Metsec plc

Directors' report and financial statements

Registered number 1551970

For the year ended 31 March 2012

Contents

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 March 2012

Business review and principal activities

The principal activities of the company are the manufacture of structural components and custom roll formed sections

The turnover of the company has increased by 9 4% to £80 6 million *(2011 £73 7 million)* The result for the company shows a pre-tax profit of £14 5 million *(2011 £8 6 million)*

The company has net assets of £18 8 million *(2011 restated £15 1 million)*

The directors are happy with the financial results and anticipate the current level of activity will be sustained for the next 12 months

In the last financial year there have been no significant changes in the company's principal activities

Risk management

Metsec's risk management process is in line with voestalpine Group's risk management policy A systematic risk management approach has been practiced since the 2000/01 business year This is an integral part of Metsec's business processes and an important factor for sustainable corporate success

It extends to both the strategic and operational levels For the most important risk areas the following preventive measures have been taken by Metsec

Raw materials

Regarding the long-term sustainability of raw materials and energy supply, for a number of years, Metsec has been implementing a procurement strategy to ensure continuity of supply, its core element is expanding the portfolio of suppliers

IT systems

In order to minimize IT risks to the greatest degree possible (particularly the threat to data security and the breakdown of critical systems) Metsec is complying to voestalpine groupwide minimum standards in electronic data processing

Liquidity Risk

An essential instrument in the control of the liquidity risk is precise financial planning Metsec submits these plans directly to the Group treasury of voestalpine AG on a revolving basis Appropriate financing and credit lines are established with the voestalpine AG treasury

Credit Risk

The credit risk of Metsec's transactions is kept low by means of precise management of debtor levels and credit limits A large proportion of transactions are secured by credit insurance policies

Currency Risk

Hedging occurs because of naturally closed positions, where, for example, trade debtors denominated in Euros are offset by trade creditors for purchases of raw materials denominated in Euros In addition, derivative financial instruments are utilised by the voestalpine AG treasury department for hedging purposes

Research and development

We continue to invest in our manufacturing equipment and software development to improve our competitiveness The directors regard the investment in research and development as integral to the continuing success of the business

Directors' report *(continued)*

Dividends and transfers to reserves

Dividends paid comprise of an interim dividend in respect of the year ended 31 March 2012 of £4,419,000 *(2011 £1,704,000)* The profit for the year of £10,714,000 *(2011 profit of £6,899,000)* has been transferred to reserves

Market value of land and buildings

In the opinion of the directors, the market value of the land and buildings of the company exceeds the book values of these assets at 31 March 2012

Directors

The directors who held office during the year were as follows

W Spreitzer
H Eibensteiner
J E Andrews
H Punz
DC Leggett
T Baumgartner
NA Richardson
G Felderer (appointed 23 April 2012)

Disabled persons

Metsec plc has an established policy of encouraging the employment of disabled persons wherever this is practicable The company endeavours to ensure that disabled employees benefit from training and career development programmes in common with all employees Employees who become disabled during their working life will be retained in employment wherever possible, and will be given help with any necessary rehabilitation and retraining

Employee involvement

Communication with employees is effected through information bulletins, by briefing meetings conducted by senior management and by employee representation on works councils Briefing meetings and councils enable senior management to consult employees and to ascertain their views on matters likely to affect their interest

Creditor payment policy

It is the company's policy to pay suppliers in accordance with their agreed terms and conditions Such terms and conditions are agreed with the suppliers in advance of each transaction type and the company aims to comply with such terms once satisfactory performances of the service or receipt of goods is achieved The total amount of trade creditors falling due within one year at the year end represents 104 days *(2011 108 days)* worth of purchases as a proportion of the total amount invoiced

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

Directors' report *(continued)*

Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office

By order of the board

T Baumgartner
Director

Broadwell Road
Oldbury
B69 4HF

17 July 2012

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

The directors are responsible for preparing the 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

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 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities

KPMG LLP
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH
United Kingdom

Independent auditor's report to the members of Metsec plc

We have audited the financial statements of Metsec plc for the year ended 31 March 2012 set out on pages 7 to 25 The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK 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 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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 4, 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 (APB's) Ethical Standards for Auditors

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www frc org uk/apb/scope/private cfm

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 March 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

