Company Registration No. 3491252

Deloitte & Touche

CALDER HOLDINGS LIMITED AND SUBSIDIARY UNDERTAKINGS

Report and Financial Statements

31 May 2003

REPORT AND FINANCIAL STATEMENTS 2003

CONTENTS

CONTENTS	Page
Directors' report	1
Statement of directors' responsibilities	4
Independent auditors' report	5
Consolidated profit and loss account	6
Consolidated statement of total recognised gains and losses	7
Consolidated balance sheet	8
Company balance sheet	9
Consolidated cash flow statement	10
Notes to the financial statements	11

DIRECTORS' REPORT

The directors present their annual report on the affairs of the group, together with the financial statements and independent auditors' report, for the year ended 31 May 2003.

PRINCIPAL ACTIVITIES

The principal activities of the group comprise lead refining, the manufacture of lead and bronze products.

BUSINESS REVIEW

The major financial feature of the results for the year to 31 May 2003 was the sale of the Newcastle site of Calder Industrial Materials Ltd (CIM) for an overall consideration of £8.4 million, free of tax. The profit on sale shown on the face of the profit and loss account of £7.2 million recognises all sums receivable in respect of the sale, £6.2 million of which is receivable over the next three financial years This amount is shown split between short and long term debtors. The carrying value of the site, together with expenses associated with the sale, have been written off in arriving at the profit on sale. In addition, there have been expenses of £462,000, which have been incurred in respect of the move to, and the fitting out of, the new facility which has been developed adjacent to the existing Chester operation of CIM. In addition to costs actually spent in 2002/03 further amounts of £820,000 have been provided to cover expected expenditure where the actual cash will be spent in 2003/04, giving a total charge of £1,282,000 (note 3). Financial reporting standards govern the amount that can be provided in this manner, but it is expected there will be further costs that will be taken to the profit and loss account in 2003/04.

There has been extensive capital expenditure associated with the new facility of £1.3 million, £1.0 million of which has been incurred in the year under review. This has largely been involved in the development of new computer controlled manufacturing equipment, which will allow the company to move to a much more efficient method of production. The increase in stock of £1.5 million relates to the build up of stocks of semi finished product to cover sales requirements while the Newcastle mill is being relocated to, and installed in the Chester facility

The new factories that have been developed in Chester over the past two years are now amongst the most modern, environmentally friendly such facilities in the world and show the group's commitment to the sector.

The final amount of £1m receivable under the earlier sale of the original Chester factory was received in the year. The profit impact of this was realised in earlier years but there were further costs associated with the move which are included in note 3. In addition the Dartford factory of CIM (formerly the "Fabcast" business) was closed during the year and the business transferred to Chester. Costs associated with this are also shown in note 3.

There have been other one off costs in other group companies which are also set out in note 3. Total exceptional expense for the year were £2,082,000 (2002: £1,484,000).

As can be seen from Note 6, the group has written off £876,000 (2002: £1,009,000) in respect of goodwill amortisation, the policy being to write purchased goodwill off over 20 years. This is in line with FRS 10. While there is a charge to the profit and loss account, we consider the amount to have little economic significance, due to there being no associated cash outflow.

During the year the group acquired the product range of a competitor in Germany, the associated costs have been added to Goodwill and will be written off over 20 years.

Operating profit before exceptional items and goodwill amortisation was £4,134,000 (2002: £4,277,000). The directors consider that this measure best reflects the underlying performance of the group.

The interest charge for the year includes interest on the mezzanine facility and the unsecured loan notes (see below) which, while being charged in the profit and loss account, is not paid but is rolled up into the capital sums due. The amount involved is £712,000 in total, meaning that the net cash outflow in respect of interest is £1,314,000 (2002: £2,116,000). This is covered by the underlying operating profit 3 times.

In September 2003 the group restructured its bank borrowings to realign the repayment profile of its debt with the cash receivable under the Newcastle property sale. The repayment profile as shown in note 15 reflects these new arrangements. The senior debt was previously mainly denominated in euros, reflecting the strong income stream generated by Eurozone subsidiaries. Part of this has been re-denominated into sterling and converted into a property loan of £5m repayable over the next 3 financial years. The remaining senior debt is repayable in equal semi-annual instalments over the next two years. The mezzanine facility, originally denominated in sterling has been partly converted into euros (to compensate for the conversion of the senior loan) and remains repayable during financial years 2005/06 and 2006/07.

DIRECTORS' REPORT (continued)

BUSINESS REVIEW (continued)

The rest of the long term debt is represented by unsecured loan notes held by the group's private equity backers. Payment of interest on these loan notes has been suspended for a period of 2 years to strengthen even further the group's financial position. They are officially due for repayment in May 2005 but the Directors believe that the finances of the business are likely to restructured before that date.

RESULTS AND DIVIDENDS

The results of the group for the year are set out in the consolidated profit and loss account on page 6.

The directors do not propose the payment of a dividend (2002 – £nil).

