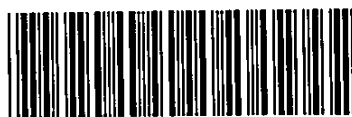


FOSECO OVERSEAS LIMITED

REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2006

REGISTERED NO: 383505

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FOSECO OVERSEAS LIMITED

DIRECTORS' REPORT

The directors submit their annual report and audited accounts for the year ended 31 December 2006

Results and dividends

The result for the year was a profit after tax of £1,545,000 (2005 £3,377,000) During 2005 the final dividend for 2004 of £12,700,000 was paid together with an interim dividend for 2005 of £2,164,000 No dividends have been paid or proposed during 2006

On 20 June 2007 the Company declared and paid a dividend of £7,000,000

Principal activities and review of the business

The Company is a wholly owned subsidiary of Foseco (UK) Limited The ultimate holding company is Foseco plc

The principal activities of the Foseco plc group are the development, manufacture and supply of consumable products and services to the higher quality segments of the foundry and steel-making industries worldwide

The Company's principal activity is holding the investment in certain subsidiary undertakings of the Foseco plc group The Company's income consists of dividends received from these investments This dividend income has decreased significantly from the level in the previous year, which was distorted by a larger number of dividends between group companies in advance of the flotation of Foseco plc The balance sheet on page 8 shows that the Company's net assets have increased during the year by £1,545,000 largely as a result of the dividends received

The Foseco plc group manages its operations on a divisional basis For this reason, the Company's directors believe that further key performance indicators for the Company are not necessary or appropriate for an understanding of development, performance or position of the business The performance of the Foseco plc group as a whole, which includes the Company, is discussed in the Foseco plc Annual Report, which does not form part of this report

Principal risks and uncertainties

The Company's directors consider the risks for the Company to be the same as the risks to the Foseco plc group that are discussed in the Foseco plc Annual Report, which does not form part of this report

FOSECO OVERSEAS LIMITED

DIRECTORS' REPORT (continued)

Research and development

The Company does not perform research and development. Fellow subsidiary undertakings of the Foseco plc group perform research and development activities for the group. The research and development activities are discussed in the Foseco plc Annual Report, which does not form part of this report.

Future developments

In the opinion of the directors the business of the Company is unlikely to change in the foreseeable future.

Fixed assets

The changes in fixed assets during the year are summarised in the notes to the accounts.

Directors

The directors who served during the year were as follows:

P D Dean
D Hussey
J R P Pike

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

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

There were no qualifying third party indemnity provisions (as defined by s309B of the Companies Act 1985) in force at any time during the year.

FOSECO OVERSEAS LIMITED

DIRECTORS' REPORT (continued)

Directors' statement as to disclosure of information to auditors

Having made enquiries of fellow directors and the Company's auditors, each of the directors who was a director at the date of approving this report confirms that

- To the best of each director's knowledge and belief, there is no information relevant to the preparation of their report of which the Company's auditors are unaware, and
- Each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditors are aware of that information

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

Sharon Roberts

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

10 September 2007

FOSECO OVERSEAS LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

The directors are responsible for preparing the Annual 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). 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 that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- 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 to enable them to ensure that the financial statements 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 2006, which comprise the Profit and Loss Account, the Balance Sheet, and the related notes 1 to 14. 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 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

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

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 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, in accordance with United Kingdom 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.

Ernst & Young LLP

Ernst & Young LLP

Registered auditor

Birmingham

Date

20 September 2007

FOSECO OVERSEAS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2006

Notes	2006 £'000	2005 £'000
Income from investments	1,361	3,246
Profit on exchange	48	29
7 Profit on sale of investments	136	102
Profit on ordinary activities before tax	<u>1,545</u>	<u>3,377</u>
5 Tax	-	-
11 Profit on ordinary activities after tax	<u>1,545</u>	<u>3,377</u>

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

Details of dividends paid during the year and those proposed after the balance sheet date are set out in note 6 to the financial statements

The results shown above relate to continuing activities

A reconciliation of movements in shareholders' funds is set out in note 11 to the financial statements

