

YARA OVERSEAS LIMITED

DIRECTORS' REPORT AND ACCOUNTS

2010

Registered No 2665899

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YARA OVERSEAS LIMITED
DIRECTORS' REPORT FOR THE YEAR TO 31 DECEMBER 2010

The Directors present their report and audited accounts for the year ended 31 December 2010

BUSINESS REVIEW AND PRINCIPAL ACTIVITIES

The company is a wholly owned subsidiary of Yara UK Limited, whose ultimate parent company is Yara International ASA, a quoted company on the Norwegian Stock Exchange

The Company's principal activity is to act as a holding company for certain interests of the Yara group of companies that are resident in Africa. These subsidiary companies are involved in the sale and distribution of plant nutritional products.

The directors of the Company are not involved in the day-to-day management of any of the subsidiary companies, with the management being vested with the local boards of directors.

The pretax profit for the year of £5 174 million (2009 £2 085 million) was primarily derived from dividends received from subsidiaries and interest on balances held with other Yara group companies.

The investments in subsidiaries relates mainly to Yara East Africa Limited and Yara Trade MISR Egypt, where all the indications are that the current levels of profitability will be maintained.

FINANCIAL RESULTS, DIVIDENDS AND REVIEW OF THE BUSINESS

The profit for the year, after taxation, amounted to £4,660,000 (2009 £1,870,000). The Directors declared and paid a dividend of £4,790,000 (2009 £5,900,000).

DIRECTORS

Directors who served during the year and subsequently were as follows:

Mr R C Cattermole
Mr D K Spindler (resigned 31/08/2010)
Ms T Andersen

FUTURE DEVELOPMENTS

There are no plans to change the activities of this company.

GOING CONCERN

The Directors have considered the Going Concern assumption given the uncertainties in the current economic climate and formed the conclusion that there is a reasonable expectation that the company will continue to operate in the foreseeable future. The Directors have considered the position of the company at 31 December 2010 and the forecasts in forming this judgment.

YARA OVERSEAS LIMITED
DIRECTORS' REPORT FOR THE YEAR TO 31 DECEMBER 2010 (continued)

Directors' responsibilities statement

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they 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 these financial statements, International Accounting Standard 1 requires that directors

- properly select and apply accounting policies,
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information,
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance, and
- make an assessment of the company's ability to continue as a going concern

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006. 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 OF INFORMATION GIVEN TO AUDITORS

Each of the persons who is a director at the date of approval of this report confirms that

- as far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provision of s418 of the Companies Act 2006.

TREASURY

The Company's treasury operates procedures designed to reduce or eliminate financial risk. The policies are approved by the Board and the use of financial instruments is strictly controlled.

The Company's principal financial instruments comprise borrowings, cash and various items, such as trade debtors and trade creditors that arise directly from its operations. The Company does not use forward foreign currency contracts or interest rate swaps to manage the currency and interest rate risks respectively arising from the company's operations.

YARA OVERSEAS LIMITED
DIRECTORS' REPORT FOR THE YEAR TO 31 DECEMBER 2010 (continued)

DIRECTORS' RESPONSIBILITIES FOR THE ACCOUNTS (continued)

AUDITORS

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

By order of the Board



T Andersen
Director

Registered Office
Harvest House
Europarc
Grimsby
N E Lincolnshire
DN37 9TZ

Date 14th March 2011

YARA OVERSEAS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF YARA OVERSEAS LIMITED

We have audited the financial statements of Yara Overseas Limited for the year ended 31 December 2010 which comprise the Income Statement, the Statement of Comprehensive Income, the Balance Sheet, the Cash Flow Statement, the Statement of Changes in Equity and the related notes 1 to 15. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state 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 explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2010 and of its profit for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006.


Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.



Simon Manning (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Leeds, UK
Date 21 March 2011

YARA OVERSEAS LIMITED
INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2010

	NOTE	2010 £000	2009 £000
Administration Expenses		31	(66)
OPERATING PROFIT/(LOSS)	4	31	(66)
Investment revenue	6	5,143	2,151
PROFIT BEFORE TAXATION		5,174	2,085
Income tax expense	7	(514)	(215)
PROFIT FOR THE YEAR		4,660	1,870

All the results for the year relate to continuing operations

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2010

There is no other comprehensive income other than the profit of £4,660,000 for the year ended 31 December 2010 (£1,870,000 for the year ended December 2009)

