KVAERNER E&C HOLDINGS LIMITED

Company Number: 1125

REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

KVAERNER E&C HOLDINGS LIMITED
DIRECTORS' REPORT

The Directors present their report and the audited financial statements for the year ended 31 December 2011

ACTIVITIES AND PROSPECTS

The Company is an investment holding company

The Company is a member of the TH Global group of companies which 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 work-out process is subject to fundamental uncertainties These fundamental uncertainties and their impact on the financial statements are disclosed in the basis of preparation in Note 1 to these financial statements

Neither the Company nor its subsidiaries operate or control any business activities other than to discharge a range of legacy responsibilities and hold investments in other TH Global Group companies The primary objective of the Company and its subsidiaries is to wind-up these legacy responsibilities as soon as practicable

The Directors consider that the Company will continue in legal existence for the foreseeable future to wind-up legacy issues Pursuant to the objectives of the work-out described above, following the realisation of its assets and the discharge of its legacy responsibilities it is intended that the Company will be liquidated or dissolved

As a past employer and operator of engineering businesses, the Company is the recipient of claims by former employees alleging that they have suffered bodily injury as a result of industrial diseases caused during the course of the claimant's employment with the Company The Company is also the recipient of claims under indemnity and other arrangements with third parties and certain former subsidiaries These claims do not arise until many years after the relevant employment ceased (- medical conditions may not develop until much later) The Company together with its insurance carriers and outside claims handlers and counsel review each claim that is pursued by claimants and/or indemnities In those cases where a compensatable disease, exposure during the course of employment and causation can be established by the claimants, the Company's approach is to seek to resolve claims for amounts that reflect the type of disease, the seriousness of the injury, the age of the claimant, the particular jurisdiction of the claim and the number and solvency of other defendants

RL

KVAERNER E&C HOLDINGS LIMITED
DIRECTORS' REPORT (continued)

FINANCIAL STATEMENTS AND DIVIDEND

The audited financial statements appear on pages 6 to 18, inclusive

As explained in Note 1 (b) (Basis of Preparation) of the Notes to these financial statements, the directors do not consider that it is appropriate to prepare these financial statements on a going concern basis

The results for the year are set out in the Profit and Loss account on page 6 The profit for the year was £137,000 (2010 profit of £207,000)

DIRECTORS

The Directors who held office throughout the year were

Rufus Laycock
Runar Nilsen

DISCLOSURE OF INFORMATION TO AUDITORS

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's Auditors are unaware, and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information

AUDITOR

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG Audit Plc will therefore continue in office

By order of the Board,

Rufus Laycock

Rufus Laycock
Director and Secretary

Registered office
Surrey House,
36-44 High Street
Redhill, Surrey
RH1 1RH

Date 27 September 2012

KVAERNER E&C HOLDINGS LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

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)

Under company law the directors must not approve the financial statements unless they are 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 directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments 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 Note 1 (b) (Basis of Preparation) of the Notes to these financial statements, the directors do not consider that it is appropriate to prepare these financial statements on a going concern basis

The directors are 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 them to ensure that the financial statements comply with the Companies Act 2006 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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KVAERNER E & C HOLDINGS LIMITED

We were engaged to audit the financial statements of Kvaerner E&C Holdings Limited for the year ended 31 December 2011 set out on pages 6 to 18 The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) These financial statements have not been prepared on the going concern basis for the reason set out in note 1 to the financial statements

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 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 auditor
As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors Because of the matters described in the basis for disclaimer of opinion on financial statements paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion

Scope of the audit of the financial statements
A description of the scope of an audit of financial statements is provided on the APB's web-site at www frc org uk/apb/scope/private cfm

Basis for disclaimer of opinion on financial statements
The audit evidence available to us was limited because we were not able to assess the appropriate carrying amounts of intercompany receivables recognised at £617,461,000 and investments in subsidiary undertakings recognised at £696,499,000 as at 31 December 2011 The directors of the company have concluded that the fundamental uncertainties disclosed in note 1 of the financial statements regarding the 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 and investments in subsidiary undertakings, render assessing the recoverable amount of the items impracticable at this time As a consequence the directors have not performed this assessment As a result of this we have been unable to obtain sufficient appropriate audit evidence concerning both intercompany receivables and investments in subsidiary undertakings

