

YARM ROAD INTERNATIONAL LIMITED

**ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2006
TOGETHER WITH THE REPORT OF THE DIRECTOR**



Yarm Road International Limited

DIRECTOR'S REPORT

The Director presents his annual report and the audited financial statements for the year to 31 December 2006

Activity and Prospects

The Company is a member of the TH Global group of companies which is currently undergoing a work out process aimed at achieving long term viable solutions for its remaining businesses and resolving its outstanding disputes, liabilities and legacy issues in a manner reasonable acceptable to all of its stakeholders

The Company has ceased to trade In May 2000 the Kvaerner Group completed the sale (the "Sale") of its steel fabrication and bridge building business to its management, which sale included the trade and certain assets of the Company Since May 2000, the Company has not operated or controlled any business activities

During the year, agreement was reached between the TH Global group including the Company and the purchaser to fully settle all matters outstanding between them arising out of and resulting from the Sale

Following the resolution of any remaining legacy issues and liabilities it is intended that the Company will be liquidated or dissolved

Financial Statements and Dividend

The financial statements of the Company appear on pages 5 to 10, inclusive

The result for the year is set out in the profit and loss account on page 5

The Company has a deficit on its profit and loss account Consequently, no dividend can be paid

Directors

Rufus Laycock held office throughout the year and continues in office at the date of this report

Nigel Williams resigned as a Director on 25 June 2007

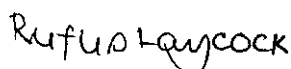
Disclosure of information to auditors

The director holding at the date of approval of this director's report confirms that, so far as he is aware, there is no relevant audit information of which the company's auditors are unaware, and he has taken all the steps that he 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

Auditors

KPMG Audit Plc has signed its willingness to continue in office

Pursuant to a shareholders' resolution, the Company is not obliged to reappoint its auditor annually and KPMG Audit Plc is, therefore, deemed reappointed as auditor for the succeeding year



Rufus Laycock
Director

Date 29 August 2007

Registered Office
151 St Vincent Street,
Glasgow G2 5NJ

Yarm Road International Limited

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable 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 the Directors' Report and Note 1 to the Financial Statements, the Company has ceased trading. Accordingly, the Director does not believe the going concern basis to be appropriate and these financial statements have not been prepared on that basis.

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.

RL

Yarm Road International Limited

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF YARM ROAD INTERNATIONAL

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

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 2.

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.

In our opinion

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2006 and of its profit for the period 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.

Yarm Road International Limited

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF YARM ROAD INTERNATIONAL

(continued)

Emphasis of matter – Recoverability of inter company balances

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 uncertainty in relation to the recovery of inter company balances. The amount that might ultimately be recovered cannot presently be determined, and no provision has been made in the financial statements against the gross amounts receivable.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor

3 September 2007

Yarm Road International Limited

Profit & Loss Account for the year ended 31 December 2006

	Notes	<u>Year to</u> <u>31 December</u> <u>2006</u> <u>£000's</u>	<u>Year to</u> <u>31 December</u> <u>2005</u> <u>£000's</u>
Administrative expenses		<u>(6)</u>	<u>2,046</u>
OPERATING (LOSS) / PROFIT		(6)	2,046
Interest receivable and similar income	2	<u>359</u>	<u></u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	353	2,046
Tax on profit on ordinary activities	4	<u></u>	<u></u>
RETAINED PROFIT FOR THE FINANCIAL YEAR	10	<u>353</u>	<u>2,046</u>

The notes on pages 7 to 10 form part of these accounts

All of the results above derive from discontinued activities

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

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Yarm Road International Limited

Balance Sheet at 31 December 2006

	<u>Notes</u>	<u>2006</u> <u>£000's</u>	<u>2005</u> <u>£000's</u>
CURRENT ASSETS			
Debtors	7	23,981	23,622
		<u>23,981</u>	<u>23,622</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR			
Creditors	8	(14,818)	(14,812)
		<u>(14,818)</u>	<u>(14,812)</u>
NET CURRENT ASSETS		9,163	8,810
NET ASSETS		<u>9,163</u>	<u>8,810</u>
CAPITAL AND RESERVES			
Called up share capital	9	21,750	21,750
Profit and loss account	10	(12,587)	(12,940)
Equity shareholder's funds	11	<u>9,163</u>	<u>8,810</u>

The notes on pages 7 to 10 form part of these accounts

These financial statements were approved by the Director on 29 August 2007

Rufus Laycock

Rufus Laycock
Director

Yarm Road International Limited

Notes to the Accounts

1 Accounting Policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements

(a) Basis of preparation

At the date of approval of these financial statements it is the opinion of the senior management of the TH Global Group that all of the Group's legacy issues and other external liabilities are capable of being resolved and settled out of the funds, cash flows and asset realisations available to them, based on all known factors. There is, however, uncertainty in relation to intercompany balances because of the complex web of intercompany indebtedness subsisting in the Group such that the actual recovery may be significantly less than the reported balance.

