Company No: 3318

YARM ROAD INTERNATIONAL LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012
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 2012.

Activity and Prospects

The Company has ceased trading. The Company was dormant throughout the year ended 31 December 2012.

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.

Director

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

Statement of Directors' Responsibilities

The director is responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare the financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the director must not approve the financial statements unless he is 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 director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business.

As explained in Note 1 (Basis of Preparation) of the notes to these financial statements, the director does not consider it appropriate to prepare these financial statements on a going concern basis.

The director is 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 him to ensure that the financial statements comply with the Companies Act 2006. He is responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

Rufus Laycock

Rufus Laycock
Sole Director

Date: 10 May 2013

Registered Office:
1 George Square,
Glasgow G2 1AL

YARM ROAD INTERNATIONAL LIMITED
(Company number 3318)

Balance Sheet at 31 December 2012

	Notes	2012 £000's	2011 £000's
CURRENT ASSETS			
Debtors	3	9,320	9,320
		9,320	9,320
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR			
Creditors	4	(158)	(158)
		(158)	(158)
NET CURRENT ASSETS		9,162	9,162
NET ASSETS		9,162	9,162
CAPITAL AND RESERVES			
Called up share capital	5	21,750	21,750
Profit and loss account		(12,588)	(12,588)
SHAREHOLDERS' FUNDS		9,162	9,162

The notes on pages 3 to 7 form an integral part of these financial statements.

For the year ended 31 December 2012 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 2012 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.

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the smaller companies' regime.

The Company did not act as an agent for any person during the year ended 31 December 2012.

These financial statements were approved by the Sole Director on 10 May 2013.

Rufus Laycock

Rufus Laycock
Sole Director

YARM ROAD INTERNATIONAL LIMITED

(Company number 3318)

Notes to the Financial Statements for the year ended 31 December 2012

1. Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008) 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 2012. 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 facing significant challenges to continue the work-out on a solvent basis. In addition to the pre-existing and pervasive uncertainty of the work-out (see further background and explanation below), the Group faces 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 Director of the Company considers 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, overseas taxation 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.

Note 1 (Basis of Preparation), continued

Restructuring of liabilities under material borrowings and US pension plan

During 2011, the Group Directors identified the need to restructure two of the Group's principal third party liabilities; being, (1) liabilities under a US defined benefit pension plan (the "US Pension Plan") and (2) pending and prospective default under material borrowings and onerous present and future interest payments attaching to those borrowings (the "Material Borrowings"), if the work-out was to continue on a solvent basis.

In June 2012, the Group carried out a restructuring of its liabilities under the Material Borrowings and the US Pension Plan which relieved companies within the Group of liability for the Material Borrowings and from contributions to the US Pension Plan and also relieved companies within the Group from present and potential recourse in respect of those liabilities and contributions. The Material Borrowings have been settled through the issue of preferred equity securities to the Material Borrowings holders. As described below, the relief from contributions to the US Pension Plan is an interim solution while work continues to achieve a permanent transfer of legal liability.

Significant financial challenges to the continuation of the work-out on a solvent basis

The principal significant challenges to continue the work-out on a solvent basis are: (1) to achieve a permanent settlement for liabilities under the US Pension Plan and, (2) 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 intercompany 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 two legacy issues is as follows.

Liabilities under a US defined benefit pension plan

The Group Directors have a reasonable expectation that discussions to permanently exit the US Pension Plan will yield a solution on acceptable terms. Under the restructuring carried out in June 2012, the existing third party guarantor of the required minimum contribution to the US Pension Plan confirmed its capacity and willingness to meet its financial commitments under the guarantee and further, the guarantor has released its right to reimbursement and indemnity from Group companies. The Group and the guarantor intend (subject to agreement with all relevant parties and approval from regulatory bodies on acceptable terms) that the guarantor will legally assume the Group's liabilities under the US Pension Plan without recourse to the Group. 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 probably not be known before late Spring/early Summer 2013. 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.

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.

Continuation of work-out on a solvent basis

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 the work-out on a solvent basis.

If the settlement or resolution of the two legacy liabilities identified above is not forthcoming on acceptable terms and/or if the guarantor of the required minimum contribution to the US Pension Plan is unable 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 continue the work-out on a solvent basis and the Group and the Company may have to consider, among other things, formal insolvency proceedings. The failure of the appeal in the Finnish tax dispute would have the same effect.

The Group Directors believe 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 guarantor of the funding obligations to the US Pension Plan fulfilling its guaranteed obligations.

In addition to the liabilities under a US defined benefit pension plan and the tax dispute in Finland, the Group has exposures to other legacy issues relating to historical contractual liabilities, historical pensions liabilities, environmental liabilities, industrial injury compensation claims, overseas taxation claims and sundry other liabilities. Although less significant individually, the Group's obligations regarding some of these other legacy issues are expected to continue for more than 5 years and thus are expected to substantially deplete the group resources over time. As noted elsewhere, the objective of the work-out is to resolve outstanding disputes and liabilities in the best interests of creditors and shareholders as soon as practicable. The Group explores options that may be available to resolve these long tail liabilities.

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 the work-out remains ultimately viable subject to a permanent settlement solution for the US Pension Plan being forthcoming and the successful appeal in the Finnish tax dispute and therefore they consider it is appropriate to continue the work-out for the time being in order to provide the opportunity for the resolution of those two legacy issues on acceptable terms. The Group Directors and the Director of the Company consider 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. The Group Directors and the Director of the Company note that, 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.

YARM ROAD INTERNATIONAL LIMITED

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Notes to the Financial Statements for the year ended 31 December 2012 (continued)

Note 1 (Basis of Preparation), continued

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 intercompany 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.

Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated).

2. Director's Emoluments

The Director is remunerated by TH Group Services Limited, a fellow subsidiary undertaking, for his services to the Group. Because of this, the director's emoluments are disclosed in TH Group Services Limited Limited. It is not practical to allocate his remuneration between Group companies.

3. Debtors

	2012 £000's	2011 £000's
Amounts falling due within one year:		
Amount owed by group undertakings	9,320	9,320

Details of fundamental uncertainties relating to the carrying values of intercompany receivables have been disclosed in Note 1 of the notes to these financial statements.

4. Creditors

	2012 £000's	2011 £000's
Amounts falling due within one year:		
Amounts owed to group undertakings	158	158

5. Called up share capital

	2012 £000's	2011 £000's
Allotted, called up and fully paid:		
21,750,000 ordinary shares of £1 each	21,750	21,750

6. Control

In the opinion of the Director there is no ultimate controlling party.

Notes to the Financial Statements for the year ended 31 December 2012 (continued)

7. Related party relationships and transactions

Identity of related parties

The Company has related party relationships with member companies of the same group and with its directors.

Transactions between related parties

The related party transactions with member companies of the same group relate solely to intercompany debt and intercompany account receivables. The Company has taken advantage of the exemptions in the FRSSE from disclosing transactions entered into with two or more members of the Group.

The transactions arising from the related party relationships with the directors relate solely to compensation for their management services to the Group. See Note 2 (Director's emoluments) for further information.