Degels GmbH, Neus
(previously: Burgdorfer Grundstuecks GmbH, Duesseldorf)

Report on the auditing of Annual Statement of Accounts
As of 31st March 2015

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Annexures

GENERAL ORDER CONDITIONS FOR AUDITORS AND AUDITING COMPANIES
We indicate that with the application of rounded-off amounts and percentage details for commercial round-off, differences can occur.

1 AUDITNG ORDER

Through the resolution of the general body meeting dated 9th December 2014
Degels GmbH, Neuss (previously Burgdorfer Grundstuecks GmbH, Duesseldorf)-hereinafter referred to in brief as “company” or “Degels”-
we were selected as final auditors for the financial year 2014/15. The management has awarded us this order for implementation of the final audit in accordance with §317 HGB for the financial year 2014/15.

In accordance with § 321 Para 4a HGB we confirm that in the auditing conducted by us the applicable guidelines on independence have been complied with.

With the creation of audit report we have followed the German fundamentals of orderly reporting with final auditing (Auditing standard of the Institute of Auditors – IDW PS 450).

For the implementation of the order and our responsibility, in relation to third parties also, the agreements made in 9th February 2015, additionally the “General Order Conditions for Auditors and Auditing Companies” attached as annexure of the version 1st January 2002 are applicable.

This audit report was created only for documentation of the auditing of the company and not for the purpose of third parties, from whom we do not take any liability in the field of regulation in accordance with legal position as per § 323 HGB.

2 FUNDAMENTAL ASSESSMENTS

Position on the assessment of management

From the annual statement of account and the status report of the management as well as other audited documents, we have stressed the following aspects, which are of special significance for the evaluation of the commercial position of the company (comparison with previous year’s values are based on those of the formerly Degels GmbH):

- The company is active as a steel trading company. Thereby, predominantly products procured from affiliated companies and customized as per clients’ wish are marketed.

The prefabrication of steel at the site in Neuss forms 95% of the core business activity of the turnover. The main consumers of the company are divided into the fields of Construction (33%), Automotive Sub-suppliers (16 %), Material Handling (13%), Consumer Products (22%) and Traders (16%).

- Amalgamation of Degels GmbH with Burgdorfer Grundstueck GmbH

The formerly Degels GmbH was merged with effect from 31st March 2014 by way of Upstream-merger with the parent company Burgdorfer Grundstuecks GmbH. The Burgdorfer Grundstuecks GmbH was not operatively active at this point of time. Thereby, the transfer of assets was made to the parent company. Simultaneously, the renaming of the “Burgdorfer Grundstuecks GmbH” into “Degels GmbH” was resolved. The entries in the commercial register were made on the occasion of change in headquarters from Duesseldorf to Neuss in 9 and in other cases on 30th May 2014.

- The company achieved operating results to the extent of TEUR -1,259 (previous year: TEUR -496). The Reduced sales are the cause of this decline.

The sales receipts were down due to reduced sales volume (-17% in comparison with previous year) and reduced sales prices (-5% in comparison with previous year) by 27.2% from TEUR 157.376 to TEUR 114.629. The background for this is the loss of several significant clients.

Other operating receipts to the extent of TEUR 328 less by TEUR 270 led to reversal of reserves.

The expenses for raw material, auxiliary materials and operational materials came down similar to the reduced sales receipts, from TEUR 140 by 27.2% to TEUER 102. The material expenses rate thereby remained consistent. It sank from 90.0% to 89.4%.

The reversal in other operational expenses from TEUR 9,988 to TEUR 7,647 is attributed to lesser expenses for outward freights due to reduced sales volume.

- The financial result has deteriorated in comparison with the previous year from TEUER -299 to TEUR -1,047.

Cause for the reversal is higher expenses towards interests. The interest expenditure to the extent of TEUR 1,050 slipped with TEUR 1,005 on interests against affiliated companies. The severe increase is associated with the expiry of cash-pooling on 27th March 2014 and the associated conversion to long term loan to the extent of TEUR 20,000 with higher interest.

The extraordinary result of the financial includes a profit from merger to the extent of TEUR 30.
As a whole, the earnings are TEUR -2,286 (Previous year: TEUR-800).

- The financial position of the company is characterized through inventories, receivables from deliveries and services as well as obligations to affiliated companies.

The balance sheet sum of the company as of 31st March 2015 is TEUR 30,718 (Previous year: TEUR 36,432).

In the inventories there was a drop of TEUR 11,550 (Previous year TEUR 16,443), which conforms to 37.6% of the balance sheet sum. The stockholding fell from 28.8 kt to 22.9 kt as of 31st March 2015, which is mainly through the reduction of business volume in connection a deliberate reduction in inventories for increasing the transshipping rate.

The receivables from deliveries and services by annual comparison fell by TEUR 3,245 and 20.5% respectively. The cause for the reversal is essentially due to reduced sales of products.

The receivables from affiliated companies (TEUR 2,619; previous year: TEUR 895) comprises of receivable from an interest-free medium term loan to the extent of TEUR 2,500 given to Tata Steel Nederland BV.

- Through the earned annual deficit amount of TEUR -2,286 the equity capital is eroded, so that a deficit amount to the extent of TEUR 157 not covered through equity capital is indicated on the assets side of the balance sheet.

A big change on the reversal of obligations from deliveries and services of TEUR 5,100 in the previous year to TEUR 735 as of 31st March 2015 is accounted for on the liabilities side. The reason for the strong reversal is the reduction of sales and measures for reduction in stockholding.

The obligations towards affiliated companies amount to TEUR 26,426 after TEUR 27.354 in previous year.

Based on the over indebtedness of the company the Tata Steel Nederland B.V., which serves as European intermediate holding company of the Tata Steel Group, has submitted a letter of comfort in favor of Degels.

- Prognosis reporting

The business management reckons that the financial year 2015/2016 is not easy due to unexpected price increases as well as due to the excess capacities present in the German market. However, a slight improvement in the order position should work positively, which is justified with the economic growth of 2.0% forecast for Germany. For the financial year 2015/2016 a sales volume of ca. 211 kt and a sales to the extent of 121 mil EUR is expected.

As risk in the future development, the management, apart from the uncertain market development, has specified the age of the machine parks, through which longer outage and maintenance timings cannot be excluded. In this field the fact that other group companies can serve as backup, acts as a risk reducing factor.

As significant opportunity, an improved cooperation between the Tata-Group is mentioned, which should lead to an improved exploitation of the client potential.

In summary, in accordance with § 321 Para 1 Clause 2 HGB that we conclude that we have found the status evaluation through the management, especially the assumption of continuation I the company's activity and the evaluation of the future development of the company as mentioned in the annual statement of accounts and in the status report, to be feasible.

Facts restricting the development

In accordance with §321 Para 1 Clause 3 HGB we are reporting on the facts, which can be restrict the development of the company significantly.

