

Company Registration No 932159

TH GROUP SERVICES LIMITED (formerly Kvaerner Services Limited)

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006

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TH GROUP SERVICES LIMITED (formerly Kvaerner Services Limited)

DIRECTORS' REPORT

The Directors present their report and the audited financial statements for the year ended 31 December 2006

ACTIVITIES AND PROSPECTS

The Company is a member of the TH Global group of companies. The Group is engaged in a work-out process and is reducing its operating activities. The work-out is a financial and organisational restructuring aimed at (i) achieving viable long term solutions for its remaining businesses and (ii) resolving its outstanding disputes and liabilities, in a manner satisfactory to creditors and shareholders. At the date of approval of these financial statements, the Group has attained its ambition to divest itself of its operating businesses. The Group continues in its other objective to wind up residual liabilities and responsibilities arising out of past activities, transactions, events and circumstances as soon as practicable.

The Company is a provider of administrative services to other companies within the same group and is an investment holding company.

Neither the Company nor its subsidiaries operate or control any business activities other than to resolve outstanding disputes, liabilities and legacy issues and realise investments. The Directors of the Company and its subsidiaries seek legally and financially viable and adequate solutions to the legacy issues facing them. Following the conclusion of any remaining legacy contractual obligations and the resolution of legacy issues it is intended that the Company and its subsidiaries will be liquidated or dissolved.

The Company is the recipient of industrial injury and disease claims submitted by former employees. The Company does not hold the liability for these claims. During the 1970s, 1980s and 1990s the Company was the central UK employer and administration services provider of the former Trafalgar House group of companies and later, Kvaerner group of companies. In its role the Company acted both as the employing company of monthly paid UK employees of the Trafalgar House group and/or as payroll agent. Employees were seconded by the Company to the various UK operating companies comprising the Trafalgar House and later, Kvaerner, Groups. The burden of paying remuneration, allowances and employment related benefits and discharging liabilities incurred in relation to the employment was, and is, the responsibility of the relevant operating company. Consequently, the Company has no liability in respect of liabilities related to its employees seconded to the various operating companies.

During the year the Company disposed of its investments in Fitzgeorge Limited, Fitzgeorge 1 Limited, Fitzgeorge 2 Limited, Fitzgeorge 3 Limited, Fitzgeorge 4 Limited, Fitzgeorge June (1) Limited, Fitzgeorge September (2) Limited and Fitzgeorge December (5) Limited to a third party. Prior to the disposal, the Company received dividends totalling £11,800,000 from these companies.

The Company disposed of its investment in Clavis Maris Finlandiae Oy to a fellow subsidiary.

The Kvaerner Pension Fund assumed all rights and obligations relating to the Permanent Disability Scheme in consideration of a payment of £512,596 from the Company.

The Company was a party to certain transactions in connection with an agreement reached between TH Global Limited and the Trustee of the Kvaerner Pension Fund (KPF) related to the funding of the KPF. In that context the Company disposed of its investment in Rosenberg Verft AS to a third party and acquired certain assets from a fellow subsidiary.

TH Global Limited, the issuer of 10 7/8 per cent Bonds due 2014, of which Bonds the Company owns £52.9 million in principal amount pursuant to the terms of a subordination trust, initiated a process to repurchase any and all outstanding externally held 2014 Bonds.

CHANGE OF NAME

On 20 March 2006, the Company changed its name to TH Group Services Limited.

FINANCIAL STATEMENTS AND DIVIDEND

The financial statements of the Company appear on pages 5 to 12, inclusive.

The Company has a deficit on its profit and loss account. Consequently, no dividend can be paid (2005: £Nil).

DIRECTORS

The Directors during the year were as follows:

Richard Brown (appointed 23 June 2006, resigned 8 August 2006)
Steffen Føreid (appointed 23 June 2006)
Rufus Laycock
Runar Nilsen (appointed 23 June 2006)
Nigel Williams (resigned 23 June 2006)

Steffen Føreid resigned from the Board on 31 August 2007.

