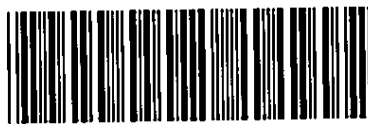


Registered number  
368205

**Wilkes-Lucas Limited**  
**Report and Financial Statements**  
**31 December 2006**

TUESDAY



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## Wilkes-Lucas Limited

### Directors' Report

The Directors present their report and audited financial statements for the year ended 31 December 2006

#### Principal activity

The Company is a holding company for investments in group undertakings

#### Results and dividends

The profit for the financial year was £4,873,621 (2005 loss of £229,463,931) The Directors do not recommend the payment of a dividend (2005 £nil)

#### Events after the balance sheet date

Since the year end the following events have taken place

The Company's share of investments in Enthone Inc , Premier Refractories International Inc , A R Mexican Holdings Inc and El Liquidation Inc held by Cookson North America Partnership, which have been included in these accounts as set out in the accounting policies in Note 1, have been transferred at market value to Cookson America Inc in exchange for an issue of a loan note of \$275.7m and shares in Cookson America Inc Cookson North America Partnership used the loan to part repay the advances made to it by Cookson Group plc Cookson North America Partnership and Cookson International Partnership ceased to exist as a result of their merger into Cookson America Inc

Cookson Investments Limited became the immediate parent undertaking on 1 February 2007

On 2 February 2007, the Company acquired an interest in Cookson America Inc from its immediate parent undertaking at market value

The events since the year end do not indicate that there is any impairment in the items held at the balance sheet date

#### Political and charitable contributions

The Company made no political or charitable contributions during the year

#### 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 interests in the ordinary shares of Cookson Group plc, the ultimate parent undertaking, are stated below

	Options to purchase 10p ordinary shares					Interests in 10p ordinary shares	
	*At 1 Jan 2006	Granted	Exercised	Lapsed	At 31 Dec 2006	*At 1 Jan 2006	At 31 Dec 2006
BR Elliston	202,389	19,988	59,486	3,352	159,539	10,310	13,145
RMH Malthouse	226,027	79,982	61,191	5,453	239,365	29,132	73,546
SA O'Hara	15,497	-	-	-	15,497	1,098	1,098
SC Upcott	68,162	-	-	-	68,162	2,569	2,569

\*SA O'Hara and SC Upcott were appointed directors on 12 December 2006, their interests are shown from that date

#### 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

**Wilkes-Lucas Limited**

**Directors' Report (continued)**

**Auditors**

The Company has passed elective resolutions in accordance with section 379A of the Companies Act 1985 and is therefore exempt from the obligation to hold an Annual General Meeting and to reappoint the auditors annually

BY ORDER OF THE BOARD

*Roche S. Fell*

Miss RS Fell  
Company Secretary

*12 June* 2007  
165 Fleet Street  
London  
EC4A 2AE

## **Wilkes-Lucas Limited**

### **Statement of Directors' responsibilities**

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)

The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for the period

In preparing these 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 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 1985. 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

## **Independent auditor's report to the members of Wilkes-Lucas Limited**

We have audited the financial statements of Wilkes-Lucas Limited for the year ended 31 December 2006 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses, and the related notes. These financial statements have been prepared under the accounting policies set out therein.

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' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 3.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 1985. We also report to you whether, in our opinion, the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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, in accordance with UK Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 December 2006 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.

*KPMG Audit Plc*

**KPMG Audit Plc**  
Chartered Accountants  
Registered Auditor  
London

*15 June* 2007

**Wilkes-Lucas Limited**

**Profit and Loss Account  
For the year ended 31 December 2006**

	Notes	<u>2006</u>	<u>2005</u>
		£	£
Administrative expenses		(93,859)	(170,572)
Impairment of fixed asset investments		-	(238,759,323)
<b>Operating loss</b>	2	<u>(93,859)</u>	<u>(238,929,895)</u>
Income from investments	3	2,125,560	2,125,294
Interest receivable and similar income	4	5,694,528	8,781,813
Interest payable and similar charges	5	(2,852,608)	(1,441,143)
<b>Profit / (loss) on ordinary activities before taxation</b>		<u>4,873,621</u>	<u>(229,463,931)</u>
Tax on profit / (loss) on ordinary activities	6	-	-
<b>Profit / (loss) for the financial year</b>	11	<u>4,873,621</u>	<u>(229,463,931)</u>

All activities relate to continuing operations

There are no material differences between the profit / (loss) on ordinary activities before taxation and the profit / (loss) for the year stated above and their historical cost equivalents

