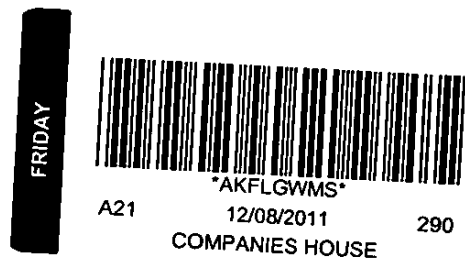


Metsec plc

**Directors' report and financial
statements**

**Registered number 1551970
For the year ended 31 March 2011**



Contents

Directors' report	1
Statement of directors' responsibilities in respect of the Directors' Report and the financial statements	4
Independent auditor's report to the members of Metsec plc	5
Profit and loss account	7
Balance sheet	8
Statement of total recognised gains and losses	9
Notes	10

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 March 2011

Business review and principal activities

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

The general economic upturn caused an increase of the turnover of 18.8% to £73.7 million (2010 £62 million). The result for the company shows a pre-tax profit of £8.6 million (2010 £3.1 million). To ensure the profitability all necessary steps to reduce the cost base and overheads were taken.

The last year has seen steady growth which reflects the significant investment which we made in 2008/09 which has allowed us to take advantage of strengthening markets by focusing on delivering quality products supported by high service levels.

The company has net assets of £16.8 million (2010 £11.6 million).

Future outlook

The UK economy is expected to be quite stable during 2011, with further growth potential as we move into 2012. The significant investment in our Engineering Division is paying dividends with higher quality at increased volumes reflecting improved margins. Building Products are also showing increased volumes in both industrial and commercial sectors, with improving margins. We are confident that our overall performance will build on last year's significant improvement.

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 level. 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.

Directors' report *(continued)*

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.

Dividends and transfers to reserves

Dividends paid during the year comprise an interim dividend in respect of the year ended 31 March 2011 of £1,704,000 (2010 £12,244,000). The profit for the year of £6,899,000 (2010 profit of £2,903,000) 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 2011.

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 (appointed 1 August 2010)

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 108 days (2010 97 days) worth of purchases as a proportion of the total amount invoiced.

Disclosure of information to auditors

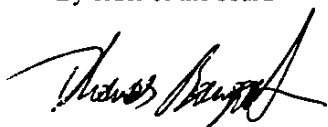
The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director to make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

27 July 2011

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 2011 set out on pages 7 to 24. 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

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

Basis for qualified opinion on financial statements

The FRS17 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 its past and future retirement benefit obligations. The company is currently reviewing its obligation in respect of certain retirement benefits and has therefore not included these in the calculation of its pension liability. The omission of these obligations, may result in the pension liability being understated. As no final valuation of the total pension scheme liability has been carried out, which includes the impact of all pension obligations it is not practicable for us to quantify the effect of this omission.

We qualified our audit opinion on the financial statements for the year ended 31 March 2010 with regard to this same disagreement.

Qualified opinion on financial statements

In our opinion, except for the possible effect of the matter described in the basis for qualified opinion on financial statements paragraph, the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2011 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

Independent auditor's report to the members of Metsec plc *(continued)*

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

Matters on which we are required to report by exception

As a result of our disagreement on the accounting treatment in respect of pension liabilities mentioned above we were unable to determine whether adequate accounting records have been kept

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

- 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



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

9 August 2011

Profit and loss account
for the year ended 31 March 2011

	<i>Note</i>	2011 £000	2010 £000
Turnover	2	73,662	62,008
Cost of sales		(52,488)	(45,761)
Gross profit		<u>21,174</u>	<u>16,247</u>
Distribution costs		(5,213)	(4,761)
Administrative expenses		(7,142)	(7,855)
Operating profit	3	<u>8,819</u>	3,631
Interest payable and similar charges	6	(234)	(327)
Other finance income/(expense)	20	12	(156)
Profit on ordinary activities before taxation		<u>8,597</u>	3,148
Tax on profit on ordinary activities	7	(1,698)	(245)
Profit for the financial year	17	<u><u>6,899</u></u>	<u><u>2,903</u></u>

