

OREMCO, INC.
FINANCIAL STATEMENTS
AND
INDEPENDENT ACCOUNTANTS' REVIEW REPORT
YEARS ENDED MARCH 31, 2015 AND 2014

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Israeloff, Trattner & Co. P.C.

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To The Board of Directors
Oremco, Inc.

We have reviewed the accompanying balance sheets of Oremco, Inc. as of March 31, 2015 and 2014, and the related statements of loss and accumulated deficit and cash flows for the years then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the reviews in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the result of our procedures provide a reasonable basis for our report.

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Israeloff, Trattner & Co., P.C.

New York, New York
July 9, 2015

OREMCO, INC.

BALANCE SHEETS

MARCH 31, 2015 AND 2014

ASSETS

	<u>2015</u>	<u>2014</u>
Cash	\$ 27,839	\$ 32,180
Due from related entities	88,872	210,789
Prepaid expenses, taxes and other current assets	4,939	33,330
Property and equipment, less accumulated depreciation	<u>-</u>	<u>3,270</u>
 TOTAL ASSETS	 <u>\$ 121,650</u>	 <u>\$ 279,569</u>

LIABILITIES AND SHAREHOLDERS' DEFICIT

Accounts payable	\$ 5,243	\$ 26,130
Accrued expenses	94,273	585,077
Accrued retirement plan contribution	14,094	27,474
Due to related entity	<u>1,215,435</u>	<u>845,238</u>
 Total Liabilities	 <u>1,329,045</u>	 <u>1,483,919</u>
 Common stock, no par value; 200 shares authorized, 100 shares issued and outstanding	 100,000	 100,000
Accumulated deficit	<u>(1,307,395)</u>	<u>(1,304,350)</u>
 Total Shareholders' Deficit	 <u>(1,207,395)</u>	 <u>(1,204,350)</u>
 TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIT	 <u>\$ 121,650</u>	 <u>\$ 279,569</u>

See accompanying notes to financial statements
See Independent Accountants' Review Report

OREMCO, INC.

STATEMENTS OF LOSS AND ACCUMULATED DEFICIT

FOR THE YEARS ENDED MARCH 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
Income		
Service income	\$ 493,848	\$ 472,046
Interest income	<u>11</u>	<u>27</u>
Total income	493,859	472,073
Operating expenses	<u>496,400</u>	<u>529,857</u>
Loss before income taxes	(2,541)	(57,784)
Income taxes	<u>504</u>	<u>500</u>
Loss from continuing operations	<u>(3,045)</u>	<u>(58,284)</u>
Discontinued operations		
Loss from operations of the discontinued segment	-	(597,422)
Income taxes	<u>-</u>	<u>500</u>
Loss from discontinued operations	<u>-</u>	<u>(597,922)</u>
Net loss	(3,045)	(656,206)
Accumulated Deficit - beginning	<u>(1,304,350)</u>	<u>(648,144)</u>
Accumulated Deficit - end	<u>\$ (1,307,395)</u>	<u>\$ (1,304,350)</u>

See accompanying notes to financial statements
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OREMCO, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED MARCH 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	\$ (3,045)	\$ (656,206)
Adjustments to reconcile net loss to net cash used by operating activities:		
Depreciation Expense	-	1,090
Changes in operating assets and liabilities		
Prepaid expenses and other current assets	28,391	(5,541)
Accounts payable	(20,887)	(48,098)
Accrued expenses	(490,804)	439,633
Accrued retirement plan contribution	<u>(13,380)</u>	<u>1,306</u>
Total adjustments	<u>(496,680)</u>	<u>388,390</u>
Net cash used by operating activities	<u>(499,725)</u>	<u>(267,816)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for Office Equipment	<u>3,270</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Loans from related company	<u>492,114</u>	<u>274,919</u>
Net cash provided by financing activities	<u>492,114</u>	<u>274,919</u>
NET INCREASE (DECREASE) IN CASH	(4,341)	7,103
CASH- beginning	<u>32,180</u>	<u>25,077</u>
CASH- end	<u>\$ 27,839</u>	<u>\$ 32,180</u>

SUPPLEMENTAL CASH FLOW INFORMATION

Cash paid for income taxes	<u>\$ 504</u>	<u>\$ 500</u>
Cash paid for interest	<u>\$ 5,895</u>	<u>\$ 3,185</u>

See accompanying notes to financial statements
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OREMCO, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED MARCH 31, 2015 AND 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION

Oremco, Inc. (the "Company"), a Delaware corporation, is 70% owned by Staalverwerking en Handel, BC, and 30% owned by Corus International Limited, both of which are subsidiaries of Tata Steel Europe Ltd. (Tata Steel Europe) which is a subsidiary of Tata Steel Limited.

