

**FOSECO (UK) LIMITED**  
**REPORT AND ACCOUNTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2007**

**REGISTERED NO: 4250748**



## **FOSECO (UK) LIMITED**

### **DIRECTORS' REPORT**

The directors present their report and accounts for the year ended 31 December 2007

#### **Result and dividends**

The profit for the year after tax amounted to £6,800,000 (2006 £198,000) The Directors paid an ordinary dividend of £7,000,000 in respect of this financial period (2006 £nil)

#### **Principal activities and review of the business**

The Company is a wholly owned subsidiary of Foseco Holding Limited The ultimate holding company at 31 December 2007 was Foseco plc

The principal activities of the Foseco plc group are the development, manufacture and supply of consumable products and services to the higher quality segments of the foundry and steel-making industries worldwide

The Company's principal activity is now holding the investment in certain subsidiary undertakings of the Foseco plc group The Company's income consists of dividends received from these investments The balance sheet on page 9 shows that the Company's net assets have not significantly changed from the prior year-end

The Foseco plc group manages its operations on a divisional basis For this reason, the Company's directors believe that further key performance indicators for the Company are not necessary or appropriate for an understanding of development, performance or position of the business The performance of the Foseco plc group as a whole, which includes the Company, is discussed in the Foseco plc Annual Report, which does not form part of this report

#### **Principal risks and uncertainties**

The Company's directors consider the risks for the Company to be the same as the risks to the Foseco plc group that are discussed in the Foseco plc Annual Report, which does not form part of this report

## **FOSECO (UK) LIMITED**

### **DIRECTORS' REPORT (continued)**

#### **Research and development**

The Company does not perform research and development. Fellow subsidiary undertakings of the Foseco plc group perform research and development activities for the group. The research and development activities are discussed in the Foseco plc Annual Report, which does not form part of this report.

#### **Future developments**

The directors consider that the business of the Company is unlikely to change in the foreseeable future.

#### **Fixed assets**

The changes in fixed assets during the year are summarised in the notes to the accounts.

#### **Directors**

The directors of the Company during the year and at 31 December 2007 were as follows:

D G Hussey	Resigned 4 April 2008	
P D Dean	Resigned 4 April 2008	
Mr J R P Pike	Appointed 14 June 2007	Resigned 4 April 2008

On 4 April 2008, S M Roberts and G Millar were appointed as Directors.

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.

There were no qualifying third party indemnity provisions (as defined by s309B of the Companies Act 1985) in force at any time during the year.

#### **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.

## **FOSECO (UK) LIMITED**

### **DIRECTORS' REPORT (continued)**

#### **Directors' statement as to disclosure of information to auditors**

Having made enquiries of fellow directors and the Company's auditors, each of the directors who was a director at the date of approving this report confirms that

- to the best of each director's knowledge and belief, there is no information relevant to the preparation of their report of which the Company's auditors are unaware, and
- each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditors are aware of that information

#### **Auditors**

Following the acquisition of Foseco plc by Cookson Group plc, Ernst and Young LLP will be resigning as auditors of the company and KPMG Audit Plc will be appointed

#### **Events after the balance sheet date**

On 11 October 2007, Cookson Group plc made an offer to purchase the entire issued and to be issued share capital of Foseco plc. On 10 March 2008, Foseco plc shareholders approved the Scheme of Arrangement at a Court Meeting, and approved the proposed takeover of the Company by Cookson Group plc at an extraordinary general meeting. On 11 March 2008, Cookson Group plc shareholders also approved the proposed takeover. The takeover of Foseco plc by Cookson Group plc was completed on 4 April 2008, and as a consequence the Group was de-listed from the London Stock Exchange.

On 4 April 2008, the ultimate parent undertaking of the Group became Cookson Group plc, registered in the United Kingdom at 165 Fleet Street, London EC4A 2AE.

On behalf of the Board

*Sharon Roberts*

S M Roberts  
Secretary

Coleshill Road  
Fazeley  
Tamworth  
Staffordshire, B78 3TL

11 April 2008

## **FOSECO (UK) LIMITED**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS**

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- 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 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 Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **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 2007, which comprise the Profit and Loss Account, the Balance Sheet, and the related notes 1 to 13. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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**

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

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 International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### **Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2007 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements.

