

FOSECO (UK) LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2002



FOSECO (UK) LIMITED

Registered No. 4250748

DIRECTORS

Mr DG Hussey

Mr PD Dean

Mrs S M Roberts (appointed 31 January 2003 as alternate director for Mr DG Hussey
and resigned on 11 April 2003)

SECRETARY

Mrs SM Roberts

AUDITORS

Ernst & Young LLP

One Colmore Row

Birmingham

B3 2DB

REGISTERED OFFICE

Coleshill Road

Fazeley

Tamworth

Staffordshire

B78 3TL

FOSECO (UK) LIMITED

DIRECTORS' REPORT

The directors present their report and financial statements for the year ended 31 December 2002.

Principal Activity and Review of the Year

The principal activities of the Company are the development, manufacture and supply of metallurgical chemicals to the higher quality segments of the foundry and steelmills industries worldwide, consumables and materials for investment casting and the supply of chemical releasants used in the manufacture of rubber, polymeric, composite and high pressure die cast components.

Future Developments

The directors expect that the Company will continue with the principal activities set out above.

Directors

The names of the persons who were directors of the Company during the year and at 31 December 2002 were as follows:-

D.G. Hussey

P.D. Dean

Mrs S.M. Roberts was appointed as an alternate director to Mr D.G. Hussey on 31 January 2003 and resigned on 11 April 2003.

No director had any interest in the shares of the Company.

The Company's ultimate parent undertaking is Foseco (Jersey) Limited, a company registered in Jersey. As such, the directors are not required to notify the Company of their shareholdings and therefore no disclosure can be made concerning their shareholdings in Foseco (Jersey) Limited.

No director was interested either during or at the end of the year in any contract which was significant in relation to the Company's business.

Result and Dividend

The profit for the year after taxation amounted to £2,091,000. The Directors do not recommend the payment of a dividend in respect of this financial period.

Auditors

A resolution to reappoint Ernst & Young LLP will be put to the members at the Annual General Meeting.

Share Capital

The authorised share capital of the Company is £1,000 divided into 1,000 Ordinary shares of £1 each. The total issued share capital of £1,000 is divided into 1,000 Ordinary shares of £1 each held by Foseco Holding Limited, the immediate parent undertaking.

Disabled Employees

The Company gives full consideration to application for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person.

Where existing employees become disabled, it is the group's policy where practicable to provide continuing employment under normal terms and conditions and to provide training and career development, and promotion to disabled employees wherever appropriate.

FOSECO (UK) LIMITED

DIRECTORS' REPORT

Employee Involvement

The Directors attach great importance to the maintenance and development of good labour relations and employee involvement and training. The results are discussed at meetings held with senior management and the opportunity is taken to inform them of Group developments. Employees everywhere are encouraged to be aware of the performance of their business and of the group as a whole. The diverse nature of the Group's activities places the responsibility for such matters with local management in a manner appropriate to the particular circumstances of each business.

Employee involvement in the Group's profitability is encouraged through locally based bonus and profit related pay schemes and executive bonus schemes.

Research & Development

The Company is actively involved in Research and Development activities and works closely with its customers to develop new products and technologies.

Supplier Payment Policy

The Company seeks to agree payment terms with each of its suppliers, ensuring that they are aware of those terms, when entering into binding purchase transactions. Terms of payment are adhered to, subject to the Company being satisfied that the supplier has provided the goods or services in accordance with the agreed terms and conditions in the relevant purchase contract.

At 31 December 2002, the Company had an average of 53 days purchases in external trade creditors (2001: 46 days).

On behalf of the Board

Sharon Roberts

SM Roberts
Secretary

16 May 2003

FOSECO (UK) LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

Company law requires the directors to prepare accounts for the period, which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for the period. In preparing those accounts, the directors are required:

- to select suitable accounting policies and apply them consistently
- to make judgments and estimates that are reasonable and prudent
- to state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts
- to prepare the accounts on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and which enable them to ensure that the accounts comply with Companies Act 1985. They are also responsible for taking reasonable steps to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The directors confirm that they have complied with these requirements, and, having a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, continue to adopt the going concern basis in preparing the accounts.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF **FOSECO (UK) LIMITED**

