

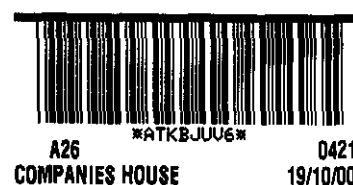
Kvaerner PLC

Subsidiary Company Statutory Accounts

31 December 1999

REDPATH DORMAN LONG LIMITED

97-026



Redpath Dorman Long Limited

DIRECTORS' REPORT

The Directors have pleasure in submitting their Report and Statement of Accounts for the year to 31 December 1999.

Business Review and Subsequent Events

The Company has not traded during the year. Accordingly a profit and loss account has not been prepared.

On 13 April 1999 the parent company, Kvaerner ASA, announced a far reaching restructuring of group activities under which the structural steel business will either be sold or radically down scaled. On 31 May 2000 Kvaerner PLC sold the structural steel business to it's management.

Dividends

The directors do not propose to recommend the payment of any dividends on the Issued Ordinary Share Capital of the company in respect of the year ended 31 December 1999 (1998 - £Nil).

Directors

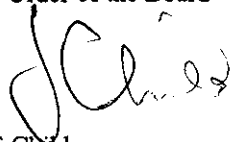
The following persons were directors of the company during the year, and changes up to the date of this report were:

P J Ladd		Resigned 22 February 2000
N F Hobson	Appointed 26 May 1999	Resigned 22 February 2000
J R Millard	Appointed 26 May 1999	Resigned 22 February 2000
A Rae	Appointed 26 May 1999	
J E Child	Appointed 22 February 2000	
J W S Fletcher	Appointed 26 May 1999	Resigned 10 January 2000
M R Ross		Resigned 22 June 1999
J V Lorimer		Resigned 30 April 1999
B Marley		Resigned 30 April 1999

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



J E Child
Secretary

22 September 2000

Registered Office
PO Box 27
Yarm Road
Darlington
Co Durham
DL1 4DE

Redpath Dorman Long Limited

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year 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; and
- 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 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.

Redpath Dorman Long Limited

AUDITORS' REPORT

To the Members of Redpath Dorman Long Limited

We have audited the financial statements on pages 5 to 7 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 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.

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 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.

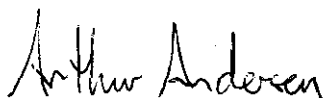
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. 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 9 relating to the post balance sheet events, strategic review and financing of the ultimate holding company, Kvaerner ASA, and its subsidiaries including Redpath Dorman Long Limited. In particular, we draw attention to the disclosure of the uncertainties relating to the compliance of the Kvaerner ASA group with the covenants related to its banking arrangements and the group's plans to raise further capital. In view of the significance of these matters and their potential impact on the going concern basis adopted in these 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 at 31 December 1999 and have been properly prepared in accordance with the Companies Act 1985.



Arthur Andersen
Chartered Accountants and Registered Auditors
1 City Square
Leeds
LS1 2AL

22 September 2000

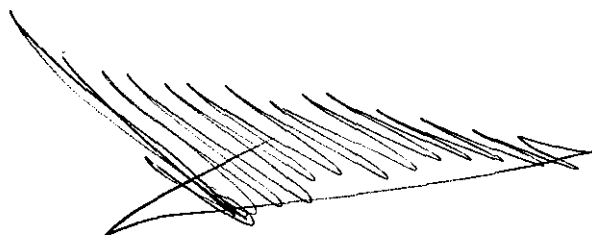
Redpath Dorman Long Limited

Balance Sheet at 31 December 1999

	<u>Notes</u>	<u>31 December</u> <u>1999</u> <u>£000's</u>	<u>31 December</u> <u>1998</u> <u>£000's</u>
CURRENT ASSETS			
Amounts owed by immediate parent undertaking		<u>23,005</u>	<u>23,005</u>
NET ASSETS		<u>23,005</u>	<u>23,005</u>
EQUITY SHAREHOLDERS FUNDS			
Equity share capital	5	70,000	70,000
Profit and loss account		<u>(46,995)</u>	<u>(46,995)</u>
		<u>23,005</u>	<u>23,005</u>

The notes on pages 6 to 7 form part of these accounts.

These accounts were approved by the Board of Directors on 22 September 2000 and signed on its behalf by A Rae:



Redpath Dorman Long Limited

Notes to the Accounts

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.