*Ernst & Young LLP*  
Ernst & Young LLP  
Registered auditor  
Birmingham  
15 April 2008

**FOSECO (UK) LIMITED****PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2007**

	<b>2007</b> <b>£'000</b> <b>Total</b>	<b>2006</b> <b>£'000</b> <b>Total</b>
Release of diminution provision	-	196
Operating profit	-	196
Net profit on sale of businesses	-	1
Profit before interest and tax	-	197
Income from Investments	7,000	1
Profit on ordinary activities before tax	7,000	198
4 Tax	(200)	-
<b>10 Profit on ordinary activities after tax</b>	<b>6,800</b>	<b>198</b>

The Company has no recognised gains or losses other than the profit for the year of £6,800,000 (2006 £ 198,000)

Details of dividends paid during the year are set out in note 5 to the financial statements



A reconciliation of movements in shareholders' funds is set out in note 10 to the accounts

**FOSECO (UK) LIMITED**

**BALANCE SHEET AT 31 DECEMBER 2007**

Notes		2007 £'000	2006 £'000
	<b>Fixed Assets</b>		
6	Investments	18,691	18,691
		<u>18,691</u>	<u>18,691</u>
	<b>Current Assets</b>		
7	Debtors	19,722	18,109
8	Creditors amounts falling due within one year	(1,826)	(13)
	<b>Net current assets</b>	<u>17,896</u>	<u>18,096</u>
	<b>Total assets less current liabilities</b>	<u>36,587</u>	<u>36,787</u>
	<b>Capital and reserves</b>		
9	Called-up share capital	1	1
10	Share premium	35,238	35,238
10	Profit and loss account	1,348	1,548
10	<b>Total shareholders' funds</b>	<u>36,587</u>	<u>36,787</u>

Approved by the Board of Directors on 11 April 2008  
and signed on their behalf by


  
 Director



## **FOSECO (UK) LIMITED**

### **NOTES TO THE ACCOUNTS**

#### **1. Accounting Policies**

##### **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 rule

##### **Group Accounts**

These financial statements present information about the Company as an individual undertaking and not about its group. The Company does not have to prepare group accounts as it is a subsidiary of a European parent that prepares group accounts

The Company's ultimate parent undertaking at 31 December 2007 was Foseco plc. The Company's accounts are incorporated into the consolidated accounts of Foseco plc, 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 Annual Report of Foseco plc may be obtained from Coleshill Road, Tamworth, Staffordshire, B78 3TL. This is the parent undertaking of the of the smallest and largest group into which the Company's results are consolidated and for which group accounts are prepared and are publicly available

##### **Revenue**

Revenue is recognised to the extent that it is probable that economic benefits will flow to the Company and the revenue can be reliably measured

##### **Investment income**

Investment income is recognised when the right to receive payment is established

## **FOSECO (UK) LIMITED**

### **NOTES TO THE ACCOUNTS (continued)**

#### **Tax**

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

Deferred tax 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 tax 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

#### **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

#### **Going concern**

The financial statements have been prepared on a going concern basis

## FOSECO (UK) LIMITED

### NOTES TO THE ACCOUNTS (continued)

#### 2. Auditors remuneration

Auditors' remuneration has been borne by another group undertaking

#### 3. Directors' remuneration

The Directors are also Directors of the parent company, Foseco plc 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.

#### 4. Tax

	2007 £'000	2006 £'000
The tax charge for the year comprises		
UK corporation tax		
Current tax charge on income for the period	200	-
Tax reconciliation	2007 £'000	2006 £'000
Profit on ordinary activities before tax	<u>7,000</u>	<u>198</u>
UK corporation tax		
UK corporation tax @ (30%) of profit before tax	2,100	59
Non-taxable items	(1,769)	250
Utilisation of group relief not paid	<u>(131)</u>	<u>(309)</u>
Current tax charge for the period	<u>200</u>	<u>-</u>

At 31 December 2007 there was no recognised deferred tax liability (2006 £nil)

#### 5. Dividends

	2007 £'000	2006 £'000
Equity dividends on ordinary shares		
Final paid £ 7,000,000 per share (2006 £Nil)	<u>7,000</u>	<u>-</u>

**FOSECO (UK) LIMITED****NOTES TO THE ACCOUNTS (continued)****6. Fixed asset investments**

	<b>Shares in subsidiary undertakings £'000</b>
<b>Cost</b>	
At 1 January and 31 December 2007	<u>18,691</u>
<b>Net book value</b>	
At 31 December 2007	<u>18,691</u>
At 31 December 2006	<u>18,691</u>

The activities of the Company's subsidiary undertakings are in the supply of consumable products and services for use in the foundry and steel-making industries. Details of the principal subsidiary undertakings are set out in note 12.