We have audited the Company's financial statements for the year ended 31 December 2002, which comprise the Profit and Loss Account, Balance Sheet, Statement of Total Recognised Gains and Losses and the related notes 1 to 24. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the Company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

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

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 with the Company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 as at 31 December 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP
Registered Auditor
Birmingham

16 MAY 2003

Ernst & Young LLP

FOSECO UK LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2002

		<u>Year ended 31</u>	<u>Period ended 31</u>
	<u>Note</u>	<u>December</u>	<u>December 2001</u>
		<u>2002</u>	<u>December 2001</u>
		<u>£'000</u>	<u>£'000</u>
Turnover	2	46,830	10,785
Cost of sales		(35,175)	(7,831)
		<hr/>	<hr/>
Gross profit		11,655	2,954
Distribution costs		(1,865)	(533)
Selling costs		(4,800)	(1,257)
Administration expenses		(2,916)	(1,607)
		<hr/>	<hr/>
Operating profit/(loss)	3	2,074	(443)
Other finance income		-	-
		<hr/>	<hr/>
Profit/(loss) before interest and taxation		2,074	(443)
Interest receivable and similar income	6	17	-
Interest payable and similar charges	7	-	(6)
		<hr/>	<hr/>
Profit/(loss) on ordinary activities before tax		2,091	(449)
Taxation	8	-	-
		<hr/>	<hr/>
Profit/(loss) on ordinary activities after tax transferred to reserves	18	2,091	(449)
		<hr/>	<hr/>

FOSECO UK LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

FOR THE YEAR ENDED 31 DECEMBER 2002

	<u>Year ended 31</u> <u>December 2002</u> £'000	<u>Period ended 31</u> <u>December 2001</u> £'000
Profit/(loss) for the period	2,091	(449)
Total recognised gains and losses relating to the period	2,091	(449)

Reconciliation of movement in shareholders' funds

	<u>Year ended 31</u> <u>December 2002</u> £'000	<u>Period ended 31</u> <u>December 2001</u> £'000
Total recognised profits/(losses) for the year	2,091	(449)
Opening shareholders' funds	34,790	-
New equity issued during the year	-	35,239
Closing shareholders' funds	36,881	34,790

Note of historical cost profits and losses for the year ended

There is no difference between the reported loss and the historical cost loss for the year.

FOSECO UK LIMITED

BALANCE SHEET AT 31 DECEMBER 2002

	Note	2002 £'000	2001 £'000
Fixed assets			
Intangible assets	9	(2,901)	(1,425)
Tangible assets	10	10,001	10,158
Investments	11	19,175	17,254
		<hr/> 26,275	<hr/> 25,987
Current assets			
Stocks	12	4,299	4,596
Debtors	13	17,405	13,265
Cash at bank and in hand		33	416
		<hr/> 21,737	<hr/> 18,277
Creditors: amounts falling due within one year	14	(11,053)	(9,474)
		<hr/> 10,684	<hr/> 8,803
Net current assets			
		<hr/> 36,959	<hr/> 34,790
Total assets less current liabilities			
Creditors: amounts due after one year	15	(78)	-
		<hr/> 36,881	<hr/> 34,790
Net assets		<hr/> <hr/> 36,881	<hr/> <hr/> 34,790
Capital and reserves			
Called up share capital	17	1	1
Share premium	17	35,238	35,238
Reserves	18	1,642	(449)
		<hr/> 36,881	<hr/> 34,790
Equity shareholders' funds		<hr/> <hr/> 36,881	<hr/> <hr/> 34,790

Approved by the Board of Directors on 16 May 2003



Notes on the Financial Statements

1. Accounting Policies

a) Basis of accounting

The financial statements are prepared in accordance with the Companies Act 1985 and with applicable accounting standards and under the historical cost accounting rules. FRS 19 "Deferred Tax" has been adopted in preparing these accounts. This accounting standard requires deferred tax to be provided on most timing differences arising from recognition of gains and losses in the accounts in periods different from their tax effects. This represents a change in accounting policy.

b) Group Accounts

These financial statements present information about the Company as an individual undertaking and not about its group.

