

Jindal Saw Italia S.p.A.

a sole shareholder company

ANNUAL REPORT 2014

*(including report of Independent
Registered Public Accounting Firm)*



**Report of Independent Registered Public Accounting Firm in
accordance with article n. 14 L.D. January 27, 2010 n.39.**
(Translation from the original issued in Italian for the convenience of the
International Readers only)

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To the Sole Shareholder of
Jindal Saw Italia S.p.A.

1. We have audited the financial statements of Jindal Saw Italia S.p.A. as of December 31, 2014. The preparation of these financial statements, in accordance with the applicable laws, are the responsibility of Jindal Saw Italia S.p.A.'s Directors. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards issued by the Italian Accounting Profession (CNDCEC) and recommended by CONSOB. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

For the opinion on the financial statements of the prior year, which are presented for comparative purposes as required by law, reference should be made to our report issued on April 16, 2014.

3. In our opinion the financial statements give a true and fair view of the financial position of Jindal Saw Italia S.p.A. as of December 31, 2014, and of the results of its operations for the year then ended in accordance with the Italian law and accounting principles generally accepted in Italy.

Società di revisione ed organizzazione contabile
Sede Legale: Corso Vercelli n.40 - 20145 Milano - Iscrizione al registro delle imprese di Milano Codice Fiscale e P.IVA n.02342440399 - R.I.A. 1965420
Registro dei revisori legali n.157002, già iscritta all'Albo Speciale delle società di revisione tenuto dalla CONSOB al n. 49
Capitale Sociale: € 1.832.610,00 interamente versato
Uffici: Ancona-Bari-Bergamo-Bologna-Firenze-Milano-Napoli-Novara-Padova-Palermo-Perugia-Pescara-Pordenone-Rimini-Roma-Torino-Trento-Verona-Venezia

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4. By way of emphasis of matter we highlight the following:
The loss for the period ending December 31, 2014 amounts to Euro 4,3 million. At December 31, 2014 the Ebitda results negative for Euro 3,2 million compared to a negative amount for Euro 5,4 million of the prior year. The main reasons of the losses are described in the Report of Operations.

In our audit report issued on the financial statements of the prior year, we underlined the approval of a business plan for the years 2014-2016 which showed earnings starting from fiscal year 2015.

In the Report of Operations, the Directors describe the reasons for which the above mentioned business plan 2014-2016 has been revised with a new one for the following three years 2015-2017. This business plan, which shows operating earnings starting from year 2016, has been approved by the Directors on April 22, 2015.

We point out that, in support of the business plan for the years 2015-2017, the Sole Shareholder signed a comfort letter confirming the will and the commitment to provide the company with an adequate financial support for the adoption of the adequate measures which might become necessary pursuant to articles 2446 or 2447 of the Italian Civil Code.

5. The directors of Jindal Saw Italia S.p.A. are responsible for the preparation of the Report on Operations in accordance with the applicable laws. Our responsibility is to express an opinion on the consistency of the Report on Operations with the financial statements, as required by art. n. 14 L.D. January 27, 2010 n.39. For this purpose, we have performed the procedures required under Auditing Standard n. 001 issued by the Italian Accounting Profession (CNDCEC). In our opinion the Report on Operations is consistent with the financial statements of Jindal Saw Italia S.p.A. as of December 31, 2014.

Padua April 27, 2015

Ria Grant Thornton S.p.A. – Signed by Mauro Polin

This report has been translated into the English language solely for the convenience of international readers.

Jindal Saw Italy S.p.A.

a sole shareholder company

Registered office Via Manfredo Camperio 9 - 20123 Milan (MI)

Head Office and Administration Via K.L. Von Bruck 32-34144 Trieste

Share capital subscribed and paid in 1,100,000.00€

Business Register n°: 07104300962 - REA 1935845

Report on Budget Management on 31/12/2014

Dear Shareholder,

The financial year on December 31st 2014 shows a negative result for 4,280,388€ after depreciation and allocating provisions for 243. 109€.

The total loss of the previous year, ended December 31st 2013 was equal to 6,762,888€ after depreciation and allocating provisions for 833.553€.

Significant events during the year and subsequent to year end

The period under review was marked by the closure of the restructuring plan which provided for the maintenance of the finishing activities (cementing and painting) and marketing of pipes produced by other production plants in the European market.

The year just ended was influenced by an economic cycle which, despite a moderate improvement compared to the previous year, was characterized by a significant slowdown of investments in infrastructures such as water pipes, with a consequent negative effect on the final result.

In Italy the period was characterized by unfavourable weather conditions in the first months of the year resulting in a delay in the start of construction of several large planned aqueducts. This resulted in a significant reduction in sales.

Pipe exports to non-EU markets, first to North African countries and second to the Middle East, have suffered a significant decline due to the well-known war situation with its block of the majority of investment projects, concerning water in particular.

It should also be underlined that there are signs that show an, albeit slight, recovery that bodes well. The market situation, as confirmed by our order book, has greatly improved recently, especially in August last year, mainly due to the acquisition of a major sales order directed to Iraq, our main Arab reference market, delivered in the upcoming months.

Please be informed that on 16/02/2015 by deed of Dr. Massimo Paparo, Notary in Trieste rep. n.1166 Series 1T, Jindal Saw Italy Spa (leaseholder) and Duferco Sertubi Spa (Grantor) have modified the original term of the business lease agreement from 5 to 10 years.

On December 31st 2014 the personnel is composed by 75 employees: 3 executives, 35 clerks, 37 workers.

On December 31st 2014 the company reported sales for 13.800 tons approximately against the 15.000 tons recorded over the previous financial year ended on December 31st 2013. Please note that, in this regard, the total forecasted sales in the Industrial Plan for 2014 amounted to 25.000 tons. Unfortunately, the abovementioned problems resulting from a negative economic cycle have reduced sales volumes expected in the Plan.

The amount produced was nearly 8.600 tons compared to about 8.000 tons recorded in the previous year ended December 31st 2013, the expected production in the Plan for 2014 amounted to 13.000 tons. The increase in production compared to the previous year is attributable to an improvement in productivity partly due to the current phase of restructuring.

The total turnover at December 31st 2014 was approximately 15m€, compared with about the 17m€ turnover of the previous financial year ended 31 December 2013.

The EBITDA at December 31st 2014 showed a loss of about 3.2m€ against a loss of about 5.4m€ compared to the previous year ended December 31st 2013.

Tangible investments amounted to 95.000€ (84.000€ over the previous financial year) mainly related to the purchase of a new pipes loading/unloading system from containers.

Investments in intangible assets amounted to 58.000€ (89.000€ over the previous year).

With reference to the performance of net equity, it should be reminded that the loss for 2013, which amounted to 6,762,888€ was completely covered, following a specific proposal of the Board, through the use of existing reserves (as per decision of the shareholders' meeting on April 17th 2014).

Finally it should be also emphasized that, to provide the Company with adequate capital and financial resources, the sole shareholder on March 27th 2014 – August 29th 2014 and on December 29th 2014 made advance payments for future capital increase of 4.250.000€

It is pointed out that the sole shareholder on March 31st 2015 anticipated via email a copy of a letter which confirms its intention to make a capital contribution, to be registered in a special reserve in the net equity of the Company, for the amount of 1.500.000€ which will be credited to the bank account of the Company within 15 calendar days.

The following table shows the situation of equity on December 31st 2014

Description	
Share Capital	1.100.000
Share Premium Account	10.354
Other reserves_Euro roundings	2
Other reserves	4.250.000
Profit/(loss) carried forward	0
Profit/loss over FY	(4.280.388)
Total net asset on 31/12/2014	1.080.148

Research and development activities

During the period under review research and development activities were not carried on.

Financial situation

The net indebtedness on December 31st 2014 amounted to approximately 10.3m€ in the short term compared to 9.9m€ in the previous year (as reported on December 31st 2013).

Employment situation

Staff on December 31st 2014 amounted to 75 employees and is composed of 3 executives, 35 clerks, 37 workers.

Over the period under review the restructuring period with the CIGS (extra redundancy fund) ended. All units still voluntarily benefited of *mobilità* (unemployment retraining program). It should be noted that only one unit was fired on January 2nd 2015.

The staff at 31 December 2013 amounted to 129 employees.

Information on environmental and labor

The company has complied with the requirements laid out by the Legislative Decree no. 626/1994 regarding health and safety on the workplace by appointing a person in charge of prevention and protection, providing also for the preparation of the corporate document for the risk assessment.

The company has also taken the necessary measures, both in terms of investment and internal procedures to run its business in compliance with the legislation concerning the protection and respect for the environment.

Based on the indications of the document CNDCEC (Italian committee of registered accountants), issued on January 14th 2009, the information provided below is the one required in terms of personnel and environment:

- during the year, there were no fatalities at work of the staff recorded in the personnel book for which a corporate responsibility has been established definitively;
- during the year there were no serious accidents at work that resulted in serious or critical injury of staff registered in the personnel book for which a corporate responsibility has been established definitively;
- during the year there were no charges for occupational disease of employees or former employees and cases for mobbing, for which the company had been declared permanently responsible;
- during the year there were no environmental damages for which the company had been found definitively guilty;
- during the year the company was not imposed any financial penalty or fines for environmental crimes or damages.

Financial instruments and risk management

In this section, in accordance with the requirements of Article 2428 cc. paragraph 3 number 6bis, is provided information regarding the exposure of the company to the risks of credit, liquidity and market, to the targets, policies and management processes for those risks and the methods used to measure them. The Board of Directors have the overall responsibility for the establishment and oversight of a risk management system.

The risk management policies of the company aim to identify and analyze the risks which the company is exposed to, to establish appropriate limits and controls and to monitor risks and the compliance with these limits. These policies and their related systems are regularly reviewed to reflect any changes in market conditions and in the company's activities. Through training, standards and management procedures, the company acts to create a system of disciplined and constructive controls in which its employees are aware of their roles and responsibilities.

Credit risk

The commercial risk to customers is lowered through the use of forms of insurance that cover much of the nominal value thereof; the Company established a procedure, managed by a Credit Committee, to determine the reliability and the credit limits for each customer through regular analysis using assessments and external information.

