THE MORGAN CRUCIBLE COMPANY plc
286773

INTERIM ACCOUNTS

SIX MONTHS ENDED 4 JULY 1995

16-Oct-95

PROFIT STATEMENT FOR THE SIX MONTHS ENDED 4 JULY 1995

	£ million					
	Six Months 1995		Six Months 1994		Year 1994	
Turnover						
Continuing operations	397.4		362.7		738.1	
Acquisitions	17.9					
	415.3		362.7		738.1	
Discontinued operations	-		49.3		57.0	
Group turnover		415.3		412.0		795.1
Net operating costs		365.3		369.9		711.4
Operating profit						
Continuing operations	48.2		38.5		79.7	
Acquisitions	1.8					
	50.0		38.5		79.7	
Discontinued operations	-		3.6		4.0	
Group operating profit		50.0		42.1		83.7
Investment income		0.2		0.5		0.5
Exceptional items						
Continuing operations						
- Disposal of fixed assets	-		-		1.1	
- Provision for closure of business	-		-		(1.1)	
Discontinued operations						
- Profit on sale of Holt Lloyd carcare group (after goodwill written back)	-		-		2.9	
- Provisions released	-		-		0.2	
		-		-		3.1
Net finance charges		(8.2)		(7.6)		(14.7)
Profit on ordinary activities before taxation		42.0		35.0		72.6
Taxation		(13.0)		(10.8)		(20.8)
Profit on ordinary activities after taxation		29.0		24.2		51.8
Minority interests		(0.7)		(0.6)		(1.3)
Preference dividends		(1.1)		(1.1)		(2.2)
Earnings attributable to ordinary shareholders		27.2		22.5		48.3
Ordinary dividends		(13.8)		(13.0)		(28.7)
Retained profit added to reserves		13.4		9.5		19.6
Earnings per share						
- undiluted		12.4 p		10.3 p		22.1 p
- fully diluted		12.1 p		10.2 p		21.9 p
- underlying		12.4 p		10.3 p		20.8 p
Operating margin		12.0 %		10.2 %		10.5 %
Sales to third parties overseas		88.0 %		86.0 %		87.0 %

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CASHFLOW STATEMENT FOR THE SIX MONTHS ENDED 4TH JULY 1995

	Six Months 1995 (£ million)		Six Months 1994 (£ million)		Year 1994 (£ million)	
Operating profit of continuing operations	50.0		38.5		79.7	
Depreciation of continuing operations	15.5		14.5		28.2	
Profit on sale of plant and machinery	(0.1)		-		-	
(Increase)/decrease in working capital	(8.3)		1.1		5.2	
Net cash inflow/(outflow) in respect of discontinued activities	-		2.4		(1.4)	
(Decrease) in pre-acquisition provisions	(0.9)		(4.1)		(7.7)	
Increase/(decrease) in other provisions	0.3		(0.3)		1.0	
Net cash inflow from operating activities		56.5		52.1		105.0
Interest received	2.9		1.5		4.6	
Interest paid	(10.9)		(7.8)		(18.4)	
Dividends from associated undertakings	-		-		0.1	
Dividends paid	(14.1)		(13.6)		(29.6)	
Net cash outflow from returns on investments and servicing of finance		(22.1)		(19.9)		(43.3)
UK Corporation tax paid	(3.6)		(4.3)		(11.4)	
Overseas tax paid	(2.2)		(2.7)		(6.7)	
Tax paid		(5.8)		(7.0)		(18.1)
Cash flow generated from operations		28.6		25.2		43.6
Capital expenditure	(20.4)		(15.3)		(35.3)	
Proceeds on sale of fixed assets	0.8		0.5		2.1	
Acquisition of subsidiary undertakings (net of cash equivalents)	(16.8)		(3.1)		(12.9)	
Deferred consideration for prior year acquisitions	(2.4)		(2.0)		(2.5)	
Disposal of Holt Lloyd carcare group	-		-		57.5	
Disposal of subsidiaries/investments	-		-		0.1	
Purchase of investments	(0.5)		(0.1)		(0.3)	
Net cash (outflow)/inflow from investing activities		(39.3)		(20.0)		8.7
Net cash (outflow)/inflow before financing		(10.7)		5.2		52.3
Increase in share capital		1.6		2.5		3.4
Net cash (outflow)/inflow		(9.1)		7.7		55.7
Opening net borrowings*	(103.8)		(168.0)		(168.0)	
Issue of exchangeable redeemable preference shares (see note 6)	(11.4)		-		-	
Exchange movement	3.5		3.5		8.5	
		(111.7)		(164.5)		(159.5)
Closing net borrowings*		(120.8)		(156.8)		(103.8)

* Excludes acceptance credits (see note 5)

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CONSOLIDATED BALANCE SHEET AS AT 4TH JULY 1995

