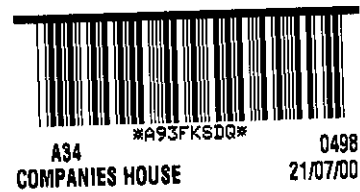


MINING & CHEMICAL PRODUCTS LIMITED

REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 1999



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## COMPANY INFORMATION

Directors	I V Cadell	Chairman
	M D Fickling	Managing Director
	Stephen Davenhill	(appointed 23 March 2000)
	I D McLean	
	P German-Ribon	(resigned 23 March 2000)
	A German-Ribon	(resigned 23 March 2000)

Principal Bankers	HSBC Midland plc 8 London Street Basingstoke Hants RG21 7NU
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Auditors	RSM Robson Rhodes Chartered Accountants 186 City Road London EC1V 2NU
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Solicitors	Lawrence Graham 190 Strand London WC2R 1JN
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Registered office	190 Strand London WC2R 1JN
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Registered number	244498
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**DIRECTORS' REPORT**

To be presented at the seventy first ANNUAL GENERAL MEETING of the Company to be held at Laverstoke, Hampshire on 20 April 2000, at 12 noon.

The Directors submit their report and audited financial statements for the year ended 31 December 1999.

**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 returned an acceptable performance in 1999, notwithstanding the very disappointing results of the Company's joint ventures. The joint ventures returned further losses of £611,000, before allowing for taxation reliefs, and, after careful deliberation, both ventures were terminated during the year. The directors expect a return to less volatile profits in the forthcoming year.

**RESULTS AND DIVIDENDS**

The Group has made a profit before taxation for the year of £1,252,000 (1998 £724,000), and has earnings for the year, after taxation, of £971,000 (1998 £490,000). The directors do not recommend the payment of a dividend.

**EUROPEAN MONETARY UNION**

The Group is able to conduct business in Euros, should suppliers or customers require this.

**DIRECTORS**

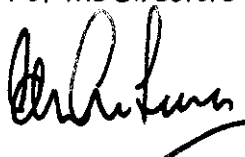
The composition of the Board is as stated on page 1. All directors served throughout the year save for Mr Davenhill who was appointed on 23 March 2000. On that date, Mr P German-Ribon and Mr A German-Ribon resigned as directors of the company. None of the directors has any beneficial interest in the issued share capital of the Company.

**AUDITORS**

On 18 October 1999, the Company's auditors changed their name to RSM Robson Rhodes. They 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 23 March 2000, and it is signed on its behalf by:

I D McLean, CA (SA) FAPA  
Secretary



**CONSOLIDATED PROFIT AND LOSS ACCOUNT**


	Note	1999 £ '000's	1998 £'000's
<b>TURNOVER (continuing)</b>	2	24,214	25,213
<i>Total turnover</i>		41,500	57,391
<i>less: Turnover relating to joint ventures (discontinued)</i>	11	(17,286)	(32,178)
Raw materials and consumables		18,544	18,935
Change in stocks		(1,082)	371
<b>Gross Profit</b>		<b>6,752</b>	<b>5,907</b>
Other operating income	3	97	68
Release of General Provision		-	130
Staff costs	4	(2,963)	(2,696)
Depreciation of tangible fixed assets		(463)	(255)
Loss on disposal of assets		-	(3)
Other operating charges		(1,880)	(2,037)
<b>OPERATING PROFIT, before interest</b>	5	<b>1,543</b>	<b>1,114</b>
Loss on interest in joint ventures (discontinued)	11	(91)	(142)
Interest payable			
Group	6	(157)	(167)
Joint ventures (discontinued)	11	(70)	(129)
Interest receivable	7	27	48
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>1,252</b>	<b>724</b>
Taxation	8	(281)	(234)
<b>PROFIT AFTER TAXATION TRANSFERRED TO RESERVES</b>	18	<b>971</b>	<b>490</b>

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 13.

## CONSOLIDATED BALANCE SHEET

	Note	1999 £ '000's	1998 £'000's
<b>FIXED ASSETS</b>			
Tangible	10	2,803	2,915
Investments in joint ventures	11	-	222
<i>Share of gross assets</i>		-	1,612
<i>Share of gross liabilities</i>		-	(1,390)
		2,803	3,137
<b>CURRENT ASSETS</b>			
Stocks	12	5,395	4,313
Debtors	13	4,030	2,981
Cash at bank and in hand		862	811
		10,287	8,105
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>			
	14	(4,624)	(3,735)
<b>NET CURRENT ASSETS</b>		5,663	4,370
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		8,466	7,507
Provision for liabilities and charges	15	(68)	(80)
<b>TOTAL NET ASSETS</b>		8,398	7,427
<b>CAPITAL AND RESERVES</b>			
CALLED UP SHARE CAPITAL	16	1,000	1,000
PROFIT AND LOSS ACCOUNT	17	7,398	6,427
<b>EQUITY SHAREHOLDERS' FUNDS</b>	18	8,398	7,427

