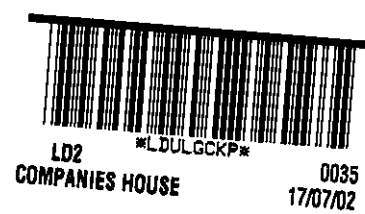


Registered number
368205

Wilkes Lucas Limited

Report and Accounts

31 December 2001



Wilkes Lucas Limited

Directors' Report

The directors present their report and accounts for the year ended 31 December 2001.

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 £48,369,743 (2000: £49,082,959) which has been transferred from reserves. The Directors do not recommend the payment of a dividend (2000: £nil).

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 50p Ordinary shares				Interests in 50p Ordinary shares		
	At 1 January				At 31 December		
	2001	Granted	Exercised	Lapsed	2001	2001	2000
BR Elliston	461,269	197,448	-	(16,428)	642,289	49,734	11,737
RMH Malthouse	482,024	198,668	-	(11,101)	669,591	40,488	38,125

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.

Wilkes Lucas Limited
Directors' Report

Auditors

The Company has passed an elective resolution 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.

This report was approved by the board on 24 June 2002.

Rachel S.A.,

Miss RS Fell
Company Secretary

Wilkes Lucas Limited
Auditor's Report

Independent auditors' report to the members of Wilkes Lucas Limited

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

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 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 2001 and of its loss 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

8 Salisbury Square
London
EC4Y 8BB

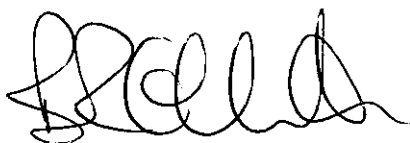
27 June 2002

Wilkes Lucas Limited
Profit and Loss Account
for the year ended 31 December 2001

	Notes	2001 £	2000 £
Operating loss	2	(201,777)	(212,753)
Income from investments	3	2,125,560	2,125,560
Interest receivable	4	16,526,935	20,502,766
Interest payable	5	(66,818,586)	(71,498,532)
Loss on ordinary activities before taxation		<u>(48,367,868)</u>	<u>(49,082,959)</u>
Tax on loss on ordinary activities	6	(1,875)	-
Retained loss for the financial year	12	<u>(48,369,743)</u>	<u>(49,082,959)</u>

Wilkes Lucas Limited
Balance Sheet
as at 31 December 2001

	Notes	2001 £	2000 £
Fixed assets			
Investments	7	930,322,255	918,687,981
Current assets			
Debtors	8	201,718,234	293,446,053
Cash at bank and in hand		2,856	6,766
		<u>201,721,090</u>	<u>293,452,819</u>
Creditors: amounts falling due within one year	9	(807,695,810)	(840,538,557)
Net current liabilities		<u>(605,974,720)</u>	<u>(547,085,738)</u>
		<u>324,347,535</u>	<u>371,602,243</u>
Equity Capital and Reserves			
Called up share capital	10	165,870,440	165,870,440
Share premium		216,184,012	216,184,012
Profit and loss account	11	(57,706,917)	(10,452,209)
	12	<u>324,347,535</u>	<u>371,602,243</u>



Director

Approved by the board on 24 June 2002

Wilkes Lucas Limited
Statement of total recognised gains and losses
for the year ended 31 December 2001

	2001 £	2000 £
Loss for the financial year	(48,369,743)	(49,082,959)
Exchange differences arising on foreign currency investments and loans	1,115,035	4,739,938
Total recognised gains and losses related to the year	<u>(47,254,708)</u>	<u>(44,343,021)</u>

Wilkes Lucas Limited
Notes to the Accounts
for the year ended 31 December 2001

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.

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 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. The auditor remuneration is borne by the parent company.

Wilkes Lucas Limited
Notes to the Accounts
for the year ended 31 December 2001

3 Investment income

	2001 £	2000 £
Dividends receivable from an undertaking in which the Company has a participating interest	2,125,560	2,125,560
	<u>2,125,560</u>	<u>2,125,560</u>

4 Interest receivable

	2001 £	2000 £
Interest receivable from parent undertaking	11,782,162	10,068,986
Interest receivable from subsidiary undertaking	4,744,773	10,433,780
	<u>16,526,935</u>	<u>20,502,766</u>

5 Interest payable

	2001 £	2000 £
Interest payable to parent undertaking	58,243,487	57,474,490
Interest payable to a fellow group undertaking	3,265,525	3,116,775
Interest payable to subsidiary undertaking	1,968,333	-
Foreign exchange loss	3,341,241	10,907,267
	<u>66,818,586</u>	<u>71,498,532</u>

6 Taxation

	2001 £	2000 £
Under provision in respect of prior years	1,875	-
	<u>1,875</u>	<u>-</u>

Wilkes Lucas Limited
Notes to the Accounts
for the year ended 31 December 2001

7 Fixed asset investments

	Investments in subsidiary undertakings £
Cost	
At 1 January	918,687,981
Additions	110,278
Foreign exchange	11,523,996
At 31 December	<u>930,322,255</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), 78.75% 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), 78.75% holding.
- Enthone-OMI Inc., incorporated in the USA (holding company), 78.75% holding.

8 Debtors

	2001 £	2000 £
Amounts owed by parent undertaking	156,950,007	141,524,141
Amounts owed by subsidiary undertaking	37,600,375	148,733,572
Amounts owed by undertakings in which the Company has a participating interest	5,314,519	3,188,340
Other debtors	1,853,333	-
	<u>201,718,234</u>	<u>293,446,053</u>

9 Creditors: amounts falling due within one year

	2001 £	2000 £
Amounts owed to parent undertaking	711,327,015	769,380,222
Amounts owed to a fellow group undertaking	39,841,678	38,817,498
Amounts owed to subsidiary undertaking	54,767,852	32,340,537
Other creditors and accruals	1,757,090	-
Corporation tax	2,175	300
	<u>807,695,810</u>	<u>840,538,557</u>

Wilkes Lucas Limited
Notes to the Accounts
for the year ended 31 December 2001

10 Share capital	2001	2000
	£	£
Authorised:		
Ordinary shares of £1 each	400,000,000	400,000,000
3.5% redeemable cumulative preference shares of £1 each	5,000	5,000
	<u>400,005,000</u>	<u>400,005,000</u>

	2001	2000
	£	£
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	2001	2000
	£	£
At 1 January	(10,452,209)	33,890,812
Loss for the financial year	(48,369,743)	(49,082,959)
Exchange differences arising on foreign currency investments and loans	<u>1,115,035</u>	<u>4,739,938</u>
At 31 December	<u>(57,706,917)</u>	<u>(10,452,209)</u>

12 Reconciliation of movement in shareholders' funds	2001	2000
	£	£
At 1 January	371,602,243	415,945,264
Loss for the financial year	(48,369,743)	(49,082,959)
Exchange differences arising on foreign currency investments and loans	<u>1,115,035</u>	<u>4,739,938</u>
At 31 December	<u>324,347,535</u>	<u>371,602,243</u>

13 Commitments and contingencies

Amongst others Wilkes Lucas Limited, as a guarantor, is party to a £450m multicurrency credit agreement, between Cookson Group plc as Borrower and a number of banks ("Lenders"). As part of this agreement Wilkes Lucas 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 2001 £292.5m was drawn by Cookson Group plc under the credit agreement facility secured on the various assets of Wilkes Lucas Limited.

In addition, Wilkes Lucas 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 on any of the obligations of the Cookson Group plc.

Wilkes Lucas Limited
Notes to the Accounts
for the year ended 31 December 2001

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.