

Registered number
227478

Cookson Overseas Limited

Report and Accounts

31 December 2002



Cookson Overseas Limited

Directors' Report

The Directors present their report and accounts for the year ended 31 December 2002.

Principal activities and review of the business

The Company's principal activity is the holding of investments.

Results and dividends

The profit for the year amounted to £4,053,246 (2001: loss £17,797,719). During the year there were movements of the costs of fixed asset investments held, details can be seen in note 7. The Directors do not recommend the payment of a dividend (2001: £nil).

During the year the Company adopted FRS 19 'Deferred Tax', further details are provided in note 5. There was no impact on the current or prior year financial statements from the introduction of FRS 19.

Directors

SL Howard and DH Millard are directors of Cookson Group plc, the ultimate parent of the Company, and accordingly, their interests in the share capital of Cookson Group plc are shown in the report and accounts of that Company. The interests of the remaining directors of the Company in the share capital of Cookson Group plc are stated below. The shareholdings at 31 December 2002 relate to ordinary shares of 1p each, whilst those at 1 January 2002 relate to ordinary shares of 50p each.

	Options to purchase 1p ordinary shares					Interests in ordinary shares		
	At 1 January 2002	Adjusted for 2002 Rights Issue ⁽¹⁾	Granted	Exercised	Lapsed	At 31 December 2002	1p 2002	50p 2001
BR Elliston	642,289	15,408	601,648	-	(30,262)	1,229,083	100,610	49,734
RMH Malthouse	669,591	16,064	634,551	-	(17,371)	1,302,835	153,524	40,488

(1) Under the rules of the Cookson Group plc share option schemes and following Inland Revenue approval, adjustments were made to the option price and to the number of ordinary shares under option for all options outstanding as at the date of the Cookson Group plc rights issue in August 2002.

Directors' responsibilities

Company law requires the Directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss for that period. In preparing those accounts, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for maintaining 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 accounts 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.

Cookson Overseas Limited

Directors' Report

Auditors

The Company has passed elective resolutions in accordance with section 379A of the Companies Act and is therefore exempt from the obligation to hold an Annual General Meeting and to reappoint the auditors annually and KPMG Audit Plc will therefore continue in office.

This report was approved by the board on 25 June 2003.

Reche S. A.

Miss RS Fell
Company Secretary

Cookson Overseas Limited

Auditors' Report

Independent auditors' report to the members of Cookson Overseas Limited

We have audited the financial statements on pages 4 to 13.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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

The Directors are responsible for preparing the Directors' report and, as described on page 1, the accounts 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 accounts, 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 accounts. It also includes an assessment of the significant estimate and judgements made by the Directors in the preparation of the accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of the Company's affairs as at 31 December 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor

London
EC4Y 8BB

26 June 2003

Cookson Overseas Limited

Profit and Loss Account

For the year ended 31 December 2002

	Notes	2002 £	2001 £
Operating loss	2	(265,249)	(108,338)
Income from investments		6,961,632	2,677,162
Interest receivable and similar income	3	3,947,889	69,617
Amounts written off fixed asset investments	7	-	(19,987,427)
Interest payable and similar charges	4	-	(1,184,591)
Profit / (loss) on ordinary activities before exceptional items		<u>10,644,272</u>	<u>(18,533,577)</u>
Exceptional items	7	<u>(205,995)</u>	<u>-</u>
Profit / (loss) on ordinary activities before tax		<u>10,438,277</u>	<u>(18,533,577)</u>
Tax on profit/ loss on ordinary activities	5	(6,385,031)	735,858
Profit / (loss) for the financial year	11	<u>4,053,246</u>	<u>(17,797,719)</u>

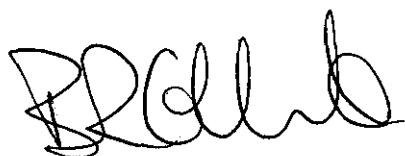
Statement of total recognised gains and losses

The Company has no recognised gains or losses other than the above gains / (losses) for the two financial years

Cookson Overseas Limited

Balance Sheet As at 31 December 2002

	Notes	2002		2001	
		£	£	£	£
Fixed Assets					
Intangible assets	6		2,358,191		2,515,404
Investments	7		837,731,527		792,433,702
			<u>840,089,718</u>		<u>794,949,106</u>
Current assets					
Debtors	8	1,972,865		2,109,770	
Cash at bank and in hand		<u>1,606,270</u>		<u>279,491</u>	
		3,579,135		2,389,261	
Creditors: amounts falling due within one year	9	(778,611,457)		(736,334,217)	
Net current liabilities			<u>(775,032,322)</u>		<u>(733,944,956)</u>
Total assets less current liabilities			<u>65,057,396</u>		<u>61,004,150</u>
Equity Capital and Reserves					
Called up share capital	10		18,018,930		18,018,930
Share premium			54,587,297		54,587,297
Others reserves			3,542,939		3,542,939
Profit and loss account	11		<u>(11,091,770)</u>		<u>(15,145,016)</u>
	12		<u>65,057,396</u>		<u>61,004,150</u>



Director

Approved by the board on 25 June 2003.

