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STEMCOR RISK MANAGEMENT AG, ZUG

*Financial Statements for the Year ended
December 31, 2011 and Report of the Statutory
Auditor on the limited statutory examination*

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COMPANIES HOUSE

Report of the statutory auditor on the limited statutory examination

To the General Meeting of
STEMCOR RISK MANAGEMENT AG, ZUG

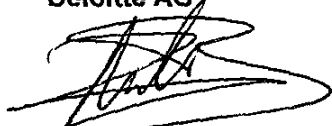
As statutory auditor, we have examined the financial statements (balance sheet, income statement and notes) of Stencor Risk Management AG for the year ended December 31, 2011.

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.

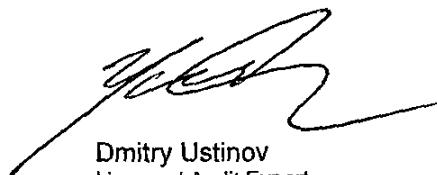
We conducted our examination in accordance with the Swiss Standard on the Limited Statutory Examination. This standard requires that we plan and perform a limited statutory examination to identify material misstatements in the financial statements. A limited statutory examination consists primarily of 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



Roland Mueller
Licensed Audit Expert
Auditor in Charge



Dmitry Ustinov
Licensed Audit Expert

Zurich, July 19, 2011
ROM/DUS/jst

Enclosures

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

STEMCOR RISK MANAGEMENT AG. ZUGBALANCE SHEET AS OF DECEMBER 31, 2011
(with 2010 comparative figures)

		<u>2011</u>		<u>2010</u>	
	<u>NOTES</u>	<u>CHF</u>	<u>USD</u>	<u>CHF</u>	<u>USD</u>
ASSETS					
CURRENT ASSETS					
Bank and cash funds		4,471,484	4,758,553	6,315,509	6,751,911
Derivative assets	2, 6	378,285	402,571	770,475	823,715
Trade accounts receivable					
Third parties	6	907,259	965,505	159,690	170,725
Related companies		17,669	18,803	-	-
Cash due from brokers		-	-	3,206,897	3,428,494
Inventory	2	14,508,134	15,439,557	5,470,190	5,848,180
Prepayments		47,479	50,527	-	-
Total current assets		<u>20,330,310</u>	<u>21,635,516</u>	<u>15,922,761</u>	<u>17,023,025</u>
TOTAL ASSETS		<u>20,330,310</u>	<u>21,635,516</u>	<u>15,922,761</u>	<u>17,023,025</u>
LIABILITIES AND SHAREHOLDERS' EQUITY					
CURRENT LIABILITIES					
Accounts payable					
Third parties		70,149	74,653	1,638,427	1,751,642
Related companies		15,080,639	16,048,816	5,516,343	5,897,522
Derivative liabilities	2	64,118	68,234	1,531,868	1,637,720
Accrued liabilities and provisions		652,839	694,751	882,294	943,261
Corporate tax payable		-	-	1,237,840	1,323,375
Deferred unrealised gains	2	693,282	737,791	770,475	823,715
Total current liabilities		<u>16,561,027</u>	<u>17,624,245</u>	<u>11,577,247</u>	<u>12,377,235</u>
SHAREHOLDERS' EQUITY					
Share capital	4	100,000	85,960	100,000	85,960
Legal reserve		50,000	47,803	50,000	47,803
Available earnings		3,619,283	3,877,508	4,195,514	4,512,027
Total shareholders' equity		<u>3,769,283</u>	<u>4,011,271</u>	<u>4,345,514</u>	<u>4,645,790</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u>20,330,310</u>	<u>21,635,516</u>	<u>15,922,761</u>	<u>17,023,025</u>

See notes to the financial statements

STEMCOR RISK MANAGEMENT AG, ZUG**INCOME STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2011**
(with 2010 comparative figures)

		<u>2011</u>		<u>2010</u>	
	<u>NOTES</u>	<u>CHF</u>	<u>USD</u>	<u>CHF</u>	<u>USD</u>
Turnover	2	272,924,492	309,168,864	254,461,307	244,766,331
Cost of goods sold		<u>(273,405,315)</u>	<u>(309,713,540)</u>	<u>(247,820,370)</u>	<u>(238,378,414)</u>
GROSS (LOSS)/ PROFIT		(480,823)	(544,676)	6,640,937	6,387,917
OPERATING EXPENSES					
General and administrative expenses		<u>(1,465,208)</u>	<u>(1,659,788)</u>	<u>(1,813,197)</u>	<u>(1,744,114)</u>
Total operating expenses		<u>(1,465,208)</u>	<u>(1,659,788)</u>	<u>(1,813,197)</u>	<u>(1,744,114)</u>
OPERATING (LOSS)/ PROFIT		(1,946,031)	(2,204,464)	4,827,740	4,643,803
OTHER INCOME/ (EXPENSES)					
Interest income		272	308	-	-
Interest expense		(42,739)	(48,415)	(5,732)	(5,514)
Unrealised mark to market losses	2	(60,235)	(68,234)	(818,921)	(787,720)
Realised mark to market gains/ (losses)	2	1,445,727	1,637,720	-	-
Translation differences	2	<u>(16,098)</u>	-	<u>(480,520)</u>	-
Total other income / (expenses)		<u>1,326,927</u>	<u>1,521,379</u>	<u>(1,305,173)</u>	<u>(793,234)</u>
(LOSS)/ PROFIT BEFORE TAXATION		(619,104)	(683,085)	3,522,567	3,850,569
TAXATION		<u>42,873</u>	<u>48,566</u>	<u>(1,341,257)</u>	<u>(1,290,155)</u>
NET (LOSS)/ PROFIT FOR THE YEAR		(576,232)	(634,519)	2,181,310	2,560,414
AVAILABLE EARNINGS, BEGINNING OF THE YEAR		<u>4,195,514</u>	<u>4,512,027</u>	<u>2,014,204</u>	<u>1,951,813</u>
AVAILABLE EARNINGS, END OF THE YEAR		<u>3,619,283</u>	<u>3,877,508</u>	<u>4,195,514</u>	<u>4,512,027</u>

See notes to the financial statements




STEMCOR RISK MANAGEMENT AG, ZUG

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2011 (with 2010 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 income statement is translated at the average exchange rate for the year. The loss resulting from this translation is charged to the income statement, 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.

STEMCOR RISK MANAGEMENT AG, ZUG

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR TO DECEMBER 31, 2011 (with 2010 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, 2011 and 2010 the Company had no material contingent liabilities other than the normal course of trade.

6. BALANCES WITH MF GLOBAL UK LIMITED

At December 31, 2011 the Company had trade accounts receivable from MF Global UK Limited ("MFG UK") of CHF 1,812,894 and derivative assets relating to MFG UK of CHF 629,994. Recoverability of these assets is uncertain. Based on current market indications of 55 to 61 cents on the dollar received from various financial parties interested in acquiring the Company's unsecured MFG UK claim, an impairment provision of 50% against these balances has been made.

7. 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, 2011 amounting to CHF 3,619,283 be carried forward.
