

FOSECO INTERNATIONAL LIMITED
REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 1999
REGISTERED NO: 468147



FOSECO INTERNATIONAL LIMITED

DIRECTORS' REPORT

The directors present their report and accounts for the year ended 31 December 1999.

Results and Dividends

The Company's profit for the year after taxation amounted to £5,000 (1998 loss £2,910,000).

The directors do not recommend the payment of any dividend (1998 : £Nil) and the profit of £5,000 has been transferred to reserves.

Review of the Business

The Company's principal activity during the year was the development and licensing of chemical products, primarily for use in metal melting industries.

Fixed Assets

The changes in fixed assets during the year are summarised in the notes to the accounts.

Research and Development

The Company continues to increase its commitment in the area of research and development in terms of both existing product lines and a range of new products.

Future Developments

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

Directors and their Interests

R W Barwick
D W Hobbins (Resigned 31 August 1999)
D G Hussey
M B Jones
S Roberts

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

DIRECTORS' REPORT (continued)

The interests of the directors in the shares of Burmah Castrol plc were :-

	Ordinary shares of £1 each		Options to subscribe for ordinary shares of £1 each		Options to subscribe for ordinary shares of 42p each	
	As at 1.1.99	As at 31.12.99	As at 1.1.99	Options granted	Options exercised/ cancelled	As at 31.12.99
R W Barwick	2,732	2,274	11,851	3,362	5,436	9,777
D Hussey	Nil	Nil	21,347	8,346	Nil	29,693
M B Jones	Nil	Nil	20,544	3,486	Nil	24,030
S Roberts	Nil	Nil	1,614	1,038	Nil	2,652

The beneficial shareholdings of directors were affected by Burmah Castrol plc's Return of Capital programme completed in May 1999. The return of Capital to shareholders was on the basis of five new ordinary shares of 42 pence each for every six existing ordinary shares of £1.00 each held.

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 seeks to agree payment terms with each of its suppliers, ensuring they are aware of those terms, when it enters into binding purchase transactions. Terms of payment are adhered to, subject to the Company being satisfied that the supplier has provided the goods or services in accordance with the agreed terms and conditions in the relevant purchase contract.

At 31 December 1999 the company had an average of 33 days purchases outstanding in trade creditors.

FOSECO INTERNATIONAL LIMITED

DIRECTORS' REPORT (continued)

Post Balance Sheet Event

The offer for the whole of the issued share capital of Burmah Castrol plc by BP Amoco p.l.c. was declared unconditional on 7 July 2000.

Auditors

In accordance with s386 of the Companies Act 1985, a resolution to dispense with the obligation to appoint auditors annually was passed on 22 December 1997. Accordingly Ernst & Young shall be deemed to be re-appointed as auditors 28 days after the accounts are sent to the members.

By order of the board



A.P. Busson
Company Secretary

Burmah Castrol House
Pipers Way
Swindon
Wiltshire SN3 1RE

.....29 September.....2000

FOSECO INTERNATIONAL LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the accounts 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 to enable them to ensure that the accounts 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.

REPORT OF THE AUDITORS TO THE MEMBERS OF FOSECO INTERNATIONAL LIMITED

We have audited the accounts on pages 6 to 17 which have been prepared under the historical cost convention and on the basis of the accounting policies set out on pages 8, 9 and 10.

Respective Responsibilities of Directors and Auditors

As described on page 4 the Company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

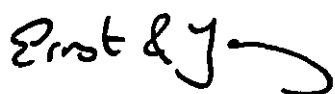
Basis of Opinion

We conducted our audit in accordance with 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the Company as at 31 December 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



ERNST & YOUNG
REGISTERED AUDITOR
BIRMINGHAM

18 October 2000

FOSECO INTERNATIONAL LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1999

<u>Notes</u>	<u>Continuing Operations</u>	
	1999 £'000	1998 £'000
3 Turnover	495	454
Cost of sales	(286)	(239)
Gross profit	209	215
4 Other operating income	11,273	12,033
Distribution costs	2	-
Administrative expenses	(11,703)	(14,441)
5 Operating loss	(219)	(2,193)
8 Net interest receivable/(payable)	-	122
Loss on ordinary activities before tax	(219)	(2,071)
9 Tax (charge)/credit on loss on ordinary activities	224	(839)
20 Profit/(Loss) on ordinary activities after taxation and transfer to reserves	5	(2,910)

The Company has no recognised gains or losses other than the profit for the year.

