

SAB Profil Gmbh Niederaula

Report on the audit
of the annual accounts
as on 31st March 2015

Supplements

- 1 SITUATION REPORT AND YEAR-END REPORT
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GENERAL ASSIGNMENT TERMS FOR CHARTERED ACCOUNTANTS AND AUDITING FIRMS

We point out that while using rounded amounts and percentages, differences can appear due to commercial rounding.

Index of abbreviations

S.A.B. Profil S.A.B. Profil GmbH, Niederaula

Tata Steel Germany Tata Steel Germany GmbH, Dusseldorf

1 AUDIT ASSIGNMENT

By decision of the partners' meeting dated 10th March 2015 of

S.A.B. Profil GmbH,
Niederaula

- hereinafter also called in short as "S.A.B. Profil" or "Company" -

we were selected as the chartered accountants for the fiscal year from 1st April 2014 to 31st March 2015. On the basis of this decision, the company management has given to us the assignment for carrying out the year-end audit according to § 317 HGB [German Commercial Code] for the fiscal year 2014/2015.

We confirm according to § 321 paragraph 4a HGB [German Commercial Code] that we have followed the applicable regulations about the independence in our year-end audit.

While making the audit report, we have followed the German principles of proper reporting of year-end audits (Audit Standard of the Institute of Chartered Accountants –IDW PS 450).

The agreements made on 5th/18th May 2015 as well as also the "General assignment terms for chartered accountants and auditing firms, in the version of 1st January 2002, enclosed as a supplement are applicable for the execution of the assignment and our responsibility, also in relation with third parties.

This audit report was made only for the documentation of the executed audit for the company and not for the purposes of third parties, for whom we do not take over any liability as per legal situation applicable in the regulation area of § 323 HGB [German Commercial Code].

2 BASIC DETERMINATIONS

2.1 Opinion on the situation judgment of the company company management

From the year-end report and the situation report of the company management as well as the other audited documents, we emphasize the following aspects, which are especially important for the judgment of the economic position of the company:

- . Reduction in the sales proceeds by 8.9 %

In the year under report, the sales proceeds decreased by 8.9 % to TEUR 29,150. The sales tonnage reduced from 38,098 metric tons to 36,674 metric tons (-3.7 %) as a result of the reinforced pressure of competition and reducing demand for metallic products in the construction branch. The average selling price per metric ton reduced by 5 %. The increased raw material expenses could not be passed over to the customers. The material expense rate got consequently worse by 1.7 % points to 86.7 % and the gross proceeds reduced to TEUR 3,871 (previous year: TEUR 4,790). The increase in the other operational expenditures results primarily from higher internal group loads. There remains an annual deficit (previous year: annual profit) of TEUR 12 (previous year: TEUR 833).

- . Increase in the balance sheet total by TEUR 156 to TEUR 19,672

The reduction in the material capital assets results from higher depreciations in the fiscal year, after which investments of a total of 1.2 million Euro were effected in the previous year. The increase in the claims against linked enterprises by TEUR 987 to TEUR 11,088 falls necessarily to an increase in the Cash Pool claims against the Tata Steel Germany. The reduction in the stocks and claims from deliveries and services is related with the reducing business volume. The other property objects include necessarily income tax refund entitlements against the tax office of TEUR 525 (previous year: TEUR 9).

The reduction in the company capital results from the annual deficit of the fiscal year 2014/2015 at the rate of TEUR 12, which should be carried forward to the new accounts. The increase in the liabilities towards linked enterprises by TEUR 445 to TEUR 2,541 results from the increase in the internal group loads in the first quarter of 2015. On account of the increase in the balance sheet total and the annual deficit, the company capital rate decreased from 84.7 % to 83.9 %.

- Improvement in the liquidity of the company

The S.A.B. Profil covers its current financial need consistently exclusively with the liquidity reserves available inside the group by participating in the Cash-Pooling with the Tata Steel Germany. The increase in the Cash Pool claims against the Tata Steel Germany by TEUR 936 to TEUR 11,020 and the liquid means by TEUR 49 to TEUR 406 results necessarily from the high payment-ineffective depreciations, which have led every now and then to the annual deficit. In addition, the reduction in the claims from deliveries and services as well as the reserved assets and the increase in the liabilities led to an increase in the operative cashflow. As a load on liquidity, the capital connection affected by the increase in the other property objects.

- Improved market conditions should contribute in subsequent periods again to the growth in sales and growth in profit

On basis of the accounting result for the period from April to May 2015, an operating result arises with sales proceeds of TEUR 4.646 before taxes of TEUR -112. The turnover as well as the operating result reduced in the first two months as against the previous year. The current development is judged more positively by the company management, and the company management expects to reach the turnover planned up to now for the v2015/2016 from 32.9 million Euro as well as an operational profit before taxes at the rate of 0.6 million Euro.

To sum up, we conclude according to § 321 paragraph 1 clause 2 HGB [German Commercial Code], that we consider the situation judgment by the company management, especially the assumption of the continuation of the enterprise activity and the judgment of the future development of the enterprise, as they have been expressed in the year-end report and in the situation report, as realistic.

