

KVAERNER E&C HOLDINGS LIMITED
(formerly Kvaerner E&C PLC)
Company Number 1125

REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2004

FRIDAY



A23

ASHJ0MQE
02/02/2007
COMPANIES HOUSE

507

KVAERNER E&C HOLDINGS LIMITED

DIRECTORS' REPORT

The Directors present their report and the audited financial statements for the year ended 31 December 2004.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Company is an investment holding company and it and its subsidiaries are members of the TH Global plc (formerly Kvaerner PLC) group of companies.

In December 2004, the Kvaerner and Aker Kvaerner groups of companies agreed the transfer of the Ellayess professional recruitment business to Aker Kvaerner. To implement this transfer, on 31 December 2004, the Company disposed of its investment in Ellayess Newco Limited (now known as Ellayess Limited), a newly incorporated subsidiary undertaking which prior to disposal had acquired the Ellayess business from the Company's subsidiary undertaking, Ellayess Limited (now known as Old LAS Limited) and the investment in Ellayess BV (Netherlands).

On 31 December 2004, in a transaction unrelated to the Ellayess disposal described above, the Company acquired the entire issued share capitals of Kvaerner International Limited, Kvaerner Services Limited (now known as TH Group Services Limited) and Trafalgar House Finance Limited from a fellow subsidiary undertaking.

RE-REGISTRATION AS A PRIVATE COMPANY AND CHANGE OF NAME

On 18 March 2005, the Company re-registered as a private company and changed its name and is now incorporated under the name Kvaerner E&C Holdings Limited.

FINANCIAL STATEMENTS AND DIVIDEND

The audited financial statements appear on pages 7 to 16, inclusive.

The results for the year are set out in the Profit and Loss account on page 7. The profit for the year after taxation was £21,011,000 (2003: £111,328,000).

The Directors do not recommend the payment of a final dividend in respect of the year ended 31 December 2004 and no dividend has been paid or declared since the end of the previous financial year.

KVAERNER E&C HOLDINGS LIMITED

DIRECTORS' REPORT (continued)

SUBSEQUENT EVENTS

On 17 March 2005 to complete and implement the disposal of Ellayess Pty Limited (Australia), which company was a sub-sub-subsidiary of the Company, the Company acquired the entire issued share capital of Kvaerner (Malaysia) Sdn Bhd from its sub-subsidiary undertaking, Kvaerner Energy (International) Limited, which company was the owner of Ellayess Pty Limited, and immediately following this acquisition the Company's subsidiary undertaking, Kvaerner Energy Limited, disposed of its investment in Kvaerner Energy (International) Limited to the Aker Kvaerner group of companies.

At 31 December 2004 and until 1 April 2005, the Company was a member of the Kværner ASA group of companies. The Company's immediate parent was, and still is, Trafalgar House Property Limited, which itself is an indirect subsidiary of TH Global plc. At 1 April 2005, a management buy-out of certain assets and liabilities of Kværner ASA, including the shares of TH Global plc, took place with consequential change in the ultimate parent company and ultimate controlling party of the Company (see Note 14 for details of the Company's ultimate controlling party at the date of approval of these report and accounts).

SHARE CAPITAL

On 31 December 2004, the Company issued 240,000,000 Ordinary Shares of 25 pence each, credited as fully paid, to its parent company.

DIRECTORS

The current Directors are listed below.

Rufus Laycock
Anders Misund
Runar Nilsen

Rufus Laycock, Anders Misund and Runar Nilsen were appointed Directors on 21 December 2004.

Torgeir Ramstad, Ole-Kristian Sivertsen and Jarle Tautra ceased to be Directors on 21 December 2004.

DIRECTORS' SHARE INTERESTS

At 31 December 2004, no Director had, or during the year had, any interest in the shares of the Company or any other company within the same group to be disclosed in terms of the Companies Act 1985.

KVAERNER E&C HOLDINGS LIMITED

DIRECTORS' REPORT (continued)

ANNUAL GENERAL MEETING

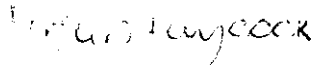
The Company has dispensed with the laying of accounts and reports before the Company in general meeting and the holding of annual general meetings.

AUDITOR

KPMG Audit Plc has signified 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 re-appointed as auditor for the succeeding year.

