

Company Registration No. 08839073

Stemcor MEIP Limited

Report and Financial Statements

31 January 2016

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Corporate information

Directors

Michael Broom

Julian Verden

John Soden (*Appointed 09/01/2014, Resigned 16/10/2015*)

Alexander Scott Macdonald (*Appointed 16/10/2015*)

Auditor

Ernst & Young LLP

Statutory Auditor

1 More London Place

London

SE1 2AF

Bankers

ABN AMRO Bank N.V.

International Clients

Coolsingel 93

3012 AE Rotterdam

Registered Office

Mill House Forge Lane

Minworth Industrial Park

Minworth

Sutton Coldfield

West Midlands

England

B76 1AH

Strategic report

The directors present their strategic report for the year ended 31 January 2016.

Review of the business

The Company is a wholly owned subsidiary of Stemcor Global Holdings Limited (“the Group”).

The Company’s principal activity during the year was to continue to hold the Management and Employee Incentive Plan (MEIP) relating to the restructuring of the Group. At the date of this report, the directors are not aware of any significant changes in the Company’s activities in the year ahead.

The Group manages its operations on a divisional basis. For this reason, the Company’s directors believe that key performance indicators for the Company are not necessary or appropriate for an understanding of the development, performance or position of the business.

Principal Risks and Uncertainties

Stemcor MEIP Limited’s principal risk is that the wider Stemcor Group fails to comply with its covenanted obligations under the terms of its financing agreements. A covenant breach could lead to a default, which in turn could close trade finance funding to the Group.

The operating financial and strategic risks, which affect the Group are discussed in the Stemcor Global Holdings Limited’s Annual Report, which does not form part of this report.



Michael Broom
Director
30 June 2016

Directors' report

The directors present their report for the year ended 31 January 2016.

Directors of the company

The current directors are shown on page 2.

Share capital

No new shares were allotted during the year.

Indemnities

The Company has agreed to indemnify its directors in respect of proceedings brought against them by third parties subject to the limitations provided in the Companies Act. Such qualifying third party indemnity provisions were in force during the period and continue to be in force as at the date of this report. The Company has bought directors' and officers' liability insurance in order to minimise the potential impact of any such proceedings.

Environment

The Stemcor Group, which includes the Company, recognises its environmental responsibilities, monitors its impact on the environment and designs and implements policies to reduce any damage that might be caused by the Group's activities.

Tax Status

In the opinion of the directors the Company is a closed company within the meaning of the Income and Corporation Taxes Act 2010.

Results

The results for the period are set out on page 9.

Dividends

No dividends were paid during the year and no dividend is proposed in relation to the year ended 31 January 2016.

Future developments

The directors aim to continue the trading strategy of the Group focussing on governance, risk and cost structure, rebuilding the Group's reputation and profitability.

Events since the balance sheet date

There were no events that occurred between the end of the reporting period and the date when the financial statements were authorised for issue that affect the accounts at 31 January 2016

Directors' report

Going Concern

After having considered the uncertainties disclosed in note 1, the directors believe that the Company has an expectation of managing these risks. Therefore, the directors have prepared the financial statements on a going concern basis.

Political donations

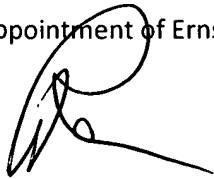
No political donations were made during the year.

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the group's auditor, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

Re-appointment of auditors

In accordance with s.485 of the Companies Act 2006, a resolution is to be proposed at the Annual General Meeting for reappointment of Ernst & Young LLP as auditor of the Company.



Michael Broom
Director
30 June 2016

Directors' responsibility statement

The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and or the profit or loss of the company for that period.

In preparing those financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent; and
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and deduction of fraud and other irregularities.

The directors confirm that they have complied with these requirements and, having a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future, continue to adopt the going concern basis in preparing the financial statements.

Independent auditor's report to the member of Stemcor MEIP Limited

We have audited the financial statements of Stemcor MEIP Limited for the year ended 31 January 2016 which comprise the Income Statement, the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes 1 to 13. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 January 2016 and of the Company's result for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including FRS102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Independent auditor's report to the member of Stemcor MEIP Limited (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- proper accounting records have not been kept, or proper returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Ernst & Young LLP

William Binns (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP (Statutory Auditor)
London, United Kingdom
30 June 2016

Income statement

For the year ended 31 January 2016

	Notes	31/01/2016 \$'000	31/01/2015 \$'000
Turnover		-	5,000
Administrative expenses		-	(5,000)
Profit on ordinary activities before interest and taxation		-	-
Profit on ordinary activities before taxation		-	-
Tax on profit on ordinary activities	4	-	-
Profit for the financial year / period		-	-

Statement of comprehensive income

There are no movements that effect the statement of comprehensive income for the year ended 31 January 2016.

