

REPORT AND ACCOUNTS
COLIN STEWART MINCHEM LIMITED
(Registered Number 2347184)

31 DECEMBER 2000



COLIN STEWART MINCHEM LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2000

The directors present their annual report and the audited financial statements for the year ended 31 December 2000.

ACTIVITIES

The principal activity of the Company is the processing, supply and distribution of industrial minerals and chemicals.

REVIEW OF DEVELOPMENTS IN THE YEAR AND FUTURE PROSPECTS

The results for the year are set out on page 5.

Turnover for the year ended 31 December 2000 was £18,548,000 compared with an amount of £6,951,000 for the year ended 31 December 1999. Operating profit for the year was £894,000 (year ended 31 December 1999 - £685,000 loss).

The directors do not propose a dividend (1999: £Nil).

RESEARCH AND DEVELOPMENT

Development of the manufacturing facilities and processing techniques of the Company continues. The Company is also seeking to extend the range of its product and processing activities by internal development work and sponsored research.

DIVIDENDS AND TRANSFERS TO RESERVES

No dividend is proposed. The profit for the year of £187,000 (1999 loss:£760,000) has been transferred to reserves.

COLIN STEWART MINCHEM LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2000 (CONTINUED)

DIRECTORS AND THEIR INTERESTS

The directors during the year and to the date of this report were as follows:

J I Waddicor
R C Queen
A K McClellan
D M Smith
D P Stuart
N Telfer
S Bowden (Resigned 21 December 2000)

The directors have no interest in the company.

The interests of the directors' and their immediate family in Torday & Carlisle PLC, the ultimate holding company during the year were as follows:

	31 December 2000	1 January 2000
	No	No
J I Waddicor	76,000	-
D P Stuart	2,117	-
N Telfer	8,717	-
A K McClellan	1,924	-

R C Queen is also a director of the ultimate holding company Torday & Carlisle PLC and his holdings are disclosed in the Torday & Carlisle Group accounts. D M Smith does not hold any Torday & Carlisle PLC shares.

Options to subscribe for ordinary shares in Torday & Carlisle PLC, the ultimate holding company, held by the Directors of the Company were as follows. These share options were originally granted to the Directors on the dates shown in Meristem plc and were transferred to Torday & Carlisle PLC at the date of acquisition on 14 March 2000:

Share Options	Grant Date	Number	Exercise Price	Exercise Date
A K McClellan	16.04.96	22,000	88.18p	16.04.99 - 16.04.2006
	23.04.98	11,000	62.27p	23.04.2001 - 23.04.2008
D M Smith	06.05.97	22,000	60.91p	06.05.2000 - 06.05.2007
	23.04.98	11,000	59.09p	23.04.2001 - 23.04.2008
J I Waddicor	23.04.98	33,000	59.09p	23.04.2001 - 23.04.2008

COLIN STEWART MINCHEM LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2000 (CONTINUED)

STATEMENT OF DIRECTOR'S 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 as at the end of the year and of the profit or loss of the Company for that period. In preparing those financial statements, the directors are required to:

- select appropriate accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed;
- 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 ensuring that the Company keeps proper accounting records which disclose with reasonable accuracy the financial position of the company at any time and which 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 for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

The auditors, PricewaterhouseCoopers, have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the Annual General Meeting.



D R Mackness
Secretary

29 March 2001

Registered Office

West Chirton Industrial Estate
Gloucester Road
North Shields
Tyne and Wear
NE29 8RQ

COLIN STEWART MINCHEM LIMITED

AUDITORS' REPORT TO THE MEMBERS OF COLIN STEWART MINCHEM LIMITED

We have audited the financial statements on pages 5 to 18.

Respective responsibilities of directors and Auditors

The directors are responsible for preparing the Annual Report. As described on page 3 this includes responsibility for preparing the financial statements in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board, and our profession's ethical guidance.

