Klöckner UK France Holding Limited

Directors' report and financial statements

Registered number 5310738

31 December 2012

Contents

Directors' report

The directors present their directors' report and the financial statements for the year ended 31 December 2012

Principal activity

The company is a holding company The principal activity of its subsidiary companies is metals distribution

Business review

During the year an investment in Armstrong Steel Limited was transferred from an intermediate group holding company to Klockner UK France Holding Limited

Following the prior year transfer of the trade and assets of ASD Interpipe Limited and ASD Multitubes Limited, dividends were paid distributing all available reserves and a provision has been made to write these investments down to their net asset value

On 24 September 2012, Klöckner Metal Services Limited passed a resolution to reduce its issued share capital to £100, and made a capital distribution on £2,568,000 On 1 October 2012 that company was placed into members voluntary liquidation

The profit for the financial year was £4,393,000 *(2011 loss of £2,159,000)*

Dividends

The directors do not recommend the payment of a final dividend *(2011 £nil)*

Directors and their interests

The directors are not required to resign by rotation

Details of the directors during the year and at the date of this report are set out below

N Skelton	(appointed 27 June 2011)
K Avaliani	
K Devonport	(resigned 15 June 2011)

None of the directors in office at the year-end has any interest in the shares of the company or its subsidiary undertakings

Certain directors benefit from qualifying third party indemnity provisions in place during the financial year and at the date of this report

Disclosure of information to auditor

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 auditor is unaware, and each director has taken all the steps that he/ she ought to have taken as a director to make himself/ herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information

Auditor

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

By order of the board

N Skelton
Director

Valley Farm Road
Stourton
Leeds
LS10 1SD
2 May 2013

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

KPMG LLP
1 The Embankment
Neville Street
Leeds
LS1 4DW
United Kingdom

Independent auditor's report to the members of Klöckner UK France Holding Limited

We have audited the financial statements of Klockner UK France Holding Limited for the year ended 31 December 2012 set out on pages 5 to 13 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 auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 2, 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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www frc org uk/auditscopeukprivate

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 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 Klöckner UK France Holding 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

Mike Barradell (Senior Statutory Auditor)

For and on behalf of

KPMG LLP
Statutory Auditor

Chartered Accountants
1 The Embankment
Leeds
West Yorkshire
LS1 4DW

2 May 2013

Profit and loss account

for the year ended 31 December 2012

	Note	2012 £000	2011 £000
Administrative expenses		(66)	(180)
Impairment of investments in subsidiary undertakings	2	(10,590)	-
Operating loss		(10,656)	(180)
Interest payable and similar charges	3	(1,850)	(1,979)
Dividend income from shares in group undertakings		16,899	-
Profit/(loss) on ordinary activities before taxation	2-4	4,393	(2,159)
Tax on profit/loss on ordinary activities	5	-	-
Profit/(loss) for the financial year		4,393	(2,159)

The results for the year relate solely to continuing activities

There is no material difference between the results disclosed in the profit and loss account and the results on an unmodified historical cost basis

The company has no recognised gains or losses other than those reflected in the above profit and loss account

The notes on pages 7 to 13 form part of the financial statements

Balance sheet
at 31 December 2012

	Note	2012 £000	2011 £000
Fixed assets			
Investments	6	**96,850**	101,790
Current assets			
Cash at bank and in hand		**-**	48
Debtors	7	**6,214**	17
		6,214	65
Creditors: amounts falling due within one year	8	**(70,694)**	(4,773)
Net current liabilities		**(64,480)**	(4 708)
Creditors. amounts falling due after more than one year	9	**-**	(69,105)
Net assets		**32,370**	27,977
Capital and reserves			
Called up share capital	10	**1,800**	1,800
Profit and loss account	11	**30,570**	26,177
Shareholders' funds	12	**32,370**	27,977

The notes on pages 7 to 13 form part of the financial statements

These financial statements were approved by the Board of Directors on 2 May 2013 and are signed on its behalf by

N. Skelton

N Skelton
Director

Notes

(forming part of the financial statements)

1 Accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain land and buildings, and in accordance with applicable accounting standards

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 Klöckner & Co SE, the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties) The consolidated financial statements of Klöckner & Co SE, within which this Company is included, can be obtained from the address given in note 13

In determining whether the company's annual financial statements can be prepared on a going concern basis, the directors considered all factors likely to materially affect its future development, performance and its financial position, including cash flows, liquidity position and borrowing facilities and the risks and uncertainties relating to its business activities The group undertakes forecasts and projections of trading, cash flows and working capital requirements on a regular basis

The key factors considered by the directors were as follows

- the impact of the competitive environment within which the group operates,
- the potential actions that could be taken in the event that revenues are worse than expected, to ensure that operating profit and cash flows are protected,
- the parent company has issued a committed facility available for drawdown at the discretion of the UK sub-group totalling £75 million which expires in May 2014

The group's forecast and projections, taking account of possible changes in trading performance, show that the group should be able to operate within the level of its current facilities for the foreseeable future and accordingly, they continue to adopt the going concern basis of preparing the Directors' report and financial statements

Group accounts

The Company is exempt by virtue of s400 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

Investments

Investments in subsidiary undertakings are stated at cost less any provisions for diminution in value

Impairments excluding inventories and deferred tax assets

The carrying amounts of the Company's investment assets are reviewed at each balance sheet date to determine when there is any indication of impairment, a financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset If any such indication exists, the asset's recoverable amount is estimated

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount Impairment losses are recognised in the Profit and Loss Account

