

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

PREMIER REFRACTORIES LIMITED

FOR THE 8 MONTH PERIOD ENDED 31 DECEMBER 1999



COMPANY NO: 54713

PREMIER REFRACTORIES LIMITED

DIRECTORS' REPORT FOR THE 8 MONTH PERIOD ENDED 31 DECEMBER 1999

The directors have pleasure in presenting their report and the audited financial statements for the 8 month period ended 31 December 1999.

PRINCIPAL ACTIVITY

The principal activity of the company is the manufacture and sale of refractory products. The company services a broad range of industrial markets, the most significant being iron and steel, glass making, cement and aluminium.

BUSINESS REVIEW

The results for the period under review are shown on page 7. On 6th August the company was acquired by Cookson Group Plc, the exceptional item charge of £5,794,000 represents the costs of integration and accounting policy realignment following the acquisition.

During the period under review the company continued to suffer as a result of downturns in its major markets, particularly in the Iron and Steel industry which constitutes our largest market. Toward the latter part of the year some improvements in trading conditions were experienced, it is hoped these will continue into 2000. The continued strength of sterling in particular against the Euro continues to impact on our competitiveness in European markets.

Despite the adverse trading conditions the company remains focussed on continuous cost reduction and improvements in productivity.

DIVIDENDS

The directors do not recommend payment of a final dividend (April 1999: £ nil). No interim dividend was declared and paid during the period (April 1999: £3,000,000). The retained loss for the period was £13,301,000 (year ended 24 April 1999: £962,000 profit).

POST BALANCE SHEET EVENTS

Following the balance sheet date, significant redundancy programs were announced at two of the company's main sites, Worksop and Manuel, as a result of the reduction in volumes experienced due to the downturn in the steel industry and currency pressures.

PREMIER REFRACTORIES LIMITED

DIRECTORS' REPORT FOR THE 8 MONTH PERIOD ENDED 31 DECEMBER 1999 (Cont)

DIRECTORS

The following is a list of all persons who were directors of the company at any time between 25 April 1999 and the date of this report:

J P W A Malherbe	- Chairman (appointed 24 August 1999)
W R Patterson	- (appointed 24 August 1999)
R W Brook	- (Appointed 24 August 1999, resigned 15 November 1999)
P L Franken	- (resigned 24 August 1999, re-appointed 15 November 1999)
S S Elbaum	- (resigned 24 August 1999)
B F Schut	- (resigned 24 August 1999)
S M Johnson	- (resigned 24 August 1999)
J Cooper	- (resigned 24 August 1999)
R C A Walker	- (resigned 24 August 1999)
R M Sykes	- (resigned 24 August 1999)
D T Evans	- (resigned 24 August 1999)
T Courtney	- (resigned 24 August 1999)
J Casey	- (resigned 30 April 1999)

Mr W R Patterson and Mr P L Franken do not have interest in the issued share and loan capital of group companies. Mr J P W A Malherbe's interests are disclosed in the financial statements of Premier Refractories (Holdings) Limited.

EMPLOYEES

The policy of the company for the employment of disabled persons is to give them equal opportunities with other employees to train for and attain any position in the group, having regard to the maintenance of a safe working environment and the constraints of their disabilities.

The company continues its practice of keeping all its employees informed on matters affecting them.

RESEARCH AND DEVELOPMENT

The company continues to place great emphasis upon, and to invest in, research and product and process development in all its operations.

PREMIER REFRACTORIES LIMITED

DIRECTORS' REPORT FOR THE 8 MONTH PERIOD ENDED 31 DECEMBER 1999 (Cont)

SUPPLIER PAYMENT POLICY

Individual buyers are responsible for agreeing the terms and conditions under which transactions with our suppliers are conducted. It is company policy that payments to suppliers are made in accordance with these terms provided that the supplier is also complying with all relevant terms and conditions.

FIXED ASSETS

In the opinion of the directors there is no material difference between the book and the current open market value of interests in land and buildings.

