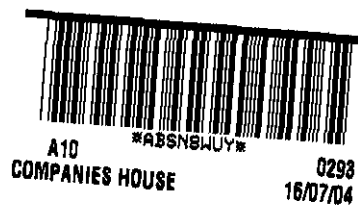


244498

MINING & CHEMICAL PRODUCTS LIMITED

REPORT AND FINANCIAL STATEMENTS

2003



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COMPANY INFORMATION

Board of Directors
Ian CADELL (Chairman)
Ian McLEAN
Stephen DAVENHILL

Company Secretary
Ian McLEAN

Principal Bankers
HSBC Bank plc
8 London Street
Basingstoke
HANTS RG21 7NU

Auditors
RSM Robson Rhodes LLP
Chartered Accountants
186 City Road
London EC1V 2NU

Solicitors
Lawrence Graham
190 Strand
London WC2R 1JN

Registered office
22 Melton Street
LONDON NW1 2BW

Company Registration Number
244498

Website
www.mcp-group.com

DIRECTORS' REPORT

The Directors submit their report and audited financial statements for the year ended 31 December 2003, to be presented at the seventy-fifth Annual General Meeting of the Company, at The Mill House, Laverstoke, Hampshire, on 3rd June 2004.

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

The Company's Metals and Chemicals business performed well during 2003, and continues to do so.

The directors expect profits to remain steady in the forthcoming year.

RESULTS AND DIVIDENDS

The Company has made a profit before taxation for the year of £1,211,580 (2002 £1,140,000), and has earnings for the year, after taxation, of £862,342 (2002 £793,000).

The directors approved the payment of a dividend of £500,000 on 22nd December 2003. The directors do not recommend the payment of a further dividend.

DEVELOPMENT EXPENDITURE

The Company has expensed development costs of £104,000 (2002: £127,000).

DIRECTORS

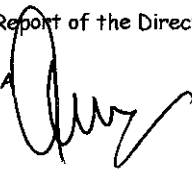
The composition of the Board is as stated on page 1. None of the directors has any beneficial interest in the issued share capital of the Company. The interests of the directors in the share capital of the ultimate parent company are disclosed in the financial statements of that company.

AUDITORS

On 3 May 2003, the auditors, RSM Robson Rhodes, transferred their entire business to RSM Robson Rhodes LLP, a limited liability partnership incorporated under the Limited Liability Partnership Act 2000, and ceased to act as auditors to the Company. The Board re-appointed RSM Robson Rhodes LLP with effect on 3 May 2003 to fill the vacancy. A resolution to re-appoint RSM Robson Rhodes LLP as auditors will be proposed at the forthcoming annual general meeting.

The Board approved the Report of the Directors on 29th April 2004, and it is signed on its behalf.

I D McLean, CA (SA) FAPA
Secretary



STATEMENT OF DIRECTORS' RESPONSIBILITIES

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.

Mining & Chemical Products Limited

31st December 2003

PROFIT AND LOSS ACCOUNT	Note	2003 £'000's	2002 £'000's
Turnover	1	19,869	18,833
Cost of sales			
Raw materials and consumables		18,317	13,843
Change in stocks		(3,587)	193
Gross Profit		5,139	4,797
Other operating income	2	17	24
Staff Costs	3	(2,208)	(1,762)
Depreciation of tangible fixed assets		(201)	(180)
Operating charges		(1,505)	(1,733)
Operating Profit	4	1,242	1,146
Interest payable	5	(56)	(29)
Interest receivable	6	25	23
Profit on ordinary activities before taxation		1,211	1,140
Taxation	7	(349)	(347)
Profit after taxation		862	793
Dividend Paid	8	(500)	(2,500)
Transferred to / (from) reserves	17	362	(1,707)

All results relate to continuing activities.

There are no recognised gains or losses other than those dealt with in the Profit and Loss Account.

