



COOKSON MATTHEY CERAMICS plc

Registered number 2885614

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS
31st DECEMBER 1995**



COOKSON MATTHEY CERAMICS plc

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

For the year ended 31st December 1995

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DIRECTORS' REPORT AND FINANCIAL STATEMENTS

For the year ended 31st December 1995

GENERAL INFORMATION

COOKSON MATTHEY CERAMICS plc

An associated undertaking of
Cookson Group plc and Johnson Matthey PLC

DIRECTORS

R. M. Oster (Chairman)
C. R. N. Clark (Chief Executive)
I. S. Barr
S. L. Howard (Alternate R. Malpas)
D. W. Morgan (Alternate D.J. Davies)
J. N. Sheldrick

SECRETARY

B. M. Noor

REGISTERED IN ENGLAND

Number 2885614

REGISTERED OFFICE

130 Wood Street
London, EC2V 6EQ

AUDITORS

KPMG
8 Salisbury Square
London
EC4Y 8BB

COOKSON MATTHEY CERAMICS plc

DIRECTORS' REPORT

The directors present their annual report, together with the audited financial statements of the group, for the year ended 31st December 1995.

Activities

Cookson Matthey Ceramics plc is the parent company of an internationally based group of companies which are engaged in the manufacture and supply of ceramics and associated raw materials.

Business review

The company was formed on 7th January 1994 and commenced trading on 1 July 1994 when it acquired the beneficial ownership of the Ceramics Supplies and Minerals businesses of Cookson Group plc and the Colour and Print Division of Johnson Matthey PLC. The comparatives in these financial statements therefore reflect trading for the six months ended 31st December 1994.

Turnover in the year ended 31st December 1995 amounted to £303.1 million (six months to 31st December 1994 £122.5 million) and the operating profit for the year is £44.0 million (six months to 31st December 1994 £13.2 million).

The profit for the year after taxation and attributable to shareholders is £17.2 million (loss for the six months to 31st December 1994 £3.9 million).

Acquisitions

Significant acquisitions in the Materials Division were made during the year (see note 11 on page 18).

Dividends

Dividends of £10.1 million were paid during the year. No further dividend is recommended.

Research and development

During the year the group spent £6.0 million (six months to 31st December 1994 £2.8 million) on research and development.

Political and charitable contributions

During the year the group donated £7,000 (six months to 31st December 1994 £3,000) to UK charities. There were no donations for political purposes.

Liability insurance

The company has taken out insurance for the directors and officers of group companies in respect of their duties as directors and officers of the group.

DIRECTORS' REPORT

Directors and directors' interests

The directors who served during the year were:-

C. R. N. Clark	Appointed	5th April 1994
D. W. Morgan	Appointed	5th April 1994
J. N. Sheldrick	Appointed	5th April 1994
R. M. Oster	Appointed	1st July 1994
I. S. Barr	Appointed	1st July 1994
S. L. Howard	Appointed	1st July 1994
D. J. Davies (Alternate for D. W. Morgan)	Appointed	22nd July 1994
R. Malpas (Alternate for S. L. Howard)	Appointed	22nd July 1994

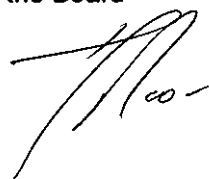
None of the directors who held office at the end of the financial year had any disclosable interest in shares of the company. According to the register of directors' interests, no rights to subscribe for shares in or debentures of the company or any other group company were granted to any of the directors or their immediate families, or exercised by them, during the financial year.

Auditors

Our auditors, KPMG, have indicated that a limited liability company, KPMG Audit Plc, is to assume responsibility for part of their audit business. Accordingly, a resolution is to be proposed at the Annual General Meeting for the appointment of KPMG Audit Plc as auditors of the company.

By order of the Board

B M Noor
Secretary



130 Wood Street
London, EC2V 6EQ

26th March 1996

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 the group as at the end of the financial year and of the profit and loss for that year. In preparing the financial statements, the directors are required to:

- * select suitable accounting policies and 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 group 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 are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

COOKSON MATTHEY CERAMICS plc

AUDITORS' REPORT

to the members of Cookson Matthey Ceramics plc

We have audited the financial statements on pages 6 to 26.

Respective responsibilities of directors and auditors

As described on page 4, the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those 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 group'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 affairs of the company and the group as at 31st December 1995 and of the profit of the group for the year ended 31st December 1995 and have been properly prepared in accordance with the Companies Act 1985.



KPMG

Chartered Accountants
Registered Auditors

London

26th March 1996

COOKSON MATTHEY CERAMICS plc
CONSOLIDATED PROFIT AND LOSS ACCOUNT

year ended 31st December 1995 (period to 31st December 1994 *)

	NOTE	Group			
		1995 £ million	1995 £ million	1994 £ million	1994 £ million
Turnover	1				
Continuing operations		284.0		122.5	
Acquisitions	2	<u>19.1</u>		<u>-</u>	
			303.1		122.5
Cost of sales			<u>(209.9)</u>		<u>(88.0)</u>
Gross profit			93.2		34.5
Distribution costs			(28.1)		(12.4)
Administrative expenses			(21.6)		(9.3)
Income from interests in associated undertakings			<u>0.5</u>		<u>0.4</u>
Operating profit	1				
Continuing operations		37.2		13.2	
Acquisitions **	2	<u>6.8</u>		<u>-</u>	
			44.0		13.2
Provision for restructuring acquired businesses			-		(11.3)
Profit on ordinary activities before interest			<u>44.0</u>		<u>1.9</u>
Net interest payable	3		<u>(17.0)</u>		<u>(4.2)</u>
Profit / (loss) on ordinary activities before taxation	4		27.0		(2.3)
Taxation on profit / (loss) on ordinary activities	5		<u>(8.6)</u>		<u>(1.0)</u>
Profit / (loss) on ordinary activities after taxation			18.4		(3.3)
Minority interests			<u>(1.2)</u>		<u>(0.6)</u>
Profit / (loss) for the period attributable to shareholders			17.2		(3.9)
Dividends paid and proposed	6		<u>(10.1)</u>		<u>-</u>
Retained profit / (loss) for the period	20		<u>7.1</u>		<u>(3.9)</u>

The notes on pages 10 to 26 form an integral part of the financial statements

* 7th January 1994 to 31st December 1994 with trading commencing 1st July 1994.