YEAR 2000 COMPLIANCE

In the years leading up to Year 2000 the company's key computer systems and business critical manufacturing systems were assessed and action plans were put in place to deal with non-compliant systems. Changes required to these systems were implemented as part of an ongoing investment programme, the cost of which has not been significant. Although there can be no absolute assurances that the business will not be adversely affected by date-related incidents in the future, at the date of this report a number of critical dates have passed with no apparent disruptions to the company.

AUDITORS

On 6 August 1999 KPMG Audit Plc were appointed as auditors. In accordance with Section 385 of the Companies Act 1985, a resolution for the re-appointment of KPMG Audit Plc as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

PREMIER REFRACTORIES LIMITED

DIRECTORS' REPORT FOR THE 8 MONTH PERIOD ENDED 31 DECEMBER 1999 (Cont)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial period which 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 those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the Board



A DALEY
Secretary

Registered Office
Sheepbridge Works
Sheepbridge Lane
Chesterfield
Derbyshire
S41 9BS



KPMG Audit Plc

1 The Embankment
Neville Street
Leeds
LS1 4DW

Auditor's report to the members of Premier Refractories Limited

We have audited the financial statements on pages 7 to 23.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 5, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 1999 and of its loss for the 8 month period then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor

10 October 2000

PREMIER REFRACTORIES LIMITED

PROFIT AND LOSS ACCOUNT FOR THE 8 MONTH PERIOD ENDED 31 DECEMBER 1999

	Notes	8 months ended 31 December 1999	Year ended 24 April 1999
		£'000	£'000
TURNOVER	2	60,323	100,518
COST OF SALES		<u>(58,868)</u>	<u>(81,732)</u>
GROSS PROFIT		1,455	18,786
DISTRIBUTION COSTS		(3,155)	(6,028)
ADMINISTRATIVE EXPENSES		(5,790)	(8,630)
EXCEPTIONAL ITEMS	3	<u>(5,794)</u>	<u>-</u>
OPERATING (LOSS) / PROFIT	3	(13,284)	4,128
INTEREST PAYABLE & SIMILAR CHARGES	5	<u>(79)</u>	<u>(195)</u>
(LOSS) / PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	(13,363)	3,933
TAX ON (LOSS) / PROFIT ON ORDINARY ACTIVITIES	6	<u>62</u>	<u>29</u>
(LOSS) / PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		(13,301)	3,962
DIVIDEND	7	<u>-</u>	<u>(3,000)</u>
RETAINED (LOSS) / PROFIT FOR THE FINANCIAL PERIOD / YEAR		<u>(13,301)</u>	<u>962</u>
STATEMENT OF RETAINED (LOSS) / PROFIT			
BALANCE BROUGHT FORWARD		27,198	26,236
RETAINED (LOSS) / PROFIT FOR THE FINANCIAL PERIOD / YEAR		(13,301)	962
TRANSFER FROM REVALUATION RESERVE		<u>3,090</u>	<u>-</u>
BALANCE CARRIED FORWARD		<u>16,987</u>	<u>27,198</u>

In both the current and preceding period the company's activities arose from continuing operations.

The notes on pages 10 to 23 form part of these financial statements.

PREMIER REFRACTORIES LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE 8 MONTH PERIOD ENDED 31 DECEMBER 1999

	Period ended 31 December 1999	Year ended 24 April 1999
	£'000	£'000
(Loss) / profit for the period / year	(13,301)	<u>962</u>
Total recognised gains and losses	<u>(13,301)</u>	<u>962</u>

NOTE OF HISTORICAL COST PROFITS AND LOSSES FOR THE 8 MONTH PERIOD ENDED 31 DECEMBER 1999

	Period ended 31 December 1999	Year ended 24 April 1999
	£'000	£'000
Reported (loss) / profit on ordinary activities before taxation	(13,363)	3,933
Realisation of revaluation gains of previous years	3,090	-
Difference between a historical cost depreciation charge and the actual depreciation charge calculated on the re-valued amount	<u>275</u>	<u>568</u>
Historical cost (loss) / profit on ordinary activities before taxation	<u>(9,998)</u>	<u>4,501</u>
Historical cost (loss) / profit for the period retained after taxation and dividends	<u>(9,936)</u>	<u>1,530</u>

The notes on pages 10 to 23 form part of these financial statements.