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 auditor's report to the members of Metsec plc *(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 by the company, or returns adequate for our audit have not been received from branches not visited by us, or
- the company 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

X Timmermans , Senior Statutory Auditor
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

17 July 2012

Profit and loss account

for the year ended 31 March 2012

	Note	2012 £000	2011 £000
Turnover	3	**80,575**	73,662
Cost of sales		**(55,282)**	(52,488)
Gross profit		**25,293**	21,174
Distribution costs		**(4,746)**	(5,213)
Administrative expenses		**(7,346)**	(7,142)
Other income	*5*	**1,500**	-
Operating profit	*4*	**14,701**	8,819
Interest receivable	*8*	**44**	-
Interest payable and similar charges	*9*	**(271)**	(234)
Other finance income	*23*	**39**	12
Profit on ordinary activities before taxation		**14,513**	8,597
Tax on profit on ordinary activities	*10*	**(3,799)**	(1 698)
Profit for the financial year	*20*	**10,714**	6 899

There is no difference between the profit on ordinary activities before taxation and the result for the year stated above and their historical cost equivalents other than the depreciation on revalued element of buildings of £30,000 *(2011 £30,000)*

Balance sheet
as at 31 March 2012

	Note	2012 £000	2012 £000	2011 (restated) £000	2011 (restated) £000
Fixed assets					
Intangible assets	12		-		-
Tangible assets	13		21,900		23,567
Investments	14		-		-
			21,900		23,567
Current assets					
Stocks	15	8,636		7,002	
Debtors	16	17,377		10,322	
Cash at bank and in hand		818		78	
		26,831		17,402	
Creditors. amounts falling due within one year	17	(24,957)		(22,487)	
Net current assets/(liabilities)			1,874		(5,085)
Total assets less current liabilities			23,774		18,482
Provisions for liabilities and charges	18		(632)		(981)
Net assets excluding pension liabilities			23,142		17,501
Pension liabilities	23		(4,347)		(2,373)
Net assets including pension liabilities			18,795		15,128
Capital and reserves					
Called up share capital	19		1,583		1,583
Share premium account	20		788		788
Revaluation reserve	20		1,815		1,845
Profit and loss account	20		14,609		10,912
Equity shareholder's funds	21		18,795		15,128

These financial statements were approved by the board of directors on 17 July 2012 and were signed on its behalf by

JR Andrews
Director

Company number 1551970

Statement of total recognised gains and losses
for the year ended 31 March 2012

	2012	2011 (restated)
	£000	£000
Profit for the financial year	**10,714**	6,899
Actuarial (loss)/gain recognised in the pension scheme during the year (note 23)	**(3,093)**	138
Deferred tax relating to actuarial (loss)/gain	**804**	(38)
Impact of change in tax rate on the pension liabilities	**(114)**	(64)
Total recognised gains and losses relating to the financial year	**8,311**	6,935
Prior year adjustment (as explained in note 2)	**(1,702)**	
Total recognised gains and losses since last annual report	**6,609**	

Notes
(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards, and under the historical cost accounting rules, modified to include the revaluation of land and buildings The company has previously applied the transitional rules contained in FRS 15 to retain the book value of fixed assets at their previously revalued amounts No further revaluations will be undertaken

The company is exempt by virtue of Section 401 of the Companies Act 2006 from the requirement to prepare group financial statements These financial statements present information about the company as an individual undertaking and not about its group

Under FRS 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements

As the company is a wholly owned subsidiary of voestalpine AG, the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with wholly owned subsidiaries which form part of the group

Going concern

The company's business activities, together with the factors likely to affect its future development and position are set out in the Business Review section of the Directors' Report on page 1 The company is expected to continue to generate positive operating cash flows for the foreseeable future On the basis of their assessment of the company's financial position, the company's directors have a reasonable expectation that the company will continue in operational existence for the foreseeable future and have therefore adopted the going concern assumption as a basis of accounting in preparing the financial statements

Goodwill

Goodwill, which represents the excess of the fair value of the consideration for the trade and assets of subsidiaries over the fair values of the assets acquired, is capitalised and stated at historical cost less provisions for amortisation and impairment

Amortisation of goodwill is provided from the date of acquisition so as to write off the goodwill, on a straight line basis over the term of its useful economic life