Opinion on financial statements
Because of the significance of the matter described in the basis for disclaimer of opinion on financial statements paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion Accordingly we do not express an opinion on the financial statements

Opinion on other matter prescribed by the Companies Act 2006
Notwithstanding our disclaimer of an opinion on the financial statements, in our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KVAERNER E & C HOLDINGS LIMITED (CONTINUED)

Matters on which we are required to report by exception

In respect solely of the limitation of our work regarding the assessment of the recoverable amount of intercompany receivables and investments in subsidiary undertakings referred to above

• we have not obtained all the information and explanations that we considered necessary for the purpose of our audit, and

• we were unable to determine whether adequate accounting records have been kept

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

• returns adequate for our audit have not been received from branches not visited by us, or

• the financial statements are not in agreement with the accounting records and returns, or

• certain disclosures of directors' remuneration specified by law are not made

Mike Maloney (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc,
Statutory Auditor
Chartered Accountants
15 Canada Square
London E14 5GL
United Kingdom

Date 27 September 2012

KVAERNER E&C HOLDINGS LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2011

	Notes	2011 £ 000's	2010 £ 000's
Administrative (expenses)/ income		(61)	37
Release of impairment of investments		-	(31)
Operating (loss)/profit	2	(61)	6
Interest receivable and similar income	3	198	201
Profit on ordinary activities before taxation		137	207
Tax on profit on ordinary activities	5	-	-
Retained profit for the financial year	11	137	207

The notes on pages 8 to 18 form part of these financial statements

The company has no recognised gains or losses other than the profit for the current and prior years Accordingly a statement of total recognised gains and losses has not been prepared

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

These financial statements have been prepared in the context of the nature and purpose of the work-out described in the Directors' Report and Note 1 (Basis of Preparation) to these financial statements These financial statements have not been prepared on a going concern basis

The profit and loss account has been prepared on the basis that all operations are discontinued operations

RL

KVAERNER E&C HOLDINGS LIMITED
BALANCE SHEET AS AT 31 DECEMBER 2011

	Notes	2011		2010	
		£ 000's	£ 000's	£ 000's	£ 000's
FIXED ASSETS					
Investments	6		696,499		696,513
CURRENT ASSETS					
Debtors	7	617,461		618,434	
Cash at bank and in hand		427		541	
			617,888		618,975
CREDITORS	8		(814,358)		(815,619)
NET CURRENT LIABILITIES			(196,470)		(196,644)
PROVISIONS FOR LIABILITIES AND CHARGES	9		(235)		(212)
NET ASSETS			499,794		499,657
CAPITAL AND RESERVES					
Called up share capital	10		246,089		246,089
Share premium	11		316		316
Revaluation reserve	11		-		-
Profit and loss account	11		253,389		253,252
EQUITY SHAREHOLDERS' FUNDS	12		499,794		499,657

The notes on pages 8 to 18 form part of these financial statements

These financial statements were approved by the Board of Directors on 27 September 2012 and signed on its behalf by

Rufus Laycock

Rufus Laycock
Director

KVAERNER E&C HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010

1. Accounting Policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements, except as noted below

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

These financial statements have not been prepared on a going concern basis The background and reason for this basis of preparation are explained below

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 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, 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

RL

1. Accounting Policies (continued)

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

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,

RL

1. Accounting Policies (continued)

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 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 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 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

However, given the nature of this claim and the previous unfavourable judgement in the lower court the Group Directors and the Directors 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

RL

1. Accounting Policies (continued)

Continuation of work-out on a solvent basis

Since 1 April 2005, the Group Directors and the Directors 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 Directors 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 Directors 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 Directors 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 Directors 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

RL

KVAERNER E&C HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011 (continued)