DIRECTORS AND THEIR INTERESTS

The directors who served during the year, and subsequently, were as follows:

J L Hudson
J Matheve
J I Walker
P Scholes (appointed 26 August 2003)

The directors who held office at 31 May 2003 had the following interests in the 'A' ordinary 1p shares of the company:

	Number of shares	
	2003	**2002**
J L Hudson	110,000	110,000
J Matheve	55,000	55,000
J I Walker	27,500	27,500

The directors had no other interests required to be disclosed under Schedule 7 of the Companies Act 1985.

DISABLED EMPLOYEES

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the group continues and that appropriate training is arranged. It is the policy of the group that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

EMPLOYEE CONSULTATION

The group places considerable value on the involvement of its employees and keeps them informed on matters affecting them as employees and on the various factors affecting the performance of the group. This is achieved through formal and informal meetings and team briefings. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

DIRECTORS' REPORT (continued)

AUDITORS

On 1 August 2003, Deloitte & Touche, the company's auditors transferred their business to Deloitte & Touche LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The company's consent has been given to treating the appointment of Deloitte & Touche as extending to Deloitte & Touche LLP with effect from 1 August 2003 under the provisions of section 26(5) of the Companies Act 1989.

A resolution to re-appoint Deloitte & Touche LLP as the company's auditor will be proposed at the forthcoming Annual General Meeting.

1 Derwent Court
Earlsway
Team Valley Trading Estate
Tyne and Wear
NE11 OTF

By order of the Board,

J T Walker
Director

6 October 2003

STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom 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 company and group as at the end of the financial year and of the profit or loss of the group for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 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.

Deloitte
& Touche

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CALDER HOLDINGS LIMITED

We have audited the financial statements of Calder Holdings Limited for the year ended 31 May 2003, which comprise the profit and loss account, the balance sheets, the statement of total recognised gains and losses, the cash flow statement and the related notes numbered 1 to 26. 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 auditors' 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

As described in the Statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and 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 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 and other members of the group is not disclosed.

We read the Directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

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 circumstances of the company and the group, 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 and the group as at 31 May 2003 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche LLP

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
Birmingham

6 October 2003

CONSOLIDATED PROFIT AND LOSS ACCOUNT
Year ended 31 May 2003

	Notes	2003 £'000	2002 £'000
TURNOVER	2	65,099	63,170
Cost of sales		(51,068)	(50,074)
GROSS PROFIT		14,031	13,096
Other operating expenses (including exceptional items)	3	(12,855)	(11,312)
OPERATING PROFIT		1,176	1,784
Profit on sale of tangible fixed assets of continuing operations	3	7,246	-
PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST		8,422	1,784
Interest receivable	4	84	102
Interest payable and similar charges	5	(2,334)	(3,224)
PROFIT (LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	6	6,172	(1,338)
Tax on profit (loss) on ordinary activities	8	(1,362)	(492)
RETAINED PROFIT (LOSS) FOR THE FINANCIAL YEAR	18	4,810	(1,830)

Turnover and operating profit is derived from continuing operations.

The accompanying notes are an integral part of this consolidated profit and loss account.

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
Year ended 31 May 2003

	Notes	2003 £'000	2002 £'000
Profit (loss) for the financial year	18	4,810	(1,830)
Gain on foreign currency translation of net investments	18	317	20
Total recognised gains and losses relating to the year		5,127	(1,810)

The accompanying notes are an integral part of this consolidated statement of total recognised gains and losses.

CONSOLIDATED BALANCE SHEET
31 May 2003

	Notes	2003 £'000	2002 £'000
FIXED ASSETS			
Intangible assets	9	13,145	12,870
Tangible assets	10	9,829	9,467
		22,974	22,337
CURRENT ASSETS			
Stocks	12	7,390	5,879
Debtors			
- due within one year	13	15,205	12,919
- due after one year	13	4,200	-
Cash at bank and in hand		2,630	517
		29,425	19,315
CREDITORS: Amounts falling due within one year	14	(18,852)	(14,068)
NET CURRENT ASSETS		10,573	5,247
TOTAL ASSETS LESS CURRENT LIABILITIES		33,547	27,584
CREDITORS: Amounts falling due after more than one year	15	(24,569)	(24,799)
PROVISIONS FOR LIABILITIES AND CHARGES	16	(1,178)	(112)
NET ASSETS		7,800	2,673
CAPITAL AND RESERVES			
Called-up share capital	17	14	14
Share premium account	18	1,361	1,361
Profit and loss account	18	6,425	1,298
SHAREHOLDERS' FUNDS, ALL EQUITY	19	7,800	2,673

The accompanying notes are an integral part of this consolidated balance sheet.

Signed on behalf of the Board by:

J I Walker

Director

6 October 2003

COMPANY BALANCE SHEET
31 May 2003

	Notes	2003 £'000	2002 £'000
FIXED ASSETS			
Investments	11	1,348	1,348
CURRENT ASSETS			
Debtors	13	27	27
NET ASSETS		1,375	1,375
CAPITAL AND RESERVES			
Called-up share capital	17	14	14
Share premium account	18	1,361	1,361
SHAREHOLDERS' FUNDS, ALL EQUITY	19	1,375	1,375

The accompanying notes are an integral part of this company balance sheet.

