

**Sibelco Minerals and Chemicals (Holdings)
Limited**

**Directors' report and financial
statements**

Registered number 495403

31 December 2006



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Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2006

Business review

The Company operates as the holding company for the minerals and chemicals companies within the Sibelco Minerals and Chemicals group

Dividend

No dividend will be recommended by the directors (2005 £nil)

Directors

The changes in the directors and those directors presently in office are listed below, all served on the board throughout the year unless otherwise indicated

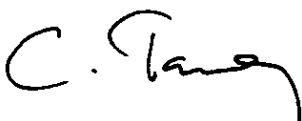
ME Beckett	(resigned 31 December 2006)
WD Brown	(resigned 31 May 2006)
TC Cutbush	(appointed 1 January 2007)
NA Harrison	(appointed 23 May 2006)
G Hillebrand	(resigned 31 December 2006)
MC James	(appointed 23 May 2006)
C Tawney	

The directors have no beneficial interest in the shares of this company or any group company

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting

By order of the board



C Tawney
Director

Brookside Hall
Congleton Road
Sandbach
Cheshire
CW11 4TF

28 March 2007

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with IFRSs as adopted by the EU and applicable laws.

The financial statements are required by law to present fairly the financial position and the performance of the company. The Companies Act 1985 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

- In preparing these financial statements, the directors are required to
- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether they have been prepared in accordance with IFRSs as adopted by the EU, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG LLP

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Neville Street
Leeds
LS1 4DW
United Kingdom

Report of the independent auditors' to the members of Sibelco Minerals and Chemicals (Holdings) Limited

We have audited the financial statements of Sibelco Minerals and Chemicals (Holdings) Limited for the year ended 31 December 2006 which comprise the Income Statement, the Balance Sheet, the Cash Flow Statement and the Statement of Recognised Income and Expense and the related notes. These financial statements have been prepared under the accounting policies set out therein.

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 financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU are set out in the Statement of Directors' Responsibilities on page 2.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements have been properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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.

Report of the independent auditors' to the members of Sibelco Minerals and Chemicals (Holdings) Limited *(continued)*

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with IFRSs as adopted by the EU, of the state of the company's affairs as at 31 December 2006 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' report is consistent with the financial statements

KPMG LLP

KPMG LLP
Chartered Accountants
Registered Auditor

28 March 2007

Income statement

for the year ended 31 December 2006

	<i>Note</i>	2006 £	2005 £
Operating result		-	-
Interest received		142	152
Profit on ordinary activities before taxation		142	152
Taxation	3	(43)	(46)
Profit for the year	8	99	106

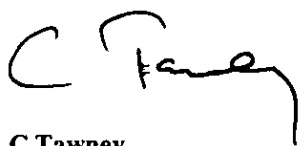
In both the current and preceding year there were no recognised gains or losses other than the profit for the year

All of the above results relate to continuing operations

Balance sheet
at 31 December 2006

	<i>Note</i>	2006		2005	
		£	£	£	£
Non-current assets					
Investments	4	4,735,606		4,735,606	
Current assets					
Trade and other receivables	5	41,946,102		41,946,212	
Cash and cash equivalents		7,096		6,954	
		<u>41,953,198</u>		<u>41,953,166</u>	
Net current assets		41,953,198		41,953,166	
Total assets less current liabilities		46,688,804		46,688,772	
Non-current liabilities					
Financial liabilities – borrowings	6	(37,358,005)		(37,358,072)	
Net assets		9,330,799		9,330,700	
Shareholders' equity					
Called up share capital	7	1,200,002		1,200,002	
Share premium account	8	11,218,274		11,218,274	
Capital reserve	8	493,460		493,460	
Profit and loss account	8	(3,580,937)		(3,581,036)	
Total equity shareholders' funds	9	9,330,799		9,330,700	

These financial statements were approved by the board of directors on 28 March 2007 and were signed on its behalf by



C Tawney
 Director

Cash flow statement
for the year ended 31 December 2006

	2006		2005	
	£	£	£	£
Cash flow from operating activities				
Operating loss	-		-	
	<hr/>		<hr/>	
Net cash flow from operating activities		-		-
Cash flow from financing activities				
Interest received	142		152	
	<hr/>		<hr/>	
Net cash flow from financing activities		142		152
		<hr/>		<hr/>
Increase in cash and cash equivalents in the year		142		152
Cash and cash equivalents at 1 January		6,954		6,802
		<hr/>		<hr/>
Cash and cash equivalents at 31 December		7,096		6,954
		<hr/>		<hr/>