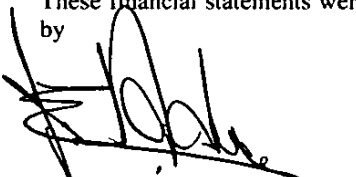
All activities derive from continuing operations

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 (2010 £30,000)

Balance sheet
as at 31 March 2011

	<i>Note</i>	2011		2010	
		£000	£000	£000	£000
Fixed assets					
Intangible assets	<i>9</i>		-		-
Tangible assets	<i>10</i>		23,567		26,432
Investments	<i>11</i>		-		-
			<hr/>		<hr/>
Current assets					
Stocks	<i>12</i>	7,002		5,917	
Debtors	<i>13</i>	10,322		4,349	
Cash at bank and in hand		78		12	
			<hr/>		<hr/>
Creditors amounts falling due within one year	<i>14</i>	17,402		10,278	
		<u>(22,487)</u>		<u>(22,906)</u>	
Net current liabilities			(5,085)		(12,628)
Total assets less current liabilities			18,482		13,804
Provisions for liabilities and charges	<i>15</i>		(981)		(1,381)
Net assets excluding pension liabilities			17,501		12,423
Pension liabilities	<i>20</i>		(671)		(870)
Net assets including pension liabilities			16,830		11,553
			<hr/>		<hr/>
Capital and reserves					
Called up share capital	<i>16</i>		1,583		1,583
Share premium account	<i>17</i>		788		788
Revaluation reserve	<i>17</i>		1,845		1,875
Profit and loss account	<i>17</i>		12,614		7,307
			<hr/>		<hr/>
Equity shareholder's funds	<i>18</i>		16,830		11,553
			<hr/>		<hr/>

These financial statements were approved by the board of directors on 27 July 2011 and were signed on its behalf by



JE Andrews
 Director

Company number 1551970

Statement of total recognised gains and losses
for the year ended 31 March 2011

	2011 £000	2010 £000
Profit for the financial year	6,899	2,903
Actuarial gain/(loss) recognised in the pension scheme during the year (note 20)	138	(776)
Deferred tax relating to actuarial gain/(loss)	(38)	209
Impact of change in tax rate on the pension liabilities	(18)	-
Total recognised gains and losses relating to the financial year	6,981	2,336

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, except as noted below

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, notwithstanding the company's net current liabilities.

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.

Notes (continued)

1 Accounting policies (continued)

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

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.

Notes (continued)

1 Accounting policies (continued)

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

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.

Notes (continued)

2 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.

	2011 £000	2010 £000
Geographical analysis by destination		
United Kingdom	69,514	57,835
Rest of Europe	3,312	3,009
Other	836	1,164
	73,662	62,008
	73,662	62,008

3 Operating profit

	2011 £000	2010 £000
<i>Operating profit is stated after charging:</i>		
Depreciation of owned assets	3,067	3,120
Hire of equipment	170	202
Rentals under operating leases		
Plant and vehicles	312	288
Others	193	193
Loss on disposal of fixed assets	6	281
<i>Auditor's remuneration:</i>		
Audit of these financial statements	48	47
	48	47
	48	47

4 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	
	2011 £000	2010 £000
Production	190	207
Sales and distribution	37	40
Administration	86	86
	313	333
	313	333

Notes (continued)

4 Staff numbers and costs (continued)

The aggregate payroll costs of these persons were as follows

	2011 £000	2010 £000
Wages and salaries	10,301	10,097
Share based payments (note 21)	-	(127)
Social security costs	889	868
Other pension costs (note 20)	620	719
	11,810	11,557
	11,810	11,557

5 Remuneration of directors

	2011 £000	2010 £000
Directors' emoluments	707	503
Company contributions to money purchase pension scheme	40	45
Share based payments (note 21)	-	(127)
	747	421
	747	421

One of the directors was a member of the group defined benefit pension scheme (2010 one), and three directors are member of the money purchase pension scheme (2010 three)

	2011 £000	2010 £000
Highest paid director		
Director's emoluments	274	195
Contributions to money purchase pension scheme	20	20
	294	215
	294	215

