

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

**Directors' report and financial  
statements**

**Registered number 495403**

**31 December 2005**



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## Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2005.

### Business review

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

### IFRS adoption

The company has prepared the financial statements in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs") for the first time. The transition to Adopted IFRSs has had no effect on the reported financial position and financial performance of the company.

### Dividend

No dividend will be recommended by the directors (2004: £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

WD Brown (resigned 31 May 2006)

NA Harrison (appointed 23 May 2006)

G Hillebrand

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

19 October 2006

## 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 the directors have elected to prepare the financial statements in accordance with IFRSs as adopted by the EU.

The financial statements are required by law and IFRSs as adopted by the EU to present fairly the financial position of the company and the performance for that period; 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 the 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 a 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**

1 The Embankment  
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 2005 which comprise the Income Statement, Balance Sheet, Cash Flow Statement 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 Directors' Report and 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 are properly prepared in accordance with the Companies Act 1985 and Article 4 of the IAS Regulation. 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 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 2005 and of the company's profit for the year then ended; and
- | have been properly prepared in accordance with the Companies Act 1985 and Article 4 of the IAS Regulation.

KPMG LLP

KPMG LLP  
Chartered Accountants  
Registered Auditor

19 October 2006

**Income statement**  
*for the year ended 31 December 2005*

	<i>Note</i>	<b>2005</b> <b>£</b>	<b>2004</b> <b>£</b>
Administration costs		-	(32)
<b>Operating loss</b>		-	(32)
Interest received		152	103
<b>Profit on ordinary activities before taxation</b>		152	71
Taxation	3	(46)	(21)
<b>Profit for the year</b>	8	106	50

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 2005*

	<i>Note</i>	<b>2005</b>		<b>2004</b>	
		£	£	£	£
<b>Non-current assets</b>					
Investments	4	4,735,606		4,735,606	
<b>Current assets</b>					
Trade and other receivables	5	41,946,212		41,946,212	
Cash and cash equivalents		6,954		6,802	
		<hr/>		<hr/>	
<b>Net current assets</b>		41,953,166		41,953,014	
		<hr/>		<hr/>	
<b>Total assets less current liabilities</b>		46,688,772		46,688,620	
<b>Non-current liabilities</b>					
Financial liabilities – borrowings	6	(37,358,072)		(37,358,026)	
		<hr/>		<hr/>	
<b>Net assets</b>		9,330,700		9,330,594	
		<hr/>		<hr/>	
<b>Shareholders' equity</b>					
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	(3,581,036)		(3,581,142)	
		<hr/>		<hr/>	
<b>Total equity shareholders' funds</b>	9	9,330,700		9,330,594	
		<hr/>		<hr/>	

These financial statements were approved by the board of directors on 19 October 2006 and were signed on its behalf by:



**C Tawney**  
 Director



**Cash flow statement**  
*for the year ended 31 December 2005*

	2005		2004	
	£	£	£	£
<b>Cash flow from operating activities</b>				
Operating loss	-		(32)	
	<hr/>		<hr/>	
<b>Net cash flow from operating activities</b>		-		(32)
<b>Cash flow from financing activities</b>				
Interest received	152		103	
	<hr/>		<hr/>	
<b>Net cash flow from financing activities</b>		152		103
		<hr/>		<hr/>
<b>Increase in cash and cash equivalents in the year</b>		152		71
Cash and cash equivalents at 1 January		6,802		6,731
		<hr/>		<hr/>
<b>Cash and cash equivalents at 31 December</b>		6,954		6,802
		<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 and in preparing an opening IFRS balance sheet at 1 January 2004 for the purposes of the transition to Adopted IFRSs.

#### *Transition to Adopted IFRSs*

The company is preparing their financial statements in accordance with Adopted IFRS for the first time and consequently has applied IFRS 1. The transition to Adopted IFRSs has had no effect on the reported financial position and financial performance of the company.

#### *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.

#### *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 (2004: nil).

None of the directors received any emoluments during the year in respect of their services to the Company (2004: nil).

## Notes (continued)

### 3 Taxation

	2005 £	2004 £
Current tax on income for the year at 30% (2004: 30%)	46	21
Total current tax	46	21
Total tax in income statement	46	21

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 2005	4,867,002
<i>Provisions</i>	
At 1 January and 31 December 2005	131,396
<i>Net book value</i>	
At 31 December 2004 and 2005	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
*Chemical Packing Co (Acton) Limited	England
*Feslente Limited	England
*Fordath Limited	England
*Fordath Developments Limited	England
*Hinckley Estates Limited	England
*Ilamian Limited	England
*Marshall Foundry Products Limited	England
*WBB Industrial Ceramics 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

	2005 £	2004 £
Amounts due from group companies	41,946,212	41,946,231

### 6 Non-current financial liabilities – borrowings

	2005 £	2004 £
Loan owed to group companies	37,358,005	37,358,005
Amounts due to group companies	67	21
	<u>37,358,072</u>	<u>37,358,026</u>

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

	2005 £	2004 £
Ordinary shares of £1 each: Authorised	1,200,002	1,200,002
Allotted, called up and fully paid	<u>1,200,002</u>	<u>1,200,002</u>

## Notes (continued)

### 8 Reserves

	Share premium account £	Capital reserve £	Profit and loss account £
At 1 January 2005	11,218,274	493,460	(3,581,142)
Retained profit for the year	-	-	106
<b>At 31 December 2005</b>	<b>11,218,274</b>	<b>493,460</b>	<b>(3,581,036)</b>

### 9 Reconciliation in movement in shareholders' funds

	2005 £	2004 £
Profit for the year	106	50
Shareholders' funds at 1 January	9,330,594	9,330,544
<b>Shareholders' funds at 31 December</b>	<b>9,330,700</b>	<b>9,330,594</b>

### 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.

### 11 Explanation of transition to adopted IFRSs

As stated in note 1, these are the Company's first financial statements prepared in accordance with Adopted IFRSs.

The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 31 December 2005, the comparative information presented in these financial statements and in the preparation of an opening IFRS balance sheet at 1 January 2004 (the Company's date of transition).

In preparing its opening IFRS balance sheet, the Company has made no adjustments to the amounts reported previously in the financial statements prepared in accordance with its old basis of accounting (UK GAAP). Consequently, no tables explaining the transition from UK GAAP to Adopted IFRSs are shown.

#### *Cash flow statement*

Under UK GAAP, the Company was not required to, and did not, prepare a cash flow statement. Under IFRS, no such exemption is available, hence a cash flow statement with comparatives has been presented.