PREMIER REFRACTORIES LIMITED

BALANCE SHEET – 31 DECEMBER 1999

	Notes	Period ended 31 December 1999	Year ended 24 April 1999
		£'000	£'000
FIXED ASSETS			
Tangible assets	8	24,100	26,470
Investment in subsidiary undertakings	10	22,548	22,548
Investments	11	<u>10</u>	<u>10</u>
		<u>46,658</u>	<u>49,028</u>
CURRENT ASSETS			
Stocks	12	14,231	19,058
Debtors	13	32,416	35,740
Cash at bank and in hand		<u>546</u>	<u>45</u>
		<u>47,193</u>	<u>54,843</u>
CREDITORS (amounts falling due within one year)	14	<u>56,218</u>	<u>52,400</u>
NET CURRENT (LIABILITIES) / ASSETS		<u>(9,025)</u>	<u>2,443</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		37,633	51,471
CREDITORS (amounts falling due after more than one year)	15	-	1,027
PROVISIONS FOR LIABILITIES AND CHARGES	16	<u>1,759</u>	<u>1,269</u>
NET ASSETS		<u>35,874</u>	<u>49,175</u>
CAPITAL AND RESERVES			
Called up share capital	18	12,000	12,000
Revaluation reserve	19	6,887	9,977
Profit and loss account	19	<u>16,987</u>	<u>27,198</u>
Total equity shareholders' funds	20	<u>35,874</u>	<u>49,175</u>

Approved by the board on 25 September 2000 and signed on its behalf by:-


P L FRANKEN – Director

The notes on pages 10 to 23 form part of these financial statements.

PREMIER REFRACTORIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 1999

1. ACCOUNTING POLICIES

Summary of the principal accounting policies, all of which have been applied consistently throughout the period and the preceding period are set out below.

Basis of Accounting

The financial statements have been prepared in accordance with applicable accounting standards under the historical cost convention modified to include the revaluation of certain fixed assets, and on a going concern basis as Cookson Group plc, the ultimate holding company, has undertaken to make available such funds as are required to enable the company to continue its activities while it remains a subsidiary.

Under Financial Reporting Standard 1 (revised) the company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary undertaking and a Group cash flow statement is included in the financial statements of The Cookson Group Plc.

Consolidation

In accordance with S228 of the Companies Act 1985 consolidated financial statements are not presented as the company is a wholly owned subsidiary undertaking of Premier Refractories (Holdings) Limited, a company registered in England and Wales. These financial statements present information about the company as an individual undertaking and not about its group.

Turnover

Turnover comprises the invoiced value, excluding value added tax, of goods and services supplied to customers including fellow subsidiaries (including royalties receivable).

Tangible Fixed Assets

Tangible fixed assets are stated at cost or valuation net of depreciation and provision for permanent diminution in value.

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Buildings	- 40 years
Plant and equipment	- 10, 15 or 25 years
Commercial vehicles	- 5 years
Motor cars	- 4 years

Freehold land is not depreciated.

The company's fixed assets were valued on the basis of open market value for existing use on 15th April 1997. At 6th August 1999 those same fixed assets (excluding subsequent additions and adjusted for disposals) were revalued.

PREMIER REFRACTORIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 1999 (Cont)

1. ACCOUNTING POLICIES (Cont)

On adoption of FRS 15, the company has followed the transitional provisions to retain the book value of fixed assets which were revalued in 1999, but not to adopt a policy of revaluation in the future.

These values are retained subject to the requirement to test assets for impairment in accordance with FRS 11.

