Company No: 3318

YARM ROAD INTERNATIONAL LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011
TOGETHER WITH THE REPORT OF THE SOLE DIRECTOR

YARM ROAD INTERNATIONAL LIMITED
(Company number 3318)

DIRECTOR'S REPORT

The Sole Director presents his report and the financial statements for the year ended 31 December 2011.

Activity and Prospects
The Company has ceased trading. The Company was dormant throughout the year ended 31 December 2011.

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

The Company ceased to trade in May 2000. 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.

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.

Balance Sheet and Dividend

The Balance Sheet of the Company appears on page 2.

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

Director

Rufus Laycock was the Sole Director throughout the year and continues in office at the date of this report.

Rufus Laycock

Rufus Laycock
Sole Director

Date: 31 May 2012

Registered Office:
1 George Square,
Glasgow G2 1AL

YARM ROAD INTERNATIONAL LIMITED
(Company number 3318)

Balance Sheet at 31 December 2011

	Notes	2011 £000's	2010 £000's
CURRENT ASSETS			
Debtors	2	9,320	9,320
		9,320	9,320
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR			
Creditors	3	(158)	(158)
		(158)	(158)
NET CURRENT ASSETS		9,162	9,162
NET ASSETS		9,162	9,162
CAPITAL AND RESERVES			
Called up share capital	4	21,750	21,750
Profit and loss account		(12,588)	(12,588)
Equity shareholder's funds		9,162	9,162

The notes on pages 3 to 6 form an integral part of these financial statements.

For the year ended 31 December 2011 the Company was entitled to exemption from audit under section 480 of the Companies Act 2006 (the "Act") relating to dormant companies.

The sole member has not required the Company to obtain an audit of its accounts for the year ended 31 December 2011 in accordance with section 476 of the Act.

The Sole Director acknowledges his responsibility for complying with the requirements of the Act with respect to accounting periods and the preparation of accounts.

The Company did not act as an agent for any person during the year ended 31 December 2011.

These financial statements were approved by the Sole Director on 31 May 2012.

Rufus Laycock

Rufus Laycock
Sole Director

YARM ROAD INTERNATIONAL LIMITED

(Company number 3318)

Notes to the Financial Statements for the year ended 31 December 2011

1. Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules and reflect the fact that the Company did not trade during the year.

The Company has ceased to trade. The Company was dormant throughout the year ended 31 December 2011. The Company's remaining residual liability which involves no expenditure (or income) on the part of the Company is explained in the Director's Report. Any expenses have been met by fellow subsidiary undertakings. It is not envisaged that the Company will trade in the foreseeable future.

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

Background - the Work-Out

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

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

Material uncertainties and risks inherent in the work-out

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

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

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Note 1 (Basis of Preparation), continued

Current financial challenges

The current financial uncertainty stems from three high impact legacy issues; being, (1) liabilities under a US defined benefit pension plan (2) pending and prospective repayment default under material borrowings and onerous present and future interest payments attaching to those borrowings and, (3) an overseas (Finland) tax dispute where the additional tax assessed in respect of a prior period transaction exceeds the relevant subsidiary's ability to satisfy it and where a final and binding demand could cause the bankruptcy of the subsidiary and, in view of the level of inter company indebtedness within Group subsidiaries, could have a domino effect resulting in the insolvency of other Group subsidiaries including this company and, possibly, of the Group.

The Group Directors' assessment of the outcome of these three high impact legacy issues is as follows.

Liabilities under a US defined benefit pension plan

The Group Directors have a reasonable expectation that discussions to identify a settlement solution to exit the defined benefit plan sponsorship in the US (the "Plan") will yield a solution on acceptable terms. Further, while discussions regarding a settlement solution continue, the third party guarantor of the required minimum contribution to the Plan has confirmed its capacity and willingness to meet its financial commitments under the guarantee. The Group Directors are also in discussion with the Guarantor to agree a waiver or release of any indemnity rights it may have resulting from payment under the guarantee and has a reasonable expectation that agreement can be reached. As with any company placing reliance on a third party to meet its guaranteed obligations, the Group Directors acknowledge that there can be no absolute certainty of the fulfilment of the guaranteed obligations, however, at the date of these financial statements the Group Directors have no reason to believe that the third party will not do so.