** Comprises £2.4 million in respect of the group's original investment in what were associated undertakings, plus £4.4 million relating to increased investment in these undertakings and investment in one new undertaking in 1995 (see note 11).

COOKSON MATTHEY CERAMICS plc
CONSOLIDATED AND PARENT COMPANY BALANCE SHEETS

31st December 1995

	NOTE	Group		Parent Company	
		1995 £ million	1994 £ million	1995 £ million	1994 £ million
Fixed assets					
Tangible fixed assets	9	111.1	81.3	0.4	0.2
Investments	10	0.1	3.3	158.5	158.6
		<u>111.2</u>	<u>84.6</u>	<u>158.9</u>	<u>158.8</u>
Current assets					
Stocks	12	65.7	49.8	-	-
Debtors : due within one year	13	96.6	66.0	119.6	62.3
Debtors : due after one year	13	1.8	0.7	61.0	59.4
Total debtors		98.4	66.7	180.6	121.7
Short term investments		0.3	1.0	-	-
Cash at bank and in hand		11.5	9.7	-	0.4
		<u>175.9</u>	<u>127.2</u>	<u>180.6</u>	<u>122.1</u>
Creditors: Amounts falling due within one year	14	(103.8)	(63.9)	(30.3)	(5.9)
Net current assets		<u>72.1</u>	<u>63.3</u>	<u>150.3</u>	<u>116.2</u>
Total assets less current liabilities		<u>183.3</u>	<u>147.9</u>	<u>309.2</u>	<u>275.0</u>
Creditors: Amounts falling due after more than one year					
Convertible loan stock	15	(240.0)	(207.0)	(240.0)	(207.0)
Other creditors	15	(3.1)	(2.7)	-	-
		<u>(243.1)</u>	<u>(209.7)</u>	<u>(240.0)</u>	<u>(207.0)</u>
Provisions for liabilities and charges	17	(12.0)	(16.4)	-	-
Net (liabilities) / assets		<u>(71.8)</u>	<u>(78.2)</u>	<u>69.2</u>	<u>68.0</u>
Capital and reserves					
Called up share capital	19	69.0	69.0	69.0	69.0
Associated undertakings' reserves	20	0.1	0.2	-	-
Profit and loss account	20	(150.8)	(155.8)	0.2	(1.0)
Shareholders' funds		<u>(81.7)</u>	<u>(86.6)</u>	<u>69.2</u>	<u>68.0</u>
Minority interests	21	9.9	8.4	-	-
		<u>(71.8)</u>	<u>(78.2)</u>	<u>69.2</u>	<u>68.0</u>

The accounts were approved by the Board of Directors on 26th March 1996 and signed on its behalf by:

Richard M. Oster
Chairman



Chris R. N. Clark
Chief Executive



The notes on pages 10 to 26 form an integral part of the financial statements

COOKSON MATTHEY CERAMICS plc
CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

*year ended 31st December 1995 (period to 31st December 1994 *)*

	1995 £ million	1994 £ million
Profit / (loss) for the period	17.2	(3.9)
Currency translation differences on foreign currency net investments	5.3	(0.6)
Total recognised gains and losses for the period	22.5	(4.5)

NOTE OF CONSOLIDATED HISTORICAL COST PROFITS AND LOSSES

*year ended 31st December 1995 (period to 31st December 1994 *)*

The historical cost profit / (loss) is equal to the reported profit / (loss).

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

*year ended 31st December 1995 (period to 31st December 1994 *)*

	1995 £ million	1994 £ million
Recognised gains and losses relating to the period (net)	22.5	(4.5)
Dividends paid and proposed	(10.1)	-
New share capital subscribed	-	69.0
Goodwill written off	(7.5)	(151.1)
Net addition to shareholders' funds	4.9	(86.6)
Opening shareholders' funds	(86.6)	-
Closing shareholders' funds	(81.7)	(86.6)

The notes on pages 10 to 26 form an integral part of the financial statements

* 7th January 1994 to 31st December 1994 with trading commencing 1st July 1994.

COOKSON MATTHEY CERAMICS plc
CONSOLIDATED CASH FLOW STATEMENT

year ended 31st December 1995 (period to 31st December 1994 *)

	NOTE	1995 £ million	1994 £ million
Net cash inflow from operating activities	23	21.2	14.7
Returns on investments and servicing of finance			
Interest received		0.5	0.2
Interest paid		(17.5)	(4.4)
Dividends received from associated undertakings		-	0.1
Dividends paid - by parent company		(10.1)	-
- to minority shareholders		(0.5)	(0.2)
Net cash outflow from returns on investments and servicing of finance		(27.6)	(4.3)
Taxation			
UK corporation tax paid including advance corporation tax		(1.6)	(0.4)
Overseas tax paid		(5.0)	(1.9)
Tax paid		(6.6)	(2.3)
Investing activities			
Purchase of tangible fixed assets		(29.5)	(7.7)
Proceeds from sale of tangible fixed assets		1.2	-
Purchase of subsidiary undertakings (cash effect)	11	(12.1)	4.2
Increase in investment in subsidiary undertakings	11	(1.9)	-
Net cash outflow from investing activities		(42.3)	(3.5)
Net cash (outflow) / inflow before financing		(55.3)	4.6
Financing	23		
Issue of convertible debt		(33.0)	-
(Increase) / decrease in current accounts with Cookson Group plc and Johnson Matthey PLC		(16.4)	2.1
(Increase) / repayment of money borrowings		(0.1)	0.7
(Increase) / repayment of metal borrowings		(0.5)	0.6
Net cash (inflow) / outflow from financing		(50.0)	3.4
(Decrease) / increase in cash and cash equivalents	23	(5.3)	1.2
		(55.3)	4.6

The notes on pages 10 to 26 form an integral part of the financial statements

* 7th January 1994 to 31st December 1994 with trading commencing 1st July 1994.

COOKSON MATTHEY CERAMICS plc

ACCOUNTING POLICIES

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1. Accounting convention

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

2. Basis of consolidation

The consolidated financial statements comprise the financial statements of the parent company and all its subsidiary undertakings and include the group's interest in associated undertakings.

