

Company Registration No. 09743802

Stemcor Deutschland BB Limited
(incorporated as Stemcor Holdings Limited)

Report and Financial Statements

Period from incorporation to 31 December 2016



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Corporate information

Directors

Steven Graf	(appointed 21 August 2015)
Julian Verden	(appointed 21 August 2015)
Andrew Checketts	(Appointed 9 September 2016)

Bankers

Bremer Kreditbank AG
Wachtstrasse 16
Bremen, 28195
Germany

Auditor

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

Registered Office

Mill House
Forge Lane
Minworth Industrial Park
Minworth
Sutton Coldfield
B76 1AH

Strategic report

The directors present their strategic report for the period ended 31 December 2016.

Review of the business

The Company is a wholly owned subsidiary of Stemcor Holdings 2 Limited.

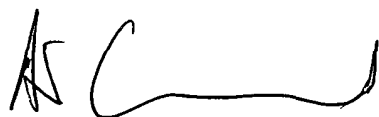
The Company was incorporated on 21 August 2015 as Stemcor Holdings Limited, and has had no activities in this first period to 31 December 2016. It changed its name to Stemcor Deutschland BB Limited on 13 October 2016. Since 31 December 2016, the Company has taken up the activity of providing finance for German Stemcor group companies trading in steel products.

The Group manages its operations on a divisional basis. For this reason, and because the company has had no activities for this initial reporting period, 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 Deutschland BB Limited's principal risk is that the 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 Company are discussed in Stemcor Global Holdings Limited's 2016 Annual Report, which does not form part of this report.



A Checketts
Director
26 May 2017

Directors' report

The directors present their report for the period ended 31 December 2016.

Directors of the company

The current directors are shown on page 3.

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.

Results

The results for the period are set out on page 7.

Dividends

No dividends were paid during the period and no dividend is proposed in relation to this initial period to 31 December 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 December 2016.

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 adopted the going concern basis in preparing the financial statements.

Political donations

No political donations were made during the period.

Appointment of auditors

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



A Checketts
Director
26 May 2017

Directors' responsibilities 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; and
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- 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.

Income statement

For the period from 21 August 2015 to 31 December 2016

The company did not trade during the period and made no profit or loss.

Statement of comprehensive income

For the period from 21 August 2015 to 31 December 2016

The company did not have any other comprehensive income or expenditure during the period.

Statement of changes in equity

For the period from 21 August 2015 to 31 December 2016

	<i>Share capital</i>	<i>Profit & Loss Account</i>	<i>Total equity</i>
	£	£	£
On incorporation 21 August 2015	2	-	2
Result for the period	-	-	-
Other comprehensive income	-	-	-
At 31 December 2016	<u>2</u>	<u>-</u>	<u>2</u>

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

Statement of financial position

At 31 December 2016

	Notes	2016 £
Current assets		
Debtors:		
Amounts falling due within one year	5	2
Net assets		<u>2</u>
Capital and reserves		
Share capital	6	2
Profit and loss account		-
		<u>2</u>

For the initial period ending 31 December 2016 the company was entitled to exemption from audit under section 480 of the Companies Act 2006 relating to dormant companies.

The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476.

The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements of Stemcor Deutschland BB Limited (registration number 09743802) were approved by the Board of Directors and authorised for issue on 26 May 2017.



A Checketts
Director

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

Notes to the financial statements

1. Accounting policies

Stemcor Deutschland BB 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, 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 period from 21 August 2015 to 31 December 2016.

Basis of preparation and change in accounting policy

The financial statements of Stemcor Deutschland BB Limited were authorised for issue by the Board of Directors on 26 May 2017. The financial statements have been prepared in accordance with applicable accounting standards. The financial statements are prepared in GBP which is the functional currency of the company.

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

Stemcor Deutschland BB Limited is a subsidiary of Stemcor Global Holdings Limited ("SGHL" or "the Group"). The Group operates its business on a divisional basis with its core financing facilities managed at a Group level.

The SGHL directors 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. They have worked with senior management within the Group and agreed a business plan that forecasts trading through to the end of December 2018. 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 SGHL Directors believe that with the majority of the Group's trading transactions being short term in nature, 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 SGHL 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;
- The Group is heavily dependent on its financing facilities, with the trade finance and borrowing base facilities committed until April 2018 (albeit that the trade finance facilities have a six month run off period to October 2018) and therefore requiring a refinancing process during 2017 / first quarter of 2018. The Group takes comfort from the fact that many of the lenders are also shareholders in the Group.

These uncertainties may prevent the Group from performing in accordance with its business plan, from meeting its forecasts and from complying with its covenants. 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 actually occurring, and considering the mitigating actions available to the Group over the relevant timeframe, if such risks did arise.

Although there remain some uncertainties, as disclosed above, in relation to the market and the requirement to refinance its main financing facilities ahead of their expiry, the Directors believe that the Group has an expectation of managing these risks. The Directors believe that the Group has a robust finance model, appropriate scale, a streamlined and efficient cost base, a clear trading strategy and strong corporate governance, and has already begun the process of identifying the optimum mechanisms to refinance the business ahead of the expiry of the financing facilities. The group are actively pursuing financing opportunities which has included the successful implementation of two new trade finance facilities during March and April 2017, and the refinancing of the German business using the Groups existing borrowing base facility. Further discussions are ongoing regarding additional trade finance facilities in advance of refinancing the existing facilities.

After making reasonable enquiries and having carefully considered the matters described above, the Directors believe that the Group, including Stemcor Deutschland BB 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 have adopted the going concern basis in preparing the Strategic Report, the Directors' Report and the financial statements.

Judgements and key sources of estimation uncertainty

The preparation of 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.

In this initial financial period where there was no activity there were in practice no key judgements, estimates or assumptions to be made.

2. Operating loss

This is stated after charging:

	2016
	£
Auditor's remuneration	-

The company dispensed with an audit for the initial period from incorporation to 31 December 2016.

3. Directors' emoluments

Other than the directors, the Company had no employees for the period ended 31 December 2016.

None of the directors received any emoluments in respect of their services as directors of the Company during the period ended 31 December 2016.

The remuneration of the directors is paid by other entities within the Group (Stemcor Holdings 2 Limited, Eurosteel Products Limited, Stemcor London Limited and Samac Steel Supplies Limited), which make 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

The standard rate of tax for the period, based on the UK standard rate of corporation tax is 20.0%. No provision for taxation was necessary in the period as the company had no activities.

5. Debtors

	2016
	£
Amounts owed by the shareholder	2
	<hr/>
	2
	<hr/>

The amounts due from the shareholder are not interest bearing.

6. Allotted and issued share capital

	2016
	£
Ordinary shares of £1 each	2

7. Contingent liabilities

At 31 December 2016, the Company had no contingent liabilities. In March of 2017 the Company commenced activities as a provider of finance to Stemcor Group companies, and became an Obligor under the financing agreements. Accordingly it became, along with a number of entities within the Stemcor Group, jointly and severally a guarantor of the amounts outstanding under a US\$100m medium term shareholder loan facility.

8. 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 December 2016.

9. Related party transactions

The Company has taken advantage of the disclosure exemption under FRS 102 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.

10. Ultimate parent company and controlling party

The immediate parent company of Stemcor Deutschland BB 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 group which consolidates the Company's accounts at 31 December 2016 is Stemcor Global Holdings Limited. The accounts for Stemcor Global Holdings can be found on the Jersey Companies House website. The smallest group which consolidates the Company's accounts at 31 December 2016 is Stemcor Holdings 2 Limited. The accounts for Stemcor Holdings 2 Limited can be found on the Companies House website for England and Wales.