(a) Accounting conventions

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

(b) Basis of preparation

The company is exempt by virtue of section 228 of the Companies Act 1985 from the requirement to prepare group accounts.

2. Directors' Emoluments

None of the directors received any remuneration from the company during the year (1998:Nil). These were borne by a fellow subsidiary, Kvaerner Cleveland Bridge Limited.

3. Auditors remuneration

The audit fee in both the current year and the preceding period was borne by a fellow subsidiary, Kvaerner Cleveland Bridge Limited.

4. Fixed Asset Investments

The company holds an investment of £1, representing the cost of the entire share capital of Cleveland Construction Company (Private) Limited, a company incorporated in India, which did not trade during the year.

5. Called Up Share Capital

	<u>1999</u> <u>£000's</u>	<u>1998</u> <u>£000's</u>
Authorised:		
Equity share capital 70,000,000 shares of £1 each	<u>70,000</u>	<u>70,000</u>
Allotted, called up and fully paid:		
Equity share capital 70,000,000 shares of £1 each	<u>70,000</u>	<u>70,000</u>

6. Ultimate parent company

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 financial statements can be obtained from Kvaerner PLC at 68 Hammersmith Road, London W14 8YW

7. Related party disclosures

As a subsidiary undertaking of Kvaerner PLC, the company has taken advantage of the exemption in FRS8 'related party disclosures' not to disclose transactions with other members of the group headed by Kvaerner PLC.

Redpath Dorman Long Limited

Notes to the Accounts (continued)

8. Post Balance Sheet Events

On 20 January 2000 the beneficial interest of Cleveland Bridge & Engineering Middle East (PVT) Limited was transferred from Kvaerner Construction BV to Redpath Dorman Long Limited for a consideration of £6,500,000.

On 10 August 2000 Redpath Dorman Long Limited applied, under s173 Companies Act 1985, and made a declaration in relation to the redemption of shares out of capital. The amount of the permissible capital payment for the shares in question is £16,504,714. The time for application to court by dissenting creditors has now past and no applications have been made. The buy back of shares took place on 21 September 2000.

9. Contingent Events impacting the Kvaerner ASA Group and its financing status

Redpath Dorman Long Limited and other members of the Kvaerner ASA group are co-dependent on each other for funding support (see balance sheet for amounts outstanding at year end). In this connection, it should be noted that in April 1999, Kvaerner ASA announced a far-reaching strategic restructuring with a view to returning the Group to profitable performance and significantly reducing group borrowings. The directors of the company are working with other members of the Kvaerner ASA group to implement the restructuring plan and to ensure adequacy of financing. The board of Kvaerner ASA has recommended a NOK 2.5 billion rights issue, which was approved at an Extraordinary General Meeting held on 19 June 2000. The group is also raising additional funds through asset disposals and securitisations, which are at an advanced stage.

The Kvaerner ASA group principal loan facilities contain certain financial covenants relating to gross borrowings, shareholders' equity and interest coverage. Certain of the accounting provisions created in connection with the restructuring programme relate to potential losses anticipated on the sale of the Kvaerner ASA group's shipbuilding activities. In its calculation of certain of the financial covenants, Kvaerner ASA has excluded the provision and is of the opinion that it is in compliance with these covenants.

Forecasts prepared by Kvaerner ASA group for the period ended 30 June 2001 assume the satisfactory completion of the rights issue referred to above and indicate that the group will be in compliance with the financial covenants, as interpreted above, for the period and these accounts have been prepared on this basis. The group expects to be able to operate within its facilities over the coming year and within those expected to be agreed when the group's bankers consider their renewal on renewal dates arising during this period. However, there can be variances between forecasts actual results, and there can be no assurance over the Kvaerner ASA Group's ability to meet all covenants contained in its lending agreements or the lenders' willingness to extend waivers or amend terms to avoid actual or anticipated breaches of such covenants.

The auditors' report on the 1999 accounts of Kvaerner ASA contained an emphasis of matter note referring to various uncertainties described in the notes to the accounts.

On completion of the capital repayment described in note 8 and the buy back of shares, the company balance sheet comprises its investment Cleveland Bridge & Engineering Middle East (PVT) Limited. Accordingly the accounts have been prepared on a going concern basis.