Signed on behalf of the Board by:

J I Walker

Director

6 October 2003

CONSOLIDATED CASH FLOW STATEMENT
Year ended 31 May 2003

	Notes	2003 £'000	2002 £'000
NET CASH INFLOW FROM OPERATING ACTIVITIES	20	2,537	3,646
Returns on investments and servicing of finance	21	(1,314)	(2,116)
Taxation	21	(496)	(240)
Capital expenditure and financial investment	21	2,090	(709)
Acquisitions and disposals	21	(438)	(205)
CASH INFLOW BEFORE MANAGEMENT OF LIQUID RESOURCES AND FINANCING		2,379	376
Financing	21	(48)	(2,337)
INCREASE (DECREASE) IN CASH IN THE YEAR	22	2,331	(1,961)

The accompanying notes are an integral part of this consolidated cash flow statement.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 May 2003

1. ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

Basis of accounting

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

Basis of consolidation

The group financial statements consolidate the financial statements of Calder Holdings Limited and its subsidiary undertakings drawn up to 31 May 2003. The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passed. Acquisitions are accounted for under the acquisition method.

No profit and loss account is presented for Calder Holdings Limited as provided by section 230 of the Companies Act 1985. The company's result for the year ended 31 May 2003, determined in accordance with the Act, was £nil (2002 - £nil).

Goodwill

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its useful economic life of 20 years. Provision is made for any impairment.

Tangible fixed assets

Tangible fixed assets are stated at cost, net of accumulated depreciation and provision for impairment in value. Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life as follows:

Freehold buildings	40 years
Leasehold improvements	over the term of the lease
Plant and machinery	3 – 16 years
Motor vehicles	4 – 5 years

No depreciation is charged on assets under construction.

Residual value is calculated on prices prevailing at the date of acquisition.

Investments

Fixed asset investments are shown at cost less provision for impairment in value.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes materials, direct labour and an attributable proportion of manufacturing overheads based on normal levels of activity. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow-moving or defective items where appropriate.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

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 that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 May 2003

1. **ACCOUNTING POLICIES (continued)**

Taxation (continued)

Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Turnover

Turnover comprises the value of sales (excluding VAT and similar taxes and trade discounts) of goods and services provided in the normal course of business.

Pension costs

For the defined benefit schemes, the amount charged to the profit and loss account in respect of pension costs is the estimated regular cost of providing the benefits accrued in the year, adjusted to reflect variations from that cost. The regular cost is calculated so that it represents a substantially level percentage of current and future payroll. Variations from regular cost are charged or credited to the profit and loss account as a constant percentage of payroll over the estimated average remaining working life of scheme members. The UK scheme is funded, with the assets of the scheme held separately from those of the group in separate trustee administered funds. The German scheme is unfunded (note 23b). Differences between amounts charged to the profit and loss account and amounts funded are shown as either provisions or prepayments in the balance sheet.

In addition, the group contributes to the pension schemes of certain employees, where the amount charged to the profit and loss account is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction or, if hedged, at the forward contract rate. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date or, if appropriate, at the forward contract rate. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account.

The results of overseas operations are translated at the average rates of exchange during the period and their balance sheets at the rates ruling at the balance sheet date. Exchange differences arising on translation of the opening net assets and results of overseas operations and foreign currency borrowings, to the extent that they hedge the group's investment in such operations, are dealt with through reserves. All other exchange differences are included in the profit and loss account.

Leases

Assets held under finance leases are initially reported at the fair value of the asset with an equivalent liability categorised as appropriate under creditors due within or after one year. The asset is depreciated over the shorter of the lease term and its useful economic life. Finance costs are allocated to accounting years over the life of the lease to produce a constant rate of charge on the outstanding balance. Rentals are apportioned between finance costs and reduction of the liability, and allocated to cost of sales and other operating expenses as appropriate. Hire purchase transactions are dealt with similarly, except that the assets are depreciated over their expected useful lives. Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis.

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 May 2003

1. ACCOUNTING POLICIES (continued)

Debt

Debt is initially stated at the amount of net proceeds after deduction of issue costs. The carrying amount is increased by the finance cost in respect of the accounting period and reduced by payments made in the period. Convertible debt is reported as a liability unless conversion actually occurs. No gain or loss is recognised on conversion.

Finance costs

Finance costs of debt are recognised in the profit and loss account over the anticipated term of the associated financing instrument at a constant rate on the carrying amount.

Government grants

Government grants relating to tangible fixed assets are treated as deferred income and released to the profit and loss account over the expected useful lives of the assets concerned. Other grants are credited to the profit and loss account as the related expenditure is incurred.

2. TURNOVER

Turnover is shown by destination and all arises from one class of business.

