

Dynacast International Limited
Annual report
for the year ended 31 December 2001

Registered Number 3716334



Dynacast International Limited
Annual report
for the year ended 31 December 2001

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Directors' report for the year ended 31 December 2001

The directors present their annual report and the audited financial statements for the year ended 31 December 2001.

Principal activities

The principal activity of the company is that of an investment holding company.

The group's principal activities comprise the manufacture and supply of precision engineered components using metal forming (diecasting) processes. The group has established international supply capabilities with operations in North America, Europe and Asia Pacific.

Review of business

The group operating profit for the year was £6.7million (31 December 2000: £10.1million).

During 2001, the group exited its South American operations.

Trading in 2001 for the group has been moderate in all markets, reflecting the worldwide economic climate, but the directors consider the financial position of the group at the period end to be satisfactory.

During the year, the European operations implemented a Euro conversion and were Euro enabled by the end of the year.

Future developments

The group is focused on development of its international operations and towards the end of 2001, opened a new facility in Shanghai, China.

Dividends and transfers to reserves

The retained loss for the year is £15,086,000 (2000: loss £20,916,000). The directors do not recommend the payment of a dividend.

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Directors' report for the year ended to 31 December 2001 (continued)

Research and development

The business has a relatively small research and development operation which focuses on proprietary machine building capabilities and process enhancement. This spans the metals range of aluminium, zinc and magnesium and takes advantage of the group's strong position in CAD technology.

Donations

No charitable or political donations were made during the year (2000: £Nil).

Land and buildings

The directors do not consider the difference between the market value and book value of land and buildings at the year end to be significant.

Share capital

Details of movements in share capital are set out in note 20 to the financial statements.

Directors

The directors who held office during the year were:

Colin Cooke (Chairman)

Peter Catterall

Bill Gillespie

Richard Munton

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Directors' report for the year ended to 31 December 2001 (continued)

Directors' interests in shares of the company

At the year end, the directors had the following interest in the share capital of the company:

	Ordinary shares of 10p each Number	5% cumulative Preference shares of £1 each Number
Colin Cooke	20,000	80,000
Peter Catterall	264	-
Bill Gillespie	18,000	72,000
Richard Munton	526	-

At 31 December 2001, Colin Cooke had an option to purchase 4,760 ordinary shares of 10p each in the company (2000: nil). The option was granted on 9 April 2001 and may be exercised at a price of 105p per share between 9 April 2001 and 8 April 2011.

The option granted during the year may only be exercised immediately prior to a change of ownership of the company or if the company becomes listed.

None of the other directors had an options at the year end (2000: none).

The above option represents all of the options in issue, not exercised at the year end.

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the group continues and the appropriate training is arranged. It is the policy of the group that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

Employee consultation

Consultation with employees or their representatives has continued at all levels, with the aim of ensuring that their views are taken into account when decisions are made that are likely to affect their interests and that all employees are aware of the financial performance of their business units and of the group as a whole. Communication with all employees continues through the in-house newspaper and newsletters and briefing groups.

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Directors' report for the year ended to 31 December 2001 (continued)

Policy and practice on payment of creditors

The company has no significant trade creditors. The group's policy is to negotiate the terms of each transaction with its suppliers and to abide by the agreed terms of payment. The group's average creditor payment period at 31 December 2001 was 52 days (2000: 64 days).

Statement of directors' responsibilities

Company law requires directors to prepare financial statements for each financial period that give a true and fair view of the company's and group's state of affairs at the end of the period and of the group's profit or loss for the period then ended. 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 keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

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

By order of the board



Secretary
12 March 2002

Independent auditors' report to the members of Dynacast International Limited

We have audited the financial statements which comprise the profit and loss account, the balance sheet, the cash flow statement, the statement of total recognised gains and losses, and the related notes.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board.

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. 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 affairs of the company and the group at 31 December 2001 and of the loss and cash flows of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Birmingham
27 March 2002

Dynacast International Limited

Consolidated profit and loss account for the year ended 31 December 2001

		Year ended 31 December 2001		Year ended 31 December 2000	
	Note	£'000	£'000	£'000	£'000
Turnover	2		177,342		192,008
Cost of sales			(134,866)		(140,227)
Gross profit			42,476		51,781
Distribution costs			(7,857)		(10,038)
Administrative expenses		(26,792)		(24,918)	
Exceptional administrative expenses	5	-		(2,400)	
Less utilisation of 2000 provision	6	464		-	
Total administrative expenses			(26,328)		(27,318)
Other operating expenses			(1,565)		(4,276)
Operating profit before goodwill amortisation			14,347		17,770
Goodwill amortisation			(7,621)		(7,621)
Operating profit			6,726		10,149
Loss on termination of operations			(5,483)		-
Less utilisation of 2000 provision	6		5,483		-
Provision for loss on termination of operations	6		-		(4,271)
Net interest payable	3		(18,015)		(20,131)
Loss on ordinary activities before taxation	4		(11,289)		(14,253)
Tax on loss on ordinary activities	8		(961)		(3,799)
Loss on ordinary activities after taxation			(12,250)		(18,052)
Equity minority interests			(117)		(147)
Loss attributable to shareholders			(12,367)		(18,199)
Non-equity dividends	9		(2,719)		(2,717)
Retained loss for the year	21		(15,086)		(20,916)

All amounts in the above consolidated profit and loss account are in respect of continuing operations.

There is no difference between the loss retained shown above and the historical cost equivalent.