As the Company has ceased to trade the Directors are required by FRS 18 *Accounting Policies* to prepare the financial statements on a basis other than the going concern basis. The effects of adopting this alternative basis have been to record all balance sheet items as current assets and liabilities and to record the assets and related liabilities at their recoverable value. However, given the position of the Company and past accounting policies, this has had no effect on the amount recognised in the financial statements nor has it impacted on the presentation of the balance sheet.

(b) Accounting conventions

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

(c) Cash flow statement

The Company is exempt under the terms of FRS 1 from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements.

(d) Foreign currencies

Trading results denominated in foreign currencies are translated into sterling at average rates of exchange. Monetary assets and liabilities are translated into sterling at the rates ruling at the year end except where rates of exchange are fixed under contractual arrangements. All exchange differences are taken to the profit and loss account when they arise.

(e) Taxation

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.

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Yarm Road International Limited

Notes to the Accounts (continued)

2 Interest receivable and similar income

	<u>Year to</u> <u>31 December</u> <u>2006</u> <u>£000's</u>	<u>Year to</u> <u>31 December</u> <u>2005</u> <u>£000's</u>
Exchange gain	359	
	<u>359</u>	

3 Profit on ordinary activities before taxation

No auditors' remuneration has been charged, in the current and preceding financial year, as this is borne by the company's immediate parent undertaking

4 Taxation

Recognised in the income statement

	<u>Year to</u> <u>31 Dec</u> <u>2006</u> <u>£000's</u>	<u>Year to</u> <u>31 Dec</u> <u>2005</u> <u>£000's</u>
Current tax (income)/expense		
UK Corporation tax on profit for the year		
Total current tax		

Factors affecting the current tax credit

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

	<u>Year to</u> <u>31 December</u> <u>2006</u> <u>£000's</u>	<u>Year to</u> <u>31 December</u> <u>2005</u> <u>£000's</u>
Profit on ordinary activities before taxation	353	2,046
Taxation charge at UK corporation tax rate of 30% (2005 30%)	106	614
Effects of		
Group relief for which no payment is made	(106)	(493)
Non taxable income		(121)
Actual tax per accounts		

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 plc tax group has brought forward tax losses estimated at £230m and surplus ACT of approximately £192m

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Yarm Road International Limited

Notes to the Accounts (continued)

5 Deferred Tax

There is no potential liability to deferred tax (2005 – £Nil)

6 Directors' emoluments, staff costs and staff numbers

None of the directors received any remuneration from the company during the year (2005 – nil) The company had no employees during the current and preceding financial year

7 Debtors

	<u>2006</u> <u>£000's</u>	<u>2005</u> <u>£000's</u>
Amounts falling due within one year		
Amount owed by group undertakings	23,981	21,981
Other debtors		1,641
	<u>23,981</u>	<u>23,622</u>

8 Creditors – Amounts falling due within one year

	<u>2006</u> <u>£000's</u>	<u>2005</u> <u>£000's</u>
Amounts owed to group undertakings	14,818	14,812
	<u>14,818</u>	<u>14,812</u>

9 Called up share capital

	<u>2006</u> <u>£000's</u>	<u>2005</u> <u>£000's</u>
Authorised		
Equity share capital 21,750,000 ordinary shares of £1 each	<u>21,750</u>	<u>21,750</u>
Allotted, called up and fully paid		
Equity share capital 21,750,000 ordinary shares of £1 each	<u>21,750</u>	<u>21,750</u>

10 Profit and loss account

	<u>£000's</u>
As at 1 January 2006	(12,940)
Retained profit for the financial year	353
As at 31 December 2006	<u>(12,587)</u>

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Yarm Road International Limited

Notes to the Accounts (continued)

11 Reconciliation of movements in equity shareholders' funds

	<u>2006</u> <u>£000's</u>	<u>2005</u> <u>£000's</u>
Profit for the year	353	2,046
Opening equity shareholders' funds	8,810	6,764
Closing equity shareholders' funds	<u>9,163</u>	<u>8,810</u>

12 Ultimate parent company

The Company's immediate parent company is Yarm Road Limited which is registered in England and Wales

At 31 December 2006, the largest group in which the results of the Company were consolidated was 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 at Kamer van Koophandel, De Ruterkade 5, 1013 AA Amsterdam or from the Company at 68 Hammersmith Road, London W14 8YW

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

13 Related party disclosures

The Company is exempt under the terms of FRS 8 from the requirement to disclose transactions with entities that are part of the Group on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements

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