Fixed assets and depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows

Freehold buildings	- maximum of 2% per annum
Leasehold land and buildings	- term of lease
Plant and machinery	- 7 5% to 20% per annum
Fixtures and fittings	- 33 3% per annum

No depreciation is provided on freehold land

Interest and other financial costs are not capitalised

Notes *(continued)*

1 Accounting policies *(continued)*

Impairment of assets

The company undertakes a review for impairment of a fixed asset if events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable To the extent that the carrying amount exceeds the recoverable amount, that is the higher of the net realisable value and value in use, the fixed asset is written down to its recoverable amount The value in use is determined from estimated discounted future cash flows

Fixed asset investments

Fixed asset investments are stated at cost less any provision necessary for permanent diminution in value

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses are included in the profit and loss account

Grants

Capital based grants are included with accruals and deferred income in the balance sheet and credited to the profit and loss account over the estimated useful economic lives of the assets to which they relate

Leases

Assets obtained under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their estimated useful economic lives The finance charges are allocated to the year to which they relate The cost of operating leases are charged to the profit and loss account on a straight-line basis over the lease term

Pensions

The company operates a defined contribution pension scheme The assets of the scheme are held separately from those of the company in an independently administered fund The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period

The company also operates a pension scheme providing benefits based on final pensionable pay The assets of the scheme are held separately from those of the company

Pension scheme assets are measured using market values Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability

The pension scheme surplus (to the extent that it is recoverable) or deficit is recognised in full The movement in the scheme surplus/deficit is split between operating charges, finance items and, in the statement of total recognised gains and losses, actuarial gains and losses

Research and development expenditure

Expenditure on research and development is written off to the profit and loss account in the year in which it is incurred

Notes *(continued)*

1 Accounting policies *(continued)*

Stocks and work in progress

Stocks and work in progress are valued at the lower of cost and net realisable value

Cost is calculated as follows

- raw materials and bought out parts purchase price, and
- work in progress and finished goods raw material cost plus direct labour and an appropriate proportion of manufacturing overheads

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19

Turnover

Turnover, which excludes value added tax, represents the invoiced value of goods delivered

Derecognition of assets and liabilities

Where a contract is entered into which transfers substantially all of the risks and rewards associated with an asset to a third party in exchange for an advance on the settlement value of that asset, the asset and the associated liability resulting from the advance are presented in the accounts on a net basis

Share based payments

The share option programme allows employees to acquire shares of the ultimate parent company, voestalpine AG The fair value of options granted is recognised as an employee expense with a corresponding increase in equity The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options The fair value of the options granted is measured using an option pricing model, taking into account the terms and conditions upon which the options were granted The amount recognised as an expense is adjusted to reflect the actual number of share options that vest except where forfeiture is only due to share prices not achieving the threshold for vesting

Dividends on shares presented within shareholder's funds

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the company Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements

2 Restatement

The FRS 17 valuation of the pension scheme which forms the basis of the pension liability in the financial statements, requires a company to quantify its commitment to past and future retirement benefit obligations Previously, the company was still reviewing its obligation in respect of certain retirement benefits relating to the equalisation of retirement ages and as a consequence did not include these obligations within the pension liability During the current year, the company has completed its review of these obligations and the company is now able to quantify and account for the impact of including these

Notes *(continued)*

2 Restatement *(continued)*

The prior year adjustment amounts to £1,702,000 comprising an increase in the pension liability of £2,300,000 and an increase in the corresponding deferred tax asset of £598,000 The increase in the pension liability of £2,300,000 arises in respect of service between October 1993 and June 2009 and has therefore been adjusted through retained reserves As this adjustment has no impact on current service cost and no material impact on the interest cost, no restatement of the profit & loss account for the year ended 31 March 2011 is required The corresponding adjustment to the associated deferred tax asset is £598,000 of which £644,000 has been adjusted through retained reserves and £46,000 has been taken through the statement of recognised gains and losses for the year ended 31 March 2011, reflecting the change in the corporation tax rate in that period

3 Turnover

The directors are of the opinion that only one major class of business is being undertaken, namely that of manufacturing structural components and roll formed sections The origin of all the company's trading is the United Kingdom

	2012	2011
	£000	£000
Geographical analysis by destination		
United Kingdom	**77,110**	69,514
Rest of Europe	**2,147**	3,312
Other	**1,318**	836
	80,575	73,662