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 against profits represents the contributions payable to the scheme in respect of the accounting period.

Research and Development

All expenditure except that incurred on buildings and plant is charged against income as it is incurred.

Patents and Trade Marks

All expenditure is charged against income as it is incurred.

Deferred Taxation

The charge for taxation is based on the profit for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax to the extent that it is probable an actual liability will arise.

Interest in Subsidiaries

Shares in UK subsidiary undertakings are stated at cost less provision for permanent diminution in value.

Leases

Assets held under finance leases, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future base obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant rate of charge on the balance of capital repayments outstanding. Payments under operating leases are charged to the profit and loss account in the period in which they are incurred.

PREMIER REFRACTORIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 1999 (Cont)

1. ACCOUNTING POLICIES (Cont)

Stocks

Stocks are stated at the lower of cost and estimated net realisable value. Cost includes appropriate overheads.

Rates of Exchange

Assets and liabilities expressed in foreign currencies are translated into sterling at rates ruling at the period end and trading results at average rates applicable during the period. Exchange gains and losses of a trading nature are dealt with in arriving at profit before taxation. Other gains and losses and translation differences are shown separately as a movement on retained profits.

Derivative Financial Instruments

The company uses a variety of derivative financial instruments as part of an overall risk management strategy. These instruments are used as a means of hedging exposure to a price and foreign currency risk connected to anticipated or contracted sales and purchases. The company does not hold or issue derivative financial instruments for trading purposes.

Gains and losses on contracts hedging forecast transactional cashflows are recognised in the hedged period.

Interest

Interest payable is charged as incurred except where the borrowing finances tangible fixed assets in the course of construction. Such interest is capitalised when installation of the fixed asset commences and is then written off by way of depreciation of the relevant asset.

2. TURNOVER

All the turnover is to customers located in the UK.

All turnover derives from the one class of business undertaken, and the profits attributable thereto are shown in the profit and loss account.

PREMIER REFRACTORIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 1999 (Cont)

3. (LOSS) / PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

(Loss) / profit on ordinary activities before taxation is arrived at after charging/(crediting) the following:

	8 months ended 31 December 1999	Year ended 24 April 1999
	£'000	£'000
Auditors' remuneration – audit	40	65
Depreciation - owned assets	1,516	2,226
- leased assets	13	27
Hire of plant and equipment	377	581
Research and development expenditure	1,216	1,446
Profit/(loss) on disposal of fixed assets	(1)	7

Fees for non audit work were £5,000 (April 1999: £20,000).

On 6th August the company was acquired by the Cookson Group Plc, the exceptional item charge of £5,794,000 represents the costs of integration and accounting policy realignment following the acquisition. These costs can be analysed as follows:

	£'000
Fixed asset write down	3,090
Other integration costs	<u>2,704</u>
	<u>5,794</u>

PREMIER REFRACTORIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 1999 (Cont)

4. DIRECTORS AND EMPLOYEES

	8 months ended 31 December 1999	Year ended 24 April 1999
	£'000	£'000
The remuneration of the directors of the company was as follows:		
Directors' emoluments	143	561
Compensation for loss of office	-	65
Bonus	-	25
Company contributions to money purchase pension schemes	11	34
	<u>154</u>	<u>685</u>
Highest paid director		
Emoluments	75	171
Company contributions to money purchase pension scheme	6	8
	<u>81</u>	<u>179</u>

At 31 December 1999, 1 director was a member of the company's money purchase pension scheme (April 1999: 5).