Statement of changes in equity

For the year ended 31 January 2016

	<i>Called up share capital</i>	<i>Profit & loss account</i>	<i>Total equity</i>
	\$'000	\$'000	\$'000
At 9 January 2015	-	-	-
Profit for the period	-	-	-
At 31 January 2015	-	-	-
Profit for the year	-	-	-
At 31 January 2016	-	-	-

The accompanying Notes are an integral part of the annual accounts.

Statement of financial position

At 31 January 2016

	Notes	31/01/2016 \$'000	31/01/2015 \$'000
Current assets			
Cash at bank		440	5,000
Creditors: amounts falling due within one year	5	(440)	(5,000)
Net current assets		-	-
Total assets less current liabilities		-	-
Net assets		-	-
Capital and reserves			
Called up share capital		-	-
Profit and loss account	7	-	-

The accompanying Notes are an integral part of the annual accounts.

The financial statements of Stemcor MEIP Limited (registration number 08839073) were approved by the Board of Directors and authorised for issue on 30 June 2016.

They are signed on its behalf by:



Michael Broom
Director

Notes to the financial statements

1. Accounting policies

Stemcor MEIP Limited (the Company) is a limited company incorporated in England and Wales. The registered office is Mill House Forge Lane, Minworth Industrial Park, Minworth, Sutton Coldfield, West Midlands, England, B76 1AH.

The Company's financial statements have been prepared in compliance with FRS 102 as it applies to financial statements of companies for the year ended 31 January 2016.

The company transitioned from previously extant UK GAAP to FRS102 as at 1 February 2015. An explanation of how transition to FRS102 has affected the reported financial position and financial performance is given in note 12.

Basis of preparation and change in accounting policy

The financial statements of Stemcor MEIP Limited were authorised for issue by the Board of Directors on 30 June 2016. The financial statements have been prepared in accordance with applicable accounting standards. The financial statements are prepared in USD which is the functional currency of the Company and rounded to the nearest \$'000.

Going Concern

On the 16th October 2015, the restructuring of the original Stemcor Group was completed, resulting in a demerger of the key trading companies from the original Stemcor Group into a new Stemcor Group (the Group). Stemcor Global Holdings Limited ("SGHL" or the Parent Company) is the ultimate parent company of the Group which is owned by a number of its lenders. Stemcor MEIP Limited is an indirect 100% subsidiary of Stemcor Global Holdings Limited.

Following the successful restructuring, the SGHL directors expect the Group to trade profitably. They have reviewed current trading, cash flow projections, business forecasts and the Group's committed financing facilities as part of their assessment of the Group's ability to continue as a going concern.

The directors have worked with the senior management of the Group and agreed a business plan that forecasts trading through to the end of December 2017. This business plan has been used as the basis for the going concern assessment and other estimates made during the financial year. The business plan contains the most up-to-date management information and provides a sufficient level of detail to support these assessments.

The directors believe that with the overwhelming majority of the Group's trading transactions being short term in nature with a tenor shorter than 270 days, they can reasonably forecast the results of the Group's operating model. The business plan includes analysis of the Group's income statement, statement of financial position, statement of cash flows, KPIs and debt covenants outlook. The ability of Stemcor MEIP Limited to continue as a going concern is closely linked to the Group's ability to continue as a going concern.

The directors are aware of the following uncertainties currently facing the business:

- The commodities market is subject to a degree of volatility which could result in unforeseen market shocks or loss of key customers;
- There is continued over-capacity in global steel markets which could lead to lower volumes and pricing;
- Further reduction of overheads may take longer to implement than currently forecast.

These uncertainties may prevent both the Group and Stemcor MEIP Limited from performing in accordance with their business plan, meeting their forecasts and complying with the Group's covenants.

Notes to the financial statements

Going Concern (continued)

Although there remain some uncertainties, as disclosed above, in relation to the market and the operating model of the business, the directors believe that the Stemcor MEIP Limited has an expectation of managing these risks. The directors believe that the Group has a robust financing model, appropriate scale, a significantly improved cost base, a clear trading strategy, and strong corporate governance, sufficient to present the financial statements on a going concern basis.