4 Operating profit

	2012	2011
	£000	£000
Operating profit is stated after charging.		
Depreciation of owned assets	**2,667**	3,067
Hire of equipment	**145**	170
Rentals under operating leases		
Plant and vehicles	**356**	312
Others	**64**	193
Loss on disposal of fixed assets	**-**	6
Auditor's remuneration·		
Audit of these financial statements	**55**	48

5 Other income

Following the settlement of a legal dispute, the company was awarded a payment of £1,500,000, which has been recognised as other income

Notes *(continued)*

6 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows

	Number of employees	
	2012	2011
Production	**192**	190
Sales and distribution	**37**	37
Administration	**90**	86
	319	313

The aggregate payroll costs of these persons were as follows

	2012	2011
	£000	£000
Wages and salaries	**10,493**	10,301
Social security costs	**1,096**	889
Other pension costs (note 23)	**630**	620
	12,219	11,810

7 Remuneration of directors

	2012	2011
	£000	£000
Directors' emoluments	**769**	707
Company contributions to money purchase pension scheme	**51**	40
	820	747

One of the directors was a member of the group defined benefit pension scheme *(2011 one)*, and three directors are member of the money purchase pension scheme *(2011 three)*

One director exercised share options in the year *(2011 none)*

	2012	2011
	£000	£000
Highest paid director		
Director's emoluments	**290**	274
Contributions to money purchase pension scheme	**22**	20

8 Interest receivable

	2012	2011
	£000	£000
On amounts due from group undertakings	**44**	-

Notes *(continued)*

9 Interest payable and similar charges

	2012 £000	2011 £000
On amounts due to group undertakings	-	40
On bank loans and overdrafts	271	194
	271	234

10 Taxation

Analysis of charge in year

	2012 £000	£000	2011 £000	£000
UK corporation tax				
Current tax on income for the year	3,883		2,675	
Adjustment in respect of prior years	114		(623)	
Total current tax		3,997		2,052
Deferred tax (note 18)				
Origination/reversal of timing differences	89		(116)	
Adjustment in respect of prior years	(132)		(65)	
Effect of rate change	(155)		(173)	
Total deferred tax		(198)		(354)
Tax on profit on ordinary activities		3,799		1,698

Factors affecting the tax charge for the current year

The current tax charge for the year is higher *(2011 lower)* than the standard rate of corporation tax in the UK of 26% *(2011 28%)* The differences are explained below

	2012 £000	2011 £000
Current tax reconciliation		
Profit on ordinary activities before tax	14,513	8,597
Current tax at 26% *(2011 28%)*	3,773	2,407
Effects of		
Expenses not deductible for tax purposes	193	201
Depreciation in excess of capital allowances	62	104
Other short term timing differences	(145)	(37)
Adjustment in respect of prior years	114	(623)
Total current tax charge (see above)	3,997	2 052

Notes *(continued)*

10 Taxation *(continued)*

Factors that may affect the future tax charge

The 2012 Budget on 21 March 2012 announced that the UK corporation tax rate will reduce to 22% by 2014 A reduction in the rate from 26% to 25% (effective from 1 April 2012) was substantively enacted on 5 July 2011, and a further reduction to 24% (effective from 1 April 2012) was substantively enacted on 30 March 2012

This will reduce the company's future current tax charge accordingly The deferred tax liability at 31 March 2012 has been calculated based on the rate of 24% substantively enacted at the balance sheet date

It has not yet been possible to quantify the full anticipated effect of the announced further 2% rate reduction, although this will further reduce the company's future current tax charge and reduce the company's deferred tax liability accordingly

11 Dividends

The aggregate amount of dividends comprises

	2012	2011
	£000	£000
Dividends paid	**4,419**	1,704

12 Intangible fixed assets

	Goodwill
	£000
Cost	
At 31 March 2011 and at 31 March 2012	**115**
Accumulated amortisation	
At 31 March 2011 and at 31 March 2012	**115**
Net book amount	
At 31 March 2011 and at 31 March 2012	**-**