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Statement of group total recognised gains and losses

	Year ended 31 December 2001	Year ended 31 December 2000
	£'000	£'000
Loss for the financial year	(12,367)	(18,199)
Exchange adjustments offset in reserves (note 21)	3,294	(2,550)
Total recognised losses for the year	(9,073)	(20,749)
Prior year adjustments	-	(1,354)
Total losses recognised since the last annual report	(9,073)	(22,103)

Reconciliation of movements in group shareholders' funds

	Year ended 31 December 2001	Year ended 31 December 2000
	£'000	£'000
Loss for the financial year	(12,367)	(18,199)
Dividends	(2,719)	(2,717)
	(15,086)	(20,916)
Exchange gains/(losses)	3,294	(2,550)
Proceeds of ordinary shares issued for cash (net of issue expenses) (note 20)	-	146
Proceeds of 5% redeemable preference shares issued for cash (net of issue expenses) (note 20)	-	583
Preference shares appropriations (note 9)	2,719	2,717
Net change in shareholders' funds	(9,073)	(20,020)
Shareholders' funds at 1 January	28,379	48,399
Shareholders' funds at 31 December	19,306	28,379

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Balance sheet as at 31 December 2001

	Note	Group 2001	Company 2001	Group 2000	Company 2000
		£'000	£'000	£'000	£'000
Fixed assets					
Intangible assets	10	131,502	-	139,123	-
Tangible assets	11	69,324	-	75,282	-
Investments	12	-	53,000	-	53,000
		<u>200,826</u>	<u>53,000</u>	<u>214,405</u>	<u>53,000</u>
Current assets					
Stock	13	9,330	-	12,351	-
Debtors	14	32,657	2,457	43,849	1,800
Investments	15	934	52	906	-
Cash at bank and in hand		22,711	-	50,880	756
		<u>65,632</u>	<u>2,509</u>	<u>107,986</u>	<u>2,556</u>
Creditors: amounts falling due within one year	16	(52,455)	-	(67,799)	(167)
Net current assets		<u>13,177</u>	<u>2,509</u>	<u>40,187</u>	<u>2,389</u>
Total assets less current liabilities		<u>214,003</u>	<u>55,509</u>	<u>254,592</u>	<u>55,389</u>
Creditors: amounts falling due after more than one year	17	(183,293)	-	(209,560)	-
Provisions for liabilities and charges	19	(10,434)	-	(15,712)	-
Net assets		<u>20,276</u>	<u>55,509</u>	<u>29,320</u>	<u>55,389</u>
Capital and reserves					
Called up share capital	20	54,498	54,498	54,498	54,498
Share premium account	21	865	865	865	865
Profit and loss account	21	(36,057)	146	(26,984)	26
Total shareholders' funds (including non-equity interests)		<u>19,306</u>	<u>55,509</u>	<u>28,379</u>	<u>55,389</u>
Equity minority interests		970	-	941	-
Capital employed		<u>20,276</u>	<u>55,509</u>	<u>29,320</u>	<u>55,389</u>

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Balance sheets as at 31 December 2001 (continued)

	Group 2001 £'000	Company 2001 £'000	Group 2000 £'000	Company 2000 £'000
Equity shares:				
Equity shares	115	115	115	115
Share premium	865	865	865	865
Profit and loss account	(36,057)	146	(26,984)	26
Cumulative dividend due to non-equity interests	(7,341)	(7,341)	(4,622)	(4,622)
	<u>(42,418)</u>	<u>(6,215)</u>	<u>(30,626)</u>	<u>(3,616)</u>
Non equity - 5% cumulative preference shares:				
Non equity shares	54,383	54,383	54,383	54,383
Cumulative dividend not yet declared	7,341	7,341	4,622	4,622
	<u>19,306</u>	<u>55,509</u>	<u>28,379</u>	<u>55,389</u>

The financial statements on pages 6 to 40 were approved by the board of directors on 12 March 2002 and were signed on its behalf by:



Bill Gillespie
Director

Dynacast International Limited

Consolidated cash flow statement for the year ended 31 December 2001

		Year ended 31 December 2001		Year ended 31 December 2000	
	Note	£'000	£'000	£'000	£'000
Net cash inflow from operating activities	25		20,218		31,939
Returns on investments and servicing of finance					
Interest received		649		772	
Interest paid		(10,116)		(11,455)	
Interest element of finance lease payments		(135)		(226)	
Minority interests		(88)		(141)	
Net cash outflow from returns on investments and servicing of finance			(9,690)		(11,050)
Taxation			480		(4,390)
Capital expenditure and financial investment					
Purchase of tangible fixed assets		(8,498)		(14,238)	
Sale of tangible fixed assets		4,255		691	
Net cash proceeds from sale of subsidiaries excluded from consolidation		-		54,244	
Net cash (outflow)/inflow for capital expenditure and financial investment			(4,243)		40,697
Net cash inflow before use of liquid resources and financing			6,765		57,196
Financing					
Issue of ordinary share capital		-		146	
Issue of 5% redeemable preference shares		-		583	
Capital element of finance lease payments	26	(600)		(549)	
Movement in borrowings	26	(35,803)		(34,353)	
Net cash outflow from financing			(36,403)		(34,173)
(Decrease)/increase in net cash			(29,638)		23,023

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Consolidated cash flow statement for the year ended 31 December 2001(continued)

		Year ended 31 December 2001	Year ended 31 December 2000
	Note	£'000	£'000
Reconciliation to net debt			
Net debt at 1 January	26	176,734	217,457
Decrease/(increase) in net cash		29,638	(23,023)
Movement in borrowings		(36,403)	(34,902)
Other non-cash changes		8,413	9,659
Exchange adjustments		(3,295)	7,543
Net debt at 31 December	26	<u>175,087</u>	<u>176,734</u>

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Notes to the annual report for the year ended 31 December 2001

1 Principal accounting policies

Basis of preparation

These financial statements have been prepared, under the historical cost convention, and in accordance with applicable accounting standards. A summary of the more important accounting policies, is set out below:

Changes in accounting policies

The group is applying the transitional provisions of Financial Reporting Standard No.17 "Retirement Benefits" in the current year.

The group has adopted Financial Reporting Standard No. 18 "Accounting Policies" and this has not resulted in any change in accounting policies.

Basis of consolidation

The consolidated profit and loss account and balance sheet include, with the exception of certain overseas companies, as set out below, the financial statements of the company and its subsidiary undertakings up to 31 December 2001. The results of the subsidiaries sold or acquired are included in the consolidated profit and loss account from the date control passes to the group or until the group ceases to have control. Intra group sales and profits are eliminated fully on consolidation.

On acquisition of a subsidiary, all of the subsidiary's assets and liabilities that exist at the date of acquisition are recorded at their fair values reflecting their condition at that date. All changes to these assets and liabilities that arise after the group gained control of the subsidiary are charged or credited to the post acquisition profit and loss account.