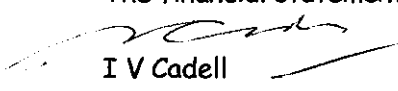
The financial statements were approved by the Board on 23 March 2000, and signed on its behalf by:

  
I V Cadell  
Director

## BALANCE SHEET

	Note	1999 £ '000's	1998 £'000's
<b>TANGIBLE FIXED ASSETS</b>	10	2,803	2,915
<b>CURRENT ASSETS</b>			
Stocks	12	5,395	4,313
Debtors	13	4,030	3,203
Cash at bank and in hand		862	811
		10,287	8,327
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	14	(4,624)	(3,735)
<b>NET CURRENT ASSETS</b>		5,663	4,592
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		8,466	7,507
Provision for liabilities and charges	15	(68)	(80)
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The financial statements were approved by the Board on 23 March 2000, and signed on its behalf by:

  
I V Cadell  
Director

**CONSOLIDATED CASH FLOW STATEMENT**

	Note	1999 £'000's	1998 £'000's
<b>Operating activities</b>	<b>19</b>	<b>734</b>	<b>1,793</b>
<b>Returns on investment and servicing of finance</b>			
Interest received		27	48
Interest paid		(157)	(167)
		<b>(130)</b>	<b>(119)</b>
<b>Taxation</b>			
Paid to fiscal authorities		(196)	(134)
		<b>(196)</b>	<b>(134)</b>
<b>Capital expenditure</b>			
Investment in joint ventures		-	(493)
Additions to tangible fixed assets		(370)	(784)
Proceeds from sale of fixed assets		13	17
		<b>(357)</b>	<b>(1,260)</b>
<b>Financing</b>			
Repayment of bank loan	20	-	(608)
		-	<b>(608)</b>
<b>Change in cash resources</b>	<b>20</b>	<b>51</b>	<b>(328)</b>



## 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.

As permitted by s.230 Companies Act 1985, the profit and loss account of the parent company has not been presented separately in the financial statements.

**Consolidation**

The group profit and loss account and balance sheet include the accounts of the Company and of both its subsidiaries made up to the end of the financial year. Reserves arising on consolidation are transferred to other reserves, and goodwill so arising is charged to these reserves. Any net deficit is transferred to the profit and loss account until such time as future transactions eliminate this deficit.

The results and net assets of the Group's investment in joint venture associates are included using the equity accounting method up to the date of termination of the joint ventures.

**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 probably that the liability will become payable in the foreseeable future.

**Related Party transactions**

The Company prepares consolidated financial statements for itself and its subsidiaries. Transactions and balances within the group are eliminated on consolidation.

The Company is a wholly owned subsidiary of Compagnie Aramayo SA, which company also 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 the group are not set out in these financial statements.

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

**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.

## NOTES TO THE FINANCIAL STATEMENTS

	1999 £'000's	1998 £'000's
<b>2. TURNOVER</b>		
Turnover analysed by geographical area		
United Kingdom	6,707	6,230
Germany	7,120	8,012
Other European countries	4,253	3,756
North America	4,821	5,304
South America	672	553
Other countries	641	1,358
	<b>24,214</b>	<b>25,213</b>
<b>3. OTHER OPERATING INCOME</b>		
Other services	97	68
<b>4. STAFF COSTS</b>		
<b>Costs</b>		
Wages, salaries and related costs	2,432	2,254
Social security costs	273	224
Pension costs (defined contribution)	98	134
Other	160	84
	<b>2,963</b>	<b>2,696</b>
<b>Average number of employees</b>	Number	Number
Management and administration	16	20
Selling and distribution	23	23
Manufacturing	69	63
	<b>108</b>	<b>106</b>
<b>5. OPERATING PROFIT</b>		
This is stated after charging		
Auditors' remuneration	36	38
Auditors fees for services other than audit	32	32
Depreciation of fixed assets	463	255
Operating leases - Motor vehicles	23	57
- Property	105	102
Directors' remuneration	526	416
- Cost of pensions	39	38
- Highest paid director	185	208