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.

**7. Debtors**

	<b>2007 £'000</b>	<b>2006 £'000</b>
Amounts due from fellow subsidiary companies	19,699	18,106
Other debtors	23	3
	<u>19,722</u>	<u>18,109</u>

**8. Creditors: amounts falling due within one year**

	<b>2007 £'000</b>	<b>2006 £'000</b>
Amounts due to fellow subsidiary companies	1,626	13
Current tax	200	-
	<u>1,826</u>	<u>13</u>

# FOSECO (UK) LIMITED

## NOTES TO THE ACCOUNTS (continued)

### 9. Share capital

	2007 £'000	2006 £'000
a) Authorised, 1,000 Ordinary shares of £1 each	1	1
	<hr/>	<hr/>
	£'000	£'000
b) Allotted, called up and fully paid 1,000 Ordinary shares of £1 each	1	1
	<hr/>	<hr/>

### 10. Reconciliation of movement in shareholders' funds and movement on reserves

	Called-up share capital £'000	Share premium £'000	Profit & loss account £'000	Total £'000
At 1 January 2006	1	35,238	1,350	36,589
Profit for the year	-	-	198	198
At 31 December 2006	<hr/> 1	<hr/> 35,238	<hr/> 1,548	<hr/> 36,787
Profit for the year	-	-	6,800	6,800
Dividends paid	-	-	(7,000)	(7,000)
At 31 December 2007	<hr/> 1	<hr/> 35,238	<hr/> 1,348	<hr/> 36,587

### 11. Related party transactions

The Company is a subsidiary undertaking and 90% or more of its voting rights are controlled within the group. The Foseco plc group Financial Statements are publicly available. The Company is therefore exempt from the requirements of FRS 8 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.

## **FOSECO (UK) LIMITED**

### **NOTES TO THE ACCOUNTS (continued)**

#### **12. Subsidiary undertakings and joint ventures**

The ultimate holding company at 31 December 2007 was Foseco plc, incorporated in England. The principal activities of the Company's subsidiary and associated undertakings are the development, manufacture and supply of metallurgical chemicals to the higher quality segments of the foundry and steel industries worldwide. The Company's principal activity is holding the investment in certain subsidiary undertakings of the Foseco plc group.

The following is a list of principal subsidiary undertakings of which Foseco (UK) Limited is either directly or through subsidiary companies, the beneficial owner of the whole, or such lesser percentage as is stated, of the equity share capital. The subsidiary undertakings operating in the UK are all registered in England. 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.

##### **Operating in the UK**

Foseco Overseas Limited (formerly Foseco Limited) - Holding company +  
Foseco International Limited  
Foseco Steel (Holdings) China Limited

##### **Operating outside the UK**

Foseco India Limited (66.48%) (incorporated in India) ++  
Foseco Foundry (China) Limited (incorporated in China)

##### **Notes**

+ Shares held by Foseco (UK) Ltd

++ Shares held by Foseco (UK) Ltd 8.48% by Foseco Overseas Limited 58%

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

In the opinion of the directors of the Company, the value of the interest in the subsidiary undertakings is not less than the amount at which that asset is stated in the balance sheet.

#### **13. Events after the balance sheet date**

On 11 October 2007, Cookson Group plc made an offer to purchase the entire issued and to be issued share capital of Foseco plc. On 10 March 2008, Foseco plc shareholders approved the Scheme of Arrangement at a Court Meeting, and approved the proposed takeover of the Company by Cookson Group plc at an extraordinary general meeting. On 11 March 2008, Cookson Group plc shareholders also approved the proposed takeover. The takeover of Foseco plc by Cookson Group plc was completed on 4 April 2008, and as a consequence the Group was de-listed from the London Stock Exchange.

On 4 April 2008, the ultimate parent undertaking of the Group became Cookson Group plc, registered in the United Kingdom at 165 Fleet Street, London EC4A 2AE.