

Company Registration No 932159

TH GROUP SERVICES LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009

TUESDAY



LF5QHPJK

LD6

30/11/2010

113

COMPANIES HOUSE

TH GROUP SERVICES LIMITED

Directors' Report for the year ended 31 December 2009

The Directors present their report and the audited financial statements for the year ended 31 December 2009

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. The Group has divested 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.

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 financial statements have been prepared on a going concern basis. The background and reasons for the adoption of the going concern basis are explained in Note 1 of the Notes to the Financial Statements.

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

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 2009 (2008: £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.

RL

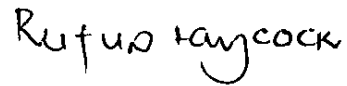
TH GROUP SERVICES LIMITED

Directors' Report for the year ended 31 December 2009 (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
Director and Secretary

Date 30 November 2010

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

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 have audited the financial statements of TH Group Services Limited for the year ended 31 December 2009 set out on pages 5 to 12. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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 statements 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 the financial statement 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.

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/UKNP.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2009 and of its profit for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 liabilities within an expected range and timing, closure of claims as estimated 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 cash flows in the foreseeable future if actual results were to differ materially from those anticipated. The Company has net current assets 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.

Opinion on other matter prescribed by the Companies Act 2006

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

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:

- adequate accounting records have not been kept or 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; or
- we have not received all the information and explanations we require for our audit.

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*

30 November 2010

TH GROUP SERVICES LIMITED

Profit and Loss Account for the year ended 31 December 2009

| | Notes | 2009 £ | 2008 £ |
|---|-------|-------------------|----------------|
| Administrative expenses | | (411,803) | (1,232,312) |
| Gain on sale of associate | | 136 | 275,010 |
| Profit on intra-group disposal/winding up of subsidiaries | | 430,966 | 7,683,909 |
| Reversal of provision against investment in subsidiaries | 8 | - | 600 |
| Creation of provision against investment in subsidiaries | 8 | (11,698,428) | - |
| Operating (loss)/profit | 2 | (11,679,129) | 6,727,207 |
| Interest receivable and similar income | 3 | 970,563 | 8,390,738 |
| Interest payable and similar charges | 4 | (1,423,269) | (14,418,728) |
| Dividend income | 3 | 67,780,404 | - |
| Profit on ordinary activities before taxation | | 55,648,569 | 699,217 |
| Tax on profit on ordinary activities | 5 | - | - |
| Profit for the financial year transferred to reserves | 13 | <u>55,648,569</u> | <u>699,217</u> |

The notes on pages 7 to 12 form part of these financial statements

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 and in Note 1.

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

TH GROUP SERVICES LIMITED

Balance Sheet at 31 December 2009

Company Registration No. 932159

| | Notes | 2009 £ | 2008 £ |
|--|-------|---------------------------|--------------------------|
| FIXED ASSETS | | | |
| Investments | 8 | <u>52,034,865</u> | <u>68,888,123</u> |
| CURRENT ASSETS | | | |
| Debtors | 9 | 651,830,603 | 583,101,493 |
| Cash at bank and in hand | | <u>-</u> | <u>69,437</u> |
| | | <u>651,830,603</u> | <u>583,170,930</u> |
| CREDITORS | | | |
| AMOUNTS FALLING DUE WITHIN ONE YEAR | 10 | <u>(602,298,227)</u> | <u>(606,140,381)</u> |
| NET CURRENT ASSETS/ (LIABILITIES) | | 49,532,376 | (22,969,451) |
| NET ASSETS | | <u><u>101,567,241</u></u> | <u><u>45,918,672</u></u> |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 11 | 100,000,000 | 100,000,000 |
| Profit and loss account | 12 | 1,567,241 | (54,081,328) |
| EQUITY SHAREHOLDERS' FUNDS | 13 | <u><u>101,567,241</u></u> | <u><u>45,918,672</u></u> |

The notes on pages 7 to 12 form part of these financial statements

These financial statements were approved by the Board of Directors on 30 November 2010 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

(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

The Company is engaged in a work-out process together with the other members of the TH Global Group. The purpose and activity of the work-out is explained in the Directors' Report

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. The Directors explore a range of appropriate strategic and financial alternatives to achieve the Company's objectives which may include 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 for the foreseeable future 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, 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. These estimates and forecasts indicate that the Group has the ability to continue as a going concern and therefore to continue realising its assets and discharging its liabilities in the normal course of business. 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. The going concern assessment did not consider the period beyond 12 months from the date of signing of the financial statements and whether the Group would continue to be in a position where it could continue to pay (or resolve through negotiated settlement) its liabilities as they fall due.

Given the above, 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.

TH GROUP SERVICES LIMITED

Notes to the financial statements (continued)

1 Accounting policies (continued)

(b) Basis of Preparation (continued)

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 400 of the Companies Act 2006 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 7, the Directors are remunerated by the Company for their management services to the TH Global Group.

(d) Leased assets

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

(e) Fixed asset investments

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

(f) 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.

