Sibelco (UK) Limited

Directors' report and financial statements

31 December 2005
02624570 (England and Wales)

Directors' report and financial statements

Contents

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2005.

Principal activities

The company's principal activity will continue to be the utilisation of land.

Business review

Income received amounts to £125,011 *(2004: £124,664).* The Company's results show a loss after tax of £31,386 *(2004: £26,299).*

Results and dividends

The results for the year are set out on page 4.

IFRS adoption

The company has prepared the financial statements in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs") for the first time. The transition to Adopted IFRSs has had no effect of the reported financial position and financial performance of the Company.

Directors and directors' interests

The directors who have held office during the year have as follows:

A Speeckaert
G Hillebrand

The directors have no beneficial interests in the shares of this company or any group company.

Auditors

In accordance with section 384 of the Companies Act 1985, a resolution for the reappointment of KPMG LLP as auditors of the company, is to be proposed at the forthcoming Annual General Meeting.

On behalf of the board

G Hillebrand
Director

Brookside Hall
Congleton Road
Sandbach
Cheshire
CW11 4TF

30 October 2006

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' 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 IFRSs as adopted by the EU.

The financial statements are required by law and IFRSs as adopted by the EU to present fairly the financial position of the company and the performance for that period; the Companies Act 1985 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

In preparing the 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;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU; and
- 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 enable them to ensure that its financial statements comply with the Companies Act 1985. They have a 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.

KPMG

KPMG LLP
1 The Embankment
Neville Street
Leeds
LS1 4DW
United Kingdom

Report of the independent auditors to the members of Sibelco (UK) Limited

We have audited the financial statements of Sibelco (UK) Limited for the year ended 31 December 2005 which comprise the Income Statement, Balance Sheet, Cash Flow Statement and the related notes. 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 auditor's 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 Directors' Report and the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU are set out in the Statement of Directors' Responsibilities on page 4.

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 and Article 4 of the IAS Regulation. 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 other transactions is not disclosed.

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.

Report of the independent auditors to the members of Sibelco (UK) Limited
(continued)

Opinion

In our opinion the financial statements:

- give a true and fair view, in accordance with IFRSs as adopted by the EU, of the state of the company's affairs as at 31 December 2005 and of the company's loss for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985 and Article 4 of the IAS Regulation.

KPMG LLP

KPMG LLP
Chartered Accountants
Registered Auditor

30 October 2006

Profit and loss account
for the year ended 31 December 2005

	Note	2005 £	2004 £
Revenue	*2*	**125,011**	124,664
Cost of sales		**(86,055)**	(80,522)
Gross profit		**38,956**	44,142
Administrative expenses		**(24,310)**	(25,393)
Operating profit	*3*	**14,646**	18,749
Interest receivable and similar income	*5*	**36**	634
Interest payable and similar charges	*6*	**(46,068)**	(44,576)
Loss on ordinary activities before taxation		**(31,386)**	(25,193)
Tax on loss on ordinary activities	*7*	**-**	(1,106)
Loss for the year	*13*	**(31,386)**	(26,299)

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

Balance sheet
at 31 December 2005

	Note	2005 £	2005 £	2004 £	2004 £
Non-current assets					
Property, plant and equipment	8		**1,810,153**		1,816,258
Current assets					
Trade and other receivables	9	**42,726**		40,602	
Cash and cash equivalents		**30,127**		61,784	
		72,853		102,386	
Trade and other payables: amounts falling due within one year	10	**(18,890)**		(23,142)	
Net current assets			**53,963**		79,244
Total assets less current liabilities			**1,864,116**		1,895,502
Creditors: amounts falling due after more than one year	11		**(859,999)**		(859,999)
			1,004,117		1,035,503
Capital and reserves					
Called up share capital	12		**1,100,000**		1,100,000
Profit and loss account	13		**(95,883)**		(64,497)
Equity attributable to equity holders of the parent company	14		**1,004,117**		1,035,503

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

G Hillebrand
Director

Cash flow statement

for year ended 31 December 2005

	Note	2005	2004
		£	£
Cash flows from operating activities			
Profit for the year		**14,646**	18,749
Adjustments for:			
Depreciation		**14,499**	13,600
Operating profit before changes in working capital and provisions		**29,145**	32,349
(Increase)/decrease in trade and other receivables		**(2,124)**	5,273
(Decrease)/increase in trade and other payables		**(4,252)**	15,242
Cash generated from the operations		**22,769**	52,864
Tax paid		-	(1,106)
Net cash from operating activities		**22,769**	51,758
Cash flows from investing activities			
Interest received		**36**	634
Acquisition of property, plant and equipment	*8*	**(8,394)**	-
Net cash from investing activities		**(8,358)**	634
Cash flows from financing activities			
Interest paid		**(46,068)**	(44,576)
Net cash from financing activities		**(46,068)**	(44,576)
Net (decrease)/increase in cash and cash equivalents		**(31,657)**	7,816
Cash and cash equivalents at 1 January		**61,784**	53,968
Cash and cash equivalents at 31 December		**30,127**	61,784

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

The financial statements have been prepared under the historical cost convention and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs").

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in the financial statements and in preparing an opening IFRS balance sheet for the purposes of the transition to Adopted IFRSs.