Liquidity risk

The policy adopted by the Company to meet the liquidity risk is based on:

- diversification of funding sources;
- availability of adequate credit lines to meet liquidity needs;
- avoidance of significant concentrations of liquidity risk in terms of both financial assets and sources of funding.

Market risk

The company, in the conduct of its business, could use financial instruments, when a financial instrument is considered any agreement that gives rise to a financial asset for one subject and, conversely, to a financial liability for another subject. The use of such financial instruments does not produce effects which may affect significantly the assessment of the financial and economic result, and on the economic result of the financial year. The company could negotiate derivatives to manage the market risk.

a. Currency risk

The company is exposed to currency risk on commercial transactions not settled in Euro. Therefore the Company may implement a policy to hedge the risk of fluctuations in the exchange rate by entering into fixed-terms currency contracts with leading banks mainly to hedge sales of finished products. On December 31st 2014 there are no outstanding forward fixed terms currency contracts.

b. Risk of interest rate

The international economic environment has considerably reduced the risk in question. The company has decided not to underwrite Interest Swap Rate agreements.

Please refer to the Notes to the Financial Statements for any detailed information about the size of the risks exposure of the enterprise.

Transactions with related parties

Transactions with subsidiaries and affiliated companies are neatly explained in the Notes.

Purchase of own shares and parent companies' shares

The company does not hold and has not held during the year own shares or parent companies' shares, not even through trust companies and intermediaries.

Significant events after the year end date

There were no significant events after the reporting period.

Business Outlook

Albeit in the presence of a serious global crisis that has hit hard the international financial and economic systems, the prospects for the pipes sector might be less negative for both the favourable climate for public investments in the necessary water infrastructures in Italy and abroad with regard to the revenues.

The improvement in production efficiency and the raising of quality standards of its production, associated with the recovery of the markets should allow a cautious optimism.

Information in art. 2497-bis, paragraph 4 of the Civil Code

The company is not subject to the management and coordination performed by the sole shareholder Ralael Holdings Limited.

Planning document on data security

The planning document on data security, in accordance with Annex B, paragraph 26 of Legislative Decree no. 196/2003, is, where necessary, updated in accordance with the law.

Budget analysis

To provide better information about the operational performance of the year under economic and financial terms, the Balance Sheet was reclassified, according to the scheme of decreasing liquidity, and the Income Statement was reclassified according to the scheme of Added Value in the annex to this report, also calculating some indices from budget items so summarised.

Solidity Ratios

1) High-debt-to equity ratio

The ratio between outside funding and capital and reserves

Expresses the ratio between external and internal funding sources. The more the value of this index appears to be high, the greater is the dependence on external sources of funding. The value of this ratio at the balance sheet date amounted to 30.58 against 32.45 in the previous year.

2) Ratio of financial dependency

The ratio between equity and the total sources of financing.

Expresses the importance of internal funding sources compared to the total sources of financing. This ratio can take values between 0 and 1: the more the value of this ratio approaches unity, the greater is the independence from external sources of funding.

The value of this index at the balance sheet date amounted to 0.03 against 0.03 in the previous year.

3) 1° level of coverage of net fixed assets

The ratio between equity and net fixed assets.

Expresses the amount of long-term investments financed with equity. The higher the value of this index is, the better the strength and balance sheet equilibrium of the company. The value of this index at the balance sheet date is equal to 1.86 against 1.72 in the previous year.

4) 2° level of coverage of net fixed assets

The ratio of equity plus consolidated liabilities and net fixed assets.

It expresses the amount of long-term investments covered by funding sources to be kept in the medium term in the company. The inferior this index is than unity, the greater is the asset imbalance. The value of this index at the balance sheet date amounted to 15.63 against 17.29 in the previous year.

Liquidity ratios

5) primary or immediate Liquidity

The ratio of immediate liquidity and current liabilities.

This index allows to highlight the company's ability to cope in the short term with its current financial commitments through the use of those liquid assets that can translate into cash quickly and at low cost. The value of this index at the balance sheet date amounted to 0.50 against 0.66 in the previous year.

6) Cash or secondary current

The ratio of current assets and current liabilities.

This index allows to highlight the company's ability to cope in the short term with its current financial commitments through the use of all short-term assets, including inventories. The value of this index at the balance sheet date amounted to 1.34 against 1.41 in the previous year.

7) Turnover rate of capital invested

The ratio of sales revenues and capital employed.

It measures the efficiency of ordinary management and expresses the number of times that the resources used by the company are renewed during the year as a result of sales.

The value of this index at the balance sheet date amounted to 0.45 against 0.46 in the previous year.

Profitability ratios

The profitability ratios (ROE, ROI and ROS), are negative or not considerable due to the results achieved at the date of these Financial Statements; therefore the comparison with the indexes of the previous year is considered not significant.

Statements on the result for the period

Dear Shareholder,

We invite you to approve the budget as submitted and to the partially cover the loss for the year amounted to 4.280.388€, through use of the following equity reserves: a) Share premium reserve of 10.534€ and b) reserve for payments for future capital increase of 4.250.000€ postponing to the following financial year the remaining operating loss amounting to 19.854€.

Trieste, March 31, 2015



Manish Kumar

The Chief Executive Officer

Mr. Maneesh Kumar

Attached A
Reclassified Balance Sheet relating to decreased liquidity

ASSETS	31/12/2014		31/12/2013		Variance
1) LIQUIDITY					
1.1 IMMEDIATE					
Entry C IV Liquid assets	2.723.165		2.052.621		670.544
Total immediate liquidity	2.723.165		2.052.621		670.544
1.2 TRADE AND OTHER RECEIVABLES					
Entry A Unpaid subscribed capital	-		-		-
Entry B III 2) - C II Receivables within 12 months	9.009.395		15.000.839		(5.091.473)
Entry C III Short-term financial assets	-		-		-
Total trade and other receivables	9.009.395		15.000.839		(5.091.473)
TOTAL LIQUIDITY	12.632.530	37,0%	17.063.469	45,9%	(4.420.929)
2) FLOATING ASSETS					
Entry C I Stocks	20.844.395		19.195.614		1.648.752
Entry D Accruals and deferrals within 12 months	59.215		248.302		(190.097)
TOTAL FLOATING ASSETS	20.902.581	61,3%	19.443.916	52,3%	1.468.666
3) CURRENT ASSETS (1 + 2)	33.636.111	98,3%	36.497.376	98,3%	(2.862.264)
4) FIXED ASSETS					
Entry B I Net Intangible Fixed Assets	266.007		387.600		(121.593)
Entry B II Net Tangible Fixed Assets	279.754		242.854		36.900
Entry B III - 1) 3) 4) Financial fixed assets	-		-		-
Entry B III 2) - C II Receivables beyond 12 months	28.878		15.128		13.750
Entry D Accruals and deferrals 12 months	875		2.339		(1.464)
TOTAL FIXED ASSETS	575.514	1,7%	647.921	1,7%	(72.407)
Total CAPITAL INVESTED (3 + 4)	34.110.626	100,0%	37.145.296	100,0%	(3.034.671)
LIABILITIES					
6) CURRENT LIABILITIES					
Entry D 1) 2) 3) 4) 5) Financial debt within 12 months	13.000.000		12.000.000		1.000.000
Entry D 7) 8) 9) 10) 11) Trade payables within 12 months	9.834.515		12.915.959		(3.081.444)
Entry D 6) 12) 13) 14) Other debt within 12 months	2.079.083		990.330		1.088.753
Entry B Provisions for liabilities and charges within 12 months	-		-		-
Entry E Accruals and deferrals within 12 months	126.073		62.104		63.969
TOTAL PASSIVO CORRENTE	25.039.671	73,4%	26.968.393	69,9%	(928.722)
7) NON-CURRENT LIABILITIES					
Entry C Post-employment benefit liabilities	-		-		-
Entry B Provisions for liabilities and charges beyond 12 months	657.834		2.733.395		(2.075.561)
Entry D 1) 2) 3) 4) 5) Financial debt beyond 12 months	-		-		-
Entry D 7) 8) 9) 10) 11) Trade payables beyond 12 months	-		-		-
Entry D 6) 12) 13) 14) Other debt beyond 12 months	7.332.972		7.332.972		-
Entry E Accruals and deferrals beyond 12 months	-		-		-
TOTAL NON-CURRENT LIABILITIES	7.990.806	23,4%	10.066.367	27,1%	(2.076.561)
8) NET ASSETS					
Entry A I Share capital	1.100.000		1.100.000		-
Entry A II - VIII Reserve	4.260.536		6.773.424		(2.512.888)
Entry A IX Profit / (Loss)	(4.280.388)		(6.762.888)		2.482.500
Loss Hedging	-		-		-
Net loss	(4.280.388)		(6.762.888)		-
TOTAL NET ASSETS	1.080.148	3,2%	1.110.536	3,0%	(30.388)
9) TOTAL FINANCING SOURCES (6 + 7 + 8)	34.110.626	100,0%	37.145.296	100,0%	(3.034.671)

Attached B

Reclassified Income Statement as Value Added

A) VALUE OF PRODUCTION		31/12/2014	31/12/2013	Variance
Entry A 1)	Revenue from sales and services	15.415.524	16.995.586	(1.580.062)
Entry A 2) A 3)	Adjustments remaining products completed and ordered	2.647.202	459.228	2.187.974
Entry A 4)	Increase in fixed assets for company works	-	-	-
Entry A 5)	Other income pertaining to management	44.141	56.573	(12.432)
Total production value		18.106.867	17.511.387	595.480
B) PRODUCTION COST				
<u>Total cost consumables and services</u>				
Entry B 6)	For raw materials, subsidized, and consumables	10.639.414	13.023.482	(2.384.068)
Entry B 11)	Adjustments raw materials, subsidized, and consumables	998.449	(692.726)	1.691.175
Entry B 7)	Services	4.854.102	5.670.570	(816.468)
Entry B 8)	Leased assets	767.861	1.005.489	(237.628)
<u>Total cost consumables and services</u>		<u>17.259.826</u>	<u>19.006.815</u>	<u>(1.746.989)</u>
VALUE ADDED		847.041	(1.495.428)	2.342.469
<u>Other management cost</u>				
Voce B 9)	Personnel cost	3.997.191	3.900.214	96.977
Voce B 14)	Various management expenses	29.030	23.399	5.631
<u>Total other management cost</u>		<u>4.026.221</u>	<u>3.923.613</u>	<u>102.608</u>
GROSS OPERATING MARGIN		(3.179.180)	(5.419.041)	2.239.861
<u>Depreciation and provisions</u>				
Entry B 10)	Provisions and depreciations	243.109	805.706	(562.597)
Entry B 12)	Risk provisions	-	27.847	(27.847)
Entry B 13)	Other provisions	-	-	-
<u>Total depreciation and provisions</u>		<u>243.109</u>	<u>833.553</u>	<u>(590.444)</u>
OPERATING PROFIT		(3.422.289)	(6.252.694)	2.830.305
<u>Result of financial management</u>				
Entry C	Revenue / (Expenses) financial	(683.890)	(528.836)	(155.054)
Entry D	Impairment of financial assets	-	-	-
<u>Total result financial management</u>		<u>(683.890)</u>	<u>(528.836)</u>	<u>(155.054)</u>
Income from non-ordinary financial management - Entry A 5)		-	-	-
Extraordinary management result - Entry E)		(174.209)	18.542	(192.751)
PRE-TAX RESULT		(4.280.388)	(6.762.888)	2.482.500
Income tax for the financial period		-	-	-
PROFIT/ (LOSS) OF THE FINANCIAL PERIOD		(4.280.388)	(6.762.888)	2.482.500