In addition, for the situation judgment, we refer to our executions on the overall statement of the year-end report of the company in segment 4.2 of our report.

2.2 Observation of law and company contract

Irregularities outside the billing

In context of our audit, we have ascertained the following facts, which reveal serious violations of the company management against law or company contract:

- According to § 321 paragraph 1 clause 3 HGB [German Commercial Code], we point out that the company management of the company has not made the present year-end report and situation report within the terms of § 264 Paragraph 1 clause 3 HGB [German Commercial Code].
- In addition, the company management has not fulfilled the disclosure obligations according to § 325 pp. HGB [German Commercial Code] in relation with the year-end report and situation report in time and completely as on 31st March 2014. The statement decision about the year-end report and situation report as on 31st March 2014 has not been disclosed up to now.

3 OBJECT, TYPE AND EXTENT OF THE AUDIT

Audit object

The object of our year-end audit was

- the bookkeeping
- the year-end report (consisting of balance sheet, profit and loss accounts as well as appendix)
- the situation report

of the company.

The bookkeeping and making of year-end report and situation report according to the German regulations relating to commercial law lie in the responsibility of the company management of the company; this is also applicable for the details, which we have received for these documents. Our task is to judge these documents and details in context of our obligatory audit.

The checking of the observance of other regulations belongs to the tasks of the year-end audit only to the extent as effects on the year-end report or the situation report usually arise from them.

Type and extent of the audit

Starting point of our audit was the preliminary year-end report checked by us and provided on 12th September 2014 with the unrestricted confirmation letter; it was ascertained on 10th March 2015.

The audit was carried out by us - with interruptions - from March to July 2015.

We have carried out the year-end audit according to § 317 HGB [German Commercial Code] considering the German principles of proper year-end audit ascertained by the Institute of Chartered Accountants.

The year-end audit is to be applied according to § 317 HGB [German Commercial Code] in relation with problems in such a way that substantial incorrectness and violations against billing regulations is recognized with enough surety. In order to do justice to these requirements, we apply our audit oriented to risk and process; in order to implement it, we use our audit software Engagement Management System (EMS). It supports the planning, execution and documentation of the year-end audit.

In context of the audit planning, we have got an overview about the business activity and the economic and legal sphere of the company as well as its accounts, we have carried out an analytic inspection of the year-end report as well as have seen the company contract and partners' decisions. The audit strategy was fixed by us according to the knowledge gained thereby and the expectations about possible errors. We have inspected the internal control system of the company, as far as it matters to a proper billing; the internal control system in its totality was not an object of our year-end audit.

We have checked identified control procedures of the company according to our audit plan for effectiveness and application. We could reduce our statement-related audit actions (analytic audit actions and isolated case checking of selected business events and inventories), as far as these controls were to be classified as effective. In all other cases, we have carried out the statement-related audit actions to a not reduced extent according to

our risk estimate. In isolated case checking, we have obtained proofs with intentional selection or including random check procedures.

The following key audit points were set:

- Proof and evaluation of the capital assets
- Proof and evaluation of the reserved assets
- Completeness and evaluation of the reserves
- Proof of the sales proceeds

The company has outsourced parts of its bookkeeping, namely the wage and salary account, to the tax advisers Dr. Paulus and Partners, Gelsenkirchen. For the judgment of the appropriateness of the outsourced parts of the bookkeeping, we have checked the control measures initiated by the company in relation for the activity of the external service provider.

The company has carried out a final stocktaking on 31st March 2015, during which we were present as observers.

In context of the audit of the claims and liabilities as well as the credit at loan institutes and the reserves, we have obtained balance statements from selected customers and suppliers as well as statements about credit, claims and liabilities of the company from all loan institutes, lawyers and tax advisers of the company.

Against the background of the year-end report details, we have judged future-related details in the situation report for plausibility and compliance with the knowledge gained during the year-end audit.

The company management has produced all desired declarations and proofs and submitted the usual occupational declaration of completeness in written form on 22nd July 2015. It is especially assured in it, that all processes liable to accounting are taken into consideration in the bookkeeping and all property objects, debts (liabilities, ventures etc.), receivables and payables and special items liable for inclusion in balance sheet are taken into consideration in the present year-end report, all expenditures and proceeds are included as well as all necessary details are given in it.

4 DETERMINATIONS AND EXPLANATIONS OF BILLING METHOD

4.1 Appropriateness of the billing method

4.1.1 Book-keeping and other documents checked

The bookkeeping corresponds to the legal regulations including the principles of proper bookkeeping. The information to be taken from the other audited documents gives a proper picture of bookkeeping, year-end report and situation report.

4.1.2 Year-end report

The year-end report as on 31st March 2015 is enclosed with this report as supplements 1.2 to 1.4.

The year-end report was derived properly from the bookkeeping and the other audited documents. The legal regulations for the classification, balance sheet and evaluation as well as for the appendix were observed. The

details of the total payments of the company management are not given in permitted application of § 286 paragraph 4 HGB [German Commercial Code].

4.1.3 Situation report

The situation report for the fiscal year 2014/2015 is enclosed with this report as supplement 1.1.

