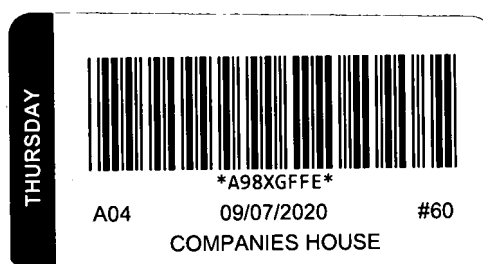


**Company Registration No. 09754291**

**Stemcor Investments Limited**

**Report and Financial Statements**

**31 December 2019**



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*Stemcor Investments Limited*

## **Corporate information**

### **Directors**

Andrew Checketts  
Steve Graf

### **Auditors**

Ernst & Young LLP  
1 More London Place  
London  
SE1 2AF

### **Registered Office**

Longbow House  
14-20 Chiswell Street  
London  
England  
EC1Y 4TW

## Strategic report

The directors present their strategic report for the period to 31 December 2019.

### 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 period was that of an investment holding company of the Group. At the date of this report, the directors are not aware of any significant changes to 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

#### **Financing covenants**

Stemcor Investments Limited's principal risk is that the Stemcor Group fails to comply with its covenanted obligations within its financing agreements. A covenant breach could lead to a default, which in turn could close trade finance funding to the Group.

#### **COVID-19**

The rapid spread of the COVID-19 outbreak on a global scale has resulted in the worldwide threat to health, the subsequent restrictions on travel and the disruption of many supply chains. There are therefore risks that the Stemcor Group may experience resulting from the impact on people and counterparties. The outbreak of COVID-19 is also likely to have a negative impact in 2020 on the global economy and therefore might impact worldwide steel demand.

Given the dynamic nature of this outbreak, however, the extent to which COVID-19 impacts the Stemcor Group's results will depend on future developments, which remain highly uncertain. However, the Stemcor Global Holdings Limited directors have reviewed various downside scenarios in relation to potential COVID-19 risks as part of their going concern considerations for the wider group.

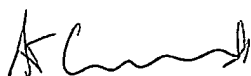
With regards to the operations of the Stemcor Group, in line with local government guidelines, the vast majority of employees have been transitioned to working from home arrangements, successfully supported by a robust IT infrastructure, with employees accessing Group systems through a secure virtual desktop infrastructure.

The Stemcor Group continues to maintain its robust internal governance and risk management structures, with the Group's Trading Management Team meeting weekly with its focus on COVID-19 response activities. The meeting frequency and reporting of the Groups' other risk management related teams has also increased during this period.

The Stemcor Group is also working closely with lenders and credit insurers to ensure additional flexibility is secured to support customers and suppliers in managing ongoing trade flows through potential supply chain disruptions (although only if any such issues arise). In addition, the Group has applied further focus on cost control across the group (building on the multi-year initiatives from 2015 cost levels).

#### **Other**

Other operating, financial and strategic risks which affect the Company are discussed in the Stemcor Global Holdings Limited's 2019 Annual Report and Financial Statements, which does not form part of this report.



Andrew Checketts  
Director  
30 April 2020

## Directors' report

The directors present their report for the year ended 31 December 2019.

### Directors of the company

The current directors are shown on page 2.

### Indemnities

The Company's articles of association provide, subject to the provisions the Companies Act, that the Company may indemnify any director or former director of the Company in respect of any losses or liabilities he or she may incur in connection with any proven or alleged negligence, default, breach of duty or breach of trust in relation to the Company (including by funding any expenditure incurred or to be incurred by him or her). In addition, directors and officers of the Company and its subsidiaries are covered by Directors' & Officers liability insurance.

### Results

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

### Future developments and subsequent events

The Company has no significant future developments. Subsequent events are reported in note 12.

### Going Concern


After having considered the uncertainties disclosed in note 1, the directors believe that the Company has an expectation of managing these risks. As a result, the directors have continued to adopt the going concern basis in preparing the financial statements.

### Political donations

No political donations were made during the period.

### 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 company'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.



Andrew Checketts  
Director  
30 April 2020

## **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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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.

## **Independent auditor's report to the member of Stemcor Investments Limited**

### **Opinion**

We have audited the financial statements of Stemcor Investments Limited for the year ended 31 December 2019 which comprise the Income Statement, the Statement of Comprehensive Income, the Statement of Changes in Equity, the Statement of Financial Position and the related notes 1 to 14, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2019 and of its profit for the year 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.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Emphasis of matter**

We draw attention to note 12 of the financial statements, which describes the economic and social consequences the Group is facing as a result of COVID-19, which is impacting demand, financial markets, commodity prices, personnel available for work and being able to access offices.

### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

## **Independent auditor's report to the member of Stemcor Investments Limited (continued)**

### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which 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.



