

Company Registration No. 2188847

Stemcor Pellets Limited

Annual Report and Financial Statements

31 December 2012

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Stemcor Pellets Limited

Annual Report and Financial Statements 2012

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Stemcor Pellets Limited

Annual Report and Financial Statements 2012

Officers and professional advisers

Michael Broom
Gerard P E Craggs
Ralph D Oppenheimer (resigned 12 September 2013)
David J Paul (resigned 30 April 2012)
Paul S Whitehead (resigned 19 September 2013)
Richard Sands (appointed 19 September 2013)

Secretary

Amanda Louise Phillips

Registered Office

City Point
1 Ropemaker Street
London
EC2Y 9ST

Principal bankers

Barclays Bank PLC
54 Lombard Street
London
EC3V 9EX

Auditor

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

Stemcor Pellets 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 year ended 31 December 2012. 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

No new shares were allotted during the year.

Business review and principal activities

The Company is a wholly owned subsidiary of Stemcor Holdings Ltd.

The principal activity of the Company was a holding company which is collecting amounts due on a historical disposal. The Profit and Loss account on page 8 shows non-recurring income of \$6.1m from the settlement of an historical claim in relation to the company's former ownership of the Savage River mine. The directors are not aware, at the date of this report, of any likely major changes in the Company's activities in the next year.

The Balance Sheet on page 9 of the financial statements shows that the Company's financial position at the year end has increased moving from a net liability position of \$484,000 to a net asset position of \$1,219,000. Details of amounts owed to and by the parent company are shown in notes 8 and 9.

Principal risks and uncertainties

Almost all the Company's transactions relate to the holding of investments which are financed by fellow group companies. The cash flow risk, credit risk and currency exposures are controlled by the central Stemcor Group finance function. A discussion of these risks can be found in the Group's Annual Report, which does not form part of this report. Funds are provided by the Group via intercompany loans in order for the Company to manage its liquidity risks.

Going concern

Following the Group's default on its loan facilities in May 2013, there are material uncertainties that cast doubt on the Company's ability to continue as a going concern. These uncertainties are summarised below and more detail is provided in note 1 to the accounts.

- Completion of the debt restructuring via the UK High Court process and completion of the Conditions Precedent,
- Realisation of assets including sale of the Group's Indian operations at a value sufficient to repay the Term Debt,
- Failing to meet the amortisation profile of the Term Debt from the sale or wind down of non-core businesses or reducing working capital causing a breach in covenants, and
- Future trading may not be in line with the latest forecasts.

After considering the material uncertainties set out in note 1, the directors continue to adopt the going concern basis in preparing the financial statements.

Tax Status

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

Stemcor Pellets Limited

Directors' report (continued)

Environment

The Stemcor Group 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. The Stemcor Group 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. The Company operates in accordance with Group policies, which are described in the Group's Annual Report, which does not form part of this report.

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 year 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 year are set out on page 7.

The directors do not recommend the payment of a final dividend (2011 \$nil).

Directors

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

Charitable and political donations

No charitable or political donations were made during the year (2011 \$nil).

Auditor

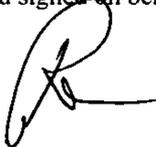
Each of the persons who is a director at the date of approval of this report confirms that

- 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 ought to have taken as a director in order to make himself 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 on behalf of the Board



Michael Broom

Director

30 January 2014

Stemcor Pellets 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 judgments and accounting 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

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 accounts

Independent auditors' report to the members of Stemcor Pellets Limited

We have audited the financial statements of Stemcor Pellets Limited for the year ended 31 December 2012 which comprise the Profit and Loss Account, the Balance Sheet, Reconciliation of movements in shareholders' funds and the related notes 1 to 18. 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 auditors' 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, 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. 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 December 2012 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.

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.

