

Davy Property Holdings Limited

Financial Statements 31 December 2002
together with directors' and auditors' reports

Registered number: 31754



Davy Property Holdings Limited

Directors' Report

The Directors present their report and the audited financial statements for the year ended 31 December 2002.

Principal activities and business review

The Company's principal activity is, and continues to be, the ownership and management of land and buildings.

At 1 January 2002 management of the real estate function within the Aker Kvaerner Group was outsourced to a third party service provider, CB Richard Ellis.

Financial statements and dividend

The financial statements of the Company appear on pages 3 to 9, inclusive.

The result for the year is set out in the profit and loss account on page 3. Retained losses of £3,289,978 (2001 – loss £480,257) have been transferred to reserves.

The Company has a deficit on its profit and loss account. Consequently, no dividend can be paid.

Directors

Shown below are the Directors who served during the year and continue in office at the date of this report.

Trafalgar House Developments Limited	(resigned 5 April 2002)
F.E. Fosse	(appointed 5 April 2002)
R. Laycock	(appointed 12 March 2002)

Directors' interests

No Director has, or during the year had, or at the time he became a director had, any interest in the shares of the Company or any other company within the Aker Kvaerner Group to be disclosed in accordance with the Companies Act 1985. The Directors are exempt from disclosing their interest, if any, in the shares of the ultimate parent company, Aker Kværner ASA, as it is incorporated outside of Great Britain.

No Director is, or was, materially interested in any contract subsisting during or at the end of the year that was significant in relation to the Company's business.

Annual general meeting

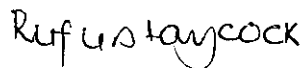
The Company has dispensed with the laying of accounts and reports before the Company in general meeting and the holding of annual general meetings.

Auditor

KPMG Audit Plc has signified its willingness to continue in office.

Pursuant to a shareholders' resolution, the Company is not obliged to re-appoint its auditor annually and KPMG Audit Plc is, therefore, deemed re-appointed as auditor for the succeeding year.

By order of the Board,



Rufus Laycock
Secretary

Date: 30 OCTOBER 2003.

Registered Office:
68 Hammersmith Road
London W14 8YW

Davy Property Holdings Limited

Statement of Directors' Responsibilities

Company law requires the Directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Company as at the end of the financial period and of the profit or loss of the Company for that period. In preparing those financial statements, 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 financial statements;
- prepare the financial statements 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 financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Davy Property Holdings Limited

Independent auditors' report to the members of Davy Property Holdings Limited

We have audited the financial statements on pages 3 to 9.

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 auditor's 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 opinion we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 1 the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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.

Basis of audit 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 financial statements. It also includes an assessment of the significant estimates and judgements 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 of the state of the Company's affairs as at 31 December 2002 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc
KPMG Audit Plc
Chartered Accountants
Registered Auditor
8 Salisbury Square
London
EC4Y 8BB

7 November 2003

Davy Property Holdings Limited

Profit And Loss Account for the Year Ended 31 December 2002

	Note	Year ended 31 December 2002 £	Year ended 31 December 2001 £
Turnover			
Continuing operations			
Rental income		1,542,111	2,257,203
Cost of sales - property outgoings	2	<u>(4,995,089)</u>	<u>(2,738,880)</u>
Operating loss on continuing operations		(3,452,978)	(481,677)
Interest receivable and similar income	7	<u>163,000</u>	<u>1,420</u>
Loss on ordinary activities before taxation	3	<u>(3,289,978)</u>	<u>(480,257)</u>
Taxation - on loss on ordinary activities	4	<u>-</u>	<u>-</u>
Retained loss for the financial year	9	<u><u>(3,289,978)</u></u>	<u><u>(480,257)</u></u>

The notes on pages 5 to 8 inclusive form part of this profit and loss account.

The Company has no recognised gains or losses other than the losses for the current and prior financial years. Accordingly, a statement of total recognised gains and losses has not been prepared.

The only movement in shareholders' funds is the loss for the year. Accordingly, a statement reconciling the movements in shareholders' funds has not been prepared.

Davy Property Holdings Limited

Balance Sheet at 31 December 2002

	Note	31 December 2002		31 December 2001	
		£	£	£	£
Fixed assets					
Tangible assets	5		734,396		860,855
Current assets					
Debtors	6	19,881,732		20,059,912	
Creditors: Amounts falling due within one year					
Trade creditors		(36,550)		(36,550)	
Amounts owed to fellow subsidiary undertakings		(3,247,246)		(2,345,968)	
Taxation and social security		-		(50,936)	
Accruals and deferred income		(308,886)		(434,250)	
		(3,592,682)		(2,867,704)	
Net current assets			16,289,050		17,192,208
Total assets less current liabilities			17,023,446		18,053,063
Provisions for liabilities and charges	7		(3,153,361)		(893,000)
Net assets			13,870,085		17,160,063
Capital and reserves					
Called up equity share capital	8		26,000,000		26,000,000
Share premium account			1,259,260		1,259,260
Profit and loss account - (deficit)	9		(13,389,175)		(10,099,197)
Equity shareholders' funds			13,870,085		17,160,063

The notes on pages 5 to 9 inclusive form part of this balance sheet.

The financial statements were approved by the Board of Directors on 30 OCTOBER 2003 and signed on its behalf by:

Rufus Laycock

R. LAYCOCK
Director

Davy Property Holdings Limited

Notes to accounts 31 December 2002

1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements. The Company has adopted FRS 19 "Deferred Tax" in these financial statements. The comparative figures have been restated accordingly. This does not have a material effect on prior year balances.