The results of companies acquired or disposed of in the period are dealt with from or up to the effective date of acquisition or disposal respectively. The net assets of companies acquired are incorporated in the consolidated accounts at their fair values to the group at the date of acquisition. Goodwill arising on acquisitions is taken to reserves.

The comparatives in these financial statements are for the period from 7th January 1994 to 31st December 1994. The group commenced trading on the 1st July 1994.

The parent company has not presented its own profit and loss account as permitted by Section 230 of the Companies Act 1985.

3. Foreign currencies

Profit and loss accounts of overseas subsidiaries and their cash flows included in the cash flow statement are translated into sterling at average exchange rates for the year. Foreign currency assets and liabilities are translated into sterling at the rates of exchange at the balance sheet date. Gains or losses arising on the translation of the net assets of overseas subsidiaries and associated undertakings are taken to reserves.

Other exchange differences are taken to the profit and loss account.

4. Stocks

Stocks, other than borrowed metal, are valued at the lower of cost, including attributable overheads, and net realisable value. Borrowed metal is valued at market prices at the balance sheet date.

5. Research and product development

Costs of research and product development expenditure are charged against profits in the period it is incurred.

6. Tangible fixed assets

(i) Depreciation:

Freehold land is not depreciated.

The cost, less estimated residual value, of other fixed assets is depreciated on a straight line basis at annual rates which vary according to the class of asset, but are typically:

Leasehold property (or at higher rates based on the life of the lease)	2%
Freehold buildings	3.33%
Plant and equipment	4%-33%

(ii) Leases:

The cost of assets held under finance leases is included under tangible fixed assets and the capital element of future lease payments is included in creditors. Depreciation is provided in accordance with the group's accounting policy for the class of asset concerned. Lease payments are treated as consisting of capital and interest elements and the interest is charged to the profit and loss account using the annuity method.

Rentals under operating leases are expensed as incurred.

(iii) Grants in respect of capital expenditure:

Grants received in respect of capital expenditure are included in creditors and released to the profit and loss account in equal instalments over the expected useful lives of the related assets.

7. Deferred taxation

Deferred taxation is provided using the liability method on all timing differences to the extent that they are expected to reverse in the foreseeable future.

8. Pensions and other retirement benefits

(i) Pensions:

The group operates a number of contributory and non-contributory schemes, mainly of the defined benefit type, which require contributions to be made to separately administered funds. The cost of these schemes is charged to the profit and loss account over the service lives of employees in accordance with the advice of the schemes' independent actuaries. Variations from the regular cost are spread over the average expected remaining service lives of current employees.

(ii) Post-retirement health care benefits:

The cost of post-retirement health care benefits is charged to profit and loss account on a systematic basis over the expected service lives of employees.

COOKSON MATTHEY CERAMICS plc
NOTES TO THE FINANCIAL STATEMENTS

year ended 31st December 1995 (period to 31st December 1994)

1. Segmental information

All the activities of the group have been organised into two divisions, Ceramics and Materials. The Ceramics division manufactures raw materials for the ceramics, tile and printing industries including body, frits, glazes, decorative colours and decorative precious metals. It also manufactures decorative ceramic transfers and provides an in-house design facility with a full technical support service. The Materials division supplies minerals, glass enamels, zircon, perlite and pigments to the ceramic tile, sanitary ware, glass, refractories, construction and table-ware markets.

1(a) Activity analysis

	1995	1994	1995	1994	1995	1994
	Ceramics £ million	Ceramics £ million	Materials £ million	Materials £ million	Total Group £ million	Total Group £ million
Turnover:						
Total sales	173.6	78.1	181.1	66.2	354.7	144.3
Inter-segment sales	(28.7)	(12.2)	(22.9)	(9.6)	(51.6)	(21.8)
Sales to third parties	144.9	65.9	158.2	56.6	303.1	122.5
Loss before taxation						
Operating profit	13.0	6.1	31.0	7.1	44.0	13.2
Provision for restructuring the acquired businesses	-	(10.7)	-	(0.6)	-	(11.3)
Profit / (loss) before interest	13.0	(4.6)	31.0	6.5	44.0	1.9
Net interest					(17.0)	(4.2)
Profit / (loss) on ordinary activities before taxation					27.0	(2.3)
Net assets excluding borrowings	99.5	70.1	99.2	66.4	198.7	136.5
Net financial borrowings					(270.5)	(214.7)
Net assets / (liabilities)					(71.8)	(78.2)

1(b) Geographical analysis

	1995	1994	1995	1994	1995	1994	1995	1994	1995	1994
	Europe £ million	North America £ million	Far East £ million	Rest of World £ million	Total Group £ million					
Turnover by destination:										
Sales to third parties	214.0	85.0	33.4	16.9	37.0	13.5	18.7	7.1	303.1	122.5
Turnover by origin:										
Total sales	316.8	126.9	23.6	11.5	12.8	5.2	1.5	0.7	354.7	144.3
Inter-segment sales	(49.0)	(21.5)	(0.4)	(0.1)	(2.1)	(0.2)	(0.1)	-	(51.6)	(21.8)
Sales to third parties	267.8	105.4	23.2	11.4	10.7	5.0	1.4	0.7	303.1	122.5
Profit / (loss) before taxation										
Operating profit	41.5	12.2	1.7	0.8	0.6	0.1	0.2	0.1	44.0	13.2
Provision for restructuring the acquired businesses	-	(11.3)	-	-	-	-	-	-	-	(11.3)
	41.5	0.9	1.7	0.8	0.6	0.1	0.2	0.1	44.0	1.9
Net interest									(17.0)	(4.2)
Profit / (loss) on ordinary activities before taxation									27.0	(2.3)
Net assets excluding borrowings	179.3	126.6	11.2	5.6	7.6	3.8	0.6	0.5	198.7	136.5
Net financial borrowings									(270.5)	(214.7)
Net liabilities									(71.8)	(78.2)

1 Turnover comprises all invoiced sales of goods and services exclusive of sales taxes.

2 Turnover by market relating to the United Kingdom amounted to £63.7 million (1994 £30.3 million).

COOKSON MATTHEY CERAMICS plc
NOTES TO THE FINANCIAL STATEMENTS

year ended 31st December 1995 (period to 31st December 1994)

