

FOSECO OVERSEAS LIMITED
(Formerly FOSECO LIMITED)

REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2004

REGISTERED NO: 383505



FOSECO OVERSEAS LIMITED

Directors' Report

The directors submit their annual report and audited accounts for the year ended 31 December 2004.

Results and Dividends

The results for the year disclose a profit after taxation of £6,541,000 (2003-profit £1,375,000). The directors propose payment of a dividend of £ 12,700,000 (2003 - £Nil) leaving the loss for the year of £6,159,000 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. On 5 April 2005, the Company changed its name to Foseco Overseas Limited. A list of principal subsidiary undertakings and their activities appears in Note 13 to the accounts.

Directors and their Interests

The directors who served during the year were as follows:

P D Dean
D Hussey
J R P Pike (appointed 23 April 2004)

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

The company's ultimate parent undertaking was 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.

The company has indemnified all directors and officers of the company against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 1985. Such qualifying third party indemnity provision was in force during the year.

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.

FOSECO OVERSEAS LIMITED

DIRECTORS' REPORT (continued)

Events since the balance sheet date

The ultimate holding company during the year was Foseco (Jersey) Limited. On 12 May 2005, a group restructuring occurred wherein a new company, Foseco plc registered in the UK, acquired the entire ordinary share capital of Foseco (Jersey) Limited and was then floated on the London Stock Exchange.

The ultimate holding company following the group restructuring is Foseco plc.

Auditors

In accordance with s386 of the Companies Act 1985, a resolution has been passed to dispense with the obligation to reappoint auditors annually. Accordingly, Ernst & Young LLP shall be deemed to be re-appointed as auditors 28 days after the accounts are sent to the members.

By order of the board

S M Roberts
Company Secretary
Coleshill Road
Tamworth
Staffordshire B78 3TL

Sharon Roberts

15 August 2005

FOSECO OVERSEAS 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
- 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 AUDITORS' REPORT TO THE MEMBERS OF FOSECO OVERSEAS LIMITED

We have audited the company's financial statements for the year ended 31 December 2004, 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.

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 auditors' 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

As described in the Statement of Directors' 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 Auditing 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 Directors' 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 audit opinion

We conducted our audit in accordance with United Kingdom 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 financial statements. It also includes an assessment of the significant estimates and judgments 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 of the state of affairs of the company as at 31 December 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP
Registered Auditor
Birmingham

Ernst & Young LLP

Date: *19 August* 2005

FOSECO OVERSEAS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2004

Notes		2004 £'000	2003 £'000
	Income from investments	7,919	1,587
5	Interest (payable)/receivable	(5)	202
	(Loss)/profit on exchange	(78)	496
	Profit/(loss) on sale of investments	204	(871)
8	Impairment of fixed asset investments	(1,499)	-
	Profit on ordinary activities before taxation	<hr/> 6,541	<hr/> 1,414
6	Taxation	-	(39)
	Profit on ordinary activities after taxation	<hr/> 6,541	<hr/> 1,375
7	Proposed dividend	(12,700)	-
12	(Loss)/profit transferred to reserves	<hr/> (6,159)	<hr/> 1,375


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

FOSECO OVERSEAS LIMITED

BALANCE SHEET AT 31 DECEMBER 2004

Notes	2004 £'000	2003 £'000
8 Fixed asset investments: Subsidiary undertakings	32,107	33,606
Current assets:		
9 Debtors	30,549	23,607
10 Creditors: amounts falling due within one year	(44,625)	(33,023)
Net current (liabilities)	<u>(14,076)</u>	<u>(9,416)</u>
Total assets less current liabilities	<u>18,031</u>	<u>24,190</u>
Capital and reserves:		
11 Called-up share capital	15,154	15,154
12 Profit and loss account	2,877	9,036
12 Equity shareholder's funds	<u>18,031</u>	<u>24,190</u>

Approved by the board of directors on 15 August 2005
and signed on their behalf.


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Director

FOSECO OVERSEAS LIMITED

NOTES TO THE 31 DECEMBER 2004 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 during the year was 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 Coleshill Road, Tamworth, Staffordshire, B78 3TL. This is the parent undertaking of the smallest and largest group of which the Company is a member and for which group accounts are prepared.

The immediate parent undertaking is Foseco (UK) Limited, which does not prepare group accounts.

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) Taxation
 - Corporation tax payable is provided on taxable profits at the current rate.
 - Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more, tax, with the following exceptions:
 - Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, or gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.

FOSECO OVERSEAS LIMITED

NOTES TO THE ACCOUNTS (continued)

- Provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiaries and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable.
 - Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the underlying timing differences can be deducted.
 - Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.
- (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.
- (e) At 31 December 2004, the Company had net current liabilities and is dependent, in the absence of any other funding, on the continued support of the parent company, Foseco (Jersey) Limited. The parent company has confirmed it will continue to support the company. On the basis that the directors consider it appropriate to prepare the accounts on the going concern basis, the accounts do not include any adjustments that might be necessary if Foseco (Jersey) Limited were not to provide further support.

3. Auditors' remuneration

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

4. Directors' emoluments

No persons who held office as director during 2004 and 2003 received any emoluments in respect of their services to the company.