Mining & Chemical Products Limited

31st December 2003

BALANCE SHEET	Note	2003 £'000's	2002 £'000's
TANGIBLE FIXED ASSETS		2,284	2,360
CURRENT ASSETS			
Stocks	11	6,879	3,292
Debtors	12	2,429	3,904
Cash at bank and in hand		4	2
		9,312	7,198
Creditors, due within one year			
Bank overdraft		(2,244)	(516)
Creditors	13	(1,824)	(1,872)
		(4,068)	(2,388)
NET CURRENT ASSETS		5,244	4,810
TOTAL ASSETS, less CURRENT LIABILITIES		7,528	7,170
Provisions for liabilities and charges	14	(74)	(78)
TOTAL NET ASSETS		7,454	7,092
SHAREHOLDERS FUNDS			
Capital and reserves			
Called up share capital	15	1,000	1,000
Profit and Loss Account	16	6,454	6,092
Equity Shareholders' Funds	17	7,454	7,092

The financial statements were approved by the Board on 29th April 2004, and signed on its behalf.

I V Cadell
Director



Mining & Chemical Products Limited

31st December 2003

CASH FLOW STATEMENT	Note	2003 £'000's	2002 £'000's
Operating activities	18	(735)	1,801
Returns on investment and servicing of finance			
Interest received		25	23
Interest paid		(56)	(29)
		(31)	(6)
Taxation		(335)	(324)
Capital expenditure			
Purchase of tangible fixed assets		(125)	(160)
Sale of fixed assets		-	7
		(125)	(153)
Financing			
Equity dividend paid		(500)	(2,500)
		(500)	(2,500)
Change in cash resources	19	(1,726)	(1,182)

ACCOUNTING POLICIES

Convention

The financial statements are 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 S228 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, whose ultimate parent is MCP Aramayo Limited, a company registered in England. The ultimate parent 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 MCP Aramayo Limited 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.

Property, plant and equipment

All trading property, plant and equipment is recorded at cost. Subsequently, all such assets, excepting only freehold land, are depreciated in equal annual instalments at rates designed to reduce the net book values of the assets to their estimated residual values at the end of their expected useful lives. The maximum estimated useful lives are:

Freehold buildings	25 years
Plant, fixtures and equipment	8 years
Motor vehicles	4 years
Computer equipment	3 years

Gains and losses on disposal are calculated by reference to their carrying amount and are taken into account in determining operating profit. Interest cost on acquisition of property, plant and equipment is written off as incurred.

Investments

Financial investments that are listed on a recognised public stock exchange are marked to market as at the Balance Sheet date. Changes in the value of such investments, including profits or losses on disposal, are taken to the Profit and Loss Account. Financial investments include surplus funds awaiting investment, placed on deposit at licensed financial institutions, and loans to third parties.

Stocks

Stocks are valued at the lower of specific attributable cost (or, where appropriate, average cost) and net realisable value. The cost of manufactured products includes specific material cost and an allowance for production overhead where applicable. Net realisable value is based on the estimated sales price after allowing for all further costs of completion and disposal.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand and at bank, deposits on call at banks and investments in money market transactions. Bank overdrafts are shown as borrowing in current liabilities, unless committed for more than twelve months from the Balance Sheet date.

ACCOUNTING POLICIES**Provisions**

Provisions are made when there is an actual obligation arising from past events, where it is probable that costs will be incurred to settle the obligations, and a reliable estimate of the amount of the obligation can be made.

Revenue recognition

Sales are recognised upon delivery of products or service to customers, when substantially all the risks and rewards of ownership pass to the customer, in accordance with the terms and conditions attaching to the transaction. Sales are stated at the invoiced amount, net of discounts and value added, turnover or sales taxes. Interest income is recorded as it accrues.

Foreign currencies

Profit and Loss Accounts of foreign subsidiaries are translated at average rates for the year, and the Balance Sheets are translated at year-end rates. Currency translation differences arising from the re-translation of the net investment in subsidiaries are taken to reserves. Monetary assets and liabilities in foreign currencies are translated at year-end rates and all gains and losses are taken to the profit and loss account.

