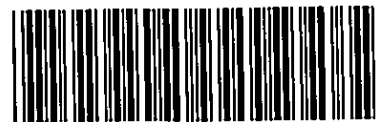


Company Registration No 00932159

TH GROUP SERVICES LIMITED

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011**

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TH GROUP SERVICES LIMITED

Directors' Report for the year ended 31 December 2011

The Directors present their report and the audited financial statements for the year ended 31 December 2011

ACTIVITIES AND PROSPECTS

The Company is a member of the TH Global group of companies which is engaged in a work-out process. The work-out is a financial and organisational restructuring whose objective is to resolve outstanding disputes and liabilities, in the best interest of creditors and shareholders.

The work-out process is subject to fundamental uncertainties. These fundamental uncertainties and their impact on the financial statements are disclosed in the basis of preparation in Note 1 to these financial statements.

The Company is a provider of administrative services to other companies in the TH Global Group and is an investment holding company.

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.

FINANCIAL STATEMENTS AND DIVIDEND

The financial statements of the Company appear on pages 5 to 13, inclusive.

As explained in Note 1 (b) (Basis of Preparation) of the Notes to these financial statements, the directors do not consider that it is appropriate to prepare these financial statements on a going concern basis.

No interim dividend was declared during the year and the Directors do not recommend the payment of a final dividend in respect of the year ended 31 December 2011 (2010: £nil).

DIRECTORS

The Directors throughout the year were as follows:

Rufus Laycock
Runar Nilsen

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 himself aware of any relevant audit information and to establish that the Company's Auditors are aware of that information.

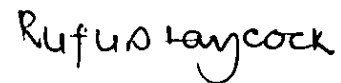
TH GROUP SERVICES LIMITED

Directors' Report for the year ended 31 December 2011 (continued)

AUDITORS

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG Audit Plc will therefore continue in office

By order of the Board,

A handwritten signature in black ink that reads "Rufus Laycock". The signature is written in a cursive, slightly slanted style.

Rufus Laycock
Director and Secretary

Date 27 September 2012

Registered Office
Surrey House
36-44 High Street
Redhill
Surrey RH1 1RH

TH GROUP 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)

Under company law the director must not approve the financial statements unless they are satisfied that they 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 UK 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

As explained in Note 1 (b) (Basis of Preparation) of the Notes to these financial statements, the directors do not consider that it is appropriate to prepare these financial statements on a going concern basis

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonable 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

We were engaged to audit the financial statements of TH Group Services Limited for the year ended 31 December 2011 set out on pages 5 to 13. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice). These financial statements have not been prepared on the going concern basis for the reason stated in note 1 to the financial statements.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors. Because of the matters described in the basis for disclaimer of opinion on financial statements paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/private.cfm

Basis for disclaimer of opinion on financial statements

The audit evidence available to us was limited because we were not able to assess the appropriate carrying amounts of intercompany receivables recognised at £403,236,496 and investments in subsidiary undertakings recognised at £44,441,000 as at 31 December 2011. The directors of the company have concluded that the fundamental uncertainties disclosed in note 1 of the financial statements regarding the financial effects of the ultimate outcome of the work-out process facing the group of which the company is a part, together with the resulting uncertainty that brings to the expected settlement of the intercompany receivables and investments in subsidiary undertakings, render assessing the recoverable amount of the items impracticable at this time. As a consequence the directors have not performed this assessment. As a result of this we have been unable to obtain sufficient appropriate audit evidence concerning both intercompany receivables and investments in subsidiary undertakings.

Opinion on financial statements

Because of the significance of the matter described in the basis for disclaimer of opinion on financial statements paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly we do not express an opinion on the financial statements.

Opinion on other matter prescribed by the Companies Act 2006

Notwithstanding our disclaimer of an opinion on the financial statements, in our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

In respect solely of the limitation of our work regarding the assessment of the recoverable amount of intercompany receivables and investments in subsidiary undertakings referred to above:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit, and
- we were unable to determine whether adequate accounting records have been kept.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made.