2. Post acquisition results

	Continuing Operations		
	Existing £ million	Acquisitions £ million	Total £ million
Turnover	284.0	19.1	303.1
Cost of sales	(198.5)	(11.4)	(209.9)
Gross profit	85.5	7.7	93.2
Distribution costs	(27.3)	(0.8)	(28.1)
Administrative expenses	(21.5)	(0.1)	(21.6)
Income from interests in associated undertakings	0.5	-	0.5
Operating profit	37.2	6.8	44.0

3. Net interest

	1995 £ million	1994 £ million
Interest payable :		
On bank loans, overdrafts and other loans wholly repayable within five years	2.1	0.5
On bank loans, overdrafts and other loans wholly repayable after five years	0.1	-
On convertible loan stock (note 15) issued to Cookson Group plc and Johnson Matthey PLC repayable after more than five years	15.3	3.9
	17.5	4.4
Interest receivable	(0.5)	(0.2)
Net interest charge for the period	17.0	4.2

4. Profit/(loss) on ordinary activities before taxation

	1995 £ million	1994 £ million
Profit/(loss) on ordinary activities before taxation is arrived at after charging :		
Research and development	6.0	2.8
Depreciation	8.7	3.3
Auditors' remuneration	0.4	0.3
Other fees paid to Auditors - United Kingdom	-	-
- rest of world	0.1	0.1
Exchange losses	0.2	0.1
Operating lease rentals		
- on plant and machinery	0.3	0.1
- on other operating leases	2.0	0.9
Directors' remuneration (note 7)		
- fees	-	-
- other emoluments, including pension contributions	0.2	0.1
Total directors' remuneration	0.2	0.1

COOKSON MATTHEY CERAMICS plc
NOTES TO THE FINANCIAL STATEMENTS

year ended 31st December 1995 (period to 31st December 1994)

5. Taxation on profit / (loss) on ordinary activities

	1995 £ million	1994 £ million
United Kingdom		
Corporation tax at 33%	0.4	2.1
Double taxation relief	(1.0)	(1.2)
Current taxation for period	(0.6)	0.9
Prior year adjustments	(0.7)	-
Deferred taxation for period	1.3	(1.5)
	-	(0.6)
Overseas		
Taxation on income for the period	7.6	1.7
Withholding tax deductions on overseas income	0.1	0.1
Current taxation for period	7.7	1.8
Prior year adjustments	0.2	-
Deferred taxation for period	0.5	(0.3)
	8.4	1.5
Associated undertakings		
Current taxation for period	0.2	0.1
	8.6	1.0
Total taxation		
	8.6	1.0
The above includes :		
Taxation on provision for restructuring the businesses acquired on 1 July 1994	-	(2.4)

6. Dividends

	1995 £ million	1994 £ million
Interim paid ordinary dividend	3.6	-
Final paid ordinary dividend	6.5	-
Total dividends	10.1	-

7. Directors' emoluments

No emoluments are paid by the company to any of the directors. The directors are remunerated by either Cookson Group plc or Johnson Matthey PLC. A management fee is charged by Johnson Matthey PLC for the provision of the services of two of the directors. The aggregate amount of the fee payable to Johnson Matthey PLC for the period was £246,000 (1994 £113,000).

COOKSON MATTHEY CERAMICS plc
NOTES TO THE FINANCIAL STATEMENTS

year ended 31st December 1995 (period to 31st December 1994)

8. Employee information

8(a) Employee numbers

1995

1994

The average weekly number of fulltime employees during the period was as follows:

Ceramics	1,765	1,871
Materials	930	874
Average number of employees	2,695	2,745

8(b) Employee costs

1995

1994

£ million

£ million

Wages and salaries	51.9	24.4
Social security costs	9.6	4.6
Other pension and post retirement costs	1.7	0.6
Total employee costs	63.2	29.6

COOKSON MATTHEY CERAMICS plc
NOTES TO THE FINANCIAL STATEMENTS

year ended 31st December 1995 (period to 31st December 1994)

8(c) Retirement benefits

(i) United Kingdom Pension scheme

The group's UK pension scheme is of the defined benefit type which requires contributions to be made to a separately administered fund. At 1st July 1994, the date of the latest actuarial valuation, the market value of the UK scheme's assets was £41.2 million, the actuarial value of which represented 122.6% of the liability for benefits that had accrued to that date making full allowance for future salary and pension increases. This represents an actuarial surplus of £7.6 million which, following actuarial recommendations, has permitted the group to suspend contributions for the foreseeable future. A surplus cannot be refunded to the group except by dissolution of the scheme in accordance with the rules of the scheme and relevant legislation.

The regular pension cost is assessed in accordance with the advice of an independent qualified actuary using the projected unit method. Rates used at the last actuarial valuation at 1st July 1994 were as follows :

	per annum
Long term rate of investment return	9.5%
Dividend increase rate	5.25%
General salary and wage inflation rate	7.5%
Pension increase rate	4.5%

In accordance with the applicable accounting standard, the surplus on the group's UK pension fund has been spread over the average of the expected remaining service lives of current employees (12 years) as a variation from regular cost.

(ii) Foreign schemes

Pension costs relating to foreign schemes are charged in accordance with local best practice using different accounting policies. The cost of obtaining actuarial valuations for purposes of adjusting to the applicable UK accounting standard is considered to be out of proportion to the benefits to be gained.

(iii) Other retirement benefits

In the UK the group expects to provide post-retirement medical benefits to certain employees. It operates an unfunded defined benefit scheme and costs are charged on an accruals basis similar to that used for pensions. The benefit cost and provision are assessed by a qualified actuary using the projected unit credit actuarial cost method.

