

FOSECO LIMITED
REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2001
REGISTERED NO: 383505



FOSECO LIMITED

DIRECTORS' REPORT

The directors submit their annual report and audited accounts for the year ended 31 December 2001.

RESULTS AND DIVIDENDS

The results for the year disclose a profit after taxation of £27,373,000 (2000-profit £48,849,000). The directors paid a dividend of £21,438,000 (2000 - £38,506,000) leaving the profit for the year of £5,935,000 to be transferred to reserves.

REVIEW OF THE BUSINESS

The company is the holding company of an international group whose principal business is speciality chemicals. A capital reduction of £ 70,000,000 was completed in the year. The company also sold its holding in Fosroc International Limited. A list of principal subsidiary undertakings and their activities appears in Note 14 to the accounts.

HOLDING COMPANY

BP Amoco disposed of the Metallurgical Division of Burmah Castrol Plc on 28 September 2001 and consequently the ultimate holding company became Foseco Jersey Limited. As part of this reorganisation the company changed its name from Foseco Plc to Foseco Limited

DIRECTORS AND THEIR INTERESTS

The directors who served during the year were as follows:

A P Busson	appointed 19 March 2001 resigned 21 September 2001
P D Dean	appointed 21 September 2001
D Hussey	
J R P Pike	resigned 30 June 2001
G Souter	resigned 21 September 2001

No director had any interest in the shares of the company.

The interests of the directors in the shares of BP Amoco p.l.c at 1 January 2001 or date of appointment, whichever is later, were as follows:

Number of BP Amoco PLC Ordinary
Shares of 25 cents each

P D Dean	0
D Hussey	853

FOSECO LIMITED

DIRECTORS' REPORT (continued)

DIRECTORS AND THEIR INTERESTS (continued)

On 28 September 2001 the company became a fully owned subsidiary of Foseco Jersey Limited, a company registered in Jersey. As such the directors are not required to notify the company of their shareholdings and therefore no disclosure can be made concerning their shareholdings in Foseco Jersey Limited.

No director was interested during or at the end of the year in any contract which was significant in relation to the Company's business.

SUPPLIER PAYMENT POLICY

The Company seeks to agree payment terms with each of its suppliers, ensuring that they are aware of those terms when it enters into binding purchase transactions. Terms of payment are adhered to, subject to the Company being satisfied that the supplier has provided the goods or services in accordance with the agreed terms and conditions in the relevant purchase contract.

AUDITORS

On 28 June 2001, Ernst & Young transferred its entire business to Ernst & Young LLP, a limited liability partnership incorporated under the Limited Liability Partnership Act 2000. The Directors consented to treating the appointment of Ernst & Young as extending to Ernst & Young LLP with effect from 28 June 2001.

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

By order of the board

Sharon Roberts

S Roberts
Company Secretary
P O Box 5516
Coleshill Road
Tamworth
Staffordshire B78 3TL

12 June 2002

FOSECO LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

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 of the company 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
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts, 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 keeping 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FOSECO LIMITED

We have audited the company's financial statements for the year ended 31 December 2001 which comprise the Profit and Loss Account, Balance Sheet, and the related notes 1 to 15. These financial statements have been prepared on the basis of the accounting policies set out therein.

Respective Responsibilities of Directors and Auditors

As described in the Statement of Director's Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Standards.

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 if, in our opinion, the Director's Report is not consistent with the financial statements, 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.

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

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 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 accounts 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 financial statements give a true and fair view of the state of affairs of the Company as at 31 December 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP

ERNST & YOUNG LLP
REGISTERED AUDITOR
BIRMINGHAM

12 JUNE.....2002

FOSECO LIMITED**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2001**

Notes	2001 £'000	2000 £'000
Administrative expense	(2)	(7,692)
Operating loss	<u>(2)</u>	<u>(7,692)</u>
Income from investments	930	53,691
5 Interest receivable	154	31
Loss on exchange	(271)	(31)
Profit on sale of investments	27,527	-
8 Amounts written (off)back against fixed asset investments	(965)	2,887
Profit on ordinary activities before taxation	<u>27,373</u>	<u>48,886</u>
6 Taxation	-	(37)
Profit on ordinary activities after taxation	<u>27,373</u>	<u>48,849</u>
7 Dividends	(21,438)	(38,506)
12 Profit transferred to reserves	<u>5,935</u>	<u>10,343</u>

The Company has no recognised gains or losses other than the profit for the year.

