

Registration number 368205

Wilkes-Lucas Limited

Directors' Report and Financial Statements
for the Year Ended 31 December 2011

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Wilkes-Lucas Limited
Company Information

Directors	BR Elliston RS Fell RMH Malthouse SA O'Hara SC Upcott
Company Secretary	RS Fell
Registered office	165 Fleet Street London EC4A 2AE
Auditor	KPMG Audit Plc Statutory Auditor and Chartered Accountants 15 Canada Square London E14 5GL

Wilkes-Lucas Limited
Directors' Report for the Year Ended 31 December 2011

The Directors present their report and the financial statements for the year ended 31 December 2011

Directors of the Company

The Directors who held office during the year were as follows

BR Elliston

RS Fell - Company Secretary and Director

RMH Malthouse

SA O'Hara

SC Upcott

Principal activity and review of the business

The Company is a holding company for investments in group undertakings, and its investing activities during the year are detailed in note 6. The Directors do not envisage any change to the business of the Company in the foreseeable future.

Results and dividends

The result for the year is shown on page 5. The Directors do not recommend payment of a final dividend (2010: £nil).

Principal risks and uncertainties

The management of the business and the execution of the Company's strategy are subject to a number of risks. The key business risks and uncertainties affecting the Company are considered to relate to the following:

Recoverability of intercompany receivables

Where amounts are due from Group companies with net liabilities, parental guarantees and letters of support are obtained to ensure that they will be able to meet their obligations as they fall due.

Political and charitable donations

During the year the Company made political donations of £nil (2010: £nil) and charitable donations of £nil (2010: £nil).

Disclosure of information to the 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 they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Reappointment of auditors

The auditors KPMG Audit Plc are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Approved by the Board on 20 September 2012 and signed on its behalf by



RS Fell

Company Secretary and Director

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 the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they 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 these financial statements, the Directors are required to

- select suitable accounting policies and apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent, 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 adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

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 2011, set out on pages 5 to 12. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor

As explained more fully in the Statement of Directors' Responsibilities set out on page 3, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/private.cfm.

Opinion on the financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2011 and of its loss for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

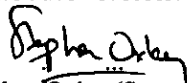
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.



Stephen Oxley (Senior Statutory Auditor)

For and on behalf of KPMG Audit Plc, Statutory Auditors

Chartered Accountants
15 Canada Square
London
E14 5GL

20 September 2012

Wilkes-Lucas Limited
Profit and Loss Account for the Year Ended 31 December 2011

	Note	2011 £ 000	2010 £ 000
Impairment of fixed asset investments (charge)/reversal	6	<u>(64,377)</u>	<u>14,496</u>
Operating (loss)/profit	2	(64,377)	14,496
Other interest receivable and similar income	3	3,116	1,278
Interest payable and similar charges	4	<u>(29)</u>	<u>(21,122)</u>
Loss on ordinary activities before taxation		(61,290)	(5,348)
Tax on loss on ordinary activities	5	<u>-</u>	<u>-</u>
Loss for the financial year	9	<u>(61,290)</u>	<u>(5,348)</u>

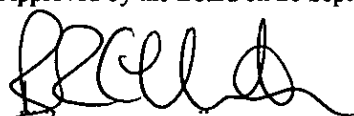
All activities relate to continuing operations

The Company has no recognised gains or losses for the year other than the results above

Wilkes-Lucas Limited
(Registration number: 368205)
Balance Sheet at 31 December 2011

	Note	2011 £ 000	2010 £ 000
Fixed assets			
Investments	6	390,491	454,868
Creditors Amounts falling due within one year	7	<u>(460,055)</u>	<u>(463,142)</u>
Net liabilities		<u>(69,564)</u>	<u>(8,274)</u>
Capital and reserves			
Called up share capital	8	204,904	204,904
Share premium account	9	216,184	216,184
Profit and loss account	9	<u>(490,652)</u>	<u>(429,362)</u>
Shareholders' deficit	10	<u>(69,564)</u>	<u>(8,274)</u>

Approved by the Board on 20 September 2012 and signed on its behalf by



BR Elliston
Director

Wilkes-Lucas Limited

Notes to the Financial Statements for the Year Ended 31 December 2011

1 Accounting policies

Basis of preparation

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

New accounting standards

The Company has adopted 'Improvements to Financial Reporting Standards 2010' (November 2010). This adoption had no impact on the net results or net assets of the Company.

Going concern

The financial statements have been prepared on the going concern basis, notwithstanding net current liabilities as shown on page 6, which the Directors believe to be appropriate for the following reason. The Company is dependent for its working capital on funds provided to it by Cookson Group plc, the Company's ultimate parent. Cookson Group plc has indicated that for at least 12 months from the date of approval of these financial statements, it will continue to make available such funds as are needed by the Company. The Directors consider that this should enable the Company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment.

Exemption from preparing a cash flow statement

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.

Exemption from preparing group accounts

The Company is exempt by virtue of s400 of the Companies Act 2006 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.

Fixed asset investments

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

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 currency

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.