Mike Maloney

(Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc, Statutory Auditor

*Chartered Accountants
15 Canada Square
London E14 5GL
United Kingdom*

Date: 27 September 2012

TH GROUP SERVICES LIMITED

Profit and Loss Account for the year ended 31 December 2011

	Notes	2011 £	2010 £
Administrative expenses		(334,200)	(201,293)
Gain on sale of associate		-	36,551
Profit on intra-group winding up of subsidiaries		992	3,351,711
Reversal of provision against amounts due from fellow subsidiary undertakings	7	-	25,521
Creation of provision against investment in subsidiaries	7	(209,066)	(1,682,000)
Operating (loss)/profit	2	(542,274)	1,530,490
Interest payable and similar charges	3	(211,656)	(247,613)
(Loss)/profit on ordinary activities before taxation		(753,930)	1,282,877
Tax on (loss)/profit on ordinary activities	4	-	-
(Loss)/profit for the financial year	12	<u>(753,930)</u>	<u>1,282,877</u>

The notes on pages 7 to 13 form part of these financial statements

These financial statements have been prepared in the context of the nature and purpose of the work-out described in the Directors' Report and Note 1 (Basis of Preparation) to the financial statements. These financial statements have not been prepared on a going concern basis.

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

The profit and loss account has been prepared on the basis that all operations are discontinued operations.

TH GROUP SERVICES LIMITED

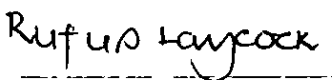
Balance Sheet at 31 December 2011

Company Registration No 932159

	Notes	2011 £	2010 £
FIXED ASSETS			
Investments	7	<u>44,441,000</u>	<u>44,441,001</u>
CURRENT ASSETS			
Debtors	8	<u>403,297,555</u>	<u>404,970,684</u>
CREDITORS			
AMOUNTS FALLING DUE WITHIN ONE YEAR	9	<u>(345,642,367)</u>	<u>(346,561,567)</u>
NET CURRENT ASSETS		57,655,188	58,409,117
NET ASSETS		<u>102,096,188</u>	<u>102,850,118</u>
CAPITAL AND RESERVES			
Called up share capital	10	100,000,000	100,000,000
Profit and loss account	11	2,096,188	2,850,118
EQUITY SHAREHOLDERS' FUNDS	12	<u>102,096,188</u>	<u>102,850,118</u>

The notes on pages 7 to 13 form part of these financial statements

These financial statements were approved by the Board of Directors on 27 September 2012 and signed on its behalf by


 Rufus Laycock
 Director

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

(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

These financial statements have not been prepared on a going concern basis. The background and reason for this basis of preparation are explained below

The TH Global Group (the "Group") in which the Company is a wholly owned subsidiary is facing significant challenges to continue the work-out on a solvent basis. In addition to the pre-existing and pervasive uncertainty of the work-out (see further background and explanation below), the Group faces a number of specific and significant legacy and litigation issues in which the outcome is uncertain and where the nature and magnitude of an adverse outcome puts at risk the solvency of the Group (and the Company) and the planned outcome of the work-out. The objectives of the work-out have been and remain to achieve a solvent outcome for third party creditors, and, an orderly winding up of constituent entities including the Company. In this context, the Directors of the Company consider that it is not appropriate to adopt the going concern basis of preparation for these financial statements but have sought to present assets and liabilities on a break up basis other than when it is impracticable to do so (see below)

Background - the Work-Out

The Group is engaged in a work-out process. The work-out is a financial and organisational restructuring whose objective is to resolve outstanding disputes and liabilities in the best interests of creditors and shareholders.

