

Registered number  
368205

Wilkes Lucas Limited

Report and Accounts

31 December 1999



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**Wilkes Lucas Limited**  
**Directors' Report**

The Directors present their report and accounts for the year ended 31 December 1999.

**Principal activity**

The principal activity of the Company is that of providing finance to group undertakings and the holding of investments.

**Results and dividends**

The loss for the financial year was £3,367,222 (1998: profit: £24,385,128) which has been transferred from reserves. The Directors do not recommend the payment of a dividend (1998 - £nil).

The Company's percentage holding in Cookson North American Partnership ("CNAP") increased during the year as a consequence of CNAP issuing capital to the Company in exchange for shares in another group company.

During the year, the Company acquired a share of Premier Refractories International Inc., and Enthone-OMI Inc.

**Directors**

During the year, no Director had any beneficial interest in the shares of the Company. The Directors who served during the year and their interest in the ordinary shares of Cookson Group plc, the ultimate holding company, are as follows:

	Options to purchase £1 Ordinary shares				Interests in £1 Ordinary shares		
	At 1				At 31		
	January 1999	Granted	Exercised	Lapsed	December 1999	1999	1998
RMH Malthouse	297,155	87,716	-	-	384,871	20,316	14,332
GM McDonnall	44,333	11,390	-	-	55,723	-	-
	<u>341,488</u>	<u>99,106</u>	<u>-</u>	<u>-</u>	<u>440,594</u>	<u>20,316</u>	<u>14,332</u>

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.

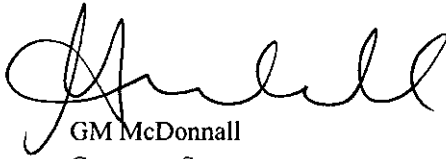
The Directors are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Wilkes Lucas Limited**  
**Directors' Report**

**Auditors**

A resolution to reappoint KPMG Audit plc as auditors will be put to the members at the Annual General Meeting.

This report was approved by the board on 23 November 2000.



GM McDonnall  
Company Secretary

**Wilkes Lucas Limited**  
**Auditor's Report**

**Auditor's report to the members of Wilkes Lucas Limited**

We have audited the financial statements on pages 4 to 11.

**Respective responsibilities of directors and auditor**

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 estimates 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 1999 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*YAN AM*

KPMG Audit plc  
Chartered Accountants  
Registered Auditor

8 Salisbury Square  
London  
EC4Y 8BB

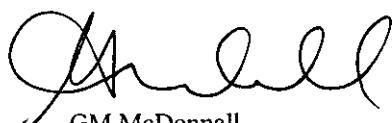
*29 November 2000*

**Wilkes Lucas Limited**  
**Profit and Loss Account**  
**for the year ended 31 December 1999**

	Notes	1999 £	1998 £
Administrative expenses	2	(80,225)	(43,719)
<b>Operating loss</b>		<u>(80,225)</u>	<u>(43,719)</u>
Income from investments	3	1,706,406	35,721,773
Interest receivable	4	17,539,095	6,095,220
Amounts written off fixed asset investment		-	(7,368,421)
Interest payable	5	(22,530,425)	(9,991,009)
<b>(Loss)/profit on ordinary activities before taxation</b>		<u>(3,365,149)</u>	<u>24,413,844</u>
Tax on (loss)/profit on ordinary activities	6	(2,073)	(28,716)
<b>(Loss)/profit for the financial year</b>		<u>(3,367,222)</u>	<u>24,385,128</u>
<b>Retained (loss)/profit for the financial year</b>	12	<u>(3,367,222)</u>	<u>24,385,128</u>

**Wilkes Lucas Limited**  
**Balance Sheet**  
**as at 31 December 1999**

	Notes	1999 £	1998 £
<b>Fixed assets</b>			
Investments	7	884,259,579	251,927,760
<b>Current assets</b>			
Debtors	8	292,686,780	258,194,146
Cash at bank and in hand		4,498	19,090
		<u>292,691,278</u>	<u>258,213,236</u>
<b>Creditors: amounts falling due within one year</b>	9	(761,005,593)	(288,424,862)
<b>Net current liabilities</b>		<u>(468,314,315)</u>	<u>(30,211,626)</u>
		<u>415,945,264</u>	<u>221,716,134</u>
<b>Equity Capital and Reserves</b>			
Called up share capital	10	165,870,440	93,221,313
Share premium		216,184,012	91,356,712
Profit and loss account	11	33,890,812	37,138,109
	12	<u>415,945,264</u>	<u>221,716,134</u>



GM McDonnall

Director

Approved by the board on 23 November 2000

**Wilkes Lucas Limited****Statement of total recognised gains and losses  
for the year ended 31 December 1999**

	1999 £	1998 £
(Loss)/profit for the financial year	(3,367,222)	24,385,128
Exchange differences arising on foreign currency investments and loans	119,925	-
Total recognised gains and losses related to the year	<u>(3,247,297)</u>	<u>24,385,128</u>

**Wilkes Lucas Limited**  
**Notes to the Accounts**  
**for the year ended 31 December 1999**

**1 Accounting policies**

*Accounting convention*

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

*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 financial statements include the Company's share of Cookson International Partnership's results, assets and liabilities as it is a joint arrangement under FRS 9.

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.

*Investments*

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

Investments denominated in foreign currencies are translated at the exchange rates prevailing at the date of acquisition.

*Taxation*

Deferred taxation is provided on the liability method on all timing differences which are expected in the foreseeable future, calculated at the rate at which it is estimated that the tax will be payable.

*Foreign currencies*

Assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the year end. The gains and losses arising on translation are included in the profit and loss account, except where foreign currency borrowings have been made to finance an investment, in which case the exchange differences on investments are offset within reserves against exchange differences on the related borrowings. To the extent of any excess borrowings, such exchange 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 group.