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Registered office Via Manfredo Camperio 9 - 20123 Milan (MI)

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Share capital subscribed and paid in 1,100,000.00€

Business Register n°: 07104300962 - REA 1935845

Notes to Financial Statements to 31/12/2014

Introduction

Dear Shareholder,

the Financial Statements that we submit for Your approval, consisting of Balance Sheet, Income Statement and Notes to the Financial Statements, have been prepared in accordance with the criteria laid down by Civil Law and has been integrated, in order to offer a better overview, with the Financial Statements that analyze Cash Flows generated during the financial year.

In these Notes any additional information that we consider necessary to give a truthful and fair view of the financial and economic situation is detailed below.

The information related to the nature of the Company's activity, to its performance for the financial year, to some significant events occurred after the financial year end and the outlook is discussed in the Management Report.

It should be noted that the Company, on August 5th 2011, by deed of Dr Massimo Paparo, Notary in Trieste, rep. n.108317 Coll. n. 16362, signed a lease contract of a business unit with Sertubi SpA.

It should be clarified that the Company's activity is mainly engaged in the production and marketing of cast iron pipes, started at the date of the signing of the lease mentioned above, according to which the Sertubi SpA (grantor) leased to Jindal Saw Italy SpA (the leaseholder) the business unit consisting of all of the assets held for the performance of production, processing and trade, in Italy and abroad, of cast iron pipes, special parts and sewage systems in ductile iron. The leased business unit is also inclusive of the production site in Trieste.

As the Management Report, to which reference is made, already specified in detail, it is highlighted that on December 4th 2012 and later on December 27th 2012, the Company agreed with the OOSS (National Union representatives for the category) on the reduction of staff for 136 units with the aid of the institutions of the Italian CIGS (extraordinary redundancy payment) and *mobilità* (collective dismissal of workers). This choice was necessary to cope with the heavy market crisis in the industry through a reranking of the Company; therefore only the activities of finishing and marketing of pipes produced by other production sites were kept.

The Company performed a corporate restructuring plan during the current financial year.

Formulation Criteria

The Financial Statements for the financial year ended on 31/12/2014 have been prepared in accordance with Article 2423 and following of the Italian Civil Code, as amended by Legislative Decree No. 6/2003, and are composed by the Balance Sheet, written in accordance with the format prescribed by Articles 2424 and 2424bis of the Italian Civil Code and these Notes, prepared pursuant to article 2427 of the Italian Civil Code, which is, as set forth under article 2423, an integral part of the Financial Statements.

The accounting principles and evaluation criteria adopted for the formulation of these Financial Statements are those expected by the current legislation on civil laws, interpreted and integrated by the accounting standards issued by the Italian National Board of Certified Public Accountants, as modified by OIC (Italian Accounting Organization) in accordance to the reform of Company Law as well as with the accounting standards issued by OIC.

In the terms of art. 16 of Legislative Decree 213/98 and in compliance with the accounting standard no. 27 of Italian National Board of Certified Public Accountants, the amounts in the Balance Sheet, in the Income Statement and the Notes are expressed and discussed in Euros. With regard to the methods used to convert the accounting data expressed in Euro cents to those presented in the Financial Statement, expressed in Euro units, all the amounts in the Balance Sheet and Income Statement were converted, by lower rounding when Euro cents were less than 50, and the upper rounding in the opposite case.

Valuation criteria, Accounting Standards and Standards for Financial Statements drafting

In the terms of and by effect of art. 2423 paragraph 4 of the Italian Civil Code, no exemption was made to the general evaluation standards and it is pointed out that the evaluation criteria, the accounting standards and the standards used to draw up these Financial Statements do not differ from those used for the preparation of the previous one.

The budget has been clearly drawn up and gives a truthful and fair view of the financial position of the company as well as the result for the financial year.

The evaluation of the balance sheet items has been made following the general criteria of prudence and accrual with the provision of the going concern principle, as well as taking into account the economic function of any single item of the assets and liabilities.

In accordance with the criteria of prudence, tax duties and losses for the financial year were recorded, even though they were acknowledged after the end of the same, while profits were included only if they were made on the balance sheet closing date.

In accordance with the accrual principle, the effect of transactions and of other events was recognized and allocated to the financial year whom these transactions and events refer to, and was not allocated to the financial year in which the related cash movements (receipts and payments) are made. The evaluation criteria and the accounting standards adopted are set out below for the most significant items.

Capital Assets

Intangible Assets

Are recorded at their historical acquisition, including the related collateral costs, and for the fixed assets of domestic production, they include direct costs and overheads, the latter for the part reasonably attributable. They are explained net of the amortization rates made over the

years, including the current financial year; these rates have regularly been calculated in connection with the estimated useful life and have been directly set to the individual items.

The installation and extension costs, research and development and advertising costs with long-term benefits have been entered as assets, where applicable, with the consent of the authority responsible for the monitoring. The intangible assets recorded in the financial statements have been amortized on the basis of the following rates:

Installation and extension costs are amortized over a period of 5 years.

The industrial patent rights and the rights for the utilization of intellectual property are amortized over 5 years.

Trademarks are amortized over 5 years.

Other intangible assets, except for improvements of third parties goods and services and the costs concerning the contract notarization, which are amortized over a period which is shorter than the period of the expected useful life of the assets and the remaining period of the lease, are amortized over 5 years.

The intangible assets of indeterminate duration, whose economic value at the end of the financial year is significantly lower than the amortized cost using the criteria outlined above, are depreciated up to their economic value; for this purpose are shown the extent and reasons for the value reductions applied to the assets in question, making explicit reference to their contribution to the production of future economic performance, to their estimated useful life and, as relevant to their market value, pointing out the differences between those performed in previous years and underlining their influence on economic results. These assets have not undergone monetary or economic revaluation in compliance to art. 10 Law no. 72 of 19 March 1983.

Tangible Assets

These are budgeted for their cost of acquisition and / or production and adjusted by their corresponding amortization funds. The collateral costs have been accounted for in their carrying value in the balance sheet, and for the assets generated in-house, as well as the direct and indirect costs of production, these latter for the share that could be reasonably attributed to them. If, on the date of the end of the financial year, the residual value in use is lower than the net budgeted value, the latter is adjusted by an equivalent devaluation. The devaluated value is reinstated in the subsequent financial years, if it failed the reasons for the adjustment.

Depreciation of tangible assets is calculated on a fixed and systematic basis, reduced to 50% for the assets purchased during the financial year, based on rates reflecting the estimated economic useful life of the fixed assets.

On the basis of the accounting principle OIC 9 regarding depreciation for the permanent losses of the assets of the Company - the directors have considered the potential impact to be recorded in the Financial Statements for the financial year ended on December 31st 2014 without reporting any depreciation.

The following table describes the depreciation rates as established above, used for each category of assets to estimate the amortization of tangible assets for the financial year:

Tangible Assets	Amortization Rate
GENERAL AND SPECIFIC PLANTS	10,00%
EQUIPMENT AND SMALL TOOLS	25,00%
MOULDS	20,00%
OFFICE ELECTRONIC SUPPLY	20,00%
MOBILE PHONES	20,00%
OFFICE FURNITURE	12,00%

The costs of ordinary maintenance and repairs are budgeted to the Income Statement for the period in which they incurred, or rather capitalized if extraordinary, and such as to increase the future useful life of the asset for which they were incurred.

Tangible fixed assets purchased through hire-purchase agreements are budgeted as assets for the financial year in which the company exercises its hire-purchase right. During the lease period, the value of such assets, the cash surrender values, as well as the total amount of the remaining installments, are reported in the 'Memorandum accounts', while the effects on the net assets and on the operating results deriving from the application of the method of financial accounting provided by international accounting standards, particularly IAS 17, are described as 'Tangible fixed assets' in these notes.

Unsold Stock

Unsold stock is valued at the lower rate between the acquisition cost or manufacturing cost, including collateral expenses, and the presumed break-up value based on market trend. The determination of the cost has been performed using the method of the average cost considered on an annual basis.

For the goods of domestic production, the manufacturing cost includes the costs of raw materials, materials, energy, direct labor and direct and indirect costs of production, these latter for the amounts reasonably attributable to the products, with the exception of interests and taxes, general expenses and overheads. In particular, for semi-finished products the manufacturing cost is established taking into account the manufacturing stage reached. The market value is represented by the replacement cost for raw materials and supplies and by the net realizable value for finished and semi-finished products.

Receivables and payables

Receivables are budgeted for their estimated realizable value; the adjustment of their nominal value to their presumed break-up value is achieved through a specific allowance for doubtful accounts, which takes into account the generic and specific risk of uncollectability.

Payables are recorded at their nominal value equal to the discharge value.

For the criteria used for the conversion of foreign currency entries, please refer to the paragraph below.

Cash Holdings

Cash holdings are registered at their nominal value.

Accruals and Deferrals

They represent the incomes and expenses for the financial year but are payable in the subsequent years or rather incurred before the balance sheet closing date but related to future periods.

