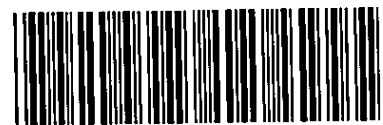


Company Registration No. 932159

TH GROUP SERVICES LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008

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TH GROUP SERVICES LIMITED

DIRECTORS' REPORT

The Directors present their report and the audited financial statements for the year ended 31 December 2008.

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 outstanding disputes and liabilities, in the best interest of creditors and shareholders under the existing circumstances. 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 in the TH Global Group and is an investment holding company.

During the year, the Company, in co-operation with its subsidiary, Kvaerner Oil & Gas AS, concluded an agreement with the other shareholders in Buøy Invest AS (a Norwegian company) to settle all matters outstanding between them relating to the acquisition (2004) and subsequent disposal (2008) by the Company of a minority investment in Buøy Invest AS.

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 12, inclusive.

The Company has a deficit on its profit and loss account. Consequently, no dividend can be paid (2007: £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 themselves 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 (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,

Rufus Laycock

Rufus Laycock
Director and Secretary

Date: 2 December 2009

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).

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; 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 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

We have audited the financial statements of TH Group Services Limited for the year ended 31 December 2008 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.

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 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements

Emphasis of Matter – Going Concern

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosures made in note 1 to the financial statements concerning the Company's ability to continue as a going concern. The TH Global Group is in process of actively seeking settlement of significant issues, claims and obligations and disposing of its remaining assets. The outcome of this process is subject to material uncertainties in terms of timing and amount which may adversely affect the Group's future cash flow if actual results were to differ materially from those anticipated. The Company has net current liabilities, which include significant inter company receivables, the full recovery of which is uncertain due in part to the uncertainty regarding the settlement of the counterparty's obligations, and inter company payables which are due on demand. These conditions, along with the other matters explained in the Basis of Preparation in note 1 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern. The financial statements do not include any adjustments that would result if the Company were unable to continue as a going concern.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor

2 December 2009

TH GROUP SERVICES LIMITED

Profit and Loss Account for the year ended 31 December 2008

	Notes	2008 £	2007 £
Turnover	2	-	2,028,390
Cost of sales		-	(2,871,029)
Gross profit/(loss)		-	(842,639)
Administrative Expenses		(1,232,312)	-
Amounts written off owed by fellow subsidiary undertakings	3	-	(153,176)
Gain/(loss) on sale of associate		275,010	(317,213)
Profit on intra-group disposal/winding up of subsidiaries		7,683,909	4,844
Reversal of provision against investment in subsidiaries	7	600	2,314,000
Creation of provision against investment in subsidiaries	7	-	(3,436,372)
Operating profit/(loss)		6,727,207	(2,430,556)
Interest receivable and similar income	3	8,390,738	27,009,172
Interest payable and similar charges	3	(14,418,728)	(30,411,003)
Investment Income	3	-	6,398
Profit/(loss) on ordinary activities before taxation	3	699,217	(5,825,989)
Tax on profit/(loss) on ordinary activities	4	-	-
Profit/(loss) for the financial year transferred to reserves	12	699,217	(5,825,989)

The 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.

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 or loss on ordinary activities before taxation and the retained profit or loss for the year stated above and their historical cost equivalents.

TH GROUP SERVICES LIMITED

Balance Sheet at 31 December 2008

Company Registration No. 932159

	Notes	2008 £	2007 £
FIXED ASSETS			
Investments	7	<u>68,888,123</u>	<u>115,541,576</u>
CURRENT ASSETS			
Debtors	8	583,101,493	525,421,772
Cash at bank and in hand		<u>69,437</u>	<u>212,450</u>
		<u>583,170,930</u>	<u>525,634,222</u>
CREDITORS:			
AMOUNTS FALLING DUE WITHIN ONE YEAR	9	<u>(606,140,381)</u>	<u>(595,956,343)</u>
NET CURRENT LIABILITIES		<u>(22,969,451)</u>	<u>(70,322,118)</u>
NET ASSETS		<u>45,918,672</u>	<u>45,219,455</u>
CAPITAL AND RESERVES			
Called up share capital	10	100,000,000	100,000,000
Profit and loss account	11	(54,081,328)	(54,780,545)
EQUITY SHAREHOLDERS' FUNDS	12	<u>45,918,672</u>	<u>45,219,455</u>

These financial statements were approved by the Board of Directors on 2 December 2009 and signed on its behalf by :

Rufus Laycock

Rufus Laycock
Director

TH GROUP 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 will continue to provide administrative services to other companies in the TH Global Group and act as an investment holding company for the foreseeable future.