## NOTES TO THE FINANCIAL STATEMENTS

	1999 £'000's	1998 £'000's		
<b>6. INTEREST PAYABLE</b>				
Interest on loans and overdrafts repayable within five years	24	61		
Group interest	133	106		
	<b>157</b>	<b>167</b>		
<b>7. INTEREST RECEIVABLE</b>				
Bank interest	27	48		
<b>8. TAXATION</b>				
The taxation charge is based on the profit on ordinary activities.				
Mainstream Corporation Tax at 30% (1998: 31%)	310	154		
Deferred tax	(12)	80		
Under/(Over) provision in prior year	(17)	-		
	<b>281</b>	<b>234</b>		
<b>9. DIVIDEND</b>				
Dividend paid	nil	nil		
<b>10. TANGIBLE ASSETS</b>				
		<b>Group and Company</b>		
	Freehold Land and Building £'000's	Plant and Machinery £'000's	Computers Cars and Equipment £'000's	Total £'000's
<b>Cost</b>				
At 1 January	1,827	1,549	694	4,070
Additions	43	148	179	370
Disposals	-	-	(92)	(92)
<b>At 31 December</b>	<b>1,870</b>	<b>1,697</b>	<b>781</b>	<b>4,348</b>
<b>Depreciation</b>				
At 1 January	98	766	291	1,155
Charge for the year	35	268	160	463
Disposals	-	-	(73)	(73)
<b>At 31 December</b>	<b>133</b>	<b>1,034</b>	<b>378</b>	<b>1,545</b>
<b>Net Book Value</b>				
At 31 December 1999	1,737	663	403	2,803
At 31 December 1998	1,729	783	403	2,915

NOTES TO THE FINANCIAL STATEMENTS

11. INVESTMENTS

**Group companies**

The Company owned 100% of the £1,000 issued share capital of Mule Metals Corporation Limited, a company registered in England and Wales. That company went into liquidation on 21 December 1999. 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 is presently dormant.

	1999 £'000's	1998 £'000's
<b>Group Interest in associated undertakings</b>		
<b>Share of net assets of joint ventures</b>		
At 1 January (1998: on inception)	222	493
Share of operating loss	(541)	
Gross Repayments	450	
Net Loss	(91)	(142)
Amounts receivable	(61)	-
Share of interest payable	(70)	(129)
At 31 December	-	222
 <b>Company investments</b>		
<b>Cost</b>		
At 1 January (1998: on inception)	2	2
At 31 December	2	2
 <b>Provisions</b>		
At 1 January (1998: on inception)	2	2
At 31 December	2	2
 <b>Net Book Value at 31 December</b>	 -	 -
 <b>Joint Venture Turnover</b>		
<i>United Kingdom</i>	3,458	5,512
<i>Germany</i>	3,514	6,517
<i>Other European countries</i>	8,586	16,030
<i>North America</i>	-	2,768
<i>South America</i>	-	279
<i>Asia</i>	-	949
<i>Other countries</i>	1,728	123
	<b>17,286</b>	<b>32,178</b>

*There were no pre-acquisition profits.*

## NOTES TO THE FINANCIAL STATEMENTS

		Group and Company		
		1999	1998	
		£'000's	£'000's	
12.	<b>STOCKS</b>			
	Raw materials	3,326	2,178	
	Work in progress	971	1,130	
	Finished goods and goods for re-sale	1,098	1,005	
		<b>5,395</b>	<b>4,313</b>	
		Group and Company	Group	Company
		1999	1998	1998
		£'000's	£'000's	£'000's
13.	<b>DEBTORS</b>			
	Trade debtors	2,066	1,826	1,826
	Amounts owed by			
	- fellow subsidiaries	1,592	935	935
	- subsidiaries	-	-	222
	- associates	220	159	159
	Value Added Taxation	101	58	58
	Other debtors	51	3	3
		<b>4,030</b>	<b>2,981</b>	<b>3,203</b>
14.	<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>			
	Trade creditors	716	488	488
	Accruals	1,078	901	901
	Amounts owed to			
	- subsidiaries	-	-	-
	- parent	2,549	2,158	2,158
	Corporation tax	251	154	154
	Other creditors	30	34	34
		<b>4,624</b>	<b>3,735</b>	<b>3,735</b>
		Group and Company		
		£'000's	£'000's	
15.	<b>PROVISION FOR LIABILITIES AND CHARGES</b>			
	<b>Deferred taxation (at 30% - 1998: 31%)</b>			
	At 1 January	80	-	
	Released / Arising in the year	(12)	80	
	<b>At 31 December</b>	<b>68</b>	<b>80</b>	

Deferred Taxation is provided in respect of accelerated capital allowances.

