

**TATA STEEL SPECIALITY SERVICE  
CENTRE SUZHOU CO., LTD.**

**31 March 2015**

**AGREE UPON PROCEDURES REPORT**



**Tata Steel Speciality Service Centre Suzhou Co., Ltd.****Agreed upon procedures for financial statements as at March 31, 2015**

Dear Board of Directors,

We have performed the procedures agreed with you as detailed in our engagement letter on financial statements as at March 31, 2015.

Our engagement was undertaken in accordance with the relevant requirements of China Certified Public Accountants Standards on Auditing issued by China Institution of Certified Public Accountants and approved by PRC Ministry of Finance on related services applicable to agreed-upon procedures engagements. The procedures were used solely to assure there is no accounting treatment which is not in compliance with the Chinese GAAP.

Management of the Company is responsible for the preparation and fair presentation of these accounting records in accordance with Accounting Standards for Business Enterprises and the Accounting Regulations for Business Enterprises issued by the Ministry of Finance of the People's Republic of China.

Since the agreed upon procedures do not constitute either an audit or a review engagement in accordance with the relevant requirements of China Certified Public Accountants Standards on Auditing, we do not express any assurance on financial statements as at March 31, 2015.

Based on the agreed upon procedures we have performed, we report to you that (1) Agreed upon procedures; (2) Findings and comments; (3) Reporting figures for identification purpose; (4) Balance sheet and Income statement as at March 31, 2015 on page 3 to page 5; (5) Index mapping for combination of trial balance and Financial Statements based on PRC GAAP on page 6 to page 8.

This report has been prepared to the Company for the purpose of obtaining the findings found according to agreed upon procedures performed. It should not be relied upon by any other party for any other purpose and we expressly disclaim any liability or duty to other party in this respect.

Sun Su

April 16, 2015



(1) Agreed upon procedures:

We have carried out the following agreed upon procedures on the financial statements.

- Conduct analytical review procedure on the balance sheet and income statement;
- Conduct sample checking on all the accounts in the balance sheet and the income statement prepared in accordance with Chinese Accounting Standards.

(2) Findings and comments:

According to agreed upon procedures, there are no significant matters coming to our attention which should be reported to you.

(3) Identification figures:

For the purpose of identifying the report, reported amounts for the following line items were (In USD):

Accounts receivable	1,035,006.61
Inventories	3,616,651.79
Long-term equity investment	792,619.13
Fixed assets (cost)	158,592.94
Accounts payable	6,551,423.80
Undistributed profit	(243,005.16)
Investor's equity	306,994.84

**Tata Steel Speciality Service Centre Suzhou Co., Ltd.**

**Balance sheet**

**as at March 31, 2015**

**USD**

<u>Assets</u>	<u>Notes</u>	<u>March 31, 2015</u>	<u>December 31, 2014</u>
Current assets			
Cash and bank balances	BS1	140,310.08	258,022.85
Notes receivables	BS2	1,072,148.69	91,949.89
Accounts receivable	BS3	1,035,006.61	1,419,024.13
Other receivables	BS4	24,200.91	76,337.05
Advances to suppliers	BS5	-	-
Inventories	BS6	3,616,651.79	4,023,940.30
Prepaid expenses	BS7	42,836.72	43,707.73
Total current assets		<u>5,931,154.80</u>	<u>5,912,981.95</u>
Long-term investment			
Long-term equity investment	BS8	792,619.13	792,619.13
Total Long-term investment		<u>792,619.13</u>	<u>792,619.13</u>
Fixed assets			
Cost	BS9	158,592.94	158,592.94
Less: Accumulated depreciation	BS10	104,678.44	98,259.03
Carrying amount		<u>53,914.50</u>	<u>60,333.91</u>
Total fixed assets		<u>53,914.50</u>	<u>60,333.91</u>
Intangible and other assets			
Intangible assets	BS11	3,534.44	3,777.68
Long term prepaid expenses	BS12	-	-
Total intangible and other assets		<u>3,534.44</u>	<u>3,777.68</u>
Total assets		<u>6,781,222.87</u>	<u>6,769,712.67</u>

The accompanying notes form an integral part of the financial statements

Legal representative:

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Person in charge of  
accounting function:

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Finance manager:

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**Tata Steel Speciality Service Centre Suzhou Co., Ltd.**

**Balance sheet**

**as at March 31, 2015 (continued)**

**USD**

<u>Liabilities and investor's equity</u>	<u>Notes</u>	<u>March 31, 2015</u>	<u>December 31, 2014</u>
Current liabilities			
Accounts payable	BS13	6,551,423.80	6,485,839.10
Advances from customers	BS14	3,415.29	3,415.29
Tax payables	BS15	(95,928.08)	(154,132.57)
Other payables		-	-
Accrued expenses	BS16	15,317.02	5,916.79
Total current liabilities		<u>6,474,228.03</u>	<u>6,341,038.61</u>
Total liabilities		<u>6,474,228.03</u>	<u>6,341,038.61</u>
Investor's equity			
Paid-in capital	BS17	550,000.00	550,000.00
Accumulated losses	BS18	(243,005.16)	(121,325.94)
Total investor's equity		<u>306,994.84</u>	<u>428,674.06</u>
Total liabilities and investor's equity		<u>6,781,222.87</u>	<u>6,769,712.67</u>

