

CASTROL OVERSEAS SECURITIES LIMITED

ANNUAL REPORT & ACCOUNTS

31 DECEMBER 1998

REGISTERED NO: 1937365



CASTROL OVERSEAS SECURITIES LIMITED

DIRECTORS' REPORT

The directors submit their report and accounts for the year ended 31 December 1998.

RESULTS AND DIVIDENDS

The directors do not recommend payment of a dividend (1997: £Nil).

REVIEW OF THE BUSINESS

The Company has nominee shareholdings in a number of subsidiary undertakings of Burmah Castrol plc, in particular, a 1% shareholding in Castrol Madeni Yaglar Sanayi ve Ticaret AS (a company incorporated in Turkey).

YEAR 2000

The Company is a subsidiary of Burmah Castrol plc and is included in the Burmah Castrol group programme addressing the impact of the year 2000. Details of this programme can be found in the report and accounts of Burmah Castrol plc. Copies can be obtained from the Company Secretary's department, Burmah Castrol House, Pipers Way, Swindon, Wiltshire SN3 1RE.

DIRECTORS AND THEIR INTERESTS

The following served as Directors during the year ended 31 December 1998:

A.P. Busson
P.R.S. Howie (resigned 12.2.99)
E.G. Parker (appointed 12.2.99)

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

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

	Ordinary shares of £1 each		Options to subscribe for ordinary shares of £1 each			
	As at 1.1.98	As at 31.12.98	As at 1.1.98	Options granted	Options exercised/ cancelled	As at 31.12.98
A P Busson	1,000	298	2,092	1,393	1,203	2,282
P R S Howie	887	887	13,564	2,230	5,995	9,799

CASTROL OVERSEAS SECURITIES LIMITED

DIRECTORS' REPORT (continued)

No director had an interest during or at the end of the year in any contract which was significant in relation to the Company's business.

GENERAL INFORMATION

Burmah Castrol plc maintains a policy of liability insurance for the Burmah Castrol group's officers.

AUDITORS

Ernst & Young have expressed their willingness to continue in office as auditors. On 18 November 1994 in accordance with Section 386 of the Companies Act 1985, the Company passed an elective resolution to dispense with the need to appoint auditors annually.

By Order of the Board



E. G. PARKER

Secretary

Burmah Castrol House

Pipers Way

Swindon

Wiltshire

SN3 1RE

19 August 1999

CASTROL OVERSEAS SECURITIES 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 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; 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 Castrol Overseas Securities Limited

We have audited the accounts on pages 5 to 8, which have been prepared under the historical cost convention.

Respective responsibilities of directors and auditors

As described on page 3 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.

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 31st December 1998 and of its profits for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young

Ernst & Young
Registered Auditor
London

25 August 1999

CASTROL OVERSEAS SECURITIES LIMITED**Profit and loss account for the Year Ended 31 December 1998**

	Note	1998 £	1997 £
Dividends Received		40,183	17,134
		<hr/>	<hr/>
Profit on Ordinary Activities before Tax		40,183	17,134
Tax	4	-	-
		<hr/>	<hr/>
Retained Profit for the Financial Year		40,183	17,134
		=====	=====

Reconciliation in Shareholder's funds and movements in reserves

	Share Capital £	P&L Account £	Total £
Balance at 1 January 1998	2	17,134	17,136
Retained Profit for the Year	<hr/>	<u>40,183</u>	<u>40,183</u>
Balance at 31 December 1998	2	57,317	57,319
	=====	=====	=====

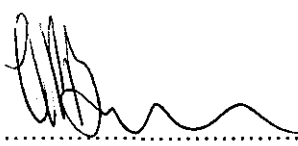
The Company has no recognised gains or losses other than the retained profit for the year.

CASTROL OVERSEAS SECURITIES LIMITED

Balance Sheet at 31 December 1998

		Notes:	1998 £	1997 £
Fixed Assets				
Investments	3		372,035	372,035
Current Assets				
Amount owed by parent undertaking			-	-
Creditors: Amounts due within one year				
Amounts owed to parent undertaking			(314,716)	(354,899)
Capital and reserves			<u>57,319</u> =====	<u>17,136</u> =====
Called-up share capital	5		2	2
Profit and loss account			57,317	17,134
Shareholders' funds			<u>57,319</u> =====	<u>17,136</u> =====

Approved by the board of directors on 19 August 1999 and signed on their behalf.


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Director

CASTROL OVERSEAS SECURITIES LIMITED

NOTES TO THE ACCOUNTS

1. Holding Company

The Company's ultimate parent undertaking and controlling party is Burmah Castrol plc which is registered in Scotland. The report and accounts of Burmah Castrol plc are filed with 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.

The Company is therefore exempt from the requirements of Financial Reporting Standard No 1 - 'cash flow statements'.

2. Accounting Policy

Accounting Convention

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

Foreign Currency

Transactions in foreign currency are recorded at the rate ruling at the date of transaction.

3. Fixed Assets

	1998	1997
	£	£
Shares in group undertaking	372,035	372,035

The Company's investment comprises a 1% shareholding in Castrol Madeni Yaglar Sanayi ve Ticaret AS, a company incorporated in Turkey.

CASTROL OVERSEAS SECURITIES LIMITED

NOTES TO THE ACCOUNTS (continued)

4. Taxation

The tax charge in the profit and loss account is made up as follows:

	1998	1997
	£	£
Current tax:		
UK Corporation Tax @ 31% (1997-31.49%)	20,761	8,993
Less: Relief for overseas tax	(20,761)	(8,993)
	<u>0</u>	<u>0</u>
	=====	=====

No provision for deferred tax is required (1997 : £nil)

5. Share Capital

	1998	1997
	£	£
Allotted and fully paid: ordinary shares £1 each	2	2
Authorised share capital	100	100

6. Directors' Emoluments

No persons who held office as director during 1997 and 1998 received any emoluments in respect of their services to the company.

7. Related Party Transactions

The Company is a subsidiary undertaking and 90% or more of its voting rights are controlled within the group. The group Financial Statements are publicly available. The Company is therefore exempted 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.