**Wilkes-Lucas Limited**

**Balance Sheet**  
**As at 31 December 2006**

	Notes	<u>2006</u>		<u>2005</u>	
		£	£	£	£
<b>Fixed assets</b>					
Investments	7		487,531,235		546,834,087
<b>Current assets</b>					
Debtors	8		-		90,244
Cash at bank and in hand			<u>3,345</u>		<u>3,949</u>
			3,345		94,193
<b>Creditors, amounts falling due within one year</b>	9		<u>(530,880,694)</u>		<u>(577,710,571)</u>
<b>Net current liabilities</b>			(530,877,349)		(577,616,378)
<b>Net liabilities</b>			<u>(43,346,114)</u>		<u>(30,782,291)</u>
<b>Capital and reserves</b>					
Called up share capital	10		165,870,440		165,870,440
Share premium			216,184,012		216,184,012
Profit and loss account	11		<u>(425,400,566)</u>		<u>(412,836,743)</u>
<b>Equity shareholders' funds</b>	12		<u>(43,346,114)</u>		<u>(30,782,291)</u>

The financial statements on pages 5 to 13 were approved by the Board of Directors on 12 June 2007, and signed on their behalf by



BR Elliston  
Director

## **Wilkes-Lucas Limited**

### **Statement of Total Recognised Gains and Losses For the year ended 31 December 2006**

	<u>2006</u>	<u>2005</u>
	£	£
Profit / (loss) for the financial year	4,873,621	(229,463,931)
Exchange differences arising on foreign currency investments and loans	(17,437,444)	21,039,130
Total recognised gains and losses related to the year	<u>(12,563,823)</u>	<u>(208,424,801)</u>



# **Wilkes-Lucas Limited**

## **Notes to the Financial Statements For the year ended 31 December 2006**

### **1 Accounting policies**

#### ***Accounting convention***

The financial statements 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 the results, assets and liabilities of Cookson North America Partnership and Cookson International Partnership, as they are joint arrangements 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.

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.

#### ***Investments***

Investments in subsidiary undertakings ('subsidiaries') are stated at cost, less any provision for impairment.

Subject to the foreign currencies note below, investments denominated in foreign currencies are translated at the exchange rates prevailing at the date of acquisition.

#### ***Taxation***

The charge for taxation is based on the result 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.

#### ***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.

### **2 Operating loss**

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. An allocated audit fee of £4,000 (2005: £4,000) was borne by the ultimate parent undertaking, Cookson Group plc.

## **Wilkes-Lucas Limited**

### **Notes to the Financial Statements (continued) For the year ended 31 December 2006**

#### **3 Income from investments**

	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>
Preference dividends received from investments	<u>2,125,560</u>	<u>2,125,294</u>

#### **4 Interest receivable and similar income**

	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>
Interest receivable from parent undertaking	5,694,528	3,139,156
Foreign exchange gain	<u>-</u>	<u>5,642,657</u>
	<u>5,694,528</u>	<u>8,781,813</u>

#### **5 Interest payable and similar charges**

	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>
Interest payable to subsidiary undertaking	1,270,888	1,441,143
Foreign exchange loss	<u>1,581,720</u>	<u>-</u>
	<u>2,852,608</u>	<u>1,441,143</u>

## Wilkes-Lucas Limited

### Notes to the Financial Statements (continued) For the year ended 31 December 2006

#### 6 Taxation

	2006 £	2005 £
<i>Analysis of charge in period</i>		
UK corporation tax at 30% (2005 30%)	-	-
Prior year tax charge / (credit)	-	-
Tax on loss on ordinary activities	-	-
<i>Factors affecting the tax charge for the current period</i>		
<i>Current tax reconciliation</i>		
Profit / (loss) on ordinary activities before tax	4,873,621	(229,463,931)
Current tax charge / (credit) at 30% (2005 30%)	1,462,086	(68,839,179)
Effects of		
Income not taxable for tax purposes	(3,973,487)	(637,588)
Expenses not deductible for tax purposes	25,252	71,627,797
Losses surrendered to / (claimed from) group	2,486,149	(2,151,030)
Total current tax (see above)	-	-

No tax charge arises on the results for the year due to the availability of corporation tax losses

The unrecognised deferred tax asset is approximately £22.1m (2005 £22.1m) in respect of operating losses. If circumstances change in the future resulting in the recoverability of the deferred tax asset becoming more certain, the asset will be recognised. This will only be the case if there is persuasive and reliable evidence suggesting that suitable taxable profits will be generated in the future.