YARA OVERSEAS LIMITED
BALANCE SHEET AS AT 31 DECEMBER 2010

	NOTE	2010 £000	2009 £000
NON-CURRENT ASSETS			
Investments in subsidiaries	9	1,016	1,016
Trade and other receivables	10	323	464
		<u>1,339</u>	<u>1,480</u>
CURRENT ASSETS			
Trade and other receivables	10	175	164
		<u>175</u>	<u>164</u>
TOTAL ASSETS		<u>1,514</u>	<u>1,644</u>
CURRENT LIABILITIES			
Income Tax Payable		-	-
Trade and other payables		(117)	(117)
		<u>(117)</u>	<u>(117)</u>
TOTAL LIABILITIES		<u>(117)</u>	<u>(117)</u>
NET ASSETS		<u>1,397</u>	<u>1,527</u>
EQUITY			
Share capital	13	208	208
Retained earnings		1,189	1,319
TOTAL EQUITY		<u>1,397</u>	<u>1,527</u>

The Company's financial statements (registered number 2665899) for the year ended 31 December 2010 were authorised by the board of directors on 14th March 2011 and the balance sheet was signed on the board's behalf by T Andersen



)
) Director
)

Date 14th March 2011

YARA OVERSEAS LIMITED
CASH FLOW STATEMENT AS AT 31 DECEMBER 2010

	2010 £000	2009 £000
Operating profit/(loss)	31	(66)
Decrease in trade and other receivables	130	4,030
Cash generated from operations	161	3,964
Income taxes paid	(514)	(215)
Net cash (used in)/from operating activities	(353)	3,749
Investing activities		
Interest received	2	2
Dividends received	5,141	2,149
Net cash from investing activities	5,143	2,151
Financing activities		
Dividends paid	(4,790)	(5,900)
Net cash used in financing activities	(4,790)	(5,900)
Increase/(decrease) in cash and cash equivalents	-	-
Cash and cash equivalents at the beginning of the year	-	-
Cash and cash equivalents at the end of the year	-	-

STATEMENT OF CHANGES IN EQUITY

	Share Capital £000	Retained Earnings £000	Total £000
At 1 January 2009	208	5,349	5,557
Profit for the year	-	1,870	1,870
Dividends (see note 8)	-	(5,900)	(5,900)
At 1 January 2010	208	1,319	1,527
Profit for the year	-	4,660	4,660
Dividends (see note 8)	-	(4,790)	(4,790)
At 31 December 2010	208	1,189	1,397

YARA OVERSEAS LIMITED
NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2010

1 BASIS OF ACCOUNTING

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 issued by the International Accounting Standards Board 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

The Company has prepared its financial statements in accordance with IFRS and the historical cost basis

The Directors have considered the Going Concern assumption given uncertainties in the current economic climate and formed the conclusion that there is a reasonable expectation that the company will continue to operate in the foreseeable future. The Directors have considered the position of the company at 31 December 2010 and the forecasts in forming this judgment

The accounting policies, which follow set out those policies, which apply in preparing the financial statements for, the year ended 31st December 2010

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. Dividend income from investments is recognised when the shareholders' rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably)

c) Revenue Recognition

Interest Income

Revenue is recognised as interest accrues. Interest is derived from positive loan 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

YARA OVERSEAS LIMITED
NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2010 (continued)

2 ACCOUNTING POLICIES (continued)

e) 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.

f) 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.

g) 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 2010 (continued)

2 ACCOUNTING POLICIES (continued)

h) 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

Withholding taxes are charged or credited to other comprehensive income if they relate to items that are charged or credited to other comprehensive income. Similarly, withholding taxes are charged or credited directly to equity if they relate to items charged or credited directly to equity. Otherwise withholding taxes are recognised in the income statement

i) 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

j) 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 400 of the Companies Act 2006, 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

YARA OVERSEAS LIMITED
NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2010 (continued)

2 ACCOUNTING POLICIES (continued)

k) Adoption of new and revised Standards

In the current year, the Company has adopted all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board (the IASB) and the International Financial Reporting Interpretations Committee (the IFRIC) of the IASB that are relevant to its operations and effective for annual reporting periods beginning on 1 January 2010. The adoption of these new and revised Standards and Interpretations has not resulted in changes to the Company's accounting policies.

The directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material financial impact on the Company's financial statements.

l) Financial Instruments

Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

Financial Assets are classified as 'loans and receivables' and financial liabilities are classified as 'other financial liabilities' within the meaning of IFRS7 'Financial Instruments Disclosure'.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

YARA OVERSEAS LIMITED
NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2010 (continued)

2 ACCOUNTING POLICIES (continued)

1) Impairment of financial assets

Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

Objective evidence of impairment could include

- Significant financial difficulty of the issuer or counterparty, or
- Default or delinquency in interest or principal payments, or
- It becoming probable that the borrower will enter bankruptcy or financial re-organisation

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through the profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

YARA OVERSEAS LIMITED
NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2010 (continued)

2 ACCOUNTING POLICIES (continued)

1) Financial Instruments (continued)

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Other financial liabilities

Other financial liabilities, including elements of trade and other payables and borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

3 KEY SOURCES OF ESTIMATION UNCERTAINTY, JUDGEMENTS AND ASSUMPTIONS

a) General

The preparation of financial statements in accordance with IFRSs and applying the chosen accounting policies requires management to make judgements, estimates and assumptions that affect the reported amount of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and the underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

YARA OVERSEAS LIMITED

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2010 (continued)

3 KEY SOURCES OF ESTIMATION UNCERTAINTY, JUDGEMENTS AND ASSUMPTIONS (continued)

b) Deferred Tax

Judgement is required in determining the Company's deferred tax assets and liabilities. The Company recognises deferred tax assets if it is probable that sufficient taxable income will be available in the future against which the temporary differences and unused tax losses can be utilized. Management has considered future taxable income in assessing whether deferred income tax assets should be recognised.

c) Impairment of investments in subsidiaries

The value in use of some of these assets could be influenced by changes in market conditions where the company carries out its business. Significant and prolonged adverse market conditions could lead to temporary or permanent closures of production facilities. Such closures will be considered as an impairment indicator and an impairment test will be carried out. The outcome of such impairment tests may be that significant impairment losses are recognised in the income statement. At 31 December 2010 no plants were temporarily or permanently closed.

4 OPERATING PROFIT/(LOSS)

The audit fee of £5,000 (2009: £5,000) has been incurred and paid by the parent company Yara UK Limited.

5 DIRECTORS' EMOLUMENTS

The only employees of the company are the directors. The directors received no emoluments in respect of their services as directors of Yara Overseas Limited.

The emoluments of all of the directors are paid by the parent Company. Their services to the Company are of a non-executive nature and their emoluments are deemed to be wholly attributable to their services to the parent Company.

6 INVESTMENT REVENUE	2010 £000	2009 £000
Loans and receivables		
From group undertakings	-	2
From other undertakings	2	-
	<u>2</u>	<u>2</u>
Income from equity investments – dividends received	5,141	2,149
	<u>5,143</u>	<u>2,151</u>
Total finance revenue		

YARA OVERSEAS LIMITED
NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2010 (continued)

7	TAXATION	2010 £000	2009 £000
(a)	Tax on profit on ordinary activities		
	Tax charged in the income statement		
	Current income tax		
	UK Corporation tax – current year	-	-
		<u>-</u>	<u>-</u>
	Foreign tax – current year	514	215
		<u>514</u>	<u>215</u>
	Total current income tax	514	215
	Deferred Tax		
	Prior year	-	-
	Total deferred tax	<u>-</u>	<u>-</u>
	Tax charge in the income statement	<u>514</u>	<u>215</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		
		2010 £000	2009 £000
	Profit before taxation	5,174	2,085
	Profit before taxation multiplied by the UK standard rate of corporation tax of 28% (2009 28%)	<u>1,449</u>	<u>584</u>
	Income not taxable	(1,449)	-
	Double tax relief	-	(584)
	Withholding tax credit unrelieved	514	215
	Total tax charge for the year	<u>514</u>	<u>215</u>

YARA OVERSEAS LIMITED
NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2010 (continued)

7 TAXATION (continued)

(c) Notes re factors affecting future tax charge

At 31 December 2010 no deferred tax liability has been recognised (2009 £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. The company will benefit from a reduction in the main UK corporation tax rate over the next four years from 28% to 24% starting with a cut from 1 April 2011.