## **Independent auditor's report to the member of Stemcor Investments Limited (continued)**

### **Responsibilities of directors**

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### **Use of our report**

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.

*Ernst & Young LLP*

William Binns (Senior Statutory Auditor)  
Ernst & Young LLP, Statutory Auditor  
London  
30 April 2020

## Income Statement

For the year ended 31 December 2019

	Notes	2019 \$'000	2018 \$'000
Administrative (expenses)/income	3	(4)	7
Other operating income	4	11,996	-
<b>Operating profit</b>		<b>11,992</b>	<b>7</b>
Interest payable and similar charges	5	(2,573)	(3,315)
<b>Profit/(loss) on ordinary activities before taxation</b>		<b>9,419</b>	<b>(3,308)</b>
Tax on profit/(loss) on ordinary activities	6	-	-
<b>Profit/(loss) for the financial year</b>		<b>9,419</b>	<b>(3,308)</b>

The results above are derived solely from continuing operations.

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

## Statement of Comprehensive Income

For the year ended 31 December 2019

	2019 \$'000	2018 \$'000
Profit/(loss) for the financial year	9,419	(3,308)
Other comprehensive income for the year	-	-
<b>Total comprehensive profit/(loss) for the year</b>	<b>9,419</b>	<b>(3,308)</b>

## Statement of Changes in Equity

For the year ended 31 December 2019

	Share capital \$'000	Share premium \$'000	Profit & loss account \$'000	Total equity \$'000
At 1 January 2018	100	62,610	(6,159)	56,551
Loss for the year	-	-	(3,308)	(3,308)
At 31 December 2018	100	62,610	(9,467)	53,243
Profit for the year	-	-	9,419	9,419
<b>At 31 December 2019</b>	<b>100</b>	<b>62,610</b>	<b>(48)</b>	<b>62,662</b>

## Statement of Financial Position

At 31 December 2019

	Notes	2019 \$'000	2018 \$'000
<b>Fixed assets</b>			
Investments	7	129,000	129,000
<b>Current assets</b>			
<b>Creditors:</b> amounts falling due within one year	8	(66,338)	(75,757)
<b>Net current liabilities</b>		(66,338)	(75,757)
<b>Total assets less current liabilities</b>		62,662	53,243
<b>Net assets</b>		62,662	53,243
<b>Capital and reserves</b>			
Share capital	9	100	100
Share premium account	10	62,610	62,610
Profit and loss account		(48)	(9,467)
<b>Shareholders' equity</b>		62,662	53,243

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

The financial statements of Stemcor Investments Limited (registered number 09754291) were approved by the Board of Directors and authorised for issue on 30 April 2020.

They are signed on its behalf by:



Andrew Checketts  
Director

## Notes to the Financial Statements

### 1. Accounting policies

Stemcor Investments Limited (the Company) is a private limited company limited by shares incorporated in England and Wales. The Registered Office is Longbow House, 14-20 Chiswell Street, London, England, EC1Y 4TW.

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 December 2019.

#### Basis of preparation

The financial statements of Stemcor Investments Limited were authorised for issue by the Board of Directors on 30 April 2020. 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.

#### Exemptions

As permitted by FRS 102 Section 1.12, the company has taken advantage of the exemptions available under that standard in relation to presentation of cash flow statement and the aggregate remuneration of key management personnel. Where required equivalent disclosures are given in the consolidated financial statements of Stemcor Global Holdings Limited.

#### Going Concern

As part of the directors assessment of the Company's ability to continue as a going concern, a parental support letter has been received from Stemcor Global Holdings Limited outlining its agreement to provide assistance to the Company in meeting its liabilities as and when they fall due (but only to the extent that money is not otherwise available to meet such liabilities) for a period of twelve months from 30 April 2020. The directors have also then considered the going concern assessment undertaken at the Stemcor Group level, with further details included in Stemcor Global Holdings Limited's Annual Report, which does not form part of this report.

After making reasonable enquiries and having carefully considered the matters described above, the directors believe that the Company 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 continue to adopt the going concern basis in preparing the Strategic Report, the Directors' Report and the financial statements of Stemcor Investments 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 period. However, the nature of estimation means that actual outcomes could differ from those estimates.

## Notes to the Financial Statements

### 1. Accounting policies (continued)

#### **Taxation**

The Company 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 6.

#### **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.

#### **Investments**

Investments are initially valued at cost and reviewed annually for signs of impairment. If an impairment loss is identified this is recognised immediately in the income statements and the value of the investment is reduced accordingly.

#### **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.

#### **Interest-bearing loans and borrowings**

All interest-bearing loans and borrowings which are basic financial instruments are initially recognised at the present value of the cash payable. After initial recognition they are measured at amortised cost using the effective interest rate method, less impairment. The effective interest rate amortisation is included in finance costs in the income statement.

#### **Share capital and reserves**

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs. All issued shares are fully paid and hold the rights to dividends and votes in shareholder meetings.