Financial Instruments

Financial instruments include cash and bank balances, investments, receivables, payables and borrowing. Particular recognition methods are outlined in the individual policy statements pertaining to those items. Financial instruments such as forward exchange contracts are utilised by the Company to reduce risk. Unrealised gains and losses on such instruments are not recognised until settlement occurs.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred or accelerated because of temporary differences between the treatment of certain items for accounting and taxation purposes. Deferred taxation is provided for using the full liability method. Credit is taken for deferred tax assets to the extent it is probable that the asset will be recovered in the near future.

Leases

The Company has no Finance leases (defined as leases where substantially all the risks and benefits of ownership are assumed by the Company). Operating lease expenditure is written off in equal instalments over the period of the lease. Early termination costs are written off when incurred.

Research and development

Research and development costs are expensed when incurred because the expenditure does not fulfil all the requirements for capitalisation set out in Statement of Standard Accounting Practice 13.

Retirement benefit obligations

The Company provides for retirement benefits primarily by defined contribution pension schemes, the costs of which are written off in the year to which they relate.

NOTES TO THE FINANCIAL STATEMENTS

1	TURNOVER		
	Revenues are shown according to the location of the customer.	2003 £'000's	2002 £'000's
	United Kingdom	4,210	3,953
	Germany	8,086	8,122
	France	727	799
	Other European countries	2,233	1,095
	North America	3,017	2,839
	South America	716	906
	Other countries	880	1,119
	TOTAL	19,869	18,833

Sales to "Other" geographical regions are mainly in Asia.

2	OPERATING INCOME		
	Laboratory and analytical services	17	24

3	STAFF COSTS		
	<i>Cost</i>		
	Wages, salaries and related costs	1,841	1,522
	Social security costs	200	147
	Pension costs - defined contribution	87	72
	Other costs	80	21
	Total costs	2,208	1,762

	<i>The average number of employees</i>	#	#
	Management and administration	10	10
	Sales and distribution	14	14
	Manufacturing	43	43
	Total number	67	67

4	OPERATING PROFIT		
	This is stated after charging	2003 £'000's	2002 £'000's
	Auditors' remuneration	18	33
	Auditors' fees for services other than audit	7	13
	Depreciation of fixed assets	201	179
	Development expenditure	104	127
	Operating leases	-	4
	- Motor vehicles	-	4
	- Property	-	30
	Directors' remuneration	177	174
	- Cost of pensions	21	18
	- Highest paid director	177	174

5	INTEREST PAYABLE		
	Interest on loans and overdrafts repayable within five years	34	10
	Group interest	22	19
		56	29

NOTES TO THE FINANCIAL STATEMENTS

6	INTEREST RECEIVABLE				
			2003	2002	
			£'000's	£'000's	
	Bank interest		1	23	
	Interest from Group companies		24	-	
			25	23	
7	TAXATION				
	The taxation charge is based on the profit on ordinary activities				
	Current taxation				
	Corporation Tax		326	265	
	Company Relief		37	65	
	Deferred taxation				
	Net origination of timing differences		(4)	17	
	Tax on current year activities		359	347	
	Adjustments to prior years				
	Corporation tax		(10)	(7)	
	Deferred tax		-	2	
	Tax on profit on ordinary activities		349	342	
	Reconciliation of current tax charge				
	Profit on ordinary activities before taxation		1,211	1,140	
	Theoretical tax thereon at UK Corporation tax rate of 30%				
			363	342	
	Depreciation on non-qualifying assets		1	1	
	Expenses not deductible for tax		3	3	
	Other adjustments		(8)	1	
	Tax on current year activities		359	347	
8	DIVIDEND				
	Dividend paid, equivalent to 50p per share (2002: 250p per share)		500	2,500	
9	TANGIBLE ASSETS				
		Freehold Land and Buildings	Plant and Equipment	Cars, computers and other	TOTAL
		£'000's	£'000's	£'000's	£'000's
	Cost				
	At 1 st January	2,126	1,232	605	3,963
	Additions	-	110	15	125
	Disposals	-	-	(27)	(27)
	At 31st December	2,126	1,342	593	4,061
	Depreciation				
	At 1 st January	266	892	445	1,603
	Charge for the year	44	96	61	201
	Disposals	-	-	(27)	(27)
	At 31st December	310	988	479	1,777
	Net Book Value				
	At 31 December 2003	1,816	354	114	2,284
	At 31 December 2002	1,860	340	160	2,360