6 Interest payable and similar charges

	2011 £000	2010 £000
On amounts due to group undertakings	40	137
On bank loans and overdrafts	194	190
	234	327
	234	327

Notes (continued)

7 Taxation

Analysis of charge in year

	2011		2010	
	£000	£000	£000	£000
<i>UK corporation tax</i>				
Current tax on income for the year	2,675		1,156	
Adjustment in respect of prior years	(623)		(707)	
	2,052		449	
<i>Deferred tax (note 15)</i>				
Origination/reversal of timing differences	(116)		(184)	
Adjustment in respect of prior years	(65)		(20)	
Effect of rate change	(173)		-	
	(354)		(204)	
Tax on profit on ordinary activities	1,698		245	

Factors affecting the tax charge for the current year

The current tax charge for the year is lower (2010 lower) than the standard rate of corporation tax in the UK (28%, 2010 28%) The differences are explained below

	2011	2010
	£000	£000
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	8,597	3,148
	2,407	881
Current tax at 28% (2010 28%)		
Effects of		
Expenses not deductible for tax purposes	201	191
Depreciation in excess of capital allowances	104	64
Other short term timing differences	(37)	20
Adjustment in respect of prior years	(623)	(707)
	2,052	449
Total current tax charge (see above)	2,052	449

Notes (continued)

7 Taxation (continued)

Factors that may affect the future tax charge

The 2011 Budget on 23 March 2011 announced that the UK corporation tax rate will reduce to 23% over a period of 4 years from 2011. The first reduction in the UK corporation tax rate from 28% to 27% (effective from 1 April 2011) was substantively enacted on 20 July 2010, and further reductions to 26% (effective from 1 April 2011) and 25% (effective from 1 April 2012) were substantively enacted on 29 March 2011 and 5 July 2011 respectively.

This will reduce the company's future current tax charge accordingly and further reduce the deferred tax liability at 31 March 2011 (which has been calculated based on the rate of 26% substantively enacted at the balance sheet date) by £29,000.

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.

8 Dividends

The aggregate amount of dividends comprises

	2011 £000	2010 £000
Dividends paid	1,704	12,244
	<u> </u>	<u> </u>

9 Intangible fixed assets

	Goodwill £000
Cost	
At 31 March 2010 and at 31 March 2011	115
	<u> </u>
Accumulated amortisation	
At 31 March 2010 and at 31 March 2011	115
	<u> </u>
Net book amount	
At 31 March 2010 and at 31 March 2011	-
	<u> </u>

Notes (continued)

10 Tangible fixed assets

	Land and buildings £000	Plant and machinery £000	Fixtures and fittings £000	Total £000
Cost or valuation				
At 31 March 2010	16,189	29,364	6,396	51,949
Additions	-	-	228	228
Disposals	(16)	(2,905)	(927)	(3,848)
Reclassification	116	(159)	43	-
	<u>16,289</u>	<u>26,300</u>	<u>5,740</u>	<u>48,329</u>
At 31 March 2011	16,289	26,300	5,740	48,329
	<u>10,863</u>	<u>26,300</u>	<u>5,740</u>	<u>42,903</u>
At cost	10,863	26,300	5,740	42,903
At open market valuation in 1990	5,426	-	-	5,426
	<u>16,289</u>	<u>26,300</u>	<u>5,740</u>	<u>48,329</u>
Depreciation				
At 31 March 2010	4,207	16,223	5,087	25,517
Charge for year	525	2,025	517	3,067
Disposals	(16)	(2,880)	(926)	(3,822)
	<u>4,716</u>	<u>15,368</u>	<u>4,678</u>	<u>24,762</u>
At 31 March 2011	4,716	15,368	4,678	24,762
Net book value				
At 31 March 2011	<u>11,573</u>	<u>10,932</u>	<u>1,062</u>	<u>23,567</u>
At 31 March 2010	<u>11,982</u>	<u>13,141</u>	<u>1,309</u>	<u>26,432</u>