The Group discharges a range of legacy responsibilities including significant liabilities and costs related to historic issues such as historic contractual liabilities, historic pensions liabilities, environmental liabilities, industrial injury compensation claims, overseas taxation claims and sundry other liabilities. The Group's primary objective is to wind-up these legacy responsibilities as soon as practicable consistent with achieving best value for money. Since 1 April 2005, while in a number of instances realisations have exceeded the initial budget expectations and certain legacy issues and liabilities have been resolved more favourably than initially budgeted, conversely, there have been a number of liabilities that have resulted in an increased exposure and further unknown and unforeseen legacy issues have arisen.

Material uncertainties and risks inherent in the work-out

From the outset, the work-out has been subject to significant issues indicating material uncertainties and risks which give rise to significant doubt on the Group's ability to continue to facilitate and manage the work-out if actual results were to differ materially from those anticipated. These uncertainties relate to

- whether the outcome of a number of existing claims including industrial disease compensation claims (incurred and incurred but not reported) and overseas taxation claims will be as estimated,
- whether the settlement consideration in relation to the Group's outstanding liabilities will be within the expected range and timing, these substantial outstanding liabilities include external borrowings, environmental liabilities in the US, US pensions, industrial disease compensation claims and other legacy issues which have not yet been resolved, and
- whether the actual consideration received upon disposal of the remaining Group's assets will be as estimated.

Restructuring of liabilities under material borrowings and US pension plan

During 2011, the Group Directors identified the need to restructure two of the Group's principal third party liabilities, being (1) liabilities under a US defined benefit pension plan (the "US Pension Plan") and (2) pending and prospective default under material borrowings and onerous present and future interest payments attaching to those borrowings (the "Material Borrowings") if the work-out was to continue on a solvent basis.

In June 2012, the Group carried out a restructuring of its liabilities under the Material Borrowings and the US Pension Plan which relieved companies within the Group of liability for the Material Borrowings and from contributions to the US Pension Plan and also relieved companies within the Group from present and potential recourse in respect of those liabilities and contributions. The Material Borrowings have been settled through the issue of preferred equity securities to the Material Borrowings holders. As described below, the relief from contributions to the US Pension Plan is an interim solution while work continues to achieve a permanent transfer of legal liability.

Significant financial challenges to the continuation of the work-out on a solvent basis

The principal significant challenges to continue the work-out on a solvent basis are (1) to achieve a permanent settlement for liabilities under the US Pension Plan and, (2) an overseas (Finland) tax dispute where the additional tax assessed in respect of a prior period transaction exceeds the relevant subsidiary's ability to satisfy it and where a final and binding demand could cause the bankruptcy of the subsidiary and in view of the level of intercompany indebtedness within Group subsidiaries could have a domino effect resulting in the insolvency of other Group subsidiaries including this company and, possibly, of the Group.

Notes to the financial statements (continued)

1 Accounting policies (continued)

(b) Basis of Preparation (continued)

The Group Directors' assessment of the outcome of these two legacy issues is as follows

Liabilities under a US defined benefit pension plan

The Group Directors have a reasonable expectation that discussions to permanently exit the US Pension Plan will yield a solution on acceptable terms. Under the restructuring carried out in June 2012, the existing third party guarantor of the required minimum contribution to the US Pension Plan confirmed its capacity and willingness to meet its financial commitments under the guarantee and further, the guarantor has released its right to reimbursement and indemnity from Group companies. The Group and the guarantor intend (subject to agreement with all relevant parties and approval from regulatory bodies on acceptable terms) that the guarantor will legally assume the Group's liabilities under the US Pension Plan without recourse to the Group. As with any company placing reliance on a third party to meet its guaranteed obligations, the Group Directors acknowledge that there can be no absolute certainty of the fulfilment of the guaranteed obligations, however, at the date of these financial statements the Group Directors have no reason to believe that the third party will not do so.

Tax dispute in Finland

In March 2012, the Helsinki Administrative Court found against one of the Group's Finnish subsidiaries in a claim by the Finnish State Tax Auditor that additional tax was payable in respect of an asset disposal in 2004. The additional tax demanded including interest and penalties is EUR 24.1 million. The Group is seeking permission to appeal that decision to the Finnish Supreme Administrative Court. The outcome of the application to appeal will probably not be known for 8-9 months. During May 2012, the Group made its application to appeal and in accordance with Finnish procedures simultaneously submitted its appeal.