TH GROUP SERVICES LIMITED (formerly Kvaerner Services Limited)

DIRECTORS' REPORT (continued)

POLICY AND PRACTICE ON PAYMENT OF CREDITORS

Statutory Regulations issued under the Companies Act 1985 require the Company to make a statement of its policy and practice on the payment of trade creditors. It is the Company's policy that payments to suppliers are made in accordance with agreed terms and in accordance with its contractual and other legal obligations, provided that the supplier is also complying with all relevant terms and conditions. The average creditor payment period during 2006 was 21 days (2005 21 days).

DISCLOSURE OF INFORMATION TO AUDITORS

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's Auditors are unaware, and each Director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's Auditors are aware of that information.

AUDITOR

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

POST BALANCE SHEET EVENTS

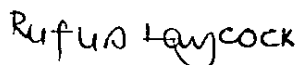
At a meeting of the holders of the TH Global Limited 10 7/8 per cent Bonds due 2014 held on 21 June 2007 an Extraordinary Resolution was passed amending the terms of the 2014 Bonds to provide for the redemption of the outstanding 2014 Bonds including any unmatured coupons and any accrued interest and outstanding interest for the consideration of £0.782 for each £1 face value of the 2014 Bonds excluding the 2014 Bonds held by the Company. The Company irrevocably agreed that the payment in respect of the 2014 Bonds held by it be £nil.

During August 2007, the Company disposed of its investment in Nordic Jetline (passenger ferries) (comprised of shareholdings in Express Ferries Limited, AS Nordic Jetline and Nordic Jetline Oy) to a third party.

The Company disposed of its minority shareholding in Buøy Invest AS. The Company was a party to legal proceedings in Norway relating to the terms of the intra-group transfer in 2004 to the Company of the minority investment. In the complaint three of the other shareholders in Buøy Invest AS alleged breach of pre-emption rights in the sale. The court upheld the complaint and consequent on that decision, the Company transferred the shares it held to these shareholders. The transfer price was determined by the court. The transferees filed an appeal to have the transfer price set by the court re-considered. The Company, in co-operation with its fellow subsidiary undertaking, Kvaerner Oil & Gas AS, has reached agreement in principle with the other shareholders in Buøy Invest AS to fully settle all matters outstanding between them including the matter of the transfer price. At the date of approval of these financial statements the formal settlement document is not concluded, complete and executed, however, the Directors are confident that the principal contractual terms are agreed between the Company and the other parties and that the settlement document will be signed shortly without substantial amendment to the contractual terms.

The following subsidiary undertakings of the Company were dissolved consistent with the objectives of the work-out of the TH Global Group: Dearbridge Limited, Kvaerner Energy AS, Kvaerner Kenny Limited, Kvaerner Pensions Investment Management Limited, Kvaerner Pulping AS and Kvaerner Ulsteinvik AS.

By order of the Board,



Rufus Laycock
Secretary

Date: 10 October 2008

Registered Office
68 Hammersmith Road,
London W14 8YW

TH GROUP SERVICES LIMITED (formerly Kvaerner Services Limited)

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

The directors are responsible for preparing the Directors' 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

The financial statements are required by law to 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 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

Independent auditors' report to the members of TH Group Services Limited (formerly Kvaerner Services Limited)

We have audited the financial statements of TH Group Services Limited for the year ended 31 December 2006 which comprise the Profit and Loss Account and the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

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 opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 3.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2006 and of its profit for the year then ended
- the financial statements have been properly prepared in accordance with the Companies Act 1985
- the information given in the Directors' Report is consistent with the financial statements

Emphasis of Matter – Recoverability of inter-company balances

In forming our opinion, which is not qualified, we have considered the adequacy of the disclosures made in Note 1 to the Financial Statements concerning the uncertainty in relation to the recovery of inter-company balances. The amount that might ultimately be recovered cannot presently be determined, and no provision has been made in the financial statements against the gross amount receivable.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor

London

10 October 2007

TH GROUP SERVICES LIMITED (formerly Kvaerner Services Limited)