According to the result of our audit, the situation report is in harmony with the year-end report and the knowledge gained during the audit and provides an all together appropriate picture of the situation of the company. The substantial chances and risks of the future development are shown appropriately. The details according to § 289 paragraph 2 HGB [German Commercial Code] are complete and appropriate. Hence, the situation report corresponds to the legal regulations.

4.2 Overall statement on the year-end report

4.2.1 Determinations for the overall statement on the year-end report

We refer to our following explanations of the overall statement of the year-end report. The year-end report all together, i.e. the interaction of balance sheet, profit and loss account and appendix, provides a picture of the asset situation, financial situation and proceeds situation of the company corresponding to the actual relations considering the principles of proper bookkeeping.

4.2.2 Explanation of the overall statement on the year-end report

The substantial bases of evaluation are shown below.

Raw materials (steel coils) are included in the balance sheet as purchase cost considering the lowest value principle. Coils with a storage period of more than two years are depreciated at the scrap price as on the balance sheet day; there was a devaluation of the stocks of TEUR 32 (previous year: TEUR 7) from this.

The production costs of the **ready products** are determined by the company simplistic retrograde on account of the low manufacturing quantity. Here, an all-inclusive gross margin is drawn off from the retail prices, with which the still resulting selling costs and administrative costs as well as the profit margin are eliminated from the balance-sheet value. Components of the production costs accordingly form primarily the individual material and manufacturing costs, but also necessary shares of overhead costs. As on the accounting day, the stocks are analyzed in view of an evaluation free of loss.

For objections of the customers, a **reserve for complaints** including 0.5 % of the sales proceeds is formed on basis of the experiences from the past. The reserve amounts to TEUR 145 (previous year: TEUR 161). Known individual risks from complaints are recorded separately.

4.3 Details of asset situation, financial situation and proceeds situation

Overview of multiple years

		2014/2015	2013/2014	2012/2013	2011/2012	2010/2011
Sales proceeds	TEUR	29,150	32,014	31,466	38,635	36,409
Material intensity ¹⁾	%	86.7	85.0	83.0	81.6	80.9
EBIT ²⁾	TEUR	-12	1,169	1,571	2,880	3,523
EBITDA ³⁾	TEUR	514	1,623	1,950	3,163	3,790
Number of employees (§ 267 paragraph 5 HGB [German Commercial Code])	Number	32	32	32	32	30
Turnover per employee	TEUR	911	1,000	983	1,207	1,214
	TEUR	-12	1,169	1,571	2,880	3,576
Operational profit	TEUR	-12	833	1,137	1,854	2,598
Annual profit	TEUR	19,672	19,516	17,875	17,532	17,656
Balance sheet total	%	83.9	84.7	87.8	83	71.9
Company capital rate	%	0.0	2.6	3.6	4.8	7.1
Sales profitability	%	-0.1	5.0	7.2	12.7	20.5
Company capital profitability	%	-0.1	4.3	6.4	10.6	14.8

1) Material intensity = Material expenses / Operational output

2) EBIT = Earnings before Interest and Tax (annual profit before profit from interest and taxes on profits)

3) EBITDA = Earnings before interest, tax, depreciation and amortization

(Annual profit before profit from interest and taxes on profits, investment depreciations and goodwill depreciations)

5 COPY OF CONFIRMATION LETTER

We have issued the following unrestricted confirmation letter signed on 22nd July 2015 for the year-end report and the situation report for the fiscal year from 1st April 2014 to 31st March 2015 of S.A.B. Profil GmbH, Niederaula, in the version of the Supplement 1:

“Confirmation letter of the chartered accountant

We have checked the year-end report - consisting of balance sheet, profit and loss account as well as appendix including the accounts and the situation report of the S.A.B. Profil GmbH, Niederaula, for the fiscal year from 1st April 2014 to 31st March 2015. The bookkeeping and making of year-end report and situation report according to the German relating to commercial law regulations lie in the responsibility of the company management of the company. Our task is to deliver a judgment about the year-end report including the accounts and about the situation report on the basis of the audit carried out by us.

We have carried out our year-end report check according to § 317 HGB [German Commercial Code] considering the German principles of proper year-end audit ascertained by the Institute of Chartered Accountants. According to them, the audit is to be planned and carried out in such a way that incorrectness and violations, which affects the presentation of the picture of the asset situation, financial situation and proceeds situation provided by the year-end report considering the principles of proper bookkeeping and by the situation report substantially, is recognized with enough surety. While determining the audit actions, the knowledge about the business activity and about the economic and legal sphere of the company as well as the expectations about possible errors is taken into consideration. In context of the audit, the effectiveness of the billing-related internal control system as well as proofs of the details in accounts, year-end report and situation report are judged predominantly on the basis of random samples. The audit encloses the judgment of the applied principles of proper bookkeeping and the substantial appraisals of the company management as well as the acknowledgment of the overall presentation of the year-end report and the situation report. We are of the view that our audit forms a sufficiently sure basis for our judgment.

Our audit has not led to any objections.

