

**Company Registration No. 8839073**

**Stemcor MEIP Limited**

**Annual Report and Financial Statements**

**31 January 2015**



# **Stemcor MEIP Limited**

## **Report and financial statements for the period ended 31 January 2015**

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# **Stemcor MEIP Limited**

## **Report and financial statements for the period ended 31 January 2015**

### **Officers and professional advisers**

#### **Directors**

Michael Broom (appointed 09/01/2014)  
Julian Verden (appointed 09/01/2014)  
John Soden (appointed 09/01/2014) (resigned 16/10/2015)  
Scott Macdonald (appointed 16/10/2015)

#### **Registered Office**

CityPoint  
1 Ropemaker Street  
London  
EC2Y 9ST

#### **Principal bankers**

ABN AMRO Bank N.V.  
International Clients  
Coolingel 93  
3012 AE Rotterdam

#### **Auditor**

Ernst & Young LLP  
Chartered Accountant and Statutory Auditors  
London  
SE1 2AF

# Stemcor MEIP Limited

## Strategic report

### Business review and principal activities

The Company is a wholly owned subsidiary of Stemcor Holdings 2 Ltd since the 3rd of September 2015. Prior to this date, the Company was a wholly owned subsidiary of Stemcor Holdings Ltd (now named Moorgate Industries Ltd).

The principal activity of the Company is to hold the Management and Employee Incentive Plan (MEIP) relating to the restructuring of the Stemcor Holdings Limited group. There have not been any significant changes in the Company's principal activity in the period under review, since its incorporation on 9<sup>th</sup> January 2014. These financial statements cover the period to 31 January 2015. 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 Stemcor Group manages its operations on a divisional basis. For this reason, the Company's directors believe that further 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

The Operating Financial and Strategic risks, which affect the Group, are limited to the payment of incentives to pre agreed names of management and employees of Stemcor Holdings Limited (now named Moorgate Industries Limited).

The cash flow risk, credit risk and currency exposures are minimal, as the incentive plan is fully funded with proceeds held in a bank account ring fenced from Stemcor Holdings Limited (now named Moorgate Industries Limited).

Approved by the Board  
and signed on behalf of the Board



Michael Broom  
Director

24 March 2016

# **Stemcor MEIP Limited**

## **Directors' report**

The directors present their annual report on the affairs of the Company together with the financial statements and auditor's report for the period ended 31 January 2015. They are prepared in accordance with applicable law and regulations. 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). The directors are satisfied that the annual report and financial statements give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

### **Share capital**

On incorporation, 2 new £1 ordinary shares were allotted.

### **Going concern**

The directors have reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the accounts.

### **Tax Status**

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

### **Environment**

The Stemcor Group recognises the 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.

### **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.

### **Results and dividends**

The results for the period are set out on page 8.

The directors do not recommend the payment of a final dividend.

# Stemcor MEIP Limited

## Directors' report (continued)

### Directors

The directors who held office during the period are noted on page 1.

### Charitable Donations and political donations

No charitable donations and political donations were made during the period.

### Directors Statement as to the disclosures of information to the auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Ernst & Young LLP will be reappointed as auditors.

Approved by the Board and signed behalf of the Board



Michael Broom  
Director

24 March 2016

## **Stemcor MEIP Limited**

### **Statement of directors' responsibilities**

The directors are responsible for preparing the Annual 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 company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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 company and hence for taking reasonable steps for the prevention and detection 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.

# **Stemcor MEIP Limited**

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF STEMCOR MEIP LIMITED**

We have audited the financial statements of Stemcor MEIP Limited for the period ended 31 January 2015 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement and the related notes 1 to 12. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 auditor**

As explained more fully in the Directors' Responsibilities Statement set out on page 5, 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 strategic report and the director's 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 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 2015 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Emphasis of matter – going concern**

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in Note 1 to the financial statements concerning the Company's ability to continue as a going concern. The conditions described in Note 1 indicate the existence of material uncertainties which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Company was unable to continue as a going concern.



## Stemcor MEIP Limited

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF STEMCOR MEIP LIMITED (Continued)

#### Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

#### 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:

- adequate accounting records have not been kept, or 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  
24 March 2016

## Stemcor MEIP Limited

### Profit and Loss Account Period ended 31 January 2015

	Notes	31/01/2015 \$'000
Turnover	2	5,000
Cost of sales		-
<b>Gross profit</b>		-
Administrative expenses		(5,000)
<b>Operating profit</b>		-
<b>Profit on ordinary activities before taxation</b>	3	-
Tax on profit on ordinary activities	5	-
<b>Profit on ordinary activities after taxation</b>		-

The results above are derived solely from continuing operations.