Property, plant and equipment

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Freehold land	not depreciated
Freehold building	20 years

Trade and other receivables

Trade and other receivables are stated at their nominal amount (discounted if material) less impairment losses

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the statement of cash flows.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Revenue

All revenue and results before taxation are derived from the utilisation of land and the management and development of the estate.

Notes (continued)

(forming part of the financial statements)

2 Analysis of revenue

	2005	2004
	£	£
Royalties received	97,358	97,254
Estate income	27,653	27,410
	125,011	124,664

The company received royalties in respect of rights to mine the land which have yet to be exercised.

3 Operating profit

	2005	2004
	£	£
Operating profit is stated after charging		
Audit	4,482	5,388
Other services - fees paid to the auditor and its associates	5,329	6,407
Depreciation and other amounts written off tangible fixed assets:		
Owned	14,499	13,600

4 Staff numbers and directors remuneration

The average number of persons employed by the company during the year, analysed by category, was as follows:

	Number of employees	
	2005	2004
	1	1

5 Interest receivable and similar income

	2005	2004
	£	£
Bank interest	36	634

6 Interest payable and similar charges

	2005	2004
	£	£
On amounts payable to group undertakings	45,942	44,447
On bank loans and overdrafts	126	129
	46,068	44,576

Notes (continued)

(forming part of the financial statements)

7 **Taxation**	**2005**	2004
	£	£
Domestic current year tax		
Adjustment for prior years	-	1,106
Current tax charge	-	1,106
Factors affecting the tax charge for the year		
Loss on ordinary activities before taxation	**(31,386)**	(25,193)
Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00%	**(9,416)**	(7,558)
Effects of:		
Depreciation in excess of capital allowances	**4,350**	4,033
Adjustments to previous periods	-	1,106
Current year losses	**5,066**	3,525
	9,416	8,664
Current tax charge (see above)	-	1,106

The company has estimated tax losses of £33,560 *(2004: £16,673)* available for carry forward against future trading profits.

The company has a potential deferred tax asset of £10,068 *(2004: £5,002)* which has not been recognised in these financial statements on the grounds its recoverability is uncertain.

Notes (continued)
(forming part of the financial statements)

8 Property, plant and equipment

	Freehold Land	Freehold Buildings	Total
	£	£	£
Cost			
At 1 January 2005	1,672,258	272,000	1,944,258
Additions	-	8,394	8,394
At 31 December 2005	1,672,258	280,394	1,952,652
Depreciation			
At 1 January 2005	-	128,000	128,000
Charge for year	-	14,499	14,499
At 31 December 2005	-	142,499	142,499
Net book value			
At 31 December 2005	**1,672,258**	**137,895**	**1,810,153**
At 31 December 2004	1,672,258	144,000	1,816,258

The rights to minerals are assigned to a third party on a 25 year lease from 1985 with a renewal option.

9 Trade and other receivables

	2005	2004
	£	£
Trade receivables	**18,412**	16,289
Prepayments and accrued income	**24,314**	24,313
	42,726	40,602

10 Trade and other payables: amounts falling due within one year

	2005	2004
	£	£
Amount due to parent undertaking	**1,193**	11,892
Accruals and deferred income	**17,697**	11,250
	18,890	23,142

Notes (continued)

(forming part of the financial statements)

11 Trade and other payables: amounts falling due after more than one year

	2005	2004
	£	£
Amount due to parent undertaking	**859,999**	859,999

The amounts owed to the parent undertaking are unsecured. While the repayment is after one year, no specific repayment dates have been fixed. The parent company has confirmed that it will not seek repayment of this loan for 12 months from the balance sheet date.

12 Share capital

	2005	2004
	£	£
Authorised		
Equity: 1,100,000 Ordinary shares of £1 each	**1,100,000**	1,100,000
Allotted, called up and fully paid		
Equity: 1,100,000 Ordinary shares of £1 each	**1,100,000**	1,100,000

13 Statement of movements on profit and loss account

	Profit and loss
	£
Balance at 1 January 2005	(64,497)
Retained loss for the year	(31,386)
Balance at 31 December 2005	(95,883)

14 Reconciliation of movements in shareholders' funds

	2005	2004
	£	£
Loss for the financial year	**(31,386)**	(26,299)
Opening shareholders' funds	**1,035,503**	1,061,802
Closing shareholders' funds	**1,004,117**	1,035,503

Notes (continued)

(forming part of the financial statements)

15 Ultimate parent company

The ultimate controlling party is S.C.R. - Sibelco N.V. incorporated in Belgium of which Sibelco (UK) Limited is a subsidiary.

The smallest and largest group in which the results of the company are consolidated is that headed by this company. The consolidated accounts of the group are available to the public and may be obtained from Brookside Hall, Congleton Road, Cheshire, CW11 4TF.

16 Explanation of transition to adopted IFRSs

As stated in note 1, these are the Company's first financial statements prepared in accordance with Adopted IFRSs.

The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 31 December 2005, the comparative information presented in these financial statements and in the preparation of an opening IFRS balance sheet at 1 January 2004 (the Company's date of transition).

In preparing its opening IFRS balance sheet, the Company has made no adjustments to the amounts reported previously in the financial statements prepared in accordance with its old basis of accounting (UK GAAP). Consequently, no tables explaining the transition from UK GAAP to Adopted IFRSs are shown

Cash flow statement

Under UK GAAP, the Company was not required to, and did not, prepare a cash flow statement. Under IFRS, no such exemption is available, hence a cash flow statement with comparatives has been presented.