

MINING & CHEMICAL PRODUCTS LIMITED

REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 2000

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COMPANY INFORMATION

Directors	I V Cadell Stephen Davenhill I D McLean	Chairman Managing
Principal Bankers	HSBC Midland plc 8 London Street Basingstoke Hants RG21 7NU	
Auditors	RSM Robson Rhodes Chartered Accountants 186 City Road London EC1V 2NU	
Solicitors	Lawrence Graham 190 Strand London WC2R 1JN	
Registered office	190 Strand London WC2R 1JN	
Registered number	244498	

DIRECTORS' REPORT

To be presented at the seventy second ANNUAL GENERAL MEETING of the Company to be held at Laverstoke, Hampshire on 4 May 2001, at 12 noon.

The Directors submit their report and audited financial statements for the year ended 31 December 2000.

PRINCIPAL ACTIVITIES

During the year the Company continued its activities in the refining and marketing of bismuth and other non-ferrous metals and the manufacture and marketing of fusible alloys, fine chemicals and associated equipment.

REVIEW OF THE BUSINESS

Following the departure of Mr Fickling, and the appointment of a new Managing Director, Mr Davenhill, the Company re-located its Commercial and Shipping functions from Laverstoke to *Wellingborough, which is now the centre of all operations for the Company*. The Company returned an acceptable performance in 2000, given the substantial costs associated with the relocation and the handover of the management of the Company.

On 1 January 2001, the Company transferred its Equipment and Systems business to a fellow-subsidary company, MCP Tooling Technologies Limited.

The directors expect profits of the remaining Metals and Chemicals business to remain steady in the forthcoming year.

RESULTS AND DIVIDENDS

The Group has made a profit before taxation for the year of £872,000 (1999 £1,252,000), and has earnings for the year, after taxation, of £ 605,000 (1999 £971,000). The directors do not recommend the payment of a dividend.

DIRECTORS

The composition of the Board is as stated on page 1. Mr Cadell and Mr McLean served throughout the year. Mr Davenhill who was appointed on 23 March 2000, on which date, Mr P German-Ribon and Mr A German-Ribon resigned as directors of the company. Mr Fickling resigned on 30 November 2001. None of the directors has any beneficial interest in the issued share capital of the Company.

AUDITORS

Messrs RSM Robson Rhodes have expressed their willingness to continue in office as auditors and a resolution for their re-appointment will be proposed at the forthcoming Annual General Meeting.

The Board approved the Report of the Directors on 28 March 2001, and it is signed on its behalf.

I D McLean, CA (SA) FAPA
Secretary



INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF MINING & CHEMICAL PRODUCTS LIMITED

We have audited the financial statements on pages 3 to 13.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom 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.

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 information contained in the Annual Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any information outside the Annual Report.

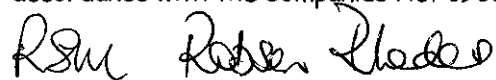
Basis of audit opinion

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 March 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



RSM Robson Rhodes

Chartered Accountants and Registered Auditors

London
22 April 2001

NOTES TO THE FINANCIAL STATEMENTS

	2000 £'000's	1999 £'000's
21. FINANCIAL COMMITMENTS		
Group capital expenditure commitments		
Contracted	-	-
Operating lease commitments		
Annual commitments, according to expiry of lease.		
<i>Within one year</i>		
Non property related	11	3
<i>Two to five years</i>		
Non property related	18	37
Property related	105	105

22. FINANCIAL COMMITMENTS**Guarantees**

The Company's bankers have given a guarantee in favour of a fellow subsidiary's bankers, indemnified by the Company, with a maximum value of €100,000. At 31 December 2000, the amount outstanding was €nil (1999 €26,000).

Also, the Company's bankers, indemnified by the Company, have given a guarantee in favour of H M Customs and Excise in respect of duty and VAT deferments, with a maximum value of £350,000. At 31 December the amount outstanding was £ 179,000 (1999 £103,000).

Security given

The Company's bankers have a first legal charge over the Company's freehold property, and a fixed and floating charge over the Company's assets and undertaking in respect of cash borrowing and commercial facilities granted.

23. PARENT COMPANY

The Company is a wholly owned subsidiary of MCP Metals and Chemicals Limited, a company registered in Great Britain. The ultimate parent company is Compagnie Aramayo SA, which is registered in Switzerland. The published financial statements of the ultimate holding company are available from The Secretary, 1 rue des Moulins, 1211 Geneva 11, Switzerland

PROFIT AND LOSS ACCOUNT

	Note	2000 £ '000's	1999 £'000's
TURNOVER (continuing)	2	28,651	24,214
Raw materials and consumables		20,902	18,544
Change in stocks		561	(1,082)
Gross Profit		7,188	6,752
Other operating income	3	34	97
Staff costs	4	(3,097)	(2,963)
Depreciation of tangible fixed assets		(416)	(463)
Loss on disposal of assets		(9)	-
Other operating charges		(2,691)	(1,880)
OPERATING PROFIT, before interest	5	1,009	1,543
Loss on interest in joint ventures (discontinued)	11	-	(91)
Interest payable			
Group	6	(156)	(157)
Joint ventures (discontinued)	11		(70)
Interest receivable	7	19	27
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		872	1,252
Taxation	8	(267)	(281)
PROFIT AFTER TAXATION TRANSFERRED TO RESERVES	18	605	971

All results relate to continuing activities other than the discontinued joint venture activities. There are no recognised gains or losses other than those dealt with in the Profit and Loss Account. Movements in reserves are shown in Note 18, on page 12.