NOTES TO THE FINANCIAL STATEMENTS

16.	<b>CALLED UP SHARE CAPITAL</b> 1,000,000 authorised, allotted and fully paid ordinary shares of £1 At 1 January and 31 December			1,000
		<b>Group</b>	<b>Company</b>	
		<b>£'000's</b>	<b>£'000's</b>	
17.	<b>PROFIT AND LOSS ACCOUNT</b> At 1 January Result for the year At 31 December	6,427	6,427	
		971	971	
		<b>7,398</b>	<b>7,398</b>	
		<b>Group and Company</b>	<b>Group</b>	<b>Company</b>
		<b>1999</b>	<b>1998</b>	<b>1998</b>
		<b>£'000's</b>	<b>£'000's</b>	<b>£'000's</b>
18.	<b>EQUITY SHAREHOLDERS' FUNDS</b> Opening equity shareholders funds Result for the year Closing equity shareholders funds	7,427	6,937	6,769
		971	490	658
		<b>8,398</b>	<b>7,427</b>	<b>7,427</b>
		<b>1999</b>	<b>1998</b>	<b>1998</b>
		<b>£'000's</b>	<b>£'000's</b>	<b>£'000's</b>
19.	<b>RECONCILIATION BETWEEN PROFIT AND LOSS RESULT AND OPERATING CASH FLOW</b>			
	Operating profit, before interest and loss on joint ventures	1,543	1,114	
	Movement on provisions	-	(150)	
	Depreciation	463	255	
	Loss on disposal of fixed assets	7	2	
	<b>Cash effect of trading operations</b>	<b>2,013</b>	<b>1,221</b>	
	Decrease/(Increase) in stocks	(1,082)	371	
	Decrease/(Increase) in debtors	(1,049)	528	
	Increase/(Decrease) in creditors	852	(327)	
	<b>Cash effect of working capital changes</b>	<b>(1,279)</b>	<b>572</b>	
	<b>Operating activities</b>	<b>734</b>	<b>1,793</b>	

## NOTES TO THE FINANCIAL STATEMENTS

## 20. ANALYSIS OF NET DEBT and RECONCILIATION OF CASH FLOW TO MOVEMENT ON NET CASH

	Cash £'000's	Borrowing £'000's	Net Cash £'000's
At 1 January 1998	1,139	(608)	531
Loans repaid	-	608	608
Net cash outflow	(328)	-	(328)
At 1 January	811		811
Net cash inflow	51	-	51
At 31 December	862	-	862

Group and company	
1999	1998
£'000's	£'000's

## 21. FINANCIAL COMMITMENTS

**Group capital expenditure commitments**

Contracted

- -

**Operating lease commitments**

Annual commitments analysed according to the period on which the lease expires:

*Within one year*

Non property related

3 8

Property related

- -

*Two to five years*

Non property related

37 8

Property related

105 105

*After five years*

Non property related

- -

Property related

- 65

**Guarantees**

The Company's bankers have given a guarantee in favour of a fellow subsidiary's bankers, indemnified by the Company. At 31 December 1999, the amount outstanding was ITL 50 million (1998 ITL 50 million). 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. At 31 December the amount outstanding was £103,000 (1998 £102,000).

The Company has given a guarantee in favour of the UBS AG, of a maximum of one million dollars, in respect of facilities provided by the bank to a joint venture in which the Company has an interest. There were no monies outstanding against this facility at 31 December 1999.

**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.



**NOTES TO THE FINANCIAL STATEMENTS**

**22. PARENT COMPANY**

The Company is a wholly owned subsidiary of Mining and Chemical Products SA, a company incorporated in Switzerland whose 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

**REPORT OF THE AUDITORS  
TO THE SHAREHOLDERS OF MINING & CHEMICAL PRODUCTS LIMITED**

We have audited the financial statements on pages 3 to 15, which have been prepared based on the accounting policies set out on pages 7 and 8.

**Respective responsibilities of directors and auditors**

Company law 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 group and Company, and of the profit and loss and cash flows of the group for that period. In preparing those financial statements, the directors are required to:

- 1 select suitable accounting policies and apply them consistently;
- 2 make judgements and estimates that are reasonable and prudent;
- 3 consider whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 4 prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and Company will continue in business.

The directors are responsible for keeping proper accounting records which 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.

It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

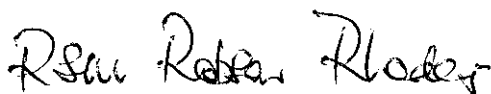
**Basis of opinion**

We conducted our audit in accordance with 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 of the financial statements.

**Opinion**

In our opinion the financial statements give a true and fair view of the state of affairs of the group and Company as at 31 December 1999 and of the 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 Auditor  
London  
24 March 2000