

Report and Accounts

Norsk Hydro Overseas Limited

31 December 1998



ERNST & YOUNG

Norsk Hydro Overseas Limited

Registered No. 2665899

DIRECTORS

J G Speirs
B J Adkins

SECRETARY

B J Adkins

AUDITORS

Ernst & Young
Becket House
1 Lambeth Palace Road
London SE1 7EU

BANKERS

National Westminster Bank PLC
48 The Centre
Feltham
Middlesex TW14 0BD

SOLICITORS

Norton Rose
Kempson House
Camomile Street
London EC3A 7AN

REGISTERED OFFICE

Bridge House
69 London Road
Twickenham
Middlesex TW1 3RH

Norsk Hydro Overseas Limited

DIRECTORS' REPORT

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

RESULTS AND DIVIDENDS

The profit for the year amounted to £173,891 (1997 – £804,327). The directors recommend a final dividend of £173,891 (1997 – £804,327).

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The company's principal activity is to act as a holding company for certain interests of the Norsk Hydro (UK) Limited group of undertakings which are based outside of the UK.

FIXED ASSETS

Changes in fixed assets are shown in note 5.

DIRECTORS AND THEIR INTERESTS

The directors who served during the year were as follows:

J G Speirs

B J Adkins

According to the register maintained as required under Schedule 7, Companies Act 1985 the directors held no declarable shares or other interests in the company or any other group undertaking.

YEAR 2000

As is well known, many computer and digital storage systems express dates using only the last two digits of the year and will thus require modification or replacement to accommodate the Year 2000 and beyond in order to avoid malfunctions and resulting widespread commercial disruption. This is a complex and pervasive issue. The operation of our business depends not only on our own computer systems, but also to some degree on those of our suppliers and customers. This could expose us to further risk in event that there is a failure by other parties to remedy their own Year 2000 issues.

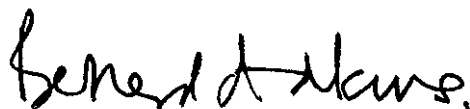
As part of the Norsk Hydro (UK) Limited Group, the company is included in a group wide programme that is well advanced in the phase of addressing the risks to our business resulting from the date change to the Year 2000.

Costs associated with Year 2000 compliance have been borne by other group companies.

AUDITORS

A resolution in accordance with section 386 of the Companies Act 1985 to dispense with the obligations to appoint auditors annually was passed on 4 January 1994 and accordingly Ernst & Young shall be deemed reappointed as auditors.

By order of the board



Secretary

Date

4 May 1999

Norsk Hydro Overseas 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 Norsk Hydro Overseas Limited

We have audited the accounts on pages 5 to 9, which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 7.

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.

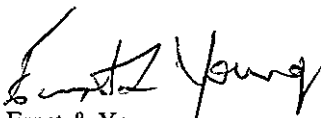
Basis of opinion

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 31 December 1998 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
London

4/5/99

Norsk Hydro Overseas Limited

PROFIT AND LOSS ACCOUNT for the year ended 31 December 1998

	<i>Notes</i>	<i>1998</i> £	<i>1997</i> £
Administrative expenses		(82)	(13,093)
Dividends from subsidiary undertakings		183,129	854,397
OPERATING PROFIT	2	183,047	841,304
Interest receivable from parent undertaking		—	9,689
Interest payable to parent undertaking and similar charges		—	(946)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		183,047	850,047
Tax on profit on ordinary activities	3	(9,156)	(45,720)
PROFIT FOR THE FINANCIAL YEAR		173,891	804,327
Dividends proposed		(173,891)	(804,327)
EARNINGS RETAINED FOR THE FINANCIAL YEAR	9	—	—

There are no recognised gains or losses other than the profit for the year of £173,891 (1997 – £804,327).

Norsk Hydro Overseas Limited

BALANCE SHEET at 31 December 1998

	Notes	1998 £	1997 £
FIXED ASSETS			
Investments	5	994,175	994,175
CURRENT ASSETS			
Debtors	6	–	21,560
CREDITORS: amounts falling due within one year	7	(785,767)	(807,327)
NET CURRENT LIABILITIES		(785,767)	(785,767)
TOTAL ASSETS LESS CURRENT LIABILITIES		208,408	208,408
CAPITAL RESERVES			
Called up share capital	8	208,408	208,408
Retained earnings	9	–	–
SHAREHOLDERS' FUNDS		208,408	208,408

Director

Date

John G. Grew
4/5/99

Norsk Hydro Overseas Limited

NOTES TO THE ACCOUNTS

at 31 December 1998

1. ACCOUNTING POLICIES

Accounting convention

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

Investments

Investments are stated at cost, although provision is made where, in the opinion of the directors, a permanent impairment in value has occurred.