For accruals and long-term deferrals, the conditions that led to their original recording have been verified and, where necessary, the appropriate changes have been made.

Employee severance indemnities

The liability recorded on the balance sheet represents the indemnities due to the personnel employed at the end of the financial year, and is calculated according to the provisions of law and in accordance with the collective employment contracts in force. The liability is budgeted for the net of the allowance paid by INPS (National Social Security Service) treasury or rather by other supplementary pension schemes in accordance with the provisions of Legislative Decree no. 252/2005 and the Finance Law, 296/2006 regarding the destination of the TFR (severance pay)

Provisions for risk and charges

Provisions for risk and charges include costs of a specific nature and of certain or probable existence, and their amount or date of occurrence are undetermined on the balance sheet closing date.

The risks for which a liability is probable are described in the notes and considered for the purpose of the provision, according to criteria of fairness in risk provisions.

The risk for which a liability is only possible, is set out in the Notes without any allocation of risk funds, in accordance with the relevant accounting standards.

Provisions are determined for the financial year and are based on an estimate of the future cost.

Guarantees, commitments, third party assets and risk

The risk for guarantees granted to others is recorded in the Memorandum Accounts for an amount equal to the amount of the guarantee.

Commitments and guarantees are registered in the Memorandum Accounts at their nominal and contract value.

The evaluation of third party assets inside the company has been calculated for the value derived from existing documentation.

Costs and Revenues

They are budgeted in accordance with the criteria of prudence and accruals, including the recognition of accruals and deferrals. Revenues and income, costs and expenses are entered into for the net of returns, discounts, rebates and allowances and taxes directly related to the sale of goods or the provision of services.

Revenues from the sale of products are acknowledged upon transfer of property, while revenues from the provision of services are registered at completion of services rendered.

Revenues and income, costs and expenses relating to foreign currency transactions are calculated at the exchange rate on the date on which the transaction is completed.

The sales transactions with other group companies are carried out at normal market conditions.

Income Taxes

Deferred taxes and liabilities are calculated on the temporary differences between the values of assets and the equivalent values approved for tax purposes. In particular, anticipated taxes are budgeted for only if there is reasonable guarantee of their future recovery. Deferred taxes, instead, are not registered if there is little probability that the corresponding liability will arise.

According to Article 2427, paragraph 1, no. 14) of the Italian Civil Code, these Notes describe a specific statement containing:

1) the description of temporary differences that led to the recognition of deferred tax assets and liabilities, specifying the rate applied, the changes compared to the previous financial year, the amounts credited or debited to the income statement or rather to the equity, the entries excluded from the calculation and the reasons therefor;

2) the amount of deferred tax assets budgeted for in the balance sheet relating to losses for the current or previous financial years and the reason for their budgeting, the amount not yet registered and the reasons for its non-registration.

Conversion of items in foreign currency

Assets and liabilities in foreign currencies, with the exception of tangible, intangible and financial assets, consisting of investments valued at their cost, are recorded at their exchange rate at the moment of the balance sheet closing date and they charge to the Income Statement the related

profits and losses on conversions resulting from the difference between the spot exchange rate detected when they arose. The amount of net profit deriving from the adjustment to the conversions of the items in foreign currencies at the year-end plays a part in generating the operating result and, upon approval of the Balance Sheet and consequent allocation of the result, it is registered for the non-employed amount by the eventual loss for the year and by the priority allocation to the legal reserve, in a non-distributable reserve until they are realized again. This reserve, however, can be used, since its registration, to cover the losses from previous financial years.

Fixed assets in foreign currencies are recorded at their exchange rate recorded at the time of their purchase or at the lower rate on the date of the year end if the reduction is considered permanent.

In the Notes are also described any significant effects arising from variations in exchange rates occurred after the balance sheet closing date.

Receivables and liabilities, for which specific currency hedging contracts do not exist, were not adjusted to the spot exchange rate at year-end, but at the exchange rate expected by hedging contracts themselves.

Employment data

The national labor contract used is the one for Engineering and Metallurgy industry.

The following table shows the composition and variations occurred in the company personnel by category during the year:

Staff	31/12/2014	31/12/2013	Variations
Executives	3	3	0
Clerks	35	47	(12)
Workers	37	79	(42)
Total	75	129	(54)

It should be noted that, as already indicated in the Management Report to which reference is made, on December 4th2012 and on December 27th2012, the Company has agreed with the Trade Unions on a reorganization, resulting in a reduction of personnel by 136 units using the aids of the CIGS (extraordinary redundancy payment) and *mobilità* (collective dismissal).

The restructuring period of the workforce ended on December 30th 2014, with recourse to the CIGS (extraordinary temporary lay-off), and it is reported that all units still suspended have voluntarily agreed to join *mobilità* in December. It should be noted that only one unit was fired on January 2nd 2015.

As to December 31st 2014 the staff people are 75 units: 3 managers, 35 clerks, 37 factory workers.

Reclassifications of the Previous Financial Year

In the Financial Statements on December 31st 2014 no reclassifications related to the items in the previous Financial Statement were made.

Activities

B) Fixed assets

As indicated in the introduction to these Notes, the company, in response to the lease of a business unit, by deed of Dr. Massimo Paparo, Notary in Trieste, rep. n. 108317 n Coll. 16362, signed on August 5th 2011, rented the Pipes Division unit of Sertubi Spa. In this business section is included the production plant in Trieste, including real estates and the related fixed assets.

Any investment made by the company in this production plant is classified as 'other intangible assets', if it cannot be separated from the main asset and has been amortized over a period which is lower than the future useful life of the asset and the residual period of the lease. Where these investments are autonomous and are separable from the leased asset, they have been classified in the appropriate category of tangible assets.

Intangible Assets

The intangible assets are thus divided:

Balance 31/12/14	Balance 31/12/13	Variation
266.007	387.600	(121.593)

The following table describes the intangible assets:

Description of Costs	Cost of Acquisition on 31/12/13	Period Increase	Previous Amortization	Period Amortization	Residual value on 31/12/14
Costs for business constitution	2.659	0	(2.111)	(532)	17
Costs to increase joint stock	11.272	0	(6.763)	(2.254)	2.255
Industrial Patents and use of Intellectual Property	27.255	14.040	(11.500)	(8.259)	21.536
Concessions, licenses, trademarks and similar rights	2.352	0	(1.411)	(470)	470
Current Intangible assets and accounts	18.530	0	0	0	18.530
Others	654.832	44.007	(307.515)	(168.124)	223.200
Total	716.900	58.047	(329.301)	(179.640)	266.007

The most significant changes are commented below.

Industrial patents and use of intellectual property

The main increase in this item is related to the adjustments of the management software.

Other intangible assets

The increase is mainly related to the following entries:

- Survey related to the origin of some materials 38.499€
- New product qualifications (5.508€)

Intangible Assets

Balance 31/12/14	Balance 31/12/13	Variation
279.754	242.854	36.900

The following tables describe the intangible assets and the comments on the most significant expenses for the financial year

Description of costs	Net Value 31/12/14	Net Value 31/12/13	Variation
Plants and Machinery	94.677	103.810	(9.133)
Industrial and trade equipment	65.836	65.767	69
Other Assets	67.270	73.277	(6.007)
Current Intangible Assets and Accounts	51.971	0	51.971
Total	279.754	242.854	36.900

Plants and Machinery

Description	Cost of acquisition on 31/12/13	Period Increase	Other Riclassifications	Period decrease	Amortization on 31/12/12	Period Amortization	Decrease Amortization on Funds	Residual Value on 31/12/14
General and Specific Plants	110.600	2.029	0	0	(6.790)	(11.162)	0	94.677
TOTAL	110.600	2.029	0	0	(6.790)	(11.162)	0	94.677

The increase in the item refers to the purchase of a wafer with a pneumatic actuator.

Equipment

Description	Cost of Acquisition 31/12/13	Period Increase	Period Decrease	Amortization on 31/12/13	Period Amortization	Decrease Amortization Funds	Residual Value 31.12.14
Manufacturing Molds	65.822	7.500	0	(19.926)	(13.926)	0	39.691
Various Equipment and small tools	30.078	16.017	0	(10.429)	(9.522)	0	26.145
TOTAL	95.960	23.517	0	(30.193)	(23.448)	0	65.836

The increase in the entry 'Various Equipment and small tools' is due to the purchase of rods for the movement of pipes.

No alienation on assets was done in the above mentioned period.

Other Assets

Description	Cost of Acquisition 31/12/13	Period Increase	Period Decrease	Amortization on 31/12/13	Period Amortization	Decrease Amortization funds	Residual Value on 31/12/14
Electronic equipment for the offices.	83.851	15.414	0	(28.334)	(18.312)	0	52.620
Mobile Phones	18.381	1.598	0	(6.576)	(3.836)	0	9.568
Office furniture	7261	0	0	(1.307)	(871)	0	5.083
Total	109.493	17.012	0	(36.216)	(23.019)	0	67.270

The 15.414€ increase is due to the purchase of video conference system and to the purchase of new hardware systems.

The 1.598€ increase is due to the purchase of three mobile phones.

Assets under development and advance payments

Description	Cost of acquisition on 31/12/13	Period Increase	Other reclassifications	Amortization on 31/12/13	Period Amortization	Decrease Amortization Funds	Residual Value on 31/12/14
Current Intangible assets and account	0	51.971	0	0	0	0	51.971
TOTAL	0	51.971	0	0	0	0	51.971

The increase in the entry 'Current Intangible assets and account' is related to a purchase of a machine to load or unload 'stuffing/destuffing' of incoming and outgoing containers containing pipes. The machine will be fully operative in the upcoming financial year.

Leased Assets

As noted in the evaluation criteria, the criterion adopted to account for the finance lease contracts is in line with statutory and tax legislation in force in Italy and includes a charge in the Income Statement of the rents in compliance with the accrual basis standard (so-called 'equity method').

As already indicated in the evaluation criteria the so-called 'Financial method' of accounting for finance leases includes, instead of charging in the Income Statement the rents in compliance with the accrual basis, the budgeting for the amortizations and the registration of the latter and of the financial burdens implicit in lease payments, and the registration as liability towards the leasing company in the balance sheet.

