

YARA OVERSEAS LIMITED

DIRECTORS' REPORT AND ACCOUNTS

2005

Registered No 2665899

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YARA OVERSEAS LIMITED
DIRECTORS' REPORT FOR THE YEAR TO 31 DECEMBER 2005

The Directors present their report and audited accounts for the year ended 31 December 2005

ACTIVITIES

The Company's principal activity is to act as a holding company for certain interests of the Yara UK Limited group of undertakings which are based outside of the UK

FINANCIAL RESULTS, DIVIDENDS AND REVIEW OF THE BUSINESS

The profit for the year, after taxation, amounted to £10,885,000 The directors recommend that no dividend be declared for the year

The directors of Yara Overseas Limited are not involved in the day-to-day management of any of the subsidiary companies, management is vested with a local board of directors

The subsidiary companies are involved in the sales and distribution of plant nutritional products

DIRECTORS

Directors who served during the year were as follows

Mr R C Cattermole
Mr D K Spindler
Ms T Andersen (appointed 23rd August 2006)

DIRECTORS INTERESTS

None of the directors had any notifiable interest in the shares of the Company, its holding company or any fellow subsidiary undertaking during the year, except for the following in the ultimate parent company, Yara International ASA

	No of Shares Held	
	2005	2004
Mr R C Cattermole	59	59
Ms T Andersen	130	130

FUTURE DEVELOPMENTS

There are no plans to change the activities of this company

YARA OVERSEAS LIMITED
DIRECTORS' REPORT FOR THE YEAR TO 31 DECEMBER 2005 (continued)

DIRECTORS' RESPONSIBILITIES FOR 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,
- 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 confirm that the accounts comply with the above requirements

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.

DIRECTORS STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

The directors who were members of the board at the time of approving the directors' report are listed within this report and accounts. Having made enquiries of fellow directors and of the company's auditors, each of these directors confirms that

- To the best of each director's knowledge and belief, there is no information relevant to the preparation of their report of which the company's auditors are unaware, and
- Each director has taken all steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the company's auditors are aware of that information

AUDITORS

Ernst & Young LLP have expressed their willingness to continue in office, as auditors and a resolution proposing their re-appointment will be submitted at the Annual General Meeting.

By order of the Board


D K Spindler
Secretary

Registered Office
Immingham Dock
Immingham
N E Lincolnshire
DN40 2NS

YARA OVERSEAS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF YARA OVERSEAS LIMITED

We have audited the company's financial statements for the year ended 31 December 2005 which comprise the Income Statement, the Cash flow Statement, the statement of Change in Shareholders Equity, Balance Sheet and the related notes 1 to 16. These financial statements have been prepared on the basis of 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

The directors are responsible for preparing the financial statements in accordance with applicable United Kingdom law and International Financial reporting Standards (IFRS's) as adopted by the European Union as set out in the Statement of Directors responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 to you 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 is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

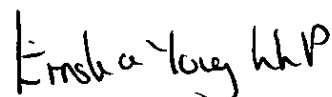
Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgement made by the directors in the preparation of the financial statements, 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 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 in accordance with IFRS's as adopted by the European Union, of the state of affairs of the company as at 31 December 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young LLP
Registered Auditor
Hull

Date 17 May 2007

YARA OVERSEAS LIMITED
INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2005

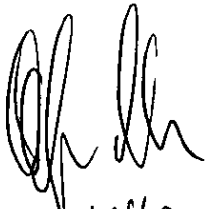
		2005 £000	2004 £000
Administration Expenses		-	-
		<hr/>	<hr/>
PROFIT FROM OPERATIONS	3	-	-
Finance revenue	5	7,358	59
Finance costs	6	(22)	(32)
Exceptional items	7	4,358	-
		<hr/>	<hr/>
PROFIT BEFORE TAXATION		11,694	27
Income tax expense	8	(809)	(9)
		<hr/>	<hr/>
PROFIT AFTER TAXATION		10,885	18
		<hr/>	<hr/>

STATEMENT OF RECOGNISED INCOME AND EXPENSES
For the year ended 31 December 2005

There are no recognised income or expenses other than the profit of £10,885,000 for the year ended 31 December 2005 (£18,000 for the year ended December 2004)