FOSECO INTERNATIONAL LIMITED

BALANCE SHEET AT 31 DECEMBER 1999

Notes	1999 £'000	1998 £'000
Fixed assets:		
10 Intangible assets	4,676	6,174
11 Tangible assets	385	615
12 Investment in subsidiary undertakings	1	1
	<u>5,062</u>	<u>6,790</u>
Current assets:		
13 Stocks	27	26
14 Debtors	12,587	6,989
Cash and short term deposits	15	275
	<u>12,629</u>	<u>7,290</u>
15 Creditors: amounts falling due within one year	<u>15,391</u>	<u>11,865</u>
Net current liabilities	<u>(2,762)</u>	<u>(4,575)</u>
Total assets less current liabilities	2,300	2,215
Creditors: amounts falling due after more than one year:		
16 Provision for liabilities	83	3
Shareholders' net assets	<u>2,217</u>	<u>2,212</u>
Capital and reserves:		
19 Called-up equity share capital	9,000	9,000
20 Profit and loss account	<u>(6,783)</u>	<u>(6,788)</u>
Equity shareholders' funds	<u>2,217</u>	<u>2,212</u>

Approved by the board of directors on 29 September 2000
and signed on their behalf

.....
Director

FOSECO INTERNATIONAL LIMITED

NOTES ON THE ACCOUNTS

1 Parent undertaking

These accounts present information about the Company as an individual undertaking and not about its group.

The Company is a wholly-owned subsidiary undertaking of Burmah Castrol plc, registered in Scotland. The Company's accounts are incorporated into the consolidated accounts of Burmah Castrol plc, which are prepared in accordance with UK legislation and include a consolidated cash flow statement.

Group accounts are, therefore, not required by Section 288 (1) of the Companies Act 1985 and the Company is, also, exempt from the requirements of Financial Reporting Statement No. 1 - 'cash flow statements'.

The report and accounts of Burmah Castrol plc may be obtained from the Registrar of Companies, Companies House, 37 Castle Terrace, Edinburgh EH1 2EB. This is the parent undertaking of the smallest and largest group of which the Company is a member and for which group accounts are prepared.

2 Accounting policies

a Fundamental accounting concept

The accounts have been prepared under the going concern concept because the Company's main creditors (the parent undertaking and fellow subsidiary undertakings) have agreed not to recall the amounts advanced to the Company until all other creditors have been paid.

b Accounting convention

The accounts are prepared in accordance with applicable accounting standards under the historical cost convention.

FOSECO INTERNATIONAL LIMITED

NOTES ON THE ACCOUNTS (continued)

2 Accounting policies (continued)

c Depreciation

Depreciation is provided on all tangible fixed assets, commencing in the year following acquisition, at rates calculated to write-off the cost or valuation, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Freehold property - 2.50%

Plant, equipment and vehicles - various rates between 10% and 50%.

d Stocks

Stocks are stated at the lower of cost and net realisable value.

Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and disposal.

e Research and development

Research and development expenditure is written off as incurred. Research laboratories' equipment is written off over its expected life.

f Deferred taxation

Deferred taxation is provided on the liability method on timing differences, at the rate at which it is anticipated that the tax will be paid, except for those which are not expected to reverse in the foreseeable future.

g Foreign currencies

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transactions. All differences are taken to the profit and loss account.

