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FOSECO HOLDING BV
ANNUAL REPORT 2005
UK BRANCH NO: BR007539



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FOSECO HOLDING BV

DIRECTORS' REPORT

The directors present their report and accounts for the year ended 31 December 2005.

Results and Dividends

The company's profit for the year after taxation amounted to €1,378,000 (2004: €2,169,000).

The directors recommended the payment of a dividend of €19,000,000 (2004: €1,600,000) and the remaining loss of €17,622,000 has been transferred to reserves.

Review of the Business

The company's principal activity during the year is that of a holding company.

Future Developments

The directors consider that the business of the company is unlikely to change in the foreseeable future.

Significant Events

The ultimate holding company at the start of the year was Foseco (Jersey) Limited. On 12 May 2005, a group restructuring occurred wherein a new company, Foseco plc registered in the UK, acquired the entire ordinary share capital of Foseco (Jersey) Limited and was then floated on the London Stock Exchange.

The ultimate holding company following the restructuring is Foseco plc.

On 12 May 2005, the company issued one share at an issue price of €3,186,014 to Foseco Holding Europe Ltd.

On 12 May 2005, the company acquired 50% of the share capital of Foseco Döküm Sanayi ve Ticaret Limited Sirketi from another group company, Foseco International Limited for €3,186,014.

Directors and their Interests

The directors who served during the year were as follows:

P D Dean
S M Roberts

No director had any interest in the shares of the company.

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DIRECTORS' REPORT (continued)

Directors and their Interests

The interests of the directors in the shares of Foseco plc were:-

	Ordinary shares of 25p each		Awards under the Long term incentive plan (Ltip) - ordinary shares of 25p each			
	As at 5.4.05*	As at 31.12.05	As at 5.4.05*	Granted	Lapsed	As at 31.12.05
P D Dean	Nil	692,637	Nil	139,860	Nil	139,860
S M Roberts	Nil	88,047	Nil	36,531	Nil	36,531

* Date of incorporation of Foseco plc.

Awards under Long term incentive plan refer to the Foseco plc scheme of which all the directors are participants. Full details of this scheme are available in the Foseco plc Annual Report and Financial Statements.

No director was interested during or at the end of the year in any contract which was significant in relation to the company's business.

The company has indemnified all directors and officers of the company against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 1985. Such qualifying third party indemnity provision was in force during the year.



Director



Director

30 August 2006

FOSECO HOLDING BV

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2005

Notes

	2005 €'000	2004 €'000
Gross profit	-	-
Administrative expenses	-	(7)
Exchange Differences on Loans	(105)	(1,325)
2 Operating profit	(105)	(1,332)
Group interest receivable	809	1,607
Group interest payable	(249)	(184)
External Interest	-	(19)
Profit/Loss on ordinary activities before tax	455	72
Dividends received/receivable	1,229	2,289
Amortisation on Acquisition Fees	(188)	(50)
Profit on ordinary activities before tax	1,496	2,311
3 Taxation on profit on ordinary activities	(118)	(142)
Profit on ordinary activities after taxation	1,378	2,169

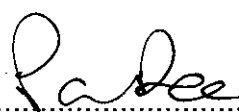
The Company has no recognised gains or losses other than the profit for the year €1,378,000 (2004: €2,169,000).

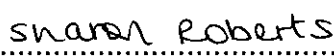
FOSECO HOLDING BV

BALANCE SHEET AT 31 DECEMBER 2005

Notes		2005 €'000	2004 €'000
	Fixed assets:		
4	Investments	15,161	11,975
		<u>15,161</u>	<u>11,975</u>
	Current assets:		
5	Debtors	5,618	22,621
	Cash and short term deposits	1	2
		<u>5,619</u>	<u>22,623</u>
6	Creditors: amounts falling due within one year	(3,058)	(2,440)
		<u></u>	<u></u>
	Net current assets	<u>2,561</u>	<u>20,183</u>
	Shareholders' net assets	<u>17,722</u>	<u>32,158</u>
	Capital and reserves:		
7	Called-up share capital	10,549	7,363
8	Share premium	3,176	3,176
8	Profit and loss account	3,997	21,619
		<u></u>	<u></u>
8	Total shareholders' funds	<u>17,722</u>	<u>32,158</u>

Approved by the board of directors on 30 August 2006
and signed on their behalf


.....
Director


.....
Director

FOSECO HOLDING BV

NOTES TO THE ACCOUNTS

1 Accounting Policies

Group Accounts

The Company's ultimate parent undertaking at the start of the year was Foseco (Jersey) Limited, a company registered in Jersey and then Foseco plc. The Company's accounts are incorporated into the consolidated accounts of Foseco plc which are prepared in accordance with UK legislation and include a consolidated cash flow statement.

The Company is therefore exempt from the requirements of Financial Reporting Standard No 1 (Revised) - 'Cash Flow Statements'.

The report and accounts of Foseco plc may be obtained from Coleshill Road, Tamworth, Staffordshire, B78 3TL. This is the parent undertaking of the smallest and largest group into which the company's results are consolidated and for which group accounts are prepared and are publicly available.

Accounting Convention

The accounts have been prepared under the historical cost convention, and have been prepared in accordance with all applicable accounting standards.

Investments in subsidiary undertakings

Investments in subsidiary undertakings are stated at cost less amounts written off.