The company had to, (with commercial perspective – in comparison with the business activity of formerly Degels GmbH) in the financial year 2014/2015, put up with a renewed reversal of sales and results. AS a result of the accumulated losses the company is in excessive debt. For the financial year 2015/2016 a sustained improvement of the receipts position cannot be assumed. The Tata Steel Nederland BV, for this reason, has given a letter of comfort in favor of the company. In the letter of comfort, Tata Steel Nederland BV has obligated itself to refurbish Degels GmbH with adequate resources in order to ensure a continuation of the business activities of Degels GmbH. The letter of comfort is time limited in time till the determination of the annual statement of account for the financial year 2015/2016.

3 OBJECT, TYPE AND SCOPE OF AUDIT

Objective of audit

Objectives of our final audit were

- Accounting
- Annual statement of accounts (comprising balance sheet, profit and loss account and appendix)
- Status report

of the company.

The accounting and the compilation of the annual statement of accounts and status report in accordance with the German Commercial Code guidelines are present in the responsibility of the management of the company; this is applicable for the details also, which we have received on these documents. Our task is to evaluate these documents and details in the framework of auditing in accordance with our obligations.

Auditing the compliance to other guidelines is applicable only to the extent of tasks of final audit, because normally retroactive effects emerge from these on the annual statement of accounts or on the status report.

Type and scope of audit

Initial point of our audit was the previous annual statement of account of Burgdorfer Grundstuecks GmbH, Duesseldorf issued by the management of the company. The statement of account was approved on 28th April 2014.

The audit was carried out by us, with breaks, in the months from December 2014 to July 2015.

We have carried out the final audit in accordance with §317 HGB by complying with the German fundamentals for orderly final auditing defined by the Institute of Chartered Accountants.

The final audit is to be assessed as problem-related in accordance with §317 HGB that essential incorrectness and breaches of accounting guidelines were identified with adequate certainty.

In order to meet these requirements, we applied our risk and process oriented auditing approach; for the implementation of these approaches we used our audit software Engagement Management System (EMS). It supports planning, implementation and documentation of final audit.

In the framework of audit planning, we were provided an overview on the business activity and the commercial and legal circumstances of the company as well as its accounting system, an analytical inspection of the annual statement of account was carried out and the articles of association and shareholders' resolution were inspected. The auditing strategy was determined by us according to the knowledge obtained from this and the expectations of possible errors. We examined the internal control system of the company to the extent of its significance for orderly accounting; the internal control system in its entirety was not the objective of our final audit.

We identified the control processes of the company in our audit plan corresponding to the effectiveness and application. We were able to reduce our statement related audit procedures (analytical auditing and individual case audits of selected business events and portfolios) insofar as these controls were classified as effective. In all other cases, we have carried out the statement related audit activities in unrestricted extent in accordance with our risk estimation. With individual audits we have obtained proofs in specific selection and by inclusion of random sampling processes.

Following core audit points were set:

- Merging with Degels GmbH
- Going-concern assumptions
- Proof and evaluation of inventories
- Completeness and evaluation of reserves
- Proof and period definition of sales receipts

With the audit of opening balance values, we have relied on these underlying records, confirmations from third parties, individual itemized lists, partnership agreement, entries in registered court and general body meetings, and audited the evaluation of selected opening balance items.
The company has carried out an annual inventory on 31st March 2015, in which we participated as observers.

In the framework of audit of the receivables and the obligations as well as credits with credit institutions and reserves we have obtained balance confirmations from selected clients and suppliers as well as on credits, confirmations and obligations of the company from all credit institutions and lawyers as well as tax consultants of the company.

While auditing the pension reserves we carried out critical appraisal of the actuarial opinion of AON Hewitt GmbH, Frankfurt am Main, by taking into account our estimation of its competence, capabilities and objectivity.

We have evaluated the future-related details in the background of annual statement of accounts details on plausibility and conformity with the knowledge gained during the final audit.

The management has provided all the desired clarifications and proofs and submitted the commercial declaration of completeness in written form by 21st July 2015. Therein, it is particularly assured that in the accounting process all the processes liable for accounting and all the assets to be reported in balance sheet, debts (obligations, ventures etc), deferred income items and special items are taken into account, all expenses and receipts are included and all necessary details are given.

4 ASSESSMENTS AND EXPLANATIONS FOR FINANCIAL STATEMENT

4.1 Orderliness of statement of accounts

4.1.1 Accounting and other audited documents

The accounting system conforms to the legal guidelines including the fundamentals of orderly accounting. The opening balance values were taken over in orderly manner from the previous year's annual statement of account of Burgdorfer Grundstuecks GmbH, Duesseldorf. The information to taken from the documents audited further lead to an orderly reproduction in accounting, annual statement of account and status report.

4.1.2 Annual statement of accounts

The annual statement of account as of 31st March 2015 is attached in this report as Annexure 1.2 to 1.4. The annual statement of account was derived in an orderly manner from the accounts and other audited documents. The legal guidelines for classification, balancing and evaluation as well as for appendix were complied with. The details of overall references to the legal representative remained undone in permissible application of §286 Para 4 HGB.

4.1.3 Status report

The status report for the financial year 2014/2015 is attached to this report as Annexure 1.1. According to the result of our audit, the status report is in consonance with the annual statement of accounts and with the knowledge gained during the audit and conveys an appropriate image of the position of the company. The significant prospects and risks of future development are described appropriately. The details as per §289 Para 2 and Para 3 HGB are complete and relevant. Thus, the status report conforms to the legal guidelines.

4.2 Overall statement of annual statement of account

The annual statement of account as a whole, i.e., the combination of balance sheet, profit and loss account and appendix, in compliance with the fundamentals of orderly book-keeping conveys a factual condition of the corresponding assets, financial and receipts position of the company.

Significant fundaments of evaluation
In the framework of merger of the former Degels GmbH as of 31st March 2014 by way of "Upstrea-merger" with the parent company Burgdorfer Grundstuecks GmbH, the transfer of the assets and debts was made at book value.

4.3 Details on assets, finance and receipts position

Multi-year review

		2014/2015	2013/2014*)
Revenues	TEUR	114,629	157,376
Material expenditure	TEUR	102,427	141,685
Material expenditure in % of sales		89.4	90.0
Personnel expenditure	TEUR	5,835	6,012
Employees (§267 Para 5 HGB)	Number	104	104
Personnel expenditure for each employee	TEUR	56	58
Annual result	TEUR	-2,286	-800
Balance sheet sum	TEUR	30,718	36,432
Equity capital ratio	%	-0.51	0.08

*) value of formerly Degels GmbH

5 REPRODUCTION OF THE CONFIRMATION NOTE

We have issued the annual statement of account and the status report for the financial year from 1st April2 014 to 31st March 2014 of Degels GmbH, Neuss (previously: Burgdorfer Grundstuecks GmbH Duesseldorf) in the version in Annexure 1 with the signed, unrestricted confirmation note given below on 21st July 2015:

"Confirmation note of the final auditor"

We have audited the annual statement of account – comprising the balance sheet, profit and loss account as well as the appendix – by taking into account the book-keeping and the status report of Degels GmbH, Neuss (previously: Burgdorfer Grundstuecks GmbH, Duesseldorf) for the financial year dated 1st April2014 to 31st March 2015.The book-keeping and the compilation of the annual statement of account in accordance with the German Commercial Code are the responsibility of the management of the company. Our task is to issue an assessment of the annual statement of account by taking into account the book-keeping and the status report based on the audit carried out by us.