Where a company is acquired for resale within 12 months of acquisition, the assets, liabilities and earnings of that company are not consolidated; the expected net proceeds are held on the balance sheet as a current asset investment.

Year end date

The financial year end date of the group is 31 December, except for some overseas companies in respect of which the use of a different period end date does not have a material effect on the consolidated financial statements (see note 12).

Goodwill

Goodwill arising on consolidation represents the excess of the fair value of the consideration given over the fair value of the identifiable net assets acquired.

For acquisition of a business, goodwill is capitalised in the period in which it arises and amortised over its estimated useful life of up to a maximum 20 years.

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Notes to the annual report for the year ended 31 December 2001 (continued)

1 Principal accounting policies (continued)

Tangible fixed assets

Fixed assets are shown at cost less accumulated depreciation. In the case of acquisitions the cost and accumulated depreciation of fixed assets in the subsidiary are shown in the group accounts rather than eliminating the accumulated depreciation.

Depreciation is provided at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its estimated useful life as follows:

Freehold buildings	50 years
Plant and machinery (excluding motor vehicles)	3-12 years
Motor vehicles	2-5 years

Investments

Investments in subsidiary undertakings are stated at purchase cost of acquisition (including any incidental cost of acquisition) together with the amount of any loans advanced to those undertakings.

Where, in the opinion of the directors, there has been a diminution in the value of the investments, appropriate provisions are made and charged to the profit and loss account.

Capitalisation of finance costs

Finance costs are netted against the loan finance to which they relate. These costs, together with the interest expense, are allocated to the profit and loss account over the term of the loan finance facility at a constant rate on the carrying amount.

Stocks

Stocks and work in progress are valued at the lower of cost and net realisable value. Cost comprises materials, labour and appropriate overhead expenses. Provisions are made as necessary for slow moving and obsolete stock.

Taxation including deferred taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred taxation is provided on all timing differences in accordance with FRS19, 'Accounting for Deferred taxation'. Deferred tax assets are recognised to the extent they are regarded as recoverable. Deferred tax assets and liabilities are not discounted.

Pension costs

Pension contributions are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the group.

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Notes to the annual report for the year ended 31 December 2001 (continued)

1 Principal accounting policies (continued)

Foreign currency

Assets and liabilities of overseas subsidiaries are translated into sterling at rates of exchange ruling at the balance sheet date and, their results and cash flows are translated at average rates of exchange applicable during the period. Exchange differences arising from the re-translation of opening assets and liabilities and of the profit and loss account to closing rate, in subsidiary companies, are taken to reserves.

Exchange gains and losses relating to trading transactions are included in the trading profit.

Exchange gains and losses arising on foreign currency borrowings used to hedge or finance the group's overseas equity investments are taken to reserves in accordance with SSAP20.

Leases

Fixed assets acquired under finance leasing contracts are recorded in the balance sheet as tangible fixed assets at their equivalent capital value and are depreciated over the shorter of the lease term or useful life of the asset. The corresponding liability is recorded as a creditor and the interest element of the finance charge is charged to the profit and loss account over the primary lease period.

The cost of operating leases are charged to the profit and loss account on a straight-line basis over the lease term.

Research and development expenditure

All expenditure is charged to the profit and loss account in the period in which it is incurred.

Turnover

Turnover, which excludes value added tax, sales taxes, sales between group companies and trade discounts, represents the value of goods and services supplied.

Key estimation techniques

The key estimation techniques, other than those already disclosed above, are as follows:

a) Bad debt provisioning

Provision for bad debts is made against specific balances that are considered by the group to be irrecoverable or where there may exist a risk that a debtor balance may not be fully recovered. Depending on the customer profile, the specific provision is supplemented by a general amount to take into account the risk profile of the customers with whom the group trades.

b) Stock obsolescence provisioning

Provision is made for obsolete stock based on the ageing profile of stock held and takes into consideration material that can be re-used within the production process.

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Notes to the annual report for the year ended 31 December 2001 (continued)

1 Principal accounting policies (continued)

Key estimation techniques (continued)

c) Tooling replacement costs

The group has a number of contractual obligations to repair and maintain certain customer specific die-cast tooling. The group provides for the expected costs of repairing and maintaining these tools. The costs accrued are determined by the contract term with the customer, the anticipated shot life of the tool and the cost of replacement/repair of the individual tool.

2 Segmental reporting

	Year ended 31 December 2001			Year ended 31 December 2000		
	Turnover	(Loss)/ profit before taxation	Net assets	Turnover	(Loss)/ profit before taxation	Net Assets
	£'000	£'000	£'000	£'000	£'000	£'000
Geographical analysis						
Europe	65,430	(9,749)	7,422	71,052	(6,560)	15,779
North America	90,701	(540)	7,224	93,472	(300)	9,054
South America	2,865	(955)	(3,522)	7,255	(10,129)	(4,222)
Asia Pacific	18,346	(45)	9,153	20,229	2,736	8,709
	<u>177,342</u>	<u>(11,289)</u>	<u>20,276</u>	<u>192,008</u>	<u>(14,253)</u>	<u>29,320</u>

The geographical analysis is based on the country in which the sales order is received. It is not considered to be materially different if based on the country in which the customer is located.

The directors' consider that the group operates in only one business segment, that of manufacture of precision components, and therefore segmental analysis has only been provided by geographical location.

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Notes to the annual report for the year ended 31 December 2001 (continued)

3 Interest and similar items

	Year ended 31 December 2001	Year ended 31 December 2000
	£'000	£'000
Interest payable on bank loans and overdrafts	(10,078)	(11,384)
Amortisation of issue costs of bank loan	(1,449)	(1,419)
Interest payable on other loans	(7,002)	(7,874)
Interest payable on finance leases	(135)	(226)
Total interest and similar charges payable	(18,664)	(20,903)
Interest receivable	649	772
Net interest payable and similar items	(18,015)	(20,131)

Interest payable on other loans includes £7,002,000 (2000: £7,803,000) relating to interest accrued on the multi-currency deep discounted bonds held by the institutional shareholders and not payable until redemption (note 18).