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 United Kingdom Companies Act. 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 is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

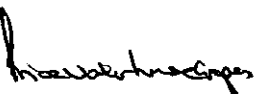
Basis of audit opinion

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 at 31 December 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
89 Sandyford Road
Newcastle upon Tyne
NE99 1PL

Chartered Accountants
and Registered Auditors
29 March 2001

COLIN STEWART MINCHEM LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2000

	Note	Year ended 31 December 2000 £'000	Year ended 31 December 1999 £'000
TURNOVER – continuing operations	2	18,548	6,951
Cost of sales before exceptional items		(16,700)	(6,169)
Exceptional items	3	(0)	(850)
Cost of sales		(16,700)	(7,019)
GROSS PROFIT / (LOSS)		1,848	(68)
Administrative expenses		(1,719)	(1,426)
Other operating income	4	765	809
OPERATING PROFIT/(LOSS) – continuing operations	3	894	(685)
Net interest payable	6	(649)	(600)
PROFIT/(LOSS) BEFORE TAXATION		245	(1,285)
Taxation	7	(58)	525
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION		187	(760)
Dividends		-	-
RETAINED PROFIT/ (LOSS) FOR THE YEAR	17	187	(760)

The Company has no recognised gains or losses other than its profit for the period shown above. There is no difference between the results disclosed above and the results on an unmodified historical cost basis.

COLIN STEWART MINCHEM LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2000

	Note	£'000	2000 £'000	£'000	1999 £'000
FIXED ASSETS					
Tangible assets	8		10,185		10,885
Investments	9		420		420
			<hr/>		<hr/>
			10,605		11,305
CURRENT ASSETS					
Stocks	10	1,544		1,054	
Debtors	11	4,185		2,385	
Cash at bank and in hand		3,062		1,211	
		<hr/>		<hr/>	
		8,791		4,650	
CREDITORS (amounts due within one year)					
	12	(5,331)		(1,707)	
		<hr/>		<hr/>	
NET CURRENT ASSETS					
			3,460		2,943
TOTAL ASSETS LESS CURRENT LIABILITIES					
			<hr/>		<hr/>
			14,065		14,248
CREDITORS (amount due after more one year)					
	13		(9,864)		(9,642)
PROVISIONS FOR LIABILITIES AND CHARGES					
	14		(118)		(-)
DEFERRED INCOME					
	15		(1,551)		(2,261)
			<hr/>		<hr/>
NET ASSETS					
			2,532		2,345
CAPITAL AND RESERVES					
Called up equity share capital	16		-		-
Profit and loss reserves	17		2,532		2,345
			<hr/>		<hr/>
EQUITY SHAREHOLDERS' FUNDS					
			2,532		2,345
			<hr/>		<hr/>


R C Queen

Approved by the Board
on 29 March 2001

COLIN STEWART MINCHEM LIMITED

**STATEMENT OF MOVEMENT IN SHAREHOLDERS' FUNDS
FOR THE YEAR ENDED 31 DECEMBER 2000**

	Year ended 31 December 2000 £'000	Year ended 31 December 1999 £'000
Profit/(Loss) on ordinary activities after taxation	187	(760)
	<hr/>	<hr/>
	187	(760)
SHAREHOLDERS' FUNDS AT 1 JANUARY	2,345	3,105
	<hr/>	<hr/>
SHAREHOLDERS' FUNDS AT 31 DECEMBER	2,532	2,345
	<hr/> <hr/>	<hr/> <hr/>

COLIN STEWART MINCHEM LIMITED

NOTES TO THE ACCOUNTS - YEAR ENDED 31 DECEMBER 2000

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted by the directors are described below.

(a) Accounting convention

The financial statements are prepared under the historical cost convention.

Group accounts are not submitted as the Company is a wholly owned subsidiary of the Torday & Carlisle PLC group.

(b) Depreciation

Depreciation is provided on all tangible fixed assets, except freehold land, on a straight line basis at rates calculated to write down the cost to residual value over the estimated useful lives of the assets. The estimated average useful lives are as follows:

Buildings	between 25 and 45 years
Plant and machinery, contract plant, fixtures and fittings	between 2 and 20 years
Motor vehicles	4 years

(c) Research and development

Expenditure on research and development costs is written off to the profit and loss account as incurred.

(d) Stock and work in progress

Stocks are stated at the lower of cost and net realisable value. Cost includes an appropriate proportion of overheads.

(e) Deferred taxation

Deferred taxation is provided at the anticipated tax rates on differences arising from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements to the extent that it is probable that a liability or asset will crystallise in the foreseeable future.