We have carried out our audit of the annual statement of account in accordance with §317 HGB by adhering to the German fundamentals of orderly auditing defined by the Institute of Chartered Accountants. Accordingly the audit has to be planned and carried out in such a way that the incorrectness and breeches were identified with adequate certainty, which significantly affect the description of the condition of assets, financial and receipts positions conveyed by the annual statement of account under compliance to the fundamentals of orderly book-keeping and status report. With the definition of auditing works the knowledge on the business activity and on the commercial and legal environment of the company as well as the expectations of possible errors were taken into account. In the framework of audit, the effectiveness of the deferred internal control system and proof for the details in book-keeping, annual statement of account and status report were assessed predominantly on the basis of random sampling. The audit comprises the assessment of the applied accounting principles and the essential estimations of the management as well as the appraisal of the overall position of the annual statement of account and the status report. We are of the opinion that our audit forms a sufficiently secure basis for our assessment.

Our audit has not led to any objection.

According to our assessment, based on the knowledge gained with the audit the annual statement of accounts of Degels GmbH, Neuss conforms to the legal guidelines and, under compliance to the fundamentals of orderly book-keeping, conveys an actual condition appropriate to the image of assets, finance and receipts position of the company. The status report is in consonance with the annual statement of account, as a whole conveys an appropriate image of the position of the company and illustrates the prospects and risks of future development."

6 FINAL REMARKS

We are making the aforementioned report on our auditing of the annual statement of accounts and the status report for financial year from 1st April 2014 to 31st March 2015 of Degels GmbH, Neuss (previously: Burgdorfer Grundstuecks GmbH, Duesseldorf) in agreement with the legal guidelines and the German fundamentals of orderly reporting with final audits (Auditing standard of the Institute of Chartered Accountants - IDW PS 450).

In addition to the unrestricted confirmation note issued by us, we draw attention to Section 5 “Reproduction of the confirmation note”.

Duesseldorf, 21st July 2015

Deloitte & Touche GmbH
Auditing Company

(Graetz)	(Liesbrock)
Auditor	Auditor

Degels GmbH, Neus
(previously: Burgdorfer Grundstuecks GmbH, Duesseldorf)

Status report
For the financial year form 1st April 2014 to 31st March 2015

A. General Information of the Company

Degels GmbH is a group company of TATA Steel Ltd., Mumbai/India, which has taken over the Corus Group Plc, London/GB in the beginning of year 2007. The sole proprietor is Unitol SAS, Corbeil/France. Organizationally, Degels GmbH is integrated in the Business Unit Tata Steel Distribution Europe.

The prefabrication of steel at the site in Neuss forms 95% of the core business activity of the turnover. The main consumers of the company are divided into the fields of Construction (33%), Automotive Sub-suppliers (16 %), Material Handling (13%), Consumer Products (22%) and Traders (16%).
The formerly Degels GmbH was merged with effect from 31st March 2014 by way of Upstream-merger with the parent company Burgdorfer Grundstuecks GmbH and renamed as “Degels GmbH. As the Burgdorfer Grundstuecks GmbH was not operatively active at this point of time the details of course of business and the position of the company are based on a comparison with the formerly Degels GmbH.

B. Description of course of business and position of the company

I. Course of business and business results

Development of overall economy and business sectors
The national economy in Germany in 2014 continued its gradual recovery. The price-adjusted BIP rose in the first quarter of 2015 by +2.5%, later the growth weakened from the beginning of spring to -0.2%. The third quarter again showed a moderate rise of 0.1% and the last quarter in the year 2014 ended with a rise of 0.7%. As a whole, according to IMF in the calendar year 2014 the German economy grew by 1.5% (2013: 0.2%). The sanctions against Russia in relation to Ukraine crisis contrasted the fall in oil prices towards the end of calendar year, the fall in exchange rate of Euro and the low interests, thereby the German economy gathered momentum. Likewise the private consumption drove the BIP further as a result of increase in available income.

In 2014 the Eurozone completed the turnaround and thereby the return to a positive growth rate. Whereas Italy, Cyprus and Finland showed negative growth, the data from Great Britain, Spain and Germany were the growth drivers in Eurozone. French economy grew moderately at +0.4%.
Source http://www.tagesschau.de/wirtschaft/wirtschaftsdaten104.html

Germany, with an annual production of 43 million tons of raw steel (2014) is the seventh largest steel producer all over the world and the largest in the European Union (EU-28).

The German steel production was at 42.9 mil t in2014 (2013: 42.6 mil t) and thus by 0.3 ml t of steel it was slightly above the previous year’s figures.

Share in steel requirement In % (Germany)

In %	
3	Household goods
31	Construction
12	Machines
26	Automobile production
10	Tubes
12	Metallic goods
6	Others

The construction and automobile sectors are the largest steel consumers in Germany.

Source: Stahl-Online.de

Furthermore, the German steel market in the year 2014 was confronted with a severe decline in ore prices, which knocked down the steel prices.
As a result, the sales receipts in steel industry reduced from 41.8 bil Euro – in spite of slightly increased production – to 40.1 bil Euro.
(Source: Economic association Steel)

Product development and sales
The planned sales volume from 214 kt was missed in the past financial year with 202 k5 by 12 k5 and 5.8% respectively. This development was essentially to be attributed to the severe competition. Prices are reduced with 5 – 10 %. There were further reductions in wage work for affiliates, which were started in 2014.

Procurement and Production
The procurement of most important raw material in the last financial year, besides few exceptions, was completely changed to the purchases within the group of Tata Steel.

The decline in demand during the year, together with the efforts to increase the inventory turnover, led to a storage reduction up to a level of 22.9 kt. Thus, the inventories as of date of balance sheet were 6.0 kt lower than the previous year. For the next 12 months the procurement and stockage (28.5 kg) as planned in such a way that we as reliable supplier can cover the needs of our client as usual and our inventory gradation conforms to the expected market demand. Simultaneously, we repeatedly strived to keep the inventories low in order to avoid the effects of price changes as far as possible.

The production capacities in the reporting year were not fully exploited due to lack of sales. This year, Degels has begun the year with wage work for affiliate companies. Production volumes for this wage work amounted to 6.4% of the total sales.

Through preventive maintenance management, in spite of the age of our equipments it resulted in lesser unplanned stoppage of machines.

Company result

For the financial year 2014/15 a loss of 2,286 TEUR was recorded. In the previous year the loss of the formerly Degels GmbH was 800 TEUR.

Investments and financing

As a whole 86 TEUR is invested in tangible assets and intangible fixed assets of capital assets. The financing of Degels GmbH was made in the year under reporting through a medium term credit of Tata Steel Nederland B.V> to the extent of 20.0 mil €. A credit line granted by Tata Steel Nederland B.V. need not be used further due to improved liquidity position at the end of the financial year.

Liquidity bottlenecks did not result in the current financial year. The reversal of the business volume in the previous financial year led to a relief in liquidity position.

Human resources

The workforce is represented through local workers' council, which comprises 7 members, who were newly selected in 2014.