The Company's accounts are incorporated into the consolidated accounts of Foseco Holding Limited, which are prepared in accordance with UK legislation and include a consolidated cash flow statement. Therefore, group accounts are not required by reason of Section 228(1) of the Companies Act 1985 and the Company is also exempt from the requirement of Financial Reporting Statement No. 1 (Revised) – "Cash Flow Statements".

The report and accounts of Foseco Holding Limited may be obtained from P.O. Box 5516, Coleshill Road, Tamworth, Staffordshire, B78 3TL. This is the parent undertaking of the group of which the Company is a member and for which group accounts are prepared.

c) Intangibles

Goodwill arising on consolidation, being the difference between the purchase consideration paid for a business and the fair value of the net identifiable assets acquired, is capitalised and amortised through the profit and loss account over its expected useful life (up to a maximum of 20 years). Goodwill is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

Intangible assets acquired separately from a business are capitalised at cost. Intangible assets acquired as part of an acquisition of a business are capitalised separately from Goodwill if the fair value can be measured reliably on initial recognition. Intangible assets are amortised on a straight-line basis over their estimated useful lives up to a maximum of 20 years.

d) Turnover

Turnover represents the amounts derived from the provision of goods and services which fall within the Company's ordinary activities, stated net of sales taxes. All turnover is derived from acquisitions held as continuing operations.

e) Depreciation

Depreciation is calculated on original cost, on a straight-line basis over the expected life of the asset so as to write the asset down to its estimated residual value. The rates of depreciation adopted are:

Freehold land	Nil
Freehold buildings and long leasehold property	Over expected economic life not exceeding 50 years
Short leasehold property	Over the term of the lease
Plant and other equipment	4% to 33%

The carrying values of tangible fixed assets are reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable.

Notes on the Financial Statements (continued)

1. Accounting Policies (continued)

f) Stocks

Stocks are valued at the lower of cost and net realisable value. Cost includes all direct expenditure and appropriate production overhead expenditure incurred in bringing goods to their current state under normal operating conditions. Net realisable value is based on estimated selling price less costs expected to be incurred to completion and disposal. Provision has been made for obsolescence or other losses where necessary.

g) Taxation

Corporation tax payable is provided on taxable profits at the current rate.

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:

- Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;
- Provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiaries, associates and joint ventures, only to the extent that, at the balance sheet date, dividends have been accrued as receivable;
- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing difference can be deducted.

Deferred taxation is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

h) Research and development

Expenditure on research and development is written off in the year in which it is incurred.

i) Pensions

The Company participates in a defined benefit plan as a member of a UK-wide group pension scheme, but is unable to identify its share of the underlying assets and liabilities on a consistent and reasonable basis. Therefore the plan is accounted for as a defined contribution scheme, and contributions are charged in the profit and loss account as they become payable in accordance with the rules of the scheme.

j) Leasing

Finance leases are capitalised at the estimated fair value at the date of inception of each lease. The total finance charges are allocated over the period of the lease so as to give an approximately constant annual rate of charge on the balance of each obligation.

Rentals paid under operating leases are charged to income evenly over the term of the lease.

Notes on the Financial Statements (continued)

1. Accounting Policies (continued)

k) Foreign currencies

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the profit and loss account.

l) Going concern

After considering the Company's budget and its strategic plans, the Directors are satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future, being at least twelve months from the date of approval of the financial statements. They therefore continue to adopt the going concern basis in the financial statements.

Notes on the Financial Statements (continued)

2 Segmental analysis

Area of Activity:	<u>Year ended 31 December 2002</u>			<u>Period ended 31 December 2001</u>		
	Total Sales £'000	Inter- Segment sales £'000	Sales to Third Parties £'000	Total Sales £'000	Inter- Segment sales £'000	Sales to Third Parties £'000
Foundry	20,208	1,765	18,443	5,063	579	4,484
Steelmills	16,721	40	16,681	3,846	173	3,673
Investment Castings & Releasants	11,712	6	11,706	2,761	133	2,628
	48,641	1,811	46,830	11,670	885	10,785