4 Loss on ordinary activities before taxation

	Year ended 31 December 2001	Year ended 31 December 2000
	£'000	£'000
Loss before taxation is stated after charging:		
Depreciation of tangible fixed assets:		
Owned assets	9,639	8,694
Under finance leases	260	218
Amortisation of goodwill	7,621	7,621
Loss on disposal of fixed assets	58	779
Research and development	1,543	710
Operating lease charges:		
Hire of machinery and equipment	922	775
Other operating lease rentals	1,930	1,775
Amounts payable to auditors:		
Audit fees: - company	71	76
- group	161	156
Non audit services	275	1,321

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Notes to the annual report for the year ended 31 December 2001 (continued)

5 Exceptional items

There were no operating exceptional costs incurred for the year ended 31 December 2001.

Exceptional costs for the year ended 31 December 2000 comprised £1,200,000 redundancy and other costs associated with the closure during that year of the Northampton, UK manufacturing site and £1,200,000 of redundancy costs relating to certain senior management.

6 Exceptional items – termination of operations

Details of the exceptional costs recognised in 2000 are as follows:

	2000 £'000
Loss on termination of Brazilian operation	(4,057)
Loss on disposal of fixed assets	(214)
	<hr/> (4,271) <hr/>

The charge for 2000 represented the directors' estimate of the closure costs and redundancies associated with the closure of Dynacast Do Brazil Ltda together with the write down of assets to their realisable value, and the operating losses forecast for the period from the year end to the date of closure of the company. The loss is stated after utilisation of the impairment provision established in 2000 as part of the acquisition accounting.

The results of Dynacast Do Brazil Ltda have not been shown as discontinued activities, as the directors believe that the termination does not constitute a material change in the nature and focus of the group's operations.

During 2001, the group substantially completed the closure of its subsidiary Dynacast Do Brazil Ltda. An additional cost of £158,000 was incurred during 2001. The utilisation of the provision during the year, £5,947,000 (2000: £nil), is shown in note 19.

The utilisation of the 2000 provision for termination of operations has, in accordance with FRS3 "Reporting Financial Performance," been split between operating costs to date of termination, and treated as part of operating profit for the year, and that relating to loss on termination which has been disclosed as an exceptional item after operating profit.

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Notes to the annual report for the year ended 31 December 2001 (continued)

7 Staff costs

	Year ended 31 December 2001 £'000	Year ended 31 December 2000 £'000
Employee costs during the year amounted to:		
Wages and salaries	50,796	55,253
Social security costs	7,492	7,966
Other pension costs (note 24)	2,340	2,582
	<u>60,628</u>	<u>65,801</u>

The average monthly number of persons employed by the group during the year was as follows:

	Year ended 31 December 2001 Number	Year ended 31 December 2000 Number
Direct	1,900	1,927
Indirect	284	303
Staff	333	398
	<u>2,517</u>	<u>2,628</u>

The employee costs shown above include the following remuneration in respect of the directors of the company who served during the year:

	Year ended 31 December 2001 £'000	Year ended 31 December 2000 £'000
Aggregate emoluments	494	1,045
Contributions paid to money purchase pension scheme	19	-
Compensation for loss of office	-	526
	<u>513</u>	<u>1,571</u>

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Notes to the annual report for the year ended 31 December 2001 (continued)

7 Staff costs (continued)

Retirement benefits are accruing to one director under the group's money purchase pension scheme (2000: One).

	Year ended 31 December 2001 £'000	Year ended 31 December 2000 £'000
Highest paid director		
Aggregate emoluments	267	455
Company pension contributions to money purchase scheme	-	10
	<hr/> 267 <hr/>	<hr/> 465 <hr/>

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Notes to the annual report for the year ended 31 December 2001 (continued)

8 Tax on loss on ordinary activities

	Year ended 31 December 2001 £'000	Year ended 31 December 2000 £'000
(a) Analysis of (charge)/credit in year		
<i>Current tax</i>		
UK Corporation tax at 30%	-	-
UK corporation tax adjustments in respect of previous periods	-	(222)
Foreign tax	(2,109)	(4,501)
Foreign tax adjustments in respect of previous periods	1,205	-
Total current tax	(904)	(4,723)
<i>Deferred tax</i>		
Origination and reversal of timing differences	(57)	924
Tax on loss on ordinary activities	(961)	(3,799)

(b) Factors affecting tax charge for the year

The tax assessed for the year is higher than the standard rate of corporation tax in the UK (30%). The differences are explained below:

Loss on ordinary activities before tax	11,289	14,253
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2000: 30%)	3,387	4,276
<i>Effects of:</i>		
Local trade taxes, capital taxes and difference in tax rates	(289)	(1,102)
Withholding taxes on remittances	(44)	(568)
Amortisation of goodwill and other non-deductible items	(2,409)	(2,250)
Losses arising on South American operations	-	(2,200)
Excess finance losses utilised against inter-company dividend	-	(2,001)
Capital allowances in excess of depreciation	634	(1,124)
Deferred tax not provided in respect of taxation losses	(2,521)	(166)
Deferred tax not provided in respect of pension surplus	455	(809)
Deferred tax not provided in respect of other short time differences	(564)	1,175
Prior year adjustments and miscellaneous	447	464
Withholding tax cost of internal dividend	-	(418)
Current tax charge for year	(904)	(4,723)

Dynacast International Limited

Notes to the annual report for the year ended 31 December 2001 (continued)

9 Dividends

	Year ended 31 December 2001 £'000	Year ended 31 December 2000 £'000
Non-equity dividends on 5% redeemable preference shares	<u>2,719</u>	<u>2,717</u>

In accordance with the provisions of Financial Reporting Standard No.4 "Capital Instruments", the company has appropriated through the profit and loss account preference share dividends for the year on the company's 5% cumulative redeemable preference shares of £54,383,000. However, as the company does not have sufficient distributable reserves in order to pay this preference share dividend, the amount has been credited back within the profit and loss account reserve (note 21).