	2003 £'000	2002 £'000
UK	25,241	24,944
Rest of Europe	38,998	36,908
Rest of World	860	1,318
	65,099	63,170

3. OTHER OPERATING EXPENSES

	2003 £'000	2002 £'000
Distribution costs	3,332	2,737
Administrative expenses	9,523	8,575
Other operating expenses	12,855	11,312

Included within administrative expenses are exceptional administrative expenses as follows:

	2003 £'000	2002 £'000
Relocation and other costs due to Chester site relocation	463	545
Reorganisation of Newcastle operations	1,282	539
Impairment of fixed assets	71	-
Onerous lease costs	92	-
Other redundancy and closure costs	80	343
Other	94	57
	2,082	1,484

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 May 2003

3. OTHER OPERATING EXPENSES (continued)

During January 2003, the group finalised the sale of its Newcastle site to property developers and received initial proceeds of £2,193,000. The group continues to occupy the site on a short-term lease-back, pending the transfer of its manufacturing and distribution operations to a new factory in Chester (adjacent to the group's existing Chester factory). The directors expect to exit the Newcastle site completely in late calendar year 2003.

The total minimum sales proceeds for the sale of the Newcastle site are £8,393,000, generating a profit on disposal of £7,246,000, after directly attributable sale costs. The remaining proceeds of £6,200,000 are secured on the site, and are expected by the directors to be received from the property developers in instalments over the next 3 years. These amounts are included as other debtors within or after one year (note 13). Further proceeds may be receivable which are contingent on the actual number of dwellings built by the property developers, and no amount has been included in these financial statements for this contingent element.

Exceptional costs of closing the Newcastle site have been incurred in the year and charged to administrative expenses. A further £820,000 to be incurred in the forthcoming year has been provided for in these financial statements (note 16) as the costs were committed pre year end. The provision principally relates to expected redundancy and other closure costs directly related to the sale of the Newcastle site. The total charge for the year was £1,282,000 (2002: £539,000) plus £71,000 (2002: £nil) in respect of fixed asset impairments.

Further exceptional costs will be charged in the forthcoming year in connection with the move from Newcastle to the new Chester site. These have not been provided for in these financial statements as they are not eligible for provision under FRS 12.

During the year, other exceptional costs of £463,000 (2002: £545,000) were incurred in respect of the relocation of the original Chester site.

Other exceptional costs of £266,000 (2002: £400,000) have been included in respect of other charges, principally related to redundancy and reorganisation costs at other facilities.

The exceptional costs have reduced the tax charge for the year by £265,000. The gain on the sale of the Newcastle site has not had an impact on the tax charge for the year.

4. INTEREST RECEIVABLE

	2003 £'000	2002 £'000
Bank interest	84	102

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2003 £'000	2002 £'000
Finance leases and hire purchase contracts	21	7
Bank and other loans and overdraft	2,313	2,740
Amortisation of financing costs	-	477
	2,334	3,224

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 May 2003

6. PROFIT (LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit (loss) on ordinary activities before taxation is stated after charging (crediting):

	2003 £'000	2002 £'000
Depreciation and amounts written off tangible fixed assets		
- owned	1,128	926
- leased	69	19
Amortisation of goodwill	876	1,009
Impairment of fixed assets	71	-
Profit on sale of fixed assets	(7,246)	(3)
Operating lease rentals		
- plant and machinery	327	233
- properties and other	412	175
Auditors' remuneration		
- audit fees payable to Deloitte & Touche	91	54
- audit fees payable to other auditors	23	69
Hire of plant and machinery	61	30
Rent receivable	(57)	(80)

In addition, the group paid £126,000 to Deloitte & Touche (2002 - £137,000) in respect of non audit fees.

The company incurred no audit fees in either year.

7. STAFF COSTS

Particulars of employees including executive directors are as shown below:

Employee costs during the year amounted to:

	2003 £'000	2002 £'000
Wages and salaries	9,878	9,448
Social security costs	1,325	1,252
Other pension costs (note 23b)	527	604
	11,730	11,304

The average monthly number of persons employed by the group was as follows:

	2003 Number	2002 Number
Production	293	303
Administration and selling	152	153
	445	456

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 May 2003

7. STAFF COSTS (continued)

Directors' remuneration

Directors' remuneration was paid in respect of directors of the company as follows:

	2003 £'000	2002 £'000
Aggregate emoluments	177	129
Sums paid to third parties for directors' services	327	295
Contributions to pension schemes	27	24
	531	448

The number of directors who were members of company pension schemes was as follows:

	2003 Number	2002 Number
Defined benefit schemes	-	-

Highest paid director

The above amounts for remuneration include the following in respect of the highest paid director:

	2003 £'000	2002 £'000
Emoluments	198	151

8. TAX ON PROFIT (LOSS) ON ORDINARY ACTIVITIES

The tax charge comprises:

	2003 £'000	2002 £'000
UK corporation tax	250	-
Overseas tax	866	491
Current tax	1,116	491
Deferred taxation		
- origination and reversal of timing differences	141	-
- adjustment in respect of prior years	105	1
	1,362	492

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 May 2003

8. TAX ON PROFIT (LOSS) ON ORDINARY ACTIVITIES (continued)

The differences between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit (loss) before tax is as follows:

	2003 £'000	2002 £'000
Profit (loss) on ordinary activities before taxation	6,172	(1,338)
Tax on profit (loss) on ordinary activities at standard UK corporation tax rate of 30% (2002 - 30%)	1,852	(401)
Effects of:		
Capital allowances in excess of depreciation	(25)	-
Movement in short term timing differences	-	(1)
Expenses not deductible for tax purposes	692	460
Profit on disposal of fixed assets	(2,174)	-
Chargeable gain	1,665	-
Differences in overseas tax rates	291	(103)
Losses carried forward to future periods	144	536
Losses offset in current period	(1,329)	-
Current tax charge for the year	1,116	491

9. INTANGIBLE FIXED ASSETS - GOODWILL

	Group £'000
Cost	
At 1 June 2002	16,391
Additions	1,148
Exchange adjustment	3
At 31 May 2003	17,542
Amortisation	
At 1 June 2002	3,521
Charge for the year	876
At 31 May 2003	4,397
Net book value	
At 31 May 2003	13,145
At 31 May 2002	12,870

In December 2002, the group acquired certain trading activities from one of its competitors for a consideration of £1,148,000, including associated legal costs, resulting in goodwill of £1,148,000. The consideration was settled by £438,000 cash and the remainder of the consideration is contingent based on the level of future activity from the trade acquired. The directors believe that the additional amounts will ultimately be payable, and the contingent consideration has been accrued for within creditors due within one year.

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 May 2003

10. TANGIBLE FIXED ASSETS

Group	**Freehold land and buildings £'000**	**Leasehold improve-ments £'000**	**Motor vehicles, plant and machinery £'000**	**Assets under construction £'000**	**Total £'000**
Cost					
At 1 June 2002	5,063	-	6,092	313	11,468
Additions	10	80	907	880	1,877
Disposals	(1,414)	-	(338)	-	(1,752)
Transfers	-	850	(850)	-	-
Exchange adjustment	737	-	987	1	1,725
At 31 May 2003	4,396	930	6,798	1,194	13,318
Depreciation					
At 1 June 2002	585	-	1,416	-	2,001
Charge for the year	233	45	919	-	1,197
Impairment	-	-	71	-	71
Disposals	(461)	-	(320)	-	(781)
Exchange adjustment	305	-	696	-	1,001
At 31 May 2003	662	45	2,782	-	3,489
Net book value					
At 31 May 2003	3,734	885	4,016	1,194	9,829
At 31 May 2002	4,478	-	4,676	313	9,467

The net book value of leased assets included within plant and machinery is £1,177,000 (2002 - £135,000).

Included within freehold land and buildings is freehold land of £1,741,000 (2002 - £2,039,000) which is not depreciated.

The company has no tangible fixed assets at either year end.

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 May 2003

11. INVESTMENTS

	Company 2003 £'000	Company 2002 £'000
Subsidiary undertakings	1,348	1,348

Subsidiary undertakings

The principal subsidiary undertakings are as follows:

Company	Country of incorporation
Calder Group Limited	England & Wales
Anciens Etablissments Groc SA*	France
Röhr and Stolberg Holding GmbH*	Germany
Röhr and Stolberg GmbH*	Germany
D'huart Industries SA*	France
Uzimet Holding BV*	Netherlands
Uzimet BV*	Netherlands
Metal Processors Limited*	Ireland
The Mining Company of Ireland and Strachan Brothers Limited*	Ireland
Leeds Bronze Engineering Limited*	England & Wales
Calder Industrial Materials Limited*	England & Wales

* held by intermediate holding companies

The principal activities of all undertakings listed above, with the exception of Leeds Bronze Engineering Limited, comprise the refining of lead and manufacture of lead products. The principal activity of Leeds Bronze Engineering Limited is the manufacture of bronze machined components. All subsidiaries are wholly owned by the group. In addition, the group owns the entire share capital of 4 intermediate holding companies and 6 dormant companies, none of which are material in relation to the group financial statements.

12. STOCKS

	Group 2003 £'000	Group 2002 £'000
Raw materials and consumables	2,057	2,308
Work in progress	2,920	1,757
Finished goods and goods for resale	2,413	1,814
	7,390	5,879

There is no material difference between the balance sheet value of stocks and their replacement cost.

The company has no stocks at either year end.

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 May 2003

13. DEBTORS

	Group 2003 £'000	Company 2003 £'000	Group 2002 £'000	Company 2002 £'000
Due within one year:				
Trade debtors	11,765	-	9,642	-
Corporation tax	88	-	-	-
Prepayments and accrued income	687	27	509	27
Other debtors	2,665	-	2,768	-
	15,205	27	12,919	27
Due after one year:				
Other debtors	4,200	-	-	-
	19,405	27	12,919	27

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2003 £'000	Group 2002 £'000
Obligations under finance leases	171	20
Bank overdraft (secured)	-	218
Current portion of bank loans (secured)	6,523	3,451
Trade creditors	7,401	5,079
UK corporation tax	250	-
Overseas tax	673	215
Tax and social security	408	747
Accruals and deferred income	3,426	4,338
	18,852	14,068

The company has no creditors at either year end.

