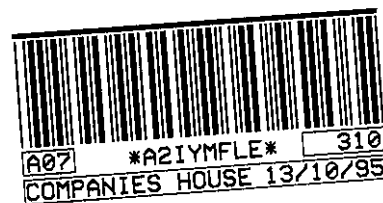


VESUVIUS ZYALONS LIMITED
DIRECTORS' REPORT AND FINANCIAL
STATEMENTS

31 DECEMBER 1994
(Registered Number 621903)
12



VESUVIUS ZYALONS LIMITED

Directors' report

The Directors present their report and the audited financial statements of the Company for the year ended 31 December 1994.

Review of Developments

The Company did not trade during the year and the directors do not recommend the payment of a dividend.

Directors

The directors of the Company during the year to 31 December 1994 were as follows:

R Grosso	(resigned 9 May 1994)
J-P Malherbe	(resigned 9 May 1994)
WI Wilson	(resigned 9 May 1994)
RW Brook	
WM Griffiths	(appointed 9 May 1994)

During the year, no director had any beneficial interest in the shares of the Company.

The interests of RW Brook in ordinary shares and options to purchase shares in Cookson Group plc, the ultimate holding company are set out below:

Ordinary Shares	At 31 December 1994	At 31 December 1993/ Date of appointment	
RW Brook	Nil	Nil	
WM Griffiths	684	667	

Options to Purchase Ordinary Shares	At 31 December 1994	Granted during the year	At 31 December 1993 Date of appointment
RW Brook	81,484	16,581	64,903
WM Griffiths	16,732	3,612	13,120

During the year neither director exercised any options.

VESUVIUS ZYALONS LIMITED

Directors' Report

Auditors

On 6 February 1995 the Company's auditors changed the name under which they practice to KPMG, and accordingly, have signed their report in their new name. In accordance with section 384 of the Companies Act 1985, a resolution for the reappointment of KPMG as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



W M Griffiths
Secretary

130 Wood Street
London
EC2V 6EQ

3 October 1995

VESUVIUS ZYALONS LIMITED

Statement of Directors' Responsibilities

Company law requires the directors to prepare financial statements 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 financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgement and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 maintaining proper accounting records which 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 1985. They are also responsible for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



WM Griffiths
Director

3 October 1995

VESUVIUS ZYALONS LIMITED

Report of the Auditors, KPMG, to the members of Vesuvius Zyalons Limited

We have audited the financial statements on pages 5 to 6.

Respective responsibilities of directors and auditors

As described on page 3 the Company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, of those financial statements and to report our opinion to you.

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 financial statements. 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 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 the Company's affairs as at 31 December 1994 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG

KPMG
Chartered Accountants
Registered Auditors

London
8 October 1995

VESUVIUS ZYALONS LIMITED

Balance Sheet

at 31 December 1994

	Notes	1994 £	1993 £
Current Assets		-	-
Creditors: amounts falling due within one year		<u>-</u>	<u>-</u>
Total assets less current liabilities		-	-
Creditors: amounts falling due after more than one year	2	<u>(3,643,909)</u>	<u>(3,643,909)</u>
Deficiency of net assets		<u>(3,643,909)</u>	<u>(3,643,909)</u>
Capital and reserves			
Called up share capital	3	330,002	330,002
Share premium account		6,230	6,230
Profit and loss account		<u>(3,980,141)</u>	<u>(3,980,141)</u>
Deficit on Shareholders' funds	4	<u>(3,643,909)</u>	<u>(3,643,909)</u>

These financial statements were approved by the board of directors on 3 October 1995 and were signed on its behalf by:


WM Griffiths
Director

VESUVIUS ZYALONS LIMITED

Notes (forming part of the financial statements)

1. ACCOUNTING POLICIES

a) Basis of preparation

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

b) Presentation of the financial statements

The Company is exempt from the requirement under FRS1 to prepare a cash flow statement as its cash flows are included in the consolidated cash flow statement of Cookson Group plc.

2. CREDITORS: amounts falling due after more than one year

	1994 £	1993 £
Amount owed to ultimate holding company	<u>3,643,909</u>	<u>3,643,909</u>

3. CALLED UP SHARE CAPITAL

	1994 £	1993 £
<u>Authorised</u>		
Ordinary shares of £1 each	<u>500,000</u>	<u>500,000</u>
<u>Allotted, called up and fully paid</u>		
Ordinary shares of £1 each	<u>330,002</u>	<u>330,002</u>

4. DEFICIT ON SHAREHOLDERS' FUNDS

	£
Deficit on shareholders' funds at 31 December 1994 and 31 December 1993	<u>(3,643,909)</u>

5. HOLDING COMPANY

The ultimate holding company of the Company is Cookson Group plc, which is registered in England.

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 130 Wood Street, London EC2V 6EQ.