(iv) Profit and loss account and balance sheet impact of providing retirement benefits

The effect of providing pensions and other retirement benefits on operating profit was as follows:

	Group	
	1995 £million	1994 £million
United Kingdom		
Regular pension cost	2.2	0.7
Variation from regular cost	(1.7)	(0.6)
Cost of post-retirement medical benefits	0.1	-
	<u>0.6</u>	<u>0.1</u>
Overseas		
Cost of foreign pension schemes	0.7	0.3
Total cost of retirement benefits	<u>1.3</u>	<u>0.4</u>

The following prepayments and provisions relating to pension schemes and other post-retirement benefits are included in the group and parent company's balance sheets :

	Group		Parent Company	
	1995 £ million	1994 £ million	1995 £ million	1994 £ million
Prepaid pension costs in the UK	0.1	0.1	-	-
Provision for post-retirement medical benefits	0.4	0.4	-	-
Provision for foreign pensions	4.1	3.7	-	-

COOKSON MATTHEY CERAMICS plc
NOTES TO THE FINANCIAL STATEMENTS

year ended 31st December 1995 (period to 31st December 1994)

9. Fixed assets - tangible assets

9(a) Group

	Total £ million	Freehold land and buildings £ million	Plant and machinery £ million	Fixtures and fittings, tools and equipment £ million
Cost/Valuation				
At beginning of period	83.9	38.6	39.9	5.4
Business acquisitions	5.7	2.2	3.4	0.1
Purchases	29.6	4.1	21.9	3.6
Disposals	(1.1)	(0.8)	(0.3)	-
Exchange adjustments	6.3	1.8	3.9	0.6
At end of period	<u>124.4</u>	<u>45.9</u>	<u>68.8</u>	<u>9.7</u>
Depreciation				
At beginning of period	2.6	0.5	1.6	0.5
Charge for the period	8.7	1.1	5.9	1.7
Disposals	-	-	-	-
Exchange adjustments	2.0	-	1.7	0.3
At end of period	<u>13.3</u>	<u>1.6</u>	<u>9.2</u>	<u>2.5</u>
Net book value at end of period	<u>111.1</u>	<u>44.3</u>	<u>59.6</u>	<u>7.2</u>
Net book value at beginning of period	<u>81.3</u>	<u>38.1</u>	<u>38.3</u>	<u>4.9</u>

Freehold land of £17.7 million (1994 £16.2million) included above is not depreciated.

The net book value of fixed assets includes £0.1 million (1994 £nil) in respect of assets held under finance leases and £1.2 mil (1994 £nil) for the creation of a manufacturing facility utilising new technology which will be depreciated over five years from the date of commissioning.

9(b) Parent company

	Fixtures and fittings, tools and equipment £ million
Cost/Valuation	
At beginning of period	0.2
Purchases	0.3
Disposals	-
At end of period	<u>0.5</u>
Depreciation	
At beginning of period	-
Charge for the period	0.1
Disposals	-
At end of period	<u>0.1</u>
Net book value at end of period	<u>0.4</u>
Net book value at beginning of period	<u>0.2</u>

COOKSON MATTHEY CERAMICS plc
NOTES TO THE FINANCIAL STATEMENTS

year ended 31st December 1995 (period to 31st December 1994)

10. Fixed assets - investments

10(a) Group

	1995 £ million	1994 £ million
Share of net assets of associated undertakings		
At beginning of period	3.3	-
Business acquisitions	-	3.1
Transfer to subsidiary undertaking	(3.5)	-
Profits retained for the period	0.3	0.2
At end of period	<u>0.1</u>	<u>3.3</u>

The cost of investment in associated undertakings amounted to £0.1 million (1994 £3.1 million).

None of the associated undertakings had any issued loan capital.

No group company had loans with associated undertakings.

The principal associated undertakings are shown in note 24 .

10(b) Parent company

Subsidiary undertakings	Total	Equity loans	Shares
Cost	£ million	£ million	£ million
At beginning of period	158.6	46.1	112.5
Movement in the period	(0.1)	1.3	(1.4)
At end of period	<u>158.5</u>	<u>47.4</u>	<u>111.1</u>

The principal subsidiary undertakings are shown in note 24 .

COOKSON MATTHEY CERAMICS plc
NOTES TO THE FINANCIAL STATEMENTS

year ended 31st December 1995 (period to 31st December 1994)

11. Acquisitions and changes in investments during the period

On 1 April 1995 the company acquired the share capital of Micronizados del Mediterraneo S.A. and increased the holding in Macina Minerali S.p.A., Musgrave Traders Ltd and Le Moulin des Pres S.A. as shown in the table below.

Acquired Companies:	% Holding	
	Pre Acquisition	Post Acquisition
Macina Minerali S.p.A.	50%	100%
Musgrave Traders Ltd	50%	100%
Le Moulin des Pres S.A.	25%	50%
Micronizados del Mediterraneo S.A.	-	100%

During the 15 months preceeding acquisition the acquired companies achieved the following results.

Acquired Companies:	Profit after tax	
	12 months to 31 December 1994	3 months to 31 March 1995
	£ million	£ million
Macina Minerali S.p.A.	0.5	0.5
Musgrave Traders Ltd	0.2	0.1
Le Moulin des Pres S.A.	1.0	(0.1)
Micronizados del Mediterraneo S.A.	0.2	0.3

The acquisitions have been accounted for by the acquisition method of accounting and the results of all the undertakings have been brought into the financial statements from 1 April 1995. The results of Le Moulin des Pres S.A. have been consolidated on the basis that the group exercises a dominant influence over the undertaking.

The table below shows the book values at the date of acquisition of the assets and liabilities acquired and the adjustments made to reflect their fair values.

	Book values	Fair value adjustments		Fair values
	immediately prior to acquisition	Revaluations and other adjustments	Accounting policy adjustments	at time of acquisition
	£ million	£ million	£ million	£ million
Tangible fixed assets	5.3	0.4	-	5.7
Intangible fixed assets	0.1	-	(0.1)	-
Investments in associates	-	-	-	-
Stock	3.9	-	-	3.9
Debtors and prepayments	10.1	-	-	10.1
Short term investments	1.2	-	-	1.2
Cash at bank and in hand and bank overdrafts	1.4	-	-	1.4
Creditors	(8.1)	-	-	(8.1)
Bank loans	(1.7)	-	-	(1.7)
Long term creditors and provisions	(1.0)	0.1	-	(0.9)
Share already held as associates	(3.1)	(0.4)	-	(3.5)
Minority shareholders' interests	(2.1)	(0.1)	-	(2.2)
Net assets acquired	6.0	(0.0)	(0.1)	5.9

COOKSON MATTHEY CERAMICS plc
NOTES TO THE FINANCIAL STATEMENTS

year ended 31st December 1995 (period to 31st December 1994)

11. Acquisitions and changes in investments during the period (continued)

£ million

Purchase consideration

Cash paid	12.5
Cash payable	0.6

Total	13.1
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Goodwill on consolidation

Fair value of consideration	13.1
Costs of acquisition	0.8
	13.9

Fair value of net assets acquired	(5.9)
Effect of revaluation on original holding	(0.2)

Goodwill arising on consolidation charged to reserves	7.8
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Cash effect of acquisitions

Short term investments	1.2
Cash at bank and in hand acquired	1.4
Bank overdrafts acquired	(1.7)
Acquisition costs already settled in cash	(13.0)

Total	(12.1)
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Revaluation and other adjustments

Tangible fixed assets comprise freehold land and buildings, plant and machinery and fixtures and fittings. The property assets were valued by Dryden Stirzaker Limited, independent professional valuers, as at 1st April 1995 on the basis of open market value for existing use. All other tangible fixed assets were valued by the directors at the lower of depreciated replacement cost and the future economic value of the asset to the business. Long term creditors and provisions were adjusted by the directors to reflect current and future commitments.