Provisional examinations were planned through an expert for occupational medicine and carried out regularly. Several persons in-charge of safety are appointed and trained with professional association. An important figure in the group for work safety is the LTI (Loss time injury). Under this, the number of accidents at work is to be understood as lost days. In the financial year 2014/15 there were no LTI – neither with own employees nor with employees from external companies. Further figures like employees strength, working hours, training hours etc are reported every month in different reports to our business unit. Besides, some key figures are reported in Group Reporting System.

Environmental issues

There are no company specific environmental requirements and issues.

Important events of financial year 1st April 2014 – 31st March 2015

Merger of Burgdorfer Grundstuecks GmbH with Degels GmbH
With the resolution of the shareholder dated 17th April 2014 the headquarters of the company was moved from Duesseldorf to Neuss.

The Burgdorfer Grundstuecks GmbH was merged according to the merger agreement dated 13th May 2014 with Degels GmbH with headquarters in Neuss (county court Neuss HRB 10300). The value of the transferred net asset was 30 T€ as of 31st March 2014.

The transfer of assets of formerly Degels GmbH was made in the internal relationship with after 31st March 2014. In the external relationship all the activities and businesses from 1st April 2014 were applicable as being carried out for the account of Burgdorfer Grundstuecks GmbH. Simultaneously, the resolution for renaming "Burgdorfer Grundstiecks GmbH" in to"Degels GbH" was made.

II. Status of the company

1. Assets status

As far as nothing different is remarked, the following comparisons of previous year are based on the values of 31st March 2015 and the figures of formerly Degels GmbH.

The assets position of the company is characterized through the inventory level and the supply receivables.

The value of inventories (without packaging material) reduced from 16,420 T€ (31st March 2014) to 11,515 T€ (31st March 2015). The inventory fell from 28.9 to 22.9 kt. The stock turn rate of inventories was on an average 7.0 (previous year: 7.9) and has experienced a reversal during the year.

In the first place, due to sales other reserves were down by 30.9% and the supply receivables by 20.5% than as of balance sheet date of previous year. Receivables through sales were not present in the previous financial year. The debtor entries are slightly increased from 38 in the previous year to 39 in the year under reporting.

Through an almost complete reorganization of material procurement from purchases in the group of Tata Steel with shorter payment period in comparison with some external suppliers, the credit days declined from 38 in the previous year to 34 in the year under reporting.

In the reversal of working capital from 19,158 T€ in the previous year to 15, 704 T€ in the year under reporting, it essentially reflects the reduction in inventories, which again is attributable to the reduced business volume and different measures for reduction of inventories.

The balance as of 31st March 2015 closed with a deficit amount of 157 T€ not covered by the equity capital. The rendering of operative business in the company through merger with formerly Degels GmbH led to a very big annual deficit amount in comparison with previous year, which has consumed the existing equity capital of the formerly Burgdorfer Grundstuecks GmbH.

2 Financial status

The financing of the company is made through a loan to the extent of 20.0 mil € and the grant of a credit line to the extent of 15.0 mil € by the company in both cases with remaining period of 2 years. The credit line is available to the company to the fullest extent. As a whole, Degels GmbH was able to repay 4,600 T€ in the year under reporting, whereby the long term loan as of 31st March 2015 is faced with a demand of 2,500 T€ as of 31st March 2015.

In spite of the negative annual result (T€ 2,286) an operative cash flow of 3,591 T€ was achieved. The reduction in the working capital amounted to 4,534 T€, which was essentially through the reduction of business volume. The excess finance from operational activity was used for the previously mentioned repayment to affiliated company. The cash and cash equivalents were increased from 267 T€ to 780 T€ by 513 T€ in comparison with the values of Burgdorfer Grundstuecks GmbH.

3. Receipts position

The financial year 2014/15 closed with a loss of 2,286 T€. The formerly Degels GmbH was able to record an annual profit before loss absorption to the extent of T€ 800 in the financial year 2013/2014.

The forecast made in the previous year could not be achieved. Instead a prognosed sales volume of 214 kt was down to 202 kt. The budgeted result before taxes of 1.2 mil EUR fell short due to lower sales prices than expected and high interest expenditures as a result of taking non-budgeted loan.

The development of the company is marked especially through a reversal in the revenue by 42,747 T€ and 27.2% respectively from 157,376 T€ in the previous year to 114,629 T€ in the year under reporting.

This development is attributed, besides sustained pressure on price, also to a decrease in the sale volume. As a whole, in the financial year 2014/2015 it resulted in a decline in sales by 17.1%. The loss of several important clients associated with the almost whole sector of “Automotive sub-suppliers”, which had contributed 22% of sales and about 34.6 mil € in the previous year, had its effect.

Through the decline in sales described earlier and a similarly reduced material expenditure, a reduced gross margin by 3,489 T€ was achieved in comparison with the previous year (sales receipts less material expenditure) figure of 12,202 T€.

The gross margin was more than compensated through personnel expenditure (5,835 T€), deductions (307 T€) and other operational expenses (7,647 T€) in spite of other operational receipts rising by 68 T€. The EBIT at -1,250 T€ was again in negative range.

In spite of the latest improved liquidity position, the financial result deteriorated by -311 T€ for Burgdorfer Grundstuecks GmbH and the formerly Degels GmbH in the previous year at -1,047 T€ for the last financial year. The financial result is significantly influenced by the one-sided financial structure of the company.

From the merger, it resulted in a profit of 30 T€, which resulted from the equity capital of Degels GmbH that was above the subscription value of the company.

C. Provisional development and essential prospects and risks of future development

I. Provisional development

Our prognosis is based on following assumptions:

For 2015/16 we assume further difficult times. Significant increase in prices are not to be expected, and further excess capacities are prevalent in the German market.

For the next financial year 2015/16 we plan a sales of ca. 211 kt and a receipt before tax of ca. -2.4 mil €.

In detail, we prognosed the development of financial performance indicators as follows:

Sales: 211 kt (reporting year: 202 kt)

Revenue: 121 mil € (reporting year: 115 mil €)
Average debtor days: 38 days (reporting year: 39 days)
Average creditor days: 39 days (reporting year: 34 days)
Working capital : 15, 019 T€ (reporting year: 15,704 T€)

Our plan will be based on the plan period of the present cumulative value of current year, on known changes (e.g., necessary investments), on estimations, which are based on the experiences as well as on macroeconomic and steel market assumptions, which are provided by the group.

Our plan figures are illustrated in a comprehensive presentation and explained. The plan is explained to the Business Director and the Financial Controller TSDE and verified there before the Business Director reports to the next level of the Group.

Internal data and evaluations for controlling the company, analysis and plan were adjusted in accordance with current requirements in the financial year 2014/15 and the degree of detail was not raised further.

In the framework of our monthly conclusions and our monthly reporting system, all the company-relevant data are communicated to our Business Unit and verified. In monthly Business Progress Review Meeting the Managing Director and the Controller of our Business Unit discussed these data with our Business Director. Through this a comparison of the external and internal data was made in order to ensure the reliability of the statements expressed.

II. Significant prospects and risks of future development

Prospects and success potentials

Continuous improvements are our declare objective in 2015/16. In the production area continuous focus has to be given on further increase in efficiency.
Further, projects for additional increase in efficiency in different areas are up to date. Changes in the organizational structure are noticeable in the division of Sales and also in the divisions like Accounting, where centralization was introduced in 2015/16.