Notes *(continued)*

13 Tangible fixed assets

	Land and buildings £000	Plant and machinery £000	Fixtures and fittings £000	Total £000
Cost or valuation				
At beginning of year	16,289	26,300	5,740	48,329
Additions	57	32	916	1,005
Disposals	(61)	-	(309)	(370)
At end of year	16,285	26,332	6,347	48,964
At cost	10,859	26,332	6,347	43,538
At open market valuation in 1990	5,426	-	-	5,426
	16,285	26,332	6 347	48,964
Depreciation				
At beginning of year	4,716	15,368	4,678	24,762
Charge for year	542	1 707	418	2,667
Disposals	(61)	-	(304)	(365)
At end of year	5,197	17,075	4 792	27 064
Net book value				
At 31 March 2012	**11,088**	**9,257**	**1,555**	**21,900**
At 31 March 2011	11,573	10,932	1,062	23,567

The net book value of land and buildings comprises freehold properties of £11,088,000 *(2011 £11,573,000)* and long leaseholds of £Nil *(2011 £Nil)*

Prior to the adoption of FRS 15 (Tangible fixed assets) on 31 March 2000 it was company policy to revalue its freehold land and buildings Freehold land and buildings were revalued in 1990 on the basis of open market values for existing use The transitional provisions in FRS 15 have been applied and previous revaluations have been retained From 31 March 2000 it is company policy not to revalue its fixed assets

If freehold land and buildings had not been revalued, total land and buildings, including those which have not been subject to revaluation, would have been included on a historic cost basis at the following amounts

	2012 £000	2011 £000
Cost	**14,141**	14 145
Accumulated depreciation	**(4,868)**	(4.417)
Historical cost value	**9,273**	9.728

Notes *(continued)*

14 Investments

Analysis of investments

The value of investments held by the company is £Nil *(2011 £Nil)*

Details of the principal subsidiaries are

	Proportion of ordinary shares	Country of incorporation	Nature of business
Metal Sections Limited	100%	England	Non trading
Stratford Joists Limited	100%	England	Non trading

15 Stocks

	2012 £000	2011 £000
Raw materials	**6,238**	4,343
Work in progress and finished goods	**2,398**	2,659
	8,636	7,002

16 Debtors

	2012 £000	2011 £000
Trade debtors	**578**	2,745
Amounts due from group undertakings	**16,210**	7,529
Prepayments and accrued income	**589**	48
	17,377	10,322

Amounts owed by group undertakings are unsecured, interest free and have no fixed date of repayment

17 Creditors: amounts falling due within one year

	2012 £000	2011 £000
Trade creditors	**17,798**	17,640
Amounts owed to group undertakings	**596**	206
Corporation tax	**2,371**	1,347
Social security costs and other taxes	**1,468**	846
Other creditors	**284**	176
Accruals and deferred income	**2,440**	2,272
	24,957	22,487

Amounts owed to group undertakings are unsecured, interest free and have no fixed date of repayment

Notes *(continued)*

18 Provisions for liabilities and charges

Deferred tax

	Deferred tax asset on pension liabilities (Restated) *(note 23)* £000	Other deferred taxation £000
At beginning of year	834	(981)
(Charge)/credit to profit and loss account for the year	(151)	349
Recognised in the statement of total recognised gains and losses	690	-
At end of year	**1,373**	**(632)**

Analysis of other deferred tax

	2012 Provided £000	2011 Provided £000
Capital allowances in excess of depreciation	**958**	1,207
Short term timing differences	**(326)**	(226)
	632	981

Deferred tax has not been provided on revaluations of fixed assets This tax will only become payable if the assets are sold and rollover relief is not obtained The estimated amount of tax that would become payable in these circumstances is £436,000 *(2011 £480,000)*

19 Called up share capital

	2012 £000	2011 £000
Called up, allotted and fully paid		
15,832,370 Ordinary shares of 10p each	**1,583**	1,583

Notes *(continued)*

20 Share premium and reserves

	Share premium £000	Revaluation reserve £000	Profit and loss account £000
At beginning of year as previously stated	788	1 845	12,614
Prior year adjustment	-	-	(1,702)
At beginning of year as restated	788	1,845	10,912
Retained profit for the financial year	-	-	10,714
Dividends paid (note 11)	-	-	(4,419)
Transfers	-	(30)	30
Actuarial loss recognised in the pension scheme during the year	-	-	(3,093)
Movement on deferred tax relating to actuarial loss in the pension scheme	-	-	804
Impact of change in tax rate on the pension liabilities	-	-	(114)
Share based payments	-	-	(225)
At end of year	**788**	**1,815**	**14,609**