(a) Basis of preparation

The financial statements 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 financial statements of Aker Kværner ASA.

(c) Related parties

As the Company is a wholly owned subsidiary of Aker Kvaerner PLC, the Company has taken advantage of the exemption contained in FRS 8 and has, therefore, not disclosed transactions or balances with entities which form part of the group. The consolidated financial statements of Aker Kvaerner PLC, within which this Company is included, can be obtained from the address given in note 11.

(d) Turnover

Turnover, which includes inter company trading, arises wholly within the United Kingdom and represents rental income, net of VAT, from properties owned by the Company.

(e) Taxation

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Advance corporation tax recoverable by deduction from future corporation tax is carried forward within deferred taxation or as ACT recoverable within debtors as appropriate.

(f) Depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Plant and equipment - 10 years

(g) Leases

Rental costs under operating leases are charged to the profit and loss account in equal annual amounts over the periods of the leases.

Davy Property Holdings Limited

Notes to accounts (continued) 31 December 2002

2. Property outgoings

	Year ended 31 December 2002 £	Year ended 31 December 2001 £
Property outgoings	(2,342,630)	(1,855,805)
Prior year accruals and creditors no longer required	-	136,383
Provisions for liabilities and charges	(2,526,000)	(893,000)
Depreciation	(126,459)	(126,458)
	<u>(4,995,089)</u>	<u>(2,738,880)</u>

3. Loss on ordinary activities before taxation

Loss on ordinary activities before taxation is stated after charging:

	Year ended 31 December 2002 £	Year ended 31 December 2001 £
Hire charges on land and buildings	<u>1,781,661</u>	<u>1,844,500</u>

None of the directors received any emoluments from the Company during the year (2001 - £Nil). There were no employees of the Company during the year (2001 - None). Administration expenses and auditors' remuneration were borne by Kvaerner Estates Limited, a fellow subsidiary undertaking.

4. Taxation - on loss on ordinary activities

Factors affecting the current tax charge

The tax assessed for the year is higher (2001 - higher) than the standard rate of corporation tax in the UK. The differences are as follows:-

Davy Property Holdings Limited

Notes to accounts (continued) 31 December 2002

Note 4. Taxation (continued)

	Year ended 31 December 2002 £	Year ended 31 December 2001 £
Loss on ordinary activities before taxation	(3,289,978)	(480,257)
Taxation charge at UK Corporation Tax rate of 30% (2001:30%)	(986,993)	(144,077)
Effects of		
Group relief for which no payment is made	245,290	(9,061)
Capital allowances in excess of depreciation	11,804	3,138
Movements on provisions	729,899	150,000
Actual tax charge per accounts	-	-

Factors affecting future tax charges

It is anticipated that any future taxable income in this Company will be sheltered from tax by utilisation of group relief from other Group companies, and where possible, the use of the Group's tax losses arising in prior years.

The Aker Kvaerner PLC UK tax group has brought forward tax losses estimated at £145M and surplus Advance Corporation Tax of approximately £198M.

Davy Property Holdings Limited

Notes to accounts (continued) 31 December 2002

5. Fixed assets

Tangible assets - plant and equipment

	Total £
Cost	
At 1 January 2002 and 31 December 2002	<u>1,264,583</u>
Accumulated depreciation	
At 1 January 2002	403,728
Charge for the year	<u>126,459</u>
At 31 December 2002	<u>530,187</u>
Net book value	
At 31 December 2002	<u>734,396</u>
At 31 December 2001	<u>860,855</u>

6. Debtors

	31 December 2002 £	31 December 2001 £
Amounts falling due within one year:		
Trade debtors	20,570	15,996
Amount owed by immediate parent undertaking	9,360,471	9,360,845
Amounts owed by fellow subsidiary undertakings	9,888,927	10,220,108
Prepayments and accrued income	517,442	462,963
Taxation and social security	94,322	-
	<u>19,881,732</u>	<u>20,059,912</u>

7. Provisions for liabilities and charges

	£
At 1 January 2002	893,000
Raised during the year	2,526,000
Utilised during the year	(102,639)
Unwinding of discount	<u>(163,000)</u>
At 31 December 2002	<u>3,153,361</u>

The provisions relate to onerous leases. It is anticipated that the provisions will be utilised in the period from the balance sheet date to 31 December 2009.

	31 December 2002 £	31 December 2001 £
8. Called up equity share capital		
Authorised, allotted and fully paid:		
104,000,000 ordinary shares of 25 pence each	<u>26,000,000</u>	<u>26,000,000</u>

Davy Property Holdings Limited

Notes to accounts (continued) 31 December 2002

9. Profit and loss account

At 1 January 2002 - (deficit)	£ (10,099,197)
Retained loss for the financial year	<u>(3,289,978)</u>
At 31 December 2002 - (deficit)	<u><u>(13,389,175)</u></u>

10. Commitments

Annual commitments under non cancellable operating leases are as follows:-

	31 December 2002 £	31 December 2001 £
Operating leases which expire over 5 years		
Land and buildings	1,844,500	1,844,500

11. Ultimate parent company and parent undertaking of larger group of which the Company is a member

Aker Kvaerner PLC, which is registered in England and Wales, heads the smallest group in which the results of the Company are consolidated.

The ultimate parent company is Aker Kvaerner ASA, a company registered in Norway, which heads the largest group in which the results of the Company are consolidated.

Copies of the respective financial statements can be obtained from the Company Secretary, Aker Kvaerner PLC at Kvaerner House, 68 Hammersmith Road, London W14 8YW.