Through initiatives of Business Unit many divisions have shown increased cooperation between affiliated companies and it is continued in the coming financial year also.

The main prospect exists in improved cooperation between Tata-Group, which should reflect an improved exploitation of the client potential. In the medium term the management again reckons to achieve an annual profit.

Risks of future development

Risk management is an essential part of the management processes of Degels GmbH and is further a part of the group reporting.

For the year 2015/16 the risk are mainly present in the uncertain market development, which is again reflected, as explained above, in further difficult price and sales situation. As this is applicable for our clients also, insolvencies are further risks, which we have to minimize through our goods credit insurance.

Furthermore, due to the age of the machines, longer machine outages cannot be excluded, even though all the necessary maintenance measures are carried out. Other Tata-companies are planned as backup and reduce the risk for the clients significantly.

Risks affecting the inventory or significant risks, which act continuously on the future finance, assets and receipts position are not present.

The payment capability is ensured in medium term through the credit line that is available in full to the extent of € 15.0 mil. Risks, which would be associated with a termination or an expiry of the credit line are not identifiable at present. With the expiry of the loan extended to the company as of 31st March 2017, a follow-up financing must be made.

The balance sheet relevant excess debt and the possibility of a over-indebtedness relevant to the insolvency law was taken into account by the signed letter of comfort of Tata Steel Nederland BV on 16th June 2015. The letter of comfort is limited up to the assessment of the annual statement of accounts for the financial year 2015/16.

D. Processes of special significance after the date of balance sheet

No significant processes after the date of balance sheet.
Neuss, 19th June 2015

Degels GmbH
Managing Director

Dr. Jens Lauber | Adriaan H.J. Vollebergh

Degels GmbH, Neuss (previously: Burgdorfer Grundstuecks GmbH, Duesseldorf)

Balance Sheet as of 31st March 2015

ASSETS			LIABILITEIS		
	31.03.2015 Euro	31.03.2014 Euro		31.03.2015 Euro	31.03.2014 Euro
A.Assets			**A.Equity capital**	80,000.00	80,000.00
I.Intangible assets			I.Subscribed capital	2,944,167.77	2,944,167.77
1.Software acquired for payment	8,040.00	0.00	II.Capital reserves	-895,913.34	-797,510.50
2.Company value	0.00	0.000	III.Loss carry forward	-2,285,707.22	-103,402.84
	8,040.00	0.00	IV.Annual deficit	157,452.79	0.00
			V.Deficit not covered by equity capital	0.00	2,128,254.43
II.Tangible assets					
1.Properties and buildings including buildings on third party plots	1,766,770.85	298,935.85			
2.Technical plants and machines	1,099,665.00	0.000	**B.Reserves**		
3.Other plants, operational and business equipments	138,697.00	0.00	1.Reserves for pensions	884,174.00	213,203.00
	3,005,132.85	298,935.85	2.Tax reserves	0.00	43,625.00
			3.Other reserves	1,060,174.49	0.00
III.Financial assets				1,944,348.49	256,828.00
-Shares in affiliated companies	0.00	1.00			
	3,013,172.85	298,936.85			
B.Floating assets			**C.Obligations**		
I.Inventories			1.Obligations to credit institutions	0.00	6.25
Goods	11,549,924.45	0.00	2.Obligations from deliveries and services	735,035.64	0.00
			3.Obligations to affiliated companies	26,425,585.20	0.00
II.Receivables and other assets			4.Other obligations		
1.Receivables from deliveries and services	12,586,632.14	0.00	Of which from tax		
2.Receivables against affiliated companies	2,618,779.22	2,086,151.83	1,606,617.13 (previous year: 0.000€)		
3.Other assets	0.00	0.00	Of which in the framework of social security:		
	15,205,411.36	2,086,151.83	1,073.32 € (previous year: 0.00 €)	1,612,678.71	0.00
III.Cash, credit with credit institutions and checks	779,564.43	0.0		28.773,299.55	6.25
	27,534,900.24	2,086,151.83			
C.Invoice defining items	12,122.16	0.00			
D.Deficit amount not covered by equity capital	157,452.79	0.00			
	30,717,648.04	2,385,088.68		30,717,648.04	2,385,088.68

Neuss, 19th June 2015

Dr. J. Lauber A. Volleberg

Degels GmbH, Neuss (Formerly: Burgdorfer Grundstuecks GmbH, Duesseldorf)
Profit and Loss Account
For the period from 1st April 2014 to 31st March 2015

	2014/15 Euro	2013/14 Euro
1.Revenue receipts	114,629,160.53	0.00
2.Other operational receipts	328,271.02	0.00
3.Material expenses		
a)Expenses for raw material, auxiliary and operational materials and for procured goods	101,662,715.72	0.00
b)Expenses for procured services	764,547.10	0.00
	102,427,262.82	0.00
4.Personnel expenditures		
a)wages and salaries	4,989,019.54	0.00
b)Social deductions and expenses for old age pension and support		
-for old age pension	846,227.07	18,939.81
19,916.31 € (previous year: 18,939.81€)	5,835,246.61	
5.Deductions on intangible assets of equipments and fixed assets	306,804.06	0.00
6. Other operational expenses	7.636,202.73	21,822.92
7.Other interests and similar receipts	3,264.90	0.00
From affiliated companies: 10.73 € (previous year: 0.00 €)		
8.Interest and other expenses		
To affiliated companies: 1,004,569 € (previous year: 0.00 €)	1,050,222.15	11,583.00
9.Result of normal business activity	-2,305,681.92	-52,345.73
10.Extrordinary expenses	29,000.00	0.00
11.Extraordinary receipts	29,000.00	0.00
12.Extraordinary profit	19,359.00	-3,504.00
13.Taxes from incomes and receipt	-1,992.00	0.00
14.Other taxes	12,016.30	47,553.11
15.Annual deficit	2,285,707.22	103,402.84

Neuss, 19th June 2015

Dr. J. Lauber A. Volleberg

Degels GmbH, Neuss (Formerly: Burgdorfer Grundstuecks GmbH, Duesseldorf)
Appendix for the financial year from 1st April 2014 to 31st March 2015

I. General details and explanations to the annual statement of account

The annual statement of account of our company for the financial year 2014/15 comprises the period from April 2014 to March 2015 and is compiled in accordance with the guidelines of the commercial code and the additional guidelines of company law.

The profit and loss account is created and, wherever necessary, explained as per the total costs process. It relates to a big capital company as per the size criteria of §267 HGB.

The annual statement of account was compiled in spite of the deficit amount not covered by the equity capital, under the assumption of continuation of the business activity (§252 para 1 no. 2 HGB), as the continuance of the company is ensured by the letter of comfort dated 16th June 2015 signed by Tata Steel Nederland BV.

With the resolution of the shareholder dated 17th April 2014 the headquarters of the company was moved from Duesseldorf to Neuss.