The Group has received advice from three leading law firms in connection to the appeal regarding the chances for the appeal application to be permitted. All three law firms think that it is more likely than not that permission will be given to appeal and that the appeal will be successful.

However, given the nature of this claim and the previous unfavourable judgement in the lower court the Group Directors and the Directors of the Company recognise that the outcome of the application to appeal and, if permission is given to appeal, the ultimate favourable resolution of this tax claim, must be treated as subject to uncertainty. As explained elsewhere in these financial statements, an adverse outcome in the application to appeal and, if permission is given to appeal, in the appeal itself will have a material adverse impact on the Group.

Continuation of work-out on a solvent basis

Since 1 April 2005, the Group Directors and the Directors of the Company have worked diligently to forge the best possible outcome for the Group and its various stakeholders through the facilitation and management of an orderly work-out and settlement of legacy liabilities.

The Group Directors and the Directors of the Company recognise and report that the current situation and outlook presents significant challenges in terms of the magnitude of material uncertainties that cast significant doubt upon the Group's ability to continue the work-out on a solvent basis.

If the settlement or resolution of the two legacy liabilities identified above is not forthcoming on acceptable terms and/or if the guarantor of the required minimum contribution to the US Pension Plan is unable to meet its guaranteed obligation then that non-success/non-fulfilment of guarantee obligations would immediately trigger a need to re-examine the Group's ability to continue the work-out on a solvent basis and the Group and the Company may have to consider, among other things, formal insolvency proceedings. The failure of the appeal in the Finnish tax dispute would have the same effect.

The Group Directors believe that the Group will have sufficient liquidity to satisfy its needs for the period of the appeal in the overseas tax dispute subject to the guarantor of the funding obligations to the US Pension Plan fulfilling its guaranteed obligations.

In addition to the liabilities under a US defined benefit pension plan and the tax dispute in Finland, the Group has exposures to other legacy issues relating to historical contractual liabilities, historical pensions liabilities, environmental liabilities, industrial injury compensation claims, overseas taxation claims and sundry other liabilities. Although less significant individually, the Group's obligations regarding some of these other legacy issues are expected to continue for more than 5 years and thus are expected to substantially deplete the group resources over time. As noted elsewhere, the objective of the work-out is to resolve outstanding disputes and liabilities in the best interests of creditors and shareholders as soon as practicable. The Group explores options that may be available to resolve these long tail liabilities.

Notes to the financial statements (continued)

1 Accounting policies (continued)

(b) Basis of Preparation (continued)

After thoughtful and careful consideration, based on their expectations stated above, combined with their forecasts and assumptions relating to the outcome of claims, values and timings of expected legacy liability settlements and disposal of remaining assets, the Group Directors and the Directors of the Company consider that the work-out remains ultimately viable subject to a permanent settlement solution for the US Pension Plan being forthcoming and the successful appeal in the Finnish tax dispute and therefore they consider it is appropriate to continue the work-out for the time being in order to provide the opportunity for the resolution of those two legacy issues on acceptable terms. The Group Directors and the Directors of the Company consider that through the continuation of an orderly work-out within the current structure the Group is best able to fulfil its objective of achieving a return for stakeholders in excess of that which could be achieved under an insolvent winding up. The Group Directors and the Directors of the Company note that, given the interconnectedness of the subsidiaries within the Group, the outcome of an insolvent winding up of the Group for any stakeholder is extremely unpredictable and uncertain.

Carrying values of intercompany receivables and investments in subsidiaries

The Directors of the Company have concluded that the fundamental uncertainties mentioned above regarding financial effects of the ultimate outcome of the work-out process facing the Group of which the Company is a part, together with the resulting uncertainty that brings to the expected settlement of the intercompany receivables and recovery of the investments in subsidiary undertakings, renders, at this time, assessing the recoverable amount of these items impracticable. This is due to the, possibly insoluble, complications of the exercise as a result of the group structure and the uncertainties along with the unjustifiable cost of any attempt to carry out the exercise.