It is not necessary to describe the effects of accounting for lease contracts signed by the Company in accordance with the 'financial method' rather than the 'equity method' because the value of that contract is not a significant amount. For information regarding the lease in question, please refer to the comment of the Memorandum Accounts.

III. Financial Intangible Assets

Balance 31/12/14	Balance 31/12/13	Variation
28.878	15.128	13.750

They consist of deposits paid by the Company for rented cars (10.839€), custom warehouse deposit and return system for 14.833€ and, for the remaining amount of security deposits for apartments for guest.

C) FLOATING ASSETS

I. Unexpended Balance

Balance 31/12/14	Balance 31/12/13	Variation
20.844.366	19.195.614	1.648.752

The entry is composed as follows:

Description	Value on 31/12/2014	Value on 31/12/2013	Delta
Raw materials, supplies and consumables	6.143.691	7.142.140	-998.449,00
Products in progress and semi-finished products	2.607.128	2.017.714	589.414
Finished products and goods	12.093.547	10.035.760	2.057.787
Total	20.844.366	19.195.614	1.648.752

The entry 'finished products and goods' is mainly composed by cast iron pipes, joint and parts and accessories for the same.

It should be recalled that on August 5th 2011 the Company entered into a lease contract having the purpose to lease the business unit dedicated to manufacture and marketing of ductile cast iron pipes.

The aforementioned lease contract includes in the leased premises also part of the materials contained in the warehouse of the business unit.

Part of these materials has been recorded as 'Raw materials, supplies and consumables'. To clarify better, the Company chose to register these materials, that are fungible stock as outstanding balance and, as counterpart, its liability to the Sertubi SpA was recorded in the item 'Other liabilities over the year' as explained in the corresponding note.

II. Payables

Balance 31/12/14	Balance 31/12/13	Variation
9.909.365	15.000.838	(5.091.473)

The balance is thus divided according to the deadlines:

Description	Within 12 Months	More than 12 months	More than 5 years	Total
Account Receivable (clients)	7.355.440	0	0	7.355.440
Account Receivable (taxes)	254.257	0	0	254.257
Account receivable (others)	2.299.668	0	0	2.299.668
Total	9.909.365	0	0	9.909.365

The balance is thus divided according to the geographical area:

Description	Italy	EU	Extra EU	Total
Accounts Receivable (clients)	6.021.846	998.453	335.141	7.355.440
Accounts Receivable (taxes)	254.257	0	0	254.257
Accounts Receivable (others)	2.299.668	0	0	2.299.668
Total	8.575.771	998.453	335.141	9.909.365

Accounts Receivable (clients)

Description	31/12/2014	31/12/2013	Variation
Gross Accounts Receivable (clients)	8.329.877	8.756.329	(426.452)
Account Receivable Depreciation Fund	(974.437)	(757.601)	(216.836)
Total	7.355.440	7.998.728	(643.288)

The company has got an insurance coverage on almost all trade receivables to protect the potential risk of insolvency for the part of receivables not covered by insurance and has prudently done during the year a provision for the receivables depreciation fund (clients).

The following table shows the changes in the receivables depreciation fund occurred during the year.

Description	31/12/2014	31/12/2013
Balance for the previous year	757.601	167.302
Provisions	250.680	590.299
Uses	(33.844)	0
Balance	974.437	757.601

The aforesaid provision for receivables depreciation fund has not had tax recognition.

In the balance of the 'accounts receivables (clients)' are also registered the receivables from subsidiaries as detailed below:

Subsidiary	Amount
JINDAL SAW PIPELINE SOLUTIONS	77.171
JINDAL SAW LIMITED	848.749
JINDAL SAW ESPANA S.L.	66.618
Totale	992.538

Accounts Receivable to affiliated companies

On the closing date of the financial year there are no Accounts Receivable to affiliated companies.

Accounts Receivable to parent companies

On the closing date of the financial year there are no Accounts Receivable to parent companies.

Taxes Receivable

On the date of the current they amount to 254.257 and are formed as follows:

Description	31/12/2014	31/12/2014	Variations
VAT Receivable	242.430	2.162.821	(1.920.391)
Value Added tax payable	11.827	9.350	2.477
Total	254.257	2.172.171	(1.917.914)

Accounts Receivable (others)

The Accounts Receivable to others are so formed:

Description	31/12/2014	31/12/2013	Variations
Advance Payment to Personnel	8.412	1.872	6.540
Receivable /Insurance	0	16.437	(16.437)
Receivable/INPS contribution to <i>mobilità</i>	19.123	19.123	0
Receivable towards EE AEEG 14/2014	44.141	0	44.141
Receivable/Duferco Sertubi	437.459	1.567.174	(1.129.715)
Receivable/Duferco Sertubi for restructuring charges	1.428.535	2.708.277	(1.279.742)
Different Receivable	9.477	8.670	807
Receivables/INAIL	19.100	118.602	(99.502)
Personnel a/advance payment CIG	333.421	389.784	(56.363)
Total	2.299.668	4.829.939	(2.530.270)

The receivable due to Duferco Sertubi S.p.A. is mainly composed by amounts paid by the Company (holiday and severance pay), but under the responsibility of Sertubi Duferco.

The receivable due to Duferco Sertubi for restructuring charges is connected with the share of restructuring charges and with other costs related to the same transaction.

As indicated as a comment in the entry 'risk fund', the Company has decided to budget for the full amount of restructuring costs in specific risk fund and it has registered the share paid by Duferco Sertubi SpA in the entry 'other receivable'.

The credit in the entry 'personnel a/advance payment CIG' refers to the advance payments that the company performed to support incomes by INPS.

Cash Position

Balance 31/12/14	Balance 31/12/13	Variation
2.723.165	2.052.621	670.544

The balance is thus composed:

Description	31/12/2014	31/12/2013	Variations
Cash at bank	2.721.258	2.051.434	669.824
Cash and other	1.907	1.187	720
Total	2.723.165	2.052.621	670.544

The balance describes the cash position and the existence of values and cash on the closing date of the financial year.

Accruals and Deferred Income

Balance 31/12/14	Balance 31/12/13	Variations
59.090	250.641	(191.551)

They register revenues and expenses whose recording and / or documentation is anticipated or postponed with regard to accrual criterion, they disregard the date of payment or collection of the related income and expenses that are common with two or more financial years and distributable over time.

Accrued expenses and deferrals consist of the following details:

Description	31/12/2014	31/12/2013	Variations
Accruals	0	0	0
Deferrals	59.090	250.641	(191.551)
Totale	59.090	250.641	(191.551)

The entry 'Deferrals' is thus described:

Description	within 12 months	12 months	over 5 years	Total
Rent for Business Unit lease	31.250	0	0	31.250
Insurance	0	0	0	0
Bank guaranties	8.508	0	0	8.508
Services	13.734	5.598	0	19.332
Total	53.492	5.598	0	59.090

Liabilities

A) Net Assets

Balance 31/12/14	Balance 31/12/13	Variation
1.080.148	1.110.536	(30.388)

The overview for the transactions related to the entries of net assets over the past three financial years is described below:

Items	Share Capital	Share Premium Account	Other Reserves (€ roundings)	Other Reserves	Income (losses) carryforward	Financial Year Result	Total
Financial Year closed on 31/12/12	1.100.000	52.598	1	1.045.000	0	-4.924.177	-2.726.578
Allocation of Annual Financial Result	0	0	0	0	-4.924.177	4.924.177	0
Other Variations							
Increase in Share Capital	1.100.000	0	0	0	0	0	1.100.000
Share Capital reduction to cover losses	-1.100.000				1.100.000	0	0
Use of Reserves to cover losses	0	-2.779.176	0	-1.045.000	3.824.176	0	0
Euro Roundings	0	0	1	0	1	0	2
share premium Account	0	3.500.000	0	0			3.500.000
Other Reserves	0	0	0	6.000.000	0	0	6.000.000
Result of financial year on 31/12/13	0	0	0	0	0	-6.762.888	-6.762.888
Financial Year closed on 31/12/2013	1.100.000	773.422	2	6.000.000	0	-6.762.888	1.110.536
Allocation of Annual Financial Result	0	0	0	0	-6.762.888	6.762.888	0
Other Variations							
Share Capital Increase	0	0	0	0	0	0	1.100.000
Share Capital reduction to cover losses	0	0	0	0	1.100.000	0	-1.100.000
Use of Reserves to cover losses	0	-762.888	0	-6.000.000	6.762.888	0	0
Euro Roundings	0	0	0	0	0	0	0
Share premium Account	0	0	0	0	0	0	0
Other reserves	0	0	0	4.250.000	0	0	4.250.000
Result of financial year on 31/12/14	0	0	0	0	0	-4.280.388	-4.280.388
Situation on 31/12/13	1.100.000	10.534	2	4.250.000	0	-4.280.388	1.080.148

The following overview describes the items in the Net Assets while specifying their origin, the possibility to use or distribute them or rather their use over the past three years.

Net Assets	Amount	Origin	Use
Share Capital	1.100.000		
Share Premium Account	10.534	Share Capital	A; B;
Other reserves_Euro roundings	2	Income	A; B;
Other reserves	4.250.000	Share Capital	A
Profit/(loss) carried forward	0		
Profit/loss over FY	(4.280.388)		
Total	1.080.148		

Key:

A: Share Capital Increase B: Losses Coverage C: Distribution to shareholders

It should be underlined, finally, that to provide the Company with adequate capital and financial resources the sole shareholder on 27th March 2014 – 29th August 2014 and on December 29th 2014 made some grants into capital account for 4.250.000€ .

B) Provisions for Liabilities and Charges

Balance 31/12/14	Balance 31/12/13	Variation
657.834	2.733.395	(2.075.561)

The provisions for liabilities and charges are composed as follows:

Description	31/12/2014	31/12/2013	Variation
Customer allowance for the agents	12.627	9.845	2.872
Risk fund for liabilities and contract obligation	240.000	513.911	(273.911)
Corporate restructuring fund	405.207	2.209.639	(1.804.432)
Total	657.834	2.733.395	(2.075.561)

The following tables show the change in the financial year for each single entry:

Customer Allowance for the agents

Description	31/12/2014	31/12/2013
previous FY balance	9.845	7.458
Reserve	2.781	2.387
Utilization	0	0
FY balance	12.627	9.845

Risk Fund for liabilities and contract obligations

Description	31/12/2014	31/12/2013
previous FY balance	513.911	552.360
Reserve	0	27.847
Utilization	(273.911)	(66.296)
FY balance	240.000	513.911

This fund is mainly composed by reserves made in the financial year 2012 to tackle with the potential risk of compensation for the damages to customers of the company due to the risk of non-repayment caused by industrial actions and subsequent delivery delays. 247.000 € of this fund were used over the financial year.

