,661	61,661

Overall debts amounting to Euro 61,661 and refer:

- amounting to Euro 19,527 to amounts owed to suppliers for normal commercial operations.
- amounting to Euro 7,032 to tax payables for : Ires (Euro 2,974) , substitute tax on TFR (Euro 41) and withholding tax to be paid to Treasury (Tax Authority).
- amounting to 7,987 to amounts owed to social security institutions and social security.
- amounting to 804 to amount owed to subsidiaries and cash advances;
- amounting to 26,311 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 amounting to Euro 9,857 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 54,936 Euro, include mainly:

- Legal advice, tax, administrative and managerial in Euro 36,414;
- Costs for traveling, boarding and lodging for employees in Euro 6,211;
- Representations expenses in Euro 1,954;
- Utilities in Euro 4,871;

The costs for leasing and rental expenses, amounting to Euro 34,171, consists primarily fees for the car rental business (Euro 23,853) and rent for the place of operating office of the company (10,318).

The costs of staff amounting to euro 190,091

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 2,828, consist mainly of taxes and different taxes/charges, losses and contingent liabilities.

Income and financial charges

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

The financial burden in respect of the financial year amounting to euro 17 and are primarily 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 10,976 referred to Euro 9,068 for Ires and Euro 1,908 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 /03/2016 , 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 concerning 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, 2016 and we propose you to allocate profit for the financial year in Euro 10,352 as follows

- Euro 518 for legal reserves;
- Euro 9,834 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.

