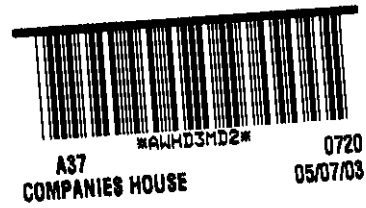


244498

MINING & CHEMICAL PRODUCTS LIMITED

REPORT AND FINANCIAL STATEMENTS

2002



MINING & CHEMICAL PRODUCTS LIMITED
31st December 2002

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MINING & CHEMICAL PRODUCTS LIMITED
31st December 2002

COMPANY INFORMATION

Directors	I V Cadell S W Davenhill I D McLean	Chairman Managing
Principal Bankers	HSBC Bank 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	

MINING & CHEMICAL PRODUCTS LIMITED

31st December 2002

DIRECTORS' REPORT

The Directors submit their report and audited financial statements for the year ended 31 December 2002, to be presented at the seventy-fourth ANNUAL GENERAL MEETING of the Company to be held at Laverstoke, Hampshire on 25th April 2003, at 11 am.

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

Notwithstanding a fall in the turnover for the year, the Company's policy of promoting its "value-added" products enabled it to maintain its profitability. Improved credit control and stock utilisation enabled the Company to free up a significant amount of cash for dividends to shareholders, whilst maintaining its strong balance sheet.

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

RESULTS AND DIVIDENDS

The Group has made a profit before taxation for the year of £1,140,000 (2001 £1,158,000), and has earnings for the year, after taxation, of £793,000 (2001 £796,000).

The directors approved the payment of a dividend of £2,500,000, on 21 December 2002. They do not recommend the payment of a further dividend.

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

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 27th March 2003, and it is signed on its behalf.

I D McLean, CA(SA) FAPA
Secretary

MINING & CHEMICAL PRODUCTS LIMITED
31st December 2002

PROFIT AND LOSS ACCOUNT

	Note	2002 £ '000's	2001 £'000's
TURNOVER	1	18,833	26,989
Raw materials and consumables		13,843	20,627
Change in stocks		193	1,349
Gross Profit		4,797	5,013
Other operating income	2	24	40
Staff costs	3	(1,762)	(2,155)
Depreciation of tangible fixed assets		(180)	(199)
Operating charges		(1,733)	(1,480)
OPERATING PROFIT	4	1,146	1,219
Interest payable	5		
Group		(19)	(52)
Other		(10)	(33)
Interest receivable	6	23	24
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,140	1,158
Taxation	7	(347)	(362)
PROFIT AFTER TAXATION		793	796
Dividend Paid	8	(2,500)	(1,000)
TRANSFERRED FROM RESERVES	17	(1,707)	(204)

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 2002

BALANCE SHEET

	Note	2002 £ '000's	2001 £'000's
TANGIBLE FIXED ASSETS	9	2,360	2,387
CURRENT ASSETS			
Stocks	11	3,292	3,485
Debtors	12	3,904	4,848
Cash at bank and in hand		2	668
		7,198	9,001
CREDITORS: due within one year			
Bank overdraft		(516)	-
Creditors	13	(1,872)	(2,530)
		(2,388)	(2,530)
NET CURRENT ASSETS		4,810	6,471
TOTAL ASSETS LESS CURRENT LIABILITIES		7,170	8,858
Provision for liabilities and charges	14	(78)	(59)
TOTAL NET ASSETS		7,092	8,799
CAPITAL AND RESERVES			
CALLED UP SHARE CAPITAL	15	1,000	1,000
PROFIT AND LOSS ACCOUNT	16	6,092	7,799
EQUITY SHAREHOLDERS' FUNDS	17	7,092	8,799

The financial statements were approved by the Board on 27th March 2003 and signed on its behalf.



I V Cadell
 Director

MINING & CHEMICAL PRODUCTS LIMITED
31st December 2002

CASH FLOW STATEMENT

	Note	2002 £'000's	2001 £'000's
Operating activities	18	1,801	1,934
Returns on investment and servicing of finance			
Interest received		23	24
Interest paid		(29)	(85)
		(6)	(61)
Taxation			
Paid to fiscal authorities		(324)	(315)
		(324)	(315)
Capital expenditure			
Purchase of tangible fixed assets		(160)	(291)
Sale of fixed assets		7	15
		(153)	(276)
Financing			
Loan from Group		-	(3,095)
Dividend Paid		(2,500)	(1,000)
		(2,500)	(4,095)
Change in cash resources	19	(1,182)	(2,813)

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.