By order of the Board,



Rufus Laycock
Secretary

Date: 10 January 2007

Registered office:
68 Hammersmith Road,
London W14 8YW

KVAERNER E&C HOLDINGS LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the Directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Company and of the profit or loss for that period. In preparing those financial statements, the Directors are required to:

- select appropriate accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 ensuring that the Company keeps 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.

KVAERNER E&C HOLDINGS LIMITED

Report of the independent auditors to the members of Kvaerner E&C Holdings Limited (formerly Kvaerner E&C PLC)

We have audited the financial statements on pages 7 to 17.

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 are responsible for preparing the directors' report and, as described on page 4, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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 if, in our opinion, the directors' report is not consistent with the financial statements, if 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 the information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with Auditing Standards 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 judgements 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.

KVAERNER E&C HOLDINGS LIMITED

Report of the independent auditors to the members of Kvaerner E&C Holdings Limited (formerly Kvaerner E&C PLC) (continued)

OPINION

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor
8 Salisbury Square
London EC4Y 8BB

30 January 2007

KVAERNER E&C HOLDINGS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2004

	Notes	Year ended 31 December 2004 £ 000's	Year ended 31 December 2003 £ 000's
Other operating expenses	2	(138)	(1,303)
Operating loss		(138)	(1,303)
Profit on sale of subsidiary undertakings		-	101,004
Income from shares in group undertakings		1,558	-
Amounts written off investments in subsidiary undertakings	7b	(1,836)	-
Interest receivable and similar income	5	21,816	11,694
Interest payable and similar charges	5	(74)	(67)
Profit on ordinary activities before taxation	3	21,326	111,328
Tax on profit on ordinary activities	6	(315)	-
Retained profit for the financial year	11	<u>21,011</u>	<u>111,328</u>

The above results all relate to continuing operations.

There is no material difference between the profit on ordinary activities before tax stated above and the profit on ordinary activities before tax stated on a historical cost basis.

STATEMENT OF TOTAL RECOGNISED GAINS FOR THE YEAR ENDING 31 DECEMBER 2004

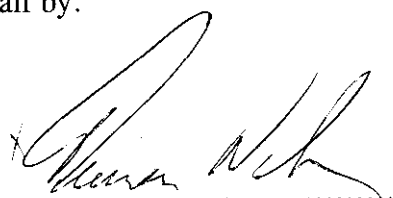
	Notes	Year ended 31 December 2004 £ 000's	Year ended 31 December 2003 £ 000's
Profit for the financial year		21,011	111,328
Revaluation of subsidiary undertakings	7b	68,800	-
Total recognised gains relating to the year		<u>89,811</u>	<u>111,328</u>

KVAERNER E&C HOLDINGS LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2004

	Notes	31 December 2004		31 December 2003	
		£ 000's	£ 000's	£ 000's	£ 000's
FIXED ASSETS					
Tangible assets	7a		15		15
Investments in subsidiary undertakings	7b		<u>871,488</u>		<u>11,396</u>
			871,503		11,411
CURRENT ASSETS					
Debtors	8	556,954		529,727	
Cash at bank and in hand		<u>3,463</u>		<u>1,682</u>	
		560,417		531,409	
CREDITORS	9	(902,569)		(163,280)	
NET CURRENT (LIABILITIES)/ ASSETS			<u>(342,152)</u>		<u>368,129</u>
NET ASSETS			<u>529,351</u>		<u>379,540</u>
CAPITAL AND RESERVES					
Called up share capital	10		246,089		186,089
Share premium	11		316		316
Revaluation reserve	11		68,815		15
Profit and loss account	11		<u>214,131</u>		<u>193,120</u>
EQUITY SHAREHOLDERS' FUNDS ¹²			<u>529,351</u>		<u>379,540</u>

These financial statements were approved by the Board of Directors on 10 January 2007 and signed on its behalf by:



Runar Nilsen
Director

KVAERNER E&C HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2004

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 modified to include the revaluation of certain fixed assets.

b) Basis of preparation

The company is exempt by virtue of section 228 of the Companies Act 1985 from the requirement to prepare group accounts. These financial statements present information about the company as an individual undertaking and not about its group.

c) Cash flow statement and related party transactions

The company has taken advantage of the exemption under 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 for the year ended 31 December 2004 of Kvaerner ASA, which are available to the public.

d) Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the year end. Exchange differences on investments and matched foreign exchange balances and transactions are taken to reserves. All other exchange differences are taken to the profit and loss account.

e) Fixed asset investments

Investments, including shares in associated and subsidiary undertakings, are revalued annually to their net asset value. Where the value of the investment has fallen below zero a provision for external liabilities, for which the company is liable, has been made.

f) Tangible fixed assets and depreciation

Freehold property is included in fixed assets at latest valuation plus subsequent additions at cost. Provision for impairment below carrying value is charged to the profit and loss account.