BUSINESS DESCRIPTION AND BASIS OF PRESENTATION

The Company's primary activity is providing services related to the purchase of coal, the principal customer for which is Tata Steel Europe and its subsidiaries and affiliated companies located in Europe. If market forces were to increase the cost of coal in the United States relative to other parts of the world or if Tata Steel Europe were to cease using the Company's services, the Company could be adversely affected.

As of and for the year ended March 31, 2015 and 2014, substantially all of the Company's receivables and its service income was derived from Tata Steel Europe and its subsidiaries and affiliated companies. As a result, the Company's financial position could be adversely affected if any unfavorable events were to occur to any of these companies. The Company's management, however, does not expect such events to occur in the foreseeable future. No allowance for doubtful accounts has been provided as management deems the accounts receivable fully collectible.

The company previously operated a division which provided services purchasing technical equipment for Tata Steel and other companies in the Tata Group located in India.

As of April 1, 2012, the Company entered into an agreement with Tata Ltd., an affiliated company, under which Tata Ltd. would in the future provide the services related to the purchase of technical equipment to Tata Steel and other companies in the Tata Group located in India which were previously provided by the company. Under this agreement the Company contracted to provide support services to Tata Ltd., which were reimbursed.

As of March 31, 2014, this agreement with Tata Ltd. was terminated and the Company has terminated all business relating to the providing of services to Tata Steel and other companies of the Tata Group located in India in connection with purchasing technical equipment, and all costs relating to the termination of this business were provided for at March 31, 2014. Accordingly, the results of these discontinued operations has been reported separately on the statements of loss.

See Independent Accountant's Review Report.

OREMCO, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED MARCH 31, 2015 AND 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingencies at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

FINANCIAL INSTRUMENTS

The Company's financial instruments include cash, trade and affiliate accounts receivables and payables for which carrying values approximate fair values due to the short maturities of those instruments.

INCOME TAXES

The Company follows the provisions of the guidance issued by the Financial Accounting Standards Board (FASB) on Uncertainty in Income Taxes. The guidance imposes a threshold for determining when an income tax benefit can be recognized for financial statement purposes. The threshold now imposed for financial statement reporting generally is higher than the threshold imposed for claiming deductions in income tax returns. Under the revised guidance, the tax benefit from an uncertain tax position can be recognized for financial statement purposes only if it is more likely than not that the tax position will be sustained upon examination by the taxing authorities including the resolution of appeals or litigation processes, if any. The revised rules also provide guidance on classification of current and deferred income tax assets and liabilities, accounting for interest and penalties associated with tax positions, and income tax disclosures. Management believes there were no material uncertain tax positions at either April 1, 2013 or March 31, 2014 and 2015.

The Company provides deferred income taxes resulting from temporary differences between the financial statement and tax bases of assets and liabilities. Deferred tax assets or liabilities at the end of each period are determined using the tax rate expected to be in effect when taxes are actually paid or recovered. Valuation allowances are established when necessary to reduce deferred tax assets to the amount that is more than 50 percent likely of being realized. Temporary differences result principally from net operating losses that are not yet deductible for tax purposes.

The Company files U.S. federal income tax returns and state and local income tax returns in New York. Returns filed in these jurisdictions for tax years ended on or after March 31, 2012 are subject to examination by the relevant taxing authorities.

See Independent Accountant's Review Report.

OREMCO, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED MARCH 31, 2015 AND 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

RECENT ACCOUNTING GUIDANCE

Through 2015, the Financial Accounting Standards Board ("FASB") issued various updates ("ASU") to the FASB Accounting Standards Codification ("ASC"). The Company did not adopt any new accounting pronouncements during the year ended March 31, 2015 that had a material effect on its financial statements. In addition, management believes that ASU's that have a prospective effective date will not have a material impact on its financial statements.

SUBSEQUENT EVENTS

Management has evaluated subsequent events through July 9, 2015 the date the financial statements were made available for issuance.

2. RELATED PARTY TRANSACTIONS

The Company's principal customers are Tata Steel Europe and its subsidiaries and affiliated companies located in Europe. For the year ended March 31, 2015 and 2014 substantially all of the company's revenue was generated from related party transactions.

3. COMMITMENTS AND CONTINGENCIES

LEASE

The Company entered into a five year lease, through May 2020, on new office space and consolidated all of its operations into this facility. The initial rent is \$79,443 per annum, with customary rent escalations thereafter. According to the terms of the Substitution of Lease Agreement the Company has provided a security deposit of \$79,444 comprising a Letter of Credit for \$27,507 and a cash deposit of \$51,937. Rent expense for continuing operations was \$57,905 for the year ended March 31, 2015 and \$56,292 for the year ended March 31, 2014.

