

240498

MINING & CHEMICAL PRODUCTS LIMITED

REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 2001



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COMPANY INFORMATION

Directors	I V Cadell S W Davenhill I D McLean	Chairman Managing Director
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	

DIRECTORS' REPORT

To be presented at the seventy third ANNUAL GENERAL MEETING of the Company to be held at Laverstoke, Hampshire on 2nd May 2002, at 12 noon.

The Directors submit their report and audited financial statements for the year ended 31 December 2001.

PRINCIPAL ACTIVITIES

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

REVIEW OF THE BUSINESS

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

The Company returned an acceptable performance in 2001, notwithstanding the lapsing of the American and European economies into recession by the middle of the year.

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 £1,158,000 (2000 £872,000), and has earnings for the year, after taxation, of £796,000 (2000 £605,000).

The directors approved the payment of a dividend of £1,000,000, on 21 December 2001. 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.

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 21st March 2002, and it is signed on its behalf.


I D McLean, CA (SA) FAPA
Secretary

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
31 December 2001
PROFIT AND LOSS ACCOUNT

	Note	2001 £ '000's	2000 £'000's
TURNOVER	2	26,989	28,651
<i>Continuing</i>		26,989	23,644
<i>Discontinued</i>		-	5,007
Raw materials and consumables		20,627	20,902
Change in stocks		1,349	561
Gross Profit		5,013	7,188
Other operating income	3	40	34
Staff costs	4	(2,155)	(3,097)
Depreciation of tangible fixed assets		(199)	(416)
Loss on disposal of assets		-	(9)
Other operating charges		(1,480)	(2,691)
OPERATING PROFIT, before interest	5	1,219	1,009
<i>Continuing</i>		1,219	829
<i>Discontinued</i>		-	280
Interest payable			
Group	6	(52)	(156)
Other	6	(33)	
Interest receivable	7	24	19
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,158	872
Taxation	8	(362)	(267)
PROFIT AFTER TAXATION		796	605
Dividend Paid	9	(1,000)	-
TRANSFERRED (FROM) / TO RESERVES	18	(204)	605

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 13.

MINING & CHEMICAL PRODUCTS LIMITED

31 December 2001

BALANCE SHEET

	Note	2001 £ '000's	2000 £'000's
TANGIBLE FIXED ASSETS	10	2,387	2,787
CURRENT ASSETS			
Stocks	12	3,485	4,834
Debtors	13	4,848	4,747
Cash at bank and in hand		668	3,481
		9,001	13,062
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR			
	14	(2,530)	(6,805)
NET CURRENT ASSETS		6,471	6,257
TOTAL ASSETS LESS CURRENT LIABILITIES		8,858	9,044
Provision for liabilities and charges	15	(59)	(41)
TOTAL NET ASSETS		8,799	9,003
CAPITAL AND RESERVES			
CALLED UP SHARE CAPITAL	16	1,000	1,000
PROFIT AND LOSS ACCOUNT	17	7,799	8,003
EQUITY SHAREHOLDERS' FUNDS	18	8,799	9,003

The financial statements were approved by the Board on 21st March 2002, and signed on its behalf.


I V Cadell
Director

MINING & CHEMICAL PRODUCTS LIMITED

31 December 2001

CASH FLOW STATEMENT

	Note	2001 £'000's	2000 £'000's
Operating activities	19	1,457	1,935
Returns on investment and servicing of finance			
Interest received		24	19
Interest paid		(85)	(156)
		(61)	(137)
Taxation			
Paid to fiscal authorities		(315)	(373)
		(315)	(373)
Capital expenditure			
Additions to tangible fixed assets		(291)	(413)
Proceeds from sale of fixed assets		492	13
		201	(409)
Financing			
Loan from Group		(3,095)	1,603
Dividend Paid	9	(1,000)	-
		(4,095)	1,603
Change in cash resources	20	(2,813)	2,619

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 is a wholly owned subsidiary of MCP Metals and Chemicals Limited (which is incorporated in the European Union, and a wholly owned subsidiary of Compagnie Aramayo SA). Therefore, no Group accounts are presented, as permitted by S228 of the Companies Act 1989 (as amended). MCP Metals and Chemicals Limited prepares consolidated financial statements for itself and all its subsidiaries. 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 that 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 presently estimated residual values over 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 probably 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.

	2001 £'000's	2000 £'000's
2. TURNOVER		
Turnover analysed by geographical area		
United Kingdom	7,004	8,267
Germany	8,952	9,052
France	870	572
Other European countries	3,128	3,369
North America	5,328	5,814
South America	944	792
Other countries	763	785
	26,989	28,651
3. OTHER OPERATING INCOME		
Laboratory services	40	34
4. STAFF COSTS		
Costs		
Wages, salaries and related costs	1,767	2,393
Social security costs	162	237
Pension costs (defined contribution)	63	120
Other	163	347
	2,155	3,097