Deferred taxation

Corporation tax payable is provided on taxable profits at the current rate.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more, tax, with the following exceptions:

- Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, or gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold

FOSECO HOLDING BV

NOTES TO THE ACCOUNTS (Continued)

- Provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiaries and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable.
- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

2 Remuneration of Directors and Employees

- a) None of the directors who served during the year received financial remuneration from the company, or from any other group undertaking, in respect of their services to this company (2004 - €NIL).
- b) The average number of employees during the year was NIL (2004 - NIL).

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NOTES TO THE ACCOUNTS (Continued)

3. Taxation

The tax charge for the year comprises	2005 €'000	2004 €'000
<i>UK corporation tax</i>		
Current tax charge/(credit) on income for the period	519	687
Withholding taxes	39	95
Double tax relief	(519)	(687)
<i>Netherlands Corporate Tax</i>		
Current tax charge/(credit)	-	53
Total current tax	39	148
Adjustments in respect of prior years	79	(6)
Total tax	118	142

Although the Company remains incorporated in the Netherlands, from 13 February 2004 the fiscal residence of the Company was moved to the United Kingdom. From this date, the Company ceased to be liable for Netherlands corporate tax but became liable to UK corporation tax.

Tax reconciliation	2005 €'000	2004 €'000
UK corporation tax @ 30% of profit before tax	449	667
Netherlands tax	-	53
Withholding taxes borne	39	95
Non-deductible and non-taxable items	196	391
Double tax relief	(519)	(687)
Group relief not paid	(126)	(371)
Adjustments in respect of prior years	79	(6)
Current tax on profit on ordinary activities	118	142

FOSECO HOLDING BV

NOTES TO THE ACCOUNTS (continued)

4. Investment in subsidiary undertaking

	2005 €'000	2004 €'000
Cost:		
At 1 January	16,715	16,715
Additions	3,186	-
At 31 December	19,901	16,715
Provision:		
At 1 January and 31 December	(4,740)	(4,740)
Net book value 31 December	15,161	11,975

The company's subsidiary and associated undertakings are in the business of specialty chemicals, including metallurgical chemicals, and other interests.

The following is a list of principal subsidiary and associated undertakings of which Foseco Holding BV directly or through subsidiary companies, the beneficial owner of the whole, or such lesser percentage as is stated, of the equity share capital.

Company	Country of Registration	Class of Shares	
Foseco Portugal Ltd	Portugal	Ordinary	
Foseco Nederland BV	Netherlands	Ordinary	
Foseco SA	Belgium	Ordinary	
Foseco Austria GMBH	Austria	Ordinary	
Foseco NZ Ltd	New Zealand	Ordinary	
Foseco Canada Inc	Canada	Ordinary	
Foundry Traders International Ltd	Hong Kong	Ordinary	
Foseco Golden Gate Co Ltd	Taiwan	Ordinary	51%
Foseco Dokum Sanayi Ve Ticaret Ltd	Turkey	Ordinary	50%

In the opinion of the directors of the Company, the value of the interest in the subsidiary and associate undertakings is not less than the amount at which that asset is stated in the balance sheet.

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NOTES TO THE ACCOUNTS (continued)

5 Debtors

	2005 €'000	2004 €'000
Prepaid expenses	-	188
Loans to Group Companies	5,618	22,433
	<u>5,618</u>	<u>22,621</u>

6 Creditors

	2005 €'000	2004 €'000
Amounts owed to Group companies	(2,787)	(2,253)
Sundry creditors	(21)	(21)
Tax payable	(250)	(166)
	<u>(3,058)</u>	<u>(2,440)</u>

7 Share capital

	2005 €'000	2004 €'000
Authorised:		
18,000 ordinary shares of NLG 1 each	8,168	8,168
	2005 €'000	2004 €'000
Allotted, issued and fully paid:		
16,225 ordinary shares of NLG 1 each	7,363	7,363
1 Share issued during year	3,186	-
	<u>10,549</u>	<u>7,363</u>

8 Reconciliation of movement in shareholders funds

	Share Capital €'000	Share premium €'000	P&L account €'000	Total €'000
At 1 January 2004	7,363	3,176	21,050	31,589
Retained profit for the year	-	-	2,169	2,169
Dividend paid	-	-	(1,600)	(1,600)
At 31 December 2004	7,363	3,176	21,619	32,158
Shares issued	3,186	-	-	3,186
Retained profit for the year	-	-	1,378	1,378
Dividend paid	-	-	(19,000)	(19,000)
At 31 December 2005	<u>10,549</u>	<u>3,176</u>	<u>3,997</u>	<u>17,722</u>

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NOTES TO THE ACCOUNTS (continued)

9 Related Party Transactions

The Company is a subsidiary undertaking and 90% or more of its voting rights are controlled within the group. The Foseco plc group accounts are publicly available. The Company is therefore exempt from the requirements of FRS8 to disclose material related party transactions insofar as the transactions occur within the group. There were no material transactions with related parties outside of the group during the year.

10 Significant Events

The ultimate holding company at the start of the year was Foseco (Jersey) Limited. On 12 May 2005, a group restructuring occurred wherein a new company, Foseco plc registered in the UK, acquired the entire ordinary share capital of Foseco (Jersey) Limited and was then floated on the London Stock Exchange.

The ultimate holding company following the restructuring is Foseco plc.

On 12 May 2005, the company issued one share at an issue price of €3,186,014 to Foseco Holding (Europe) Ltd.

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