	8 months ended 31 December 1999	Year ended 24 April 1999
	£'000	£'000
STAFF COSTS		
Wages and salaries	14,337	22,362
Social security costs	1,347	2,000
Pension costs	1,193	1,781
	<u>16,877</u>	<u>26,143</u>

The average monthly number of persons employed by the company during the year was:

	8 months ended 31 December 1999	Year ended 24 April 1999
Production and distribution	947	985
Administration, accounting and computing	38	39
Sales and marketing	44	73
Research and development	54	41
	<u>1,083</u>	<u>1,138</u>

PREMIER REFRACTORIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 1999 (Cont)

5. INTEREST PAYABLE AND SIMILAR CHARGES

	8 months ended 31 December 1999	Year ended 24 April 1999
	£'000	£'000
On bank loans	77	190
Finance charges payable in respect of finance leases	<u>2</u>	<u>5</u>
	<u>79</u>	<u>195</u>

6. TAX ON (LOSS) / PROFIT ON ORDINARY ACTIVITIES

	8 months ended 31 December 1999	Year ended 24 April 1999
	£'000	£'000
Based on the (loss) / profit on ordinary activities for the period:-		
Corporation tax at 30% (Year ended April 1999: 30%)	62	104
Deferred tax	<u>-</u>	<u>(75)</u>
	<u>62</u>	<u>29</u>

The principal reason why the corporation tax credit does not equate to 30% of the result for the period is that the loss includes a write down of fixed assets of £6,524,000 which is not considered allowable for tax. In addition, all losses incurred after the acquisition of the company by the Cookson Group PLC are to be surrendered for group relief.

The amounts provided for deferred taxation and the full potential liability are as follows:-

	December 1999		April 1999	
	Amount provided	Full potential liability	Amount provided	Full potential liability
	£'000	£'000	£'000	£'000
Capital allowances	1,659	1,659	1,659	1,659
Other timing differences	<u>(1,170)</u>	<u>(1,170)</u>	<u>(1,170)</u>	<u>(1,170)</u>
	<u>489</u>	<u>489</u>	<u>489</u>	<u>489</u>

In addition to the above, there is a potential deferred tax liability of £2,066,000 following the revaluation of certain fixed assets

The directors do not believe that a liability will crystallise on the basis that capital losses will be available to offset any gains. In any event, there is no intention to dispose of the assets.

PREMIER REFRACTORIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 1999 (Cont)

7. DIVIDENDS PAID ON EQUITY SHARES

	8 months ended 31 December 1999	Year ended 24 April 1999
	£'000	£'000
Dividends paid		
Equity shares interim paid of 25p per ordinary share	<u>-</u>	<u>3,000</u>

8. TANGIBLE FIXED ASSETS

	Freehold Land and Buildings	Plant equipment and vehicles	Assets in Course of Construction	Total
	£'000	£'000	£'000	£'000
COST OR VALUATION				
At 25 April 1999	8,267	20,012	2,275	30,554
Write Down	(1,757)	(9,008)	(129)	(10,894)
Reclassifications	(223)	2,318	(2,095)	-
Additions	-	-	5,711	5,711
Disposals	-	(62)	-	(62)
At 31 December 1999	<u>6,287</u>	<u>13,260</u>	<u>5,762</u>	<u>25,309</u>
DEPRECIATION				
At 25 April 1999	608	3,476	-	4,084
Write Down	(645)	(3,725)	-	(4,370)
Disposals	-	(34)	-	(34)
Charge for the period	<u>158</u>	<u>1,371</u>	<u>-</u>	<u>1,529</u>
At 31 December 1999	<u>121</u>	<u>1,088</u>	<u>-</u>	<u>1,209</u>
NET BOOK VALUE				
At 31 December 1999	<u>6,166</u>	<u>12,172</u>	<u>5,762</u>	<u>24,100</u>
At 25 April 1999	<u>7,659</u>	<u>16,536</u>	<u>2,275</u>	<u>26,470</u>

The value of land not depreciated is £2,564,000 (year ended 24 April 1999: £2,709,000).

Included in the total net book value of plant, equipment and vehicles is £47,000 (year ended 24 April 1999: £60,000) in respect of assets held under financial leases. Depreciation for the period on these assets was £13,000.

The above write down is as a result of a detailed review of the carrying value of the company's fixed assets which was performed during the period and the re-valuation noted below.