Opinion on other matter prescribed by the Companies Act 2006

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

Independent auditors' report to the members of Stemcor Pellets 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

- 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

30 January 2014

Stemcor Pellets Limited

Profit and Loss account Year ended 31 December 2012

	Notes	2012 US\$'000	Restated 2011 US\$'000
Other income		6,177	-
Administrative expenses		(4,503)	(763)
Exchange (loss)/gains		(5)	8
Operating profit/(loss)	4	<u>1,669</u>	<u>(755)</u>
Interest receivable and similar income	2	45	11
Interest payable and similar charges	3	(3)	(1)
Profit/(loss) on ordinary activities before taxation		<u>1,711</u>	<u>(745)</u>
Taxation	6	(8)	(219)
Profit/(loss) on ordinary activities after taxation		<u><u>1,703</u></u>	<u><u>(964)</u></u>

The results above are derived solely from continuing operations

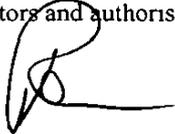
There were no recognised gains or losses in the current or preceding year other than those recorded in the profit and loss account. Therefore no statement of total recognised gains and losses has been prepared.

Stemcor Pellets Limited

Balance Sheet As at 31 December 2012

	Notes	2012 US\$'000	Restated 2011 US\$'000
Current assets			
Debtors			
- due within one year	8	5,308	1,001
Cash at bank and in hand		1	12
		<u>5,309</u>	<u>1,013</u>
Creditors: amounts falling due within one year			
Creditors	9	(19)	(1,497)
Provisions for liabilities	10	(4,071)	-
		<u>1,219</u>	<u>(484)</u>
Net assets / (liabilities)			
Capital and reserves			
Called up share capital	11	-	-
Profit and loss account	12	1,219	(484)
		<u>1,219</u>	<u>(484)</u>
Shareholders' funds / (deficit)			
		<u>1,219</u>	<u>(484)</u>

The financial statements of Stemcor Pellets Limited (registered number 2188847) were approved by the Board of Directors and authorised for issue on 30 January 2014. They were signed on its behalf by


Michael Broom
Director

Stemcor Pellets Limited

Reconciliation of Movements in Shareholders' Funds Year ended 31 December 2012

	2012 US\$'000	Restated 2011 US\$'000
Profit/(loss) on ordinary activities after taxation	1,703	(964)
Net increase to/(reduction from) shareholders' funds	<u>1,703</u>	<u>(964)</u>
Opening shareholders' deficit / (funds)	(484)	480
Closing shareholders' funds / (deficit)	<u><u>1,219</u></u>	<u><u>(484)</u></u>

Stemcor Pellets Limited

Notes to the accounts

Year ended 31 December 2012

1. Accounting policies

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

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, the Stemcor Holdings Limited Group (the "Group") defaulted on the repayment of its one-year European Revolving Credit Facility ("RCF"). The European RCF default in turn led to a cross-default on the Group's Asian RCF and the three-year European RCF. The European RCFs are owed by Stemcor Trade Finance Limited (a UK entity), and the Asian RCF is owed by Stemcor S E A Pvt Limited (a Singapore entity). The Company relies on the Group to provide continuing financial support to allow it to trade.

The Group entered into negotiations with a steering committee of the Group's senior lenders (the "CoComm") and agreed to a Global Standstill Agreement ("GSA") which was subsequently adopted by a two thirds majority of the European RCFs and Asian RCF lenders. The GSA gave both the Group and CoComm time to consider the most appropriate actions for the RCFs lenders to pursue and gave the Group forbearance on repaying both the one year and three year RCFs and the Asian RCF. However, entering into the GSA prevented the Group from repaying other bank debts as and when they fell due for repayment, which has subsequently caused further defaults.

Following an in-depth independent business review (IBR) of the Group's business plans by CoComm and its advisors, a solvent Group-wide Restructuring Plan (the "Restructuring Plan") was agreed in principle in August 2013. Subsequently, a Restructuring Term Sheet was agreed between Stemcor and CoComm that has been issued to the wider lender group for credit approval. The Restructuring Term Sheet contemplates a \$1.15 billion syndicated committed trade finance facility ("SCTFF") to finance the Group's global trading business until December 2015 and the refinancing of facilities totalling \$1.30 billion of one-year and three-year European RCFs and Asian RCF debt until 31 December 2015 (the "Term Debt"). Under the Term Debt and SCTFF, the Group will covenant to make minimum Earnings Before Interest, Tax, Depreciation and Amortisation ("EBITDA"), retain minimum Net Current Assets and retain minimum free cash balances on a specified part of the business defined with the lenders as 'core' as well as covenanting to information to the new Lenders through to December 2015.