10 Intangible fixed assets

	Goodwill £'000
Group	
Cost	
As at 1 January 2001 and 31 December 2001	<u>152,405</u>
Aggregate amortisation	
At 1 January 2001	13,282
Charge for the year	7,621
At 31 December 2001	<u>20,903</u>
Net book value	
At 31 December 2001	<u>131,502</u>
At 31 December 2000	<u>139,123</u>

The goodwill is being amortised on a straight line basis over 20 years. The directors consider 20 years as the period over which the values of the underlying businesses acquired are expected to exceed the value of the underlying assets.

The company does not have any intangible assets.

Dynacast International Limited

Notes to the annual report for the year ended 31 December 2001 (continued)

11 Tangible fixed assets

	Land and buildings £'000	Motor vehicles, Plant and machinery £'000	Total £'000
Group			
Cost			
At 1 January 2001	18,572	119,437	138,009
Exchange adjustments	(12)	(230)	(242)
Additions	460	7,788	8,248
Disposals	(831)	(8,919)	(9,750)
Reclassification	276	(276)	-
At 31 December 2001	18,465	117,800	136,265
Depreciation			
At 1 January 2001	5,386	57,341	62,727
Exchange adjustments	13	(261)	(248)
Charge for period	808	9,091	9,899
Disposals	(309)	(5,128)	(5,437)
Reclassification	26	(26)	-
At 31 December 2001	5,924	61,017	66,941
Net book value			
At 31 December 2001	12,541	56,783	69,324
At 31 December 2000	13,186	62,096	75,282

Assets held under finance leases, capitalised and included in plant and machinery are as follows:

	2001 £'000	2000 £'000
Cost	4,637	4,749
Accumulated depreciation	(1,212)	(971)
Net book value	3,425	3,778

Dynacast International Limited

Notes to the annual report for the year ended 31 December 2001 (continued)

11 Tangible fixed assets (continued)

	2001	2000
	£'000	£'000
Analysis of net book value of land and buildings		
Freehold	6,494	7,266
Leasehold:		
Over 50 years remaining	466	470
Under 50 years remaining	5,581	5,450
	<u>12,541</u>	<u>13,186</u>

The company does not have any tangible fixed assets (2000: none).

Dynacast International Limited

Notes to the annual report for the year ended 31 December 2001 (continued)

12 Fixed asset investments

	2001 Company £'000	2000 Company £'000
Shares in group undertakings	<u>53,000</u>	<u>53,000</u>

The principal subsidiary undertakings of the company are summarised as follows:

Subsidiary companies	Nature of business	Country of incorporation
Dynacast Italia S.r.l	Precision diecasting and tooling	Italy
New Dynacast de Mexico SA de CV	Precision diecasting and tooling	Mexico
Dynacast (Singapore) PTE lte	Precision diecasting and tooling	Singapore
Dynacast Investments Limited	Holding company	Great Britain
Dynacast Holdings Limited	Holding company, research and development	Great Britain
Dynacast UK Limited	Precision diecasting and tooling	Great Britain
Dynacast SA	Precision diecasting and tooling	Spain
Dynacast Österreich GmbH	Precision diecasting and tooling	Austria
Dynacast Deutschland GmbH and Co KG	Precision diecasting and tooling	Germany
Dynacast France SA	Precision diecasting and tooling	France
Dynacast Holdings SA	Holding company	France
Petcin France SA	Holding company	France
Dynacast do Brazil Ltda	Precision diecasting and tooling	Brazil
Dynacast Korea Limited	Precision diecasting and tooling	Korea
Dynacast Taiwan Limited	Precision diecasting and tooling	Taiwan
Sundaram Dynacast Limited	Precision diecasting and tooling	India
Dynacast (Malaysia) Limited	Precision diecasting and tooling	Malaysia
Dynacast Canada Inc	Precision diecasting and tooling	Canada
Dynacast Loz d.o.o	Precision diecasting and tooling	Slovenia
Dynacast US Holdings Inc	Holding company	USA
Dynacast Inc	Precision diecasting and tooling	USA
Dynacast Manufacturing Inc	Precision diecasting and tooling	USA
Dynacast Teknik Dokum Sanayi Limited	Precision diecasting and tooling	Turkey
Dynacast Verwaltung GmbH	Holding company	Germany
Dynacast Beteiligungs GmbH	Holding company	Germany
Dynacast Shanghai Limited	Precision diecasting and tooling	China

Dynacast International Limited

Notes to the annual report for the year ended 31 December 2001 (continued)

12 Fixed asset investments (continued)

With the exception of Dynacast Investments Limited, all subsidiaries are indirectly owned by the company.

The financial year end of all the subsidiary undertakings coincides with that of the company, with the exception of Dynacast France SA and Petcin France SA, which due to statutory requirements concerning the annual accounting date have a 30th April year end. The last financial year end of Dynacast France SA and Petcin France SA was 30 April 2001. These accounts include the results and balance sheet of these companies for the year ended 31 December 2001.

The group owns the whole of the ordinary share capital of the above listed subsidiaries, with the exception of Dynacast Loz d.o.o (51%), Sundaram Dynacast Limited (49%), Dynacast Korea Limited (90%) and Dynacast SA (97.1%).

The investment in Sundaram Dynacast Limited is accounted for as a subsidiary undertaking on the basis that the group provides all the technical and managerial expertise for the running of the business and consequently exercises dominant influence over its operating and financial policies.

13 Stocks

	2001	2000
	Group £'000	Group £'000
Raw materials	1,886	2,716
Work-in-progress	4,245	5,012
Finished goods	3,199	4,623
	<u>9,330</u>	<u>12,351</u>

The company had no stocks (2000: none).