The net book value of land and buildings comprises freehold properties of £11,573,000 (2010 £11,982,000) and long leaseholds of £Nil (2010 £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:

	2011 £000	2010 £000
Cost	14,145	14,045
Accumulated depreciation	(4,417)	(3,938)
Historical cost value	<u>9,728</u>	<u>10,107</u>

Notes (continued)

11 Investments

Analysis of investments

The value of investments held by the company is £Nil (2010 £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

12 Stocks

	2011 £000	2010 £000
Raw materials	4,343	2,965
Work in progress and finished goods	2,659	2,952
	7,002	5,917
	7,002	5,917

13 Debtors

	2011 £000	2010 £000
Trade debtors	2,745	3,598
Amounts due from group undertakings	7,529	240
Prepayments and accrued income	48	511
	10,322	4,349
	10,322	4,349

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

Notes (continued)

14 Creditors: amounts falling due within one year

	2011 £000	2010 £000
Trade creditors	17,640	10,733
Amounts owed to group undertakings	206	8,726
Corporation tax	1,347	681
Social security costs and other taxes	846	768
Other creditors	176	275
Accruals and deferred income	2,272	1,580
Bank borrowings	-	143
	22,487	22,906
	22,487	22,906

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

15 Provisions for liabilities and charges

Deferred tax

	Deferred tax asset on pension liabilities <i>(note 20)</i> £000	Other deferred taxation £000
Balance at 31 March 2010	338	(1,381)
(Charge)/credit to profit and loss account for the year	(46)	400
Recognised in the statement of total recognised gains and losses	(56)	-
	236	(981)
	236	(981)

Analysis of other deferred tax

	2011 Provided £000	2010 Provided £000
Capital allowances in excess of depreciation	1,207	1,527
Short term timing differences	(226)	(146)
	981	1,381
	981	1,381

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 £374,000 (2010 £374,000)

Notes (continued)

16 Called up share capital

	2011 £000	2010 £000
Called up, allotted and fully paid		
15,832,370 Ordinary shares of 10p each	1,583	1,583
	<u> </u>	<u> </u>

17 Share premium and reserves

	Share premium £000	Revaluation reserve £000	Profit and loss account £000
At 31 March 2010	788	1,875	7,307
Retained profit for the financial year	-	-	6,899
Dividends paid (note 8)	-	-	(1,704)
Transfers	-	(30)	30
Actuarial loss recognised in the pension scheme during the year	-	-	138
Movement on deferred tax relating to actuarial loss in the pension scheme	-	-	(38)
Impact of change in tax rate on the pension liabilities	-	-	(18)
	<u> </u>	<u> </u>	<u> </u>
At 31 March 2011	788	1,845	12,614
	<u> </u>	<u> </u>	<u> </u>

18 Reconciliation of movements in shareholder's funds

	2011 £000	2010 £000
Profit for the financial year	6,899	2,903
Dividends paid	(1,704)	(12,244)
	<u> </u>	<u> </u>
Retained profit/(loss)	5,195	(9,341)
Actuarial gain/(loss) on pension scheme	138	(776)
Deferred tax relating to actuarial gain	(38)	209
Impact of change in tax rate on the pension liabilities	(18)	-
Share based payments	-	(127)
	<u> </u>	<u> </u>
Net addition to/(reduction in) shareholder s funds	5,277	(10,035)
Equity shareholder's funds at beginning of year	11,553	21,588
	<u> </u>	<u> </u>
Equity shareholder's funds at end of year	16,830	11,553
	<u> </u>	<u> </u>

Notes (continued)

19 Financial commitments

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

	2011 £000	2010 £000
Contracted	9	39
	<u>9</u>	<u>39</u>

b) At 31 March 2011, the company had annual commitments under operating leases which expire as follows

	Land and buildings		Other	
	2011 £000	2010 £000	2011 £000	2010 £000
Leases which expire				
Within one year	-	-	134	113
Within two to five years	170	245	127	146
	<u>170</u>	<u>245</u>	<u>261</u>	<u>259</u>

20 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 £352,000 (2010 £380,000)

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 6 April 2007 by a qualified independent actuary. A valuation of the scheme was then completed as at 31 January 2011 for the purpose of FRS 17 and updated on an approximate basis to 31 March 2011.