Where appropriate, the business plan has been subjected to sensitivity testing which involves flexing a number of the main underlying assumptions and evaluating the potential impact of the Group's principal risks, and considering the mitigating actions available to the Group over the relevant timeframe, if such risks did arise.

After making reasonable enquiries and having carefully considered the matters described above, the directors believe that the Group, including Stemcor MEIP Limited, is a sustainable business, will be able to meet its liabilities as they fall due and will have adequate resources to continue in operational existence for the foreseeable future. Accordingly the directors of Stemcor MEIP Limited continue to adopt the going concern basis in preparing the Directors' Report and the financial statements of Stemcor MEIP Limited.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements:

- Taxation – see tax section

Taxation

The Group establishes provisions based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience with previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority.

Management estimates are required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies. Further details are contained in note 4.

Foreign currencies

Transactions in foreign currencies are initially recorded in the entity's functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of the exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

Notes to the financial statements

Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks.

Short-term debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the income statement.

2. Auditor's remuneration

The auditor's remuneration in respect of audit of the company's financial statements for the year ended 31 January 2016 (\$6k; 31 January 2015: \$6k) is borne by another group company (Stemcor Holdings 2 Limited). Non audit fees paid to the Company's auditor for the year amounted to US\$nil (31 January 2015: \$nil).

3. Directors' emoluments

Other than the directors, the Company had no employees for the year ended 31 January 2016 (31 January 2015: nil).

None of the directors received any emoluments in respect of their services as directors of the Company during the year ended 31 January 2016 (31 January 2015: \$nil).

The remuneration of the directors is paid by the parent company, which makes no recharges to the Company. The directors act in a group capacity only and do not allocate specific time to the Company and therefore it is not possible to make an accurate apportionment of their emoluments in respect of the Company.

4. Tax

	31/01/2016	31/01/2015
Current Taxation	\$'000	\$'000
UK corporation tax for the year / period	-	-
Total current tax on losses on ordinary activities	-	-

The standard rate of tax for the period, based on the UK standard rate of corporation tax is 20.25%. The actual tax charge for the current period does not differ from the standard rate.

A reduction in the UK corporation tax rate from 21% to 20% took place in April 2015.

There were no deferred tax assets or liabilities at 31 January 2016.

Notes to the financial statements

5. Creditors: amounts falling due within one year

	31/01/2016	31/01/2015
	\$'000	\$'000
Accruals and other liabilities	440	5,000
	<u>440</u>	<u>5,000</u>

6. Allotted and issued share capital

	31/01/2016	31/01/2015
	\$'000	\$'000
2 Ordinary shares of £1 each	-	-

7. Profit and loss account reserve

	31/01/2016	31/01/2015
	\$'000	\$'000
At the beginning of the year/period	-	-
Profit for the year/period	-	-
At 31 January	<u>-</u>	<u>-</u>

8. Cash Flow

The Company has taken advantage of the exemption, under FRS 102, from the requirement of Section 7 Statement of Cash Flows and Section 3 Financial Statement Presentation paragraph 3.17(d), not to produce a cash flow statement on the grounds that it is a wholly owned subsidiary undertaking whose parent prepares a group cash flow statement that includes the Company.

9. Contingent liabilities

At 31 January 2016, the Company had no material contingent liabilities (31 January 2015: \$nil).

10. Events after the reporting period

There were no events that occurred between the end of the reporting period and the date when the financial statements were authorised for issue that affect the accounts as at 31 January 2016.

Notes to the financial statements

11. Related party transactions

The Company has taken advantage of the disclosure exemption under FRS102 regarding the requirement of Section 33 Related Part Disclosures paragraph 33.1A, and has not disclosed transactions with other subsidiaries of Stemcor Global Holdings Limited.

12. Transition to FRS 102

The Company transitioned from UK GAAP to FRS102 as at 1 February 2015. There is no material impact on the financial statements of the Company for the year ended 31 January 2016 as a result of the change to FRS 102.

13. Ultimate parent company and controlling party

The immediate parent company of Stemcor MEIP Limited is Stemcor Holdings 2 Limited, which is incorporated in Great Britain and registered in England and Wales. The ultimate parent company is Stemcor Global Holdings Limited, incorporated in Jersey. The largest and smallest group which consolidates the Company's accounts is Stemcor Global Holdings Limited at 31 December 2015. The accounts for this company can be found on the Jersey Companies House website.