

Company No. 1904853

# Cementation (Egypt) Limited

Report and Accounts

31 December 1998



# Cementation (Egypt) Limited

## Directors' Report

The Directors have pleasure in submitting their Report and Statement of Accounts for the year ended 31 December 1998.

## Principal Activities

The Company's principal activities are to carry out civil engineering, building, mining and other construction related work in Egypt. The company did not trade during the current or prior year.

## Business Review

The Company is currently not seeking any new opportunities.

## Dividends

The Directors do not propose to declare the payment of any dividend on the issued ordinary share capital of the Company in respect of the year ended 31 December 1998 (1997 - £Nil ).

## Directors

The following persons were Directors of the Company during the year:

G.F. Clarke  
M.E. Napier

Since the year end the following changes have occurred:-

W. J. Dale - Appointed 30/6/99  
M. E. Napier - Resigned 30/6/99

## Directors' interests

None of the Directors at 31 December 1998 had any interests in the share capital or debentures of the Company or any group company

## Year 2000

Kvaerner have instituted a group wide programme under the chairmanship of a senior executive to make sure that all business procedures, solutions and systems are millenium compliant in due time, before the end of this millenium. This programme, taking into consideration both commercial, legal and technological aspects will include regular milestone reporting to group management and the Kvaerner Board.

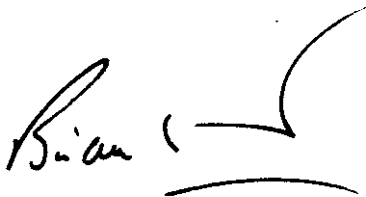
# Cementation (Egypt) Limited

## Directors' Report (continued)

### Auditors

Pursuant to Section 386 of the Companies Act 1985 an elective resolution to dispense with the obligation to appoint auditors annually was passed at an extraordinary general meeting of the company held on 30 August 1991.

By Order of the Board

A handwritten signature in black ink, appearing to read 'B.E. Tanner', with a large, sweeping flourish extending to the right.

B.E. Tanner

Secretary

30 September 1999

Registered Office:

Maple Cross House

Denham Way

Maple Cross House

Rickmansworth

Hertfordshire WD3 2SW

# Cementation (Egypt) Limited

## Directors' Responsibilities

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 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.

# Cementation (Egypt) Limited

## Auditors' report

### To the members of Cementation (Egypt) Limited

We have audited the accounts on pages 5 to 9 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

### 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 circumstances of the Company, 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.

### Going Concern

In forming our opinion, we have considered the adequacy of the disclosures set out in note 11 relating to the post balance sheet events, and the strategic review and financing of the ultimate parent company, Kvaerner ASA, and its subsidiaries. In view of the significance of these matters and their potential impact on the going concern basis adopted in the accounts, we believe that they should be brought to your attention. Our opinion is not qualified in this respect.

### 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 the Company's result for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.



Arthur Andersen

Chartered Accountants & Registered Auditors

30th September 1999

1 Surrey Street  
London WC2R 2PS

# Cementation (Egypt) Limited

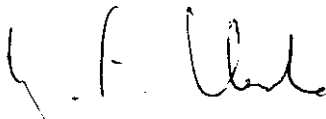
## Balance Sheet at 31 December 1998

	<u>Notes</u>	<u>1998</u> £	<u>1997</u> £
<b>Current assets</b>			
Debtors	6	1,300,693	1,300,693
Cash at bank and in hand		<u>13,527</u>	<u>13,567</u>
		<u>1,314,220</u>	<u>1,314,260</u>
<b>Creditors: Amounts falling due within one year</b>			
Creditors	7	(110,099)	(110,139)
<b>Net current assets</b>		<u><u>1,204,121</u></u>	<u><u>1,204,121</u></u>
<b>Capital and reserves</b>			
Called-up equity share capital	8	1,000,000	1,000,000
Profit and loss account	9	204,121	204,121
		<u><u>1,204,121</u></u>	<u><u>1,204,121</u></u>

The notes on pages 6 to 9 form part of these accounts.

These accounts were approved by the board of directors on  
and signed on its behalf by:

*30<sup>th</sup> September 1999*



G.F. Clarke  
Director

# Cementation (Egypt) Limited

## Notes to the accounts

### 1. Accounting policies

The following accounting policies have been applied consistently throughout the year and the preceding period in dealing with items which are considered material in relation to the Company's accounts.

#### (a) Accounting convention

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

#### (b) Cash flow statement

The Company has taken advantage of the exemption under the rules of FRS1 (revised) not to produce a cash flow statement. The appropriate amounts have been included in the consolidated accounts of Kvaerner PLC.

#### (c) Foreign currencies

Assets, liabilities and trading results denominated in foreign currencies are translated into sterling at the rates ruling at the period end except where rates of exchange are fixed under contractual arrangements. Other exchange differences are taken to the profit and loss account when they arise.