Cookson Overseas Limited

Notes to the Accounts

For the year ended 31 December 2002

1 Accounting policies

Accounting convention

The accounts have been prepared on a going concern basis, and, in the event of the Company being unable to meet its liabilities, the ultimate parent company has undertaken to provide financial support and such other support as may be required. The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

The Company had adopted FRS 19, Deferred Tax, in the year which requires full provision to be made for deferred tax assets and liabilities. The impact of adopting FRS 19 on the current and prior year is disclosed in note 5.

Presentation of the financial statements

The Company is exempt by virtue of s228 of the Companies Act 1985 from the requirement to prepare consolidated financial statements since the Company is itself a wholly owned subsidiary of Cookson Group plc. These financial statements present information about the Company as an individual undertaking and not about its group.

The Company is exempt from the requirement of FRS 1 (Revised) to prepare a cash flow statement as its cash flows are included within the consolidated cash flow statement of Cookson Group plc.

Intangible fixed assets

Intangible fixed assets are amortised at rates calculated to write off their cost, evenly over their useful economic lives.

Investments

Investments in subsidiary undertakings ('subsidiaries') and associated undertakings ('associates') are stated at costs, less any provisions for diminution in value that are expected to be permanent.

Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated, but not reversed, at the balance sheet date, with the exception that deferred taxation assets are only recognised if it is considered more likely than not that there will be suitable future profits from which the reversal of the underlying timing differences can be deducted. The Company adopted FRS 19 during the year.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

Related party transactions

As the Company is a wholly owned subsidiary of Cookson Group plc, 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 Cookson Group plc group.

Cookson Overseas Limited

Notes to the Accounts

For the year ended 31 December 2002

2 Operating loss

	2002	2001
	£	£
Administrative expenses	-	(1,136)
Other operating income	-	50,011
Other operating costs	(108,036)	-
Amortisation of intangible fixed assets	(157,213)	(157,213)
	<u>(265,249)</u>	<u>(108,338)</u>

Other than the Directors the Company had no employees during the year. The Directors received no remuneration in respect of their services to the Company during the year. The auditor's remuneration is borne by the parent company.

3 Interest receivable and similar income

	2002	2001
	£	£
Interest receivable from group undertakings	328	-
Bank interest received	71,641	781
Other interest received	-	68,836
Foreign exchange gain	3,875,920	-
	<u>3,947,889</u>	<u>69,617</u>

4 Interest payable and similar charges

	2002	2001
	£	£
Interest payable to group undertakings.	-	84,058
Bank interest	-	10,572
Foreign exchange loss	-	1,089,961
	<u>-</u>	<u>1,184,591</u>

Cookson Overseas Limited

Notes to the Accounts

For the year ended 31 December 2002

5 Taxation

	2002 £	2001 £
Analysis of charge in period		
UK corporation tax at 30% (2001: 30%)	3,129,285	1,116,351
Double tax relief	(3,129,285)	(1,116,351)
Prior year tax charge (credit)	6,350,000	(867,138)
Overseas tax	35,031	131,280
Tax on profits from ordinary activities	<u>6,385,031</u>	<u>(735,858)</u>
<i>Factors affecting the tax charge for the current period</i>		
	2002 £	2001 £
<i>Current tax reconciliation</i>		
Profit / (loss) on ordinary activities before tax	10,438,277	(18,533,577)
Current tax (credit) at 30% (2001: 30%)	3,131,483	(5,560,073)
<i>Effects of:</i>		
Overseas tax rate difference	35,031	131,280
Double tax relief	(3,129,285)	(1,116,351)
Expenses not deductible for tax purposes	1,182,169	5,806,467
Loss relief from group companies for no payment	(1,184,367)	-
Net addition to tax losses carried forward or surrender by way of group relief	-	869,957
Prior year tax charge (credit)	6,350,000	(867,138)
Total current tax (see above)	<u>6,385,031</u>	<u>(735,858)</u>

There was no impact on the current or prior year financial statements from the introduction of FRS 19.