The accompanying notes form an integral part of the financial statements

Legal representative:	Person in charge of accounting function:	Finance manager:
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**Tata Steel Speciality Service Centre Suzhou Co., Ltd.**

**Income and profit appropriation statement**

**for the period from January 1 to March 31, 2015**

**USD**

	<u>Notes</u>	<u>2015.1-2015.3</u>	<u>2014.1-2014.12</u>
Sales from principle activities	PL1	2,710,184.28	10,231,358.38
Less: Cost of sales from principle activities	PL2	2,598,350.50	9,309,154.34
Business tax and surcharges	PL3	-	521.98
Profit from principle activities		111,833.78	921,682.06
Add: Profit from other activities	PL4	(1,960.87)	(3,868.05)
Less: Distribution and marketing expenses		-	-
Administration expenses	PL5	254,588.10	999,699.87
Financial expenses	PL6	(23,035.97)	(6,894.93)
Operating profit / (loss)		(121,679.22)	(74,990.93)
Add: Non-operating income	PL7	-	1,705.89
Less: Non-operating expenses		-	-
Profit before income tax		(121,679.22)	(73,285.04)
Less: Income tax	PL8	-	-
Net profit		(121,679.22)	(73,285.04)
Add: Undistributed profit at beginning of the year		-	(48,040.90)
Distributable profit		(121,325.94)	(121,325.94)
Less: Statutory reserve		-	-
Distributed profit		-	-
Undistributed profit at the end of the year		(243,005.16)	(121,325.94)

The accompanying notes form an integral part of the financial statements

Legal representative:	Person in charge of accounting function:	Finance manager:
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**Index Mapping**  
**as at March 31, 2015**

**USD**

Account No.	Account Description	Debit	Credit	Mapping
10101	Sales, FTZ	-	646,302.25	PL1
10102	Sales, Domestic China	-	1,617,382.32	PL1
10103	Sales ROW	-	446,499.71	PL1
10108	Sales, Intra Corus	-	-	PL1
10120	Exchange Differences	3,791.86	29,428.53	PL6
10170	Sales, Scrap	-	89.83	PL4
10601	COS, FTZ	536,998.77	-	PL2
10602	COS, Domestic China	1,588,254.17	-	PL2
10603	COS - ROW	372,013.28	-	PL2
10608	COS, Intra Corus	-	-	PL2
10650	COS, Scrap	2,050.70	-	PL4
10660	COS, Import Duty	-	-	PL2
10690	COS, Aged Stock Adjustment	-	-	PL2
10690	COS, Aged Stock Adjustment	30,939.53	-	PL5
10695	COS, Stock Errors	-	-	PL2
11610	Carriage, FTZ	2,425.95	-	PL2
11620	Carriage, China Domestic	3,970.73	-	PL2
11630	Carriage, ROW	2,517.63	-	PL2
12602	Saw Blades	1,774.51	-	PL2
12603	Hand Tools	53.03	-	PL2
12604	Pallets and Bins	3,155.71	-	PL2
12605	Strapping and Boxing	653.34	-	PL2
12606	Paint, Labels and Marking	726.56	-	PL2
12608	Oil, Cooling	188.58	-	PL2
12609	Oil, Hydraulic	78.03	-	PL2
12611	Testing, External Services	107.52	-	PL2
12612	Safety Equipment	1,466.91	-	PL2
12613	Cleaning Supplies, Warehouse	262.99	-	PL2
12615	Other Consumables	96.32	-	PL2
12616	Weighing / Measuring Equipt	305.44	-	PL2
12651	Hire of FLT Without Personnel	8,829.49	-	PL2
12652	Hire of Cars	13,129.27	-	PL5
13104	Maintenance of Warehouse	-	-	PL2
13106	Maintenance of Office Equipment	716.79	-	PL5
13108	Maintenance of Saws	-	-	PL2
13109	Maintenance of Other Equipment	212.34	-	PL2
14101	Electricity	7,425.91	-	PL2
15102	Rent	40,900.29	-	PL5
15103	General Rates (Management Fees)	5,113.26	-	PL5
15104	Water Rates	49.68	-	PL5
15106	General Insurance	1,500.00	-	PL5
15110	Telephone	3,561.09	2,609.06	PL5
15151	Postage	870.20	-	PL5