Corporate Restructuring Fund

Description	31/12/2014	31/12/2013
Previous FY balance	2.209.639	4.549.098
Reserves	0	0
Write-down	(11.986)	-130.476
Utilization	(1.792.446)	(2.208.983)
FY balance	405.207	2.209.639

Over the past FY closed on 31st December 2012, an important corporate reconstruction following the agreements with the Trade Unions on 27/12/2012. For the details of this operation please refer to the Management Report, here briefly we report that it resulted in a reduction of personnel by 136 units using the aids of the CIGS (extraordinary redundancy payment) and subsequent *mobilità* (collective dismissal).

It should be noted that, as a result of agreements reached with the grantor of the business, costs of this restructuring will be divided in equal parts between the grantor and leaseholder.

The choice of accounting treatment of the Company was taken to indicate fully the quota of this phenomenon in the risk fund created for this purpose and, at the same, time to highlight a credit towards the grantor for the quota referring to the item 'other receivables' to which reference is made.

The utilizations are related to the costs incurred over the current financial year mainly for: severance pays provided for in the agreement with the unions, costs related to personnel in CIGS, contributions *mobilità*.

The write-down is related to the adjustment of the fund due to minor costs related to personnel in CIGS and that are incurred by the company as a result of early dismissals as opposed to the 24 months of CIGS originally planned.

Severance Payment for Employees

Balance 31/12/14	Balance 31/12/13	Variations
0	0	0

The liability for the Severance Payment is thus registered in the FY:

Description	31/12/2014	31/12/2013	Variations
Initial Liability	0	0	0
Provisions	183.982	183.982	0
Payments and advance payments for Severance payment	0	0	0
Use of the severance payment for external funds	(183.982)	(183.982)	0
Total	0	0	0

The variations in personnel are described as follows:

Personnel	31/12/2012	31/12/2013	Variations
Executives	3	3	0
Clerks	35	47	(12)
Workers	37	79	(42)
Total	75	129	(54)

The Employee severance payment represents the actual liability of the company towards employees effective on 31/12/2013, net of advances paid and of the fund paid by the INPS treasury or to other supplementary pension schemes in application of the provisions of legislative Decree no. 252/2005 regarding the destination of the severance payment.

It should be noted that after the above-mentioned contract lease with the Sertubi SpA, the Company hired all employees by direct transfer into the leased business unit.

The lease excludes the bearing by the Company of assets / liabilities including those arising in relation with the employment relationship. Therefore, the liability for the severance payment accrued by employees up to August 5th 2011 has been paid by Duferco Sertubi SpA.

D) Liabilities

Balance31/12/14	Balance31/12/13	Variations
32.246.570	33.239.261	(992.691)

The liabilities are determined by their nominal value and their deadline is thus divided:

Description	within12 months	over 12 months	over 5 years	Total
liabilities to shareholders for financing	0	0	0	0
liabilities to banks	13.000.000	0	0	13.000.000
liabilities to suppliers	9.834.515	0	0	9.834.515
tax liabilities	566.275	0	0	566.275
liabilities to social security institutions	2.862	0	0	2.862
other liabilities	1.509.946	7.332.972	0	8.842.918
Total	24.913.598	7.332.972	0	32.246.570

The liability is thus divided by geographical area:

Description	Italy	EU	Extra EU	Total
liabilities to banks	13.000.000	0	0	13.000.000
liabilities to suppliers	1.987.101	264.019	7.583.395	9.834.515
tax liabilities	566.275	0	0	566.275
liabilities to social security institutions	2.862	0	0	2.862
other liabilities	8.842.918	0	0	8.842.918
Total	24.399.156	264.019	7.583.395	32.246.570

Liabilities to banks

Description	31/12/2014	31/12/2013	Variations
Banks Financing Accounts	13.000.000	12.000.000	1.000.000
Total	13.000.000	12.000.000	1.000.000

The liabilities to banks are composed by:

- financing received from City Bank (Milan)

Liabilities to other providers of funds

On the balance closing date there are no liabilities to other providers of funds.

Liabilities to Suppliers

Liabilities to suppliers, amounting to 9.834.515€, have decreased significantly compared to the previous year (-3.081.444€). This reduction is a main consequence of the following elements:

- 1) payment made to Duferco Sertubi Spa for 5.895.899€ for the third installment in connection with the purchase of the warehouse. It should be noted that the Company started its business on August 5th 2011 following the signing of the lease contract of the business unit regarding the 'Pipes division' of Sertubi S.p.A. On that date, with a separate notary deed, the Company purchased from Sertubi the finished goods and accessories warehouse and certain raw materials. In the view of this purchase, the total liability to Duferco Sertubi SpA on 31/12/2013 amounts for about 6 million euros under the entry 'suppliers'.
- 2) A productive activity considered at its full performance now, a careful and continuous research in the reduction of costs and the increase in imports of semi-finished and finished products.

In the balance of the item 'Liabilities to Suppliers' is also registered a liability to the subsidiaries as detailed below:

Subsidiary	Amount
Jindal Saw Limited	7.212.821
Jindal Saw Pipilene Solutions	105.817
Jindal Saw Gulf LLC	494.071
Total	7.812.710

Liability to Parent Companies

On the balance closing date there are no liabilities to parent companies

Tax Liabilities

They are mainly liabilities on personal income taxes to be paid by the employees and freelance workers.

Liabilities to Social Security Institutions

They include social contributions payable by employees and by the company to social security institutions, mainly on wages and social charges of December, or rather the social charges calculated on the accrued salary but unpaid to employees on the balance sheet closing date.

Liabilities to others

The other liabilities amounting to 8.842.918€ are divided by time deadline as follows:

- 1.509.946€ within twelve months and consist mainly of liabilities to employees for salaries and deferral salaries (Christmas bonus, days of untaken leave)
- 7.332.972€ over 12 months and are composed of liabilities to Sertubi SpA relating to fungible assets of the Plant spare parts. Depending on the lease contract of the business unit signed with Sertubi SpA, the Company has also leased part of the goods inside the

first warehouses of Sertubi, which include consumables and spare parts. For these goods, the Company chose to register them as assets, as the related the note, and to include the corresponding liability as entry in the 'Liabilities'. An inventory will be made at the end of the lease and an evaluation of the same assets and any differences will be settled in cash.

E) Accruals and deferrals

Balance 31/12/14	Balance 31/12/13	Variations
126.073	62.104	63.969

The balance is thus composed:

Description	31/12/2014	31/12/2013	Variations
Accrued liabilities	126.019	62.102	63.917
Passive deferrals	54	2	52
Total	126.073	62.104	63.969

The accruals are thus composed:

Description	within 12 months	over 12 months	over 5 years	Total
For interests	121.006	0	0	121.006
other	5.013	0	0	5.013
Total	126.019	0	0	126.019

Memorandum Accounts

Description	31/12/2014	31/12/2013	Variations
assets related to the lease contract	34.610.880	34.610.880	0
third parties assets within the company	361.487	365.339	(3.852)
other accounts	34.003	14.437	19.566
Total	35.006.370	34.990.656	15.714

The assets related to the lease of the business unit refer to technical fixed assets and buildings owned by Duferco Sertubi SpA, used by the Company under the above-mentioned lease contract.

In particular, with regard to fungible assets consisting of the rented stock of raw materials, spare parts and molds, they were registered as assets under the entry 'inventories' and simultaneously it was decided to register a liability to Duferco Sertubi classified under 'other liabilities'.

Third party assets held by the Company are made of pipes and accessories with special joint called STR owned by Duferco Sertubi.

Other Accounts	31/12/2014	31/12/2013
Residual installments and surrender value	34.003	14.437
Total	34.003	14.437

Over the FY 2011, the company entered into a finance lease contract for a car valued 38,597.46€ whose total amount, net of theoretical amortization, is 5.654€ on 31/12/2014.

In particular, it is noted that the lease provides for the payment of a 688.67€ fee, 47 monthly installments initially indexed to 806.57€ and a redemption value of € 293.96.

In the Financial Year 2014 the Company entered into two new finance lease contracts for two cars for a value of 35.212.59€ whose total book value, net of accumulated amortization theoretical amounts to 28.349€ at 31/12/2014,

Income Statement

A) Value of the manufacturing

B)

Balance 31/12/14	Balance 31/12/13	Variations
18.106.867	17.511.387	595.480

The value of manufacturing is thus composed:

Description	31/12/2014	31/12/2013	Variations
Income from sales and services	15.415.524	16.995.586	(1.580.062)
Variations of the inventories of semi-finished, finished products	2.647.202	459.228	2.187.974
fixed assets increase due to domestic work	0	0	0
other incomes and revenues	44.141	56.573	(12.432)
Total	18.106.867	17.511.387	595.480

It is observed in the financial year under review, the turnover has decreased compared to the not satisfactory results of the previous Financial Year. The reasons for this decline are due to several factors, among which the most important were:

- A reduction in investments in aqueduct network infrastructures and the persistent economic crisis influenced negatively a market already weakened
- Delayed payments by the Public Administration and the difficult financial situation of reference Italian customers forced the company to implement a stricter credit policy.

To analyze the revenues and in particular the changes recorded in the turnover compared to the previous year, please refer to the Management Report.