2. OPERATING PROFIT

This is stated after charging:

	1998 £	1997 £
Exchange loss	—	7,845
Auditors' remuneration	—	—
Debtor balance written off	—	5,191
	<u> </u>	<u> </u>

The auditors' remuneration was borne by the parent undertaking in 1998 and 1997.

3. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1998 £	1997 £
Tax credits attributable to dividends received	9,156	42,720
Group relief payable	—	3,000
	<u>9,156</u>	<u>45,720</u>

4. DIRECTORS' EMOLUMENTS AND STAFF COSTS

None of the directors received remuneration in respect of services as a director of the company or its subsidiary undertakings. The company has no employees.

Norsk Hydro Overseas Limited

NOTES TO THE ACCOUNTS

at 31 December 1998

5. FIXED ASSET INVESTMENTS

	1998 £	1997 £
Subsidiary undertakings at 1 January	994,175	11,994
Additions	—	982,181
Disposals	—	—
	<u>994,175</u>	<u>994,175</u>

Details of the investments in which the company holds more than 10% of the nominal value of any class of share capital are as follows:

<i>Name of company</i>	<i>Country of registration and operation</i>
Norsk Hydro Zimbabwe (Private) Limited	Zimbabwe
Norsk Hydro RSA (Pty) Limited	South Africa
Norsk Hydro Malawi (Private) Limited (99%)	Malawi
Norsk Hydro East Africa Limited (99.99%)	Kenya
Norsk Hydro Egypt Limited	Egypt

Investments held by Norsk Hydro Zimbabwe (Private) Limited, all incorporated in Zimbabwe:

AFF Holdings Limited	(55.18%)
Windmill (Private) Limited	(20.07%)
Fertilizer Holdings Limited	(27.59%)
ZFC Limited	(27.59%)
Technical & Industrial Investment PVT Limited	(27.59%)
Chemical & Gas Holdings Limited	(20.42%)
Sable Chemicals	(11.62%)

Investment held by Norsk Hydro Egypt Limited, incorporated in Egypt:

Hydro Agri Trade Egypt Limited	(51%)
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All of the above investments represent 100% interests in the ordinary share capital, unless otherwise stated. In the opinion of the directors the value of the company's investments in its subsidiary undertakings is not less than the amount stated above.

6. DEBTORS

	1998 £	1997 £
Amounts due from parent undertaking	—	21,560
	<u>—</u>	<u>21,560</u>

Norsk Hydro Overseas Limited

NOTES TO THE ACCOUNTS at 31 December 1998

7. CREDITORS: amounts falling due within one year

	1998 £	1997 £
Amounts due to parent undertaking	611,876	—
Group relief	—	3,000
Proposed final dividend	173,891	804,327
	<u>785,767</u>	<u>807,327</u>

8. SHARE CAPITAL

	1998 £	1997 £
Authorised, allotted, called up and fully paid: 208,408 ordinary shares of £1 each	<u>208,408</u>	<u>208,408</u>

9. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

	Share capital £	Profit and loss account £	Total £
At 1 January 1997	208,408	—	208,408
Profit for the year	—	—	—
At 1 January 1998	208,408	—	208,408
Profit for the year	—	—	—
At 31 December 1998	<u>208,408</u>	<u>—</u>	<u>208,408</u>

10. GROUP ACCOUNTS

Groups accounts have not been prepared as permitted by section 228 of the Companies Act 1985 since the company is a wholly owned subsidiary of a company registered in Great Britain.

11. CASH FLOW STATEMENT

The company is a small company under the provisions of sections 246 to 247 of the Companies Act 1985 and accordingly, under the provisions of FRS1 (Revised) is exempt from preparing a cash flow statement.

12. PARENT UNDERTAKING

The parent undertaking of the largest group of undertakings for which group accounts are drawn up and of which the company is a member is Norsk Hydro ASA, incorporated in Norway and the parent undertaking of the smallest group is Norsk Hydro (UK) Limited, registered in England. Copies of the Norsk Hydro ASA and Norsk Hydro (UK) Limited accounts can be obtained from the registered office.