5. Interest (payable)/receivable

	2004 £'000	2003 £'000
Release of acquisition fee income	9	9
Interest (payable)/receivable from other group undertakings	(14)	183
Interest receivable from deferred proceeds of sale	-	11
Interest payable on third party loan	-	(1)
	<u>(5)</u>	<u>202</u>

FOSECO OVERSEAS LIMITED

NOTES TO THE ACCOUNTS (continued)

6. Taxation

	2004 £'000	2003 £'000
The tax charge for the year comprises		
UK corporation tax		
Current tax charge/(credit) on income for the period	206	39
Double tax relief	(206)	(39)
Withholding taxes borne	-	39
Total current tax	<u>-</u>	<u>39</u>
<i>Deferred tax</i>		
Current year charge/(credit)	-	-
Prior year charge/(credit)	-	-
	<u>-</u>	<u>39</u>
	2004 £'000	2003 £'000
Tax reconciliation		
UK corporation tax @ 30% of profit before tax	1,962	412
Withholding taxes borne	-	39
Non-deductible and non-taxable items	(1,756)	-
Double tax relief	(206)	(39)
Group relief not paid	-	(373)
Current tax on profit on ordinary activities before tax	<u>-</u>	<u>39</u>

7. Dividends

	2004 £'000	2003 £'000
Equity dividends on ordinary shares:		
final proposed – 20.95p (2003:Nil)	<u>12,700</u>	<u>-</u>

FOSECO OVERSEAS LIMITED

NOTES TO THE ACCOUNTS (continued)

8. Fixed Asset Investments

	Subsidiary Undertakings £'000
Cost:	
At 1 January and 31 December 2004	<u>63,162</u>
Amounts written off:	
At 1 January and 31 December 2004	<u>(508)</u>
Amounts provided:	
At 1 January 2004	(29,048)
Increase of impairment	(1,499)
At 31 December 2004	<u>(30,547)</u>
Net book value:	
At 31 December 2004	<u>32,107</u>
At 31 December 2003	<u>33,606</u>

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 2004. Details of the principal subsidiary undertakings are set out in note 13.

9. Debtors

	2004 £'000	2003 £'000
Deferred consideration	-	126
Amounts owed by group undertakings	<u>30,549</u>	<u>23,481</u>
	<u>30,549</u>	<u>23,607</u>

10. Creditors: amounts falling due within one year

	2004 £'000	2003 £'000
Proposed dividend	12,700	-
Deferred acquisition fee income	37	46
Accruals and deferred income	721	845
Amounts owed to fellow subsidiary undertakings	<u>31,167</u>	<u>32,132</u>
	<u>44,625</u>	<u>33,023</u>

FOSECO OVERSEAS LIMITED

NOTES TO THE ACCOUNTS (continued)

11. Share capital

	2004 No. 000	2003 No. 000	2004 £'000	2003 £'000
Authorised				
Ordinary shares of 25p each	<u>76,968</u>	<u>76,968</u>	<u>19,242</u>	<u>19,242</u>
Allotted, called up and fully paid				
Ordinary shares of 25p each	<u>60,616</u>	<u>60,616</u>	<u>15,154</u>	<u>15,154</u>

12. Reconciliation of movement in shareholders' funds

	Share Capital £'000	Profit and Loss account £'000	Total Shareholders' funds £'000
At 1 January 2003	15,154	7,661	22,815
Profit for the year	-	1,375	1,375
At 31 December 2003	<u>15,154</u>	<u>9,036</u>	<u>24,190</u>
Profit for the year	-	6,541	6,541
Dividends	-	(12,700)	(12,700)
At 31 December 2004	<u>15,154</u>	<u>2,877</u>	<u>18,031</u>

13. 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 Overseas 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.

FOSECO OVERSEAS LIMITED

NOTES TO THE ACCOUNTS (continued)

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

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 Limited (60%)+	(England)
Foseco India Limited (58%) +	(India)
Foseco Zimbabwe (PVT) Limited	(Zimbabwe)
Foseco Holding (Thailand) Limited +	(Thailand)
Foseco Foundry (China) Limited	(China)
Foseco Holding International Limited	(England)
Fosbel Intellectual AG (50%) +	(Switzerland)
Foseco Döküm Sanayi ve Ticaret Limited Sirketi	(Turkey)

+ Shares held by Foseco Overseas Ltd.

14. Related Party Transactions

The Company is a subsidiary undertaking and 90% or more of its voting rights are controlled within the group. The Foseco Holding Limited group accounts are publicly available. The Company is therefore exempt 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.

15. Post Balance Sheet Event

The ultimate holding company during the year was Foseco (Jersey) Limited. On 12 May 2005, a group restructuring occurred wherein a new company, Foseco plc registered in the UK, acquired the entire ordinary share capital of Foseco (Jersey) Limited and was then floated on the London Stock Exchange.

The ultimate holding company following the group restructuring is Foseco plc.

On 12 May 2005, the company's subsidiary, Foseco International Limited, transferred its 50% shareholding in Foseco Döküm Sanayi ve Ticaret Limited Sirketi to a fellow subsidiary undertaking, Foseco Holding BV.