	£ million		
	Six Months **1995**	Six Months **1994**	Year **1994**
Fixed assets			
Tangible assets	319.6	305.1	299.3
Other investments	9.6	9.5	8.7
	329.2	314.6	308.0
Current assets			
Stocks	129.3	140.9	121.2
Debtors	206.5	197.2	193.4
Cash at bank and in hand	84.1	101.7	77.8
	419.9	439.8	392.4
Current liabilities	260.1	305.9	256.5
Net current assets	159.8	133.9	135.9
Total assets less current liabilities	489.0	448.5	443.9
Term loans	153.3	173.4	129.1
Exchangeable redeemable preference shares (see note 6)	11.4	-	-
Grants for capital expenditure	3.1	3.4	3.4
	167.8	176.8	132.5
Provisions for liabilities and charges	24.6	24.6	24.1
	192.4	201.4	156.6
	296.6	247.1	287.3
Capital and reserves			
Called up share capital	85.2	85.0	85.1
Share premium account	7.0	4.7	5.5
Revaluation reserve	31.0	30.0	31.0
Special reserve	71.5	52.2	79.2
Other reserves	2.0	1.6	2.2
Profit and loss account	93.3	67.5	78.1
	290.0	241.0	281.1
Minority interest	6.6	6.1	6.2
	296.6	247.1	287.3

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NOTES

1 Basis of preparation

The interim financial information,which has been approved by the Board of Directors,has been prepared on the basis of accounting policies set out in the Group's 1994 annual report and accounts.

The results and balance sheet of the year 1994 are an abridged version of the full accounts which received an unqualified report by the auditors and have been filed with the Registrar of Companies.

2 Segmental analysis

	£ million		
	Six months	Six months	Year
Turnover	**1995**	**1994**	**1994**
Carbon	83.8	74.3	149.4
Technical Ceramics	106.3	97.5	188.6
Thermal Ceramics	149.6	123.2	255.2
Specialty Materials	75.6	67.7	144.9
	415.3	362.7	738.1
Discontinued operations	-	49.3	57.0
Group total	415.3	412.0	795.1
Operating profit			
Carbon	12.4	9.4	18.7
Technical Ceramics	12.2	9.7	18.9
Thermal Ceramics	16.7	11.4	25.1
Specialty Materials	8.7	8.0	17.0
	50.0	38.5	79.7
Discontinued operations	-	3.6	4.0
Group total	50.0	42.1	83.7

3 Taxation

United Kingdom taxes	7.0	5.4	13.0
Overseas taxes	6.0	5.4	7.8
Total taxation	13.0	10.8	20.8

The interim taxation charge is calculated by applying the Directors' best estimate of the annual tax rate to the profit for the period.

4 Earnings per share

Undiluted earnings per Ordinary Share are based upon the Group profit after tax, minority interests and preference dividends and on the weighted average number of fully paid Ordinary Shares in issue during the respective periods (January - June 1995, 219,286,173; January - June 1994, 218,435,172; January - December 1994, 218,623,662).

Fully diluted earnings per share are based on the adjusted profit attributable to shareholders of £28.9m (January - June 1994, £24.0m; January - December 1994, £51.4m) and shares of 239,325,302 (January - June 1994, 234,786,613; January - December 1994, 234,972,095) allowing for the full conversion of the 7.5p (net) Cumulative Convertible Redeemable Third Preference Shares, the exchangeable redeemable preference shares in Morganite Industries Inc. and full exercise of outstanding share options.

Underlying earnings per share are based on adjusted profits attributable to shareholders of £27.2 m (January - June 1994, £22.5m; January - December 1994, £45.4m) having added back the effect of exceptional items net of tax.

5 Current liabilities

Current liabilities include bank loans and overdrafts of £40.2m (4th July 1994, £85.1m; 4th January 1995, £52.5m).
Current liabilities also include acceptance credits of £12.8m (4th July 1994, £18.9m; 4th January 1995, £13.3m) which are excluded from borrowings.

6 Issue of exchangeable redeemable preference shares

On 17 March 1995 the Company purchased the business of Pure Carbon from The Stackpole Corporation in the USA. Part of the consideration was satisfied by way of an issue of 10 year exchangeable redeemable preference shares in the Company's wholly-owned subsidiary Morganite Industries Inc. These preference shares may be exchanged for 4,263,326 Ordinary shares in the Company or redeemed at the issue price.

Until the option to convert these preference shares into Ordinary shares is exercised they have been classified as debt in accordance with FRS 4 ' Capital Instruments'.

Report of the auditors to The Morgan Crucible Company plc

We have reviewed the interim financial information set out on pages 4 to 7 in respect of the six months ended 4 July 1995, which is the responsibility of, and has been approved by the Directors.Our responsibility is to report on the results of our review.

Our review was carried out having regard to the Bulletin, 'Review of interim financial information', issued by the Auditing Practices Board.This review consisted principally of obtaining an understanding of the process for the preparation of the interim financial information, applying analytical procedures to the underlying financial data, assessing whether accounting policies have been consistently applied, and making enquiries of the group's management responsible for financial and accounting matters. The review excluded audit procedures such as tests of controls and verification of assets and liabilities and was therefore substantially less in scope than an audit performed in accordance with Auditing Standards.Accordingly we do not express an audit opinion on the interim financial information.

On the basis of our review.

- we are not aware of any material modifications that should be made to the interim financial information as presented ; and

- in our opinion the interim financial information has been prepared using accounting policies consistent with those adopted by The Morgan Crucible Company plc in its accounts for the year ended 4 January 1995.

Ernst & Young
Chartered Accountants
London

This interim statement has been dispatched to all registered holders of Ordinary Shares and Preference Shares.Copies of this statement may be obtained from the Secretary at the Registered Office of the Company at the address below.