MANAGEMENT AGREEMENT

The Company had a management agreement with Tata Steel Europe where Tata Steel Europe made available Mr. K. Gerretse to serve as president. This agreement was terminated as of March 31, 2014.

LITIGATION

The Company is party to a lawsuit brought by the United Mineworkers of America against all USA subsidiaries of Tat Steel, attempting to obtain additional payments into the Union pension fund. Tata Steel has rejected the claims and management does not expect the Company to incur any significant future costs.

See Independent Accountant's Review Report.

OREMCO, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED MARCH 31, 2015 AND 2014

4. FINANCING

The Company participates in a cash management program managed by Tata Steel International (Americas) Inc. ("TSIA"), an affiliated company, under which up to five million dollars of financing is made available to the Company. Interest is presently charged based on the credit given by Bank of America on checking account balances plus 50 basis points. Interest of \$5,895 and \$3,185 was paid to TSIA for the years ended March 31, 2015 and 2014.

5. RETIREMENT PLAN

The Company has a defined contribution plan which covers substantially all employees of the Company who meet eligibility requirements. The plan is funded by contributions based on amounts equal to the lesser of 15% of the qualified compensation of each member or the maximum annual additions permitted (as defined) to be contributed for a plan member for a plan year. The Company's contribution in any year is reduced by forfeited nonvested balances of plan members who terminate their employment. The Company's contribution for continuing operations was \$24,162 and \$23,791 for the years ended March 31, 2015 and 2014.

6. INCOME TAXES

The Company has a tax loss carryover of approximately \$1,350,000 available, which can be used against future taxable income. The deferred tax asset resulting from these carry forward losses has been offset by a valuation allowance due to the uncertainty of future results.

Components of income taxes are as follows:

	<u>2015</u>	<u>2014</u>
State and local	\$ <u>504</u>	\$ <u>500</u>

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INDEPENDENT ACCOUNTANTS' REPORT ON ADDITIONAL INFORMATION

To the Board of Directors of
Oremco, Inc.

Our report on our reviews of the basic financial statements of Oremco, Inc. for 2015 and 2014 appears on page 1. Those reviews were made primarily for the purpose of expressing a conclusion that there are no material modifications that should be made to the financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America. The supplementary information included on pages 10 and 11 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the inquiry and analytical procedures applied in the reviews of the basic financial statements, but has been compiled from information that is the representation of management. We have not audited or reviewed the supplementary information, and accordingly, we do not express an opinion or provide any assurance on such supplementary information.

Israeloff, Trattner & Co., P.C.
New York, New York
July 9, 2015

OREMCO, INC.

ADDITIONAL INFORMATION

FOR THE YEARS ENDED MARCH 31, 2015 AND 2014

SERVICES PERFORMED

	<u>2015</u>	<u>2014</u>
Coal purchasing	\$ 470,416	\$ 472,046
Other miscellaneous income	23,432	-
Total service income	<u>\$ 493,848</u>	<u>\$ 472,046</u>

OPERATING EXPENSES

Salaries	\$ 161,240	\$ 166,020
Payroll taxes	13,376	12,650
Employees' welfare benefits	56,111	54,735
Retirement plan	24,162	23,791
Interest expense	5,895	-
Dues and subscriptions	17,737	12,710
Professional fee	26,499	12,365
Management fee	-	50,000
Bookkeeping Expense	43,500	30,000
Office expenses	20,935	25,430
Rent	57,905	56,292
Depreciation	-	1,090
Telephone	14,278	12,672
Travel	<u>54,763</u>	<u>72,102</u>
Total operating expenses	<u>\$ 496,400</u>	<u>\$ 529,857</u>

See Independent Accountants' Report on Additional Information

OREMCO, INC.

ADDITIONAL INFORMATION

FOR THE YEARS ENDED MARCH 31, 2015 AND 2014

DISCONTINUED OPERATIONS

	<u>2015</u>	<u>2014</u>
Procurement	\$ -	\$ 466,443
Total discontinued operations income	<u>\$ -</u>	<u>\$ 466,443</u>

DISCONTINUED OPERATIONS EXPENSES

Salaries	\$ -	\$ 192,797
Payroll taxes	-	16,091
Employees' welfare benefits	-	69,962
Retirement plan	-	30,032
Interest expense	-	3,185
Professional fee	-	11,000
Bookkeeping Expense	-	30,000
Severance	-	366,287
Business termination costs	-	243,713
Office expenses	-	9,344
Rent	-	84,438
Telephone	-	7,016
Travel	-	-
Total discontinued operations expenses	<u>-</u>	<u>1,063,865</u>
Net income (loss) from discontinued operations	<u>\$ -</u>	<u>\$ (597,422)</u>

See Independent Accountants' Report on Additional Information