1. Accounting Policies (continued)

Carrying values of intercompany receivables and investments in subsidiaries

The Directors of the Company have 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 and recovery of the investments in subsidiary undertakings, 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 Directors of the Company have therefore recognised the inter company receivables at original nominal value except for certain specific impairments recognised in prior years The investments in subsidiaries have been recognised at the lower of cost and net asset position of the subsidiary which would not take into account the implications of the work out on those net assets If the assessment of recoverable amounts could have taken the implications of the work-out into account significant additional impairments against intercompany receivables and investments in subsidiary undertakings may well be required

c) Cash flow statement
The Company has taken the exemption available under FRS 1 from preparing a cash flow statement on the grounds of it being a small company under the criteria laid down in Companies Act 2006

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, no provision is made for any deficit

Details of fundamental uncertainties relating to the carrying values of investments in subsidiaries have been disclosed in Note 1(b) (Basis of Preparation) of these financial statements

f) Taxation
The charge for taxation is based on the loss 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

RL

KVAERNER E&C HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011 (continued)

1. Accounting Policies (continued)

Advance corporation tax recoverable by deduction from future corporation tax is carried forward within deferred taxation or as ACT recoverable within debtors as appropriate

g) Group Accounts
The Company qualifies as a small company and the group headed by it qualifies as a small group pursuant to Part 15 of the Companies Act 2006 and is exempt from the requirement to prepare group accounts on the grounds of its size

2. Operating profit

The audit fee in respect of the statutory audit of these financial statements was £2,000 (2010 £2,758) This fee has been paid on behalf of the Company by a fellow subsidiary undertaking

The Company had no employees during either year The directors are remunerated by TH Group Services Limited, a fellow subsidiary undertaking, for their services to the Group Because of this, their emoluments are disclosed in TH Group Services Limited It is not practical to allocate their remuneration between Group companies

3. Interest receivable and similar income

	2011	**2010**
	£ 000's	**£ 000's**
Interest receivable from group undertakings	198	199
Other interest receivable	-	2
	198	201

4. Inter-company interest

With effect from 1 January 2008, UK subsidiaries within the TH Global Group including the Company stopped charging interest (where interest was previously charged) on UK to UK inter-company debt and UK to UK inter-company account receivables with certain limited exceptions This change in approach in the compensation for UK to UK inter-company financial transactions has been made in recognition of, and to assist with, the work-out of the Group

RL

KVAERNER E&C HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011 (continued)

5. Tax on profit on ordinary activities

Recognised in the profit and loss account	2011 £ 000's	2010 £ 000's
Current tax expenses		
UK Corporation tax on profit for the year	-	-
Foreign tax on profit for the year	-	-
Total current tax charge	-	-

Factors affecting the current tax charge

The tax assessed for the year is lower (2010 lower) than the standard rate of corporation tax in the United Kingdom The differences are as follows

	2011 £ 000's	2010 £ 000's
Profit on ordinary activities before taxation	137	207
Taxation charge at UK corporation tax rate of 26 5% (2010 28%)	36	58
Effects of		
Group relief for which no payment is received	-	-
Capital allowances in excess of depreciation	-	-
Creation/(reversal) of impairment against subsidiary	4	9
Provisions against investment in subsidiaries not taxable	-	(1)
Increase in losses carried forward	12	-
Utilisation of losses brought forward	(52)	(66)
Items not deductible for tax	-	-
Actual tax charge per accounts		-
Current tax charge and tax on profit on ordinary activities	-	-

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 UK tax group has brought forward tax losses estimated at £279M, capital losses of £480M and surplus ACT of approximately £202M

There is no potential liability to deferred taxation (2010 £Nil)

RL

6. Investments

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
At 1 January 2011	746,215	(49,702)	-	696,513
Increase during the year	-	(14)	-	(14)
Reversal of impairment	-	-	-	-
At 31 December 2011	746,215	(49,716)	-	696,499

The Company's main subsidiary undertaking is listed below This is a wholly owned subsidiary undertaking

Name of Undertaking	Class of Shares	Activity	Country of incorporation
TH Group Services Limited	Ordinary	Investment holding company and intra-group administration services	England

