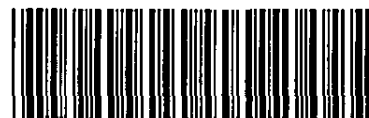


Registered number  
368205

**Wilkes-Lucas Limited**  
**Report and Financial Statements**  
**31 December 2007**

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## **Wilkes-Lucas Limited**

### **Directors' Report**

The Directors present their report and audited financial statements for the year ended 31 December 2007

#### **Principal activity**

The Company is a holding company for investments in group undertakings

#### **Results and dividends**

The profit for the financial year was £64,678,000 (2006 £4,873,621) The Directors do not recommend the payment of a dividend (2006 £nil)

#### **Political and charitable contributions**

The Company made no political or charitable contributions during the year

#### **Directors**

The Directors who held office during the year were as follows

BR Elliston  
RMH Malthouse  
SA O'Hara  
S Upcott

#### **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

#### **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



Miss RS Fell  
Company Secretary

30 October 2008  
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 2007 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 2.

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**

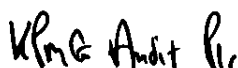
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the 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 2007 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  
Chartered Accountants  
Registered Auditor  
London

*10 October* 2008

## Wilkes-Lucas Limited

### Profit and Loss Account

For the year ended 31 December 2007

	Notes	<u>2007</u>	<u>2006</u>
		£000	£000
Administrative expenses		-	(94)
<b>Operating profit / (loss)</b>	2	<u>-</u>	<u>(94)</u>
Profit on sale of fixed asset investments	7	74,415	-
Income from investments	3	1,063	2,126
Interest receivable and similar income	4	6,403	5,695
Interest payable and similar charges	5	(17,203)	(2,853)
<b>Profit on ordinary activities before taxation</b>		<u>64,678</u>	<u>4,874</u>
Tax on profit on ordinary activities	6	-	-
<b>Profit for the financial year</b>	10	<u>64,678</u>	<u>4,874</u>

All activities relate to continuing operations


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

# Wilkes-Lucas Limited

## Balance Sheet As at 31 December 2007

	Notes	2007	2006
		£000	£000
<b>Fixed assets</b>			
Investments	7	484,047	487,531
<b>Current assets</b>			
Cash at bank and in hand		-	3
		-	3
<b>Creditors: amounts falling due within one year</b>	8	(399,828)	(530,880)
<b>Net current liabilities</b>		(399,828)	(530,877)
<b>Net assets / (liabilities)</b>		84,219	(43,346)
<b>Capital and reserves</b>			
Called up share capital	9	204,904	165,871
Share premium account		216,184	216,184
Profit and loss account	10	(336,869)	(425,401)
<b>Equity shareholders' funds</b>	11	84,219	(43,346)

The financial statements on pages 4 to 12 were approved by the Board of Directors on 30 October 2008, 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 2007**

	<u>2007</u>	<u>2006</u>
	£000	£000
Profit for the financial year	64,678	4,874
Exchange differences arising on foreign currency investments and loans	(375)	(17,438)
Exchange differences recycled to profit and loss account on disposal of foreign currency investments	24,229	-
Total recognised gains and losses for the year	<u>88,532</u>	<u>(12,564)</u>

# **Wilkes-Lucas Limited**

## **Notes to the Financial Statements For the year ended 31 December 2007**

### **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 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') 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.

#### ***Related party transactions***

The Company is a wholly-owned subsidiary of Cookson Group plc, and has taken advantage of the exemption contained in FRS 8 not to disclose transactions or balances with entities which form part of the Cookson Group plc group.

#### ***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 profit / (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 (2006: £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 2007**

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

	<b>2007 £000</b>	<b>2006 £000</b>
Preference dividends received from investments	<u>1,063</u>	<u>2,126</u>

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

	<b>2007 £000</b>	<b>2006 £000</b>
Interest receivable from parent undertaking	<u>6,403</u>	<u>5,695</u>

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

	<b>2007 £000</b>	<b>2006 £000</b>
Interest payable to subsidiary undertaking	-	1,271
Foreign exchange loss	<u>17,203</u>	<u>1,582</u>
	<u>17,203</u>	<u>2,853</u>