Pending and prospective repayment default under material borrowings and onerous present and future interest payments

The Group Directors have a reasonable expectation that discussions with the lender and a third party guarantor to address pending and prospective defaults under material borrowings (the "Material Borrowings") and present and future interest payments will conclude on acceptable terms. The Group Directors are also in discussion with the Guarantor to agree a waiver or release of any indemnity rights it may have resulting from payment under the guarantee and has reasonable expectation that agreement can be reached. Again, as with any company placing reliance on a third party to meet its guaranteed obligations, the Group Directors acknowledge that there can be no absolute certainty of the fulfilment of the guaranteed obligations, however, at the date of these financial statements the Group Directors have no reason to believe that the third party will not do so.

Tax dispute in Finland

In March 2012, the Helsinki Administrative Court found against one of the Group's Finnish subsidiaries in a claim by the Finnish State Tax Auditor that additional tax was payable in respect of an asset disposal in 2004. The additional tax demanded including interest and penalties is EUR 24.1 million. The Group is seeking permission to appeal that decision to the Finnish Supreme Administrative Court. The outcome of the application to appeal will not be known for 8-9 months. During May 2012, the Group made its application to appeal and in accordance with Finnish procedures simultaneously submitted its appeal. The Group has received advice from three leading law firms in connection to the appeal regarding the chances for the appeal application to be permitted. All three law firms think that it is more likely than not that permission will be given to appeal and that the appeal will be successful.

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Notes to the Financial Statements for the year ended 31 December 2011 (continued)

Note 1 (Basis of Preparation), continued

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

Stabilisation of current situation in order to continue to facilitate and manage the work-out within the current structure is in the best interest of stakeholders

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

The Group Directors and the Director of the Company recognise and report that the current situation and outlook presents significant challenges in terms of the magnitude of material uncertainties that cast significant doubt upon the Group's ability to continue to facilitate and manage the work-out and that, therefore the work-out process may be unable to continue.

If the settlement of the three high impact legacy liabilities identified above is not forthcoming on acceptable terms and/or if the guarantor of the required minimum contribution to the Plan is unable or unwilling to meet its guaranteed obligation and/or if the guarantor of certain payments relating to the Material Borrowings is unable or unwilling to meet its guaranteed obligation then that non-success/non-fulfilment of guarantee obligations would immediately trigger a need to re-examine the Group's ability to facilitate an orderly work-out and the Group and the Company may have to consider, among other things, formal insolvency proceedings.

The Group Directors believes that the Group will have sufficient liquidity to satisfy its needs for the period of the appeal in the overseas tax dispute subject to the settlement solutions for the Plan and the Material Borrowings both being agreed and implemented during that period.

After thoughtful and careful consideration, based on their expectations stated above, combined with their forecasts and assumptions relating to the outcome of claims, values and timings of expected legacy liability settlements and disposal of remaining assets, the Group Directors and the Director of the Company consider that it is appropriate to take steps to stabilise the current situation in order to provide the opportunity for the resolution of the three high impact legacy issues on acceptable terms in their belief that through the continuation of an orderly work-out within the current structure the Group is best able to fulfil its objective of achieving a return for stakeholders in excess of that which could be achieved under an insolvent winding up. Given the interconnectedness of the subsidiaries within the Group the outcome of an insolvent winding up of the Group for any stakeholder is extremely unpredictable and uncertain.

Carrying values of intercompany receivables

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

In preparing these financial statements, the Director of the Company has therefore recognised the inter company receivables at original nominal value except for certain specific impairments recognised in prior years. If the assessment of recoverable amounts could have taken the implications of the work-out into account significant additional impairments against intercompany receivables may well be required.

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YARM ROAD INTERNATIONAL LIMITED
(Company number 3318)

Notes to the Financial Statements for the year ended 31 December 2011 (continued)

2. Debtors

	2011 £000's	2010 £000's
Amounts falling due within one year:		
Amount owed by group undertakings	9,320	9,320

3. Creditors

	2011 £000's	2010 £000's
Amounts falling due within one year:		
Amounts owed to group undertakings	158	158

4. Called up share capital

	2011 £000's	2010 £000's
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

5. Ultimate parent company and ultimate controlling party

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

The smallest and largest group in which the results of the Company were 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 at Kamer van Koophandel, De Ruterkade 5, 1013 AA Amsterdam 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 regarded as the ultimate controlling party of the Company.

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