# Stemcor MEIP Limited

## Balance sheet At 31 January 2015

	Notes	31/01/2015 \$'000
<b>Fixed assets</b>		<u>                    </u>
<b>Current assets</b>		
Cash at bank and in hand		<u>                    </u> 5,000
<b>Creditors: amounts falling due within one year</b>	6	<u>                    </u> (5,000)
<b>Net current liabilities</b>		<u>                    </u> -
<b>Total assets less current liabilities</b>		<u>                    </u> -
<b>Creditors : amounts falling due after one year</b>		<u>                    </u> -
<b>Net liabilities</b>		<u>                    </u> -
<b>Capital and reserves</b>		<u>                    </u>
Called up share capital	7	-
Profit and loss account	8	<u>                    </u> -
<b>Shareholders' deficit</b>		<u>                    </u> -

The financial statements of Stemcor MEIP Limited (registered number 8839073) were approved by the Board of Directors and authorised for issue 24 March 2016.

They are signed on its behalf by:



Michael Broom  
Director

## Stemcor MEIP Limited

### Cash Flow Statement Period ended 31 January 2015

	Notes	31/01/2015 \$'000
Profit on Ordinary activities before taxation		0
Cash Received		5,000
Opening Balance		0
Movement in the Period		5,000
Closing Cash Balance		5,000

# Stemcor MEIP Limited

## Notes to the financial statements Period ended 31 January 2015

### 1. Accounting policies

The principal accounting policies are summarised below. They have all been consistently applied throughout the current period.

#### **Basis of preparation**

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006, English law and United Kingdom Accounting Standards.

#### **Going concern basis**

In May 2013, Stemcor Holdings Limited, the former ultimate parent company of the original Stemcor group (Original Group) defaulted on the repayment of its one year European Revolving Credit Facility (RCF). The European RCF in turn led to a cross default on the Original Group's Asian RCF and the three-year European RCF.

The Original Group entered into negotiations with a steering committee of its senior lenders (the CoComm) and agreed to a series of Global Standstill Agreements. Following an in depth review of the business by the CoComm and its advisors, a Restructuring Plan was agreed and implemented in March 2014.

The restructuring provided trade finance facilities and time for the Original Group to complete its operational restructuring, primarily the sale of its Indian Assets, to enable it to repay the original defaulted loans.

In May 2014, the Supreme Court of India passed a ruling that closed the majority of mines in Odisha, India, including the Original Group's own mining asset. This had an immediate negative impact on the Original Group's Restructuring Plan, as potential value from the Indian assets fell as a result of this action.

In 2015, the Original Group entered into negotiations with its Lenders for a Second Restructuring, which has led to a demerger of the core trading assets of the Original Group into a New Stemcor Group (New Group). The ultimate parent company of the New Group is Stemcor Global Holdings Limited owned by a number of the Lenders of the Original Group.

This Second Restructuring was sanctioned by the UK courts under a Scheme of Arrangement in September 2015 and completed in October 2015. As a result of the demerger, Stemcor MEIP Limited is now part of the New Group, and is a subsidiary of Stemcor Global Holdings Limited. The ability of Stemcor MEIP Limited to continue as a going concern is closely linked to the New Group's ability to continue as a going concern.

The restructuring provided the following positive enhancements for the New Group, compared to the Original Group:

- a) Removal of legacy debt servicing;
- b) Cessation of all advisor fees associated with the restructuring;
- c) A strengthening of the New Group's balance sheet
- d) Provision of \$760m of trade finance working capital facilities (a \$320m borrowing base, and \$440m in trade finance);
- e) A new supportive shareholder structure lead by the anchor shareholder, Apollo;
- f) Implementation of a revised corporate governance structure.

Under the new debt agreements, the New Group is covenanted on its Fixed Charge Cover Ratio (EBITDA to Debt Service Costs), Minimum Free Cash and Current Ratio (current assets to current liabilities). The New Group's Integrated Financial Forecasts (IFF) and Short Term Cash Flow analysis forecast that the New Group will not breach the covenants during the forecast period to the end of 2017.

Following the successful restructuring, the directors expect the New Group to trade profitability. The directors have reviewed current trading, cash flow projections, business forecasts and the facility agreements as part of their assessment of the New Group's ability to continue as a going concern.

However the directors are aware of the following uncertainties facing the business:

## **Stemcor MEIP Limited**

### **Notes to the financial statements Period ended 31 January 2015**

- the commodities market is currently subject to a higher degree of volatility, which could result in unforeseen market shocks;
- the planned reduction of administrative costs may take longer to implement than currently forecasted.

These uncertainties may prevent the New Group from performing in accordance with the IFF and meeting its forecasted EBITDA and covenant compliance, specifically the Fixed Charge Cover covenant.

The directors recognise that these factors represent material uncertainties which may cast significant doubt upon the New Group's, and therefore Stemcor MEIP Limited's, ability to continue as a going concern. Therefore the New Group, if impacted by these uncertainties and by consequence its subsidiaries, including Stemcor MEIP Limited, may-be unable to continue to realise assets and discharge liabilities in the normal course of business.