BALANCE SHEET

	Note	2000 £ '000's	1999 £'000's
TANGIBLE FIXED ASSETS	10	2,787	2,803
CURRENT ASSETS			
Stocks	12	4,834	5,395
Debtors	13	4,747	4,030
Cash at bank and in hand		3,481	862
		13,062	10,287
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	14	(6,805)	(4,624)
NET CURRENT ASSETS		6,257	5,663
TOTAL ASSETS LESS CURRENT LIABILITIES		9,044	8,466
Provision for liabilities and charges	15	(41)	(68)
TOTAL NET ASSETS		9,003	8,398
CAPITAL AND RESERVES			
CALLED UP SHARE CAPITAL	16	1,000	1,000
PROFIT AND LOSS ACCOUNT	17	8,003	7,398
EQUITY SHAREHOLDERS' FUNDS	18	9,003	8,398

The financial statements were approved by the Board on 28 March 2001, and signed on its behalf.


I V Cadell
Director

CASH FLOW STATEMENT

	Note	2000 £'000's	1999 £'000's
Operating activities	19	1,935	734
Returns on investment and servicing of finance			
Interest received		19	27
Interest paid		(156)	(157)
		(137)	(130)
Taxation			
Paid to fiscal authorities		(373)	(196)
		(373)	(196)
Capital expenditure			
Investment in joint ventures			-
Additions to tangible fixed assets		(413)	(370)
Proceeds from sale of fixed assets		4	13
		(409)	(357)
Financing			
Loan from Group	20	1,603	
		1,603	
Change in cash resources	20	2,619	51

STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE ANNUAL REPORT

Company law in the United Kingdom requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors have:

- selected suitable accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- followed applicable United Kingdom accounting standards; and
- prepared the financial statements on the going concern basis.

The directors are responsible for keeping proper accounting records which 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.

The directors are responsible for ensuring that the directors' report and other information included in the Annual Report is prepared in accordance with company law in the United Kingdom.

NOTES TO THE FINANCIAL STATEMENTS

1 ACCOUNTING POLICIES

Convention

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

Basis of preparation and Related Party transactions

The Company has taken advantage of Sxxx of the Companies Act 1989 (as amended). Accordingly, no Group accounts are presented. The Company is a wholly owned subsidiary of MCP Metals and Chemicals Limited, which is itself a wholly owned subsidiary of Compagnie Aramayo SA. This company prepares consolidated financial statements for itself and all its subsidiaries, including the Company. Transactions and balances within that group are eliminated on consolidation.

The consolidated financial statements of Compagnie Aramayo SA are publicly available. Accordingly, details of transactions within the group are not set out in these financial statements.

There are no other related parties with whom transactions occur that requires disclosure in these accounts.

Fixed assets

The costs of fixed assets, excluding freehold land, are depreciated in equal annual instalments at the following rates, which are designed to reduce the net book values of the assets to their estimated residual values at the end of their expected useful lives:

Rate per annum	
Freehold buildings	4%
Plant, fixtures and fittings	15%
Motor vehicles	25%
Computer equipment	33%

Stocks

Stocks are valued at the lower of cost or, where appropriate, average cost and net realisable value. The cost of manufactured products includes raw material content only.

Turnover

Turnover represents the invoiced amount of goods sold and services provided during the year, stated net of value added tax.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date and all gains and losses are taken to the profit and loss account.

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES (continued)

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred or accelerated because of timing differences between the treatment of certain items for accounting and taxation purposes.

Deferred taxation is provided using the liability method, only to the extent it is probable that the liability will become payable in the foreseeable future.

Pensions

The group contributes by way of defined contributions to staffs' individual personal pension schemes.

Research and development

Research and development expenditure is written off in the year in which it is incurred.

Operating leases

Operating lease expenditure is written off in the year in which it is incurred.