**2 Administrative expenses**

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 auditors' remuneration is borne by the parent company.



**Wilkes Lucas Limited**  
**Notes to the Accounts**  
**for the year ended 31 December 1999**

**3 Investment income**

	1999 £	1998 £
Income from short-term investments	-	28,128
Dividends receivable from subsidiary undertaking	-	26,969,697
Dividends receivable from an undertaking in which the Company has a participating interest	1,706,406	8,723,948
	<u>1,706,406</u>	<u>35,721,773</u>

**4 Interest receivable**

	1999 £	1998 £
Bank interest receivable	19	14,737
Other interest receivable	-	14,731
Interest receivable from parent undertaking	6,536,519	168,659
Interest receivable from subsidiary undertaking	8,982,761	5,627,659
Foreign exchange gain	2,019,796	269,434
	<u>17,539,095</u>	<u>6,095,220</u>

**5 Interest payable**

	1999 £	1998 £
Interest payable to parent undertaking	19,300,869	7,647,668
Interest payable to a fellow group undertaking	3,229,556	2,343,341
	<u>22,530,425</u>	<u>9,991,009</u>

**Wilkes Lucas Limited**  
**Notes to the Accounts**  
**for the year ended 31 December 1999**

**6 Taxation**

	1999 £	1998 £
UK corporation tax at 30.25% (1998 - 31.0%)	-	10,921,879
Double tax relief	-	(10,921,879)
Adjustment in respect of prior years	2,073	28,716
	<u>2,073</u>	<u>28,716</u>

**7 Fixed asset investments**

	Investments in subsidiary undertakings £
<b>Cost</b>	
At 1 January	251,927,760
Additions	632,008,472
Foreign exchange	323,347
At 31 December	<u>884,259,579</u>

Fixed asset investments represent holdings in the ordinary share capital (unless otherwise stated) of the following group undertakings:

- Cookson America Inc., incorporated in the USA (holding company), 50% holding.
- Cookson Financial Limited, incorporated in England and Wales (holding company), 82.53% holding of the issued cumulative preference share capital.
- Premier Refractories International Inc, incorporated in the USA (holding company), 82.53% holding
- Enthone-OMI Inc., incorporated in the USA (holding company), 82.53% holding

The Company's percentage holding in Cookson North American Partnership ("CNAP") increased during the year as a consequence of CNAP issuing capital to the company in exchange for shares in another group company.

During the year, the Company acquired a share of Premier Refractories International Inc., and Enthone-OMI Inc.

**8 Debtors**

	1999 £	1998 £
Amounts owed by parent undertaking	121,541,796	112,025,141
Amounts owed by subsidiary undertaking	170,106,586	138,800,584
Amounts owed by undertakings in which the Company has a participating interest	1,038,398	7,368,421
	<u>292,686,780</u>	<u>258,194,146</u>

**Wilkes Lucas Limited**  
**Notes to the Accounts**  
**for the year ended 31 December 1999**

<b>9 Creditors: amounts falling due within one year</b>	<b>1999</b>	<b>1998</b>
	<b>£</b>	<b>£</b>
Amounts owed to parent undertaking	687,601,940	257,794,580
Amounts owed to a fellow group undertaking	35,857,756	29,644,895
Amounts owed to subsidiary undertaking	13,196,453	985,087
Amounts owed in respect of acquisitions	24,349,144	-
Corporation tax	300	300
	<u>761,005,593</u>	<u>288,424,862</u>

<b>10 Share capital</b>	<b>1999</b>	<b>1998</b>
	<b>£</b>	<b>£</b>
Authorised:		
Ordinary shares of £1 each	400,000,000	100,000,000
3.5% redeemable cumulative preference shares of £1 each	5,000	5,000
	<u>400,005,000</u>	<u>100,005,000</u>

	<b>1999</b>	<b>1998</b>	<b>1999</b>	<b>1998</b>
	<b>No</b>	<b>No</b>	<b>£</b>	<b>£</b>
Allotted, called up and fully paid:				
Ordinary shares of £1 each	165,870,440	93,221,313	<u>165,870,440</u>	<u>93,221,313</u>

On 29 July 1999, the authorised share capital of the Company was increased to an aggregate of 400,000,005 shares by the creation of 300,000,000 shares of £1 each. On the same date, 47,413,228 ordinary shares of £1 each were issued at an aggregate premium of £81,076,620, this being settled by inter-company transfer. On 6 August 1999, 25,235,899 ordinary shares of £1 each were issued at an aggregate premium of £43,750,860, this being settled by inter-company transfer.

The purpose of both share issues was to finance the Company's investments in Cookson America Inc., and Premier Refractories International Inc.

<b>11 Profit and loss account</b>	<b>1999</b>	<b>1998</b>
	<b>£</b>	<b>£</b>
At 1 January	37,138,109	12,752,981
Retained (loss)/profit	(3,367,222)	24,385,128
Exchange differences arising on foreign currency investments and loans	119,925	-
At 31 December	<u>33,890,812</u>	<u>37,138,109</u>

**Wilkes Lucas Limited**  
**Notes to the Accounts**  
**for the year ended 31 December 1999**

<b>12 Reconciliation of movement in shareholders' funds</b>	<b>1999</b>	<b>1998</b>
	<b>£</b>	<b>£</b>
At 1 January	221,716,134	197,331,006
(Loss)/profit for the financial year	(3,367,222)	24,385,128
Exchange differences arising on foreign currency investments and loans	119,925	-
Shares issued (including premium)	197,476,427	-
At 31 December	<u>415,945,264</u>	<u>221,716,134</u>

**13 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.