

Registered number
758145

Cookson Financial Limited

Interim financial statements

30 June 1999



ED1	*E1X8J03E*	0054
COMPANIES HOUSE		18/02/00
A42	*ANJEX03I*	0322
COMPANIES HOUSE		18/02/00

Cookson Financial Limited
Directors' Report
for the period ended 30 June 1999

The directors submit their report and interim unaudited financial statements for the period ended 30 June 1999

Principal activity

The principal activity of the Company is that of holding company for Vesuvius Group Limited, the holding company for certain overseas companies in the Vesuvius Group.

Review of developments

The profit for the financial period amounted to £4,318,771. £1,287,750 has been paid in respect of dividends arising in the period on the 8.5% non-convertible irredeemable cumulative preference shares. A further £11,755,000 of dividend arrears will be paid when distributable profits are available.

Directors

The directors who served during the period were as follows:

B R Elliston
R M H Malthouse
S L Howard

During the period, no director had any beneficial interests in the shares of the company.

S L Howard is also a director of Cookson Group plc, the ultimate holding company.

As at 30 June 1999, B R Elliston held interests in 7,649 ordinary shares (31 December 1998: 11,688) and options to purchase 280,663 ordinary shares (31 December 1998: 280,663) in Cookson Group plc. R M H Malthouse held interests in 20,827 ordinary shares (31 December 1998: 14,332) and options to purchase 297,155 ordinary shares (31 December 1998: 297,155) in Cookson Group plc. S L Howard held interests in 90,650 ordinary shares (31 December 1998: 62,916) and options to purchase 2,329,901 ordinary shares (31 December 1998: 2,329,901) in Cookson Group plc.

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.

For and on behalf of the board



Director

The Adelphi
1-11 John Adam Street
London
WC2N 6HJ

Cookson Financial Limited
Profit and Loss Account
for the period ended 30 June 1999

	Notes	Period ended 30 June 1999 £	Year ended 31 December 1998 £
Operating loss	2	-	(335)
Interest receivable and similar income	3	5,027,632	20,690,822
Interest payable and similar charges	4	(708,861)	-
Profit on ordinary activities before taxation		4,318,771	20,690,487
Tax on profit on ordinary activities	5	-	(12,551)
Profit on ordinary activities after taxation		4,318,771	20,677,936
Equity dividends	6	-	(2,650,000)
Non-equity dividends	7	(1,287,750)	(28,330,500)
Profit / (loss) for the financial period		3,031,021	(10,302,564)

There are no recognised gains or losses on either period other than the profits / (losses) for the financial periods shown above.

Cookson Financial Limited

Balance Sheet

30 June 1999

	Notes	30 June 1999 £	31 December 1998 £
Fixed assets			
Investments	8	30,315,031	30,315,031
Current assets			
Debtors	9	19,021,875	15,681,331
Cash at bank and in hand		1,160	1,125
		<u>19,023,035</u>	<u>15,682,456</u>
Creditors: amounts falling due within one year	10	<u>(14,322,109)</u>	<u>(14,012,551)</u>
Net Current Assets		4,700,926	1,669,905
		<u>35,015,957</u>	<u>31,984,936</u>
Capital and reserves			
Called up share capital	11	30,532,500	30,532,500
Profit and loss account	13	4,483,457	1,452,436
Shareholders' funds:			
Equity	14	<u>(5,751,293)</u>	<u>(10,070,064)</u>
Non-equity		<u>40,767,250</u>	<u>42,055,000</u>
		<u>35,015,957</u>	<u>31,984,936</u>



Director

Approved by the board on 29 June 1999

Cookson Financial Limited
Notes to the financial statements
for the period ended 30 June 1999

1 Accounting policies

Accounting convention

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 company is exempt from the requirements 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') are stated at cost, less any provisions for diminution in value that are expected to be permanent.

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.

Foreign currencies

Transactions in foreign currencies are translated at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

2 Operating loss

Other than the directors the company had no employees during the period. The directors received no remuneration in respect of their services to the company during the period. Any auditors' remuneration is borne by the parent company.

3 Interest receivable and similar income

	Period ended 30 June 1999 £	Year ended 31 December 1998 £
Dividends received from subsidiary	5,000,000	20,650,000
Bank interest received	35	1,125
Interest received from parent	27,597	17,822
Interest received from subsidiary	-	21,875
	<u>5,027,632</u>	<u>20,690,822</u>

Cookson Financial Limited
Notes to the financial statements
for the period ended 30 June 1999

4 Interest payable and similar charges

	Period ended 30 June 1999 £	Year ended 31 December 1998 £
Foreign exchange loss	<u>708,861</u>	<u>-</u>

5 Tax on profit on ordinary activities

	Period ended 30 June 1999 £	Year ended 31 December 1998 £
UK corporation tax at 31.0% (year ended 31 December 1998 - 31.5%)	<u>-</u>	<u>12,551</u>