Profit and Loss Account for the year ended 31 December 2006

	Notes	2006 £	2005 £
Turnover	2	6,897 883	6,228 167
Cost of sales		<u>(8,314 506)</u>	<u>(8,618 033)</u>
Gross loss		(1 416 623)	(2,389 866)
Amounts written off owed by fellow subsidiary undertakings	3	-	(52 860 000)
Gain on sale of associate		1 774,981	-
Loss on sale of subsidiary		(10 636 347)	-
Release of provision for impairment	7	13 261 970	
Provision for impairment against investments in subsidiaries	7	-	(8,975 197)
Provisions for impairment against investments in associates	7	-	(249 000)
Operating profit/(loss)		<u>2 983 981</u>	<u>(64 474 063)</u>
Interest receivable and similar income	3	18 967 385	20 310 770
Interest payable and similar charges	3	(26 033 681)	(24 968 469)
Investment Income	3	<u>12 633 317</u>	<u>-</u>
Profit/(loss) on ordinary activities before taxation	3	8 551,002	(69 131 762)
Tax on profit/(loss) on ordinary activities	4	-	-
Profit/(loss) for the financial year transferred to reserves	13	<u>8 551,002</u>	<u>(69,131,762)</u>

All activities of the company are continuing operations. However, the activities of the company must be seen in the context of the work-out of the TH Global Group of which the Company is a member. The purpose and activity of the work-out is explained in the Directors' Report and Note 1 of the Notes to the Financial Statements.

The company has no recognised gains or losses other than the profit for the year and the loss for the previous year. Accordingly, a statement of total recognised gains and losses has not been prepared.

There is no difference between the profit/(loss) on ordinary activities before taxation and the retained profit/(loss) for the year stated above and their historical cost equivalents.

TH GROUP SERVICES LIMITED (formerly Kvaerner Services Limited)

Balance Sheet at 31 December 2006

	Notes	2006 £	2005 £
FIXED ASSETS			
Investments	7	<u>149,598,427</u>	<u>238,976,139</u>
CURRENT ASSETS			
Debtors	8	466,400,933	341,980,702
Cash at bank and in hand		<u>1,160,760</u>	<u>5,772,051</u>
		<u>467,561,693</u>	<u>347,752,753</u>
CREDITORS			
AMOUNTS FALLING DUE WITHIN ONE YEAR	9	<u>(566,114,676)</u>	<u>(542,134,450)</u>
NET CURRENT LIABILITIES		<u>(98,552,983)</u>	<u>(194,381,697)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>51,045,444</u>	<u>44,594,442</u>
PROVISIONS FOR LIABILITIES AND CHARGES	10	-	(2,100,000)
NET ASSETS		<u>51,045,444</u>	<u>42,494,442</u>
CAPITAL AND RESERVES			
Called up share capital	11	100,000,000	100,000,000
Profit and loss account	12	(48,954,556)	(57,505,558)
EQUITY SHAREHOLDERS' FUNDS	13	<u>51,045,444</u>	<u>42,494,442</u>

These financial statements were approved by the Board of Directors on 10 October 2008 and signed on its behalf by

Rufus Laycock

Rufus Laycock
Director

TH GROUP SERVICES LIMITED (formerly Kvaerner Services Limited)

Notes to the financial statements

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 following accounting policies have been applied consistently in dealing

(a) Accounting convention

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

(b) Basis of preparation

The financial statements have been prepared on a going concern basis. The background and reasons for the adoption of the going concern basis are explained below

The Company and its subsidiary and associated undertakings are members of the TH Global group of companies. The Group is engaged in a work-out process and is reducing its operations. The work-out is a financial and organisational restructuring aimed at (i) achieving viable long term solutions for its remaining businesses and (ii) resolving outstanding disputes and liabilities, in a manner satisfactory to creditors and shareholders. At the date of approval of these financial statements, the Group has attained its ambition to divest itself of its operating businesses. The Group continues in its other objective to wind up residual liabilities and responsibilities arising out of past activities.