PREMIER REFRACTORIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 1999 (Cont)

8. TANGIBLE FIXED ASSETS (cont'd)

The company's fixed assets were valued on the basis of open market value for existing use on 15th April 1997. At 6th August 1999 those same fixed assets (excluding subsequent additions and adjusted for disposals) were revalued.

Particulars relating to re-valued assets are given below:

	31 December 1999	24 April 1999
	£'000	£'000
At 1999 open market value	25,309	30,554
Aggregate depreciation thereon	<u>1,209</u>	<u>4,084</u>
Net book value	<u>24,100</u>	<u>26,470</u>
Historical cost of revalued assets	32,196	40,531
Aggregate depreciation based on historical cost	<u>2,573</u>	<u>5,173</u>
Historical cost net book value	<u>29,623</u>	<u>35,358</u>

9. CAPITAL COMMITMENTS

No provision has been made in these financial statements for the following capital expenditure:

	31 December 1999	24 April 1999
	£'000	£'000
Expenditure authorised by the board and contracted for	<u>3,786</u>	<u>9,661</u>

PREMIER REFRACTORIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 1999

10. INVESTMENT IN SUBSIDIARY UNDERTAKINGS

	£'000
COST	
At 24 April 1999 and 31 December 1999	<u>161,946</u>
PROVISION FOR LOSS IN SUBSIDIARIES	
At 24 April 1999 and 31 December 1999	<u>139,398</u>
NET BOOK AMOUNTS	
At 31 December 1999 and 24 April 1999	<u><u>22,548</u></u>

Principal subsidiary undertakings are shown below. The principal activity of all trading group companies is the manufacture and sale of refractory products.

	Country of incorporation or registration
Premier Refractories (Overseas) Limited	England
Coolee Limited	England
The Meltham Silica Fire Brick Company Limited	England
Dorma Industries Limited	England
Thomas Marshall (Loxley) Limited	England
Marshall Leasing (Loxley) Limited	England
Thomas Marshall Overseas Investments Limited	England
Moler Products Limited	England

In the opinion of the directors, the aggregate value of investments in the company's subsidiary undertakings is not less than the aggregate of the amount at which those assets are stated in the balance sheet.

All subsidiary undertakings are wholly owned and operate in their country of incorporation or registration.

PREMIER REFRACTORIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 1999

11. INVESTMENTS

	31 December 1999	24 April 1999
	£'000	£'000
Cost	<u>10</u>	<u>10</u>

12. STOCKS

	31 December 1999	24 April 1999
	£'000	£'000
Raw materials and consumables	5,149	7,976
Work in progress	2,806	3,147
Finished goods	<u>6,276</u>	<u>7,935</u>
	<u>14,231</u>	<u>19,058</u>

13. DEBTORS

	31 December 1999	24 April 1999
	£'000	£'000
Trade debtors	8,424	9,448
Amounts owed by subsidiary undertakings	15,327	18,904
Amounts owed by other group undertakings	6,679	5,618
ACT recoverable	750	750
Prepayments and accrued income	<u>1,236</u>	<u>1,020</u>
	<u>32,416</u>	<u>35,740</u>

PREMIER REFRACTORIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 1999

14. CREDITORS (amounts falling due within one year)

	31 December 1999	24 April 1999
	£'000	£'000
Obligations under finance leases	44	33
Bank loans and overdrafts	-	20
Trade creditors	13,358	16,745
Amounts due to subsidiary undertakings	22,641	22,641
Amounts due to other group undertakings	12,605	5,558
Other creditors including taxation and social security	2,127	3,445
Accruals and deferred income	<u>5,443</u>	<u>3,958</u>
	<u>56,218</u>	<u>52,400</u>

Other creditors including taxation and social security may be analysed as follows:-

Corporation tax	38	100
Other taxation and social security	<u>1,626</u>	<u>2,920</u>
Taxation and social security	1,664	3,020
Other creditors	<u>463</u>	<u>425</u>
	<u>2,127</u>	<u>3,445</u>