**Index Mapping**  
**as at March 31, 2014 (continued)**

**USD**

Account No.	Account Description	Debit	Credit	Mapping
15152	Books, Magazines & Newspapers	39.20	-	PL5
15153	Printing and Stationery	3,467.28	-	PL5
15154	Computer and Office Equipment	588.00	-	PL5
15155	Conferences and Seminars	-	-	PL5
15156	Bank Charges	2,471.38	-	PL6
15157	Entertainment	13.66	-	PL5
15158	Travel and Subsistence	12,244.11	5,995.33	PL5
15159	China Foreign Travel	4,341.69	-	PL5
15160	Recruitment	-	-	PL5
15161	Personnel and Welfare	914.72	-	PL5
15162	Cleaning and Laundry	1,376.53	-	PL5
15163	Canteen	4,618.26	-	PL5
15167	Small Differences	0.06	0.01	PL5
15169	Fees & Subscriptions	5,090.93	-	PL5
15170	Bad Debt Write Off/On	-	-	PL5
15172	Tax and additional duty	-	-	PL3
15173	Stamp Tax	371.66	-	PL5
15174	Staff Training	49.00	-	PL5
15175	Operating Exchange Difference	2,367.42	2,135.94	PL6
15177	Income tax expense	-	-	PL8
15610	TSS Head Office Charges	6,636.65	-	PL5
15620	Corus Head Office Charges	-	-	PL5
16605	Salaries, Warehouse	12,948.32	-	PL2
16606	Salaries, Commercial	52,086.91	-	PL5
16607	Salaries, Administration	22,007.37	-	PL5
16608	Salaries, Production	51,158.11	-	PL2
16609	Employers NI Contributions	27,282.11	-	PL5
16610	Staff NI	18,289.53	-	PL5
16612	Payroll Services	3,058.93	-	PL5
17105	Dep'n, Plant and Equipment	2,726.86	-	PL2
17110	Dep'n, Computer and Office Eq't	3,692.55	-	PL5
17120	Amort. Intangible assets	243.24	-	PL5
18021	Interest Received	-	102.16	PL6
18022	Nonrevenue receipt	-	-	PL7
19999	(Profit) / Loss	121,191.22	-	BS18
21110	At Cost Brought Forward	76,668.51	-	BS9
21120	Cumulative Depreciation B/fd	-	33,040.72	BS10
21130	Additions / Disposals	-	-	BS9
21140	Depreciation This Year	-	11,530.86	BS10
21210	At Cost Brought Forward	68,116.12	-	BS9
21220	Cumulative Depreciation B/fd	-	46,051.33	BS10
21230	Additions / Disposals	13,808.31	-	BS9
21240	Depreciation This Year	-	14,055.53	BS10



**Index Mapping**  
**as at March 31, 2014 (continued)**

**USD**

Account No.	Account Description	Debit	Credit	Mapping
21310	At Cost Brought Forward	206,133.09	-	BS12
21320	Cumulative Depn b/f	-	206,133.09	BS12
21410	At Cost Brought Forward	3,938.61	-	BS11
21420	Cumulative Depn b/f	-	481.18	BS11
21430	Additions/Disposals	926.45	-	BS11
21440	Depreciation This Year	-	849.44	BS11
22020	Local Stock Valuation	2,676,553.82	-	BS6
22021	Interim Stock (not invoiced)	1,067,199.14	-	BS6
22120	Stock Devaluation Provision	-	132,175.58	BS6
22140	Inventory Adjustment	5,074.41	-	BS6
23003	Notes receivable	1,072,148.69	-	BS2
23004	Trade Debtor Control - ROW	257,945.35	-	BS3
23005	Trade Debtor Control - FTZ	402,706.39	-	BS3
23006	Trade DR Ctrl - Domestic China	136,018.86	-	BS3
23006	Trade DR Ctrl - Domestic China	-	3,415.29	BS14
23008	Trade Debtor Control - Corus	238,336.01	-	BS3
23205	Rent	31,883.02	-	BS7
23210	Rates	5,101.28	-	BS7
23235	Hire of FLT	21,770.41	-	BS7
23250	General Bus Exps	-	15,917.99	BS7
23250	General Bus Exps	-	-	BS5
23250	General Bus Exps	24,200.91	-	BS4
23250	General Bus Exps	-	15,317.02	BS16
23425	Head Office, Other	-	-	BS7
23510	Long-term investment - Xian	792,619.13	-	BS8
24040	Bank Account - ABC (STG)	35,752.04	-	BS1
24050	Bank Account - ABC (RMB)	52,390.45	-	BS1
24051	Bank Account - ABC (USD)	50,357.34	-	BS1
24052	Bank Account - ABC Capital	1,810.25	-	BS1
25011	Trade Cr Ctl - Domestic China	-	8,995.42	BS13
25012	Trade Creditor Control - Corus	-	6,542,526.19	BS13
25016	Tax suspense	21,084.13	-	BS15
25022	Purchases Reconciliation	97.81	-	BS13
25210	Sales Output VAT	-	496,003.97	BS15
25220	Input VAT	556,653.74	-	BS15
25230	VAT Net Account	14,194.18	-	BS15
29100	Capital Investment Current	-	550,000.00	BS17
29499	Year End Profit Transfer	121,813.94	-	BS18