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

The financial statements do not include the adjustments that would result if Stemcor MEIP Limited was unable to continue as a going concern, which would include writing down the carrying value of assets to their recoverable amount and providing for any further liabilities that might arise.

The financial statements have been prepared on the going concern basis as disclosed in the Director's statement of going concern set out in the Report of the Directors.

#### **Foreign exchange**

Transactions in foreign currencies are recorded in United States dollars using the rate of exchange ruling at the date of the transactions or if hedged at the forward contract rate. Monetary assets and liabilities denominated in currencies other than United States dollars are translated at the effective rate of exchange ruling at 31 January 2015 or if hedged at the forward contract rate, and gains or losses on translation are included in the Profit and Loss account.

#### **Taxation**

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date.

## Stemcor MEIP Limited

### Notes to the financial statements Period ended 31 January 2015

#### 2. Segmental Analysis

Full segmental information has not been disclosed above as permitted by Statement of Standard Accounting Practice No. 25: Segmental Reporting. In the opinion of the directors, such disclosure would be seriously prejudicial to the interests of the company

#### 3. Profit on ordinary activities before taxation

The profit on ordinary activities before taxation is stated after charging:

	<b>31/01/2015</b> <b>\$'000</b>
Audit of the Company's financial statements	-

The audit fees for the period ended 31 January 2015 are borne by another group company (Stemcor Holdings 2 Limited).

#### 4. Directors' emoluments

Other than the directors, the Company had no employees for the period ended 31 January 2015.

None of the directors received any emoluments in respect of their services as directors of the company during the period ended 31 January 2015.

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.

There are no directors in the money purchase scheme.

## Stemcor MEIP Limited

### Notes to the financial statements Period ended 31 January 2015

5. Tax on loss on ordinary activities

	<b>31/01/2015</b>
	<b>\$'000</b>
<i>Current Taxation</i>	
UK corporation tax for the 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 21.42%. The actual tax charge for the current period differs from the standard rate for the reasons set out in the following reconciliation:

	<b>31/01/2015</b>
	<b>\$'000</b>
Profit on ordinary activities before tax	-
Expected tax credit	-
Tax losses group relieved for nil consideration	-
Current tax charge for the period	-

The UK corporate tax rate reduced from 23% to 21% from 1 April 2014. The UK tax rate will reduce to 20% from 1 April 2015.

There were no deferred tax assets or liabilities at 31 January 2015.



## Stemcor MEIP Limited

### Notes to the financial statements Period ended 31 January 2015

**6. Creditors: amounts falling due within one year**

	31/01/2015 \$'000
Accruals and financial liabilities	(5,000)
	<u>(5,000)</u>

Amounts owed to related parties carry no interest per annum and have no fixed terms of repayment.

**7. Share capital**

	31/01/2015 \$'000
Authorised, Allotted, called up and fully paid 2 ordinary shares of £1 each	-
	<u>-</u>

**8. Profit and loss account reserve**

	31/01/2015 \$'000
At 9 January 2014	-
Profit for the period	-
At period end	<u>-</u>

**9. Contingent liabilities**

At 31 January 2015 the company had no material contingent liabilities.

**10. Related party transactions**

There were no related parties transactions in the period to January 2015, except for a \$5m payment by Moorgate Industries Loan Limited (ex-Stemcor Trade Finance Limited) on behalf of Stemcor Holdings 2 Limited.

**11. Post balance sheet events**

The company was sold to Stemcor Holdings 2 Limited on the 3<sup>rd</sup> September 2015.

On 16<sup>th</sup> October 2015, the original Stemcor Group which Stemcor MEIP Limited is part of, completed a lender led, second restructuring. This was a demerger of the trading assets of the Group into a new group, demerging them from the original Group. This restructuring was sanctioned by the UK courts under a Scheme of Arrangement in September 2015 and completed in October 2015. As a result of the demerger, Stemcor MEIP Limited is now a subsidiary of a new ultimate parent Stemcor Global Holdings Limited owned by a number of the Lenders to the Original Parent Company (Stemcor Holdings Limited).

**12. Ultimate parent company and controlling party**

The immediate parent company of Stemcor MEIP Limited is Stemcor Holdings 2 Limited, since the 3<sup>rd</sup> of September 2015, which is incorporated in Great Britain and registered in England and Wales. Since October 2015, the ultimate parent company is Stemcor Global Holdings Limited, registered in Jersey. Prior to the Restructuring of the Stemcor group completed in 2015, Moorgate Industries Limited (ex-Stemcor Holdings Limited) was the immediate and ultimate parent company.

As at 31 January 2015, the Company's accounts are not consolidated in any group.