FOSECO OVERSEAS LIMITED

BALANCE SHEET AT 31 DECEMBER 2006

Notes	2006 £'000	2005 £'000
Fixed assets		
7 Investment in subsidiary undertakings	46,181	32,988
Current assets		
8 Debtors	15,641	27,963
9 Creditors amounts falling due within one year	(41,033)	(41,707)
Net current liabilities	(25,392)	(13,744)
Net assets	20,789	19,244
Capital and reserves		
10 Called-up share capital	15,154	15,154
11 Profit and loss account	5,635	4,090
11 Total shareholder's funds	20,789	19,244

Approved by the board of directors on 10 September 2007
and signed on their behalf



Director

FOSECO OVERSEAS LIMITED

NOTES TO THE ACCOUNTS

1. Accounting policies

Group accounts

These accounts present information about the Company as an individual undertaking and not about its group. The Company does not have to prepare group accounts as it is a subsidiary of a European parent that prepares group accounts.

The Company's ultimate parent undertaking is Foseco plc. The Company's accounts are incorporated into the consolidated accounts of Foseco plc, which are prepared in accordance with UK legislation and include a consolidated cash flow statement. The Company is therefore exempt from the requirements of FRS 1 (Revised) - 'Cash Flow Statements'.

The Annual Report of Foseco plc may be obtained from Coleshill Road, Tamworth, Staffordshire, B78 3TL or from the Foseco website at www.foseco.com. This is the parent undertaking of the smallest and largest group into which the Company's results are consolidated and for which group accounts are prepared and are publicly available.

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

Accounting convention

The accounts are prepared in accordance with applicable accounting standards under the historical cost convention.

Revenue

Revenue is recognised to the extent that it is probable that economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Investment income

Investment income is recognised when the right to receive payment is established.

Investments in subsidiary undertakings

Investments in subsidiary undertakings are stated at cost less any provision for diminution in value.

FOSECO OVERSEAS LIMITED

NOTES TO THE ACCOUNTS (continued)

1. Accounting policies (continued)

Tax

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 a 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, and 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,
- Provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiaries, associates 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 future reversal of the underlying timing difference 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

Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at fair value less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest method. Amortised cost is calculated by taking into account any issue costs and any discount or premium on settlement.

Gains and losses on the repurchase, settlement or otherwise cancellation of liabilities are recognised in finance income or expense respectively.

Foreign currencies

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 transaction. All differences are taken to the profit and loss account.

FOSECO OVERSEAS LIMITED

NOTES TO THE ACCOUNTS (continued)

1. Accounting policies (continued)

Going concern

At 31 December 2006, the Company had net current liabilities and is dependent, in the absence of any other funding, on the continued support of the ultimate parent company, Foseco plc. 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 a going concern basis, the accounts do not include any adjustments that might be necessary if Foseco plc were not to provide further support.

2. Auditors' remuneration

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

3. Directors and employees

- a) No persons who held office as director during 2006 and 2005 received any emoluments in respect of their services to the Company.
- b) The average number of employees during the year was Nil (2005 - Nil).

4. Interest (payable)/receivable

	2006	2005
	£'000	£'000
Release of acquisition fee income	-	3
Interest (payable)/receivable from other group undertakings	-	(3)
	<u>-</u>	<u>-</u>

FOSECO OVERSEAS LIMITED**NOTES TO THE ACCOUNTS (continued)****5. Tax**

	2006	2005
	£'000	£'000
The tax charge for the year comprises		
UK corporation tax		
Current tax charge/(credit) on income for the period	408	499
Double tax relief	(408)	(499)
Total current tax	-	-
	2006	2005
	£'000	£'000
Tax reconciliation		
UK corporation tax @ 30% of profit before tax	463	1,013
Non-deductible and non-taxable items	(55)	(729)
Double tax relief	(408)	(499)
Group relief not paid	-	215
Current tax on profit on ordinary activities before tax	-	-

At 31 December 2006 there was no recognised deferred tax liability (2005: £nil) for taxes that would be payable on the unremitted earnings of certain of the Company's subsidiaries, since the Company has no liability to additional tax because it can control the reversal of any temporary differences and has no intention to remit the earnings retained at that date

6. Dividends

	2006	2005
	£'000	£'000
Equity dividends on ordinary shares		
Interim paid - Nil (2005 3 57p)	-	2,164
Final paid - Nil (2005 20 95p)	-	12,700
	-	14,864