YARA OVERSEAS LIMITED
BALANCE SHEET AS AT 31 DECEMBER 2005

	NOTE	2005 £000	2004 £000
NON-CURRENT ASSETS			
Investments in subsidiaries	9	431	616
		<u>431</u>	<u>616</u>
CURRENT ASSETS			
Trade and other receivables	10	10,308	-
		<u>10,308</u>	<u>-</u>
TOTAL ASSETS		<u>10,739</u>	<u>616</u>
CURRENT LIABILITIES			
Trade and other payables	11	-	(912)
Income Tax Payable	8	(120)	(9)
		<u>(120)</u>	<u>(921)</u>
NON-CURRENT LIABILITIES			
Deferred tax liabilities	8	(39)	-
		<u>(39)</u>	<u>-</u>
TOTAL LIABILITIES		<u>(159)</u>	<u>(921)</u>
NET ASSETS/(LIABILITIES)		<u>10,580</u>	<u>(305)</u>
CAPITAL AND RESERVES			
Called up share capital	12	208	208
Retained earnings	13	10,372	(513)
TOTAL EQUITY		<u>10,580</u>	<u>(305)</u>


) Directors
)
)
 DATE 16th July 2007

YARA OVERSEAS LIMITED
CASH FLOW STATEMENT AS AT 31 DECEMBER 2005

	2005 £000	2004 £000
Operating profit	-	-
Decrease/(increase) in trade and other receivables	(8,223)	-
Increase/(decrease) in trade and other payables	(912)	(27)
	<hr/>	<hr/>
Cash generated from operations	(9,135)	(27)
	<hr/>	<hr/>
Net cash flow from operating activities	(9,135)	(27)
	<hr/>	<hr/>
Investing activities		
Interest received	34	-
Sale of investments	4,665	-
Dividends received	6,034	59
Loan granted	(4,692)	-
Loan repayments	3,116	-
	<hr/>	<hr/>
Net cash flow from investing activities	9,157	59
	<hr/>	<hr/>
Financing activities		
Interest paid	(22)	(32)
	<hr/>	<hr/>
Net cash flow from financing activities	(22)	(32)
	<hr/>	<hr/>
Increase/(decrease) in cash and cash equivalents	-	-
Cash and cash equivalents at the beginning of the year	-	-
	<hr/>	<hr/>
Cash and cash equivalents at the end of the year	-	-
	<hr/>	<hr/>

YARA OVERSEAS LIMITED
NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2005

1 AUTHORISATION OF FINANCIAL STATEMENTS AND STATEMENT OF COMPLIANCE WITH IFRSs

The Company's financial statements for the year ended 31 December 2005 were authorised by the board of directors on 16th May 2007 and the balance sheet was signed on the board's behalf by D K Spindler. The Company is a limited company, incorporated and domiciled in England & Wales.

The company's financial statements have been prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 1985. The principal accounting policies adopted by the company are set out in note 2.

2 ACCOUNTING POLICIES

a) Basis of preparation

This is the first year in which the Company has prepared its financial statements under IFRS and the comparatives have been re-stated from UK Generally Accepted Accounting Practice (UK GAAP) to comply with IFRS.

The accounting policies, which follow set out those policies, which apply in preparing the financial statements for, the year ended 31st December 2005.

The company financial statements are presented in Sterling and all values are rounded to the nearest thousand pounds (£000) except where otherwise indicated.

b) The Company's investments in subsidiaries

In its financial statements the Company recognises its investments in subsidiaries at cost. Income is recognised from these investments only in relation to distributions received from post acquisition profits. Distributions received in excess of post acquisition profits are deducted from the cost of the investment.

c) Revenue Recognition

-Interest Income

Revenue is recognised as interest accrues. Interest is derived from positive cash balances held with Group companies and on some extended credit facilities offered to customers.

d) Borrowing Costs

Borrowing costs are recognised as an expense when incurred.

e) Exceptional Items

The Company presents as exceptional items on the face of the income statement, those material items of income and expense which, because of the nature and expected infrequency of the events giving rise to them, merit separate presentation to allow a better understanding of the elements of financial performance in the year, and to facilitate comparison with prior periods.

YARA OVERSEAS LIMITED
NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2005 (continued)

f) Impairment of assets

The company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the company makes an estimate of the net recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined by an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted at their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses of continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may be decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised in the income statement unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After each such reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

g) Trade and other receivables

Trade receivables are recognised and carried at the lower of their original invoice value and their expected recoverable amount. Provision is made where there is evidence that the Company will not be able to recover the balances in full. Balances are written off where the probability of recovery is assessed as being remote.

h) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise of cash at banks and in hand.