Notes

(forming part of the financial statements)

1 Accounting policies

Sibelco Minerals and Chemicals (Holdings) Limited (the 'Company') is a company incorporated in the UK

Basis of preparation

The financial statements have been prepared under the historical cost convention and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs")

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements

Consolidated financial statements

The Company is exempt by virtue of section 228 of the Companies Act 1985 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

Investments

Investments in subsidiary and associated companies are stated at cost less provisions for any permanent diminution in value.

Financial instruments

Financial assets and financial liabilities, in respect of financial instruments, are recognised on the company's balance sheet when the company becomes party to the contractual provisions of the instrument. Financial assets and liabilities with group companies are initially recognised at fair value which is equal to cost at inception.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

2 Directors and employees

The average number of persons employed by the Company, excluding directors, during the year was nil (2005 nil).

None of the directors received any emoluments during the year in respect of their services to the Company (2005 nil).

Notes (continued)

3 Taxation

	2006 £	2005 £
Current tax on income for the year at 30% (2005 30%)	43	46
Total current tax	43	46
Total tax in income statement	43	46

There is no difference between the total tax charge for the period and the standard rate of corporation tax in the UK

4 Non-current asset investments

	Shares in group undertakings £
<i>Shares</i>	
<i>Cost</i>	
At 1 January and 31 December 2006	4,867,002
<i>Provisions</i>	
At 1 January and 31 December 2006	131,396
<i>Net book value</i>	
At 31 December 2005 and 2006	4,735,606

The company has the following investments in subsidiaries

Company	Country of incorporation or registration
WBB Minerals Limited	England
WBB Devon Clays Limited	England
*Prestige Sports Surfaces Limited	England
*Arnold Sands Limited	England
*Associated Silicas Limited	England
*British Industrial Sand (Scotland) Limited	Scotland
*Fordath Limited	England
*Fordath Developments Limited	England
*Ilamian Limited	England
*Sibelco Minerals and Chemicals B V	The Netherlands

Notes (continued)

4 Non-current asset investments (continued)

Each company is wholly owned (except Prestige Sports Surfaces Limited which is 50% owned) and operates in its country of incorporation or registration. Those companies which are not direct subsidiaries of Sibelco Minerals and Chemicals (Holdings) Limited are denoted*

In the opinion of the directors, the aggregate value of the investment in the Company's subsidiaries is not less than the aggregate of the amount at which those assets are stated in the balance sheet

5 Trade and other receivables

	2006 £	2005 £
Amounts due from group companies	41,946,102	41,946,212

6 Non-current financial liabilities – borrowings

	2006 £	2005 £
Loan owed to group companies	37,358,005	37,358,005
Amounts due to group companies	-	67
	37,358,005	37,358,072

The loan is a long term loan provided by a fellow group company Watts Blake Bearne and Company PLC. There are no fixed repayment terms on the loan.

7 Share capital

	2006 £	2005 £
Ordinary shares of £1 each Authorised	1,200,002	1,200,002
Allotted, called up and fully paid	1,200,002	1,200,002

Notes (continued)

8 Reserves

	Share premium account £	Capital reserve £	Profit and loss account £
At 1 January 2006	11,218,274	493,460	(3,581,036)
Retained profit for the year	-	-	99
At 31 December 2006	11,218,274	493,460	(3,580,937)

9 Reconciliation in movement in shareholders' funds

	2005 £	2004 £
Profit for the year	99	106
Shareholders' funds at 1 January	9,330,700	9,330,594
Shareholders' funds at 31 December	9,330,799	9,330,700

10 Ultimate holding company

The company's immediate parent company and controlling party is WBB Minerals (Holdings) Limited, registered in England and Wales. The smallest group in which they are consolidated is Watts Blake Bearne & Co Plc. Copies of the financial statements of both WBB Minerals (Holdings) Limited and Watts Blake Bearne & Co Plc are available from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.

The company's ultimate parent undertaking and controlling related party is SCR Sibelco NV. This company is incorporated in Belgium, with its consolidated financial statements available from Balanscentrale, at Nationale Bank van België, Balanscentrale, de Berlaimontlaan 14, 1000 Brussel.