7. Debtors

	2011 £ 000's	2010 £ 000's
Amounts falling due within one year		
Amounts owed by fellow subsidiary undertakings	617,461	618,430
Other debtors	-	4
Total debtors	617,461	618,434

Details of fundamental uncertainties relating to the carrying values of intercompany receivables have been disclosed in Note 1(b) (Basis of Preparation) of these financial statements

8. Creditors

	2011 £ 000's	2010 £ 000's
Amounts falling due within one year		
Amounts due to fellow subsidiary undertakings	814,358	815,561
Other creditors	-	58
Total creditors	814,358	815,619

RL

9. Provision for liabilities and charges

	£000
At 1 January 2011	212
Created during the year	23
Released during the year	-
At 31 December 2011	235

The provision represents the anticipated costs of winding-up the legacy responsibilities of the Company

Contingent Liability

As a past employer and operator of engineering businesses, the Company is the recipient of industrial injury and disease claims submitted by former employees On the various legal and financial restructurings which occurred in the former Kvaerner group the Company retained responsibility in the great majority of cases for industrial injury and disease claims resulting from its former activities The Company is also the recipient of claims under indemnity and other arrangements with third parties and certain former subsidiaries Claims do not arise until many years after the relevant employment ceased (- medical conditions may not develop until much later) The nature of these industrial diseases – their causation, progress and latency periods, is such that it is neither possible to know with any certainty the timing of the submission of claims nor to measure with any reliability the number of future claims and the cost of settlement The Company provides for the estimated cost of incurred claims less insurance recoveries Where it is not possible to make a reasonable estimate, no provision is made No provision is made in respect of claims not yet received and verified The future receipt and settlement of these claims could result in additional liabilities

10. Called up share capital

	2011 £ 000's	2010 £ 000's
Allotted, called up and fully paid		
984,355,148 ordinary shares of 25p	246,089	246,089

RL

11. Reserves

	Revaluation Reserve £000's	Share Premium £ 000's	Profit and Loss Account £ 000's
At 1 January 2011	-	316	253,252
Retained profit for the year	-	-	137
Revaluation reserve	-	-	-
At 31 December 2011	-	316	253,389

12. Reconciliation of movement in shareholders' funds

	2011 £ 000's	2010 £ 000's
Profit for the year	137	207
Reversal of revaluation	-	(96,410)
Net increase/(decrease) in shareholder's funds	137	(96,203)
Opening shareholders' funds	499,657	595,860
Closing shareholders' funds	499,794	499,657

13. Ultimate parent company and ultimate controlling party

The Glacier Trust, established under the laws of Guernsey, is the ultimate controlling party of the Company

Medaura BV, a private company incorporated in the Netherlands, is the ultimate parent company of the Company The financial statements of Medaura BV can be obtained from the Chamber of Commerce, Kamer van Koophandel, De Ruterkade 5, 1013 AA Amsterdam, The Netherlands or from the Company Secretary, TH Global Limited, Surrey House, 36-44 High Street, Redhill, Surrey, RH1 1RH, UK

The larger group qualifies as a small group and is exempt from the requirement to prepare group accounts on the grounds of its size

RL

14. Post Balance Sheet Events disclosure

Note 1(b) (Basis of Preparation) of the Notes to these financial statements describes the fundamental uncertainties relating to the work-out process in which the Company and the Group are engaged and, in particular, a number of specific and significant legacy and litigation issues facing the Group in which the outcome is uncertain and where the nature and magnitude of an adverse outcome puts at risk the continuation of the work-out on a solvent basis Note 1(b) further describes the restructuring of two of the Group's principal third party liabilities on 29 June 2012 and the current position regarding the significant financial challenges to the continuation of the work-out on a solvent basis

There have been no adjusting or non-adjusting post balance sheet events relevant to these financial statements except for the events disclosed in the basis of preparation

15 Related party disclosures

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 FRS 8 – 3 (C) 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 the compensation for their management services to the Group See Note 2 for further information

RL