COLIN STEWART MINCHEM LIMITED

NOTES TO THE ACCOUNTS - YEAR ENDED 31 DECEMBER 2000 (CONTINUED)

1. ACCOUNTING POLICIES (CONTINUED)

(f) Currency translation

Currency assets and liabilities are translated at exchange rates ruling at the date of the balance sheet to the extent that such transactions are not covered by forward exchange contracts.

Exchange differences arising on currency transactions and on translation of currency assets and liabilities are dealt with in the profit and loss account.

(g) Pensions

Pension costs are charged to the profit and loss account over the period during which the company derives benefit from the employees' services.

(h) Leased assets

Assets held under finance leases and the related lease obligations are recorded in the balance sheet at the fair value of the leased assets at the inception of the leases. The amounts by which the lease payments exceed the recorded lease obligations are treated as finance charges which are amortised over each lease term to give a constant rate of charge on the remaining balance of the obligations.

Rental costs under operating leases are charged to the profit and loss account in equal amounts over the periods of the lease.

(i) Deferred income

Customer contributions to the cost of fixed assets and related expenditure are credited to deferred income. These amounts are released to the profit and loss account over a relevant period linked to the expected useful lives of the fixed assets to which they relate and the nature of the related expenditure involved.

(j) Cash flow statement and related party disclosures

The Company is a wholly owned subsidiary in the Torday & Carlisle PLC group and is included in the consolidated financial statements of Torday & Carlisle PLC which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 (Revised 1996). The Company is also exempt under the terms of Financial Reporting Standard 8 from disclosing related party transactions (but not balances) with entities that are part of the Torday & Carlisle PLC group.

COLIN STEWART MINCHEM LIMITED

NOTES TO THE ACCOUNTS - YEAR ENDED 31 DECEMBER 2000 (CONTINUED)

2. ANALYSIS OF TURNOVER

The turnover and profit before taxation is attributable to the processing and marketing of industrial minerals and chemicals. The analysis of turnover by geographical area is as follows:

	Year ended 31 December 2000 £'000	Year ended 31 December 1999 £'000
United Kingdom	5,406	2,617
Other European Countries	11,566	3,381
Rest of World	1,576	953
	<hr/>	<hr/>
	18,548	6,951
	<hr/>	<hr/>

3. OPERATING PROFIT

Operating profit is stated after charging:

	Year ended 31 December 2000 £'000	Year ended 31 December 1999 £'000
Depreciation		
- leased and hire purchase assets	390	47
- owned assets	1,240	889
Auditors' remuneration		
- audit	18	18
- non-audit	-	-
Operating lease payments - hire of plant and machinery	63	75
Research and development expenditure	65	59
	<hr/>	<hr/>

Exceptional items in 1999 comprise:

Provisions for obsolete stocks (£ 710,000) and writing off plant and equipment no longer used by the business (£140,000).

4. OTHER OPERATING INCOME

Other operating income comprises the release of deferred income of £710,000 (1999:£746,000) and management fees from a related company of £55,000 (1999:£63,000).

COLIN STEWART MINCHEM LIMITED

NOTES TO THE ACCOUNTS - YEAR ENDED 31 DECEMBER 2000 (CONTINUED)

5. DIRECTORS AND EMPLOYEES

The aggregate emoluments of the directors were as follows:

	£'000	£'000
Aggregate emoluments	393	332
Company contributions to money purchase pension schemes	35	40
	<hr/>	<hr/>
	428	372
Highest paid director	<hr/>	<hr/>
Aggregate emoluments	114	80
Company contributions to money purchase pension schemes	12	9
	<hr/>	<hr/>

Retirement benefits are accruing to five (1999: six) directors ; five (1999:five) under the defined contribution schemes and none (1999:one) under a defined benefit schemes.