Cookson Overseas Limited

Notes to the Accounts

For the year ended 31 December 2002

6 Intangible fixed assets

	£
Cost	
At 1 January and 31 December 2002	<u>3,144,256</u>
Amortisation	
At 1 January 2002	628,852
Charged in year	<u>157,213</u>
At 31 December 2002	<u>786,065</u>
Net book value	
At 31 December 2002	<u>2,358,191</u>
At 1 January 2002	<u>2,515,404</u>

The above intangible fixed assets represent the costs, on 30 December 1997, of acquiring a know-how licence from Ceremtec Limited. The licence is being amortised on a straight-line basis over a period of 20 years.

Cookson Overseas Limited

Notes to the Accounts

For the year ended 31 December 2002

7 Fixed asset investments

	Investments in subsidiary and associate undertakings £
Cost	
At 1 January 2002	864,269,510
Additions	45,503,820
Disposals	(855,318)
At 31 December 2002	<u>908,918,012</u>
Provisions	
At 1 January 2002	(71,835,808)
Movement in year	-
Release on disposal	649,323
At 31 December 2002	<u>(71,186,485)</u>
Net book value	
At 31 December 2002	<u>837,731,527</u>
At 31 December 2001	<u>792,433,702</u>

Investments represent holdings of 100% (unless otherwise stated) in the ordinary share capital of the following group companies:

- LIG Canada, Inc, incorporated in Canada (holding company).
- Cookson Singapore Pte Ltd, incorporated in Singapore (manufacturer of solders).
- Cookson GmbH, incorporated in Germany (holding company).
- Vesuvius Italia SpA, incorporated in Italy (holding company).
- Cookson France SA, incorporated in France (holding company).
- Cookson Figueroa SA, incorporated in Spain (distributor of solders).
- Cookson Holdings BV, incorporated in the Netherlands (holding company).
- Cookson Precious Metals (Ireland) Ltd, incorporated in the Republic of Ireland (manufacturer of precious metals).
- Polyclad Europe AB, incorporated in Sweden (manufacturer of laminate materials).
- Sterngold Implamed AB, incorporated in Sweden (dormant).
- Cookson Pigment (Holdings) Ltd, incorporated in England and Wales (holding company).
- Wilkes Lucas Ltd, incorporated in England and Wales (holding company).
- Cookson Investments Ltd, incorporated in England and Wales (holding company).
- Speedline Technologies SRL, incorporated in Italy (distributor of electronic equipment).
- Vesuvius Mid-East Ltd, incorporated in Egypt (manufacturer of ceramic products).
- DFK Turkey (35.44%), incorporated in Turkey (manufacturer of ceramic products).
- Premier Refractories (Holdings) Ltd, incorporated in England and Wales (holding company).
- Tecodev SA, incorporated in Switzerland (manufacturer of ceramic products).
- Vesuvius Group SA, incorporated in Belgium (manufacturer of ceramic products).

Cookson Overseas Limited

Notes to the Accounts

For the year ended 31 December 2002

7 Fixed asset investments (continued)

- Polyclad Laminates Taiwan Co Limited, incorporated in Taiwan (holding company).
- Polyclad Laminates Cayman Islands Company Limited, incorporated in Cayman Islands (holding company).
- Sempsa Joyeria Plateria SA, incorporated in Spain (manufacturer of jewellery products).
- Mercajoya SA, incorporated in Spain (manufacturer of jewellery products).
- PMT Industrial Metals Preciosos SA, incorporated in Portugal (manufacturer of jewellery products).
- Cookson Precious Metals Switzerland AG, incorporated in Switzerland (holding company).
- Cookson Electronics Brasil Ltda, incorporated in Brazil (holding company).
- Alpha Fry Technologies Kft, incorporated in Hungary (holding company).
- Alpha Korea, incorporated in Korea (manufacturer of assembly equipment).
- Rotary Nozzle International SA, incorporated in Belgium (manufacturer of rotary slide gate systems). 50% holding
- Vesuvius Skawina, incorporated in Poland (manufacturer of ceramic products).
- Enthone Pte Ltd (manufacturer of electronics equipment).
- Vesuvius Zyarock (Suzhou) Company Limited (manufacturer of ceramic products).
- Solar Crucible, s.r.o. (manufacturer of ceramic products).
- Vesuvius Slavia AS (manufacturer of ceramic products).
- Vesuvius Finland OY (manufacturer of ceramic products).
- Vesuvius Malaysia (manufacturer of ceramic products).
- Rotec BVBA (manufacturer of electronics equipment).
- Wugang Vesuvius Advanced Ceramics (Wuhan) Co. Ltd. (manufacture of ceramic products) 25% holding.