At the date of approval of these financial statements Group Management consider that it is in the best interests of creditors for there to be a work-out process including seeking agreement with creditors in relation to outstanding borrowings, disputes, liabilities and legacy issues and based on their current expectation that the disputes and liabilities are capable of being resolved through a negotiated settlement process out of the funds, cash flows and asset realisations available to them based on all known factors. Management explores a range of appropriate strategic and financial alternatives to achieve its objective which may include obtaining agreement to compromise indebtedness. Group Management recognises and reports that the work-out is subject to significant uncertainties and risks which could cause actual results to differ materially from those anticipated.

Among the uncertainties, there is uncertainty in relation to intercompany balances because of the complex web of intercompany indebtedness subsisting in the Group such that actual recovery may be significantly less than the reported balance. No provision has been made in the financial statements against the amount receivable except where a Group undertaking has a net deficiency of assets. In such cases a provision is made against the lower of the net amount receivable and the deficit.

The liquidity of the Group going forward materially depends on the successful continuation and eventual completion of the work-out using the negotiated settlement process to seek agreement with stakeholders in relation to its outstanding borrowings, disputes, liabilities and

The Directors have reviewed and considered the going concern work-out proposals as provided by Group Management. To that effect, the Directors ensure that they are comfortable with the ongoing work-out process from the viewpoint of the Company. Runar Nilsen, one of the directors, is a member of the Group Management.

The Company is exempt by virtue of section 228 of the Companies Act 1985 from the requirement to prepare group financial statements.

(c) Cash flow statement and related party transactions

The company has taken advantage of the exemption under the rules of FRS 1 not to produce a cash flow statement, and the exemption under the rules of FRS 8 not to disclose related party transactions with members of the same group on the grounds that the Company is included in the consolidated financial statements of a parent undertaking which accounts are publicly available.

The Company has related party relationships with Directors of its ultimate and intermediate parent undertakings. As disclosed in note 6, included in other emoluments is the recharge from Spinaker Limited in the form of intra-group management charge in respect of directors' remuneration for their qualifying service to the Company.

In addition, the Company has entered into shorthold tenancy agreements in respect of properties occupied by the key management of its ultimate and intermediate parent undertakings (some of whom are directors of the Company). The Company recharges the costs incurred relative to these tenancies to Spinaker Limited.

(d) Turnover

Turnover, which includes inter company trading, represents management fees and service charges, and arises within the United Kingdom, Europe and North America.

(e) Leased assets

All leases are operating leases and the annual rentals are charged wholly to the profit and loss account.

(g) Fixed asset investments

Shares in subsidiary and associate undertakings are stated at cost less any amounts written off.

(g) Pensions

The Company participates in a Group defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The amount charged against profits represents the contributions payable to the scheme in respect of the accounting period.

TH GROUP SERVICES LIMITED (formerly Kvaerner Services Limited)

Notes to the financial statements (continued)

1. Accounting policies (continued)

(h) Taxation

The charge for taxation is based on the profit for the year

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 FRS19. Advance corporation tax recoverable by deduction from future corporation tax is carried forward within deferred taxation or as ACT recoverable within debtors as appropriate.

2. Analysis of turnover

	2006 £	2005 £
By geographical area		
United Kingdom	6 897,883	4 273,989
Norway	-	1,954,178
	<u>6 897,883</u>	<u>6,228 167</u>
By class of business		
Continuing operations		
Management fees and service charges	<u>6,897,883</u>	<u>6,228,167</u>

3a. Profit/(loss) on ordinary activities before taxation

	2006 £	2005 £
Profit/(loss) on ordinary activities before taxation is stated after charging/(crediting)		
PDS liability (note 10)	(1,316,070)	192,469
Amounts owed by fellow subsidiary undertakings written down (3b below)	-	52 860,000
Release of provision for impairment of investments (note 7)	13,261 970	-
Impairment of investments in subsidiaries	-	8 975,197
Impairment of investments in associates	-	249,000
Interest paid to group companies	25 928,695	24,793 517
PDS interest	<u>104,986</u>	<u>174,952</u>
	<u>26,033,681</u>	<u>24,968,469</u>
Interest received from bank	93 367	204,294
Interest received from group transactions	<u>18 874,018</u>	<u>20 106,476</u>
	<u>18,967,385</u>	<u>20,310,770</u>
Dividend income	12 633,317	-

The auditors' remuneration for the year ended 31 December 2006 was £5 000 (2005 - £10,000). Additionally a total fee amounting to £214,724 (2005 - £269,100) has been borne by the company for the statutory audit of the financial statements for other companies within the Group.