KVAERNER E&C HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2004 (continued)

1. Accounting Policies (continued)

g) 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.

2. Other operating expense

	2004 £ 000's	2003 £ 000's
Operating expenses	(138)	(6,308)
Management fee	<u>-</u>	<u>5,005</u>
	<u>(138)</u>	<u>(1,303)</u>

3. Profit on ordinary activities before taxation

	2004 £ 000's	2003 £ 000's
The profit on ordinary activities before taxation is stated after charging:		

Auditors' remuneration - audit fees	-	25
Exchange loss	54	40

4. Directors emoluments and employee costs

	2004 £ 000's	2003 £ 000's
The emoluments of the directors of the company were:		
Emoluments	<u>-</u>	<u>-</u>
Emoluments of the highest paid director:		
Basic emoluments	<u>-</u>	<u>-</u>

KVAERNER E&C HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2004 (continued)

4. Directors' emoluments and employee costs (continued)

Pensions

The number of directors who were members of defined benefit pension schemes was nil (2003: 1). The amount of accrued pension at the year end of the highest paid director was £nil (31 December 2003: £nil).

	2004 £ 000's	2003 £ 000's
Other information on directors and employees:		
Director and employee costs:		
Wages and salaries	-	150
Social security costs	-	15
Employers' pension contributions	<u>-</u>	<u>13</u>
	<u>-</u>	<u>178</u>

	2004 Number	2003 Number
Average number of persons employed by the company (including executive directors):	<u>nil</u>	<u>1</u>
The emoluments of the directors were borne by other group companies.		

5. Interest receivable and similar income

	2004 £ 000's	2003 £ 000's
Interest receivable from fellow subsidiary undertakings	21,741	11,576
Other interest receivable	<u>75</u>	<u>118</u>
	21,816	11,694
Interest payable on other loans	<u>(74)</u>	<u>(67)</u>
	<u>21,742</u>	<u>11,627</u>

KVAERNER E&C HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2004 (continued)

6. Taxation

Analysis of the tax charge in the year

	2004 £ 000's	2003 £ 000's
Foreign tax on profits for the year	<u>315</u> <u>315</u>	<u>-</u> <u>-</u>

There is no potential un-provided liability to deferred taxation (2003: £nil).

Factors affecting the current tax charge

The tax assessed for the year is lower (2003: lower) than the standard rate of corporation tax in the UK. The differences are as follows:

	2004 £ 000's	2003 £ 000's
Profit on ordinary activities before taxation	<u>21,326</u>	<u>111,328</u>
Taxation charge at UK corporation tax rate of 30% (2003: 30%)	6,398	33,398
Effects of:		
Group relief for which no payment is made	(1,408)	(3,088)
Capital allowances in excess of depreciation	(8)	(10)
Expenditure not deductible for tax	-	1
Non-taxable income	(4,667)	(30,301)
Current tax charge per accounts	<u>315</u>	<u>-</u>

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. At the 31 December 2004, the TH Global plc (formerly Kvaerner PLC) UK tax group has brought forward tax losses estimated at £230 million and surplus ACT of approximately £192 million.

KVAERNER E&C HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2004 (continued)

7. Fixed Assets

7(a) Tangible fixed assets

	Land and buildings freehold £ 000's
Cost or valuation at 1 January and 31 December 2004	<u>15</u>
Depreciation at 1 January and 31 December 2004	<u>-</u>
Net book value at 31 December 2004 and 31 December 2004	<u>15</u>

7(b). Investments in subsidiary undertakings

The company's investments in subsidiary undertakings are made up as follows:-

	Cost £ 000's	Provision For Impairment £ 000's	Revaluation Reserve £ 000's	Net Book Value £ 000's
1 January 2004	110,618	(99,222)	-	11,396
Additions	793,128	-	-	793,128
Amounts written back during the year	-	(1,836)	-	(1,836)
Revaluations during the year	-	-	68,800	68,800
31 December 2004	<u>903,746</u>	<u>(101,058)</u>	<u>68,800</u>	<u>871,488</u>

On 31 December 2004 the company acquired the following investments from other Aker Kvaerner group companies:

	£ 000's
Kvaerner International Limited	133,114
Kvaerner Services Limited	100,987
Trafalgar House Finance Limited	<u>559,030</u>
	<u>793,128</u>

KVAERNER E&C HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2004 (continued)

7(b). Investments in subsidiary undertakings (continued)

Principal subsidiary undertakings are listed below. All are wholly owned subsidiary undertakings. A full list of the subsidiary undertakings will be included in the company's annual return.