	2000 £'000's	1999 £'000's
2. TURNOVER		
Turnover analysed by geographical area		
United Kingdom	8,267	6,707
Germany	9,052	7,120
France	572	571
Other European countries	3,369	3,682
North America	5,814	4,821
South America	792	672
Other countries	785	641
	28,651	24,214
3. OTHER OPERATING INCOME		
Other services	34	97
4. STAFF COSTS		
Costs		
Wages, salaries and related costs	2,393	2,432
Social security costs	237	273
Pension costs (defined contribution)	120	98
Other	347	160
	3,097	2,963

NOTES TO THE FINANCIAL STATEMENTS

	2000	1999
4. STAFF COSTS (continued)		
<i>Average number of employees</i>	<i>Number</i>	<i>Number</i>
Management and administration	18	16
Selling and distribution	26	23
Manufacturing	64	69
	108	108
	2000	1999
	£'000's	£'000's
5. OPERATING PROFIT		
This is stated after charging		
Auditors' remuneration	32	36
Auditors fees for services other than audit	8	32
Depreciation of fixed assets	416	463
Operating leases - Motor vehicles	51	23
- Property	116	105
Directors' remuneration		526
- Cost of pensions	51	39
- Highest paid director	152	185
6. INTEREST PAYABLE		
Interest on loans and overdrafts repayable within five years	5	24
Group interest	151	133
	156	157
7. INTEREST RECEIVABLE		
Bank interest	19	27
8. TAXATION		
The taxation charge is based on the profit on ordinary activities.		
Mainstream Corporation Tax at 30% (1999: 30%)	283	310
Group Relief	18	-
Deferred tax	(27)	(12)
Over-provision in prior year	(7)	(17)
	267	281
9. DIVIDEND		
Dividend paid	nil	nil

NOTES TO THE FINANCIAL STATEMENTS

10. TANGIBLE ASSETS

	Freehold Land and Building £'000's	Plant and Machinery £'000's	Computers Cars and Equipment £'000's	Total £'000's
Cost				
At 1 January	1,870	1,697	781	4,348
Additions	229	36	148	413
Disposals	-	(30)	(5)	(35)
At 31 December	2,099	1,703	924	4,726
Depreciation				
At 1 January	133	1,034	378	1,545
Charge for the year	46	178	192	416
Disposals		(21)	(1)	(22)
At 31 December	179	1,191	569	1,939
Net Book Value				
At 31 December 2000	1,920	512	355	2,787
At 31 December 1999	1,737	663	403	2,803

11. INVESTMENTS

Group companies

The Company owns 100% of the £1,000 issued share capital of MCP Tooling Limited, a company registered in England and Wales. This company ceased trading on 31 March 1999, and is presently dormant.

The Company owns 50% of the £100 issued share capital of MCP-Peko Limited. The company is registered in England and Wales. This company ceased trading on 31 December 1997, and went into liquidation in July 2000.

	2000 £'000's	1999 £'000's
Investments, at Cost		
At 1 January	1	2
Disposals	-	(1)
At 31 December	1	1
Provisions		
At 1 January	1	2
Released	-	(1)
At 31 December	1	1
Net Book Value at 31 December	-	-

NOTES TO THE FINANCIAL STATEMENTS

	2000	1999
	£'000's	£'000's
12. STOCKS		
Raw materials	3,319	3,326
Work in progress	814	971
Finished goods and goods for re-sale	701	1,098
	4,834	5,395
13. DEBTORS		
Trade debtors	2,451	2,066
Amounts owed by		
- parent		
- fellow subsidiaries	2,123	1,592
- subsidiaries		
associates		220
Value Added Taxation	165	101
Other debtors	8	51
	4,747	4,030
14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR		
Trade creditors	715	716
Accruals	1,246	1,078
Amounts owed to		
- subsidiaries	1,907	-
- parent	2,682	2,549
Corporation tax	161	251
Other creditors	94	30
	6,805	4,624
15. PROVISION FOR LIABILITIES AND CHARGES		
Deferred taxation (at 30% - 1999: 30%)		
At 1 January	68	80
Released in the year	(27)	(12)
At 31 December	41	68
Deferred Taxation is provided in respect of accelerated capital allowances.		
16. CALLED UP SHARE CAPITAL		
1,000,000 authorised, allotted and fully paid ordinary shares of £1		
At 1 January and 31 December	1,000	1,000

NOTES TO THE FINANCIAL STATEMENTS

	2000 £'000's	1999 £'000's
17. PROFIT AND LOSS ACCOUNT		
At 1 January	7,398	6,427
Result for the year	605	971
At 31 December	8,003	7,398
18. EQUITY SHAREHOLDERS' FUNDS		
Opening equity shareholders funds	8,398	7,427
Result for the year	605	971
Closing equity shareholders funds	9,003	8,398
19. RECONCILIATION BETWEEN PROFIT AND LOSS RESULT AND OPERATING CASH FLOW		
Operating profit, before interest	1,009	1,544
Depreciation	416	463
Loss on disposal of fixed assets	9	7
Cash effect of trading operations	1,434	2,014
Decrease/(Increase) in stocks	561	(1,082)
Decrease/(Increase) in debtors	(717)	(1,049)
Increase/(Decrease) in creditors	657	853
Cash effect of working capital changes	501	(1,280)
Operating activities	1,935	734
20. ANALYSIS OF NET DEBT and RECONCILIATION OF CASH FLOW TO MOVEMENT ON NET CASH		
		Cash £'000's
At 1 January 1999		811
Net cash outflow		51
At 1 January		862
Net cash inflow		2,619
At 31 December		3,481