3b. Amounts owed by fellow subsidiary undertakings written down

TH Global Limited as issuer has offered to purchase all its outstanding externally owned 10 7/8 per cent Bonds due 2014, including unmatured coupons and accrued interest, for a consideration of less than face value. In these circumstances in the year ended 31 December 2005 the Company provided for a permanent diminution in value of its holding of the 2014 Bonds equal to the face value of the Bonds owned. This amounted to a loss of £52,860 000.

The 2014 Bonds were redeemed on 21 June 2007 as set out in note 17.

TH GROUP SERVICES LIMITED (formerly Kvaerner Services Limited)

Notes to the financial statements (continued)

4 Tax on profit/(loss) on ordinary activities

Recognised in the profit and loss account

	2006 £	2005 £
<i>Current tax expense</i>		
UK Corporation tax on profit/(loss) for the year	-	-
Foreign tax on profit/(loss) for the year	-	-
Total current tax charge	-	-

Factors affecting the current tax charge

The tax assessed for the year is lower (2005 higher) than the standard rate of corporation tax in the UK
The differences are as follows -

	2006 £	2005 £
Profit/(loss) on ordinary activities before taxation	8,551,002	(69,131,762)
Taxation charge at UK Corporation rate of 30% (2005 30%)	2,565,301	(20,739,529)
Effects of		
Group relief for which no payment is received	2,264,594	2,154,176
Capital allowances in excess of depreciation	(33,588)	(44,783)
Income not assessable for tax purposes	(8,301,080)	-
Expenditure not deductible for tax	3,504,773	18,630,136
Current tax charge and tax on profit/(loss) of ordinary activities	-	-

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 TH Global Limited tax group has brought forward tax losses estimated at £215 million (2005 £215 million) and surplus Advance Corporation Tax of approximately £192 million (2005 £192 million). There is no potential liability to deferred taxation (2005 - £NIL).

Due to a change in corporate tax rate announced in 2007 budget the company will be subject to a tax rate of 28% with an effect from 1st April 2008. This has no effect on the company's financial statements and tax position as at 31 December 2006.

5 Staff numbers and costs

	2006 Number	2005 Number
The average number of employees all of whom were engaged in the United Kingdom on the company's principal activity		
Directly employed personnel	13	16
Agency personnel	17	40
Total management and administration (includes agency personnel)	30	56
	2006 £	2005 £
Staff costs for directly employed personnel		
Wages and salaries	808,873	731,821
Social security costs	172,795	83,398
Other pension costs (note 14)	235,315	14,949
	1,216,983	830,168

6 Directors' remuneration

	2006 £	2005 £
Other emoluments	247,500	-

The figures included in Directors' Emoluments relate to the Directors' remuneration for their qualifying service to the Company and its subsidiaries. The figures represent the recharge of emoluments from Spinaker Limited in the form of intra-group management charges.

TH GROUP SERVICES LIMITED (formerly Kvaerner Services Limited)

Notes to the financial statements (continued)

7 Fixed assets investments

	Shares in subsidiary undertakings £	Shares in associate undertakings £	Total shares in subsidiaries and associate undertakings £
Cost			
At 1 January 2006	248 116,572	7 407 537	255,524 109
Disposals	(99,030 145)	(3,609 537)	(102 639 682)
At 31 December 2006	<u>149,086,427</u>	<u>3,798 000</u>	<u>152 884,427</u>
Impairment			
At 1 January 2006	(16,298 970)	(249 000)	(16,547 970)
Release of provision in the year	13,261 970	-	13,261 970
At 1 January 2006 and at 31 December 2006	<u>(3,037 000)</u>	<u>(249,000)</u>	<u>(3,286,000)</u>
Net book value at 1 January 2006	<u>231 817 602</u>	<u>7 158 537</u>	<u>238 976,139</u>
Net book value at 31 December 2006	<u>146 049 427</u>	<u>3 549 000</u>	<u>149,598 427</u>