Dynacast International Limited

Notes to the annual report for the year ended 31 December 2001 (continued)

14 Debtors

	2001		2000	
	Group £'000	Company £'000	Group £'000	Company £'000
Amounts falling due within one year:				
Trade debtors	25,651	-	35,147	-
Amounts owed by subsidiary undertakings	-	2,457	-	1,800
Other debtors	1,471	-	3,215	-
Pension surplus (note 24)	1,318	-	872	-
Prepayments and accrued income	1,297	-	850	-
	<u>29,737</u>	<u>2,457</u>	<u>40,084</u>	<u>1,800</u>
Amounts falling due after more than one				
Pension surplus (note 24)	2,920	-	3,765	-
	<u>32,657</u>	<u>2,457</u>	<u>43,849</u>	<u>1,800</u>

Dynacast International Limited

Notes to the annual report for the year ended 31 December 2001 (continued)

15 Current asset investments

	2001	2000
	Group £'000	Group £'000
Subsidiary undertakings held for resale:		
At 1 January	-	46,655
Disposed of in the year	-	(46,655)
At 31 December	<u>-</u>	<u>-</u>
Other		
At 1 January	906	899
Exchange adjustment	(24)	7
At 31 December	<u>882</u>	<u>906</u>
Interest in own shares		
Additions in period and at 31 December	52	-
Total current asset investments	<u>934</u>	<u>906</u>

The company, and the group, had £52,000 loan to Ogier Trustees Limited (2000: nil). These shares are held separately in a trust and are available for distribution to new employees that join the group and who have met certain predetermined criteria (see note 20).

Dynacast International Limited

Notes to the annual report for the year ended 31 December 2001 (continued)

16 Creditors: amounts falling due within one year

	2001		2000	
	Group £'000	Company £'000	Group £'000	Company £'000
Bank overdrafts (note 18)	8,201	-	7,064	-
Bank loans (note 18)	5,732	-	10,385	-
Trade creditors	19,325	-	24,562	-
Amounts owed to subsidiary undertakings	-	-	-	167
Amounts owed to associated companies	-	-	14	-
Finance leases (note 18)	572	-	605	-
Tax payable	2,357	-	473	-
Other taxation and social security	2,071	-	2,884	-
Other creditors	1,559	-	4,888	-
Accruals and deferred income	12,638	-	16,924	-
	<u>52,455</u>	<u>-</u>	<u>67,799</u>	<u>167</u>

17 Creditors: amounts falling due after more than one year

	2001	2000
	Group £'000	Group £'000
Debtenture loans:		
Multi currency deep discounted bonds	75,447	90,258
Bank loans	106,439	117,272
Finance leases	1,407	2,030
	<u>183,293</u>	<u>209,560</u>

See note 18 for further details on the above amounts including redemption terms of deep discount bonds. The company has no creditors falling due after more than one year.

Dynacast International Limited

Notes to the annual report for the year ended 31 December 2001 (continued)

18 Loans and other borrowings

	2001	2000
	Group £'000	Group £'000
Debtenture loans:		
Multi currency deep discounted bonds	75,447	90,258
Bank loans	112,171	127,657
Overdrafts	8,201	7,064
Finance leases	1,979	2,635
	<u>197,798</u>	<u>227,614</u>

The company has no loans and other borrowings (2000: none).

Bank loans are shown after deducting unamortised issue costs of £3,827,000 (2000: £5,276,000) in accordance with Financial Reporting Standard No.4 "Capital Instruments".

The group has entered into a committed banking credit facility with its bankers that provides both a term loan facility and a revolving credit facility. Security was granted to the providers of the credit facility, by way of a fixed and floating charge over all the assets of the company and certain of its subsidiaries.

The bank loans, of £115,998,000 (before deduction of issue costs) at 31 December 2001 (2000: £132,933,000), under the committed banking credit facility are at variable rates of interest which are calculated as the sum of variable interbank benchmark rates and fixed and variable margins. The interest rate payable on these loans is in the range of 5.7% to 8.9% during the year. The group has entered into interest rate swaps and caps to hedge the variable interest cost associated with these bank loans.

Other bank loans and overdrafts are unsecured and carry interest at rates and margins prevailing in the country in which the loan is taken.

The multi currency deep documented bonds are unsecured, redeemable at par in 2009 and compound interest at a rate of 7.5% to 10% is accrued.

Dynacast International Limited

Notes to the annual report for the year ended 31 December 2001 (continued)

18 Loans and other borrowings (continued)

The maturity of the group and company's multi currency deep discounted bonds and bank loans and overdrafts is as follows:

	2001	2000
	Group	Group
	£'000	£'000
Amounts payable by instalments:		
In one year or less, or on demand	13,933	17,878
In more than one year, but not more than two years	9,152	7,428
In more than two years, but not more than five years	35,904	27,125
In more than five years	65,210	87,566
	124,199	139,997
 Amount repayable otherwise than by instalments after more than five years	 75,447	 90,258
	199,646	230,255
 Less unamortised issues costs	 (3,827)	 (5,276)
	195,819	224,979

Finance leases are repayable as follows:

	2001	2000
	Group	Group
	£'000	£'000
Within one year	572	605
In more than one year, but not more than five years	1,271	1,821
After five years	136	209
	1,979	2,635

Dynacast International Limited

Notes to the annual report for the year ended 31 December 2001 (continued)

19 Provisions for liabilities and charges

Group	Closure provision £'000	Retirement benefits £'000	Deferred taxation £'000	Total £'000
At 1 January 2001	5,401	3,287	7,024	15,712
Transfer of other creditor	345	-	-	345
Charged to profit and loss account	158	340	57	555
Exchange adjustments	180	(90)	-	90
Utilised in year	(5,947)	(321)	-	(6,268)
At 31 December 2001	<u>137</u>	<u>3,216</u>	<u>7,081</u>	<u>10,434</u>

The closure provision relates to the closure of Dynacast do Brazil Ltda, see note 6.

The retirement benefits provision is in respect of benefits the group is required, under local statute, to provide to certain of its employees employed in a number of overseas group companies.

Deferred taxation

	2001 Group £'000	2000 Group £'000
Provision for deferred tax comprises:		
Accelerated capital allowances	6,312	6,946
Arising on pension surplus	1,128	1,149
Taxation losses	-	(582)
Other short term timing differences	(359)	(489)
	<u>7,081</u>	<u>7,024</u>

The company and the group did not have any unprovided deferred tax at the year end (2000: none).

The company had no provisions for liabilities and charges (2000: none).