According to our judgment on the basis of the knowledge gained in the audit, the year-end report of the S.A.B. Profil GmbH, Niederaula, corresponds to the legal regulations and considering the principles of proper bookkeeping, provides a picture of the asset situation, financial situation and proceeds situation of the company corresponding to the actual relations. The situation report is in harmony with the year-end report, provides an all together appropriate picture of the situation of the company and shows the chances and risks of the future development appropriately.”

6 CONCLUDING REMARKS

We are issuing the present report on our audit of the year-end report and the situation report for the fiscal year from 1st April 2014 to 31st March 2015 of the S.A.B. Profil GmbH, Niederaula according to the legal regulations and the German principles of proper reporting of year-end audits (Audit standard of the Institute of Chartered accountants - HP IDW 450).

For the unrestricted confirmation letter given by us, we refer to section 5 "Copy of the confirmation letter".

Dusseldorf, 22nd July 2015

Deloitte & Touche GmbH
Auditing firm

(Graetz)
Chartered accountant

(Tyralla)
Chartered accountant

For publications or forwarding of the year-end report and/ or the situation report in a form other than the certified version as well as for the purpose of translation in other languages, it requires a former renewed statement from us, if hereby the confirmation letter given by us is quoted or an indication is made to our audit of year-end report; for this, we point out to the regulations of § 328 HGB [German Commercial Code].

S.A.B. Profil GmbH, Niederaula

Situation report for the fiscal year 2014/2015

A. General informationen about the company

The S.A.B. Profil GmbH is a hundred percent subsidiary of the SAB-profiel bv, Ijsselstein/ Netherlands, and a group company of the TATA Steel Ltd., Mumbai/India with the affiliation with Corus group taken over by Tata in 2007. The S.A.B. Profil GmbH is organizationally integrated in the Business Unit Tata Steel Building Systems.

The production of trapezoidal steel plates, cassettes, corrugated sheets and edged parts is the key point of the business activity. These products are disposed exclusively via a restricted vendor circle to the building industry, above all, in Germany. Our entire range of products encloses absolutely customary products, which are similar to the products of competitors. Our business activity depends on the development of the economic situation of the construction field because our company produces ready metallic products for the building industry.

B. Presentation of the business course and situation of the enterprise

I. Business course and business profit

Development of overall economy and branch

In the calendar year 2014, the German economy has turned out to be all together stable in the annual average. By 1.5 %, the price-adjusted gross domestic product (BIP) was, adjusted as per seasons and calendar, higher than in the previous year. In both the previous years, the BIP had become weaker (2013 by 0.2 % and 2012 by 0.6 %). Positive impulses came, above all, by the increase in the consumption expenses of the private households. In addition, the asset investments also developed positively, namely, especially in constructions. Also the exports of goods and services increased a lot according to the temporary calculations. Contrary to it, the German economy continued its growth course in the first quarter of 2015 at a little bit weakened tempo with 0.3 % of growth as against the previous quarter. Positive impulses came, above all, from the homeland.

As a result of that, the ifo business climate index for the commercial economy of Germany has reduced in June 2015 after three increases. However, the optimistic business expectations of the previous months have been withdrawn slightly. The German economy continues its upswing.

The monthly report of the Federal Ministry of Economy for May 2015 describes an upswing of the German economy in the spring. Perceptible increases in income and a solid development in the job market strengthen the domestic demand. It remains the most important driving force of the economic situation in a difficult foreign-trade sphere. Besides, improved competitiveness in price and the persistently low oil price might also stimulate the economic development on account of the devaluation of Euro. All together, the economic situation indicators speak for the fact that the upswing continues with a moderate tempo.

For the main construction business, the ifo institute considers the business climate index after for the third time as a result of an improvement in the judgment about the business climate. Also the view of the coming months brightened a little.

The Federal Ministry of Economy describes the business climate in the construction branch as falling in spite of good basic conditions, however, the appraisals of the enterprises lie furthermore above the long-term average.

Even the Federal Association of Building Materials describes a rather positive view. All together, the construction associations expect an increase of 2 % in the turnover in 2015.

Production and sales 2014/2015

The purchase policy and reservation policy is marked by the exclusive supply of steel coils by group company Tata Steel Colors.

In the product and assortment policy, no changes have arisen as against the previous year. Size and structure of our 18 different main products (profiles) have not changed as against the previous year.

In comparison with previous year, the order situation and the sales were marked by a reduction in the quantity as well as the average selling price. The dropped tonnage decreased by 3.74 %, the average selling price decreased by 5.41 %.

Procurement and production in 2014/2015

The raw material price level has further increased in the past fiscal year. Hence, the material expense rate as a ratio of material expense to the turnover has increased perceptibly from 85.0 % in the previous year to 86.7 % because the raw material price increases could not be passed on to the customers.

The material is purchased predominantly within the group.

The capacity utilization of the production plant Niederaula was falling.

Investments and financing

Investments at the rate of 35 thousand Euros have been made in the fiscal year for the establishment of technical systems and machines.

For financing the current deals, S.A.B. Profil GmbH will participate in the Cash Pool system of the Tata Steel Germany GmbH, Dusseldorf. As on the closing date, the Cash Pool claims have increased to 11,020 thousand Euros (previous year: 10,084 thousand Euros). A main cause of the positive operative cashflow in the fiscal year was high depreciations and the reduction in the claims from deliveries and services as well as the reserves.

