

Company No: 3318

YARM ROAD INTERNATIONAL LIMITED

**ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2007
TOGETHER WITH THE REPORT OF THE DIRECTOR**

TUESDAY



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COMPANIES HOUSE

Yarm Road International Limited

DIRECTOR'S REPORT

The Director presents his report and the audited financial statements for the year to 31 December 2007

Activity and Prospects

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

The Company has ceased to trade. In May 2000 the Kvaerner Group completed 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.

At the date of this report the Company's remaining residual liability is claims by former employees alleging that they have suffered bodily injury as a result of industrial disease caused during the course of the claimant's employment with the Company. Claims do not arise until many years after the relevant employment ceased (medical conditions may not develop until much later). The Company's historic insurance policies and a third party indemnity arrangement provide insurance and other financial cover for claims.

Financial Statements and Dividend

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

The financial statements have not been prepared on a going concern basis.

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

The Directors during the year were

Rufus Laycock
Nigel Williams (resigned 25 June 2007)

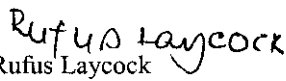
Since the year end there have been no changes in the membership of the Board of Directors.

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 signified its willingness to continue in office.


Rufus Laycock
Director

Date 26 September 2008

Registered Office
151 St Vincent Street,
Glasgow G2 5NJ

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

The financial statements have been prepared on a basis other than the going concern 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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF YARM ROAD INTERNATIONAL LIMITED

We have audited the financial statements of Yarm Road International Limited for the year ended 31 December 2007 which comprise the Profit and Loss Account, Balance Sheet and the related notes. These financial statements have not been prepared on the going concern basis for the reason set out in note 1 to the financial statements but 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 2007 and of its loss 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF YARM ROAD INTERNATIONAL LIMITED
(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

26 September 2008

Yarm Road International Limited

Profit & Loss Account for the year ended 31 December 2007

	Notes	<u>Year to</u> <u>31 December</u> <u>2007</u> <u>£000's</u>	<u>Year to</u> <u>31 December</u> <u>2006</u> <u>£000's</u>
Administrative expenses		<u>(1)</u>	<u>(6)</u>
OPERATING LOSS		(1)	(6)
Interest receivable and similar income	2	<u></u>	<u>359</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAX	3	(1)	353
Tax on (loss)/profit on ordinary activities	4	<u></u>	<u></u>
RETAINED (LOSS)/PROFIT FOR THE FINANCIAL YEAR	10	<u>(1)</u>	<u>353</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

Yarm Road International Limited

Balance Sheet at 31 December 2007

	<u>Notes</u>	<u>2007</u> <u>£000's</u>	<u>2006</u> <u>£000's</u>
CURRENT ASSETS			
Debtors	7	23,981	23,981
		<hr/> 23,981	<hr/> 23,981
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR			
Creditors	8	(14,819)	(14,818)
		<hr/> (14,819)	<hr/> (14,818)
NET CURRENT ASSETS		9,162	9,163
NET ASSETS		<hr/> 9,162	<hr/> 9,163
CAPITAL AND RESERVES			
Called up share capital	9	21,750	21,750
Profit and loss account	10	(12,588)	(12,587)
Equity shareholder's funds	11	<hr/> 9,162	<hr/> 9,163

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

These financial statements were approved by the Director on *26 September* 2008

Rufus Laycock

Rufus Laycock
Director

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

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

The Company has ceased to trade and it is not envisaged that the Company will trade in 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 Director's Report. In these circumstances, the Director has prepared the financial statements on a basis other than the going concern basis.

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

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

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

(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.

Yarm Road International Limited

Notes to the Accounts (continued)

1 Accounting Policies (continued)

(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

2 Interest receivable and similar income

	<u>Year to</u> <u>31 December</u> <u>2007</u> <u>£000's</u>	<u>Year to</u> <u>31 December</u> <u>2006</u> <u>£000's</u>
Exchange gain	_____	359 _____

3 (Loss)/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 profit and loss account

	<u>Year to</u> <u>31 December</u> <u>2007</u> <u>£000's</u>	<u>Year to</u> <u>31 December</u> <u>2006</u> <u>£000's</u>
Current tax expense/(income)		
UK Corporation tax on (loss)/profit for the year		
Foreign tax on (loss)/profit for the year	_____	_____
Total current tax and tax on (loss)/profit on ordinary activities	_____	_____

Factors affecting the current tax credit

The tax assessed for the year is higher (2006 lower) 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>2007</u> <u>£000's</u>	<u>Year to</u> <u>31 December</u> <u>2006</u> <u>£000's</u>
(Loss)/Profit on ordinary activities before taxation	(1)	353
Taxation charge at UK corporation tax rate of 30% (2006 30%)		106
Effects of		
Group relief for which no payment is made		(106)
Current tax and tax on (loss)/profit on ordinary activities	_____	_____

Factors affecting future tax charges

It is anticipated that any future taxable income in this company will be sheltered from tax by utilisation of group relief from other Group companies and, where possible, the use of the Group's tax losses arising in prior years. The TH Global Limited tax group has brought forward tax losses estimated at £215m and surplus ACT of approximately £192m

Yarrnt Road International Limited

Notes to the Accounts (continued)

4 Taxation (continued)

Due to a change in corporate tax rate announced in 2007 budget, the company will be subject to a tax rate of 28% with an effect from 1 April 2008

5 Deferred Tax

There is no potential liability to deferred tax (2006 – £Nil)

6 Directors' emoluments, staff costs and staff numbers

None of the directors received any remuneration from the company during the year (2006 nil) The company had no employees during the current and preceding financial year

7 Debtors

	<u>2007</u> <u>£000's</u>	<u>2006</u> <u>£000's</u>
Amounts falling due within one year		
Amount owed by group undertakings	23,981	23,981

8 Creditors Amounts falling due within one year

	<u>2007</u> <u>£000's</u>	<u>2006</u> <u>£000's</u>
Amounts owed to group undertakings	14,819	14,818

9 Called up share capital

	<u>2007</u> <u>£000's</u>	<u>2006</u> <u>£000's</u>
Authorised		
Equity share capital 21,750,000 ordinary shares of £1 each	21,750	21,750
Allotted, called up and fully paid		
Equity share capital 21,750,000 ordinary shares of £1 each	21,750	21,750

10 Profit and loss account

	<u>£000's</u>
As at 1 January 2007	(12,587)
Retained loss for the financial year	(1)
As at 31 December 2007	(12,588)

Yarm Road International Limited

Notes to the Accounts (continued)

11 Reconciliation of movements in equity shareholders' funds

	<u>2007</u> <u>£000's</u>	<u>2006</u> <u>£000's</u>
(Loss)/profit for the year	(1)	353
Opening equity shareholders' funds	9,163	8,810
Closing equity shareholders' funds	<u>9,162</u>	<u>9,163</u>

12 Ultimate parent company

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

At 31 December 2007, 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 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