The Company has provided for impairment in the value of subsidiaries in an aggregate amount of £3,037,000 (2005 £16 298 970)

The Company has also provided for impairment in the value of associates in an aggregate amount of £249 000 (2005 £249,000)

In the opinion of the directors the aggregate value of investments is not less than that shown in the balance sheet

The following subsidiary undertakings are wholly owned (ordinary share capital)

	Country of incorporation	Nature of Business
Dearbridge Limited	England and Wales	Application for striking-off made
The Direct Spanish Telegraph Company Limited	England and Wales	Not trading
Kvaerner Pensions Investment Management Limited	England and Wales	Application for striking-off made
Thos and Jno Brocklebank Limited	England and Wales	Not trading
Kvaerner Energy AS	Norway	Not trading
Kvaerner International Pte Limited	Singapore	Not trading
Kvaerner Kenny Limited	England and Wales	Application for striking-off made
Kvaerner Oil & Gas AS	Norway	Not trading
Kvaerner Pte Limited	Singapore	Not trading
Kvaerner Pulping AS	Norway	Not trading
Kvaerner Ulsteinvik AS	Norway	Not trading
Kvaerner Yards ASA	Norway	Not trading
Associated companies		
Buøy Invest AS (30% owned)	Norway	Real estate
Express Ferries Limited (21% owned)	Guernsey	Passenger ferries
AS Nordic Jetline (20% owned)	Estonia	Passenger ferries
Nordic Jetline Oy (20% owned)	Finland	Passenger ferries

Dearbridge Limited Kvaerner Energy AS Kvaerner Kenny Limited Kvaerner Pensions Investment Management Limited Kvaerner Pulping AS and Kvaerner Ulsteinvik AS were dissolved subsequent to the year end

The investments in Buøy Invest AS Express Ferries Limited AS Nordic Jetline and Nordic Jetline Oy were sold to third party purchasers subsequent to the year-end

TH GROUP SERVICES LIMITED (formerly Kvaerner Services Limited)

Notes to the financial statements (continued)

8 Debtors

	2006 £	2005 £
Amounts falling due within one year		
Trade debtors	96 065	154,016
Amounts owed by subsidiary undertakings	-	162,847
Amounts owed by fellow subsidiary undertakings	466 233,688	339 055,167
Other debtors	65,942	2,186 039
Prepayments and accrued income	5,238	422,633
	<u>466 400 933</u>	<u>341 980,702</u>

9 Creditors amounts falling due within one year

	2006 £	2005 £
Trade creditors	114 378	597 024
Amounts owed to immediate parent	264 467,377	250 141 195
Amounts owed to subsidiary undertakings	949 000	305 679
Amounts owed to fellow subsidiary undertakings	299 038 455	287,571 949
Other taxes and social security	54,296	47 932
Other creditors	-	1,876 004
Accruals and deferred income	1,491,170	1,594 667
	<u>566 114,676</u>	<u>542 134,450</u>

10 Provisions for liabilities and charges

	£
At 1 January 2006	2 100 000
Release of provision to profit and loss account	(1,316 070)
Utilisation of provision	(783,930)
At 31 December 2006	<u>-</u>

Included within the utilisation amount of £783 930 In August 2006 the Kvaerner Pension Fund assumed all the rights and obligations relating to the Permanent Disability Scheme in consideration for a payment of £512 596 from the company

11 Share capital

	2006 £
Authorised	
100 000,000 ordinary shares of £1 each	<u>100,000 000</u>
Allotted called up and fully paid	
100 000,000 ordinary shares of £1 each	<u>100,000,000</u>

12 Reserves

	Profit and loss account £
At 1 January 2006	(57 505 558)
Profit for the year transferred to reserves	8 551 002
At 31 December 2006	<u>(48,954,556)</u>

TH GROUP SERVICES LIMITED (formerly Kvaerner Services Limited)

Notes to the financial statements (continued)

13 Reconciliation of movement in shareholders' funds

	2006
	£
Opening shareholders' funds	42,494,442
Profit for the year added to shareholders' funds	8,551,002
Closing shareholders' funds	<u>51,045,444</u>

14 Pensions

The company's employees at 31 December 2006 are members of a defined contribution pension scheme operated by the Group

The defined contributions scheme contributions are paid by the company and by employees. The assets of the schemes are held in trustee administered funds separate from the finances of the Group.