The contributions made by the employer over the financial year has been £310,000 (2010 £342,000). Additional contributions amounting to £109,000 (2010 £9,000) in respect of benefit augmentations have also been paid.

The major assumptions used by the actuary were

	2011 %	2010 %	2009 %
Rate of increase in salaries	3.60	3.80	3.20
Rate of increase in pension payment	3.50	3.80	3.20
Discount rate	5.50	5.60	6.50
Inflation assumption	3.50	3.80	3.20
Revaluation rate for deferred pensioners	3.50	3.80	3.20
	<u>3.50</u>	<u>3.80</u>	<u>3.20</u>

Notes *(continued)*

20 Pension commitments *(continued)*

The assets in the scheme as at 31 March 2011

	Value at 31 March 2011 £000	Value at 31 March 2010 £000	Value at 31 March 2009 £000
Equities	4,184	4,455	6,522
Bonds	19,340	18,253	11,302
Property	1,016	976	816
Cash	114	67	79
	<hr/>	<hr/>	<hr/>
Total market value of assets	24,654	23,751	18,719
Present value of scheme liabilities	(25,561)	(24,959)	(19,081)
	<hr/>	<hr/>	<hr/>
Deficit in scheme	(907)	(1,208)	(362)
Related deferred tax asset (note 15)	236	338	109
	<hr/>	<hr/>	<hr/>
Deficit in scheme	(671)	(870)	(253)
	<hr/>	<hr/>	<hr/>
		2011	2010
		£000	£000
Current service costs		268	245
		<hr/>	<hr/>
Analysis of amount charged to other finance income/(expense)		2011	2010
		£000	£000
Expected return on pension scheme assets		1,391	1,058
Interest on pension scheme liabilities		(1,379)	(1,214)
		<hr/>	<hr/>
		12	(156)
		<hr/>	<hr/>
Analysis of amount recognised in the statement of total recognised gains and losses		2011	2010
		£000	£000
Actual return less expected return on pension scheme assets		48	4,685
Experience gains and losses arising on the scheme liabilities		(10)	(502)
Changes in financial assumptions underlying the scheme liabilities		100	(4,959)
		<hr/>	<hr/>
Actuarial gain/(loss) recognised in statement of total recognised gains and losses		138	(776)
		<hr/>	<hr/>

Notes (continued)

20 Pension commitments (continued)

Movements in deficit during the year

	2011	2010
	£000	£000
Deficit as at 31 March	(1,208)	(362)
Current service cost	(268)	(245)
Contributions	419	331
Other finance income	12	(156)
Actuarial loss	138	(776)
	(907)	(1,208)
	(907)	(1,208)

History of experience gains and losses

	2011	2010	2009	2008	2007
	%	%	%	%	%
Difference between expected and actual return on scheme assets					
Amount (£000)	48	4,685	(4,770)	(2,246)	29
Percentage of schemes assets	0%	20%	(25%)	(9%)	0%
Experience gains and losses on scheme liabilities					
Amount (£000)	(10)	(502)	1,020	(238)	(364)
Percentage of the present value of schemes liabilities	0%	(2%)	5%	(1%)	(1%)
Effects of changes in the demographic and financial assumptions underlying the present value of the scheme liabilities					
Amount (£000)	100	(4,959)	1,336	2,328	1,223
Percentage of present value of scheme's liabilities	0%	(20%)	7%	10%	5%
Total amount recognised in statement of total recognised gains and losses					
Amount (£000)	138	(776)	(2,414)	(156)	888
Percentage of the present value of schemes liabilities	1%	(3%)	(13%)	(1%)	4%
	1%	(3%)	(13%)	(1%)	4%

Notes (continued)

21 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.

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 (2010 credit of £127,000).

The number of share options is as follows:

	2011 Number of options	2010 Number of options
Outstanding at beginning of year	48,000	72,000
Transferred during the year	-	(24,000)
	48,000	48,000
Outstanding at end of year	48,000	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.

22 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.