The majority of the Term Debt is to be repaid via an amortisation schedule, ending in December 2015, principally using cash currently held by the Group, selling the Group's Indian assets, selling or winding up other non-core businesses and reducing working capital.

The Group is running a sales process to sell its Indian assets, including Brahmani River Pellets Limited and Aryan Mining Limited. Proceeds from the sale of these assets will be used to pay down part of the new Term Debt and form a key part of the amortisation plan as outlined in the previous paragraph. An Investment Bank has been mandated to support the Group, including the production of an Information Memorandum, managing the bidders, co-ordinating the data room and due diligence and liaising with the Group. The process is ongoing. The Group's financing of its Indian assets was restructured in December 2013, as part of an agreement with creditors to create a stable platform for the sales process.

To date, lender feedback on the Restructuring Plan has been positive and the Group anticipates their continued support such that the restructured facilities will be implemented during the first quarter of 2014. To finalise the Restructuring Plan with its lenders, the Group needed to present Schemes of Arrangement (the "Schemes") in the UK High Court, one for the

Stemcor Pellets Limited

Notes to the accounts Year ended 31 December 2012

1 Accounting policies (continued)

European RCFs and one for the Asian RCF. These Schemes require the support of at least 75% of both groups of lenders and court approval. If the Schemes become effective, they will be binding on all of the lenders irrespective of whether they voted against the respective Schemes. The Scheme documents were presented to the Chancery Division of the High Court of Justice on 27 January 2014. The Court met on the 29 January 2014 to review the documents. A scheme meeting is scheduled for the

middle of February to be followed a couple of days later a by sanctions hearing at the Court. The sanction is then delivered to the registrar of companies and the Scheme Effective Date occurs.

In order to give comfort that there is sufficient support among the lenders to implement the Group's Restructuring Plan as outlined in the Restructuring Term Sheets, the European RCFs and Asian RCF lenders have each been asked to sign a Lock-up Agreement ("LUA"). Each LUA includes substantively agreed term sheet documentation for both the STCFF and Term Debt. Under each LUA, the Group's lenders agree to take such actions as are reasonably necessary to implement the Group Restructuring, including voting in favour of the Schemes. As of today, more than 75% of the lenders for both the Asian and European RCFs have signed the LUA. Given the lender support expressed through agreement to the LUAs, the Group's directors are now confident that the Schemes will be approved subject to Conditions Precedent. The major Conditions Precedent will be around completing an internal Stemcor Group Reorganisation and putting in place the necessary security and insurance arrangements agreed in the Term Loan and SCTFF.

Following compliance with the Conditions Precedent, the Group's European and Asian RCFs will be refinanced by the Term Debt and the SCTFF will become available to the Group in the first quarter of 2014 and the Company will be offered sufficient financing from the Group's SCTFF for it to continue trading.

Based on unaudited financial information, the Group has incurred further losses in 2013 due to (i) lower trading levels due to restricted access to finance and (ii) exceptional restructuring and finance costs. Following the agreement of the Schemes and successful implementation of the Restructuring Plan management expects the Group to return to profitability.

The directors are aware of uncertainties facing the business as follows:

- Completion of the debt restructuring via the UK High Court process and completion of the Conditions Precedent,
- Realisation of assets including sale of the Group's Indian operations at a value sufficient to repay the Term Debt,
- Failing to meet the amortisation profile of the Term Debt from the sale or wind down of non-core businesses or reducing working capital causing a breach in covenants, and
- Future trading may not be in line with the latest forecasts.

The uncertainties may lead to an inability of the Group to generate sufficient cash flow and return sufficient profits to comply with its financial covenants.

The Term Debt has set financial covenants around the disposal of certain assets based on the Group's business plan and the subsequent IBR performed by the CoComm's advisors. Any failure to keep up with these quarterly targets will cause a breach in the new Term Debt and SCTFF.