The Burgdorfer Grundstuecks GmbH was merged according to the merger agreement dated 13th May 2014 with Degels GmbH with headquarters in Neuss (county court Neuss HRB 10300). The transfer of assets of formerly Degels GmbH was made in the internal relationship with after 31st March 2014. In the external relationship all the activities and businesses from 1st April 2014 were applicable as being carried out for the account of Burgdorfer Grundstuecks GmbH. The legal representative was the former Degels GmbH. The transfer of assets was made to book values.

Simultaneously, the resolution for renaming “Burgdorfer Grundstiecks GmbH” in to”Degels GmbH” was made.

The entries in the trade register was made in the case of change of headquarters on 9th and on the other cases on 30th May 2015.

Based on the merger, a comparability of balance sheet and profit and loss account with the previous years’ values was not made. For this reason, the assets taken over as of 1st April 2014 and the profit and loss account for the financial year 2013/2014 of transferring legal entity are described below.

	T€	T€
ASSETS AND INVOICE DEFINITION		
Intangible assets		17
Plots and buildings including those buildings on third party plots	1,472	
Technical plants and machines	1,305	
Other plants, operational and business equipments	185	2,962
Inventories		16,443
Receivables from deliveries and services	15,832	
Receivables against affiliated companies	895	
Other assets	1	16,728

Cash, credits with credit institutions		267
Deferred items		14
		36,431
RESERVES AND OBLIGATIONS		
Reserves for pensions	722	
Other reserves	1,535	2,257
Obligations from deliveries and services	5,100	
Obligations against affiliated companies	27,354	
Other obligations	1,690	34,144
		36,401
NET ASSETS		**30**

II. Accounting and assessment principles

1.Assets

Immaterial assets are evaluated to procurement costs, reduced by planned linear descriptions, evaluated and depreciated over a period of 1 to 5 years.

The tangible assets are evaluated with procurement costs and, if depreciable, assessed by taking into account planned depreciations. The moveable goods are depreciated with regard to buildings over 20 years and in general over a period between 1 and 15 years linearly.

Low value assets of more than 150 € to 1,000 with new procurement from 1st January 2008 are depreciated in a planned multiple items and over 5 years.

2.Circulating assets

The inventories are adjusted to procurement costs by taking into account the lowest value principle. Inventory risks which result from storage period or reduced availability, are taken into account through devaluations.

The receivables and other assets are accounted to nominal values. All identifiable individual risks are taken into account through reasonable individual value adjustments.
Liquid assets are accounted to nominal values.

As deferred items payments before date of balance sheet are referred, which represent expenditure for a specific period after date of balance sheet.

3. Liabilities

The pension reserves for service-oriented old age pension systems are ascertained as per the Projected-Unit-Credit-Method. Thereby, the future obligations are evaluated by using actuarial process with careful estimation of the relevant influencing parameters and by taking the guideline tables 2005 by Prof. Dr. Heubeck as basis.

The discounting is made with the average market interest rate ascertained by German Federal Bank in the last seven years, which results for an assumed period of15 years (4.43%, previous year: 4.85%). Additionally, as in the previous year a salary and income status of 2% respectively and a gender and age-based fluctuation from 0 to 8% was taken as basis.

Other reserves take into account all the identifiable risks and uncertain obligations and are adjusted to the extent of repayment amount, which is necessary as per reasonable evaluation.

Obligations are assessed as liabilities with their repayment amount.
In exercise of right of choice as per §274 para 1 Clause 2 HGB, no active latent taxes are accounted.

Latent taxes are based on differences between taxable and commercial values in following items: pension reserves and other reserves. With the calculation of latent taxes, in the financial year as done in previous year a tax rate of 30.93% was set. As a whole, a non-accounted active latent tax results in the financial year.

III.Details and explanations of balance sheet

1.Assets

Classification and development of assets are illustrated in annexure to the appendix.

2.Floating assets

The receivables from deliveries and services as well as other assets have a maturity period of up to 1 year.

The receivables against affiliated companies result from deliveries and services to the extent of 119 T€ (Previous year: 0 T€) and other obligations to the extent of 2,500 T€ (previous year: 2,086 T€). Out of the receivables against affiliated companies 2,500 T€ (previous year: 0 T€) have a maturity period of more than one year.

3. Reserves

Other reserves include personnel related reserves (T€ 691), reserves for pending invoices (T€ 84) and for credits yet to be issued (T€ 154).

Due to proportional additions to pension reserves over 15 years as per Art. 67 Para 1 EGHGB, pension obligations to the extent of T€ 96 are not included in the balance sheet.

4. Obligations

The obligations from deliveries and services have a maturity period of up to one year.

Out of the obligations against affiliated companies T€ 6,426 (previous year: T€ 0) result from deliveries and services and T€ 20,000 (previous year: T€ 0) from loan obligations.

Obligations to the extent of T€ 52 (previous year: T€ 0) accrued to the shareholder.

From the obligations against affiliated companies T€ 6,426 (previous year: T€ 0) have a maturity period of up to one year.

5.Liability conditions

From the issue and transfer of exchanges non liabilities exist. Other liabilities also do not exist.

6. Other financial obligations

Other financial obligations to the extent given below emerge from rent, and lease agreements:

	T€
Due 4.2015 till 03.2016	816
Due 4.2016 till 03.2020	3,173
Due from 04.2019 till 03.2020 annually	0
Total	3,989

In the financial year 2014/15 no market-based transactions with other companies or persons took place.

IV. Details and explanations for profit and loss account

1. Sales revenue

The gross revenues accrued with T€ 104,368 (91.1%) on inland and with T€ 10,261 (8.9%) abroad. The fields of activity can be classified into T€ 1,126 (1.0%) for third party deals, T€ 263 (0.2%) for wage work, T€ 4,499 (3.9%) for delivery of coils (3.9%) and T€ 108,741 (94,9%) for delivery of steel after processing.

2.Expenses and receipts from other periods

As a whole, expenses to the extent of T€13 (previous year: T€ 0) and receipts to the extent of T€ 270 (previous year: T€ 0) are from other periods.

3. Interests and similar expenses

Interests and other expenses include interest expenditures for pension reserves to the extent of T€ 46 (previous year: T€ 12).

4.Extraordinary expenses and receipts

The extraordinary expenses of the financial year accrue as in previous year to the fullest extent on the provision of pension reserves for adjustment to evaluation guidelines of the Accounting Law Modernization Act

5.Taxes from incomes and receipts

Taxes from incomes and receipts relate fully to the corporate tax from previous years.

V.Additional details

1.Details on bodies of the company

Managing directors are M/s. Dr. Jens Lauber, Muelheim, and Adriaan Herman, Joseph Volleberg, Melick (the Netherlands). Mr. Dr. Lauber, based on his function as Managing Director for Distribution Mainland Europe is responsible for non-operative division of Degels GmbH. Mr. Vollebergh as General Manager of Degels GmbH assumes the operative function of management.

Details on compensations remain under §286 Para 4 HGB.

The pension obligations for former members of management and surviving members are assessed at T€ 738.

2.Details on employees

The average number of those employed in the year under reporting is 104 persons.

