Trafalgar House Steam-Ship Company Limited

Financial Statements 31 December 2001

together with the directors' report

Company No : 12286C

Directors' Report

The directors present their report, together with the financial statements, for the year ended 31 December 2001.

Principal Activities and Business Review

The Company is a holding company.

Results

The results of the Company for the year are set out in the Profit and Loss Account on page 4. The retained loss for the year ended 31 December 2001 of $54,000 (31 December 2000 – profit of $4.8 million) has been transferred from reserves.

Dividend

The Company has a deficit on its Profit and Loss Account. Consequently, no dividend can be paid.

Post Balance Sheet Event

Since the year-end the Company has received an injection of new equity from its parent company to the extent of $50 million in connection with the refinancing of its subsidiary, Trafalgar House Line Limited.

Directors

Shown below are the directors who served during the year and the changes subsequent to the year-end.

H.P. Finne	(appointed 8 January 2001, resigned 27 February 2002)
J.A. Male	
R. Laycock	(appointed 28 February 2002)

Directors' Interests

No director has, or during the year had, or at the time he became a director had, any interest to be disclosed under the Companies Act 1985. There were no changes in Directors' share interests during the period from 31 December 2001 (or subsequent date of appointment) to the date of this report.

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 for the succeeding year.

By order of the Board,

Rufus Laycock

Rufus Laycock
Secretary

Date: 7 June 2002.

Registered office:
68 Hammersmith Road,
London W14 8YW

Statement of Directors' Responsibilities

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable 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 keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

RL

Report of the independent auditors to the members of Trafalgar House Steam-Ship Company Limited

We have audited the financial statements on pages 4 to 9.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the director's report and, as described on page 2, 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 information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

Basis of 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.

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 2001 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

KPMG Audit Plc
Registered Auditor
London
7 June 2002

Profit & Loss Account for the year ended 31 December 2001

	Note	31 December 2001 $000	31 December 2000 $000
Non operating items:			
Loss on foreign exchange		**(79)**	(239)
Write back of investment in and loans to subsidiary undertakings	3	**-**	5,054
(Loss)/profit before interest		**(79)**	4,815
Interest receivable and similar income	4	**25**	30
(Loss)/profit on ordinary activities before taxation	5	**(54)**	4,845
Tax on loss on ordinary activities	6	**-**	-
Retained (loss)/profit for the period	13	**(54)**	4,845

A note of historical cost profits and losses has not been included as part of these financial statements as there is no difference between the results as disclosed in the profit and loss account and the results on an unmodified historical cost basis.

There are no recognised gains or losses other than the result for the year shown above. Therefore a statement of total recognised gains and losses has not been prepared.

The accompanying notes on pages 6 to 9 are an integral part of the profit and loss account.

RL

Balance Sheet as at 31 December 2001

	Note	31 December 2001 $000	31 December 2000 $000
Fixed assets			
Investments	8	**2,443**	2,443
Current assets			
Debtors	9	**29,293**	29,463
Cash and bank		**546**	537
		29,839	30,000
Creditors: Amounts falling due within one year	10	**(4,434)**	(4,541)
Net current assets		**25,405**	25,459
Total assets less current liabilities		**27,848**	27,902
Provisions for liabilities and charges	11	**(66,254)**	(66,254)
Total net liabilities		**(38,406)**	(38,352)
Capital and reserves			
Called up share capital	12	**343,056**	343,056
Profit and loss account	13	**(381,462)**	(381,408)
Equity shareholders' funds		**(38,406)**	(38,352)

The accompanying notes on pages 6 to 9 are an integral part of the balance sheet.

These accounts were approved by the Board of Directors on 7 June 2002 and signed on its behalf by:

Jane Male

J. Male
DIRECTOR

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Reconciliation of movements in shareholders' funds

	Year to 31 December 2001 $000	Year to 31 December 2000 $000
(Loss)/profit for the year	**(54)**	4,845
Opening shareholders' funds	**(38,352)**	(43,197)
Closing shareholders' funds	**(38,406)**	(38,352)

The accompanying notes form an integral part of this reconciliation of movements in the shareholders' deficit.

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Notes to the Accounts

1. Accounting policies

The following accounting policies have been applied consistently in the current year and the preceding period in dealing with items which are considered material in relation to the Company's financial statements.

(a) Accounting conventions

The financial statements have been prepared under the historical cost accounting rules and in accordance with applicable accounting standards.