Dynacast International Limited

Notes to the annual report for the year ended 31 December 2001 (continued)

20 Called up share capital

	Group and company	
	2001	2000
	£'000	£'000
Authorised		
1,212,121 (2000: 1,212,121) ordinary shares of 10p each	121	121
54,648,484 (2000: 54,648,484) 5% cumulative redeemable preference shares of £1 each	54,648	54,648
	<u>54,769</u>	<u>54,769</u>
Allotted, called up and fully paid		
1,145,860 (2000: 1,145,860) ordinary shares of 10p each	115	115
54,383,440 (2000: 54,383,440) 5% cumulative redeemable preference shares of £1 each	54,383	54,383
	<u>54,498</u>	<u>54,498</u>

The share options in issue at the year end are shown in the directors report. During the period nil (2000: 145,860) ordinary shares of 10p each and nil (2000: 583,440) 5% cumulative redeemable preference shares of £1 each were issued to Ogier Trustees Limited who hold the shares on behalf of certain employees. These shares were issued for £1 each, and the nominal value of these shares together with the total consideration received was as follows:

	Group and company 2001		Group and company 2000	
	Nominal value	Consideration received	Nominal value	Consideration received
	£'000	£'000	£'000	£'000
Ordinary shares of 10p each	-	-	15	146
5% cumulative redeemable preference shares of £1 each	-	-	583	583
	<u>-</u>	<u>-</u>	<u>598</u>	<u>729</u>

There were no expenses incurred in respect of shares issued during 2000.

Dynacast International Limited

Notes to the annual report for the year ended 31 December 2001 (continued)

20 Called up share capital (continued)

The 5% cumulative redeemable preference shares carry a fixed cumulative preferential dividend at a rate of 5% per annum, payable bi-annually. These shares are redeemable as follows:

Date of redemption	Shares to be redeemed
One year following the first date on which both the facilities and loan stocks have been repaid in full ('repayments date')	18.8 million
Two years following the repayment date	18.8 million
Three years following the repayment date	The balance outstanding

On winding up, the holders of the 5% redeemable preference shares have priority before all other classes of shares to receive repayment of capital plus any arrears of dividends. The holders have no voting rights, except in the following circumstances:

- the fixed dividend is six or more months in arrears.
- the company has not redeemed any preference shares which should have been redeemed.
- the business of the meeting includes the consideration of a resolution for the winding up of the company or for the appointment of an administrator or resolution adversely affecting any of the special rights and privileges attached to the preference shares.

Dynacast International Limited

Notes to the annual report for the year ended 31 December 2001 (continued)

21 Reserves

	Share premium account £'000	Profit and loss account £'000	Total £'000
Group			
At 1 January 2001	865	(26,984)	(26,119)
Retained loss for the year	-	(15,086)	(15,086)
Preference shares appropriations (note 9)	-	2,719	2,719
Exchange movements	-	3,294	3,294
At 31 December 2001	865	(36,057)	(35,192)
Company			
At 1 January 2001	865	26	891
Retained loss for the year	-	(2,599)	(2,599)
Preference shares appropriations (note 9)	-	2,719	2,719
At 31 December 2001	865	146	1,011

As permitted by section 230 of the Companies Act 1985, the parent company's profit and loss account has not been included in these financial statements. A loss for the financial year of £2,599,000 (2000: loss of £2,691,000) has been dealt with in the accounts of the parent company.

Dynacast International Limited

Notes to the annual report for the year ended 31 December 2001 (continued)

22 Capital and other financial commitments

Capital commitments

Group	2001	2000
	£'000	£'000
Contracts placed for future capital expenditure not provided in the financial statements	<u>54</u>	<u>68</u>

The company had no capital commitments.

Contingent liabilities

The company has given a guarantee in respect of bank borrowings of certain of its subsidiary undertakings, which amounted to £5,516,000 at 31 December 2001 (2000: £5,406,000).

The group has given guarantees to Coats Viyella for the rental payable on certain properties occupied by the former Plastics Division, in the event that this former division defaults on its obligations.

23 Operating lease commitments

At 31 December 2001 the group has lease agreements in respect of properties and plant and machinery for which the payments extend over a number of years. The company had no operating lease commitments.

	Property		Plant and Machinery		Total	
	2001	2000	2001	2000	2001	2000
	£'000	£'000	£'000	£'000	£'000	£'000
Annual commitments under non-cancellable operating leases expiring:						
Within one year	122	42	199	152	321	194
Within two to five years	297	322	439	494	736	816
After five years	1,563	1,359	34	-	1,597	1,359
	<u>1,982</u>	<u>1,723</u>	<u>672</u>	<u>646</u>	<u>2,654</u>	<u>2,369</u>

Dynacast International Limited

Notes to the annual report for the year ended 31 December 2001 (continued)

24 Pension schemes

The group has established a number of pension schemes around the world covering many of its employees. The largest scheme is that in the USA. This is a funded scheme of a defined benefit type with assets held in separate trustee administered funds.

The total net pension cost of the group's USA scheme was £520,000 (year ended 31 December 2000: £340,000). The cost is assessed in accordance with the advice of William M Mercer, Inc independently professionally qualified actuaries. The most recent actuarial valuation of the USA scheme was performed at 14 April 1999 using the projected unit credit method. The principal assumptions made by the actuaries were that investment returns would be 6.5% per annum and pensionable salaries would increase at 4.5% per annum.

At the date of the most recent actuarial assessment, the market value of the Scheme's assets totalled £19.9m and the actuarial value of those assets represented 143% of the benefits accrued to members after allowing for expected future increases in earnings. At 31 December 2001, a pension surplus asset arising from acquisitions in a previous period of £4,238,000 was included within debtors (2000: £4,637,000). This asset is being amortised to the profit and loss account in accordance with the advice of the group actuary.

The group also has a UK contributory pension scheme that was established on 15 April 2000. Prior to this, the UK employees participated within the Coats Viyella plc group pension scheme. On 20 December 2000, the liabilities accrued to the UK employees, amounting to £6.3 million, of the group were transferred from the Coats Viyella plc scheme to the UK, 'Dynacast Retirement Benefits Plan'.