NOTES TO THE FINANCIAL STATEMENTS

	2001	2000
4. STAFF COSTS (continued)		
Average number of employees	Number	Number
Management and administration	10	18
Selling and distribution	14	26
Manufacturing	44	64
	68	108
	2000	2000
	£'000's	£'000's
5. OPERATING PROFIT		
This is stated after charging		
Auditors' remuneration	34	32
Auditors fees for services other than audit	12	8
Depreciation of fixed assets	199	416
Operating leases - Motor vehicles	18	51
- Property	40	116
Directors' remuneration	149	419
- Cost of pensions	6	51
- Highest paid director	149	152
6. INTEREST PAYABLE		
Interest on loans and overdrafts repayable within five years	33	5
Group interest	52	151
	85	156
7. INTEREST RECEIVABLE		
Bank interest	24	19
8. TAXATION		
The taxation charge is based on the profit on ordinary activities.		
Mainstream Corporation Tax at 30% (2000: 30%)	345	283
Group Relief	-	18
Deferred tax	18	(27)
Over-provision in prior year	(1)	(7)
	362	267
9. DIVIDEND		
Dividend paid	1000	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	2,099	1,703	924	4,726
Additions	15	240	36	291
Disposals	-	(814)	(371)	(1,185)
At 31 December	2114	1,129	589	3,832
Depreciation				
At 1 January	179	1,191	569	1,939
Charge for the year	43	76	80	199
Disposals	-	(458)	(235)	(693)
At 31 December	222	809	414	1,445
Net Book Value				
At 31 December 2001	1,892	320	175	2,387
At 31 December 2000	1,920	512	355	2,787

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.

	2001 £'000's	£'000's
Investments, at Cost		
At 1 January	1	1
Disposals	-	-
At 31 December	1	1
Provisions		
At 1 January	1	1
Released	-	-
At 31 December	1	1
Net Book Value at 31 December	-	-

MINING & CHEMICAL PRODUCTS LIMITED

31 December 2001

NOTES TO THE FINANCIAL STATEMENTS

	2001 £'000's	2000 £'000's
12. STOCKS		
Raw materials	1,500	3,319
Work in progress	1,254	814
Finished goods and goods for re-sale	731	701
	3,485	4,834
13. DEBTORS		
Trade debtors	2,111	2,451
Amounts owed by		
- fellow subsidiaries	2,525	2,123
Value Added Taxation	203	165
Other debtors	9	8
	4,848	4,747
14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR		
Trade creditors	116	715
Accruals	750	1,246
Amounts owed to		
- subsidiaries	1,397	1,907
- parent	4	2,682
Corporation tax	190	161
Other creditors	73	94
	2,530	6,805
15. PROVISION FOR LIABILITIES AND CHARGES		
Deferred taxation (at 30% - 2000: 30%)		
At 1 January	41	68
Increase / (Release) in the year	18	(27)
At 31 December	59	41
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

	2001 £'000's	2000 £'000's
17. PROFIT AND LOSS ACCOUNT		
At 1 January	8,003	7,398
Result for the year	(204)	605
At 31 December	7,799	8,003
18. EQUITY SHAREHOLDERS' FUNDS		
Opening equity shareholders funds	9,003	8,398
Result for the year	(204)	605
Closing equity shareholders funds	8,799	9,003
19. RECONCILIATION BETWEEN PROFIT AND LOSS RESULT AND OPERATING CASH FLOW		
Operating profit, before interest	1,219	1,009
Depreciation	199	416
Loss on disposal of fixed assets	-	9
Cash effect of trading operations	1,418	1,434
Decrease/(Increase) in stocks	1,349	561
Decrease/(Increase) in debtors	(101)	(717)
Increase/(Decrease) in creditors	(1,209)	657
Cash effect of working capital changes	39	501
Operating activities	1,457	1,935
20. ANALYSIS OF NET DEBT and RECONCILIATION OF CASH FLOW TO MOVEMENT ON NET CASH		
		Cash £'000's
At 1 January 2000		862
Net cash inflow		2,619
At 1 January		3,481
Net cash outflow		(2,813)
At 31 December		668

MINING & CHEMICAL PRODUCTS LIMITED

31 December 2001

NOTES TO THE FINANCIAL STATEMENTS

	2001 £'000's	2000 £'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>		
Property related	40	-
Non property related	15	11
 <i>Two to five years</i>		
Non property related	-	18
Property related	-	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 2001, the amount outstanding was €nil (2000 €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 €350,000. At 31 December the amount outstanding was £ 144,000 (2000 £179,000).

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 Mill House, Laverstoke, HANTS RG28 7NS, England.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the financial statements on pages ~~4~~ 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 2001 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

London

24 April 2002

MINING & CHEMICAL PRODUCTS LIMITED
FOR DIRECTORS USE ONLY

31 December 2001

	2001 £	2000 £
TURNOVER	26,989,443	28,650,423
Raw materials and consumables	20,627,633	20,901,590
Change in stocks	1,349,014	561,307
Gross Margin	5,012,796	7,187,526
Other operating income	40,483	34,076
Staff costs	(2,155,229)	(3,096,649)
Depreciation of tangible fixed assets	(199,629)	(416,289)
Profit/(Loss) on sale of fixes assets	-	(9,000)
Other operating charges	(1,478,980)	(2,691,035)
OPERATING PROFIT	1,219,441	1,008,629
Interest payable	(85,428)	(155,604)
Interest receivable	24,110	19,425
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	1,158,123	872,450
Taxation		
Mainstream Corporation Tax	345,000	283,000
Group relief payable to subsidiaries	-	18,000
Deferred tax	18,000	(27,000)
Adjustment to prior years	(1,191)	(7,044)
PROFIT AFTER TAXATION, and EARNINGS ATTRIBUTABLE TO SHAREHOLDERS TRANSFERRED TO RESERVES	796,314	605,494