For the purpose of the cash flow statement cash and cash equivalents consist of as defined above, net of outstanding bank overdrafts.

YARA OVERSEAS LIMITED
NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2005 (continued)

i) Income Taxes

Current tax assets and liabilities are measured at the amount expected to be recovered from, or paid to, the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date

Deferred income tax is recognised in respect of all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions

- Where the temporary difference arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss,
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future, and
- Deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date

Income tax is charged or credited directly to equity if it relates to items that are credited or charged to equity. Otherwise income tax is recognised in the income statement

j) Foreign currency translation

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

k) Group Accounts

The results of the company are included in the accounts of Yara International ASA, incorporated in Norway. The company is consequently exempt from the obligation to prepare and deliver group accounts under section 228 of the Companies Act 1985, following the adoption of the 7th Directive of the European Union by the Norwegian Government. As a result these accounts present information about the company as an individual undertaking and not about its group

3	OPERATING PROFIT	2005 £000	2004 £000
	This is stated after charging		
	Auditors remuneration		
	Audit services	-	-
	Non audit services	-	-
		<hr/>	<hr/>
		-	-
		<hr/>	<hr/>
	All costs incurred by the company are paid by Yara UK Limited, the parent company		

YARA OVERSEAS LIMITED
NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2005 (continued)

4	DIRECTORS EMOLUMENTS	2005 £000	2004 £000
	Directors' emoluments	-	-
	The directors received no emoluments in respect of their services as a director of Yara Overseas Limited		
5	FINANCE REVENUE	2005 £000	2004 £000
	From group undertakings	34	-
	Interest on external loan	129	-
	Gain on foreign currency	510	-
	Dividends received from subsidiaries	6,685	59
		<hr/>	<hr/>
		7,358	59
		<hr/>	<hr/>
6	FINANCE COSTS	2005 £000	2004 £000
	To group undertakings	22	32
		<hr/>	<hr/>
7	EXCEPTIONAL ITEMS	2005 £000	2004 £000
	Realisation on sale of investments in subsidiaries	4,543	-
	Net book value of fixed assets disposed	(185)	-
		<hr/>	<hr/>
	Gain/(loss) on disposal of fixed assets	4,358	-
		<hr/>	<hr/>

Gains and losses on fixed assets are classified as exceptional on the basis that they arise from transactions to dispose of assets other than at the end of their usual expected lives or the values significantly differ from their previously assessed residual value. As such the amounts earned or charged in any given year is not indicative of a trend in financial performance.

YARA OVERSEAS LIMITED
NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2005 (continued)

8	TAXATION	2005 £000	2004 £000
(a)	Tax on profit on ordinary activities		
	Tax charged in the income statement		
	Current income tax		
	UK Corporation tax	120	9
	Foreign tax	650	-
	Total current income tax	<u>770</u>	<u>9</u>
	Deferred Tax		
	Origination and reversal of timing differences	39	-
	Total deferred tax	<u>39</u>	<u>-</u>
	Tax charge in the income statement	<u>809</u>	<u>9</u>
(b)	Reconciliation of the total tax charge		
	The tax assessed for the year is lower than the standard rate of corporation tax in the UK		
	The differences are reconciled below		
	Profit before taxation	11,694	27
	Profit before taxation multiplied by the UK standard rate of corporation tax of 30% (2004 30%)	<u>3,508</u>	<u>8</u>
	Non taxable income	(1,344)	1
	Underlying tax	(1,941)	-
	Withholding tax credit unrelieved	586	-
	Total tax charge for the year	<u>809</u>	<u>9</u>
(c)	Deferred Tax		
	Deferred Tax liability in the balance sheet		
	Short term temporary differences	39	-
	Deferred Tax liability	<u>39</u>	<u>-</u>
(d)	Unrecognised tax losses		

No deferred tax asset has been provided in respect of surplus double tax relief amounting to £586,000 that may be available to offset against the tax on future overseas income

YARA OVERSEAS LIMITED
NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2005 (continued)

8 TAXATION (continued)

(e) Temporary differences associated with investments

At 31 December 2005 no deferred tax liability has been recognised (2004 £nil) in respect of any taxes that would be payable on the unremitted earnings of certain of the company's subsidiaries as the company can control the timing of any such payments. There are no income tax consequences to the company in relation to dividends paid to shareholders.