## Notes to the Financial Statements

### 2. Director's emoluments

Other than the directors, the Company had no employees for the year ended 31 December 2019 (year ended 31 December 2018: \$nil).

None of the directors received any emoluments in respect of their services as directors of the company during the year ended 31 December 2019 (year ended 31 December 2018: \$nil).

The remuneration of the directors is paid by another entity within the Group (Stemcor Holdings 2 Limited), which makes no recharge to the Company. The directors act in a group capacity only and do not allocate specific time to the company. Therefore, it is not possible to make an accurate apportionment of their emoluments in respect of the Company.

### 3. Operating profit

This is stating after charging:

	2019 \$'000	2018 \$'000
Foreign exchange differences	(4)	7

The audit fees are borne by another group company (Stemcor Holdings 2 Limited). Non-audit fees paid to the Company's auditor for the period amounted to \$nil (2018: \$nil).

### 4. Other operating income

	2019 \$'000	2018 \$'000
Dividends received from Subsidiaries	11,996	-

### 5. Interest payable and similar charges

	2019 \$'000	2018 \$'000
Interest payable to group undertakings	2,573	2,887
Interest payable to external parties for bank and other loans	-	428
	2,573	3,315

## Notes to the Financial Statements

### 6. Tax on loss on ordinary activities

	2019	2018
Current Tax	\$'000	\$'000
UK corporation tax for the period	-	-
Total current tax on losses on ordinary activities	-	-

Factors affecting the total tax charge:

The tax assessed on the loss on ordinary activities for the period is lower than the standard rate of corporation tax in the UK of 19% (2018: 19%). The differences are reconciled below:

	2019	2018
	\$'000	\$'000
Profit/(loss) on ordinary activities before tax	9,419	(3,308)
Expected tax charge/(credit) at 19% (2018: 19%)	1,790	(628)
Non-deductible expenses	-	24
Group relief for nil consideration	490	604
Income not taxable	(2,280)	-
Total tax expense	-	-

There were no deferred tax assets or liabilities at 31 December 2019 (2018 : \$nil)

## Notes to the Financial Statements

### 7. Investments

	Investment in subsidiary companies \$'000
<b>Cost:</b>	
At 1 January 2019	129,000
At 31 December 2019	129,000
<b>Net book value 31 December 2019</b>	<b>129,000</b>
Net book value 31 December 2018	129,000

The subsidiary undertakings of Stemcor Investments Limited at 31 December were as follows:

Name of Company	Country of incorporation	Holding	Proportion of voting rights and shares held	Nature of Business
Stemcor Acquisitions Limited	UK	Ordinary shares	100%	Holding Company

### 8. Creditors: amounts falling due within one year

	2019 \$'000	2018 \$'000
Accruals and deferred income	-	1,516
Loan amounts owed to group undertakings	66,338	74,241
	<b>66,338</b>	<b>75,757</b>

The intercompany loans payable are interest bearing at 1.65% above USD LIBOR (2018 :1.5%/3.15%).



## Notes to the Financial Statements

### 9. Share Capital

	2019 \$'000	2018 \$'000
<b>Called up, allotted and fully paid</b>		
1,000,001 ordinary shares of \$0.10 each	100	100

### 10. Share Premium

Share premium records the amount above the nominal value received for shares sold, less transaction costs.

### 11. Contingent liabilities

At 31 December 2019, the company had no material contingent liabilities.

### 12. Events after the reporting period

The current COVID-19 crisis is a significant non-adjusting post balance sheet event, the Company has, however, outlined its considerations of the impact of this crisis on the wider Stemcor Group within the Principal Risks section on page 3 and also within the Going concern section within note 1 on page 11.

Following the successful conclusion of the process of evaluating the next ownership structure for the Stemcor Group, a Sale and Purchase Agreement (SPA) was entered into on 23 December 2019 with the Cedar Industrial Group. Transitioning to a long-term strategic shareholder is the natural next step for the Stemcor Group and progress continues to be made on the steps required in relation to the completion of the SPA, with a target date during Summer 2020.

### 13. Related party transactions

The company has taken advantage of the disclosure exemption under FRS102, section 33 Related Party Disclosures paragraph 33.1A, and has not disclosed transactions with other wholly owned subsidiaries of Stemcor Global Holdings Limited.

### 14. Ultimate parent company and controlling party

The ultimate and immediate parent company of Stemcor Investments Limited is Stemcor Global Holdings Limited, incorporated in Jersey, whose registered office is 28 Esplanade, St Helier, Jersey, JE2 3QA. The Company has taken the exemption from preparing consolidated accounts on the basis that it is a wholly owned subsidiary of Stemcor Global Holdings Limited who prepares consolidated accounts which include the company and all its subsidiaries and which are prepared in accordance with international accounting standards. These consolidated accounts are audited and can be found on the Jersey Companies House website.