FOSECO INTERNATIONAL LIMITED

NOTES ON THE ACCOUNTS (continued)

2 Accounting policies (continued)

h Company pensions

The Company is party to Group pension schemes which require contributions to be made to separately administered funds. Contributions to the schemes are paid in accordance with the Group's funding policy for pensions and are charged to the profit and loss account as incurred.

i Leasing commitments

Rentals paid under operating leases are charged to profit and loss account as incurred.

j Government grants

Government grants on capital expenditure are credited to a deferred income account and are released to revenue over the expected useful life of the relevant asset by equal annual amounts.

Grants of a revenue nature are credited to the profit and loss account in the period to which they relate.

k Intangible fixed assets

Intangible fixed assets are stated at cost, less accumulated amortisation.

3 Turnover

Turnover is stated at the value of goods and services provided to customers, net of attributable taxes.

The destination of all the company's turnover is Asia.

4 Other operating income

Royalties receivable

From fellow subsidiary and associated undertakings

1999	1998
£'000	£'000

11,273	12,033
--------	--------

FOSECO INTERNATIONAL LIMITED

NOTES ON THE ACCOUNTS (continued)

	1999 £'000	1998 £'000
5 Operating Loss		
Operating loss is stated after charging:		
Depreciation of tangible fixed assets	175	257
Directors' remuneration (note 7)	653	859
Hire of plant and machinery	59	143
Auditors' remuneration	20	26
Staff costs (note 6)	3,630	4,011
Reorganisation costs	1,737	3,420

	1999 No.	1998 No.
--	-------------	-------------

6 Employees

The average monthly number of employees during the year was made up as follows:

Management and technical	49	69
--------------------------	----	----

	1999 £'000	1998 £'000
Staff costs during the year amounted to:		
Wages and salaries	3,025	3,579
Social Security costs	293	305
Other pension costs	312	127
	3,630	4,011

FOSECO INTERNATIONAL LIMITED

NOTES ON THE ACCOUNTS (continued)

	1999 £'000	1998 £'000
7 Directors' remuneration		
Directors remuneration consists of:		
Other emoluments (excluding pension contributions)	472	712
Compensation for loss of office	96	-
	<u>568</u>	<u>712</u>

Emoluments of the highest paid director, excluding pension contributions, were £170,017 (1998: £130,839).

Five directors were members of a Defined Benefit Pension Scheme

	1999 £'000	1998 £'000
8 Interest receivable/(payable)		
Interest receivable from third parties	-	162
Interest payable to other group undertakings	-	(40)
	<u>-</u>	<u>122</u>

FOSECO INTERNATIONAL LIMITED

NOTES ON THE ACCOUNTS (continued)

9 Tax charge on loss on ordinary activities	1999	1998
	£'000	£'000

The tax charge in the Profit and Loss Account is made up as follows:

Current tax:

Corporation tax

Relief for overseas tax

Prior years adjustment

Overseas tax

Deferred tax

Tax (credit)/charge

73	632
(360)	(387)
(287)	245
(718)	482
419	399
362	(287)
(224)	839

Provision has been made for deferred tax (assets)/liabilities as shown below:

	Balance 31/12/98 £'000	P&L Account £'000	Balance 31/12/99 £'000
Accelerated capital allowances	(482)	104	(378)
Short term timing differences	278	258	536
less relief for overseas taxes	(83)	-	(83)
	(287)	362	75

10 Intangible fixed assets

Technical
know-how
£'000

Cost:

As at 1 January and 31 December 1998

Disposals

6,249
1,498
4,751

Amortisation:

As at 1 January and 31 December 1999

75

Net book value as at 31 December 1999

4,676

Net book value as at 31 December 1998

6,174

The directors are of the opinion that the underlying value of the intangible fixed assets is not less than the current net book value and, therefore, no further amortisation is required.