Geographical Area:	<u>Year ended 31 December 2002</u>			<u>Period ended 31 December 2001</u>		
	Total sales £'000	Inter- segment sales £'000	Sales to third parties £'000	Total sales £'000	Inter- segment sales £'000	Sales to third parties £'000
UK	25,028	1,811	23,217	6,715	885	5,830
Mainland Europe	19,411	-	19,411	4,244	-	4,244
Americas	1,738	-	1,738	220	-	220
Pacific	2,464	-	2,464	491	-	491
	48,641	1,811	46,830	11,670	885	10,785

Notes on the Financial Statements (continued)

3 Operating profit/(loss)

		<u>Year ended</u> <u>31 December</u> <u>2002</u> £'000	<u>Period ended</u> <u>31 December</u> <u>2001</u> £'000
This is stated after charging/(crediting):	Note		
Staff costs	4	9,845	2,541
Depreciation of owned assets	10	1,588	453
Amortisation of excess on acquisition	9	(182)	(18)
Rentals payable under operating leases - land and buildings		23	17
- plant and machinery		407	76
Auditors' remuneration - audit fees		39	1
- non audit fees		-	5
Research and development expenditure		-	26

Also included within operating profit is the following exceptional cost:

	<u>Year ended</u> <u>31 December</u> <u>2002</u> £'000	<u>Period ended</u> <u>31 December</u> <u>2001</u> £'000
Restructuring costs	-	379

Exceptional costs relate mainly to redundancies as a result of of the restructuring within the Foseco Group.

4 Staff costs

	<u>Year ended</u> <u>31 December</u> <u>2002</u> £'000	<u>Period ended</u> <u>31 December</u> <u>2001</u> £'000
Wages and salaries	8,456	2,181
Social security costs	676	178
Current service pension costs	713	182
	<u>9,845</u>	<u>2,541</u>

Average number employed:

	<u>Year ended</u> <u>31 December</u> <u>2002</u> Number	<u>Period ended</u> <u>31 December</u> <u>2001</u> Number
Manufacturing	221	226
Administration	108	139
	<u>329</u>	<u>365</u>

Notes on the Financial Statements (continued)

5 Directors' Remuneration

The Directors are also Directors of the parent company, Foseco Holding Limited and details of their remuneration are disclosed in the accounts of that company. Remuneration paid in respect of the Directors has been paid through another group company and the Directors consider it inappropriate to allocate the relevant proportions of their remuneration across the group.

6 Interest receivable and similar income

	<u>Year ended</u> <u>31 December</u> <u>2002</u> <u>£'000</u>	<u>Period ended</u> <u>31 December</u> <u>2001</u> <u>£'000</u>
Interest receivable	17	-

7 Interest payable and similar charges

	<u>Year ended</u> <u>31 December</u> <u>2002</u> <u>£'000</u>	<u>Period ended</u> <u>31 December</u> <u>2001</u> <u>£'000</u>
Bank loans and overdrafts	-	6

8 Taxation

a) Tax charge

The tax charge is nil for the year (2001: £nil) due to the benefits of group relief available at nil cost since the Company is a member of a group for the purposes of relief under Section 402 of the Income and Corporation Taxes Act 1998.

b) Factors affecting the tax charge for the period

The tax charge for the year is nil which is lower than the expected tax charge calculated at the standard rate of corporation tax in the UK (30%). The differences are explained below:

	<u>Year ended</u> <u>31 December</u> <u>2002</u> <u>£'000</u>	<u>Period ended</u> <u>31 December</u> <u>2001</u> <u>£'000</u>
Profit/(loss) on ordinary activities before tax	2,091	(449)
Tax on profit on ordinary activities at the standard rate of UK corporation tax (30%)	627	(135)
Effects of:		
Expenses not deductible for tax purposes	11	13
Depreciation in excess of capital allowances	316	91
Other	(29)	(34)
Items taxed on a payments basis rather than an accruals basis	58	109
Utilisation of group relief	(983)	(44)
Current tax charge for the period	-	-

c) Factors that may affect future tax charges

Unrelieved losses in the UK are likely to continue due to the location of head office costs and the majority of the group finance costs in the UK which are accounted for in affiliated companies of the Foseco Jersey Group of companies.

d) Deferred tax

As depreciation in the year exceeds capital allowances, a deferred tax asset would arise. However, no deferred tax has been provided in the accounts as the directors believe that sufficient group relief will be available for the foreseeable future.