# Wilkes-Lucas Limited

## Notes to the Financial Statements (continued) For the year ended 31 December 2007

### 6 Taxation

	2007 £000	2006 £000
<i>Analysis of charge in period</i>		
UK corporation tax at 30% (2006 30%)	-	-
Prior year tax charge / (credit)	-	-
Tax on profit on ordinary activities	-	-
<i>Factors affecting the tax charge for the current period</i>		
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	64,678	4,874
Current tax charge at 30% (2006 30%)	19,403	1,462
Effects of		
Income not taxable for tax purposes	(22,882)	(3,973)
Expenses not deductible for tax purposes	-	25
Losses surrendered to / (claimed from) group	3,479	2,486
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 £23.5m (2006 £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 £000
<b>Cost</b>	
At 1 January 2007	779,998
Additions	241,746
Disposals	(417,798)
Foreign exchange	(1,259)
At 31 December 2007	602,687
<b>Provisions</b>	
At 1 January 2007	292,467
Disposals	(173,304)
Foreign exchange	(523)
At 31 December 2007	118,640
<b>Net book value</b>	
At 31 December 2007	484,047
At 31 December 2006	487,531

## Wilkes-Lucas Limited

### Notes to the Financial Statements (continued) For the year ended 31 December 2007

#### 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 (83.33%)	* Stern Metals, Inc , USA (83.33%)
* Cookson Investments, Inc , USA (83.33%)	* Vesuvius Crucible Company, USA (83.33%)
* Fry's Metals, Inc , USA (83.33%)	* Vesuvius U S A Corporation, USA (83.33%)
* Stern / Leach Company, USA (83.33%)	

Where marked with an asterisk (\*), the ordinary capital of the above companies was wholly-owned by Cookson America, Inc or one of its subsidiaries as at 31 December 2007

During the year, 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, of which the results, assets and liabilities (along with those of Cookson International Partnership) were previously included in these financial statements, were disposed of at market value to Cookson America Inc , the consideration for which comprised a loan note of \$275.7m, and shares with a market value of £202,713,000 in Cookson America Inc yielding a profit of £74,415,000. Cookson North America Partnership used the loan note to partly 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.

During the year, the Company acquired a further interest in Cookson America Inc from its immediate parent undertaking and further increased its interest in Cookson America Inc by way of a capital contribution in connection with the merger into Cookson America Inc of Cookson North America Partnership and Cookson International Partnership.

These events do not indicate that there is any impairment in the investments held at the balance sheet date.

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

	2007 £000	2006 £000
Amounts owed to parent undertaking	399,828	513,419
Amounts owed to subsidiary undertaking	-	17,461
	<u>399,828</u>	<u>530,880</u>

# **Wilkes-Lucas Limited**

## **Notes to the Financial Statements (continued)** **For the year ended 31 December 2007**

### **9 Share capital**

	2007 £000	2006 £000
Authorised		
400,000,000 ordinary shares of £1 each	400,000	400,000
5,000 3 5% redeemable cumulative preference shares of £1 each	<u>5</u>	<u>5</u>
	400,005	400,005
 Allotted, called up and fully paid		
204,903,700 (2006 165,870,440) ordinary shares of £1 each	<u>204,904</u>	<u>165,871</u>

During the year the Company issued 39,033,260 ordinary shares of £1 each at par, the consideration for which being a further interest in Cookson America Inc (note 7)

### **10 Profit and loss account**

	2007 £000	2006 £000
At 1 January	(425,401)	(412,837)
Profit for the financial year	64,678	4,874
Exchange differences arising on foreign currency investments and loans	(375)	(17,438)
Exchange differences recycled to profit and loss account on disposal of foreign currency investments	<u>24,229</u>	<u>-</u>
At 31 December	(336,869)	(425,401)

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

	2007 £000	2006 £000
At 1 January	(43,346)	(30,782)
Profit for the financial year	64,678	4,874
Exchange differences arising on foreign currency investments and loans	(375)	(17,438)
Exchange differences recycled to profit and loss account on disposal of foreign currency investments	24,229	-
Issue of new shares	<u>39,033</u>	<u>-</u>
At 31 December	84,219	(43,346)

## **Wilkes-Lucas Limited**

### **Notes to the Financial Statements (continued) For the year ended 31 December 2007**

#### **12 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