Accounting policy adjustments

The intangible fixed asset balances were restated in line with the group's accounting policies.

On 1 January the group entered into a joint venture, Cookson Matthey Eagle Inc., in which it has a 70% interest. Goodwill arising on formation of this company amounted to £0.4 million and has been charged to reserves.

During the year the group increased its investment in one of its subsidiaries for a total consideration of £2.1 million, of which £1.9 million had been paid by the year end, creating negative goodwill of £0.7 million which has been credited to reserves.

12. Stocks

	Group		Parent company	
	1995 £ million	1994 £ million	1995 £ million	1994 £ million
Raw materials and consumables	30.7	19.5	-	-
Work in progress	3.2	3.0	-	-
Finished goods and goods for resale	31.8	27.3	-	-
Total stocks	65.7	49.8	-	-

COOKSON MATTHEY CERAMICS plc
NOTES TO THE FINANCIAL STATEMENTS

year ended 31st December 1995 (period to 31st December 1994)

	Group		Parent company	
	1995 £ million	1994 £ million	1995 £ million	1994 £ million
13. Debtors				
13(a) Debtors: due within one year				
Trade debtors	85.0	60.4	-	0.4
Amounts owed by Cookson Group plc	1.8	-	0.2	-
Amounts owed by Johnson Matthey PLC	0.1	-	-	-
Amounts owed by subsidiary undertakings	-	-	114.9	61.2
Amounts owed by associated undertakings	0.6	0.5	-	-
Current corporation tax	-	-	3.7	-
Other debtors	4.2	2.2	0.5	0.7
Prepayments and accrued income	4.9	2.9	0.3	-
	<u>96.6</u>	<u>66.0</u>	<u>119.6</u>	<u>62.3</u>
13(b) Debtors: due after one year				
Amounts owed by subsidiary undertakings	-	-	59.7	59.4
Other debtors	1.8	0.6	1.3	-
Prepaid pensions	-	0.1	-	-
	<u>1.8</u>	<u>0.7</u>	<u>61.0</u>	<u>59.4</u>
Total debtors	<u>98.4</u>	<u>66.7</u>	<u>180.6</u>	<u>121.7</u>

14. Creditors: Amounts falling due within one year

Bank loans and overdrafts (note 16)	15.4	8.3	2.5	2.6
Current accounts with Cookson Group plc and Johnson Matthey PLC (note 16)	18.7	2.3	18.7	2.3
Metal borrowings from Johnson Matthey PLC (note 16)	0.2	5.1	-	-
Metal borrowings (note 16)	5.5	-	5.5	-
Trade creditors	41.1	32.5	0.1	0.3
Amounts owed to Cookson Group plc	0.3	0.1	-	-
Amounts owed to Johnson Matthey PLC	0.7	0.7	-	-
Amounts owed to subsidiary undertakings	-	-	1.7	0.5
Amounts owed to associated undertakings	0.1	-	-	-
Current corporation tax	2.9	2.3	-	-
Other taxes and social security costs	4.5	2.1	0.3	-
Finance leases (note 16)	0.1	-	-	-
Other creditors	3.7	3.8	0.3	-
Accruals and deferred income	10.6	6.7	1.2	0.2
Total creditors falling due within one year	<u>103.8</u>	<u>63.9</u>	<u>30.3</u>	<u>5.9</u>

15. Creditors: Amounts falling due after more than one year

15(a) Convertible loan stock

Convertible loan stock (note 16)	<u>240.0</u>	<u>207.0</u>	<u>240.0</u>	<u>207.0</u>
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On 1st April and 1st November 1995 the company issued floating rate convertible loan notes with a value of £23 million and £10 million. In each issue half were issued to Cookson Group plc and half to Johnson Matthey PLC. The notes mature and are repayable at par on 1st July 2043 and the interest rate applicable is sterling three months LIBOR plus 1% per annum.

The notes shall, at the option of the holder, be convertible at par into preference shares on any 31st December as from 31st December 1995.

The loan notes were issued in partial consideration for the acquisition of subsidiary undertakings.

15(b) Other creditors

Bank loans (note 16)	1.9	1.7	-	-
Finance leases (note 16)	0.2	-	-	-
Other creditors	1.0	1.0	-	-
Total other creditors	<u>3.1</u>	<u>2.7</u>	<u>-</u>	<u>-</u>

COOKSON MATTHEY CERAMICS plc
NOTES TO THE FINANCIAL STATEMENTS

year ended 31st December 1995 (period to 31st December 1994)

16. Borrowings	Group		Parent company	
	1995 £ million	1994 £ million	1995 £ million	1994 £ million
Bank overdrafts	15.4	8.3	2.5	2.6
Current accounts with Cookson Group plc and Johnson Matthey PLC	18.7	2.3	18.7	2.3
Metal borrowings from Johnson Matthey PLC	0.2	5.1	-	-
Metal borrowings	5.5	-	5.5	-
Bank loans	1.9	1.7	-	-
Finance leases	0.3	-	-	-
Convertible loan stock	240.0	207.0	240.0	207.0
	<u>282.0</u>	<u>224.4</u>	<u>266.7</u>	<u>211.9</u>
Due within one year	39.9	15.7	26.7	4.9
Due between one and two years	0.9	0.6	-	-
Due between two and five years	0.6	0.4	-	-
Due in five years or more	240.6	207.7	240.0	207.0
	<u>282.0</u>	<u>224.4</u>	<u>266.7</u>	<u>211.9</u>
Amounts wholly repayable after five years				
Convertible loan stock	240.0	207.0	240.0	207.0
Amounts repayable by instalments some of which fall due after five years				
Bank loans				
Instalments due after five years	0.6	0.7	-	-
Total amount	1.1	1.2	-	-

Bank overdrafts and loans include £4.7 million (1994 £4.3 million) secured on the assets of a subsidiary undertaking. The loans are denominated in various currencies and bear interest at commercial rates.