MINING & CHEMICAL PRODUCTS LIMITED
31st December 2002

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 §228 of the Companies Act 1989 (as amended). Accordingly, no Group accounts are presented.

The Company is a wholly owned subsidiary of Compagnie Aramayo SA, 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.

Foreign currencies

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.

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. Interest income is recorded as it accrues.

Retirement benefit obligations

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

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.

MINING & CHEMICAL PRODUCTS LIMITED

31st December 2002

ACCOUNTING POLICIES

Deferred taxation

The payment of taxation may be deferred or accelerated because of timing differences between the treatment of certain items for accounting and taxation purposes. Full provision for deferred taxation is made under the liability method, without discounting, on all timing differences that have arisen, but not reversed by the balance sheet date, unless FRS 19 does not permit such provision.

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.

Property, plant and equipment

All property, plant and equipment are recorded at cost. 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:

The maximum estimated useful lives are:

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

Stock

Stock and work in progress 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.

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.

MINING & CHEMICAL PRODUCTS LIMITED
31st December 2002

NOTES TO THE FINANCIAL STATEMENTS

1	TURNOVER	2002	2001
		£'000's	£'000's
	United Kingdom	3,953	7,004
	Germany	8,122	8,952
	France	799	870
	Other European countries	1,095	3,128
	North America	2,839	5,328
	South America	906	944
	Other countries	1,119	763
		18,833	26,989
2	OTHER OPERATING INCOME		
	Other services	24	40
3	STAFF COSTS		
	Costs		
	Wages, salaries and related costs	1,522	1,767
	Social security costs	147	162
	Pension costs (defined contribution)	72	63
	Other	21	163
		1,762	2,155
	Average number of employees	Number	Number
	Management and administration	10	10
	Selling and distribution	14	14
	Manufacturing	43	44
		67	68
4	OPERATING PROFIT		
	This is stated after charging		
	Auditors' remuneration	33	32
	Auditors fees for services other than audit	13	8
	Depreciation of fixed assets	179	416
	Operating leases - Motor vehicles	4	51
	- Property	30	116
	Directors' remuneration	174	419
	- Cost of pensions	18	51
	- Highest paid director	174	152
5	INTEREST PAYABLE		
	Interest on loans and overdrafts repayable within five years	10	33
	Group interest	19	52
		29	85

MINING & CHEMICAL PRODUCTS LIMITED
31st December 2002

NOTES TO THE FINANCIAL STATEMENTS

6	INTEREST RECEIVABLE	2002	2001
		£'000's	£'000's
	Bank interest	23	24
7	TAXATION		
	The taxation charge is based on the profit on ordinary activities		
	Current taxation		
	Corporation Tax	265	345
	Group relief	65	-
	Deferred taxation		
	Net origination of timing differences	17	20
	Tax on current year activities	347	365
	Adjustments to prior years		
	Corporation tax	(7)	(3)
	Deferred tax	2	-
	Tax on profit on ordinary activities	342	362
	Reconciliation of current tax charge		
	Profit on ordinary activities before taxation	1,140	1,158
	Theoretical tax thereon at UK Corporation tax rate of 30%	342	347
	Depreciation on non-qualifying assets	1	1
	Expenses not deductible for tax	3	3
	Other adjustments	1	11
	Tax on current year activities	347	362
8	DIVIDEND		
	Dividend paid	2,500	1,000

MINING & CHEMICAL PRODUCTS LIMITED
31st December 2002

NOTES TO THE FINANCIAL STATEMENTS

9 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	2,114	1,129	589	3,832
Additions	12	103	45	160
Disposals	-	-	(29)	(29)
At 31 December	2,126	1,232	605	3,963
Depreciation				
At 1 January	222	809	414	1,445
Charge for the year	44	83	53	180
Disposals	-	-	(22)	(22)
At 31 December	266	892	445	1,603
Net Book Value				
At 31 December 2002	1,860	340	160	2,360
At 31 December 2001	1,892	320	175	2,387

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 ceased trading on 31 March 1999, and is presently dormant.

