

Auditor's report

To the annual meeting of the shareholders of ISMT Europe AB, corp. id 556748-6039

Report on the annual accounts

I have audited the annual accounts of ISMT Europe AB for the financial year 2015-04-01–2016-03-31.

Responsibilities of the Board of Directors for the annual accounts

The Board of Directors is responsible for the preparation and fair presentation of these annual accounts in accordance with the Annual Accounts Act, and for such internal control as the Board of Directors determine is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

My responsibility is to express an opinion on these annual accounts based on my audit. I conducted my audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the annual accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the annual accounts.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act, and present fairly, in all material respects, the financial position of ISMT Europe AB as of 31 March 2016 and of its financial performance for the year then ended in accordance with the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts.

I therefore recommend that the annual meeting of shareholders adopt the income statement and balance sheet.

Report on other legal and regulatory requirements

In addition to my audit of the annual accounts, I have also audited the proposed appropriations of the company's profit or loss and the administration of the Board of Directors of ISMT Europe AB for the financial year 2015-04-01–2016-03-31.

Responsibilities of the Board of Directors

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss, and the Board of Directors is responsible for administration under the Companies Act.

Auditor's responsibility

My responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on my audit. I conducted the audit in accordance with generally accepted auditing standards in Sweden.

As basis for my opinion on the Board of Directors proposed appropriations of the company's profit or loss I examined whether the proposal is in accordance with the Companies Act.

As basis for my opinion concerning discharge from liability, in addition to my audit of the annual accounts, I examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors is liable to the company. I also examined whether any member of the Board of Directors has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinions.

Opinions

I recommend to the annual meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors are discharged from liability for the financial year.

Karlstad

Mattias Eriksson
Authorized Public Accountant

The Board of Directors of
ISMT Europe AB
Corporate Id no 556748-6039

submit the following

Annual report

for the financial year 1 April 2015 - 31 March 2016

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Directors report

General information on the company and the business

The company was registered 9 January 2008. The company's business is to trade with seamless tubes and alloy steel.

ISMT Europe is trading in Boilers, OCTG, Bearing, Auto and General sector.

The company is a wholly-owned subsidiary to Structo Hydraulics AB, corporate id no 556574-5568.

Significant events during and after the financial year

In 2015/16 the company showed steady performance.

This performance is expected to continue in the coming financial year

Financial summary

Tkr

	2015/16	2014/15	2013/14	2012/13
Net sales	40 558	50 612	50 889	43 887
Profit/loss after financia	283	292	213	771
Equity ratio	22%	13%	14%	13%

Non restricted equity

The Board of Directors propose to carry forward the non restricted equity.

Non restricted equity carried forward			<u>2 898 276</u>
	Total		<u>2 898 276</u>

The result of the company's operations and its financial position are shown in the accompanying income statement, balance sheet and notes to the financial statements.

Income statement

<i>Amount in SEK</i>	<i>2015-04-01</i> <i>Note – 2016-03-31</i>	<i>2014-04-01</i> <i>– 2015-03-31</i>
Net sales	40 557 999	50 611 991
Other operating income	-	69 651
Total operating income	40 557 999	50 681 642
Operating expenses	1	
Cost of goods	-35 971 771	-48 579 325
Other external costs	-4 085 950	-1 589 616
Depreciation and write-down of tangible and intangible assets	-	-5 074
Other external costs	-3 558	-
Total operating expenses	-40 061 279	-50 174 015
Operating profit	496 720	507 627
Result of financial investments		
Interest expenses and similar profit/loss items	-214 215	-215 481
Total financial items	-214 215	-215 481
Result after financial items	282 505	292 146
Net profit/loss for the year	282 505	292 146

Balance sheet

<i>Amount in SEK</i>	<i>Note</i>	<i>2016-03-31</i>	<i>2015-03-31</i>
ASSETS			
Fixed assets			
<i>Tangible assets</i>			
Equipment	2	—	—
Total fixed assets		—	—
Current assets			
<i>Current receivables</i>			
Account receivables		6 797 479	12 717 636
Receivables from group companies		6 496 553	8 780 830
Other receivables		144 607	1 743
Prepaid expenses and accrued income		6 302	6 302
		<u>13 444 941</u>	<u>21 506 511</u>
<i>Cash and bank balances</i>		4 131	7 078
Total current assets		<u>13 449 072</u>	<u>21 513 589</u>
TOTAL ASSETS		<u>13 449 072</u>	<u>21 513 589</u>

