

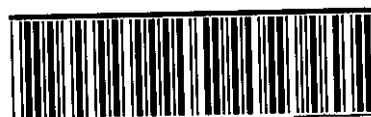
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**COOKSON FINANCIAL LIMITED**

**(Registration No: 758145)**

**FINANCIAL STATEMENTS**

**22 DECEMBER 1998**



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COMPANIES HOUSE 04/03/99

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## **COOKSON FINANCIAL LIMITED**

### **DIRECTORS' REPORT**

The Directors submit their report and interim unaudited financial statements for the period ended 22 December 1998.

#### **Principal Activity**

The Company remained dormant throughout the period. The principal activity of the Company is that of holding company for Vesuvius Group Limited, the holding company for certain overseas operating companies of the Vesuvius group.

#### **Review of Developments**

The Directors do not recommend the payment of a dividend (1997 - £nil).

#### **Directors**

The Directors who served during the period were as follows:

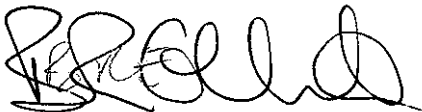
BR Elliston  
RMH Malthouse  
SL Howard

During the period no Director had any beneficial interest in the shares of the Company.

SL Howard is also a director of Cookson Group plc, the ultimate holding company. As at 22 December 1998, BR Elliston held interests in 11,688 ordinary shares (1 January 1998: 5,264) and options to purchase 280,663 ordinary shares (1 January 1998: 176,576) in Cookson Group plc. RMH Malthouse held interests in 14,332 ordinary shares (1 January 1998: 6,980) and options to purchase 297,155 ordinary shares (1 January 1998: 205,638) in Cookson Group plc. SL Howard held interests in 62,916 ordinary shares (1 January 1998: 31,582) and options to purchase 2,329,901 ordinary shares (1 January 1998: 1,765,677) in Cookson Group plc.

During the period BR Elliston was granted 111,294 options and exercised 1,159. RMH Malthouse was granted 91,517 options and exercised none. SL Howard was granted 591,966 options and exercised none.

For and on behalf of the Board



Director

23 December 1998

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

## **DIRECTORS' RESPONSIBILITY STATEMENT TO THE MEMBERS**

### **OF COOKSON FINANCIAL LIMITED**

Company law requires the Directors to prepare financial statements for each financial period 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 financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements 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 to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility 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.

**COOKSON FINANCIAL LIMITED****PROFIT AND LOSS ACCOUNT****For the period ended 22 December 1998**

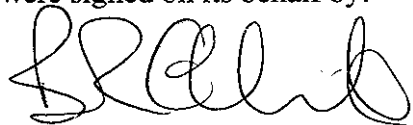
	Notes	Period ended 22 December 1998 £	Year ended 31 December 1997 £
<b>OPERATING LOSS</b>	2	(335)	-
Interest receivable and similar income	3	20,668,947	-
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		----- 20,668,612	----- -
Tax on profit on ordinary activities	4	(5,874)	-
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		----- 20,662,738	----- -
Dividends	5	(5,225,500)	-
<b>PROFIT TRANSFERRED TO RESERVES</b>		----- 15,437,238 =====	----- - =====

There are no recognised gains or losses in either period other than the net profit transferred to reserves shown above.

**COOKSON FINANCIAL LIMITED****BALANCE SHEET****As at 22 December 1998**

	Notes	22 December 1998 £	31 December 1997 £
<b>FIXED ASSETS</b>			
Investment	6	30,315,031	30,315,031
<b>CURRENT ASSETS</b>			
Debtors	7	15,659,456	217,469
Cash at bank		1,125	-
<b>CREDITORS:</b>			
Amounts falling due within one year	8	(5,874)	-
<b>NET CURRENT ASSETS</b>		15,654,707	217,469
<b>TOTAL NET ASSETS</b>		45,969,738	30,532,500
<b>NON-EQUITY CAPITAL</b>			
Called up share capital	9	30,300,000	30,300,000
<b>EQUITY CAPITAL AND RESERVES</b>			
Called up share capital	9	232,500	232,500
Profit and loss account	10	15,437,238	-
		45,969,738	30,532,500

These financial statements were approved by the Board of Directors on *23 December* 1998 and were signed on its behalf by:



DIRECTOR

**COOKSON FINANCIAL LIMITED**  
**NOTES TO 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 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 requirement 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.

**c) Investments**

Investments in subsidiary undertakings ('subsidiaries') are stated at cost, less any provisions for diminution in value that are expected to be permanent.

**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**

	<b>Period ended 22 December 1998 £</b>	<b>Year ended 31 December 1997 £</b>
Bank interest received	1,125	-
Interest received from parent	17,822	-
Dividends received from subsidiary	20,650,000	-
	<hr/>	<hr/>
	20,668,947	-
	<hr/>	<hr/>

**COOKSON FINANCIAL LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (Cont'd)**

**4. TAX ON PROFIT ON ORDINARY ACTIVITIES**

	Period ended 22 December 1998 £	Year ended 31 December 1997 £
UK Corporation Tax at 31.5% (1996: 33.0%)	5,874	-
	=====	=====

**5. DIVIDENDS**

	Period ended 22 December 1998 £	Year ended 31 December 1997 £
Dividends paid on 8.5% non-convertible irredeemable cumulative preference shares	2,575,500	-
Ordinary dividends paid	2,650,000	-
	-----	-----
	5,225,500	-
	=====	=====

**6. FIXED ASSET INVESTMENT**

	22 December 1998 £	31 December 1997 £
Cost at 31 December and 1 January	30,315,031	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.

**COOKSON FINANCIAL LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (Cont'd)**

**7. DEBTORS**

	22 December 1998 £	31 December 1997 £
Due within one year:		
Amount owed by parent	1,659,456	217,469
Amount owed by subsidiary	14,000,000	-
	=====	-----
	15,659,456	217,469
	=====	=====

**8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	22 December 1998 £	31 December 1997 £
UK Corporation Tax creditor	5,874	-
	=====	=====

**9. CALLED UP SHARE CAPITAL**

	22 December 1998 £	31 December 1997 £
<u>Authorised</u>		
<b>Non-equity:</b>		
8.5% non-convertible irredeemable cumulative preference shares of £1 each	32,000,000	32,000,000
	=====	=====
<b>Equity:</b>		
Ordinary shares of £1 each	250,000	250,000
	=====	=====
 <u>Issued, called up and fully paid</u>		
<b>Non-equity:</b>		
8.5% non-convertible irredeemable cumulative preference shares of £1 each	30,300,000	30,300,000
	=====	=====
<b>Equity:</b>		
Ordinary shares of £1 each	232,500	232,500
	=====	=====



**COOKSON FINANCIAL LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (Cont'd)**

**10. DIVIDEND ON PREFERENCE SHARES**

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. In the current period, a dividend of £2,575,500 was paid on these shares, leaving accumulated arrears in respect of such dividends of £25.7 million at 22 December 1998. These arrears will be paid in a future period.

**11. RECONCILIATION OF MOVEMENTS IN TOTAL SHAREHOLDERS' FUNDS**

	Equity share capital £	Non-equity share capital £	Profit and loss account £	Total £
At 1 January 1998	232,500	30,300,000	-	30,532,500
Retained profit for the period	-	-	15,437,238	15,437,238
At 22 December 1998	232,500	30,300,000	15,437,238	45,969,738

**12. 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.