	2002 £'000's	2001 £'000's
Investments, 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	2,275	1,500
Work in progress	542	1,254
Finished goods and goods for re-sale	475	731
	3,292	3,485

MINING & CHEMICAL PRODUCTS LIMITED
31st December 2002

NOTES TO THE FINANCIAL STATEMENTS

	2002 £'000's	2001 £'000's
12 DEBTORS		
Trade debtors	966	2,111
Amounts owed by fellow subsidiaries	2,755	2,525
Value Added Taxation	177	203
Other debtors	6	9
	3,904	4,848
13 CREDITORS: due within one year		
Trade creditors	60	116
Accruals	474	750
Amounts owed to subsidiaries	1,117	1,397
Amounts owed to parent	13	4
Corporation tax	194	190
Other creditors	14	73
	1,872	2,530
14 PROVISION FOR LIABILITIES AND CHARGES		
Deferred taxation (at 30% - 2001: 30%) is provided in respect of accelerated capital allowances.		
At 1 January	59	41
Charged in the year	19	18
At 31 December	78	59
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
16 PROFIT AND LOSS ACCOUNT		
At 1 January	7,799	8,003
Result for the year	(1,707)	(204)
At 31 December	6,092	7,799
17 EQUITY SHAREHOLDERS' FUNDS		
Opening equity shareholders funds	8,799	9,003
Result for the year	(1,707)	(204)
Closing equity shareholders funds	7,092	8,799

MINING & CHEMICAL PRODUCTS LIMITED
31st December 2002

NOTES TO THE FINANCIAL STATEMENTS

18	RECONCILIATION BETWEEN PROFIT AND LOSS RESULT AND OPERATING CASH FLOW	2002 £'000's	2001 £'000's
	Operating profit, before interest	1,146	1,219
	Depreciation	180	199
	Transfer of Fixed Assets	-	477
	Cash effect of trading operations	1,326	1,895
	Change in stocks	193	1,349
	Change in debtors	944	(101)
	Change in creditors	(662)	(1,209)
	Cash effect of working capital changes	475	39
	Cash flow from operating activities	1,801	1,934

19	ANALYSIS OF NET DEBT and RECONCILIATION OF CASH FLOW TO MOVEMENT ON NET CASH	£'000's
	At 1 January 2001	3,481
	Net cash outflow	(2,813)
	At 1 January	668
	Net cash outflow	(1,182)
	At 31 December	(514)

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 2002, the amount outstanding was Nil (2001 - 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 deferments, with a maximum value of £250,000. At 31 December the amount outstanding was £60,000 (2001 - £144,000). 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

MINING & CHEMICAL PRODUCTS LIMITED
31st December 2002

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

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

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 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

RSM Robson Rhodes
RSM Robson Rhodes

Chartered Accountants and Registered Auditors

27th March 2003
Hemel Hempstead, England

MINING & CHEMICAL PRODUCTS LIMITED
31st December 2002

FOR DIRECTORS USE ONLY

PROFIT AND LOSS ACCOUNT

	2002 £	2001 £
TURNOVER	18,833,166	26,989,443
Raw materials and consumables	13,843,743	20,627,633
Change in stocks	193,961	1,349,014
Gross Margin	4,795,462	5,012,796
Other operating income	24,266	40,483
Staff costs	(1,762,442)	(2,155,229)
Depreciation of tangible fixed assets	(178,950)	(199,629)
Other operating charges	(1,733,846)	(1,478,980)
OPERATING PROFIT	1,144,490	1,219,441
Interest payable	(28,757)	(85,428)
Interest receivable	22,790	24,110
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	1,138,523	1,158,123
Taxation	(347,926)	(361,809)
PROFIT AFTER TAXATION	790,597	796,314