9 INVESTMENTS £000

Cost	
At 1 January 2005	616
Disposals	(185)
At 31 December 2005	<u>431</u>

The company sold 30% of its investment in Yara East Africa Limited on 1st January 2005

	Proportion of voting rights and shares held	Country of incorporation or registration	Nature of Business
<hr/>			
Details of the investments in which the company holds 20% or more of the nominal value of ordinary share capital are as follows			
Name of company			
Yara Zimbabwe (Pvt) Limited	100	Zimbabwe	Fertilizer Distributors
Yara (Pty) Limited	100	South Africa	Fertilizer Distributors
Yara East Africa Limited	70	Kenya	Fertilizer Distributors
Yara Trade Msr	100	Egypt	Fertilizer Distributors
Dan Hydro Co Limited	50	Nigeria	Fertilizer Distributors
Investments held by Yara Zimbabwe (Pvt) Limited			
AFF Holdings Limited	55.18	Zimbabwe	Holding Company
Windmill (Private) Limited	20.07	Zimbabwe	Fertilizer Distributors
Fertilizer Holdings Limited	27.59	Zimbabwe	Holding Company
ZFC Limited	27.59	Zimbabwe	Fertilizer Distributors
Technical & Industrial Investment PVT Limited	27.59	Zimbabwe	Investment Company
Chemical & Gas Holdings Limited	20.42	Zimbabwe	Holding Company
Sable Chemicals	20.42	Zimbabwe	Fertilizer Distributors

YARA OVERSEAS LIMITED
NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2005 (continued)

10	TRADE AND OTHER RECEIVABLES	2005 £000	2004 £000	
	Amounts owed by group undertakings	8,223	-	
	Other debtors	2,085	-	
		<hr/>	<hr/>	
		10,308	-	
		<hr/>	<hr/>	
11	TRADE AND OTHER PAYABLES	2005 £000	2004 £000	
	Amounts owed to group undertakings	-	(912)	
		<hr/>	<hr/>	
		-	(912)	
		<hr/>	<hr/>	
12	AUTHORISED AND ISSUED SHARE CAPITAL	2005 £000	2004 £000	
	Authorised			
	Ordinary shares of £1 each	208	208	
		<hr/>	<hr/>	
	Allotted, called up and fully paid Ordinary shares of £1 each	208	208	
		<hr/>	<hr/>	
13	STATEMENT OF CHANGES IN EQUITY			
		Share Capital £000	Profit and Loss Account £000	Total £000
	At 1 January 2004	208	(531)	(323)
	Total recognised income and expense for the year	-	18	18
		<hr/>	<hr/>	<hr/>
	At 1 January 2005	208	(513)	(305)
	Total recognised income and expense for the year	-	10,885	10,885
		<hr/>	<hr/>	<hr/>
		208	10,372	10,580
	At 31 December 2005			

YARA UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2005 (continued)

14 OTHER RELATED PARTY TRANSACTIONS

During the year the company entered into transactions, in the ordinary course of business, with other related parties. Transactions entered into, and trading balances outstanding as 31 December with other related parties, are as follows

	Services rendered to related party	Services purchased from related party	Amounts owed by related parties	Amounts owed to related parties
	£000	£000	£000	£000
Parent/Ultimate Parent Company				
2005	-	-	8,223	-
2004	-	-	-	(912)

15 PARENT UNDERTAKING AND CONTROLLING PARTY

The Company's immediate parent undertaking is Yara UK Limited

Yara International ASA is the company's controlling party

The ultimate parent company is Yara International ASA, incorporated in Norway. This is the parent undertaking of the smallest and largest group which consolidates the financial statements of the company.

Copies of the Yara International ASA and the Yara UK Limited accounts can be obtained from the Registered Office of the Company.

16 TRANSITION TO IFRS

For all periods up to and including the year ended 31 December 2004 the Company prepared its financial statements in accordance with United Kingdom generally accepted accounting practice (UKGAAP). These financial statements, for the year ended 31 December 2005, are the first the Company has elected to prepare in accordance with International Financial Reporting Standards (IFRS).

Accordingly, the Company has prepared financial statements which comply with IFRS applicable for the periods after 31 December 2005. The company has not identified any changes in accounting policies to require the restatement of the 31 December 2004 comparatives.