Personnel area

On account of the enterprise development, the number of the full-time employees was not changed. Production peaks or below-average utilization are balanced by S.A.B. Profil GmbH with part-time workers.

In the fiscal year 2014/2015, the number of the employees remained constant with 22 employees in the production department as well as with 10 employees in administration and sales department.

Environmental problems

There are no environmental requirements or problems specific for enterprise.

II. Situation of the enterprise

1. Asset situation

As on the accounting day, the balance sheet total amounted to 19,672 thousand Euros in comparison with 19,516 thousand Euros in the previous year.

The assets of the company are characterized by the material capital assets (3,676 thousand Euros; previous year: 4,167 thousand Euros), the reserved stock (2,480 thousand Euros; previous year: 2,872 thousand Euros), claims from deliveries and services (1,451 thousand Euros; previous year: 1,872 thousand Euros) and the claims against linked enterprises (11,088 thousand Euros; previous year: 10,101 thousand Euros), which concern primarily the internal group Cash-Pooling.

The material capital assets have decreased especially on account of the fiscal year depreciation in comparison with the closing date by 491 thousand Euros.

The reserves have reduced in comparison with the previous year by about 13.6 %. The reserve stocks were reduced as the anticipation of the reduced order situation after the closing date. The frequency of covering the stocks (sales proceeds / reserved stock) decreased from 11.2 to 11.8 days.

The claims from deliveries and services were lower in March 2015 in comparison with previous year month on account of reduced turnovers.

The claims against linked enterprises increased by 987 thousand Euros and have thus contributed considerably to the increase in the balance sheet total. The increase has dropped necessarily to the Cash Pool claims.

An increase in the other property objects by 428 thousand Euros results from the increase in the allowance claims against tax authorities in relation with taxes from the income and from the proceeds.

The company capital rate decreased with an annual deficit and increased balance sheet total from 84.7 % to 83.9 %.

The total of other reserves is almost identical with the previous year and include necessarily reserves for complaints and personnel reserves

The liabilities increased all together by 220 thousand Euros. While the liabilities from deliveries and services decrease on account of reduced use of goods and services before the balance closing date by 103 thousand Euros to 129 thousand Euros and the other liabilities by 122 thousand Euros to 91 thousand Euros; as a countermove, the liabilities towards linked enterprises increased from 2,096 thousand Euros to 2,541 thousand Euros. The increase in the liabilities towards linked enterprises is related with the increase in the reallocations within the group, which are paid only in the next fiscal year.

2. Financial situation

Our company is integrated in the Cash-Pooling of the Tata Steel Germany GmbH and will hence show a claim of 11,020 thousand Euros in the year under report, which has clearly increased in comparison with previous year (10,084 thousand). The stock of liquid means has also increased by 49 thousand Euros to 406 thousand Euros. Substantial reasons for the improvement in the liquidity arise from the increase in the liabilities and the reduction in the reserved assets and the claims from deliveries and services as against the previous year. On account of the high payment-ineffective depreciations and the low investment volume, there is a positive influence on the liquidity of the company in spite of slightly negative annual profit.

As for the balance, the Cash Pool increased by 936 thousand Euros and the liquid means by 49 thousand Euros.

The enterprise still has a comfortable liquidity set-up.

3. Proceeds situation

The turnover has clearly decreased in the fiscal year 2014/2015. While 32,014 thousand Euros could be achieved in the previous year, the turnover in the fiscal year decreased by 2,864 thousand Euros to 29,150 thousand Euros. The sales amount decreased by 1,424 metric tons to 36,674 metric tons (previous year: 38,098 metric tons). The reduction in the average selling price has continued.

With a higher material expense rate of 86.7 % on account of increased purchase prices (previous year: 85.0 %), a gross profit of 3,871 thousand Euros could be achieved (previous year: 4,790 thousand Euros). On account of the constant number of staff, the personnel expenditure remained at previous year level.

The other operational expenditures moved clearly above the previous year level in spite of a weaker order situation on account of higher cost settlement within the group in the fiscal year.

The operational profit of -12 thousand Euros (previous year: 1,169 thousand Euros) is also far under the planned level and can be called as a clear break.

The sales proceeds in relation with the annual deficit / profit amounted to -0.1 % (previous year 2.6 %) in the year under report.

The prediction from the situation report of previous year turned out to be too optimistic. The planned sales proceeds of 34.6 million Euro and the expected operational profit before taxes at the rate of 1,100 thousand Euros could not be achieved.

4. Overall statement about the situation

All together, the company management does not judge the economic development of the company as satisfying.

5. Financial profit indicators

Profit indicators in million Euro	Present 2014/2015	Planned 2014/2015	Previous year
Turnover	29.1	34.6	32.0
Operational profit before taxes	0.0	1.1	1.2

C. Estimated development as well as substantial chances and risks of the future development

I. Estimated development

On basis of the accounting results for the period from April to May 2015, an operational profit arises for sales proceeds of 4,646 thousand Euros before taxes of -112 thousand Euros. The turnover as well as the operational profit reduced in the first two months. The current development is judged as more positive; we therefore expect to reach a turnover of 32.9 million Euros and an operational profit before taxes at the rate of 0.6 million Euros for the fiscal year 2015/2016.