The UK Plan's liabilities largely relate to the defined benefit section which is now closed to new entrants. The Plan has a defined contribution section for new entrants. As the defined benefit section is closed, the age profile of the active membership of this section is rising significantly. Therefore, under the projected unit method, the current service cost will increase as the members of this section approach retirement.

The group pension cost charge represents contributions payable by the group to the various pension schemes and amounted to £2,340,000 (year ended 31 December 2000: £2,582,000).

There are a number of other unfunded defined benefit arrangements operated in the UK, US, Germany, Austria and Spain.

At 31 December 2001, the unfunded pension accrual held on the group's balance sheet was £2,400,000 (2000: £1,160,000).

Dynacast International Limited

Notes to the annual report for the year ended 31 December 2001 (continued)

24 Pension schemes (continued)

The group has adopted the transitional provisions of Financial Reporting Standard No. 17 'Retirement Benefits', (FRS17).

The major assumptions used by the actuaries in calculating the Group's pension scheme assets and liabilities, together with details of the net pension assets or liabilities at 31 December 2001, as set out below:

	UK main Plan	US main Plan	Other arrangements (averaged assumptions)
Rate of increase in salaries	4.25%	3.5%	2%
Rate of increase in pension payment	2.5%	0%	1.2%
Discount rate	5.75%	7%	5.2%
Inflation assumption	2.5%	3.5%	1.6%
Revaluations to deferred pensions up to retirement on excess over GMP	2.5%	-	-

The assets in the Schemes relating to the group as at 31 December 2001 and the long term expected rates of return were:

	UK main Plan		US main Plan		Other
	£'000	%	£'000	%	£'000
Equities	5,910	(7.8)	7,150	(9.0)	-
Bonds	527	(5.0)	-	-	-
Cash deposits	-		8,115	(3.5)	-
Other	51	(4.5)	-		-
Sub total	6,488		15,265		-
Defined contribution assets	174		-		-
Total market value of assets	6,662		15,265		-
Present value of scheme liabilities	(7,734)		(14,329)		(4,779)
Surplus/(deficit) in scheme	(1,072)		936		(4,779)
Related deferred tax asset/(liability)	322		(356)		1,478
Net pension asset/(liability)	(750)		580		(3,301)

Dynacast International Limited

Notes to the annual report for the year ended 31 December 2001 (continued)

24 Pension schemes (continued)

If the above amounts had been recognised in the financial statements, the group's net assets and profit and loss reserve at 31 December 2001 would be as follows:

Net assets	£000s
Net assets, excluding pension liability	21,029
Pension liability	(3,471)
Net assets, including pension liability	<u>17,558</u>
 Reserves	
Profit and loss reserve, excluding pension liability	(35,304)
Pension liability	(3,471)
Profit and loss reserve, including pension liability	<u>(38,775)</u>

25 Cash flow from operating activities

Reconciliation of operating profit to net cash inflow from operating activities

	Year ended 31 December 2001 £'000	Year ended 31 December 2000 £'000
Operating profit	6,726	10,149
Depreciation charge (net of loss on disposals)	9,957	9,691
Goodwill amortisation	7,621	7,621
Decrease/(increase) in stocks	3,021	(1,131)
Decrease/(increase) in debtors	11,192	(10,238)
(Decrease)/increase in creditors	(12,584)	13,189
(Decrease)/increase in provisions	(5,680)	687
Exchange difference	(35)	1,971
Net cash inflow from operating activities	<u>20,218</u>	<u>31,939</u>

Dynacast International Limited

Notes to the annual report for the year ended 31 December 2001 (continued)

26 Reconciliation of movement in net debt

	At 1 January 2001 £'000	Cash flow £'000	Other non-cash changes £'000	Exchange movement £'000	At 31 December 2001 £'000
Cash in hand and at bank	50,880	(28,491)	-	322	22,711
Overdrafts	(7,064)	(1,147)	-	10	(8,201)
	<u>43,816</u>	<u>(29,638)</u>	<u>-</u>	<u>332</u>	<u>14,510</u>
Debt due after 1 year	(207,530)	25,418	(2,654)	2,880	(181,886)
Debt due within 1 year	(10,385)	10,385	(5,759)	27	(5,732)
Finance leases due after 1 year	(2,030)	-	581	42	(1,407)
Finance leases due within 1 year	(605)	600	(581)	14	(572)
	<u>(176,734)</u>	<u>6,765</u>	<u>(8,413)</u>	<u>3,295</u>	<u>(175,087)</u>

Non-cash changes comprised an accrual of £7,803,000 for the interest payable on the multi-currency deep discounted bonds and transfers between categories of debts and finance leases.

	2001 £'000	2000 £'000
Movement in borrowings		
Debts due within one year:		
Repayment of part of bank and other loans	10,385	6,141
Debts due after one year:		
Repayment of part of bank and other loans	25,418	28,212
Decrease in borrowings	<u>35,803</u>	<u>34,353</u>
Capital element of finance lease	600	549
Cash outflow	<u>36,403</u>	<u>34,902</u>

27 Related party transactions

The company makes use of the exemption of Financial Reporting Standard No.8 "Related Party Transactions" not to disclose inter-group transactions. Cinven Limited is a related party by virtue of its management of the shareholding in the company. At 31 December 2001, included within creditors is £50,000 (2000: £106,250) representing fees payable to Cinven Limited and £150,000 (year ended 31 December 2000: £150,000) fees were charged to the profit and loss account during the year.

Dynacast International Limited

Notes to the annual report for the year ended 31 December 2001 (continued)

28 Significant shareholdings

The directors' interest in the ordinary shares of the company are shown in the directors report.

The following were the shareholders in the company at 31 December 2001:

	Ordinary shares of 10p each Number	5% cumulative Preference shares of £1 each Number
Barclays UK Retirement Fund Venture Limited Partnership	100,000	5,380,000
Coal Pension Venture Limited Partnership	190,000	10,760,000
Railway Pension Venture Capital Limited	100,000	5,380,000
Second Cinven Fund comprising nine separate Limited Partnerships	610,000	32,280,000
Ogier Trustee Limited	145,860	583,440

The directors have been told by Cinven Limited that the funds under the management of Cinven Limited are in their normal course of business of providing finance.