The average weekly number of employees including directors during the year was as follows:

	Year ended 31 December 2000 Number	Year ended 31 December 1999 Number
Production	40	39
Sales and distribution	6	6
Office and management	25	24
	<hr/>	<hr/>
	71	69
	<hr/>	<hr/>

Aggregate payroll costs of these persons were as follows:

	Year ended 31 December 2000 £'000	Year ended 31 December 1999 £'000
Wages and salaries	1,739	1,250
Social security costs	184	158
Other pension costs	155	97
	<hr/>	<hr/>
	2,078	1,505
	<hr/>	<hr/>

COLIN STEWART MINCHEM LIMITED

NOTES TO THE ACCOUNTS - YEAR ENDED 31 DECEMBER 2000 (CONTINUED)

6. NET INTEREST PAYABLE

	Year ended 31 December 2000 £'000	Year ended 31 December 1999 £'000
Intra group interest payable	594	682
Finance lease and hire purchase interest	59	15
Other interest payable	6	3
	<hr/>	<hr/>
	659	700
Bank interest received	(10)	-
Intra group interest receivable	-	(100)
	<hr/>	<hr/>
	649	600
	<hr/> <hr/>	<hr/> <hr/>

7. TAXATION

	Year ended 31 December 2000 £'000	Year ended 31 December 1999 £'000
Corporation tax at 30% (1999:30.25%)		
Current year charge	-	-
Prior year credit	(60)	(49)
	<hr/>	<hr/>
	(60)	(49)
Deferred taxation		
Current year charge	91	-
Prior year charge /(credit)	27	(476)
	<hr/>	<hr/>
	58	(525)
	<hr/> <hr/>	<hr/> <hr/>

COLIN STEWART MINCHEM LIMITED

NOTES TO THE ACCOUNTS - YEAR ENDED 31 DECEMBER 2000 (CONTINUED)

8. TANGIBLE FIXED ASSETS

	Freehold land and buildings £'000	Plant equipment fixtures, fittings and vehicles £'000	Total £'000
Cost			
At 1 January 2000	3,335	14,391	17,726
Additions	-	931	931
Disposals	-	(24)	(24)
	<hr/>	<hr/>	<hr/>
At 31 December 2000	3,335	15,298	18,633
	<hr/>	<hr/>	<hr/>
Depreciation			
At 1 January 2000	1,146	5,695	6,841
Charge for the year	113	1,517	1,630
Written off in the year	-	(23)	(23)
Disposals	-	-	-
	<hr/>	<hr/>	<hr/>
At 31 December 2000	1,259	7,189	8,448
	<hr/>	<hr/>	<hr/>
Net book amount			
At 31 December 2000	2,076	8,109	10,185
	<hr/>	<hr/>	<hr/>
At 31 December 1999	2,189	8,696	10,885
	<hr/>	<hr/>	<hr/>

Tangible fixed assets include labour costs capitalised in the year of £77,000 (1999:£303,000) as part of capital expenditure projects.

COLIN STEWART MINCHEM LIMITED

NOTES TO THE ACCOUNTS - YEAR ENDED 31 DECEMBER 2000 (CONTINUED)

9. INVESTMENTS

	Equity Interest	Principal activities	Country of incorporation and operation
Silgel Packaging Limited	100%	Packaging and sale of desiccant products	UK
Baker Sillavan	50%	Importation and distribution of talc and barytes	UK

Colin Stewart Minchem's share of Baker Sillavan's net assets at 31 December 2000 was £10,130. This amount has been provided against in previous accounting periods. The company's share of Baker Sillavan profit after taxation for the period ended 31 December 2000, after a management charge of £ 55,000 (1999: £63,000), was £ Nil (1999: £ Nil).

10. STOCKS

	At 31 December 2000 £'000	At 31 December 1999 £'000
Raw materials	913	748
Finished goods	631	306
	<hr/>	<hr/>
	1,544	1,054
	<hr/>	<hr/>

11. DEBTORS

	At 31 December 2000 £'000	At 31 December 1999 £'000
Trade debtors	2,170	1,255
Amounts owed by group companies	1,860	945
Other debtors	111	78
Prepayments and accrued income	44	107
	<hr/>	<hr/>
	4,185	2,385
	<hr/>	<hr/>

COLIN STEWART MINCHEM LIMITED

NOTES TO THE ACCOUNTS - YEAR ENDED 31 DECEMBER 2000 (CONTINUED)

12. CREDITORS (amounts due within one year)

	At 31 December 2000 £'000	At 31 December 1999 £'000
Trade creditors	3,294	813
Other creditors	90	97
Corporation tax	-	60
Other tax and social security	109	95
Accruals	1,335	394
Finance lease and hire purchase obligations	503	248
	<hr/>	<hr/>
	5,331	1,707
	<hr/>	<hr/>