15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group 2003 £'000	Group 2002 £'000
Obligations under finance leases	638	85
Bank and other loans		
- secured	10,148	11,980
- unsecured	12,553	11,851
Accruals and deferred income	1,230	883
	24,569	24,799

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 May 2003

15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR (continued)

Borrowings are repayable as follows:

	Group	
	2003 £'000	2002 £'000
Bank loans and overdraft		
In more than one year but not more than two years	3,274	3,072
In more than two years but not more than five years	6,874	8,908
	10,148	11,980
In one year or less, or on demand	6,523	3,669
	16,671	15,649
Other loans		
In more than one year but not more than two years	12,553	-
In more than two years but not more than five years	-	11,851
	12,553	11,851
Finance leases		
In more than one year but not more than two years	203	28
In more than two years but not more than five years	435	57
	638	85
In one year or less, or on demand	171	20
	809	105
Total borrowings including finance leases		
In more than one year but not more than two years	16,030	3,100
In more than two years but not more than five years	7,309	20,816
	23,339	23,916
In one year or less, or on demand	6,694	3,689
	30,033	27,605

Bank loans and overdrafts comprise £9,797,000 (2002 - £8,693,000) senior debt from Royal Bank of Scotland and £6,874,000 (2002 - £6,738,000) mezzanine debt from Royal Bank of Scotland and are repayable in six-monthly instalments completing in 2005.

Security is provided by fixed and floating charges over all assets of the group.

Other loans comprise £12,553,000 (2002 - £11,851,000) subordinated unsecured 8% loan stock and are repayable in 2005.

Part of the interest payable on the group's debt is rolled up into the capital.

The carrying value of bank and other loans is shown net of issue costs of £nil (2002 - £nil) after charging £nil (2002 - £477,000) to the profit and loss account in the year ended 31 May 2003.

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 May 2003

15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR (continued)

As set out in note 24, on 18 September 2003, the group's debt was reorganised whereby the repayments dates of the borrowings were renegotiated. The effect of the renegotiation is that the bank loans from Royal Bank of Scotland are reclassed as a property loan of £5,000,000 which is repayable in three instalments with the final instalment in 2005, and a trading loan of £4,797,000 which is repayable in four equal instalments with the final instalment in 2005. The mezzanine debt from Royal Bank of Scotland is repayable in three instalments with the final instalment in 2006. Other loans of £12,553,000 subordinated unsecured 8% loan stock is repayable in 2005.

Security is provided by fixed and floating charges over the assets of the group.

Based on the post year end renegotiations, the phasing of the repayments is as follows:

	2003 £'000
Bank loans and overdraft	
In more than one year but not more than two years	4,798
In more than two years but not more than five years	9,074
	13,872
In one year or less, or on demand	2,799
	16,671
Other loans	
In more than one year but not more than two years	12,553
Finance leases	
In more than one year but not more than two years	203
In more than two years but not more than five years	435
	638
In one year or less, or on demand	171
	809
Total borrowings including finance leases	
In more than one year but not more than two years	17,554
In more than two years but not more than five years	9,509
	27,063
In one year or less, or on demand	2,970
	30,033

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 May 2003

16. PROVISIONS FOR LIABILITIES AND CHARGES

Provisions for liabilities and charges comprises:

	Group 2003 £'000	Group 2002 £'000
Restructuring provision	820	-
Deferred taxation	358	112
	1,178	112

The movement in provisions in the year is as follows:

	Restructuring provision £'000	Deferred taxation £'000	Total £'000
At 1 June 2002	-	112	112
Charged to profit and loss account	1,282	246	1,528
Utilised in the year	(462)	-	(462)
At 31 May 2003	820	358	1,178

The restructuring provision is expected to be utilised during the year ending 31 May 2004.

The deferred taxation balance at 31 May 2003 is made up as follows:

	Provided		Not provided	
	2003 £'000	2002 £'000	2003 £'000	2002 £'000
Accelerated capital allowances	365	-	-	-
Short term timing differences	(82)	112	-	-
Losses carried forward	(144)	-	-	-
Holdover chargeable gains	219	-	-	-
	358	112	-	-

The company has no provisions for liabilities and charges.

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 May 2003

17. CALLED-UP SHARE CAPITAL

	2003 £'000	2002 £'000
Authorised		
192,500 'A' ordinary shares of 1p each	2	2
1,182,500 'B' ordinary shares of 1p each	12	12
	14	14
Allotted, called-up and fully paid		
192,500 'A' ordinary shares of 1p each	2	2
1,182,500 'B' ordinary shares of 1p each	12	12
	14	14

The 'B' ordinary shares rank pari passu with the 'A' ordinary shares.