FOSECO LIMITED

BALANCE SHEET AT 31 DECEMBER 2001

Notes	2001 £'000	2000 £'000
8 Fixed asset investments		
Subsidiary undertakings	32,924	38,724
Current assets:		
9 Debtors	20,743	54,430
10 Creditors: amounts falling due within one year:	(31,578)	(7,000)
Net current (liabilities)/assets	(10,835)	47,430
Total assets less current liabilities	22,089	86,154
Capital and reserves:		
11 Called-up share capital	15,154	22,912
Share premium account	-	37,242
Special reserve	-	25,000
12 Profit and loss account	6,935	1,000
13 Shareholder's funds	22,089	86,154
Equity	22,089	85,154
Non Equity	-	1,000
	22,089	86,154

Approved by the board of directors on 12 June 2002
and signed on their behalf.

.....
Director

FOSECO LIMITED

NOTES TO THE 31 DECEMBER 2001 ACCOUNTS

1 Parent undertaking

These accounts present information about the Company as an individual undertaking and not about its group.

The Company's ultimate parent undertaking is Foseco (Jersey) Limited. A company registered in Jersey. The Company's accounts are incorporated into the consolidated accounts of Foseco Holding Limited which are prepared in accordance with UK legislation and include a consolidated cash flow statement.

Group accounts are, therefore, not required by reason of Section 228 (1) of the Companies Act 1985 and the Company is also exempt from the requirements of Financial Reporting Standard No 1 (Revised)- 'Cash Flow Statements'.

The report and accounts of Foseco Holding Limited may be obtained from P O Box 5516, Coleshill Road, Tamworth, Staffordshire, B78 3TL.

The immediate parent undertaking is Foseco (UK) Limited which does not prepare group accounts. Copies of its company accounts may also be obtained from P O Box 5516, Coleshill Road, Tamworth, Staffordshire, B78 3TL.

2 Accounting policies

- (a) The accounts are prepared in accordance with applicable accounting standards under the historical cost convention.
- (b) Investments in subsidiary undertakings are stated at cost less amounts written off.
- (c) Deferred taxation is provided on the liability method on timing differences to the extent that they are expected to reverse in the future, calculated at the rate at which that tax is expected to be payable.
- (d) Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transactions. All differences are taken to the profit and loss account.

3 Auditors' remuneration

Auditors' remuneration for both years has been borne by another group undertaking.

FOSECO LIMITED**NOTES TO THE 31 DECEMBER 2001 ACCOUNTS (continued)****4 Directors' emoluments**

No persons who held office as director during 2001 and 2000 received any emoluments in respect of their services to the company.

5 Interest receivable	2001	2000
	£'000	£'000
Interest receivable from other group undertakings	<u>154</u>	<u>31</u>

6 Tax on profit on ordinary activities

The tax charge/(credit) in the Profit and Loss Account is made up as follows:

	2001	2000
	£'000	£'000
Current tax:		
UK Corporation Tax at 30.0% (2000 - 30.0%)	-	-
Less: relief of overseas taxes	<u>-</u>	<u>-</u>
Prior year adjustment	<u>-</u>	<u>37</u>
	<u>-</u>	<u>37</u>

There is no provided or unprovided deferred tax in the year (2000: £nil).

The company is a member of a group for the purposes of relief under Section 402 of the Income and Corporation Taxes Act 1988. Owing to the availability of group relief, available at nil cost, no provision for corporation tax has been made in the accounts of this company.

The taxation charge for last year represents a prior year adjustment in respect of group relief.

7 Dividends	2001	2000
	£'000	£'000
Equity dividends on ordinary shares	21,000	38,506
Preference dividend	438	-
	<u>21,438</u>	<u>38,506</u>

FOSECO LIMITED**NOTES TO THE 31 DECEMBER 2001 ACCOUNTS (continued)**

8	Fixed asset investments	Subsidiary undertakings £'000
	Cost:	
	At 1 January 2001	67,315
	Disposals	<u>(4,835)</u>
	At 31 December 2001	<u>62,480</u>
	Amounts written off:	
	At 1 January 2001 and 31 December 2001	<u>(508)</u>
	Amounts provided:	
	At 1 January 2001 and	(28,083)
	Amount written off	<u>(965)</u>
	At 31 December 2001	<u>(29,048)</u>
	Net book value:	
	At 31 December 2001	<u>32,924</u>
	At 31 December 2001	<u>38,724</u>

Amounts due from subsidiary undertakings have been reclassified as Amounts owed by group undertakings included in Debtors (see note 9.)

