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STEMCOR RISK MANAGEMENT AG, ZUG

*Financial Statements for the Year ended
December 31, 2010 and Report of the Statutory
Auditor on the limited statutory examination*



Report of the statutory auditor on the limited statutory examination

To the General Meeting of
STEMCOR RISK MANAGEMENT AG, ZUG

As statutory auditor, we have examined the financial statements (balance sheet, income statement and notes) of Stemcor Risk Management AG for the year ended December 31, 2010.

These financial statements are the responsibility of the Board of Directors. Our responsibility is to perform a limited statutory examination on these financial statements. We confirm that we meet the licensing and independence requirements as stipulated by Swiss law.

We conducted our examination in accordance with the Swiss Standard on the Limited Statutory Examination. This standard requires that we plan and perform a limited statutory examination to identify material misstatements in the financial statements. A limited statutory examination consists primarily of inquiries of company personnel and analytical procedures as well as detailed tests of company documents as considered necessary in the circumstances. However, the testing of operational processes and the internal control system, as well as inquiries and further testing procedures to detect fraud or other legal violations, are not within the scope of this examination.

Based on our limited statutory examination, nothing has come to our attention that causes us to believe that the financial statements and the proposed appropriation of available earnings do not comply with Swiss law and the company's articles of incorporation.

Deloitte AG



George Hashimoto
Licensed Audit Expert
Auditor in Charge



Dmitry Ustinov
Licensed Audit Expert

Zurich, May 27, 2011
GJH/DUS/mip

Enclosures

- Financial statements (balance sheet, income statement and notes)
- Proposed appropriation of available earnings

STEMCOR RISK MANAGEMENT AG, ZUGBALANCE SHEET AS OF DECEMBER 31, 2010
(with 2009 comparative figures)

		<u>2010</u>		<u>2009</u>	
		<u>CHF</u>	<u>USD</u>	<u>CHF</u>	<u>USD</u>
<u>ASSETS</u>					
CURRENT ASSETS					
Bank and cash funds		6,315,509	6,751,911	4,485,554	4,322,176
Derivative assets	2	770,475	823,715	620,153	597,565
Trade accounts receivable					
Third parties		159,690	170,725	361,176	348,021
Related companies		-	-	543,871	524,062
Cash due from brokers		3,206,897	3,428,494	899,663	866,894
Inventory	2	5,470,190	5,848,180	1,082,730	1,043,293
Prepayments		-	-	29,001	27,945
Total current assets		<u>15,922,761</u>	<u>17,023,025</u>	<u>8,022,148</u>	<u>7,729,956</u>
TOTAL ASSETS		<u>15,922,761</u>	<u>17,023,025</u>	<u>8,022,148</u>	<u>7,729,956</u>
<u>LIABILITIES AND</u>					
<u>SHAREHOLDERS' EQUITY</u>					
CURRENT LIABILITIES					
Accounts payable:					
Third parties		1,638,427	1,751,642	263,046	253,465
Related companies		5,516,343	5,897,522	3,997,241	3,851,649
Derivative liabilities	2	1,531,868	1,637,720	-	-
Accrued liabilities and provisions		882,295	943,262	575,291	554,337
Corporate tax payable		1,237,839	1,323,374	402,214	387,564
Deferred unrealised gains	2	<u>770,475</u>	<u>823,715</u>	<u>620,153</u>	<u>597,565</u>
Total current liabilities		<u>11,577,247</u>	<u>12,377,235</u>	<u>5,857,945</u>	<u>5,644,580</u>
SHAREHOLDERS' EQUITY					
Share capital	4	100,000	85,960	100,000	85,960
Legal reserve	5	50,000	47,803	50,000	47,803
Available earnings		<u>4,195,514</u>	<u>4,512,027</u>	<u>2,014,203</u>	<u>1,951,613</u>
Total shareholders' equity		<u>4,345,514</u>	<u>4,645,790</u>	<u>2,164,203</u>	<u>2,085,376</u>
TOTAL LIABILITIES AND					
SHAREHOLDERS' EQUITY		<u>15,922,761</u>	<u>17,023,025</u>	<u>8,022,148</u>	<u>7,729,956</u>

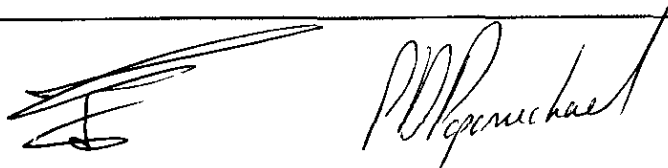
See notes to the financial statements




STEMCOR RISK MANAGEMENT AG, ZUG**INCOME STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2010**
(with 2009 comparative figures)