17. Provisions for liabilities and charges

Group

	Total	Rationalisation	Retirement	Other	Deferred
	£ million	provisions £ million	benefits £ million	provisions £ million	taxation £ million
At beginning of period	16.4	8.9	4.1	5.8	(2.4)
Other movements - business acquisitions	0.8	-	0.2	0.5	0.1
Charge for period	2.9	0.6	0.5	-	1.8
Utilised	(8.5)	(7.1)	(0.5)	(0.9)	-
Exchange adjustments	0.4	-	0.2	0.1	0.1
Total at end of period	<u>12.0</u>	<u>2.4</u>	<u>4.5</u>	<u>5.5</u>	<u>(0.4)</u>

COOKSON MATTHEY CERAMICS plc
NOTES TO THE FINANCIAL STATEMENTS

year ended 31st December 1995 (period to 31st December 1994)

	Group		Parent company	
	1995 £ million	1994 £ million	1995 £ million	1994 £ million
18. Deferred taxation				
Deferred taxation is provided in respect of:				
Timing differences on fixed assets	-	-	-	-
Other timing differences	0.4	2.4	-	-
Total provision for deferred taxation	0.4	2.4	-	-
Deferred taxation not included in the balance sheet:				
Timing differences on fixed assets	(9.8)	(5.2)	-	-
Total unprovided deferred tax	(9.8)	(5.2)	-	-

No account has been taken of taxation which would be payable if the retained profits of overseas subsidiary and associated undertakings were distributed.

	1995	1994
	Authorised £ million	Authorised £ million
19. Called up share capital		
Authorised		
'A' ordinary shares of £1.00 each	150.0	150.0
'B' ordinary shares of £1.00 each	150.0	150.0
Preference shares of £1.00 each	300.0	300.0
	600.0	600.0
	Allotted, issued fully paid £ million	Allotted, issued fully paid £ million
Called up, allotted and fully paid		
'A' ordinary shares of £1.00 each	34.5	34.5
'B' ordinary shares of £1.00 each	34.5	34.5
	69.0	69.0

Johnson Matthey PLC hold the issued 'A' ordinary shares and are entitled to appoint up to three 'A' directors. Cookson Group plc hold the issued 'B' ordinary shares and are entitled to appoint up to three 'B' directors. Three directors, including at least one 'A' director and one 'B' director, must approve a resolution for it to be passed.

No voting rights are attached to the preference shares which may be issued as the result of exercising the right to convert loan stock (note 14). The holders of the preference shares would be entitled to a fixed cumulative preferential dividend at the rate of 1% per annum of the nominal value of the preference shares held. On a return of capital on liquidation or otherwise the preference shareholders would be paid, in priority to any distribution to the ordinary shareholders, the total paid up on the preference shares plus a sum equal to any arrears and accruals of the preference dividend, whether or not such a dividend had been declared or earned.

COOKSON MATTHEY CERAMICS plc
NOTES TO THE FINANCIAL STATEMENTS

year ended 31st December 1995 (period to 31st December 1994)

20. Reserves

20(a) Group

	Associated undertakings' reserves £ million	Profit and loss account £ million
At beginning of period	0.2	(155.8)
Exchange adjustments	-	5.3
Transfer to subsidiary undertaking	(0.4)	0.4
Retained profit for the period	0.3	6.8
Goodwill on acquisitions	-	(7.5)
Reserves at end of period	0.1	(150.8)

The cumulative amount of goodwill charged against reserves at 31st December 1995 was £158.6 million (1994 £151.1 million).

20(b) Parent company

	Profit and loss account £ million
At beginning of period	(1.0)
Retained profit for the period	1.2
Reserves at end of period	0.2

21. Minority interests

	1995 £ million	1994 £ million
At beginning of period	8.4	-
Acquisition of subsidiary undertakings	0.3	8.1
Share of profit for period	1.2	0.6
Dividends	(0.6)	(0.4)
Exchange adjustments	0.6	0.1
At end of the period	9.9	8.4

COOKSON MATTHEY CERAMICS plc
NOTES TO THE FINANCIAL STATEMENTS

year ended 31st December 1995 (period to 31st December 1994)

22. Commitments, guarantees and contingent liabilities	Group		Parent company	
	1995 £ million	1994 £ million	1995 £ million	1994 £ million
Commitments				
(i) Future capital expenditure				
Contracted	5.9	3.6	-	-
Authorised but not contracted	16.8	2.6	-	-
(ii) Operating leases annual commitments				
Leases of land and buildings terminating				
Within one year	-	0.1	-	-
In one to five years	0.3	0.2	-	-
Over five years	0.3	0.1	-	-
Other leases terminating				
Within one year	0.5	0.4	-	-
In one to five years	0.8	0.7	-	-
Over five years	-	0.1	-	-

Guarantees

The company guarantees, until 31st December 1995, to provide the subsidiary companies listed below with sufficient funds so as to ensure that they are able to meet their existing and future financial obligations as they fall due:

Cookson Matthey Ceramics & Materials Limited
Cookson Matthey Print Limited
Cookson Matthey Ceramics Overseas Limited

At 31st December 1995 each of the above companies had net assets, excluding amounts owed to the parent company.

The company accepts joint and several liability as from 1st July 1994 for all debts arising from legal acts of Cookson Matthey BV, a private company with limited liability.

Financial obligations of certain subsidiary undertakings due to third parties amounting to £413,000 (1994 £166,000) have been guaranteed by the parent company.

Cookson Matthey Ceramics S.A. guarantees bank export credits extended to a customer of £133,000 (1994 £121,000).

Micronizados del Mediterraneo S.A. guarantees its outstanding finance lease obligations of £193,000 by way of a legal charge on its land and buildings.