In preparing these financial statements, the Directors of the Company have therefore recognised the intercompany receivables at original nominal value except for certain specific impairments recognised in prior years. The investments in subsidiaries have been recognised at the lower of cost and net asset position of the subsidiary which would not take into account the implications of the work out on those net assets. If the assessment of recoverable amounts could have taken the implications of the work-out into account significant additional impairments against intercompany receivables and investments in subsidiary undertakings may well be required.

(c) Cash flow statement

The Company has taken the exemption available under FRS 1 from preparing a cash flow statement on the grounds of it being a small company under the criteria laid down in Companies Act 2006.

(d) Fixed asset investments

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

Details of fundamental uncertainties relating to the carrying values of investments in subsidiaries have been disclosed in Note 1(b) (Basis of Preparation) of these financial statements.

(e) 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.

(f) Group Accounts

The Company qualifies as a small company and the group headed by it qualifies as a small group pursuant to Part 15 of the Companies Act 2006 and is exempt from the requirement to prepare group accounts on the grounds of its size.

TH GROUP SERVICES LIMITED

Notes to the financial statements (continued)

2 Operating (loss)/profit

The auditors' remuneration for the year ended 31 December 2011 was £15,000 (2010 - £9,196) This fee has been paid on behalf of the Company by a fellow subsidiary undertaking

3 Interest payable and similar charges

	2011	2010
	£	£
Interest payable to group companies	211,249	247,613
Foreign Exchange Loss	407	
	<u>211,656</u>	<u>247,613</u>

With effect from 1 January 2008, UK subsidiaries within the TH Global Group including the Company stopped charging interest (where interest was previously charged) on UK to UK inter-company debt and UK to UK inter-company receivables with certain limited exceptions This change in approach in the compensation for UK to UK inter-company financial transactions has been made in recognition of, and to assist with, the work-out of the Group

4 Tax on profit on ordinary activities

There is no charge to corporation tax on the loss for the year (2010 nil) There is no deferred tax liability at 31 December 2011 (2010 £nil)

Factors affecting current tax charges

The tax assessed for the year is higher (2010 lower) than the standard rate of corporation tax in the UK
The differences are as follows

	2011	2010
	£	£
(Loss)/profit on ordinary activities before taxation	<u>(753,930)</u>	<u>1,282,877</u>
Taxation charge at UK Corporation rate of 26.5% (2010 28%)	(199,791)	359,206
Effects of		
Capital allowances in excess of depreciation	(8,545)	(11,286)
Income not assessable for tax purposes - dividend from subsidiary		(938,480)
Expenditure not deductible for tax	1,322	4,456
(Profit)/loss on sale of subsidiaries and investments	(263)	152,166
Increase/(decrease) in losses carried forward	151,874	132,524
Provision against investment in subsidiaries	55,403	301,414
Current tax charge and tax on profit of ordinary activities	<u>-</u>	<u>-</u>

TH GROUP SERVICES LIMITED

Notes to the financial statements (continued)

4 Tax on profit on ordinary activities (continued)

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 UK tax group has brought forward tax losses estimated at £279M, capital losses of £480M and surplus ACT of approximately £202M. There is no potential liability to deferred taxation (2010 - nil)

5 Staff numbers and costs

The company had no employees during the year or the prior year

6 Directors' remuneration

	2011 £	2010 £
Directors' Emoluments	<u>205,912</u>	<u>177,668</u>

The directors are remunerated by the Company for their services to the Company and the wider TH Global Group. It is not practical to allocate the remuneration between Group companies.