		<u>2010</u>		<u>2009</u>	
	<u>NOTES</u>	<u>CHF</u>	<u>USD</u>	<u>CHF</u>	<u>USD</u>
Turnover	2	254,461,307	244,766,331	45,337,588	41,705,076
Cost of goods sold		<u>(247,820,370)</u>	<u>(238,378,414)</u>	<u>(42,315,537)</u>	<u>(38,925,156)</u>
GROSS PROFIT		<u>6,640,937</u>	<u>6,387,917</u>	<u>3,022,051</u>	<u>2,779,920</u>
OPERATING EXPENSES					
General and administrative expenses		<u>(1,813,197)</u>	<u>(1,744,114)</u>	<u>(1,468,664)</u>	<u>(1,350,993)</u>
Total operating expenses		<u>(1,813,197)</u>	<u>(1,744,114)</u>	<u>(1,468,664)</u>	<u>(1,350,993)</u>
OPERATING PROFIT		<u>4,827,740</u>	<u>4,643,803</u>	<u>1,553,387</u>	<u>1,428,927</u>
OTHER INCOME / (EXPENSES)					
Interest income		-	-	599	551
Interest expense		(5,732)	(5,514)	(2,109)	(1,940)
Unrealised mark to market loss	2	(818,920)	(787,720)	-	-
Translation differences	2	<u>(480,520)</u>	-	<u>(70,272)</u>	-
Total other income / (expenses)		<u>(1,305,172)</u>	<u>(793,234)</u>	<u>(71,782)</u>	<u>(1,389)</u>
PROFIT BEFORE TAXATION		3,522,568	3,850,569	1,481,605	1,427,538
TAXATION		<u>(1,341,257)</u>	<u>(1,290,155)</u>	<u>(411,320)</u>	<u>(378,364)</u>
NET PROFIT FOR THE YEAR		2,181,311	2,560,414	1,070,285	1,049,174
AVAILABLE EARNINGS, BEGINNING OF THE YEAR		<u>2,014,203</u>	<u>1,951,613</u>	<u>993,918</u>	<u>950,242</u>
ALLOCATION TO LEGAL RESERVE		-	-	(50,000)	(47,803)
AVAILABLE EARNINGS, END OF THE YEAR		<u>4,195,514</u>	<u>4,512,027</u>	<u>2,014,203</u>	<u>1,951,613</u>

See notes to the financial statements



STEMCOR RISK MANAGEMENT AG, ZUG

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2010 (with 2009 comparative figures)

1. GENERAL

Stemcor Risk Management AG was incorporated on October 1, 2007 in Zug, Switzerland. The principal activity of the Company is trading in steel futures for the purpose of providing risk management services to the Stemcor group companies. The directors do not anticipate any change in the business activities in the coming year.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Translation of Financial Statements to Swiss Francs - As permitted by Swiss law, the Company maintains its accounting records in US Dollars ("USD"). As required by Swiss law, these statutory financial statements are presented in Swiss Francs. Balance sheet items other than shareholders' equity are translated at the exchange rate in effect at the balance sheet date.

The shareholders' equity is translated at the historical exchange rate. The statement of income is translated at the average exchange rate for the year. The loss resulting from this translation is charged to the statement of income, whereas gains are deferred.

Foreign Currency Translation - The financial records of the Company are maintained USD. The financial statements have been prepared on the basis that the USD is the functional currency. All assets and liabilities other than USD denominated assets and liabilities are translated at period-end rates.

Unrealised gains and losses – based on the principle of prudence, unrealised losses are recorded in the income statement, whereas unrealised gains are deferred on the balance sheet.

Derivative assets and liabilities – all derivative financial instruments are valued at fair value at each balance sheet date. The assets and liabilities resulting from this valuation are respectively recognized as derivative assets and derivative liabilities on the balance sheet. Derivative exposures with the same counter party are offset when there is a legal right to do so and the intention is to settle net.

The recognition of the unrealised gains in the income statement is deferred until realised. The unrealised gains are presented as deferred unrealised gains in the balance sheet. Unrealised losses are recognised in the income statement (disclosed as unrealised mark to market loss)

Inventory - Inventory consists of stock held at an approved London Metal Exchange ("LME") warehouse prior to warranting and is valued at the lower of cost or net realisable value.

Turnover - Turnover represents the amounts of sales and services provided.

Comparative figures – certain reclassifications of the comparative figures were made to conform with the presentation in the current year.

STEMCOR RISK MANAGEMENT AG, ZUG

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2010 (with 2009 comparative figures)

3. ULTIMATE PARENT COMPANY

The ultimate parent company is Stemcor Holdings Limited, which is incorporated in Great Britain and registered in England and Wales. The parent company is ultimately controlled by Mr. R.D. Oppenheimer, the Chairman, and his relatives, who in aggregate have an interest of 71% in the issued share capital of Stemcor Holdings Limited.

4. SHARE CAPITAL

The Company was incorporated with a share capital of CHF 100,000 represented by 1,000 registered shares with a par value of CHF 100 each.

5. CONTINGENT LIABILITIES

At December 31, 2010 and 2009 the Company had no material contingent liabilities other than in the normal course of trade.

6. RISK ASSESSMENT

The Company is fully integrated into the Stemcor Group-wide risk assessment and management process. The corporate risk management function coordinates the processes and reports to the Board of Directors of the Company on risk and risk management on a regular basis. The risk management system is designed and implemented to identify, assess, reduce and mitigate risks that arise in the course of the Company's business at an early stage. Identified risks are regularly reviewed together with an assessment of the potential impact and related probability. Such risks are managed Group wide through numerous organizational and procedural measures. Organizationally the responsibility for risk assessment and management is allocated to the business Groups. Corporate functions provide the necessary support and controlling activities to ensure effectiveness of the risk management system.

STEMCOR RISK MANAGEMENT AG, ZUG

PROPOSED APPROPRIATION OF AVAILABLE EARNINGS (expressed in Swiss francs)

The Directors of Stemcor Risk Management AG propose that the balance of available earnings at December 31, 2010 amounting to CHF 4,195,514 be carried forward.