Notes on the Financial Statements (continued)**9 Intangible assets**

	Goodwill £'000
Cost	
At 1 January 2002	(1,443)
Fair value adjustments on prior year acquisitions (note 11)	(1,658)
	<hr/>
At 31 December 2002	(3,101)
	<hr/>
Amortisation	
At 1 January 2002	18
Amortisation for the period	182
	<hr/>
At 31 December 2002	200
	<hr/>
Net book value	
At 31 December 2002	(2,901)
	<hr/>
At 1 January 2002	(1,425)
	<hr/>

Notes on the Financial Statements (continued)

10 Tangible fixed assets

	Land and buildings £'000	Plant and other equipment £'000	Payments on account and assets in course of construction £'000	Total £'000
Cost				
At 1 January 2002	4,464	6,010	137	10,611
Additions	214	874	-	1,088
Transfers	-	137	(137)	-
Disposals	(5)	(165)	-	(170)
Fair value adjustment as at acquisition	412	1	-	413
At 31 December 2002	5,085	6,857	-	11,942
Depreciation				
At 1 January 2002	52	401	-	453
Charge for the year	211	1,377	-	1,588
Disposals	(1)	(99)	-	(100)
At 31 December 2002	262	1,679	-	1,941
Net book value				
At 31 December 2002	4,823	5,178	-	10,001
At 1 January 2002	4,412	5,609	137	10,158
	2002 £'000			2001 £'000
a) Land and buildings:				
Freehold	4,823			4,251
Long leasehold	-			161
Net book value	4,823			4,412

- b) The net book value of plant and other equipment includes £Nil in respect of assets held under finance leases (2001: £Nil).
- c) The Company's land and buildings were valued by Insignia Richard Ellis, independent external valuers for the purpose of determining fair value on acquisition by the Company. Valuations were performed on the basis of existing use value, save for one property where estimated market value was used. Therefore, the total valuation of £4.8 million represents the historical cost of land and buildings to the Company.

Notes on the Financial Statements (continued)

11 Fixed asset investments

	Shares in subsidiary undertakings £'000
Cost	
At 1 January 2002	17,254
Acquisitions	582
Adjustment to purchase consideration	1,339
	<hr/>
At 31 December 2002	19,175
	<hr/>
Amounts provided:	
At 1 January 2002	-
	<hr/>
At 31 December 2002	-
	<hr/>
Net book value	
At 31 December 2002	19,175
	<hr/>
At 1 January 2002	17,254
	<hr/>

The Company's cost of investment in subsidiary undertakings is stated at the aggregate of the cash consideration and either the nominal value of the shares issued as consideration where Sections 131 and 133 of the Companies Act 1985 apply or in all other cases the market value of the Company's shares on the date they were issued as consideration.

The fair values attributed to the net tangible assets of the business acquired on 28 September 2001 have been subject to further review during the year which resulted in an adjustment to the total consideration paid under the Sale and Purchase Agreement between the ultimate parent company and Burmah Castrol plc.

	Book value at acquisition 2001 £'000	Fair value adjustments 2001 £'000	Fair value to the Company 2001 £'000	Fair value adjustments 2002 £'000	Revised fair value to the Company 2002 £'000
Investments in subsidiaries	17,254	-	17,254	1,339	18,593
Tangible fixed assets	10,493	-	10,493	413	10,906
Stocks	4,589	(25)	4,564	-	4,564
Debtors	13,974	(256)	13,718	(56)	13,662
Creditors	(9,695)	(75)	(9,770)	(40)	(9,810)
Cash	423	-	423	-	423
Provisions	(239)	239	-	-	-
Other	729	(729)	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	37,528	(846)	36,682	1,656	38,338
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Goodwill/(excess) on acquisition			(1,443)	(1,658)	(3,101)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total consideration including expenses			35,239	(2)	35,237
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Notes on the Financial Statements (continued)

12 Stocks

	<u>2002</u> £'000	<u>2001</u> £'000
Raw materials	1,907	1,590
Work-in-progress	379	334
Finished stock	2,013	2,672
	<hr/>	<hr/>
	4,299	4,596
	<hr/>	<hr/>

The directors consider that the replacement value of stocks is not materially different to their balance sheet value as at 31 December 2002