7 Fixed assets investments

	Shares in subsidiary undertakings £
Cost	
At 1 January 2011	61,400,201
Addition	<u>209,067</u>
At 31 December 2011	<u>61,609,268</u>
Impairment	
At 1 January 2011	16,959,200
Creation of provision against investment in subsidiaries	<u>209,068</u>
Disposals	-
At 31 December 2011	<u>17,168,268</u>
Net book value at 31 December 2011	<u>44,441,000</u>
Net book value at 31 December 2010	<u>44,441,001</u>

TH GROUP SERVICES LIMITED

Notes to the financial statements (continued)

7 Fixed assets investments (continued)

The following direct subsidiary undertakings are wholly owned (ordinary share capital) unless otherwise stated

	Nature of Business
Kvaerner Deutschland GmbH (in liquidation)	Not trading
Kvaerner International Pte Limited	Not trading
Kvaerner Oil & Gas AS	Not trading
Kvaerner Pte Limited (in liquidation)	Not trading

Subsequent to the year-end, Kvaerner Pte Ltd was dissolved

8 Debtors	2011	2010
	£	£
Amounts falling due within one year		
Trade debtors	49,675	-
Amounts owed by fellow subsidiary undertakings	403,236,496	404,969,904
Other debtors	301	301
Prepayments and accrued income	1,150	479
VAT recoverable	9,933	-
	<u>403,297,555</u>	<u>404,970,684</u>

Details of fundamental uncertainties relating to the carrying values of intercompany receivables have been disclosed in Note 1(b) (Basis of Preparation) of these financial statements

9 Creditors amounts falling due within one year	2011	2010
	£	£
Overdraft in group cash pooling arrangement	1,702,015	1,483,468
Trade Creditors	-	6,479
Amounts owed to fellow subsidiary undertakings	343,920,305	345,032,392
VAT Payable	-	32,211
Accruals and deferred income	20,047	7,017
	<u>345,642,367</u>	<u>346,561,567</u>

10 Share capital	2011
	£
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>

11 Reserves	Profit and loss account £
At 1 January 2011	2,850,118
Loss for the year	(753,930)
At 31 December 2011	<u>2,096,188</u>

TH GROUP SERVICES LIMITED

Notes to the financial statements (continued)

12 Reconciliation of movement in shareholders' funds

2011

£

Opening shareholders' funds	102,850,118
Loss for the year	(753,930)
Closing shareholders' funds	<u>102,096,188</u>

13 Cash at bank

The Company is a participant in a multicurrency group bank account and banking facility with DnB Bank ASA. 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, £ (1,702,015) (2010 £(1,438,468)), are overdraft 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.

14 Ultimate parent company and ultimate controlling party

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

Medaura BV, a private company incorporated in the Netherlands, is the ultimate parent company of the Company. The financial statements of Medaura BV can 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, Surrey House, 36-44 High Street, Redhill, Surrey, RH1 1RH, UK.

The larger group qualifies as a small group and is exempt from the requirement to prepare group accounts on the grounds of its size.

15 Post Balance Sheet Events disclosure

Note 1(b) (Basis of Preparation) of the Notes to these financial statements describes the fundamental uncertainties relating to the work-out process in which the Company and the Group are engaged and, in particular, a number of specific and significant legacy and litigation issues facing the Group in which the outcome is uncertain and where the nature and magnitude of an adverse outcome puts at risk the continuation of the work-out on a solvent basis. Note 1(b) further describes the restructuring of two of the Group's principal third party liabilities on 29 June 2012 and the current position regarding the significant financial challenges to the continuation of the work-out on a solvent basis.

There have been no adjusting or non-adjusting post balance sheet events relevant to these financial statements except for the events disclosed in the basis of preparation.

16 Related party disclosures

Identity of related parties

The Company has related party relationships with member companies of the same group and with its directors.

Transactions between related parties

The related party transactions with member companies of the same group relate solely to intercompany debt and intercompany account receivables. The Company has taken advantage of the exemptions in FRS 8 – 3 (C) from disclosing transactions entered into with two or more members of the Group.

The transactions arising from the related party relationships with the Directors relate solely to the compensation for their management services to the Group. See Note 6 (Directors' Remuneration) for further information.