FOSECO INTERNATIONAL LIMITED

NOTES ON THE ACCOUNTS (continued)

11	Tangible fixed assets	Freehold Property £'000	Plant, Equipment and Vehicles £'000	Total £'000
	Cost			
	At 1 January 1999	125	1,064	1,189
	Additions	-	108	108
	Inter-group transfers	-	(209)	(209)
	Disposals	-	(311)	(311)
	At 31 December 1999	125	652	777
	Depreciation:			
	At 1 January 1999	5	569	574
	Provided in year	3	172	175
	Inter-group transfers	-	(123)	(123)
	Disposals	-	(234)	(234)
	At 31 December 1999	8	384	392
	Net book amounts:			
	At 31 December 1999	117	268	385
	At 1 January 1999	120	495	615

FOSECO INTERNATIONAL LIMITED

NOTES ON THE ACCOUNTS (continued)

12 Investment in subsidiary undertakings

	1999 £'000	1998 £'000
Subsidiary undertakings:		
Shares at cost	1	1

Name of undertaking	Holding	Proportion held
---------------------	---------	-----------------

Subsidiary undertakings:

Foseco International Exports Limited	Ordinary shares	100%
Pathia Limited	Ordinary shares	100%

The above undertakings are registered in England and are involved in the export of the Group's products and the management of international operations.

In the opinion of the directors, the aggregate value of the investments in the subsidiary undertakings is not less than the net book value at 31 December 1999.

13 Stocks

Stock consists wholly of machine parts and equipment for resale to group undertakings.

14 Debtors	1999 £'000	1998 £'000
Trade debtors	139	213
Amounts owed by group undertakings	11,240	5,401
Corporation tax	286	-
Prepayments	922	1,088
Other debtors	-	287
	<u>12,587</u>	<u>6,989</u>

FOSECO INTERNATIONAL LIMITED

NOTES ON THE ACCOUNTS (continued)

15	Creditors: amounts falling due within one year	1999 £'000	1998 £'000
	Bank overdraft	38	103
	Trade creditors	1,087	1,082
	Amounts owed to group undertakings	11,888	7,030
	Corporation tax	-	25
	Other taxes and social security	92	80
	Accruals	2,286	3,545
		15,391	11,865

16	Creditors: amounts falling due after more than one year	1999 £'000	1998 £'000
	Provision for Social Legislation Liability	8	3
	Deferred Tax	75	-
		83	3

17 Company pensions

The Company is party to Group pension schemes which are designed to provide retirement benefits based on final salaries. The assets of the schemes are held separately from those of the Company and the Group. Qualified consulting actuaries carry out actuarial valuations and assessments of the schemes at least once in every three years. The most recent actuarial valuations were carried out at 6 April 1998, and details of these are disclosed in the Burmah Castrol plc company accounts for the year ended 31 December 1999.

The charge to profit and loss in these accounts represents contributions payable to the schemes in accordance with the Group's funding policy.

18 Financial commitments

At 31 December 1999 the company had annual commitments under non-cancellable operating leases expiring as follows:

	1999 £'000	1998 £'000
Within one year	17	77
Within two to five years	82	270
Within over five years	29	
	128	347

FOSECO INTERNATIONAL LIMITED

NOTES ON THE ACCOUNTS (continued)

19	Called-up share capital	1999	1998
		£'s	£'s
	Authorised share capital: 9,000,000 ordinary shares of £1 each	9,000,000	9,000,000
	Allotted, issued and fully paid: 9,000,000 ordinary shares of £1 each	9,000,000	9,000,000
20	Profit and Loss account	1998	1998
		£'000	£'000
	Balance at 1 January	(6,788)	(3,878)
	Profit/(loss) for the year	5	(2,910)
	Balance at 31 December	(6,783)	(6,788)
21	Reconciliation of movements in shareholders' funds		
	Profit/(loss) for the year	5	(2,910)
	Opening shareholders' funds	2,212	5,122
	Closing shareholders' funds	2,217	2,212

22 Subsequent Events

Following the offer for the whole of the issued share capital of Burmah Castrol plc by BP Amoco p.l.c. which was declared unconditional on 7 July 2000, the ultimate holding company from this date will be BP Amoco p.l.c.