Stemcor Pellets Limited

Notes to the accounts Year ended 31 December 2012

1. Accounting policies (continued)

The Group also has quarterly EBITDA covenants to meet, and future trading will need to be in line with forecasts to ensure that a breach does not result due to a failure to meet those targets. There are a number of risk factors that could impact the Group's ability to meet its EBITDA targets including,

- Inability to re-establish certain counter-party relationships affected by the credit downgrade of the Group,
- Liquidity constraints as a result of new financing structure,
- Failure to complete downsizing quickly enough to improve EBITDA, and
- Overall steel trading environment

However, the Directors believe these new financing agreements will allow the Group to finance prospective trades, and rebuild its business in a controlled manner and trade profitably

The directors recognise that these uncertainties represent material uncertainties which may cast significant doubt upon the Group's ability to continue as a going concern and therefore the Group may be unable to continue to realise assets and discharge liabilities in the normal course of business

The Directors have reviewed current trading and cash flow projections as part of their assessment of the Company's ability to continue as a going concern and in relation to the proposed Schemes. After making reasonable enquiries and carefully considering the matters described above, the Directors have a reasonable expectation that the Company 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. The financial statements do not include adjustments that would result if the Group were 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

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 December or if hedged at the forward contract rate, and gains or losses on translation are included in the profit and loss account

Provisions

The calculation of the Stemcor Group's tax charge involves a degree of estimation and judgement in respect of certain items. The final resolution of some of these items with the relevant Tax Authority may give rise to material tax charges. An indemnity has been provided by Stemcor Pellets Ltd in respect of potential tax exposures that may arise to other Stemcor Group legal entities and a provision has therefore been included in the accounts of Stemcor Pellets Ltd

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

Cash flow

The Company has taken advantage of the exemption in Financial Reporting Standard No 1 (Revised) from the requirement to produce a cash flow statement on the grounds that it is a wholly owned subsidiary undertaking and whose parent prepares a group cash flow statement that includes the Company

Stemcor Pellets Limited

Notes to the accounts Year ended 31 December 2012

Group Accounts

The Company has taken advantage of the exemption from the requirement to prepare accounts set out in Section 400 of the Companies Act 2006. The Company's financial statements present information about it as an individual company and not about its group. At 31 December 2012 and 31 December 2011, the Company was a wholly owned subsidiary undertaking of Stemcor Holdings Limited, a company registered in England and Wales, and group financial statements have been prepared for that company.

2. Interest receivable and similar income

	2012 US\$'000	2011 US\$'000
Interest from parent undertaking	45	11
	<u>45</u>	<u>11</u>

3. Interest payable and similar charges

	2012 US\$'000	2011 US\$'000
Interest to parent undertakings	3	1
	<u>3</u>	<u>1</u>

4. Operating profit/ (loss)

	2012 US\$'000	2011 US\$'000
The profit/(loss) on ordinary activities before taxation is stated after charging		
Auditors' remuneration – fees payable for the audit of the Company's accounts	8	16

5. Directors emoluments

Other than the directors, the Company had no employees for the year ended 31 December 2012 (2011 nil)

The directors received no emoluments in respect of their services as directors of the Company during the year ended 31 December 2012 (2011 US\$nil)

There are no directors in the money purchase scheme (2011 nil)

Stemcor Pellets Limited

Notes to the accounts Year ended 31 December 2012

6. Taxation on profit on ordinary activities

	2012 US\$'000	Restated 2011 US\$'000
<i>Current taxation</i>		
UK corporation tax for the year	8	-
Prior year adjustment	-	219
	<u>8</u>	<u>219</u>
Total current tax on profit on ordinary activities	<u>8</u>	<u>219</u>

The standard rate of tax for the year, based on the UK standard rate of corporation tax is 24.5% (2011: 26.5%). The actual tax charge for the current and preceding years is less than the standard rate for the reasons set out in the following reconciliation:

	2012 US\$'000	Restated 2011 US\$'000
Profit/(loss) on ordinary activities before taxation	<u>1,711</u>	<u>(745)</u>
Profit/(loss) on ordinary activities multiplied by effective rate of corporation tax 24.5% (2011: 26.5%)	419	(197)
Effects of		
Non-deductible expenses	1,102	126
Non-taxable income	(1,513)	-
Losses not utilised in the year	-	71
Prior year adjustment	-	219
	<u>8</u>	<u>219</u>
Current tax charge for the year	<u>8</u>	<u>219</u>

At 31 December 2012 the Company did not have any deferred tax asset or liabilities (2011: nil)

7. Dividends

No interim or final dividends were paid in 2012 (2011: interim dividends US\$nil)

Stemcor Pellets Limited

Notes to the accounts Year ended 31 December 2012

8. Debtors

	2012	Restated
	US\$'000	2011
		US\$'000
Amounts due within one year		
Amounts due from other group undertakings	-	727
Amounts due from parent undertakings	5,308	-
Other debtors	-	274
	<u>5,308</u>	<u>1,001</u>

Amounts owed from related parties carry interest of 1.25% (2011: 1.25%) per annum charged on the outstanding balances and have no fixed terms of repayment

9. Creditors: amounts falling due within one year

	2012	Restated
	US\$'000	2011
		US\$'000
Amounts due to other group undertakings	-	9
Amounts due to parent undertakings	-	1,472
Group relief payable	8	-
Accruals	11	16
	<u>19</u>	<u>1,497</u>

Amounts owed to related parties carry interest of 1.25% (2011: 1.25%) per annum charged on the outstanding balance and have no fixed terms of repayment

10. Provisions for liabilities

	Indemnity	Total
	US\$'000	US\$'000
At 1 January 2012	-	-
Arising during the year	4,071	4,071
	<u>4,071</u>	<u>4,071</u>
At 31 December 2012	<u>4,071</u>	<u>4,071</u>

11. Share capital

	2012	2011
	US\$	US\$
Authorised, Allotted, called up and unpaid 2 ordinary shares of £1 each	<u>4</u>	<u>4</u>

Stemcor Pellets Limited

Notes to the accounts Year ended 31 December 2012

12. Profit and loss account reserves

	2012 US\$	Restated 2011 US\$
At 1 January	(484)	480
Profit/(loss) for the year	1,703	(964)
At 31 December	<u>1,219</u>	<u>(484)</u>

13. Contingent liabilities

At 31 December 2012 the Company had no material contingent liabilities (2011 \$nil)

14. Contingent assets

A deferred consideration asset of \$34 million is recognised in the Stemcor Group from the sale of Savage River mine. The value of this asset is dependent on gross sales from the mine for the calendar year 2012-2023. If the recalculation of deferred consideration based on actual sales is in excess of \$43 million, any excess consideration is due and payable to the Company.

15. Related party disclosures

The Company has taken advantage of the exemption granted by paragraph 3 (c) of Financial Reporting Standard No 8 Related Party Transactions, not to disclose transactions with Stemcor Holdings Limited group companies.

16. Prior Year Adjustment

A prior year adjustment has been made to reallocate legal expenses between the periods.

17. Post balance sheet event

On 6 May 2013 Stemcor Trade Finance Limited ("STF") defaulted on the repayment of its one year European Revolving Credit Facility ("RCF") which in turn led to a cross-default on the Group's Asian and three year European RCFs. The implications of this guarantee on the Company and the refinancing currently being pursued by the Stemcor Group are set out in more detail in Note 1.

18. Ultimate parent company and controlling party

The ultimate parent company and controlling entity is Stemcor Holdings Limited, a company registered in England and Wales. The largest and smallest group which consolidates the Company's accounts is Stemcor Holdings Limited. The Company is ultimately controlled by Mr R D Oppenheimer, the Chairman, and his relatives, who in aggregate have an interest in 71% of the issued share capital of Stemcor Holdings Limited. The largest and smallest group which consolidates the Company's accounts is Stemcor Holdings Limited.

Copies of the ultimate parent Company's accounts can be obtained from

Companies House,
Crown Way
Mandy
Cardiff
CF14 3UZ