For the fiscal year 2016/2017, a turnover of 34.0 million Euros and an operational profit of 0.8 million Euros are provided in the planning; for the next years, we estimate a slightly increasing operational profit with higher turnovers.

II. Substantial chances and risks of the future development

Chances and success potentials

On account of the weaker economic prospects, the short-term chances are to be judged as somewhat restrained. The aspect of the raw material of linked enterprises instead of external suppliers still enables to react flexibly to market changes and to negotiate more favorable procurement prices for short term.

The very good liquidity set-up of the enterprise by the Cash Pool creates stable internal basic conditions. Furthermore, the high flexibility of the company, with which market changes can be responded to, is considered as a competition potential. The extension of the product portfolio by new profiles in the previous year also allows chances of increasing sales volumes.

Risks of the future development

Unchanged, our business activity is direct dependent on the development of the economic situation of the construction field because our company produces exclusively ready metallic products for the construction industry. In addition, there is basically a risk of competition on account of the commercial usability of our range of products; this risk is classified as significant. We expect risks related to the procurement market on account of the reduction in the gross margin. The risk of claim failures is covered by a loan insurance.

Besides, the following possible risks can also affect the future financial situation, asset situation, and proceeds situation disadvantageously:

- a more difficult economic sphere to be expected for the fiscal year 2015/2016 and subsequent periods, which can further weaken quickly
- financial policy related risks with substantial effects on the functioning of the currency by the instability of the Euro on account of the persistent national debt crisis
- risks, which affect the value retention of the Cash Pool by lasting impairment of the liquidity set-up of the Cash Pool manager

The identified risks are not classified at present as risks of the kind endangering the stock.

Reliability of the planning system of the internal enterprise data, external sources as well as the reliability of the statements shown with it

In context of our monthly end-reports and our monthly reporting, all data relevant for enterprise is communicated and verified in regular, monthly discussions. Thus a mutual checking by external and internal data as well as a reliability of the statements is guaranteed. Sufficient measures have been taken for risk identification, risk analysis and risk communication.

In context of monthly discussions, the managerial employees and managers of the company analyze the economic development of the company. The results of the discussions are informed to the parent enterprise.

D. Subsequent report

Processes of special importance after the balance closing date

There are no especially important processes to be mentioned in the situation report after the balance closing date.

Niederaula, 22nd July 2015

Company management

Schepers

Vermeulen

Stadelmann

S.A.B. Profil GmbH, Niederaula

Balance sheet as on 31st March 2015

Assets	31.3.2015 EUR	Previous year TEUR
A. Capital assets		
I. Intangible property assets		
Software acquired against payment	1.40	0
II. Material assets		
1. Constructions on foreign properties	2,336,578.85	2,557
2. Technical systems and machines	1,330,879.55	1,596
3. Other systems, operational equipment and office equipment	8,256.77	14
	3,675,715.17	4,167
	3,675,716.57	4,167
B. Current assets		
I. Reserves		
1. Raw materials, Auxiliary means and Operating means	2,295,286.95	2,869
	185,178.80	3
2. Finished products	2,480,465.75	2,872
II. Claims and other property objects		
1. Claims from deliveries and services	1,451,404.69	1,872
2. Claims against linked enterprises	11,087,934.40	10,101
3. Other property objects	558,773.22	131
	13,098,112.31	12,104
III. Cash amount, Credit at loan institutes		
	406,402.07	357
	15,984,980.13	15,333
C. Payables and receivables		
	11,634.12	16
	19,672,330.82	19,516

Liabilities	31.3.2015 EUR	Previous year TEUR
A. Company capital		
I. Shown capital		
	30,000.00	30
II. Capital reserves		
	1,022,584.46	1,023
III. Profit carried forward		
	15,467,857.00	14,634
IV. Annual deficit (Previous year: Annual profit)		
	-11,515.85	833
	16,508,925.61	16,520
B. Reserves		
1. Tax reserves	0.00	48
2. Other reserves	402,937.54	407
	402,937.54	455
C. Liabilities		
1. Liabilities from deliveries and services from that, with a remaining period of up to one year: EUR 129,026.15 (Previous year: TEUR 232)	129,026.15	232
2. Liabilities towards linked enterprises from that, with a remaining period of up to one year: EUR 2,540,681.28 (Previous year: TEUR 2,096)	2,540,681.28	2,096
3. Other liabilities from that, with a remaining period of up to one year: EUR 90,760.24 (Previous year: TEUR 213) from that, from taxes: EUR 87,013.64 (Previous year: TEUR 212)	90,760.24	213
	2,760,467.67	2,541
	19,672,330.82	19,516

S.A.B. Profil GmbH, Niederaula**Profit and loss accounts for the period from 1st April 2014 to 31st March 2015**