21 Reconciliation of movements in shareholder's funds

	2012 £000	2011 (Restated) £000
Profit for the financial year	10,714	6,899
Dividends paid	(4,419)	(1,704)
Retained profit	6,295	5,195
Actuarial (loss)/gain on pension scheme	(3,093)	138
Deferred tax relating to actuarial (loss)/gain	804	(38)
Impact of change in tax rate on the pension liabilities	(114)	(64)
Share based payments	(225)	-
Net addition to shareholder's funds	3,667	5,231
Equity shareholder's funds at beginning of year (originally £16,830,000 before prior year adjustment of £1 702,000)	15,128	9,897
Equity shareholder s funds at end of year	18,795	15 128

22 Financial commitments

a) Capital commitments at the end of the financial year for which no provision has been made, are as follows

	2012 £000	2011 £000
Contracted	146	9

Notes *(continued)*

22 Financial commitments *(continued)*

b) At 31 March 2012, the company had annual commitments under operating leases which expire as follows

	Land and buildings		Other	
	2012	2011	**2012**	2011
	£000	£000	**£000**	£000
Leases which expire				
Within one year	**-**	-	**77**	134
Within two to five years	**-**	170	**217**	127
	-	170	**294**	261

23 Pension commitments

The company operates a defined contribution pension scheme The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £367,000 *(2011 £352,000)*

There were no outstanding or prepaid contributions at either the beginning or end of the financial year

The company operates the Metal Sections pension Scheme (1982), a pension scheme providing benefits based on final pensionable pay The latest full actuarial valuation was carried out at 31 January 2012 by a qualified independent actuary and updated on an approximate basis to 31 March 2012

The contributions made by the employer over the financial year has been £304,000 *(2011 £310,000)* Additional contributions amounting to £Nil *(2011 £109,000)* in respect of benefit augmentations have also been paid A lump sum payment of £500,000 in respect of the funding shortfall has also been paid during the year

The major assumptions used by the actuary were

	2012	2011	2010
	%	%	%
Rate of discount	**4.60%**	5 50%	5 60%
Inflation (RPI)	**3.25%**	3 50%	3 80%
Inflation (CPI)	**2.50%**	-	-
Salary increases	**3 25%**	3 60%	3 80%
Allowance for revaluation of deferred pensions of RPI or 5% p a if less	**-**	3 50%	3 80%
Allowance for revaluation of deferred pensions of CPI or 5% p a if less	**2.50%**	-	-
Allowance for pension in payment increases of RPI or 5% p a if less	**3 25%**	3 50%	3 80%
Allowance for pension in payment increases of RPI or 2 5% p a if less	**2 50%**	2 50%	2 50%
Allowance for communication of pension for cash at retirement	**-**	-	-

Notes *(continued)*

23 Pension commitments *(continued)*

The assets in the scheme as at 31 March 2012

	Value at 31 March 2012	Value at 31 March 2011 (Restated)	Value at 31 March 2010 (Restated)
	£000	£000	£000
Equities	**2,254**	4,184	4,455
Bonds	**22,414**	19,340	18,253
Property	**2,271**	1,016	976
Cash	**30**	114	67
Total market value of assets	**26,969**	24,654	23,751
Present value of scheme liabilities	**(32,689)**	(27,861)	(27,259)
Deficit in scheme	**(5,720)**	(3,207)	(3,508)
Related deferred tax asset (note 18)	**1,373**	834	982
Deficit in scheme	**(4,347)**	(2,373)	(2,526)

Movement in present value of defined benefit obligation

	2012	2011
	£000	£000
At beginning of year (as restated)	**27,861**	27,259
Current service cost	**263**	268
Interest cost	**1,396**	1,379
Contributions by scheme participants	**84**	86
Actuarial loss/(gain)	**3,930**	(90)
Benefits paid	**(845)**	(1,041)
At end of year	**32,689**	27,861

Movements in fair value of plan assets

	2012	2011
	£000	£000
At beginning of year	**24,654**	23,751
Expected return on plan assets	**1,435**	1,391
Actuarial gains	**837**	48
Contributions by employer	**804**	419
Contributions by scheme participants	**84**	86
Benefits paid	**(845)**	(1,041)
At end of year	**26,969**	24,654