	Number	Previous year
Production / technique	71	74
Management	33	30
Subtotal	*104*	*104*
Remaining	2	3
	106	107

3.Relationship with parent company

The group parent company TATA Steel Ltd., Mumbai/India is one of the largest group of companies, the Tata Steel Nederland BV., Ijmuiden/Netherlands, is the smallest group of company in a consolidated financial statement, in which the annual statement of accounts of Degels GmbH,Neuss is included. The financial statement of Tata Steel Nederland BV is disclosed with the "Kamer van Koophandel". The financial statement of TATA Steel Ltd, can be accessed on the website of the company (www.tatasteel.com).

4. Honorarium for Final Auditor

The honorarium for the final auditor in the financial year 2014/2015 is T€22. It applies exclusively for final auditing services.

Neuss, 19th June 2015
Managing Director

Dr. J. Lauber A. Vollebergh

Degels Gmbh, Neuss (Formerly: Burgdorfer Grundstuecks GmbH, Duessledorf)
Development of assets
For the period from 1st April 2014 to 31st March 2015

	Acquisition costs					Cumulative depreciations					Net value	
	Status 01.4.2014 Euro	Inflow from Merger Euro	Inflow Euro	Outflow Euro	31.03.2015 Euro	Status 01.0,2014 Euro	Inflow from merger Euro	Inflow Euro	OUtflow Euro	Status 31.03.2015 Euro	Status 31.03.2015 Euro	Status 31.03.2014 Euro
I.Intangible assets												
1.Software acquired for payment	0.00	128,391.62	495.00	0.00	128,886.62	0.00	111,314.62	9,532.00	0.00	120,846.62	8,040.00	0.00
2.Company value	0.00	12,111,314.20	0.00	0.00	12,111,314.20	0.00	12,111,314.20	0.00	0.00	12,111,314.20	0.00	0.00
	0.00	12,239,705.82	495.00	0.00	12,240,200.82	0.00	12,222,628.82	9,532.00	0.00	12,232,160.82	8,040.00	0.00
II.Tangible assets												
1.Plots and buildings including buildings in third party plots	298,935.85	2,553,384.23	54,525.00	43,625.00	2,863,220.08	0.00	1,081,403.23	15,046.00	0.00	1,096,449.23	1,766,770.85	298,935.85
2.Technical plants and machines	0.00	10,337,990.99	18,798.40	455,023.27	9,901,766.12	0.00	9,032,675.99	224,448.40	455,023.27	8,802,101.12	1,099,665.00	0.00
3.Other plants, operational and business equipments	0.00	1,003,003.19	11,775.66	2,511.65	1,012,267.20	0.00	818.304,19	57,777.66	2,511.65	873,57.20	138,697.00	0.00
	298,935.85	13,894,378.41	85,099.06	501,159.92	13,777,253.40	0.00	10,932,383.41	297,272.06	457,534.92	10,772,120.55	3,005,132.85	298,935.85
III.Financial assets	1.00	-1.00	0.00	0.00	0.00		0.00	0.00	0.00	0.00	0.00	1.00
Shares in affiliated companies	298,936.85	26,134,083.23	85,594.06	501,159.92	26,017,454.22	0.00	23,155,012.23	306,804.06	457,534.92	23,004,281.37	3,013,172.85	298,936.85

General Terms of Engagement for
German Public Auditors and Auditing Firms
Effective from 1st January 2002

1. Applicability

(1) These terms of engagement are applicable to contracts between German public auditors or auditing firms (hereinafter collectively referred to as the “Auditor”) and their clients relating to audits, consultancy and other engagements inso far as nothing to the contrary is agreed in writing or has mandatory application by virtue of statute.

(2) If, in an individual case, contractual relations have, exceptionally, also been constituted between the Auditor and persons other than the client, the provisions of No. 9 below also apply to such third parties.

2. Scope and performance of the engagement

(1) The subject matter of the engagement is the performance of agreed services, not a particular economic outcome. The engagement shall be carried out in accordance with the principles of proper professional practice. The Auditor is entitled to use suitably qualified persons to execute the engagement.

(2) Other than in the case of operational audits, if regard is to be given to foreign law, express written agreement is required.

(3) The engagement does not extend to an examination of whether the requirements of tax law or special provisions such as, for example, provisions of the laws on price controls, restrictive practices and the regulation of business were observed unless this is the purpose of the engagement; the same applies in relation to determining whether subsidies, allowances or other benefits can be claimed.

Execution of an engagement will only include auditing procedures aimed at detecting falsification of accounts and other irregularities if grounds for this arise during the carrying of the audit or if this has been expressly agreed in writing.

(4) If the legal position alters after the Auditor has issued his final professional statement, he is not obliged to inform the client of changes or of any resulting implications.

3. Client’s duty to give information

(1) The client must ensure that the Auditor is provided with all documents necessary for the conduct of the engagement in good time without the Auditor having to make a special request and must ensure that all events and circumstances which could be of significance for the conduct of the engagement are brought to the Auditor’s attention. This also applies in respect of documents, events and circumstances which only become known in the course of the Auditor’s work.

(2) At the Auditor’s request the client must confirm in a written declaration drafted by the Auditor that the documents provided and the information and declarations given are complete.

4. Safeguarding the Auditor’s independence

The client warrants that it will refrain from doing anything which could endanger the independence of the Auditor’s staff. This applies in particular to offers of employment and to offers to undertake engagements for their own account.

5. Reporting and verbal information

If the Auditor is required to present the results of his work in writing, only the written statement is authoritative. In relation to auditing engagements, insofar as nothing to the contrary is agreed, the Auditor’s Report shall be made in writing. Verbal statements and information provided by employees of the Auditor outside the engagement awarded are never binding.

6. Protection of the Auditor’s intellectual property

The client warrants that expert opinions, organisational charts, drafts, drawings, lists and calculations, in particular calculations of quantities and costs, prepared by the Auditor within the scope of his engagement will only be used for its own purposes.

7. Disclosure of the Auditor’s professional statements

(1) Disclosure of professional statements made by the Auditor (reports, opinions etc.) to third parties requires the written consent of the Auditor insofar as authorisation to make disclosure to a particular third party does not already result from the terms of engagement.

The Auditor is liable (within the scope of No. 9) towards third parties only if the requirements of sentence 1 are fulfilled.

(2) The use of the Auditor’s professional statements for promotional purposes is not permitted; an infringement entitles the Auditor to terminate all engagements awarded by the client which have not yet been carried out without notice.

8. Correction of faults

(1) In the case of any faults, the client has a claim to subsequent performance by the Auditor. Only in the event of the failure of the subsequent performance can the client demand a reduction in the fee or rescission of the contract; if the engagement was awarded by a businessman within the scope of his trading activity, a legal entity under public law or a special fund under public law, the client can only demand the rescission of the contract if the performance provided is of no interest to it on account of the failure of the subsequent performance. To the extent that there are claims for damages beyond this, No. 9 is applicable.

(2) The client must assert its claim for the correction of faults in writing without delay. Claims in accordance with paragraph (1) above which are not based on an intentional act become time barred one year after commencement of the statutory limitation period.