Revenues from sales and services include revenues from subsidiaries in normal market conditions as detailed below:

Subsidiary	Amount
Derwent SAND SARL	27.456
Jindal Saw Espana SL	69.756
Jindal Saw Pipeline Solutions	316.139

Jindal Saw Limited	9.627
Total	422.978

C) Production Costs

Balance 31/12/2014	Balance 31/12/2013	Variations
21.529.156	23.763.981	(2.234.825)

The production costs are so detailed:

Description	31/12/2014	31/12/2013	Variations
Raw materials, spare parts, consumables and goods	10.639.414	13.023.482	(2.384.068)
Services	4.854.102	5.670.570	(816.468)
Use of third parties assets	767.861	1.005.489	(237.628)
Cost of personnel	3.997.191	3.900.214	96.977
Amortization Intangible fixed Assets	179.640	168.030	11.610
Amortization tangible fixed Assets	57.628	47.376	10.252
Other fixed assets depreciation	0	0	0
depreciation of current assets	5.841	590.300	(584.459)
variations in the inventory for raw materials, spare parts, consumables and goods	998.449	(692.726)	1.691.175
risk provision	0	27.847	(27.847)
different charges	29.030	23.399	5.631
Total	21.529.156	23.763.981	(2.234.825)

Over the financial year under review, as over the previous one, the Company, has reorganized the production which accounts for the purchase from other plants of the group of the semi-finished raw products and of finished products intended for sales.

We also note that the above costs include as well the costs charged for the purchase of pipes, semi-finished products, services used in normal market conditions with respect to group companies and as detailed below:

Companies	costs		
	TO PURCHASE PRODUCTS	FOR SERVICES	TOTAL
Jindal Saw Limited	7.022.341	112.385	7.134.726
Jindal Saw Pipeline Solutions	16.618	247.848	264.466
Jindal Saw Gulf	1.599.195	0	1.599.195
Total	8.638.154	360.233	8.998.387

D) Revenues and financial

charge

Balance 31/12/14	Balance 31/12/13	Variations
(683.890)	(528.836)	(155.054)

The balance is detailed below:

Description	31/12/2014	31/12/2013	Variations
Revenues from investment	0	0	0
from paybles registered as fixed assets	0	0	0
from bonds registered as fixed assets	0	0	0
other revenues	42.038	50.915	(8.877)
interests and charges from subsidiaries, affiliated and parent companies	0	0	0
revenues from others	(725.826)	(570.679)	(155.147)
revenues and losses on variations	(102)	(9.072)	8.970
Total	(683.890)	(528.836)	(155.054)

Financial Revenues

Description	31/12/2014	31/12/2013	Variations
from participation in subsidiaries	0	0	0
from bonds registered in current assets	0	0	0
other revenues	30.632	23.566	7.066
bank interest	11.406	27.349	(15.943)
Total	42.038	50.915	(8.877)

It should be noted that the entry 'other revenues' includes the interests of 17.831€ relating to an interest-bearing loan granted by the Company to its subsidiary Jindal Saw Holding FZE fully repaid on 25.06.2014 and paid at normal market rates. In the same entry are also considered 12.717€ referring to interests to late payments by the customers of the Company.

Financial Charges

Description	Parent Companies	Subsidiary	Affiliated	Others	Total
Bank interests	0	0	0	459.653	459.653
Interests Rate Swap	0	0	0	0	0
Other interests and charges	0	0	0	266.173	266.173
Total	0	0	0	725.826	725.826

The item 'other interest and charges' includes fees charged by the subsidiary Jindal Saw Ltd for 83.431€ related to the guarantee issued by the latter in favor of the Company for a line of credit with a bank. It should be noted that this transaction was carried at market values.

In the same entry are also accounted 143.648€ related to the charges that are matters to the period for the payment deferral of a purchase installment of the warehouse amounting to about 6.000.000€ from 30/06/2013 to 30/06/2014.

E) Value Adjustment for financial activities

Balance 31/12/2013	Balance 31/12/2012	Variations
0	0	0

There were no adjustments for the financial activities.

F) Revenues and extraordinary charges

Balance 31/12/2014	Balance 31/12/2013	Variation
(174.209)	18.542	(192.751)

The balance is detailed as follows:

Description	31/12/2014	31/12/2013	Variations
Extraordinary revenues	132.680	87.677	45.003
from alienation not accruing to n.5	0	0	0
charges related to previous FY	0	0	0
from alienation not accruing to n.14	0	0	0
Extraordinary charges	(306.889)	(69.135)	(237.754)
Total	(174.209)	18.542	(192.751)

The extraordinary charges are related to the costs of the previous financial years.

It should be noted that the extraordinary revenues also include 5.993€ referring to the adjustments of the reserves in the fund for corporate restructuring; the remaining amount is related to adjustments of the costs in the previous financial years.

Corporate Taxes

Balance 31/12/13	Balance 31/12/12	Variations
0	0	0

The entry 'taxes' is so detailed:

Description	31/12/2013	31/12/2012	Variations
IRES	0	0	0
IRAP	0	0	0
Deferred liabilities income taxes	0	0	0
deferred passive income taxes	0	0	0
Total	0	0	0

Direct Taxes

There are no IRES or IRAP in the current FY

The following table shows the reconciliation between the theoretical tax charge and tax burden to the budget:

IRES - Rate 27,50%	Tax Base	Tax
Net Balance Result	(4.280.388)	0
FY Taxes	0	0
Increasing Variations	1.170.095	0
Decreasing Variations	(65.238)	0
Pre-tax profit	(3.175.531)	0
use of previous tax losses	0	0
Taxable income	(3.175.531)	0

IRAP - Rate 3,90%	Tax base	Tax
Difference between values/production costs	(3.422.289)	0
Non deductible personnel cost	3.997.191	0
Provisions non deductible	5.841	0
Increasing variations	176.946	0
decreasing variations and deductions	(1.041.420)	0
Reversal anticipated amortization		0
Base imponibile IRAP	(283.731)	0

Deferred taxation

Over the year, on a prudent basis, the Company decided not to register deferred tax assets on temporary differences between taxable income and statutory result, nor on previous tax losses and of the year. These previous tax losses amount to 24.328.779€.

Other information

Remuneration of Directors and Auditors

According to the provisions of law, the total remuneration paid to Directors and Auditors are described below:

Qualification	31/12/2014	31/12/2013
Directors	0	0
Auditors	32.432	32.898

Pursuant to art. 2427, paragraph 16 bis) of the Italian Civil Code, we specify that the total amount of remuneration due to the auditors for the statutory audit of the annual accounts, including the verification of activities over the FY, the regular accounting records and the correct reporting of accounting entries and the signing of tax, amounted to 21.500€ (plus VAT).

Shares, bonds

The company has not issued any shares, convertible bonds and bonds or other similar values.

These financial statements, comprising the Balance Sheet, Income Statement and Notes, give a truthful and fair view of the financial position and the results of Financial Year and correspond to the accounting records.

Milan, 26/03/2014

A handwritten mark consisting of a circle with a cross inside, likely a signature or initials.

Manish Kumar

To the Board of Directors

Maneesh Kumar

	31/12/2014	31/12/2013
A SUBSCRIBED CAPITAL UNPAID	0	0
B FIXED ASSETS		
B.I INTANGIBLE FIXED ASSETS		
1 Formation costs	2.271	5.057
2 Cost of research, development and advertising	0	0
3 Industrial patents and Intellectual property rights	21.536	15.755
4 Franchise, licenses, trademarks and similar rights	470	941
5 Goodwill	0	0
6 Work in progress and payments on account	18.530	18.530
7 Other	223.200	347.317
Total intangible fixed assets	266.007	387.600
B II TANGIBLE FIXED ASSETS		
1 Land and buildings	0	0
2 Plant and machinery	94.677	103.810
3 Fixtures and fittings, tools and other equipment	65.836	65.767
4 Other assets	67.270	73.277
5 Work in progress and payments on account.	51.971	0
Total tangible fixed assets	279.754	242.854
B III Long-term investments		
1 Equity investments		
a Subsidiaries	0	0
b Associated companies	0	0
c Parent companies	0	0
d Other companies	0	0
Total equity investments	0	0
2 Receivables:		
a From subsidiaries		
- due within 12 months	0	0
- due beyond 12 months	0	0
	<u>0</u>	<u>0</u>
b From associates companies		
- due within 12 months	0	0
- due beyond 12 months	0	0
	<u>0</u>	<u>0</u>
c From parent companies		
- due within 12 months	0	0
- due beyond 12 months	0	0
	<u>0</u>	<u>0</u>
d From other parties		
- due within 12 months	0	0
- due beyond 12 months	28.878	15.128
	<u>28.878</u>	<u>15.128</u>
Total non-current receivables	28.878	15.128
3 Other securities	0	0
4 Treasury shares	0	0
Total long-term investments	28.878	15.128
TOTAL NON-CURRENT ASSETS AND LONG-TERM INV.	574.639	645.582
C CURRENT ASSETS		
C I STOCKS		

	31/12/2014	31/12/2013
1 Raw materials and consumables	6.143.691	7.142.140
2 Work in progress and semi-finished products	2.607.128	2.017.714
3 Contract work in progress	0	0
4 Finished products and merchandise	12.093.547	10.035.760
5 Payments on account	0	0
Total Stocks	20.844.366	19.195.614
C II RECEIVABLES		
1 From customers		
- due within 12 months	7.355.440	7.998.728
- due beyond 12 months	0	0
	7.355.440	7.998.728
2 From subsidiaries		
- due within 12 months	0	0
- due beyond 12 months	0	0
	0	0
3 From associates companies		
- due within 12 months	0	0
- due beyond 12 months	0	0
	0	0
4 From parent companies		
- due within 12 months	0	0
- due beyond 12 months	0	0
	0	0
4-bis Tax credits		
- due within 12 months	254.257	2.172.171
- due beyond 12 months	0	0
	254.257	2.172.171
4-ter Advanced taxes		
- due within 12 months	0	0
- due beyond 12 months	0	0
	0	0
5 From others		
- due within 12 months	2.299.668	4.829.939
- due beyond 12 months	0	0
	2.299.668	4.829.939
Total receivables	9.909.365	15.000.838
C III SHORT-TERM INVESTMENTS		
1 Equity investments in subsidiaries	0	0
2 Equity investments in associates companies	0	0
3 Equity investments in parent companies	0	0
4 Other equity investments	0	0
5 Treasury shares	0	0
6 Other securities	0	0
Total short-term investments	0	0
C IV Cash and cash equivalents		
1 Banks and postal current accounts	2.721.258	2.051.434
2 Cheques	0	0
3 Cash on hand	1.907	1.187
Total cash and cash equivalents	2.723.165	2.052.621
TOTAL CURRENT ASSETS	33.476.896	36.249.073
D DEFERRED EXPENSES AND ACCRUED INCOME	59.090	250.641
TOTAL ASSETS	34.110.625	37.145.296