Contingent Liabilities

The company's net assets include £2.7 million for a new manufacturing process whose technical viability is undergoing final tests and £0.3 million in respect of acquisition costs incurred in advance of exercising an option to acquire a ceramic materials business in Brazil.

COOKSON MATTHEY CERAMICS plc
NOTES TO THE FINANCIAL STATEMENTS

year ended 31st December 1995 (period to 31st December 1994)

23. Notes to the cash flow statement

23(a) Reconciliation of operating profit to net cash inflow from operating activities

	1995 £ million	1994 £ million
Operating profit	44.0	13.2
Depreciation charges	8.7	3.3
Profit on sale of fixed assets	(0.1)	-
Share of profits of associated undertakings	(0.5)	(0.4)
(Increase) / decrease in stocks	(10.2)	(3.0)
(Increase) / decrease in debtors	(17.4)	0.9
Increase / (decrease) in creditors and provisions	3.8	3.2
Net cash inflow from continuing operating activities	28.3	17.2
Net cash outflow in respect of restructuring costs	(7.1)	(2.5)
Net cash inflow from operating activities	21.2	14.7

23(b) Analysis of changes in cash and cash equivalents

	Total £ million	Cash at bank and in hand £ million	Bank overdraft £ million
Balance as at 7 January 1994	-	-	-
Net cash inflow before adjustments for the effect of foreign exchange rate changes	1.2	9.7	(8.5)
Effect of foreign exchange rate changes	0.2	-	0.2
Balance as at 31 December 1994	1.4	9.7	(8.3)
Net cash outflow before adjustments for the effect of foreign exchange rate changes	(5.3)	1.0	(6.3)
Effect of foreign exchange rate changes	-	0.8	(0.8)
Balance as at 31 December 1995	(3.9)	11.5	(15.4)

23(c) Analysis of changes in financing

	Share capital £ million	Convertible debt £ million	Current accounts parent companies £ million	Money borrowings and finance leases £ million	Metal borrowings £ million
Balance as at 7 January 1994	-	-	-	-	-
Acquisition of subsidiaries	-	-	-	2.4	5.8
Shares / debt issued for non-cash consideration	69.0	207.0	4.4	-	-
Increase / (reduction) in borrowings	-	-	(2.1)	(0.7)	(0.6)
Effect of foreign exchange rate changes	-	-	-	-	(0.1)
Balance as at 31 December 1994	69.0	207.0	2.3	1.7	5.1
Acquisition of subsidiaries	-	-	-	0.2	-
Shares / debt issued for non-cash consideration	-	33.0	-	-	-
Inception of new finance leases	-	-	-	0.1	-
Increase / (reduction) in borrowings	-	-	16.4	0.1	0.5
Effect of foreign exchange rate changes	-	-	-	0.1	0.1
Balance as at 31 December 1995	69.0	240.0	18.7	2.2	5.7

COOKSON MATTHEY CERAMICS plc
NOTES TO THE FINANCIAL STATEMENTS

year ended 31st December 1995 (period to 31st December 1994)

24. Principal subsidiary and associated undertakings

	Country of registration or incorporation	Percentage shareholding
Subsidiary undertakings of the company:		
Cookson Matthey Ceramics & Materials Limited	England	100.00
Cookson Matthey Print Limited	England	100.00
Cookson Matthey Ceramics Overseas Limited	England	100.00
Subsidiary undertakings of Cookson Matthey Ceramics Overseas Limited:		
Microcina UK Ltd	England	100.00
Microcina Holdings Europe Ltd	England	100.00
Cookson Matthey Ceramics S.A.	Spain	100.00
Cookson Matthey Ceramics (Germany) GmbH	Germany	100.00
Cookson Matthey Ceramics Inc.	U.S.A.	100.00
Matthey Beyrand & Cie S.A.	France	80.00
Cookson Matthey (Australia) Pty Ltd	Australia	100.00
Cookson Matthey Ceramics (Asia) Pte Ltd	Singapore	100.00
Cookson Matthey Ceramics (South Africa) Pty Ltd	South Africa	100.00
Musgrave Traders Limited	Hong Kong	100.00
Cookson Matthey Ceramics (Malaysia) Sdn Bhd	Malaysia	100.00
Cookson Matthey India Ltd	India	100.00
Cookson Matthey Ceramica Lda	Portugal	100.00
Cookson Matthey BV	Netherlands	100.00
Cookson Matthey Ceramics S.p.A.	Italy	100.00
Cookson Matthey Italia S.p.A. *	Italy	100.00
* (23.75% owned by Cookson Matthey Ceramics S.p.A.)		
PT Johnson Matthey Indonesia	Indonesia	67.00
Le Moulin des Pres S.A.	France	50.00
Macina Minerali S.p.A.	Italy	100.00
Associated undertakings of Cookson Matthey Ceramics Overseas Limited:		
Oximet S.r.L. (held by Cookson Matthey Italia S.p.A.)	Italy	33.33
Subsidiary undertakings of Microcina Holdings Ltd:		
Microcina S.A. *	Spain	100.00
and subsidiary: Micronizados del Mediterraneo S.A. *	Spain	100.00
* (50% is held by Microcina UK Ltd)		
Subsidiary undertakings of Cookson Matthey Ceramics S.A.:		
Demeter S.A.	Spain	100.00
Almiberia S.A.	Spain	80.00
Seriman S.A.	Spain	100.00
Subsidiary and associated undertakings of Cookson Matthey Ceramics (Germany) GmbH:		
Matthey Beyrand Druck GmbH	Germany	80.00
Otavi Minen AG	Germany	85.70
and subsidiaries:		
Otavi Mineralmuhle Neuss GmbH (100% owned)	Germany	85.70
Otavi Minen Hellas S.A. (100% owned)	Greece	85.70
and associate:		
Perlite Dammstoffe GmbH & Co. (33.33% owned)	Germany	28.56
Subsidiary and associated undertakings of Cookson Matthey Ceramics Inc.:		
Cookson Matthey Eagle Inc.	U.S.A.	70.00
Cookson Matthey Eagle Limited Partnership *	U.S.A.	69.70
* (1% is held by Cookson Matthey Eagle Inc.)		

All companies noted above operate predominantly in the country of incorporation. Their primary activities are the manufacture and supply of ceramics and associated raw materials.