Notes *(continued)*

23 Pension commitments *(continued)*

	2012 **£000**	2011 £000
Current service costs	**263**	268

Analysis of amount charged to other finance income

	2012 **£000**	2011 £000
Expected return on pension scheme assets	**1,435**	1,391
Interest on pension scheme liabilities	**(1,396)**	(1,379)
	39	12

Analysis of amount recognised in the statement of total recognised gains and losses

	2012 **£000**	2011 £000
Actual return less expected return on pension scheme assets	**837**	48
Experience gains and losses arising on the scheme liabilities	**(282)**	(10)
Changes in financial assumptions underlying the scheme liabilities	**(3,648)**	100
Actuarial (loss)/gain recognised in statement of total recognised gains and losses	**(3,093)**	138

Movements in deficit during the year

	2012 **£000**	2011 £000
Deficit as at 31 March (restated)	**(3,207)**	(3,508)
Current service cost	**(263)**	(268)
Contributions	**804**	419
Other finance income	**39**	12
Actuarial (loss)/gain	**(3,093)**	138
Deficit as at 31 March	**(5,720)**	(3,207)

Notes *(continued)*

23 Pension commitments *(continued)*

History of experience gains and losses

	2012	2011 (Restated)	2010 (Restated)	2009*	2008*
	%	%	%	%	%
Difference between expected and actual return on scheme assets					
Amount (£000)	**837**	48	4,685	(4,770)	(2,246)
Percentage of schemes assets	**3%**	0%	20%	(25%)	(9%)
Experience gains and losses on scheme liabilities					
Amount (£000)	**(2,582)**	(10)	(502)	1,020	(238)
Percentage of the present value of schemes liabilities	**(8%)**	0%	(2%)	5%	(1%)
Effects of changes in the demographic and financial assumptions underlying the present value of the scheme liabilities					
Amount (£000)	**(1,348)**	100	(4,959)	1,336	2,328
Percentage of present value of scheme's liabilities	**(4%)**	0%	(18%)	7%	10%
Total amount recognised in statement of total recognised gains and losses					
Amount (£000)	**(3,093)**	138	(776)	(2,414)	(156)
Percentage of the present value of schemes liabilities	**(9%)**	0%	(3%)	(13%)	(1%)

*2008 and 2009 figures are also affected by the restatement in note 2, however have not been restated above

24 Employee share schemes

A stock option programme ("Stock Option Programme 2006") was approved at the Annual Shareholders Meeting of voestalpine AG on 5 July 2006 This stock option programme provides awards of shares of voestalpine AG and its subsidiaries

The voestalpine Group wishes to give its management and senior executives in key positions a share in the growing value of the company in order to create incentives in the interest of increasing the company's value still further and developing even stronger employee loyalty The exercise of the options is therefore primarily contingent on the performance of the prices of the voestalpine shares

This scheme is open to all UK employees who are members of the Management Board and management, as well as senior executives of voestalpine AG and of major Group companies, and are only available for disposition after a three year period (the vesting period), during which the employee is required to remain in employment with the company In the event of termination of employment by a participant prior to lapse of the restriction the options are forfeited on the date of termination, unless (i) the termination results from the participant's death or permanent and total disability, or (ii) the Compensation Committee affirmatively determine to seek forfeiture of the option in whole or in part

Notes *(continued)*

24 Employee share schemes *(continued)*

The compensation expense related to the Stock Option Programme 2006 are recognised in the profit and loss account over a three year period on a straight line basis This expense is included in administrative expenses and amounted to a net charge of £Nil *(2011 £Nil)*

The number of share options is as follows

	2012 Number of options	2011 Number of options
Outstanding at beginning of year	**48,000**	48,000
Exercised in the year	**(48,000)**	-
Outstanding at end of year	-	48,000

The participants can exercise the options against payment of the exercise price, which is equal to the average share price of voestalpine AG's shares during the period between 1 August 2007 and 30 September 2007

25 Ultimate parent company

The immediate parent undertaking is Voest Alpine Krems UK plc, a company incorporated in England and Wales

The ultimate parent undertaking and controlling party is voestalpine AG, a company incorporated in Austria voestalpine AG is the parent undertaking of the smallest and largest group to consolidate these financial statements Copies of the voestalpine AG consolidated financial statements can be obtained from the Company Secretary of Metsec plc, Broadwell Road, Oldbury, Warley, West Midlands, B69 4HF