MINING & CHEMICAL PRODUCTS LIMITED
31st December 2002

OPERATING EXPENSES	£
CHEMICALS	24,490
CLEANING	29,518
CONSUMABLES - NON TOOL	135,395
CONSUMABLES - SMALL TOOLS	4,161
DEVELOPMENT	59,981
ENVIRONMENTAL - PREVENTIONS	14,587
ENVIRONMENTAL - REGISTRATIONS	29,031
ENVIRONMENTAL - HEALTH & SAFETY	8,338
HIRE OF PLANT	7,208
LABORATORY CHARGES	17,335
LABORATORY ASSAYA AND CALIBRATIONS	4,093
MAINTENANCE - EQUIPMENT	58,825
MAINTENANCE - FORK LIFTS	11,666
MAINTENANCE - OFFICE MACHINES	360
MAINTENANCE - PLANT	73,989
PACKAGING - DRUMS AND PALLETS	27,469
PACKAGING - MATERIALS	69,959
PROTECTIVE CLOTHING	10,476
SECURITY	10,346
WASTE DISPOSAL - CONTROLLED	61,791
WASTE DISPOSAL - UNCONTROLLED	192
ELECTRICITY	44,501
GAS	29,780
WATER	28,216
OIL	5,082
ADVERTISING	13,915
PUBLIC RELATIONS	358
BROCHURES AND VIDEOS	861
CONFERENCES AND SEMINARS	73
EXHIBITIONS	2,691
ENTERTAINMENT - CUSTOMERS AND SUPPLIERS	4,350
SAMPLES	50
SUBSCRIPTIONS - JOURNALS	8,401
SUBSCRIPTIONS - MEMBERSHIPS	3,889
COMMISSION - NON EMPLOYEES	167,268
FRANCE REPRESENTATION COSTS	16,475
CHINA REPRESENTATION	29,504
BAD DEBTS - MOVEMENT ON PROVISIONS	9,051
BAD DEBTS - WRITTEN OFF	11,645
BAD DEBTS - DEBT COLLECTION	1,328
FARES - AIR	18,730
FARES - OTHER LONG DISTANCE	2,696
FARES - OTHER SHORT DISTANCE	1,224
OVERNIGHTS - ACCOMODATION	19,274
OVERNIGHTS - OTHER	128
OVERNIGHTS - SUBSISTENCE	3,105
VEHICLES - BUSINESS MILEAGE	9,622
VEHICLES - TRAVEL ALLOWANCE	2
VEHICLES - CASUAL HIRE	622
VEHICLES - CONTRACT HIRE	4,095

MINING & CHEMICAL PRODUCTS LIMITED**31st December 2002**

VEHICLES - REPAIRS	7,907
VEHCILES - TAXES	1,648
VEHICLES - NIC	4,292
VEHICLES - ROADSIDE ASSISTANCE	354
PROPERTY - RENT PAID	30,220
PROPERTY - TAXES	68,336
PROPERTY - MAINTENANCE	24,722
TELEPHONE - FIXED	19,554
TELEPHONE - MOBILES	3,847
FACSIMILE AND TELEX	3,599
E-MAIL AND INTERNET ACCESS	50
PRINTED STATIONARY AND PAPER	3,704
MAIL	7,526
OFFICE SUPPLIES	8,235
PHOTOCOPYING	1,074
COURIERS AND MESSENGERS	3,852
COMPUTER - CONSUMABLES AND PARTS	3,548
COMPUTER - DIGITAL MAINTENANCE	1,424
COMPUTER - COMMS MAINTENANCE	(450)
COMPUTER - SOFTWARE MAINTENANCE	8,922
COMPUTER - PC MAINTENANCE	569
COMPUTER - INTERNET	2,434
INSURANCE - LIABILITIES	20,707
INSURANCE - EMPLOYERS	35,899
INSURANCE - ASSET RISKS	11,025
INSURANCE - BUSINESS	24,215
INTERRUPTION	
INSURANCE - MARINE	18,827
INSURANCE - OTHER	5,234
PROFESSIONAL - AUDIT	33,000
PROFESSIONAL - ACCOUNTING	1,000
PROFESSIONAL - LEGAL	3,678
PROFESSIONAL - TAXATION	11,800
PROFESSIONAL - PFP	1,700
PROFESSIONAL CORPORATE FINANCE	8,783
FINANCE - BANK CHARGES	15,858
EXCHANGE - WORKING CAPITAL	111,599
EXCHANGE - OTHER ASSETS AND	17,284
LIABILITIES	
MANAGEMENT FEES PAID	96,530
BUSINESS INFORMATION	1,995
EXPENSES NOT ITEMISED ELSEWHERE	13,374
RELOCATION	(178)

Total Operating Expenses**1,733,846**