Notes *(continued)*

1 Accounting policies *(continued)*

Calculation of recoverable amount

The recoverable amount of investment assets is the greater of their fair value less costs to sell and value in use In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs

Taxation

The charge for taxation is based on the loss 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
Deferred tax assets are recognised to the extent that it is more likely than not that they will be recovered

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 on translation are included in the profit and loss account

2 Notes to the profit and loss account

		2012	2011
		£000	£000
Loss before tax is stated after charging.			
Impairment of fixed asset investments		**10,590**	-
Auditors' remuneration	- audit of these financial statements	**78**	10
	- other services – quarterly reviews	**12**	15

Notes *(continued)*

3 Interest

	2012 £000	2011 £000
Interest payable and similar charges:		
Amounts payable on group loans	**1,850**	1,979

4 Information regarding directors and employees

The directors received no remuneration from the company during the year The company had no employees in the year

Emoluments paid by other group companies to directors of the group are disclosed below

	2012 £000	2011 £000
Directors remuneration		
Directors' emoluments	**1,207**	1,231
Compensation for loss of office	-	55
Company contributions to money purchase pension schemes	**24**	10
	1,231	1,296
	No	No
Number of directors for whom pension benefits are accruing under a Money purchase scheme	**3**	1

	£000	£000
Highest paid director		
Emoluments	**350**	306

Notes *(continued)*

5 Taxation

	2012 £000	2011 £000
Current tax	-	-
Deferred tax	-	-
Tax on profit/(loss) on ordinary activities	-	-

Factors affecting the tax charge for the current year

The current tax charge for the year is different to the standard rate of corporation tax in the UK of 24 5% *(2011 26 5%)* The differences are explained below

	2012 £000	2011 £000
Current tax reconciliation		
Profit/(loss) on ordinary activities before tax	**4,393**	(2,159)
Current tax at 24 5% *(2011 26 5%)*	**1,076**	(572)
Effects of		
Income not assessable to tax	**(4,140)**	
Expenses not deductible for tax	**2,599**	13
Group relief not paid for or charged	**465**	559
Total current tax charge	-	-

An unrecognised deferred tax asset in respect of corporation tax losses totals £128,000 *(2011 £96,000)*

The directors have elected not to recognise the deferred tax asset as they do not believe with sufficient certainty, that they will be absorbed by forecast taxable profits in the foreseeable future

Notes *(continued)*

6 Investments in subsidiary companies

	Shares in subsidiary undertakings £000
Cost	
At 31 December 2011	101,790
Acquisition of shares in subsidiary undertaking on group re-organisation	5,650
At 31 December 2012	107,440
Provision	
At 31 December 2011	-
Impairment losses	10,590
At 31 December 2012	10,590
Net book amount	
At 31 December 2012	**96,850**
At 31 December 2011	101,790

The company has the following principal subsidiaries

	Country of registration	% owned
ASD Limited	England and Wales	100%
Armstrong Steel Limited	England and Wales	100%
ASD Westok Limited	England and Wales	100%
ASD Interpipe Limited	England and Wales	100%
ASD Multitubes Limited	England and Wales	100%

During the year an investment in Armstrong Steel Limited was transferred from an intermediate group holding company

Following the transfer of the trade and assets of ASD Interpipe Limited and ASD Multitubes Limited, dividends were paid distributing all available reserves and a provision has been made to write these investments down to their net asset value

On 24 September 2012, Klöckner Metal Services Limited passed a resolution to reduce its issued share capital to £100, and made a capital distribution on £2,568,000 On 1 October 2012 that company was placed into members voluntary liquidation

Notes *(continued)*

7 Debtors

	2012 £000	2011 £000
Amounts due to group undertakings	**6,212**	-
Other debtors	**2**	17
	6,214	17

8 Creditors: amounts falling due within one year

	2012 £000	2011 £000
Accruals and deferred income	**143**	95
Amounts owed to group undertakings	**70,551**	4,678
	70,694	4,773

Amounts owed to group undertakings include £49m that is repayable in May 2013 and interest accrues on this loan at LIBOR plus floating rate margin The average rate charged during the year on this loan was 2 6% *(2011 2 6%)* Subsequent to the year end the facility repayment date has been extended to May 2014

9 Creditors: amounts falling due after more than one year

	2012 £000	2011 £000
Amounts owed to group undertakings	**-**	69,105

A total committed group facility of £75 million is available for the Klöckner UK sub-group to drawdown which expires in May 2014

The Klockner group has entered into a multi-jurisdictional European asset backed securitisation (ABS) funded by an Irish FVC, Klöckner Receivables Funding Limited The trade debtor books of three subsidiary companies are securitised under this ABS scheme

Notes *(continued)*

10 Called up share capital

	2012 £	2011 £
Authorised		
1,800,000 ordinary shares of £1 each	**1,800,000**	1,800,000
Allotted, called up and fully paid		
1,800,000 ordinary shares of £1 each	**1,800,000**	1,800,000

11 Reserves

	Profit and loss account £000
At beginning of year	26,177
Profit for the financial year	4,393
At end of year	**30,570**

12 Reconciliation of movements in shareholders' funds

	2012 £000	2011 £000
Opening shareholders' funds	**27,977**	30,136
Profit/(loss) for the financial year	**4,393**	(2,159)
Closing shareholders' funds	**32,370**	27,977

13 Ultimate parent company

Klockner & Co SE, a company incorporated in Germany, is the parent company of the smallest and largest group of which the company is a member and for which group accounts are drawn up Copies of the accounts of Klöckner & Co SE may be obtained from

The Secretary
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