13 Debtors

	<u>2002</u> £'000	<u>2001</u> £'000
Trade debtors	5,604	6,670
Amounts due from fellow subsidiary companies	11,402	5,927
Current taxation	-	58
Other debtors	252	414
Prepayments	147	196
	<hr/>	<hr/>
	17,405	13,265
	<hr/>	<hr/>

14 Creditors: amounts falling due within one year

	<u>2002</u> £'000	<u>2001</u> £'000
Trade creditors	6,018	5,489
Amounts due to fellow subsidiary companies	4,019	768
Other creditors	595	2,141
Other taxes and social security	160	440
Accruals and deferred income	261	636
	<hr/>	<hr/>
	11,053	9,474
	<hr/>	<hr/>

15 Creditors: amounts due after one year

	<u>2002</u> £'000	<u>2001</u> £'000
Other creditors	78	-
	<hr/>	<hr/>

Notes on the Financial Statements (continued)

16 Obligations under leases and hire purchase contracts

Annual commitments under non-cancellable operating leases are as follows:-

	Land and buildings <u>2002</u> £'000	Other <u>2002</u> £'000	Total <u>2002</u> £'000
Operating leases which expire:			
Within one year	-	12	12
In two to five years	23	384	407
In over five years	-	-	-
	<hr/>	<hr/>	<hr/>
	23	396	419
	<hr/>	<hr/>	<hr/>

17 Share capital

	<u>2002</u> £'000	<u>2001</u> £'000
a) Authorised, allotted, called up and fully paid 1,000 Ordinary shares of £1 each	1	1
	<hr/>	<hr/>
	Number	Number
b) Allotted, called up and fully paid		
Ordinary shares of £1 each issued on incorporation	-	1
At 1 January	1,000	-
Allotted during period	-	999
	<hr/>	<hr/>
At 31 December	1,000	1,000
	<hr/>	<hr/>

Share premium

	<u>2002</u> £'000	<u>2001</u> £'000
At 1 January	35,238	-
Arising on shares allotted during the period	-	35,238
	<hr/>	<hr/>
At 31 December	35,238	35,238
	<hr/>	<hr/>

Notes on the Financial Statements (continued)

18 Reserves

	Profit & loss Account £'000
At 1 January 2002	(449)
Retained profit	2,091
	<hr/>
At 31 December 2002	1,642
	<hr/>

19 Capital commitments

	<u>2002</u> £'000	<u>2001</u> £'000
Capital commitments not provided for in the Financial Statements in respect of contracts placed and agreements made	Nil	Nil
	<hr/>	<hr/>

20 Pension schemes

The Company is a member of a defined benefit pension scheme which includes all the UK subsidiaries of the group, and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis.

21 Contingent liabilities

Value Added tax

The Company and its UK subsidiaries are members of a Group VAT registration together with the UK companies in the relevant Groups headed by Foseco Holding Limited. All companies within the Groups are jointly and severally liable for any amounts due to Customs and Excise in respect of Value Added Tax.

22 Related Party Transactions

The Company is a subsidiary undertaking and 90% or more of its voting rights are controlled within the group. The group Financial Statements are publicly available. The Company is therefore exempted from the requirements of FRS8 to disclose material related party transactions insofar as the transactions occur within the group. There were no material transactions with related parties outside the group during the period.

23 Ultimate Parent Undertaking

The ultimate parent undertaking is Foseco (Jersey) Limited, registered in Jersey.

24 Subsidiary undertakings and joint ventures

The share capital of the subsidiary undertakings is designated, with minor exceptions, as ordinary shares.

The subsidiary undertakings operating in the UK are all registered in England. Other subsidiary undertakings are incorporated in the country of operation.

Particulars of minor or non-trading subsidiary undertakings which do not materially affect the Company's results have been excluded.

All shareholdings represent 100% of the equity and the voting rights except where indicated. The trading activities of the companies are set out on page 2.

Operating in the UK

- Foseco Limited (formerly Foseco plc) - Holding company
- Chem Trend China Investments Limited - Holding company

Operating outside the UK

- Chem Trend (Shanghai) Trading Company Limited
- Foseco India Limited (7.85%)