13. CREDITORS (amount due after one year)

	At 31 December 2000 £'000	At 31 December 1999 £'000
Hire purchase loans	864	642
Amounts owed to parent undertaking	9,000	9,000
	<hr/>	<hr/>
	9,864	9,642
	<hr/>	<hr/>

Net obligations under finance leases and hire purchase contracts are repayable by instalments as follows:

	£'000	£'000
Within two years	904	496
Within two to five years	463	394
	<hr/>	<hr/>
	1,367	890
Within one year	(503)	(248)
	<hr/>	<hr/>
	864	642
	<hr/>	<hr/>

COLIN STEWART MINCHEM LIMITED

NOTES TO THE ACCOUNTS - YEAR ENDED 31 DECEMBER 2000 (CONTINUED)

14. PROVISIONS FOR LIABILITIES AND CHARGES

Deferred taxation	£'000
At 1 January 2000	-
Charged in the year	118
	<hr/>
At 31 December 2000	118
	<hr/> <hr/>

The amounts of deferred tax provided which represent the full potential liability are:

	At 31 December 2000 provided £'000	At 31 December 1999 provided £'000
Capital allowances in excess of depreciation	400	-
Other short term timing differences	(282)	-
	<hr/>	<hr/>
	118	-
	<hr/> <hr/>	<hr/> <hr/>

15. DEFERRED INCOME

	£'000
At 1 January 2000	2,261
Released to profit and loss account	(710)
	<hr/>
At 31 December 2000	1,551
	<hr/> <hr/>

COLIN STEWART MINCHEM LIMITED

NOTES TO THE ACCOUNTS - YEAR ENDED 31 DECEMBER 2000 (CONTINUED)

16. CALLED UP EQUITY SHARE CAPITAL

	At 31 December 2000 £	At 31 December 1999 £
Authorised shares of 1 pence each		
2270 Ordinary shares	22.70	22.70
	<u> </u>	<u> </u>
Issued shares of 1 pence each		
1,449 Ordinary shares	14.49	14.49
	<u> </u>	<u> </u>

17. RESERVES

	Profit and loss account £'000
At 1 January 2000	2,345
Profit for the year	187
	<u> </u>
At 31 December 2000	2,532
	<u> </u>

18. CONTINGENT LIABILITIES

The bank overdraft of Baker Sillavan Limited, an associated company, and its subsidiaries has been guaranteed jointly and severally by both the Company and the other joint venture partner. At 31 December 2000 there was no overdraft (31 December 1999: £19,476).

COLIN STEWART MINCHEM LIMITED

NOTES TO THE ACCOUNTS - YEAR ENDED 31 DECEMBER 2000 (CONTINUED)

19. OPERATING LEASE COMMITMENTS

The company had annual commitments under cancellable operating leases at 31 December 2000 as follows:

	Year ended 31 December 2000 £'000	Year ended 31 December 1999 £'000
Expiring within one year	-	9
Expiring within two to five years	12	8
	<hr/>	<hr/>
	12	17
	<hr/>	<hr/>

20. PENSION COSTS

The pension cost of £155,000 includes £100,000 in respect of defined contribution schemes and £55,000 in respect of the defined benefit scheme.

Pension costs in relation to the defined benefit scheme are assessed in accordance with the advice of professionally qualified actuaries using the projected unit cost method. The most recent valuation of the defined benefit scheme performed on 31 March 2000 revealed that the value of the scheme's assets was sufficient to cover 93.9% of the accrued benefit allowing for expected future salary increases up to normal pension date.

Contributions have been made to the defined benefit scheme at the regular cost rate of pensionable from 1 April 2000 of 25.9% split 20.9% from the employer and 5% from the employee. The company is providing payment to the insured scheme of £350 each month to meet minimum funding requirements. This has been calculated to fully provide for the expected benefits over the anticipated service lives of employees.

21. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption available under the terms of Financial Reporting Standard 8, from disclosing transactions (but not balances) with other group companies.

22. ULTIMATE PARENT COMPANY

The ultimate holding company and ultimate controlling party is Torday & Carlisle PLC, a company incorporated in Great Britain.

Copies of the accounts for Torday & Carlisle PLC may be obtained from the address noted on page 4 of these accounts.