15. CREDITORS (amounts falling due after more than one year)

	31 December 1999	24 April 1999
	£'000	£'000
Obligations under finance leases	-	27
Bank loans	<u>-</u>	<u>1,000</u>
	<u>-</u>	<u>1,027</u>

The maturity of obligations under finance leases is as follows:

	31 December 1999	24 April 1999
	£'000	£'000
Within one year	46	36
In the second to fifth years	<u>-</u>	<u>27</u>
	46	63
Less future finance charges	<u>(2)</u>	<u>(3)</u>
	<u>44</u>	<u>60</u>

PREMIER REFRACTORIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 1999 (Cont)

16. PROVISIONS FOR LIABILITIES AND CHARGES

	Deferred Taxation £'000	Reorganisation £'000	Total £'000
At 25 April 1999	489	780	1,269
Charged to profit and loss account	-	962	962
Utilised in period	-	(472)	(472)
At 31 December 1999	<u>489</u>	<u>1,270</u>	<u>1,759</u>

The reorganisation provision represents the costs of closing a number of sales offices and small production sites.

17. LEASING COMMITMENTS

Annual commitments in respect of non-cancellable operating leases are as follows:

	December 1999		April 1999	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Operating leases which expire:				
Within one year	-	123	54	190
Two to five years	40	383	14	207
Over five years	<u>53</u>	<u>59</u>	<u>53</u>	<u>231</u>
	<u>93</u>	<u>565</u>	<u>121</u>	<u>628</u>

18. CALLED-UP SHARE CAPITAL

	December 1999 £'000	April 1999 £'000
Ordinary shares of £1 each Authorised	<u>12,000</u>	<u>12,000</u>
Allotted, called up and fully paid	<u>12,000</u>	<u>12,000</u>

PREMIER REFRACTORIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 1999 (Cont)

19. RESERVES

	Revaluation Reserve	Profit and Loss Account	Total
	£'000	£'000	£'000
At 25 April 1999	9,977	27,198	37,175
Transfer	(3,090)	3,090	-
Retained loss for the year	<u>-</u>	<u>(13,301)</u>	<u>(13,301)</u>
At 31 December 1999	<u>6,887</u>	<u>16,987</u>	<u>23,874</u>

20. RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

	December 1999	April 1999
	£'000	£'000
(Loss)/profit after taxation for the financial period	(13,301)	3,962
Dividends paid and proposed	<u>-</u>	<u>(3,000)</u>
Net (reduction) / increase to equity shareholders' funds	(13,301)	962
Opening equity shareholders' funds	<u>49,175</u>	<u>48,213</u>
Closing equity shareholders' funds	<u>35,874</u>	<u>49,175</u>

21. PENSION COMMITMENTS

The company operates a defined contributions pension scheme. The pension cost charge represents contributions payable by the company to the fund and amounted to £1,193,000 (year ended 24 April 1999: £1,781,000). Contributions amounting to £120,000 (year ended 24 April 1999: £103,000) were payable to the fund at the period end and are included in creditors.

PREMIER REFRACTORIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 1999 (Cont)

22. CONTINGENT LIABILITIES

The company is engaged in a number of disputes arising in the normal course of business which involve, or may involve, legal proceedings.

In the opinion of the directors, because of the uncertainty surrounding the outcome of these disputes, it is not possible to estimate the potential liability that may arise.

23. ULTIMATE HOLDING COMPANY

As the company is a wholly owned subsidiary undertaking of Premier Refractories (Holdings) Limited, the company has taken advantage of the exemption contained in FRS8 and has therefore not disclosed transactions or balances with entities which form part of the group.

The company is a subsidiary undertaking of Cookson Group Plc incorporated in England.

The largest group in which the results of the company are consolidated is that headed by Cookson Group Plc, incorporated in England.

The consolidated accounts of this company are available to the public and may be obtained from Companies House, Crown Way, Maindy, Cardiff, CF4 3UZ. No other group accounts include the results of the company.