18. RESERVES

	Group Profit and loss account £'000	Group Share premium account £'000	Company Share premium account £'000
At 1 June 2002	1,298	1,361	1,361
Retained profit for the financial year	4,810	-	-
Gain on foreign currency translation of net investments	317	-	-
At 31 May 2003	6,425	1,361	1,361

19. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Group 2003 £'000	Company 2003 £'000	Group 2002 £'000	Company 2002 £'000
Profit (loss) for the financial year	4,810	-	(1,830)	-
Gain on translation of investments	317	-	20	-
Net increase (decrease) in shareholders' funds	5,127	-	(1,810)	-
Opening shareholders' funds	2,673	1,375	4,483	1,375
Closing shareholders' funds	7,800	1,375	2,673	1,375

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 May 2003

20. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2003 £'000	2002 £'000
Operating profit	1,176	1,784
Depreciation charges	1,197	945
Impairment of fixed assets	71	-
Amortisation of goodwill	876	1,009
Profit on sale of fixed assets	-	(3)
Increase in stocks	(1,511)	(203)
(Increase) decrease in debtors	(1,198)	1,556
Increase (decrease) in creditors	2,014	(2,223)
Effect of movement in foreign exchange rates	(88)	781
Net cash inflow from operating activities	2,537	3,646

21. ANALYSIS OF CASH FLOWS

	2003 £'000	2002 £'000
Returns on investments and servicing of finance		
Interest received	84	102
Interest paid	(1,377)	(2,211)
Interest element of finance lease rentals	(21)	(7)
Net cash outflow	(1,314)	(2,116)

	2003 £'000	2002 £'000
Taxation		
Overseas tax paid	(496)	(240)
Net cash outflow	(496)	(240)

	2003 £'000	2002 £'000
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(1,125)	(2,055)
Sale of tangible fixed assets	3,215	1,346
Net cash inflow (outflow)	2,090	(709)

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 May 2003

21. ANALYSIS OF CASH FLOWS (continued)

	2003 £'000	2002 £'000
Acquisitions and disposals		
Adjustment to purchase consideration	-	(205)
Purchase of business	(438)	-
Net cash outflow	(438)	(205)

	2003 £'000	2002 £'000
Financing		
Repayment of loans	-	(2,325)
Capital element of finance lease rental payments	(48)	(12)
Net cash outflow	(48)	(2,337)

22. ANALYSIS AND RECONCILIATION OF NET DEBT

	1 June 2002 £'000	Cash flow £'000	Non-cash movements £'000	Exchange movements £'000	Change in maturity £'000	31 May 2003 £'000
Cash in hand, at bank	517	2,113	-	-	-	2,630
Overdraft	(218)	218	-	-	-	-
	299	2,331	-	-	-	2,630
Debt due within one year	(3,451)	-	-	-	(3,072)	(6,523)
Debt due after one year	(23,831)	-	(712)	(1,230)	3,072	(22,701)
Finance leases	(105)	48	(752)	-	-	(809)
Net debt	(27,088)	2,379	(1,464)	(1,230)	-	(27,403)

	2003 £'000	2002 £'000
Increase (decrease) in cash in the year	2,331	(1,961)
Cash outflow from financing	48	2,337
Changes in net debt arising from cash flows	2,379	376
New finance leases	(752)	(24)
Rolled up interest	(712)	(479)
Amortisation of financing costs	-	(477)
Exchange movements	(1,230)	(547)
Movement in net debt in year	(315)	(1,151)
Net debt at beginning of year	(27,088)	(25,937)
Net debt at end of year	(27,403)	(27,088)

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 May 2003

22. ANALYSIS AND RECONCILIATION OF NET DEBT (continued)

During the year the group entered into finance lease arrangements in respect of assets with a total capital value at the inception of the leases of £752,000 (2002 - £24,000). Major non cash movements comprise rolled up loan interest of £712,000 (2002 - £479,000) and the amortisation of financing costs of £nil (2002 - £477,000).

23. GUARANTEES AND OTHER FINANCIAL COMMITMENTS

a) Lease commitments

The group leases certain land and buildings on short and long-term operating leases. The rents payable under these leases are subject to renegotiation at various intervals specified in the leases. The group pays all insurance, maintenance and repair costs of these properties.

Annual commitments under non-cancellable operating leases are as follows:

	Group		Group	
	Land and buildings 2003 £'000	Other 2003 £'000	Land and buildings 2002 £'000	Other 2002 £'000
Expiry				
- within one year	-	123	42	81
- between two and five years	233	366	-	241
- after five years	342	19	104	-
	575	508	146	322

The company has no operating lease commitments in either year.

b) Pension arrangements

SSAP 24 Accounting for Pension Costs

The group provides various pension arrangements for employees. The principal scheme operated by the group is a defined benefit scheme providing pension arrangements to the majority of UK full-time employees and the related costs are assessed in accordance with the advice of professionally qualified actuaries.

Details of the most recent actuarial valuation of the scheme, which was conducted as at 6 April 2001 using the projected unit method are as follows:

Main assumptions (% pa)	
- rate of increase in salaries	4.5
- rate of increase in pensions in payment	3.0
- return on scheme investments	6.5
Results	
- market value of scheme's assets (£'000)	9,572
- level of funding (%)	99

The contribution rate for 2003 was 13.8% (2002 – 13.8%) of pensionable earnings. The rate is scheduled to remain at the current rate.

As required by SSAP 24, the figures included in the accounts in respect of the group pension scheme are based on an actuarial valuation carried out at 6 April 2001. This does not take into account any impact of the fall in general stock market values since that date. Any such impact will be reflected in the next SSAP 24 triennial valuation, no later than 6 April 2004.