8	DIVIDENDS	2010 £000	2009 £000
	Equity – ordinary	4,790	5,900

Dividend paid for the year ended 31 December 2010 of £22.98 per ordinary share (2009 £28.31)

9 INVESTMENTS

	£000
Cost	
At 1 January 2010	1,016
At 31 December 2010	1,016
Net Book Value	
31 December 2010	1,016
31 December 2009	1,016

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	Proportion of voting rights and shares held	Country of incorporation or registration	Nature of Business
Yara (Pty) Limited	100	South Africa	Fertilizer Distributors
Yara Malawi Limited	99	Malawi	Fertilizer Distributors
Yara East Africa Limited	70	Kenya	Fertilizer Distributors
Yara Trade Misr	99	Egypt	Fertilizer Distributors
Dan Hydro Co Limited	50	Nigeria	Fertilizer Distributors

YARA OVERSEAS LIMITED
NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2010 (continued)

10	TRADE AND OTHER RECEIVABLES	2010 £000	2009 £000
	Amounts falling due within one year		
	Amounts owed by group undertakings	13	9
	Other debtors	162	155
		<u>175</u>	<u>164</u>
	Amounts falling due after one year		
	Other debtors	323	464
		<u></u>	<u></u>
11	TRADE AND OTHER PAYABLES	2010 £000	2009 £000
	Amounts owed to group undertakings	117	117
		<u></u>	<u></u>
		117	117
		<u></u>	<u></u>

The directors consider that the carrying amount of the other payables approximates to their fair value

12 FINANCIAL INSTRUMENTS

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 2 to the financial statements

Categories of Financial Instruments

The carrying amounts of the Company's financial instruments are disclosed in the notes to the financial statements. The Company's financial assets are categorised as 'loans and receivables' within the meaning of IFRS 7 Financial instruments, disclosures' and are measured at amortised cost. The Company's financial liabilities are measured at amortised cost.

Financial risk management objectives

The Company's parent, provides services to the Yara group companies, co-ordinates access to the domestic and international financial markets, and monitors and manages the financial risks relating to some of the operations of the Company, such as currency and interest rate risk.

The Company undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed in accordance with the levels of risk envisaged.

Foreign Currency

The foreign currency risks are managed centrally by the parent company's treasury function.

The carrying amount of the Company's foreign currency denominated monetary assets and liabilities at the reporting date are as follows:

	Liabilities		Assets		Net Balance	
	2010	2009	2010	2009	2010	2009
US Dollar (\$000's)	-	-	750	1,000	750	1,000

YARA OVERSEAS LIMITED
NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2010 (continued)

12 FINANCIAL INSTRUMENTS (continued)

Foreign currency sensitivity analysis

The Company buys and sells in US Dollars

The following table details the Company's sensitivity to a \$0.10 increase and decrease in the currency/sterling exchange rate

US Dollar Currency impact	US\$0.10 increase		US\$0.10 decrease	
	2010	2009	2010	2009
(Profit)/Loss	29	36	(33)	(41)

Credit Risk Management

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company adopts a policy of dealing with customers who are considered creditworthy.

The only income stream attributable to the Company are dividends from East Africa and the proceeds relating to the sale of the Company's investment in Zimbabwe.

In the case of Zimbabwe, the Company accepts that there is an increased risk of non-payment. However, the first three stage payments have been received in order and therefore, the Company has no reason to suspect that further payments will not be received in line with the agreed terms.

Capital Risk Management

The Company manages its capital to ensure that it will be able to continue as a going concern whilst maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Company consists of debt, which includes borrowings from related parties, cash and cash equivalents and equity attributable to equity holders.

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the directors of the Company. However, the framework for the day to day management of short, medium, and long term funding is set by the parent company who provide finance facilities to companies within the Group.

Liquidity risk profile of the financial assets and liabilities is as follows. The table includes both interest and principal cash flows.

Year ended 31 December 2010

	Within 1 Year £000	2 Years £000	3 Years £000	4 Years £000	5 Years £000	More than 5 Years £000	Total £000
Trade and other Receivables	175	161	162	-	-	-	498
Trade Payables	117	-	-	-	-	-	117

Year ended 31 December 2009

	Within 1 Year £000	2 Years £000	3 Years £000	4 Years £000	5 Years £000	More than 5 Years £000	Total £000
Trade and other Receivables	164	155	155	155	-	-	629
Trade Payables	117	-	-	-	-	-	117

YARA OVERSEAS LIMITED
NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2010 (continued)

13 AUTHORISED AND ISSUED SHARE CAPITAL

	2010 £000	2009 £000
Authorised		
208,408 Ordinary shares of £1 each		
Allotted, called up and fully paid		
208,408 Ordinary shares of £1 each	208	208
	<hr/>	<hr/>
	208	208
	<hr/>	<hr/>

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 £000	Services purchased from related party £000	Amounts owed by related parties £000	Amounts owed to related parties £000
Parent/Ultimate Parent Company				
2010	-	-	13	(117)
2009	-	-	9	(117)

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.