	2014/2015	Previous year
	EUR	TEUR
1. Sales proceeds	29,150,317.81	32,014
2. Increase in the stock of finished products (previous year: Decrease)	181,912.47	86
3. Other operational proceeds	38,985.94	91
4. Material expense		
Expenditures for raw material, auxiliary means and operating means	25,279,053.29	27,224
5. Personnel expenditure		
a) Wages and salaries	1,280,588.16	1,243
b) Social contributions	262,022.12	265
6. Depreciations on intangible property objects of the capital assets and material assets	526,482.00	454
7. Other operational expenditures	2,034,875.16	1,663
8. Other interests and similar proceeds	324.96	0
from it, from linked enterprises:		
52.29 Euro (previous year: TEUR 0)		
9. Interests and similar expenditures	7.60	1
10. Profit from the usual business activity	-11,487.15	1,169
11. Taxes from income and from proceeds	-566.63	335
12. Other taxes	595.33	1
13. Annual deficit (previous year: Annual profit)	-11,515.85	833

S.A.B. Profil GmbH, Niederaula
Appendix for the fiscal year 2014/2015

General information about the year-end report

The year-end report of our company for the fiscal year 2014/2015 is made according to the regulations of the trade gazette and the complementary regulations of the Ltd law. According to the size categories stated according to § 267 paragraph 2 HGB [German Commercial Code], the company is a medium-sized corporation. The exemption regulations of § 288 paragraph 2 HGB [German Commercial Code] were applied.

Details of balance sheet methods and evaluation methods

Assets

Capital assets

Intangible property objects acquired against payment (excluding software) are included in purchase cost and decreased by planned depreciations considering a service life of three years.

The **material assets** are evaluated with purchase cost or production costs (direct costs and reasonable parts of the overhead material and manufacturing costs) and, as far as they can be worn out, considering planned depreciations. For the production and storage constructions, a service life of 25 years was considered as the basis. The movable capital goods are depreciated linearly in accordance with the economic service life. For operational and office equipment, the service life normally lies between three and five years, for systems and machines, between five and seven years. Low-value material objects with purchase cost of up to 150.00 Euro are recorded directly as an expenditure, and the movable objects of the capital assets with costs between 150 Euro and 1,000 Euro are activated and depreciated linearly over 5 years.

Current assets

The **reserves** are considered as purchase cost according to the direct cost principle (raw materials, auxiliary means and operating means) or as retrograde production costs (finished products) considering the lowest value principle. For the production costs of the finished products, the direct costs, the overhead costs, the depreciations on production systems as well as administrative costs were included in the manufacturing and material area. The continuance risks, which arise from storage period or decreased usability, are taken into consideration by corresponding devaluations.

The **claims and other property objects** are balanced to nominal values. All recognizable individual risks are taken into consideration by reasonable individual value corrections.

Liquid means are balanced to nominal values.

Activation and Balancing of latent taxes

Latent taxes are determined for temporary evaluation differences between balance attempts according to trade law and tax law, as far as this is offered according to § 274 HGB [German Commercial Code].

The selection option, not to apply an active latent tax surplus on account of arising tax exemptions according to § 274 paragraph 1 clause 2 HGB [German Commercial Code], is used.

Liabilities

The **shown capital** is evaluated with the nominal amount.

The **tax reserves** of the previous year include the not yet submitted taxes for previous periods.

The **other reserves** are applied at the rate of the repayment amount, which is necessary according to reasonable business judgment, and take all recognizable risks and uncertain liabilities into consideration.

The **liabilities** are recognized as such at the rate of the repayment amount.

Items of the profit and loss account

The profit and loss account is divided according to § 275 paragraph 2 HGB [German Commercial Code] as per the total expense procedure.

The sales proceeds are realized by accounting the services performed. Expenditures are recorded at the time they are made. The realization principle and the principle of demarcation as per period are taken into account.

The company makes its purchase deals and sales deals exclusively in EURO and has not shown any foreign currency profits or losses in the fiscal year and previous year.

Details of the balance sheet

Capital assets

The division and development of the asset values is shown in the supplement of the appendix.

In the fiscal year, investments at the rate of 35 thousand Euros have been effected for technical systems and machines.

Current assets

The claims from deliveries and services have (as in the previous year) a remaining period of up to one year.

The claims against linked enterprises are all together short-term as also in the previous year and result from deliveries and services (68 thousand Euros; previous year: 17 thousand Euros) and services from the financial transactions (11,020 thousand Euros; previous year: 10,084 thousand Euros). The claims against linked enterprises include claims against the partner at the rate of 28 thousand Euros (previous year: 15 thousand Euros).

The other property objects include especially tax allowance claims at the rate of 168 thousand Euros (previous year: 9 thousand Euros). Besides the item Employee loans, which are charged with 1.5 % interest, as well as a

corporation tax credit, which has a term of over one year at the rate of 10 thousand Euros (previous year: 15 thousand Euros).

Company capital

The shown capital amounts to 30,000.00 Euros according to company contract. The capital reserve is unchanged. The previous year profit at the rate of 833 thousand Euros was carried forward.