	31/12/2014	31/12/2013
LIABILITIES		
A SHAREHOLDERS' EQUITY		
I Capital	1.100.000	1.100.000
II Share premium reserve	10.534	773.422
III Fair value reserves	0	0
IV Legal reserve	0	0
V Statutory reserves	0	0
VI Treasury share reserve	0	0
VII Other reserves	0	0
Euro rounding reserve	2	2
Other	4.250.000	6.000.000
VIII Profit (loss) carried forward	0	0
IX Net income (loss) for the year	(4.280.388)	(6.762.888)
Loss partially covered	0	0
Residual Loss	(4.280.388)	(6.762.888)
TOTAL SHAREHOLDERS' EQUITY	1.080.148	1.110.536
B PROVISIONS FOR RISKS AND CONTINGENCIES		
1 Retirement benefits and similar obligations	12.627	9.845
2 Provisions for taxes, including deferred taxes	0	0
3 Other	645.207	2.723.550
TOTAL PROVISIONS FOR RISKS AND CONTINGENCIES	657.834	2.733.395
C EMPLOYEE SEVERANCE INDEMNITY	0	0
D PAYABLES		
1 Bonds		
- due within 12 months	0	0
- due beyond 12 months	0	0
	<u>0</u>	<u>0</u>
2 Convertible bonds		
- due within 12 months	0	0
- due beyond 12 months	0	0
	<u>0</u>	<u>0</u>
3 Shareholders' loans		
- due within 12 months	0	0
- due beyond 12 months	0	0
	<u>0</u>	<u>0</u>
4 Payables to banks		
- due within 12 months	13.000.000	12.000.000
- due beyond 12 months	0	0
	<u>13.000.000</u>	<u>12.000.000</u>
5 Payables to other financial institutions		
- due within 12 months	0	0
- due beyond 12 months	0	0
	<u>0</u>	<u>0</u>
6 Payments on account		
- due within 12 months	0	0
- due beyond 12 months	0	0
	<u>0</u>	<u>0</u>
7 Payables to suppliers		
- due within 12 months	9.834.515	12.915.959
- due beyond 12 months	0	0
	<u>9.834.515</u>	<u>12.915.959</u>
8 Debt securities payable		
- due within 12 months	0	0
- due beyond 12 months	0	0
	<u>0</u>	<u>0</u>

	31/12/2014	31/12/2013
9 Payables to subsidiaries		
- due within 12 months	0	0
- due beyond 12 months	0	0
	0	0
10 Payables to associates		
- due within 12 months	0	0
- due beyond 12 months	0	0
	0	0
11 Payables to parent companies		
- due within 12 months	0	0
- due beyond 12 months	0	0
	0	0
12 Tax liabilities		
- due within 12 months	566.275	196.641
- due beyond 12 months	0	0
	566.275	196.641
13 Payables to social security agencies		
- due within 12 months	2.862	206.864
- due beyond 12 months	0	0
	2.862	206.864
14 Other payables		
- due within 12 months	1.509.946	586.825
- due beyond 12 months	7.332.972	7.332.972
	8.842.918	7.919.797
TOTAL PAYABLES	32.246.570	33.239.261
E ACCRUED EXPENSES AND DEFERRED INCOME	126.073	62.104
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	34.110.625	37.145.296
MEMORANDUM ACCOUNTS		
Third-party assets at the company Lease Agreement		34.610.880
Other third-party assets at the company		365.339
Commitments		0
Other memorandum accounts		14.437
TOTAL MEMORANDUM ACCOUNTS		34.990.656

(X)

Mannu Kumar

	31/12/2014	31/12/2013
INCOME STATEMENT		
VALUE OF PRODUCTION:		
1 Sale and service revenue	15.415.524	16.995.586
2 Change in inventory of work in progress, semi-finished and finished products	2.647.202	459.228
3 Change in contract work	0	0
4 Own work capitalized	0	0
5 Other revenue and income		
Grants towards operating expenses	0	0
Other	44.141	56.573
	44.141	56.573
TOTAL VALUE OF PRODUCTION	18.106.867	17.511.387
COSTS OF PRODUCTION:		
6 Raw materials, consumables and goods for resale	10.639.414	13.023.482
7 Services	4.854.102	5.670.570
8 Hire, rental and leasing	767.861	1.005.489
9 Personnel		
a) Wages and salaries	2.845.389	2.761.801
b) Social security charges	956.901	959.078
c) Post-employment benefits	183.982	179.335
d) Pension and similar benefits	0	0
e) Other costs	10.919	0
	3.997.191	3.900.214
10 Depreciation, amortization and adjustments		
a) Depreciation of intangible assets	179.640	168.030
b) Depreciation of property, plant and equipment	57.628	47.376
c) Other impairment losses on non-current assets	0	0
d) Impairment losses on receivables included in working capital and cash and equivalents	5.841	590.300
	243.109	805.706
11 Change in inventory of raw materials, consumables and goods for resale	998.449	(692.726)
12 Provisions for risks	0	27.847
13 Other provisions	0	0
14 Other operating expenses	29.030	23.399
TOTAL COSTS OF PRODUCTION	21.529.156	23.763.981
DIFFERENCE BETWEEN VALUE AND COSTS OF PRODUCTION	(3.422.289)	(6.252.594)
FINANCIAL INCOME AND EXPENSES:		
15 Income on equity investments		
- in subsidiaries, associates and parent companies	0	0
- in other companies	0	0
	0	0
16 Other financial income:		
a) on non-current receivables		
- from subsidiaries, associates and parent companies	0	0
- from other parties	0	0
b) on long-term investments other than equity investments	0	0
c) on short-term investments other than equity investments	0	0
d) Income other than the above		
- from subsidiaries, associates and parent companies	0	0
- from other parties	42.038	50.915
	42.038	50.915

Financial Statement on 31/12/2014

	31/12/2014	31/12/2013
17 Interest and other financial expenses		
- from subsidiaries, associates and parent companies	0	0
- from other parties	725.826	570.679
	725.826	570.679
17 bis Exchange gains (losses)		
	(102)	(9.072)
NET FINANCIAL INCOME / (EXPENSES)	(683.890)	(528.836)
ADJUSTMENTS TO FINANCIAL ASSETS:		
18 Reversals		
a) to equity investments	0	0
b) to long-term investments other than equity investments	0	0
c) to short-term investments other than equity investments	0	0
	0	0
19 Impairment		
a) of equity investments	0	0
b) of long-term investments other than equity investments	0	0
c) of short-term investments other than equity investments	0	0
	0	0
TOTAL ADJUSTMENTS TO FINANCIAL ASSETS	0	0
EXTRAORDINARY INCOME AND EXPENSES:		
20 Extraordinary income		
Extraordinary income	132.680	87.677
Income on disposal not attributable to no. 5	0	0
Prior-year income taxes	0	0
	132.680	87.677
21 Extraordinary expenses		
Extraordinary expenses	306.889	69.135
Losses on disposal not attributable to no. 14	0	0
Prior-year income taxes	0	0
	306.889	69.135
NET EXTRAORDINARY INCOME / (EXPENSES)	(174.209)	18.542
EARNINGS / (LOSS) BEFORE TAXES	(4.280.388)	(6.762.888)
22 Current taxes, deferred tax assets and deferred tax liabilities	0	0
NET INCOME (LOSS) FOR THE YEAR	(4.280.388)	(6.762.888)

Manish Kumar

STATEMENT OF CASH FLOWS

31/12/2014

31/12/2013

CASH PROVIDED BY / (USED IN) OPERATING ACTIVITY

Net income (loss) for the year	(4.280.388)	(6.762.888)
<i>Upwards (downwards) adjustments to items that affected cash flow:</i>		
Amortization of intangible assets	179.640	168.030
Depreciation of property, plant and equipment	57.628	47.376
Accrual of depreciation receivables	5.841	590.300
Accrual of post-employment benefits (TFR)	183.982	179.335
Use of post-employment benefits	(183.982)	(179.335)
Accrual of provisions for risks and contingencies	0	27.847
Use of provisions for risks and contingencies	(2.078.343)	(2.405.755)
Accrual of provision for agents	2.781	2.387
(Increase)/decrease in inventory	(1.648.752)	(1.151.954)
(Increase)/decrease in receivables from customers	637.447	4.678.620
(Increase)/decrease in tax credits	1.917.914	1.153.787
(Increase)/decrease in receivables from other parties	2.530.271	(390.741)
(Increase)/decrease in deferred expenses and accrued income	191.551	(72.835)
Increase/(decrease) in trade payables	(3.081.444)	(2.849.719)
Increase/(decrease) in tax liabilities	369.634	(106.016)
Increase/(decrease) in social-security liabilities	(204.002)	(292.162)
Increase/(decrease) in payables to other parties	923.121	(178.364)
Increase/(decrease) in accrued expenses and deferred income	63.959	(29.267)
TOTAL CASH PROVIDED BY / (USED IN) OPERATING ACTIVITY	(4.413.131)	(7.571.354)

SOURCES OF CASH

Increase Capital	0	0
Other increase/(decrease) equity	4.250.000	10.600.002
Decrease of long term financial credits	0	8.095
Disbursal of new loans by shareholders	0	0
Disposal of non-current assets	10.128	0
TOTAL SOURCES OF FUNDING	4.260.128	10.608.097

USES OF CASH

Increase in intangible assets	(58.047)	(88.842)
Increase in property, plant and equipment	(104.656)	(84.891)
Increase Long term Investment from other parties	(13.750)	0
Reimbursement of Capital to shareholders/Reduction Capital for Losses	0	0
Reimbursement of loan (parent company)	0	0
Dividend distribution/use reserve	0	0
TOTAL USES OF CASH	(176.453)	(173.733)

Increase/(decrease) in net short-term cash at hand	(329.456)	2.863.010
Mortgages contracted	0	0
Mortgages repaid	0	0
Net change in payables to banks and other lenders	(329.456)	2.863.010
Net receivables from / (payables to) banks and other lenders at the beginning of the year	(9.947.379)	(12.810.389)
Euro rounding	0	0
Net receivables from / (payables to) banks and other lenders at the end of the year	(10.276.835)	(9.947.379)