NOTES TO THE FINANCIAL STATEMENTS

10 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 is dormant.

	2003 £'000's	2002 £'000's
Investment, at cost		
at 1 January and 31 December	1	1
Provisions		
At 1 January and 31 December	1	1
Net Book Value at 31 December	-	-

11 STOCKS

Raw materials	5,895	2,275
Work in progress	472	542
Finished goods and goods for re-sale	512	475
	6,879	3,292

12 DEBTORS

Trade Debtors	1,293	966
Amounts owed by fellow subsidiaries	852	2,755
Value Added Taxation	282	177
Other debtors	2	6
	2,429	3,904

13 CREDITORS - due within one year

Trade creditors	186	60
Accruals	782	474
Amounts owed to subsidiaries	631	1,117
Amounts owed to parent	-	13
Corporation tax	213	194
Other creditors	12	14
	1,824	1,872

14 PROVISION FOR LIABILITIES AND CHARGES

Deferred taxation

Deferred tax is provided at 30% (2002: 30%) is provided in respect of accelerated capital allowances.

At 1 January	78	59
Charged in the year	(4)	19
At 31 December	74	78

15 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
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NOTES TO THE FINANCIAL STATEMENTS

16 PROFIT AND LOSS ACCOUNT	2003	2002
	£'000's	£'000's
At 1 January	6,092	7,799
Result for the year	362	(1,707)
At 31 December	6,454	6,092
17 EQUITY SHAREHOLDERS' FUNDS		
Opening equity shareholders' funds	7,092	8,799
Result for the year	362	(1,707)
Closing equity shareholders' funds	7,454	7,092
18 RECONCILIATION BETWEEN RESULT AND OPERATING CASH FLOW		
Operating profit, before interest	1,242	1,146
Items not involving cash flows		
Depreciation	201	180
Cash effect of trading operations	1,443	1,326
Change in Stocks	(3,587)	193
Change in debtors	1,820	944
Change in creditors	(411)	(662)
Cash effect of working capital change	(2,178)	475
Operating Activities	(735)	1,801
19 RECONCILIATION OF CASH FLOW TO MOVEMENT ON NET CASH		
Net cash at 1 January 2002		668
Net cash outflow		(1,182)
Net overdrafts at 1 January		(514)
Net cash outflow		(1,726)
Net overdrafts at 31 December		(2,240)
20 COMMITMENTS		
There were no capital expenditure or operating lease commitments.		
21 FINANCIAL GUARANTEES AND SECURITY		
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 2003 the amount outstanding was Nil (2002 - Nil). 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 deferrals, with a maximum value of £250,000. At 31 December the amount outstanding was £181,000 (2002 - £60,000). 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.		
22 PARENT COMPANY		
The Company is a wholly owned subsidiary of MCP Metals and Chemicals Limited, a company registered in England. The ultimate parent is MCP Aramayo Limited, which is registered in England. The published financial statements of the ultimate holding company are available from The Secretary, The Mill House, Laverstoke, HANTS RG28 7NS		

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

We have audited the financial statements on pages 4 to 12.

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 auditor's 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 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 December 2003 and of its results for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

RSM Robson Rhodes LLP
RSM Robson Rhodes LLP
Chartered Accountants and Registered Auditors

10th May 2004
Hemel Hempstead