No dividends have been paid or proposed during 2006

On 20 June 2007 the Company declared and paid a dividend of £7,000,000

FOSECO OVERSEAS LIMITED

NOTES TO THE ACCOUNTS (continued)

7. Investment in subsidiary undertakings

	Subsidiary Undertakings £'000
Cost	
At 1 January 2006	64,043
Return of capital	(50)
At 31 December 2006	<u>63,993</u>
Loan to subsidiaries	<u>13,243</u>
Total cost	<u>77,236</u>
Amounts written off	
At 1 January and 31 December 2006	<u>(508)</u>
Amounts provided	
At 1 January and 31 December 2006	<u>(30,547)</u>
Net book value.	
At 31 December 2006	<u>46,181</u>
At 31 December 2005	<u>32,988</u>

The profit on sale arose from the further payment arising from an adjustment for the assets relating to the disposal of the investment in the Fosbel business in 2004

During 2006 loans to subsidiaries totalling £ 11,895,863 were reclassified from debtors to investment in subsidiaries. A further £ 1,348,499 was advanced to Foseco Steel (Holdings) China Limited during the year

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 2006. Details of the principal subsidiary undertakings are set out in note 12.

8. Debtors

	2006 £'000	2005 £'000
Amounts owed by group undertakings	<u>15,641</u>	<u>27,963</u>
	<u>15,641</u>	<u>27,963</u>

FOSECO OVERSEAS LIMITED

NOTES TO THE ACCOUNTS (continued)

9. Creditors: amounts falling due within one year

	2006	2005
	£'000	£'000
Accruals and deferred income	501	683
Amounts owed to fellow subsidiary undertakings	<u>40,532</u>	<u>41,024</u>
	<u>41,033</u>	<u>41,707</u>

10. Share capital

	Authorised		Allotted, called up and fully paid	
	2006	2005	2006	2005
	No. 000	No. 000	£'000	£'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>

11. Reconciliation of movement in shareholders' funds

	Share capital	Profit and loss account	Total shareholders' funds
	£'000	£'000	£'000
At 1 January 2005	15,154	15,577	30,731
Profit for the year	-	3,377	3,377
Dividends	-	(14,864)	(14,864)
At 31 December 2005	<u>15,154</u>	<u>4,090</u>	<u>19,244</u>
Profit for the year	-	1,545	1,545
At 31 December 2006	<u>15,154</u>	<u>5,635</u>	<u>20,789</u>

FOSECO OVERSEAS LIMITED

NOTES TO THE ACCOUNTS (continued)

12. Principal subsidiary undertakings

The ultimate holding company is Foseco plc. The principal activities of the Company's subsidiary undertakings are the development, manufacture and supply of metallurgical chemicals to the higher quality segments of the foundry and steel industries worldwide. The Company's principal activity is holding the investment in certain subsidiary undertakings.

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 ordinary equity share capital.

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 ++	(England)
Foseco India Limited (58%) +	(India)
Foseco Zimbabwe (PVT) Limited	(Zimbabwe)
Foseco (Thailand) Limited (49%) +++	(Thailand)
Foseco Foundry (China) Limited	(China)
Foseco Steel (Holdings) China Limited +	(England)
Foseco Refractories Tianjin Co Limited	(China)
Foseco Holding International Limited	(England)
Fosbel Intellectual AG (50%) +	(Switzerland)
Foseco MRL Limited	(England)
Tamworth UK Limited	(England)

+ Shares held by Foseco Overseas Limited

++ 60% held directly by Foseco Overseas Limited, 40% by Minerals Separation Limited

+++ A further 24% is held by Foseco International Holding (Thailand) Limited, a fellow group company

FOSECO OVERSEAS LIMITED

NOTES TO THE ACCOUNTS (continued)

13. Related party transactions

The Company is a subsidiary undertaking and 90% or more of its voting rights are controlled within the group. The Foseco plc 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.

14. Post balance sheet event

[On 20 June 2007 the Company received a dividend from its subsidiary, Foseco International Limited of £7,000,000. The Company declared and paid a dividend on the same day of the same amount to its parent company, Foseco (UK) Limited.]