At the date of approval of these financial statements it is the opinion of the Directors of the Company that it is in the best interests of creditors of the Company for there to be a work-out process, involving seeking agreement with creditors in relation to outstanding borrowings, disputes, liabilities and legacy issues and based on the current expectation that the disputes and liabilities are capable of being resolved through a negotiated settlement process out of the funds, cash flows and assets realisations available based on all known factors. Group Management explores a range of appropriate strategic and financial alternatives to achieve its objective, which includes obtaining agreement to compromise indebtedness.

The Directors of the Company recognise and report that the work-out is subject to significant issues indicating material uncertainties and risks which may cause significant doubt on the Group's and the Company's ability to continue as a going concern if actual results were to differ materially from those anticipated. These uncertainties relate to:

- whether the outcome of a number of existing claims including insurance claims (incurred and incurred but not reported), industrial injury claims and overseas taxation claims will be as estimated;
- whether the settlement consideration in relation to the Group outstanding liabilities will be within the expected range and timing; and
- whether the actual consideration received upon disposal of the remaining Group's assets will be as estimated.

In preparing these financial statements on a going concern basis, the Directors have taken into account Group Management's best estimates to forecast cash movements over the next 12 months from the date of these accounts. However these estimates are based on assumptions including values and timing of expected liabilities settlement, claims outcome and assets disposal and therefore subject to the material uncertainties aforementioned.

There is a material uncertainty in relation to intercompany balances because of the complex web of intercompany indebtedness subsisting in the TH Global Group such that the actual recovery may be significantly less than the reported balance in part due to the uncertainty regarding the settlement of the Group's obligations. No provision has been made in the financial statements in relation to this uncertainty. The carrying values of receivables from Group companies having a net deficiency of assets are assessed individually at year-end and a provision is booked against them where appropriate.

Based on these estimates and forecasts the Directors believe that it remains appropriate to prepare the financial statements on a going concern basis. However, the material uncertainties noted above may cast significant doubt on the Company's ability to continue as a going concern and, therefore, to continue realising its assets and discharging its liabilities in the normal course of business. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

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 intermediate and ultimate parent undertakings. As disclosed in note 6, included in *Other Emoluments* is the recharge of directors' emoluments from TH Global Limited in the form of intra-group management charges. In addition, the Company held a shorthold tenancy agreement in respect of a property used by key management personnel of the Group. The tenancy agreement was terminated during 2008. The Company recharged the costs related to this tenancy to TH Global 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.

(f) Fixed asset investments

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

TH GROUP SERVICES LIMITED

Notes to the financial statements (continued)

1. Accounting policies (continued)

(g) 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

	2008 £	2007 £
By geographical area :		
United Kingdom	-	2,028,390
By class of business :		
Continuing operations :		
Management fees and service charges	-	2,028,390

From 1 January 2008, the Company is treated as acting as a paying agent in settling invoices on behalf of other Group companies. The expense is therefore recorded in the accounts of the Group company which is the creditor not the Company. Costs attributable to the Company are presented as administrative expenses. In addition, in a reallocation of responsibilities between Group companies certain costs previously incurred by the Company are now met by TH Global Limited. These changes have been made to simplify intra-group positions in relation to the Company and the rest of the Group in the context of the work-out.

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

	2008 £	2007 £
Profit/(loss) on ordinary activities before taxation is stated after charging/(crediting) :		
Amounts owed by fellow subsidiary undertakings written down	-	153,176
Reversal of provision against investment in subsidiaries	600	2,314,000
Creation of provision against investment in subsidiaries	-	(3,436,372)
Interest paid to bank	-	51,845
Interest paid to group companies	14,418,728	30,359,158
	14,418,728	30,411,003
Other interest received	179	7,786
Interest received from bank	1,415	6,586
Interest received from group transactions	8,389,144	26,994,800
	8,390,738	27,009,172
Dividend Income	-	6,398

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.

The auditors' remuneration for the year ended 31 December 2008 was £15,450 (2007 - £15,000). Additionally a total fee amounting to £nil (2007 - £51,500) has been borne by the company for the statutory audit of the financial statements for other companies within the Group.

TH GROUP SERVICES LIMITED

Notes to the financial statements (continued)

4. Tax on profit/(loss) on ordinary activities

There is no charge to corporation tax on the profit for the year (2007: nil). There is no liability to deferred tax at 31 December 2008 (2007: £nil).

Factors affecting the current tax charge

The tax assessed for the year is lower (2007: higher) than the standard rate of corporation tax in the UK. The differences are as follows:

	2008 £	2007 £
Profit/(loss) on ordinary activities before taxation	699,217	(5,825,989)
Taxation charge at UK Corporation rate of 28.5% (2007:30%)	199,277	(1,747,796)
Effects of		
Group relief for which no payment is received	-	1,425,496
Capital allowances in excess of depreciation	-	(25,191)
Income not assessable for tax purposes	-	(3,373)
Expenditure not deductible for tax	21,861	479,517
Profit on sale of subsidiaries and investments	(2,268,292)	-
Increase in losses carried forward	2,047,154	-
Movement in unpaid pension contributions	-	(128,653)
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 UK tax group has brought forward tax losses estimated at £203 million and surplus Advance Corporation Tax of approximately £159 million. There is no potential liability to deferred taxation (2007 - nil).