(3) Obvious inaccuracies such as, for example, typing and arithmetic errors, and defects in form contained in an Auditor’s professional statement (report, opinions and the like) can be corrected by the Auditor at any time, including vis-à-vis third parties. Inaccuracies which are capable of calling into question the conclusions contained in the Auditor’s professional statement entitle the Auditor to withdraw the statement, including vis-à-vis third parties. In such cases the Auditor should hear the client’s views first, if possible.

9. Liability

(1) The limitation on liability contained in Article 323 (2) of the German Commercial Code [Handelsgesetzbuch: HGB] is applicable in respect of audits prescribed by law.

(2) Liability in the case of negligence; individual case of damage If (1) is not applicable and no regulation exists in an individual case, the liability of the Auditor for damages claims of any kind, with the exception of loss or damage resulting from death or injury to body or health, is limited pursuant to Article 54a (1) No. 2 of the Auditors' Regulations

[*Wirtschaftsprüferordnung: WPO*] in respect of an individual case of loss or damage caused through negligence to €4 million; this also applies if liability should be established towards a person other than the client. There is also an individual case of loss or damage where there is a unitary loss resulting from a number of breaches of duty. The individual case of loss or damage encompasses all consequences of a breach of duty regardless of whether the losses occurred in one year or in a number of successive years. In this regard multiple acts or omissions based on the same or a similar source of error are deemed to be a unitary breach of duty if the matters concerned are legally or economically connected with each other. In this event the claim against the Auditor is limited to €5 million. The limit of five times the minimum sum insured does not apply in relation to mandatory audits prescribed by statute.

(3) Preclusive periods

A claim for damages can only be asserted within a preclusive period of one year after the person entitled to assert the claim has become aware of the loss or damage and of the event forming the basis of the claim, but at the latest, within five years of the occurrence of the event forming the basis of the claim. The claim expires if legal proceedings are not instituted within a time limit of six months following written refusal to pay compensation and the client was notified of this consequence. This is without prejudice to the right to assert the defence that the claim is time barred. Sentences 1 to 3 also apply in relation to audits prescribed by statute with statutory limitations on liability.

10. Supplementary provisions in respect of audits

(1) A subsequent amendment or abridgement of the financial statements or management report examined by the Auditor and provided with an audit certificate requires the written permission of the Auditor, even if publication does not take place. If the Auditor has not issued an audit certificate, a reference to the audit carried out by the Auditor in the management report or in another place intended for the public is only permissible with the written consent of the Auditor, using the wording authorised by him.

(2) If the Auditor withdraws the audit certificate, it can no longer be used. If the client has already used the audit certificate, at the Auditor's request it must publicise the withdrawal of the audit certificate.

(3) The client has the right to receive five copies of the report. A separate charge will be made for additional copies.

11. Supplementary provisions in respect of assistance with tax matters

(1) The Auditor is entitled when advising on individual tax issues and also when it provides ongoing advice to assume that the facts given by the client, in particular numerical data, are accurate and complete; this applies also to bookkeeping engagements. He must, however, point out any inaccuracies ascertained by him to the client.

(2) Engagement to provide tax advice does not include the procedures required for compliance with deadlines unless the Auditor expressly undertook this task. In this case the client must provide the Auditor with all documents of material importance for compliance with deadlines, in particular tax assessment notices, in good time so that the Auditor has adequate preparation time available to him.

(3) In the absence of written agreement to the contrary, routine tax advice comprises the following activities falling within the period of the contract:

a) preparation of the annual tax returns in respect of income tax, corporation tax and trade tax, as well as net worth tax returns, on the basis of the annual financial statements and other schedules and supporting documents required for taxation purposes to be produced by the client

b) examination of tax assessments relating to the taxes specified in a)

c) negotiations with the tax authorities in connection with the returns and assessments specified in a) and b)

d) participation in tax audits and evaluation of the results of tax audits in relation to the taxes specified in a)

e) participation in opposition and appeal procedures in relation to the taxes specified in a).

The Auditor shall take account of material, published court rulings and administrative interpretation in relation to the abovementioned activities.

(4) If the Auditor receives a fixed fee for routine tax advice, in the absence of written agreement to the contrary, the activities specified in (3) d) and e) above shall be charged separately.

(5) Particular individual questions relating to income tax, corporation tax, trade tax, valuation of economic units and net worth tax, as well as all questions relating to turnover tax, salary tax and other taxes and levies are handled on the basis of a separate instruction. This also applies in respect of a) work in relation to one-off tax matters, e.g. in the area of inheritance tax, capital transfer tax, property transfer tax;

b) participation and representation in proceedings before the courts with fiscal and administrative jurisdiction and in criminal proceedings relating to fiscal matters;

c) advisory and expert work provided in connection with transformations, mergers, capital increases or reductions, reorganisations, accessions and withdrawals of partners or shareholders, sale of businesses, liquidations and the like.

(6) If preparation of the turnover tax return is undertaken as an additional activity, this does not include verification of any special accounting requirements, nor the issue of whether all turnover tax reliefs and allowances which may be available have been claimed. No responsibility is assumed for the completeness of the documentation for claiming the input taxdeduction.

12. Duty of confidentiality in relation to third parties; data protection

(1) The Auditor is obliged in accordance with the law to treat all facts which become known to him in connection with his activities on behalf of the client as confidential, irrespective of whether they relate to the client itself or its business connections, unless the client releases the Auditor from this duty of confidentiality.

(2) The Auditor may hand over reports, expert opinions and other written statements relating to the results of his activities to third parties only with the client's permission.

(3) The Auditor is authorised within the scope of the purpose specified by the client to process personal data entrusted to him or to have this processed by third parties.

13. Default in acceptance of performance and failure of client to cooperate

If the client defaults in accepting the services offered by the Auditor or fails to provide the cooperation incumbent upon it in accordance with No. 3 or otherwise, the Auditor is entitled to terminate the contract without notice. This is without prejudice to the Auditor's right to compensation for the additional expenditure incurred by him and for loss or damage caused by the default or failure to cooperate, even if the Auditor does not exercise his right of termination.

14. Remuneration

(1) In addition to his claim for professional fees or charges, the Auditor has a right to reimbursement of his outlays; the turnover tax is charged separately. The Auditor may request reasonable payments on account towards fees and reimbursement of outlays and may make delivery of the work he performs dependent upon full satisfaction of his claims. Where an engagement is awarded by multiple clients, they have joint and several liability.

(2) Set off against the Auditor's claims to remuneration and reimbursement of outlays is only permissible in the case of undisputed claims or finally determined, non-appealable claims.

15. Preservation and return of documents

(1) The Auditor will keep the documents handed over to him in connection with the execution of the engagement and those he has prepared himself, and also the correspondence undertaken in relation to the engagement, for a period of seven years.

(2) After satisfaction of his claims arising out of the engagement, at the client's request the Auditor shall return all documents that he obtained from or for the client for the purpose of the work carried out by him in connection with the engagement. This does not, however, apply in relation to the correspondence between the Auditor and his client, nor to papers which the client already has in the original or of which it has a copy. The Auditor can make and retain copies or photocopies of documents which he returns to the client.

16. Applicable law

German law has exclusive application in relation to the engagement, its execution and any claims arising thereunder.

In case of translation differences between the English and the German version of the general terms of engagement the German version is legally relevant.

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.