#### (d) Turnover

Turnover, which includes intercompany trading, represents the sales value of contract work done.

#### (e) Taxation

Deferred taxation is provided at the anticipated tax rates on differences arising from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the accounts to the extent that it is probable that a liability will crystallise in the future.

#### (f) Related party transactions

The Company has taken advantage of the exemption under the rules of FRS 8 not to disclose transactions with group entities.

### 2. Turnover

The Company had no turnover during the period ( 1997 - £Nil ).

### 3. Loss on ordinary activities before taxation

The audit fee has been borne by the parent company.

# Cementation (Egypt) Limited

## Notes to the accounts

### 4. Tax on loss on ordinary activities

There is no tax charge for the period ( 1997 - £Nil ).

There is no corporation tax charge or credit on the result for the period as relief for losses incurred will be surrendered to other group companies for no consideration.

There is no potential liability to deferred taxation

### 5. Information regarding staff and Directors.

No staff were employed by the Company during the period (1997 - Nil).

No Director received any remuneration in respect of the period (1997 - £Nil).

### 6. Debtors

	<u>1998</u>	<u>1997</u>
	£	£
Amounts falling due within one year:		
Amounts owed by fellow subsidiary undertakings	1,300,239	1,300,239
Prepayments and accrued income	454	454
	<u>1,300,693</u>	<u>1,300,693</u>

### 7. Creditors: amounts falling due within one year

Amounts owed to fellow subsidiary undertakings	110,089	110,089
Other creditors	10	50
	<u>110,099</u>	<u>110,139</u>

### 8. Equity share capital

Authorised equity share capital:

1,000,000 ordinary equity shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>
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Allotted, called up and fully paid equity share capital:

1,000,000 ordinary equity shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>
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# Cementation (Egypt) Limited

## Notes to the accounts

<u>9. Reserves</u>	Profit and	
	<u>Loss account</u>	
	£	
As at 1 January 1998	204,121	
As at 31 December 1998	<u>204,121</u>	
	<u>Year ended</u>	<u>Year ended</u>
	<u>31 December</u>	<u>31 December</u>
	<u>1998</u>	<u>1997</u>
<u>10. Reconciliation of movements in shareholders' funds</u>	£	£
Exchange differences	-	(1,621)
Opening shareholders' funds	<u>1,204,121</u>	<u>1,205,742</u>
Closing shareholders' funds	<u>1,204,121</u>	<u>1,204,121</u>

# Cementation (Egypt) Limited

## Notes to the accounts

### 11. Post balance sheet events and strategic review and financing

Cementation (Egypt) Limited and other members of the Kvaerner ASA group ("the Group") are co-dependent on each other for funding support. In this connection, it should be noted that on 13 April 1999, Kvaerner ASA announced a far-reaching strategic restructuring with a view to returning the Group to profitable performance and significantly reduce Group borrowings. In order to provide additional support and a robust base to the planned restructuring, the Kvaerner Board proposed a rights issue of NOK 2 billion. The rights issue took place on 22 June 1999, was approved by Kvaerner ASA group shareholders at the Annual General Meeting on 6 May and was fully subscribed and paid in.

As part of this restructuring the Company's immediate parent company, Kvaerner Construction Group Limited, will sell or radically downscale its steel fabrication business. The Directors of the Company are therefore working with other members of the Kvaerner ASA group to implement the restructuring plan to ensure adequacy of financing.

The Kvaerner ASA group principal loan facilities contain certain financial covenants relating to gross borrowings to tangible net worth, net borrowings to shareholders' equity and interest coverage. The Kvaerner ASA group in its calculation of the financial covenants as at 30 June 1999 reported a covenant compliant position on the basis that certain provisions relating to potential losses on the sale of its shipbuilding activities should be excluded.

Achieving compliance and meeting group obligations as they fall due in the next twelve months will depend in part on the successful execution of the ongoing restructuring plans and on the outcome of a number of contracts in progress currently subject to significant uncertainties.

The Directors of the Company have considered their dependency on the Kvaerner ASA group for funding support. They have concluded, having made enquiries of group management and on the basis of reasonable assumptions, that sufficient funding is likely to continue to be available for the foreseeable future.

The Directors of the Company have therefore continued to adopt the going concern basis in preparing these accounts.

### 12. Ultimate parent company

The Company is a wholly owned subsidiary of Kvaerner PLC, a company registered in England and Wales.

Kvaerner PLC is a wholly owned subsidiary of Kvaerner ASA a company registered in Norway.

Kvaerner PLC heads the smallest group in which the results of the Company are consolidated.

The ultimate parent company is Kvaerner ASA which heads the largest group in which the results of the Company are consolidated.

Copies of the respective accounts can be obtained from Kvaerner PLC at Kvaerner House, 68 Hammersmith Rd, London, W14 8YW.