#### 7 Fixed asset investments

	Investments in subsidiary undertakings £
<b>Cost</b>	
At 1 January 2006	864,343,410
Disposals	(37,696,772)
Foreign exchange	(46,648,957)
At 31 December 2006	779,997,681
<b>Provisions</b>	
At 1 January 2006	317,509,323
Disposals	(12,689,543)
Foreign exchange	(12,353,334)
At 31 December 2006	292,466,446
<b>Net book value</b>	
At 31 December 2006	487,531,235
At 31 December 2005	546,834,087

## Wilkes-Lucas Limited

### Notes to the Financial Statements (continued) For the year ended 31 December 2006

#### 7 Fixed asset investments (continued)

The principal subsidiaries of Wilkes-Lucas Limited and the countries in which they are incorporated are as follows

* Cookson America, Inc , USA (78.75%)	** Stern Metals, Inc , USA (78.75%)
** Cookson Investments, Inc , USA (78.75%)	** Vesuvius Crucible Company, USA (78.75%)
** Fry's Metals, Inc , USA (78.75%)	** Vesuvius U S A Corporation, USA (78.75%)
** Stern / Leach Company, USA (78.75%)	

Where marked with an asterisk (\*), the ordinary capital of the above companies was wholly-owned by Cookson North America Partnership at 31 December 2006, which have been included in these accounts as set out in the accounting policies in Note 1. All of the above are wholly-owned, unless otherwise stated. Those marked with two asterisks (\*\*), were owned by Cookson America, Inc or one of its subsidiaries at 31 December 2006.

During the year, the Company disposed of its share of the preference shares in Cookson Financial Limited of £25.0m NBV, which were held by Cookson International Partnership. No gain or loss was recognised on this sale.

#### 8 Debtors

	2006 £	2005 £
Other debtors	-	90,244

#### 9 Creditors: amounts falling due within one year

	2006 £	2005 £
Amounts owed to parent undertaking	513,419,627	528,431,164
Amounts owed to a fellow group undertaking	-	22,260,491
Amounts owed to subsidiary undertaking	17,461,067	27,018,916
	<u>530,880,694</u>	<u>577,710,571</u>

# **Wilkes-Lucas Limited**

## **Notes to the Financial Statements (continued)** **For the year ended 31 December 2006**

### **10 Share capital**

	2006 £	2005 £
Authorised		
400,000,000 ordinary shares of £1 each	400,000,000	400,000,000
5,000 3.5% redeemable cumulative preference shares of £1 each	<u>5,000</u>	<u>5,000</u>
	<u>400,005,000</u>	<u>400,005,000</u>
 Allotted, called up and fully paid		
165,870,440 ordinary shares of £1 each	<u>165,870,440</u>	<u>165,870,440</u>

### **11 Profit and loss account**

	2006 £	2005 £
At 1 January	(412,836,743)	(204,411,942)
Profit / (loss) for the financial year	4,873,621	(229,463,931)
Exchange differences arising on foreign currency investments and loans	<u>(17,437,444)</u>	<u>21,039,130</u>
At 31 December	<u>(425,400,566)</u>	<u>(412,836,743)</u>

### **12 Reconciliation of movement in equity shareholders' funds**

	2006 £	2005 £
At 1 January	(30,782,291)	177,642,510
Profit / (loss) for the financial year	4,873,621	(229,463,931)
Exchange differences arising on foreign currency investments and loans	<u>(17,437,444)</u>	<u>21,039,130</u>
At 31 December	<u>(43,346,114)</u>	<u>(30,782,291)</u>

## **Wilkes-Lucas Limited**

### **Notes to the Financial Statements (continued) For the year ended 31 December 2006**

#### **13 Events after the balance sheet date**

Since the year end the following events have taken place

- The Company's share of investments in Enthone Inc , Premier Refractories International Inc , A R Mexican Holdings Inc and EI Liquidation Inc held by Cookson North America Partnership, which have been included in these accounts as set out in the accounting policies in Note 1, have been transferred at market value to Cookson America Inc in exchange for an issue of a loan note of \$275.7m and shares in Cookson America Inc. Cookson North America Partnership used the loan to part repay the advances made to it by Cookson Group plc,
- Cookson Investments Limited became the immediate parent undertaking on 1 February 2007, and
- On 2 February 2007, the Company acquired an interest in Cookson America Inc from its immediate parent undertaking at market value

The events since the year end do not indicate that there is any impairment in the items held at the balance sheet date

#### **14 Ultimate parent undertaking**

The immediate parent undertaking is Cookson Investments Limited

The ultimate parent undertaking is Cookson Group plc, registered in England and Wales, which heads the largest group in which the results of the Company are consolidated. The financial statements of Cookson Group plc are available to the public and may be obtained from the Company Secretary, Cookson Group plc, 165 Fleet Street, London EC4A 2AE

No other group financial statements include the results of the Company