6 Equity dividends

	Period ended 30 June 1999 £	Year ended 31 December 1998 £
Equity dividend on ordinary shares	<u>-</u>	<u>2,650,000</u>

7 Non-equity dividends

	Period ended 30 June 1999 £	Year ended 31 December 1998 £
Non-equity dividends on 8.5% non-convertible irredeemable cumulative preference shares:		
- declared and paid for current period	1,287,750	2,575,500
- declared for prior years	<u>-</u>	<u>14,000,000</u>
	1,287,750	16,575,500
- undeclared dividend for prior years	<u>-</u>	<u>11,755,000</u>
	<u>1,287,750</u>	<u>28,330,500</u>

No dividend was paid or proposed in respect of the 8.5% non-convertible irredeemable cumulative preference shares from the date of issue to 31 December 1997, the company having no distributable reserves to do so. Following the receipt of dividends during the year ended 31 December 1998, the directors now believe all the dividend arrears will be payable. Payment of £14,000,000 of these arrears was made during the year ended 31 December 1998. The accumulated arrears in respect of such dividends was £11,755,000 at 30 June 1999. These dividends will be declared when sufficient distributable profits are available.

Cookson Financial Limited
Notes to the financial statements
for the period ended 30 June 1999

8 Investments

**Investments in
subsidiary
undertakings
£**

Cost

At 30 June 1999 and 31 December 1998

30,315,031

The Company's fixed asset investment represents the cost of investment in its wholly-owned subsidiary, Vesuvius Group Limited, a company registered in England and Wales. The principal activity of Vesuvius Group Limited is that of holding company for certain overseas operating companies of the Vesuvius Group.

9 Debtors

30 June 1999 £	31 December 1998 £
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Amounts owed by parent undertaking	-	1,659,456
Amounts owed by subsidiary undertaking	<u>19,021,875</u>	<u>14,021,875</u>
	<u><u>19,021,875</u></u>	<u><u>15,681,331</u></u>

10 Creditors: amounts falling due within one year

30 June 1999 £	31 December 1998 £
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Amounts owed to parent undertaking	14,309,558	-
Amounts owed to fellow group undertakings	-	14,000,000
Corporation tax	<u>12,551</u>	<u>12,551</u>
	<u><u>14,322,109</u></u>	<u><u>14,012,551</u></u>

Cookson Financial Limited
Notes to the financial statements
for the period ended 30 June 1999

11 Share capital

	30 June 1999 £	31 December 1998 £
Authorised:		
Ordinary shares of £1 each	250,000	250,000
8.5% non-convertible irredeemable cumulative preference shares of £1 each	32,000,000	32,000,000
	<u>32,250,000</u>	<u>32,250,000</u>

	30 June 1999 No	31 December 1998 No	30 June 1999 £	31 December 1998 £
Allotted, called up and fully paid:				
Ordinary shares of £1 each	232,500	232,500	232,500	232,500
8.5% non-convertible irredeemable cumulative preference shares of £1 each	30,300,000	30,300,000	30,300,000	30,300,000
			<u>30,532,500</u>	<u>30,532,500</u>

12 Dividend on preference shares

As set out in notes 6 and 7, no dividend was paid or proposed in respect of the 8.5% non-convertible irredeemable cumulative preference shares from the date of issue to 31 December 1997. Following the receipt of dividends during the year ended 31 December 1998, the directors now believe all the dividend arrears will be payable. Payment of £14,000,000 of these arrears was made during the year ended 31 December 1998. The accumulated arrears in respect of such dividends was £11,755,000 at 30 June 1999. These dividends will be declared when sufficient distributable profits are available.

13 Profit and loss account

	Period ended 30 June 1999 £	Year ended 31 December 1998 £
At 1 January 1999	1,452,436	-
Profit / (loss) for the financial period	3,031,021	(10,302,564)
Preference dividend arrears not declared on non-equity shares	-	11,755,000
At 30 June 1999	<u>4,483,457</u>	<u>1,452,436</u>

Cookson Financial Limited
Notes to the financial statements
for the period ended 30 June 1999

14 Reconciliation of movement in equity shareholders' funds

	Period ended 30 June 1999 £	Year ended 31 December 1998 £
At 1 January 1999	(10,070,064)	232,500
Profit for the financial period	4,318,771	20,677,936
Ordinary dividend paid on equity shares	-	(2,650,000)
Preference dividends on non-equity shares arising in the period	(1,287,500)	(2,575,500)
Preference dividend arrears declared on non-equity shares	-	(14,000,000)
Preference dividend arrears not declared on non-equity shares	-	(11,755,000)
At 30 June 1999	<u>(7,038,793)</u>	<u>(10,070,064)</u>

15 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.