Name of Undertaking	Class of Shares	Activity	Country of incorporation
Fitzgeorge June (1) Limited	Ordinary	Leasing	England
Fitzgeorge September (2) Limited	Ordinary	Leasing	England
Fitzgeorge December (5) Limited	Ordinary	Leasing	England
Kvaerner International Limited	Ordinary	Not trading	Scotland
Kvaerner Services Limited	Ordinary	Investment holding company and intra-group administration services	England
Trafalgar House Finance Limited	Ordinary	Treasury services	England

During the year ended 31 December 2003 the Company sold its investments in Aker Kvaerner Projects Limited and Kvaerner Process Overseas Holdings Limited to another group company of Aker Kvaerner.

8. Debtors

	2004 £ 000's	2003 £ 000's
Amounts falling due within one year:		
Amounts owed by subsidiary undertakings	17,050	22,605
Amounts owed by fellow subsidiary undertakings	539,828	506,854
Other debtors	76	268
Total debtors	<u>556,954</u>	<u>529,727</u>

9. Creditors: Amounts falling due within one year

	2004 £ 000's	2003 £ 000's
Amount owing to immediate parent undertaking	793,128	-
Amounts due to fellow subsidiary undertakings	106,128	159,654
Taxation	2	2
Other creditors including sundry taxes	3,205	3,561
Accruals and deferred income	106	63
Total creditors	<u>902,569</u>	<u>163,280</u>

KVAERNER E&C HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2004 (continued)

10. Called up share capital

	2004 £ 000's	2003 £ 000's
Authorised		
1,000,000,000 ordinary shares of 25p each	<u>250,000</u>	<u>250,000</u>

	2004 £ 000's	2003 £ 000's
Allotted, called up and fully paid:		
984,355,148 (2003: 744,355,148) ordinary shares of 25p	<u>246,089</u>	<u>186,089</u>

On 31 December 2004 the company issued 240,000,000 ordinary shares of 25p each credited as fully paid to its immediate parent company.

11. Reserves

	Profit and Loss Account £ 000's	Revaluation Reserve £000's	Share Premium £ 000's	Total £ 000's
As at 1 January 2004	193,120	15	316	193,451
Retained profit for the year	21,011	-	-	21,011
Revaluation of subsidiary undertakings	-	<u>68,800</u>	-	<u>68,800</u>
As at 31 December 2004	<u>214,131</u>	<u>68,815</u>	<u>316</u>	<u>283,262</u>

12. Reconciliation of movement in shareholders' funds

	2004 £ 000's	2003 £ 000's
Profit for the year	21,011	111,328
Recognised gains in the year	68,800	-
Share capital injection	<u>60,000</u>	-
Net increase in shareholder's funds	149,811	111,328
Opening shareholders' funds	<u>379,540</u>	<u>268,212</u>
Closing shareholders' funds	<u>529,351</u>	<u>379,540</u>

KVAERNER E&C HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2004 (continued)

13. Ultimate parent company and controlling party

The Company's immediate parent company is Trafalgar House Property Limited.

At 31 December 2004, the largest group in which the results of the Company were consolidated was that headed by The Resource Group TRG AS, incorporated in Norway.

The smallest group in which they are consolidated is that headed by TH Global plc (formerly Kvaerner PLC), incorporated in England and Wales. The consolidated financial statements of TH Global plc are available to the public and may be obtained from Companies House and/or TH Global plc at 68 Hammersmith Road, London W14 8YW.

At 31 December 2004, the Company's ultimate parent was The Resource Group TRG AS. Throughout the year under review, The Resource Group TRG AS was controlled by Kjell Inge Røkke and his interests.

14. Post balance sheet event

At 1 April 2005, a management buy-out of certain assets and liabilities, including the shares of TH Global plc, of Kvaerner ASA took place. Consequently, at the date of approval of these financial statements, The Glacier Trust, established under the laws of Guernsey, is to be regarded as the Company's ultimate controlling party.