Reserves

The other reserves necessarily include reserves for outstanding purchase invoices of 49 thousand Euros (previous year: 40 thousand Euros) and complaints of 145 thousand Euros (previous year: 161 thousand Euros), staff-related reserves of 102 thousand Euros (previous year: 106 thousand Euros), reserves for deferred maintenances of 57 thousand Euros (previous year: 26 thousand Euros) as well as reserves for final consultation fees, audit consultation fees and tax consultation fees of 36 thousand Euros (previous year: 32 thousand Euros).

Liabilities

All liabilities shown have, like in the previous year, a remaining period of up to one year.

The liabilities towards linked enterprises result from deliveries and services at the rate of 2,541 thousand Euros (previous year: 2,096 thousand Euros). The liabilities towards linked enterprises include liabilities towards the partner at the rate of 956 thousand Euros (previous year: 27 thousand Euros).

Deals not included in the balance sheet

As on 31st March 2015, there are non-recognized liabilities from leasing contracts at the rate of 6 thousand Euros (previous year: 13 thousand Euros). By the leasing agreements, the liquidity outflow is not at the time of investment, but is distributed over the contract duration.

Details and explanations to the profit and loss account

Sales proceeds

The sales proceeds of the company concern necessarily the activity area Sale of steel, trapezoidal sheets, cassettes, corrugated sheets and edged parts.

The gross turnover proceeds result almost exclusively from the domestic business irrespective of sales with Czech buyers at the rate of 1.3 million Euros.

Other operational proceeds

The other operational proceeds of the fiscal year include proceeds relating to other periods of all together 35 thousand Euros (previous year: 88 thousand Euros), which include, in the fiscal year, proceeds from correction of depreciations from the previous year.

Other operational expenditures

The other operational expenditures include, like in the previous year, necessarily cost reallocations within the group, servicing expenditures and carriage costs.

Taxes from income and from proceeds

Taxes from income and from proceeds result from the fiscal year 2014/2015 at the rate of 0 thousand Euros (previous year: 377 thousand Euros). Allowances of 1 thousand Euros (previous year: Allowances of 42 thousand Euros) concern the past fiscal years.

Complementary information

Details of the organs of the company

Mr. Johannes Bastiaan Schepers, General Director of the SAB-profiel bv, AC Heemstede/Netherlands, was the manager in the past fiscal year till February 2015. With the entry in the trade register on 19th February 2015, Mr. Wilhelmus Gerardus Maria Vermeulen and Mr. Rolf Hans-Georg Heinrich Stadelmann were appointed as other managers. Both are full time managers of the company.

The details of the overall relations of the company management according to § 285 No. 9 HGB [German Commercial Code] are renounced according to § 286 paragraph 4 HGB [German Commercial Code].

Details of the employees

The average number of the appointed employees in the fiscal year was unchanged as the previous year:

	<u>Number</u>
Wage earners:	22
Officers	10
	32

Relations with the parent enterprise

The S.A.B. Profil GmbH, Niederaula, will be integrated in the consolidated accounts of the TATA Steel Ltd. Mumbai/India, (the biggest circle) and the Tata Steel Nederland B.V., the Beverwijk/Netherlands (the smallest circle). The consolidated accounts of the Tata Steel Nederland B.V. are published at the Dutch Chamber of Commerce in Utrecht (number 30032168) and are available in the headquarters of the company. The published consolidated accounts of the TATA Steel Ltd. are available in the headquarters of the company in Mumbai/India.

Sole partner of S.A.B. Profil GmbH, Niederaula, is sab-profiel B.V., Ijsselstein (Netherlands).

Suggestion for utilization of profits

The company management suggests carrying forward the annual deficit of 11,515.85 Euros shown as on 31st March 2015 to the new accounts.

Niederaula, 22nd July 2015

S.A.B. Profil GmbH

Company management

Schepers

Vermeulen

Stadelmann

Development of the capital assets in the fiscal year 2014/2015

	Gross book values			Cumulated depreciations			Net book values	
	As on 01.04.2014 EUR	Credits EUR	As on 31.3.2015 EUR	As on 01.04.2014 EUR	Credits EUR	As on 31.3.2015 EUR	As on 31.3.2015 EUR	Previous year TEUR
I. Intangible property objects								
Software acquired against payment	167,121.33	0.00	167,121.33	167,119.93	0.00	167,119.93	1.40	0
II. Material assets								
1. Constructions on foreign properties	5,616,135.37	0.00	5,616,135.37	3,059,280.52	220,276.00	3,279,556.52	2,336,578.85	2,557
2. Technical systems and machines	7,331,822.61	35,244.00	7,367,066.61	5,736,260.06	299,927.00	6,036,187.06	1,330,879.55	1,596
3. Other systems, operational equipment and office equipment	407,685.17	0.00	407,685.17	393,149.40	6,279.00	399,428.40	8,256.77	14
	<u>13,355,643.15</u>	<u>35,244.00</u>	<u>13,390,887.15</u>	<u>9,188,689.98</u>	<u>526,482.00</u>	<u>9,715,171.98</u>	<u>3,675,715.17</u>	<u>4,167</u>
	13,522,764.48	35,244.00	13,558,008.48	9,355,809.91	526,482.00	9,882,291.91	3,675,716.57	4,167

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.