TH GROUP SERVICES LIMITED

Notes to the financial statements (continued)

2. Operating (loss)/profit

The auditors' remuneration for the year ended 31 December 2009 was £15,914 (2008 - £15,450) This fee has been paid on behalf of the Company by a fellow subsidiary undertaking

| <u>3 Interest receivable and similar income</u> | 2009 | 2008 |
|---|-------------------|-------------------|
| | £ | £ |
| Other interest receivable | 17 | 179 |
| Interest receivable from bank | - | 1,415 |
| Interest receivable from group companies | 970,546 | 8,389,144 |
| Dividends receivable | 67,780,404 | - |
| | <u>68,750,967</u> | <u>8,390,738</u> |
| <u>4 Interest payable and similar charges</u> | 2009 | 2008 |
| | £ | £ |
| Interest payable to group companies | <u>1,423,269</u> | <u>14,418,728</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

5 Tax on profit on ordinary activities

There is no charge to corporation tax on the profit for the year (2008 nil) There is no deferred tax liability at 31 December 2009 (2008 £nil)

Factors affecting current tax charges

The tax assessed for the year is lower (2008 lower) than the standard rate of corporation tax in the UK The differences are as follows

| | 2009 | 2008 |
|---|-------------------|----------------|
| | £ | £ |
| Profit on ordinary activities before taxation | <u>55,648,569</u> | <u>699,217</u> |
| Taxation charge at UK Corporation rate of 28% (2008 28.5%) | 15,581,599 | 199,277 |
| Effects of | | |
| Capital allowances in excess of depreciation | (14,107) | - |
| Income not assessable for tax purposes - dividend from subsidiary | (18,978,513) | - |
| Expenditure not deductible for tax | 1,044 | 21,861 |
| Profit on sale of subsidiaries and investments | (120,709) | (2,268,292) |
| Increase in losses carried forward | 255,126 | 2,047,154 |
| Provision against investment in subsidiaries | 3,275,560 | - |
| Current tax charge and tax on profit of ordinary activities | <u>-</u> | <u>-</u> |

TH GROUP SERVICES LIMITED

Notes to the financial statements (continued)

5 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 £301 million, capital losses of £538 million and surplus Advance Corporation Tax of approximately £159 million. There is no potential liability to deferred taxation (2008 - nil)

6 Staff numbers and costs

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

7 Directors' remuneration

| | 2009 £ | 2008 £ |
|------------------|----------------|----------------|
| Other emoluments | <u>244,131</u> | <u>285,196</u> |

The Directors are remunerated by the Company for their management services to the TH Global Group. The comparative figure includes the recharge of directors' emoluments in the form of intra-group management charges under previous intra-group arrangements. The allocation of management charges between Group companies terminated on 31 December 2008. In the current year, the directors' emoluments in respect of their management services to the Group were expensed in the Company without recharge to other Group companies. The highest paid director received other emoluments of £133,675 (2008 - £148,704)

8 Fixed assets investments

| | Shares in subsidiary undertakings £ |
|--|--|
| Cost | |
| At 1 January 2009 | 73,046,895 |
| Disposals | (5,154,830) |
| At 31 December 2009 | <u>67,892,065</u> |
| Impairment | |
| At 1 January 2009 | 4,158,772 |
| Creation of provision against investment in subsidiaries | 11,698,428 |
| At 31 December 2009 | <u>15,857,200</u> |
| Net book value at 31 December 2009 | <u>52,034,865</u> |
| Net book value at 31 December 2008 | <u>68,888,123</u> |

RL

TH GROUP SERVICES LIMITED

Notes to the financial statements (continued)

8 Fixed assets investments (continued)

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

| | Country of incorporation | Nature of Business |
|--|-----------------------------|--------------------|
| Kvaerner Deutschland GmbH (in liquidation) | 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%) (in liquidation) | Panama | Not trading |

Subsequent to the year-end, Monarch Holdings Inc was dissolved

9 Debtors

| | 2009 | 2008 |
|--|--------------------|--------------------|
| | £ | £ |
| Amounts falling due within one year | | |
| Trade debtors | 4,807 | 3,925 |
| Amounts owed by fellow subsidiary undertakings | 651,802,931 | 582,884,766 |
| Other debtors | 301 | 69,263 |
| Prepayments and accrued income | 4,141 | 1,335 |
| VAT Recoverable | - | 142,204 |
| Advance to supplier | 18,423 | - |
| | <u>651,830,603</u> | <u>583,101,493</u> |

10 Creditors amounts falling due within one year

| | 2009 | 2008 |
|--|--------------------|--------------------|
| | £ | £ |
| Overdraft in group cash pooling arrangement | 1,255,991 | 584,473 |
| Amounts owed to fellow subsidiary undertakings | 601,001,199 | 605,227,036 |
| VAT Payable | 8,274 | - |
| Accruals and deferred income | 32,763 | 328,872 |
| | <u>602,298,227</u> | <u>606,140,381</u> |

11 Share capital

| | 2009 |
|--|--------------------|
| | £ |
| 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> |

TH GROUP SERVICES LIMITED

Notes to the financial statements (continued)

12 Reserves

| | Profit and loss account £ |
|---------------------|---------------------------------|
| At 1 January 2009 | (54,081,328) |
| Profit for the year | 55,648,569 |
| At 31 December 2009 | <u>1,567,241</u> |

13 Reconciliation of movement in shareholders' funds

| | 2009 £ |
|-----------------------------|--------------------|
| Opening shareholders' funds | 45,918,672 |
| Profit for the year | 55,648,569 |
| Closing shareholders' funds | <u>101,567,241</u> |

14 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, £ (1,255,991) (2008 £(584,473)), 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.

15 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 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, Surrey House, 36-44 High 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.