The following investment activity occurred during the year:-

On 27 June 2002 Enthone Inc and OMI International Corporation transferred the entire share capital of Enthone-OMI (Singapore) Pte Ltd. for £36,583,698, which was funded by an inter-company loan.

On 14 August 2002 an initial cash injection of £575,742 was made for Vesuvius Zyarock (Suzhou) Company Limited.

Cash injections were made to Solar Crucible, s.r.o. on 30 August, 19 November and 16 December 2002 for a total of £1,250,567.

On 13 December 2002 Vesuvius UK transferred the entire share capital of Vesuvius Slavia AS for £958,929, which was funded by inter-company loan.

On 13 December 2002 Vesuvius UK transferred the entire share capital of Vesuvius Finland OY for £259,234, which was funded by inter-company loan.

On 13 December 2002 Vesuvius UK transferred the entire share capital of Vesuvius Malaysia for £1, which was funded by inter-company loan.

On 9 December 2002 Witmetaal BV transferred the entire share capital of Rotec BVBA for £2,538,956, this was funded through the cash pooling bank account.

Cash injections were made to Wugang Vesuvius Advanced Ceramics (Wuhan) Co.Ltd. on 18 March, 23 May and 28 June 2002 for a total of £1,274,906.

Cookson Market Tin investment was written off, having previously been fully provided for.

Vesuvius Haznedar was liquidated. This is included in the exceptional charge.

Sterngold Implamed do Brasil was sold in November 2002. This is included in the exceptional charge.

Cookson Overseas Limited

Notes to the Accounts

For the year ended 31 December 2002

8 Debtors

	2002 £	2001 £
Amounts owed by group undertakings	42,026	178,931
Advance Corporation Tax recoverable	1,930,839	1,930,839
	<u>1,972,865</u>	<u>2,109,770</u>

9 Creditors: amounts falling due within one year

	2002 £	2001 £
Amounts owed to parent undertaking	634,457,164	599,872,959
Amounts owed to group undertakings	137,161,920	135,818,885
Corporation tax	6,992,373	642,373
	<u>778,611,457</u>	<u>736,334,217</u>

10 Share capital

	2002 £	2001 £
Authorised:		
180,000,000 Ordinary shares of £1 each	<u>180,000,000</u>	<u>180,000,000</u>

	2002 £	2001 £
Allotted, called up and fully paid:		
18,018,930 Ordinary shares of £1 each	<u>18,018,930</u>	<u>18,018,930</u>

Cookson Overseas Limited

Notes to the Accounts

For the year ended 31 December 2002

11 Profit and loss account

	2002 £	2001 £
At 1 January	(15,145,016)	2,652,703
Retained profit / (loss)	4,053,246	(17,797,719)
At 31 December	<u>(11,091,770)</u>	<u>(15,145,016)</u>

12 Reconciliation of movement in shareholders' funds

	2002 £	2001 £
At 1 January	61,004,150	78,801,869
Profit / (loss) for the financial year	4,053,246	(17,797,719)
At 31 December	<u>65,057,396</u>	<u>61,004,150</u>

13 Commitments and contingencies

Amongst others Cookson Overseas Limited, as a guarantor, is party to a £291m multicurrency credit agreement, between Cookson Group plc as Borrower and a number of banks ('Lenders'). As part of this agreement Cookson Overseas Limited jointly and severally guaranteed and agreed to pay from time to time on demand any and every sums of money which Cookson Group plc is at any time liable to pay to the Lenders. As at 31 December 2002 £28.1m was drawn by Cookson Group plc under the credit agreement facility secured on the various assets of Cookson Overseas Limited.

In addition, Cookson Overseas Limited also agreed jointly and severally as a primary obligation to indemnify the Lenders from time to time on demand from and against any loss incurred by the Lenders as a result of any of the obligations of Cookson Group plc.

14 Ultimate holding company

The Company's ultimate holding company is Cookson Group plc, which is registered in England and Wales.

The largest group in which the results of the Company are consolidated is that headed by Cookson Group plc. The accounts of Cookson Group plc are available to the public and may be obtained from The Adelphi, 1-11 John Adam Street, London, WC2N 6HJ.

No other group accounts include the results of the Company.