Contributions amounting to £nil (2005 £1,765) in respect of the defined contribution schemes were payable by the Company at the year end and were included within other creditors.

The pension charge in the period represents contributions payable by the Company to the schemes and amounted to £nil (2005 £nil) in respect of the defined benefit schemes and £235,315 (2005 £16,357) in respect of the defined contribution schemes.

15 Cash at bank

During the year, the TH Global group entered into a multicurrency group bank account and banking facility with DnB NOR Bank ASA of which this Company is a member. The Company has a contingent liability in terms of an undertaking given to DnB NOR Bank ASA in support of borrowings of other TH Global group companies party to this group bank account and banking facility.

Of the total cash and bank balance on the balance sheet, £1,160,760 (2005 £5,772,051), are deposits held in bank sub-accounts that are part of a group pooling system. Other TH Global group companies may have withdrawn amounts deposited on such sub-accounts, such that the net balance on the accounts may be less than the reported balance. The bank has at any time a right of set-off in respect of any debit balance on any sub-account towards satisfaction of any credit balance on other sub-accounts, in which case any debit balance represents a receivable from the TH Global group and any credit balance represent borrowings.

16 Ultimate parent company and ultimate controlling party

The immediate parent company is Kvaerner E&C Holdings Limited (formerly Kvaerner E&C PLC), incorporated in England and Wales.

The largest group in which the results of the Company are consolidated is that headed by Medaura BV, a private company incorporated in The Netherlands. The consolidated financial statements of Medaura BV are available to the public and may be obtained from the Chamber of Commerce Kamer van Koophandel, De Ruterkade 5, 1013 AA Amsterdam, The Netherlands or from the Company Secretary, TH Global Limited, 68 Hammersmith Road, London W14 8YW.

The Glacier Trust, established under the laws of Guernsey, is to be regarded as the ultimate controlling party of the Company.

17 Post balance sheet events

At a meeting of the holders of the TH Global Limited 10 7/8 per cent Bonds due 2014 held on 21 June 2007 an Extraordinary Resolution was passed amending the terms of the 2014 Bonds to provide for the redemption of the outstanding 2014 Bonds including any unmatured coupons and any accrued interest and outstanding interest for the consideration of £0.782 for each £1 face value of the 2014 Bonds excluding the 2014 Bonds held by the Company. The Company irrevocably agreed that the payment in respect of the 2014 Bonds held by it

During August 2007, the Company disposed of its investment in Nordic Jetline (passenger ferries) (comprised of shareholdings in Express Ferries Limited, AS Nordic Jetline and Nordic Jetline Oy) to a third party.

The Company disposed of its minority shareholding in Buøy Invest AS. The Company was a party to legal proceedings in Norway relating to the terms of the intra-group transfer in 2004 to the Company of the minority investment. In the complaint three of the other shareholders in Buøy Invest AS alleged breach of pre-emption rights in the sale. The court upheld the complaint and consequent on that decision the Company transferred the shares it held to these shareholders. The transfer price was determined by the court. The transferees filed an appeal to have the transfer price set by the court re-considered. The Company, in co-operation with its fellow subsidiary undertaking Kvaerner Oil & Gas AS, has reached agreement in principle with the other shareholders in Buøy Invest AS to fully settle all matters outstanding between them including the matter of the transfer price. At the date of approval of these financial statements the formal settlement document is not concluded, complete and executed, however the Directors are confident that the principal contractual terms are agreed between the Company and the other parties and that the settlement document will be signed shortly without substantial amendment to

The following subsidiary undertakings of the Company were dissolved consistent with the objectives of the work-out of the TH Global Group: Dearbridge Limited, Kvaerner Energy AS, Kvaerner Kenny Limited, Kvaerner Pensions Investment Management Limited, Kvaerner Pulp AS and Kvaerner Ulsteinvik AS.