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 May 2003

23. GUARANTEES AND OTHER FINANCIAL COMMITMENTS (continued)

b) Pension arrangements (continued)

The only other significant scheme is a defined benefit scheme in respect of German employees. Under German law the liabilities in respect of this scheme are included in the relevant company's balance sheet. At 31 May 2003 accruals due after more than one year include £809,000 (2002 - £701,000) in respect of this.

The total pension cost charge for the year was £527,000 (2002 - £604,000).

FRS 17 Retirement Benefits

The following disclosures are provided under the transitional arrangements for FRS 17 which requires certain disclosures only for periods ending subsequent to 22 June 2001. The amounts disclosed under these transitional arrangements are not included in the financial statements. If FRS 17 were to be fully adopted, the results would be as set out below.

The valuation used for FRS 17 disclosures has been based on the most recent actuarial valuation at 6 April 2001 and updated by a qualified independent actuary to take account of the requirements for FRS 17 in order to asses the liabilities of the scheme at 31 May 2003. The projected unit method has been used to value the liabilities.

The major assumptions used for the actuarial valuation were:

	2003	2002
Rate of increase in salaries	4.1%	4.5%
Rate of increase in pensions in payment	2.5%	2.8%
Discount rate	5.2%	6.1%
Inflation assumption	2.6%	3.0%
Increase to deferred benefits during deferment	2.6%	3.0%

The fair value of the assets in the schemes, the present value of the liabilities in the schemes and the expected rate of return at the balance sheet date were:

	2003 %	2003 £'000	2002 %	2002 £'000
Equities and property	7.5	5,707	7.5	7,211
Bonds	6.0	1,107	6.0	1,404
Others	5.0	396	5.0	298
		7,210		8,913
Present value of the scheme liabilities		(14,043)		(11,368)
Deficit in scheme		(6,833)		(2,455)
Related deferred tax asset		2,050		737
Net pension liability		(4,783)		(1,718)

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 May 2003

23. GUARANTEES AND OTHER FINANCIAL COMMITMENTS (continued)

b) Pension arrangements (continued)

Analysis of the amount that would have been charged to operating profit under FRS 17:

	2003 £'000
Current service cost	390
Past service cost	-
Total operating charge	390

Analysis of the amount that would have been charged to net finance income under FRS 17:

	2003 £'000
Expected return on pension scheme assets	655
Interest on pension scheme liabilities	(704)
Net return	(49)

Analysis of the actuarial loss that would have been recognised in the statement of total recognised gains and losses:

	2003 £'000
Actual return less expected return on pension scheme assets	(2,730)
Experience gains and losses arising on the scheme liabilities	3
Changes in assumptions underlying the present value of the scheme liabilities	(1,624)
Actuarial loss recognised in the statement of total recognised gains and losses	(4,351)

The movement in the deficit in the year is as follows:

	£'000
Deficit in scheme at beginning of year	(2,455)
Current service cost	(390)
Contributions	412
Other finance income	(49)
Actuarial loss	(4,351)
Deficit in scheme at end of year	(6,833)

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 May 2003

23. GUARANTEES AND OTHER FINANCIAL COMMITMENTS (continued)

b) Pension arrangements (continued)

History of experience gains and losses:	2003 £'000
Difference between the expected and actual return on scheme assets:	
Amount(£)	(2,730)
Percentage of scheme assets	38%
Experience gains and losses on scheme liabilities:	
Amount(£)	3
Percentage of scheme assets	-
Total actuarial loss recognised in the statement of total recognised gains and losses:	
Amount(£)	(4,351)
Percentage of scheme assets	(60%)

The analysis of reserves that would have arisen if FRS 17 had been fully implemented is as follows:

	2003 £'000
Profit and loss reserve	6,425
Pension reserve	(4,783)
Profit and loss reserve	1,642

c) Capital commitments

At the end of the year, the group had capital commitments contracted for but not provided for of £534,000 (2002 - £17,000).

d) Group guarantees

All group companies have given guarantees in respect of the bank and other loans taken out by certain group companies. At 31 May 2003 the total amount guaranteed was £29,224,000 (2002 - £27,282,000).

The group has provided irrevocable guarantees covering the payment of all liabilities of its subsidiary companies in Ireland in accordance with section 17 Companies (Amendment) Act 1986 (Ireland).

e) Other commitments

The group had other commitments at the year end of £1,252,000 (2002 - £191,000) relating to bonds, VAT deferment and forward contracts to purchase and sell lead.

24. SUBSEQUENT EVENTS

As set out in note 15, on 18 September 2003, the group's debt was reorganised whereby the repayments dates of the borrowings were renegotiated.

25. RELATED PARTY TRANSACTIONS

The group has taken advantage of the exemptions extended under FRS 8 related party disclosures with respect to transactions with subsidiary undertakings, as all transactions have been eliminated on consolidation.

26. ULTIMATE CONTROLLING PARTY

Funds advised by Permira Advisors Limited control 86% of the share capital of the group.