The financial statements have been prepared on the going concern basis, not withstanding net liabilities of $38,406,000 at the balance sheet date. Subsequent to the year end the company has received an injection of new equity from its parent company. As a result, the directors are of the opinion that the company should be able to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment.

(b) Basis of preparation

The Company, as permitted by Section 228 of the Companies Act 1985, has elected not to prepare its own consolidated financial statements on the basis that it is a wholly owned subsidiary undertaking (note 14).

(c) Related parties and cash flow statement

As the Company is a wholly owned subsidiary of Kvaerner PLC, the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group. The consolidated financial statements of Kvaerner PLC, within which this Company is included, can be obtained from the address given in Note 14.

The Company has taken advantage of the exemption under the rules of FRS 1 (revised) not to produce a cash flow statement.

(d) Foreign currencies

Trading results denominated in foreign currencies are translated into U.S. dollars at average rates of exchange. Assets and liabilities are translated into U.S. dollars at the rates ruling at the period end except where rates of exchange are fixed under contractual arrangements.

(e) Taxation

The charge for taxation is based on the profit for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

(f) Fixed asset investments

Shares in subsidiary undertakings are stated at cost less amounts written off where, in the opinion of the directors, there has been a permanent impairment in the value of a subsidiary. In assessing impairment, the directors consider the subsidiary's long term profit earning potential.

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Notes to the Accounts (continued)

2. Staff numbers and costs

The Company had no employees in the period or in the previous accounting period.

3. Exceptional items

	Year to 31 December 2001 $000	Year to 31 December 2000 $000
Non operating items Write back of investment in and loans to subsidiary undertakings and provision for liabilities of subsidiary undertakings	-	5,054
	-	5,054

4. Other interest receivable and similar income

	2001	2000
Amount derived from group undertaking	25	30

5. (Loss)/profit on ordinary activities before taxation

Auditors remuneration was borne by a fellow group company

6. Taxation

The tax charge for the period has been eliminated through the availability of tax losses for offset against taxable profits.

7. Directors' emoluments

The Company had no employees. None of the directors received any emoluments from the Company (2000: $nil).

8. Fixed asset investments

	Shares in subsidiary undertakings		
	Cost or valuation $000	Provisions $000	Total $000
At 1 January and 31 December 2001	330,877	(328,434)	2,443

The subsidiary undertakings, which are wholly owned and are registered in England and Wales, are as follows:

Subsidiary undertaking	Principal activity
Albion & Overseas Shipping Agency Limited	Dormant
Domino Container Ships Limited	Dormant
Kvaerner Caspian Limited	Dormant
Trafalgar House Cruise Ships Limited	Dormant
Trafalgar House Hotels Limited	Dormant
Trafalgar House Leisure Holdings Limited	Dormant
Trafalgar House Line Limited	Winding down of former operations
Trafalgar House SG Limited	Dormant

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Notes to the Accounts (continued)

9. Debtors

	31 Dec 2001 $000	31 Dec 2000 $000
Amounts falling due within one year:		
Amounts owed by subsidiary undertakings	29,003	29,173
Other debtors	290	290
	29,293	29,463

10 Creditors

	31 Dec 2001 $000	31 Dec 2000 $000
Amounts falling due within one year:		
Amounts owed to subsidiary undertakings	4,434	4,541

11 Provisions for liabilities and charges

	$000
At 1 January and 31 December 2001	66,254

Provisions at 31 December 2001 relate to the guaranteed liabilities of subsidiaries.

12 Equity share capital

	31 Dec 2001 $000	31 Dec 2000 $000
Authorised, allotted, called up and fully paid		
223,000,000 ordinary shares of £1 each	343,056	343,056

The issued share capital at 1 October 1995 has been converted at the relevant exchange rate at that date. Subsequent increases in share capital are converted at the rate ruling at the date of issue.

13 Reserves

	Profit and loss account $000
As at 1 January 2001	(381,408)
Retained loss for the year	(54)
As at 31 December 2001	(381,462)

14. Ultimate parent company

Kvaerner PLC heads the smallest group in which the results of the Company are consolidated.

The ultimate parent company is Kværner ASA, which heads the largest group in which the results of the Company are consolidated.

Copies of the respective financial statements can be obtained from Kvaerner PLC at Kvaerner House, 68 Hammersmith Road, London W14 8YW.

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