Wilkes-Lucas Limited

Notes to the Financial Statements for the Year Ended 31 December 2011

continued

2 Operating profit

Other than the Directors, the Company had no employees during the year (2010 nil) The Directors received remuneration of £nil (2010 £nil) in respect of services to the Company during the year An allocated audit fee was borne by the ultimate parent undertaking, Cookson Group plc, of £4,000 (2010 £4,000)

3 Other interest receivable and similar income

	2011 £ 000	2010 £ 000
Interest receivable from group undertakings	608	1,278
Foreign exchange gains	2,508	-
	<u>3,116</u>	<u>1,278</u>

4 Interest payable and similar charges

	2011 £ 000	2010 £ 000
Interest payable to group undertakings	29	-
Foreign exchange losses	-	21,122
	<u>29</u>	<u>21,122</u>

Wilkes-Lucas Limited

Notes to the Financial Statements for the Year Ended 31 December 2011

continued

5 Taxation

Tax on loss on ordinary activities

	2011 £ 000	2010 £ 000
Total tax on loss on ordinary activities	-	-

Factors affecting current tax charge for the year

Tax on loss on ordinary activities for the year is higher than (2010 higher than) the standard rate of corporation tax in the UK of 26.5% (2010 28%)

The differences are reconciled below

	2011 £ 000	2010 £ 000
Loss on ordinary activities before taxation	(61,290)	(5,348)
Corporation tax at standard rate	(16,242)	(1,497)
Income not taxable for tax purposes	-	(4,059)
Expenses not deductible for tax purposes	17,060	-
Losses (claimed from) / surrendered to group	(818)	5,556
Total current tax	-	-

Factors that may affect future tax charges

The unrecognised deferred tax asset is approximately £24,579,750 (2010 £26,544,774) in respect of non-trading deficits. 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.

On 23 March 2011 the Chancellor announced the reduction in the main rate of UK corporation tax to 26% with effect from 1 April 2011 and a further reduction to 25% with effect from 1 April 2012. These changes became substantively enacted on 29 March 2011 and 5 July 2011 respectively.

The 2012 Budget on 21 March 2012 announced that the UK corporation tax rate will reduce to 24% (effective from 1 April 2012) and this change was substantively enacted on 26 March 2012. Further reductions have been proposed to reduce the corporation tax rate to 22% by 2014.

It has not yet been possible to quantify the full anticipated effect of the announced further rate reduction, although it will further reduce the Company's future current tax charge and reduce the above mentioned deferred tax figure accordingly.

Wilkes-Lucas Limited

Notes to the Financial Statements for the Year Ended 31 December 2011

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6 Investments held as fixed assets

	Investments in subsidiary undertakings £ 000
Cost	
At 1 January 2011	602,687
At 31 December 2011	602,687
Provision for impairment	
At 1 January 2011	147,819
Charge for the year	64,377
At 31 December 2011	212,196
Net book value	
At 31 December 2011	390,491
At 31 December 2010	454,868

Details of undertakings

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

Cookson America, Inc , USA (83 33%)	* Enthone 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%)	* Stern Metals Inc , USA (83 33%)

Where marked with an asterisk (*), the ordinary capital of the above companies was owned by a Wilkes-Lucas Limited subsidiary at 31 December 2011. All of the above are wholly-owned, unless otherwise stated.

In 2010, an impairment loss reversal of £14,496,110 was recognised after an assessment of its investment in subsidiary undertakings.

Following a reassessment of the expected future profit contributions from its investments in subsidiary undertakings, the Company has recognised an impairment loss of £64,376,928 to reduce the value of its investments in subsidiary undertakings to their recoverable amount. The total impairment loss was measured by reference to the value in use of the investments, using risk-adjusted pre-tax discount rates that ranged between 13.8% and 15.4%.

Post balance sheet event

The sale of the US Precious Metals Processing business, which included Stern Metals Inc and Stern/Leach Company, was completed on 1 May 2012.

Wilkes-Lucas Limited

Notes to the Financial Statements for the Year Ended 31 December 2011

continued

7 Creditors' Amounts falling due within one year

	2011	2010
	£ 000	£ 000
Amounts owed to group undertakings	<u>460,055</u>	<u>463,142</u>

8 Share capital

Allotted, called up and fully paid shares

	2011		2010	
	No.	£ 000	No.	£ 000
Ordinary shares of £1 each	<u>204,903,700</u>	<u>204,904</u>	<u>204,903,700</u>	<u>204,904</u>

9 Reserves

	Share premium account £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2011	216,184	(429,362)	(213,178)
Loss for the year	<u>-</u>	<u>(61,290)</u>	<u>(61,290)</u>
At 31 December 2011	<u>216,184</u>	<u>(490,652)</u>	<u>(274,468)</u>

10 Reconciliation of movement in shareholders' funds

	2011	2010
	£ 000	£ 000
Loss attributable to the members of the Company	<u>(61,290)</u>	<u>(5,348)</u>
Net reduction to shareholders' funds	<u>(61,290)</u>	<u>(5,348)</u>
Shareholders' deficit at 1 January	<u>(8,274)</u>	<u>(2,926)</u>
Shareholders' deficit at 31 December	<u>(69,564)</u>	<u>(8,274)</u>

11 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

Wilkes-Lucas Limited

Notes to the Financial Statements for the Year Ended 31 December 2011

continued

12 Immediate parent undertaking

The immediate parent undertaking is Cookson Investments Limited

The ultimate controlling party 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