In the opinion of the Directors, the aggregate value of the investment in subsidiary undertakings is not less than the net book value at 31 December 2001.

Details of the principal subsidiary undertakings are set out in note 14.

FOSECO LIMITED
NOTES TO THE 31 DECEMBER 2001 ACCOUNTS (continued)

9	Debtors	2000	2000
		£'000	£'000
	Amounts owed by group undertakings	<u>20,743</u>	<u>54,430</u>
10	Creditors: amounts falling due within one year	2001	2000
		£'000	£'000
	Amounts owed to fellow subsidiary undertakings	<u>31,578</u>	<u>7,000</u>
		<u>31,578</u>	<u>7,000</u>
11	Share capital		
		Authorised	Allotted, called up and fully paid
		2001	2000
		No. 000	No. 000
			2001
			£'000
			2000
			£'000
	Ordinary shares of 25p each	76,968	104,000
			15,154
	4.375% cumulative preference shares of £1 each	-	1,000
			-
	8.25% convertible redeemable Cumulative second preference Shares of £1 each	-	8,800
			-
			-
			<u>15,154</u>
			<u>22,912</u>

On 18 April 2001 the company cancelled all of the 4.375% cumulative preference shares of £1 each and also cancelled all of the 8.25% convertible redeemable cumulative second preference shares of £1 each. Following this capital reduction the authorised share capital of the company was 104 million ordinary shares of 25p each of which 87,648,139 shares had been issued.

On 27 July 2001 the company cancelled 27,032,000 ordinary shares of 25p each. Following this capital reduction the authorised share capital of the company was 76,968,000 ordinary shares of which 60,616,139 have been issued.

The net effect of this capital reduction was to reduce the overall net debt owed by Burmah Castrol companies by £70 million.

FOSECO LIMITED**NOTES TO THE 31 DECEMBER 2001 ACCOUNTS (continued)**

12	Profit and loss account	2001	2000
		£'000	£'000
	Balance at 1 January	1,000	(9,343)
	Profit for the year transferred to reserves	5,935	10,343
	Balance at 31 December	<u>6,935</u>	<u>1,000</u>
13	Reconciliation of movement in shareholder's funds	2001	2000
		£'000	£'000
	Profit for the year	5,935	10,343
	Capital reduction	(70,000)	-
	Opening shareholders' funds	86,154	75,811
	Closing shareholders' funds	<u>22,089</u>	<u>86,154</u>
	Represented as:		
	Equity Interests	22,089	85,154
	Non-equity interests	-	1,000
		<u>22,089</u>	<u>86,154</u>

14 Principal subsidiary and associated undertakings

The company's subsidiary and associated undertakings are in the business of speciality chemicals, including metallurgical chemicals, construction and mining chemicals, and other interests.

The following is a list of principal subsidiary and associated undertakings of which Foseco Limited is either directly or through subsidiary companies, the beneficial owner of the whole, or such lesser percentage as is stated, of the equity share capital.

Countries in which undertakings are incorporated or registered are given in brackets.

Fosbel International Limited (51%)	(England)
Fosbel SA (50%)	(Belgium)
Foseco (FS) Limited	(England)
Foseco (GB) Limited	(England)
Foseco International Limited +	(England)
Foseco Technology Limited +	(England)
Foseco Transnational Limited +	(England)
Minerals Separation Limited +	(England)
Unicorn Industries plc +	(England)
Foseco India Limited (58%) +	(India)
Foseco Zimbabwe (PVT) Limited	(Zimbabwe)
Foseco (Thailand) Limited	(Thailand)
Foseco Foundry (China) Limited	(China)
Foseco Holding International Limited	(England)

+ Shares held by Foseco Ltd.

FOSECO LIMITED

NOTES TO THE 31 DECEMBER 2001 ACCOUNTS (continued)

15 Related Party Transactions

The Company is a subsidiary undertaking and 90% or more of its voting rights are controlled within the group. The group Financial Statements are publicly available. The Company is therefore exempted from the requirements of FRS8 to disclose material related party transactions insofar as the transactions occur within the group. There were no material transactions with related parties outside of the group during the year.