Balance sheet

<i>Amount in SEK</i>	<i>Note</i>	<i>2016-03-31</i>	<i>2015-03-31</i>
EQUITY AND LIABILITIES			
EQUITY	3		
<i>Restricted equity</i>			
Share capital (1000 shares)		100 000	100 000
Total restricted equity		100 000	100 000
<i>Non-restricted equity</i>			
Profit/loss carried forward		2 615 771	2 323 625
Profit/loss for the year		282 505	292 146
Total non-restricted equity		2 898 276	2 615 771
		2 998 276	2 715 771
Current liabilities			
Bank overdraft	4,5	4 364 512	4 919 607
Accounts payable		11 640	17 348
Liabilities to group companies		4 362 112	11 974 750
Factoring		1 672 124	1 850 729
Accrued expenses and deferred income		40 408	35 384
Total current liabilities		10 450 796	18 797 818
TOTAL EQUITY AND LIABILITIES		13 449 072	21 513 589

Pledged assets and contingent liabilities

<i>Amount in SEK</i>	<i>2016-03-31</i>	<i>2015-03-31</i>
Pledged assets		
<i>For own liabilities and provisions</i>		
Chattel mortgage	5 000 000	5 000 000
Factoring	1 672 124	1 850 729
Total pledged assets	6 672 124	6 850 729

Notes to the financial statements

Amount in SEK if not otherwise stated

General accounting principles

The annual accounts have been prepared in accordance with Annual Accounts Act and Sweden Accounting Standards Board general council, BFNAR 2008:1, Annual reports in smaller companies

Receivables and payables in foreign currency

Receivables and payables in foreign currency have been converted using the rate of the balance sheet date.

Depreciation principles for fixed assets

Depreciation according to plan is based on the original purchase value and estimated economic life. A write-down is made in case of permanent decrease in value.

The following depreciation periods are applied:

Tangible assets

Computer hardware and software

5 år

Group information

ISMT Europe AB is a wholly-owned subsidiary to Structo Hydraulics AB, org nr 556574-5568 situated in Storfors. Structo Hydraulics AB is holly-owned subsidiary of ISMT Enterprises SA, Luxembourg.

The ultimate company is ISMT Ltd India.

Purchase have been made from other companies in the group.

From other group companies purchase has been made with 39 978 tkr (l.y. 49 457 tkr).

Sales to other group companies has been made with 4 605 tkr (l.y. 1 945 tkr).

Note 1 Employees and personnell cost

The company has not had any employees during the financial year. Board compensation has not been paid.

Note 2 Equipment

	<i>2016-03-31</i>	<i>2015-03-31</i>
<i>Accumulated acquisition values</i>		
Opening balance	494 129	494 129
	<u>494 129</u>	<u>494 129</u>
<i>Accumulated depreciation according to plan</i>		
At the beginning of the year	-494 129	-489 055
Depreciation for the year acc. to plan on initial value	-	-5 074
	<u>-494 129</u>	<u>-494 129</u>
Value at the end of the period	-	-

Note 3 Equity

	<i>Share capital</i>	<i>Nonrestricted equity</i>
Opening balance	100 000	2 615 771
Profit/loss for the year		282 505
At end of year	<u>100 000</u>	<u>2 898 276</u>

Note 4 Bank overdraft

	<i>2016-03-31</i>	<i>2015-03-31</i>
Granted credit	5 000 000	5 000 000
Available part	635 488	80 393
Used credit	<u>4 364 512</u>	<u>4 919 607</u>

Note 5 Securities pledged for liabilities to credit institutions

	<i>2016-03-31</i>	<i>2015-03-31</i>
Chattel mortgage	5 000 000	5 000 000
	<u>5 000 000</u>	<u>5 000 000</u>

Storfors

Rajiv Goel
Chairman of the Board

Kishore Bharambe
Member of the Board

Kerstin Rienas
Member of the Board

My auditor's report was submitted on the

Mattias Eriksson
Auktoriserad revisor