5. Staff numbers and costs

	2008 Number	2007 Number
The average number of employees, all of whom were engaged in the United Kingdom on the company's principal activity:		
Directly employed personnel	-	7
Agency personnel	-	2
Total management and administration (includes agency personnel)	-	9
	2008 £	2007 £
Staff costs for directly employed personnel:		
Wages and salaries	-	906,062
Social security costs	-	109,718
Other pension costs	-	30,803
	-	1,046,583

6. Directors' remuneration

	2008 £	2007 £
Other emoluments	148,704	125,644

The figures in the table are the total amount of emoluments paid to or received by the directors of the company and its subsidiaries. The key management personnel of the Group, which includes certain of the directors of the company and its subsidiaries, are remunerated by TH Global Limited, a parent undertaking of the company, for their management services to the Group. The figures in the table represent the recharge of directors' emoluments from TH Global Limited included in intra-group management charges.

TH GROUP 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 2008	117,767,948	1,933,000	119,700,948
Disposals :	(50,642,923)	(1,933,000)	(52,575,923)
Addition :	5,921,870	-	5,921,870
At 31 December 2008	<u>73,046,895</u>	<u>-</u>	<u>73,046,895</u>
Impairment:			
At 1 January 2008	(4,159,372)	-	(4,159,372)
Reversal of provision against investments in subsidiaries	600	-	600
Creation of provision against investment in subsidiaries	-	-	-
At 31 December 2008	<u>(4,158,772)</u>	<u>-</u>	<u>(4,158,772)</u>
Net book value at 1 January 2008	<u>113,608,576</u>	<u>1,933,000</u>	<u>115,541,576</u>
Net book value at 31 December 2008	<u>68,888,123</u>	<u>-</u>	<u>68,888,123</u>

The Company has provided for impairment in the value of subsidiaries in an aggregate amount of £4,158,772 (2007: £4,159,372)

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

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

	Country of incorporation	Nature of Business
The Direct Spanish Telegraph Company Limited	England and Wales	Not trading
Kvaerner Deutschland GmbH	Germany	Not trading
Kvaerner International Pte Limited	Singapore	Not trading
Kvaerner Oil & Gas AS	Norway	Not trading
Kvaerner Pte Limited	Singapore	Not trading
Monarch Holding Inc (90%)	Panama	Not trading

Subsequent to the year-end, the Company sold the entire issued share capital of The Direct Spanish Telegraph Company Limited to TH Global Limited, a parent undertaking.

TH GROUP SERVICES LIMITED

Notes to the financial statements (continued)

8. Debtors

	2008	2007
	£	£
Amounts falling due within one year:		
Trade debtors	3,925	221,426
Amounts owed by fellow subsidiary undertakings	582,884,766	525,109,384
Other debtors	69,263	90,962
Prepayments and accrued income	1,335	-
VAT Recoverable	142,204	-
	<u>583,101,493</u>	<u>525,421,772</u>

9. Creditors : amounts falling due within one year

	2008	2007
	£	£
Overdraft in group cash pooling arrangement	584,473	984,705
Trade creditors	-	95,605
Amounts owed to fellow subsidiary undertakings	605,227,036	594,451,246
Other taxes and social security	-	173,392
Other creditors	-	11,395
Accruals and deferred income	328,872	240,000
	<u>606,140,381</u>	<u>595,956,343</u>

10. Share capital

	2008
	£
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 2008	(54,780,545)
Profit for the year transferred to reserves	699,217
At 31 December 2008	<u>(54,081,328)</u>

TH GROUP SERVICES LIMITED

Notes to the financial statements (continued)

12. Reconciliation of movement in shareholders' funds

	2008
	£
Opening shareholders' funds	45,219,455
Profit for the year	699,217
Closing shareholders' funds	<u>45,918,672</u>

13. Cash at bank

The Company is a participant in a multicurrency group bank account and banking facility with DnB NOR 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, £(584,473) (2007: £(772,255)), 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 immediate parent company is Kvaerner E&C Holdings Limited, a company incorporated in England and Wales.

The largest and smallest group in which the results of the Company are consolidated is that headed by Medaura BV, a private company incorporated Netherlands. The consolidated financial statements of Medaura BV are available to the public and may be obtained from the Chamber of Commerce van Koophandel, De Rusterkade 5, 1013 AA Amsterdam, The Netherlands or from the Company Secretary, TH Global Limited, Surrey House, 36-4 Street, Redhill, Surrey, RH1 1RH, UK.

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