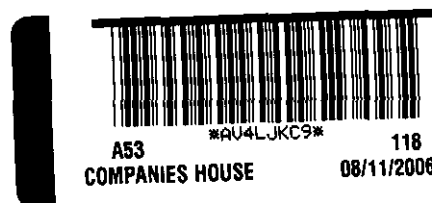


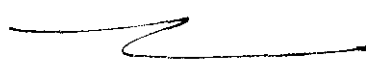
AKER KVAERNER PROJECTS LIMITED

Company No. 454398

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2005



Certified a True Copy
AJ James
AJ James
Secretary
6 November 2006


AKER KVAERNER PROJECTS LIMITED

Directors' Report and Financial Statements for the Year Ended 31 December 2005

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AKER KVAERNER PROJECTS LIMITED

Directors' Report

The directors present their annual report and the audited financial statements for the year ended 31 December 2005.

Principal activities

The principal activity of the Company is the provision of design, project management, consultancy, construction and commissioning services to the petrochemical, process, environmental and pharmaceutical industries.

Business review

The directors consider that the level of business and the financial position at 31 December 2005 were satisfactory given the current market conditions. Financial prospects and turnover are dependent upon the nature of contracts undertaken, and may fluctuate from accounting period to accounting period.

Results

The results for the year are set out in the profit and loss account on page 6.

Dividends and transfers to reserves

The directors do not propose to recommend the payment of any dividend on the issued ordinary share capital of the Company in respect of the year ended 31 December 2005 (2004 : nil).

Directors

The directors who served during the year were as follows:

J. Tautra	
O-K. Sivertsen	(resigned 30.09.2005)
P. R. van Essen	
W. P. M. van der Zande	

AKER KVAERNER PROJECTS LIMITED

Directors' Report (continued)

Directors' interests

None of the directors at 31 December 2005 had any interests requiring to be disclosed under the Companies Act 1985.

There were no changes in the directors' interests between 31 December 2005 and the date of this report.

No director during the year had a material interest in any contract significant to the Company's business.

Policy on payment of suppliers

The Company is responsible for agreeing the terms and conditions under which business transactions with its suppliers are conducted. It is the Company's policy that payments to suppliers are made in accordance with these terms, provided that the supplier is also complying with all relevant terms and conditions.

The number of days billings from suppliers outstanding at 31 December 2005 was 19 (2004: 29 days)

The environment

The Company is required to pursue policies that comply with the relevant legislation and standards applicable to its particular industry.

Employees

The Company is committed to a policy of providing equal opportunities for all, regardless of race, religion, sex or disability.

The Company is committed to training and management development, so as to ensure a supply of trained and skilled employees.

The Company keeps employees informed about its current activities and progress by various methods, including in-house publications.

Political and charitable donations

The Company made no political contributions during the year (2004: £nil).
Donations to UK charities amounted to nil (2004: £900).


Auditors

KPMG Audit Plc has signified its willingness to continue in office. Pursuant to a shareholders' resolution, the Company is not obliged to re-appoint its auditors annually and KPMG Audit Plc is, therefore deemed re-appointed for the succeeding year.

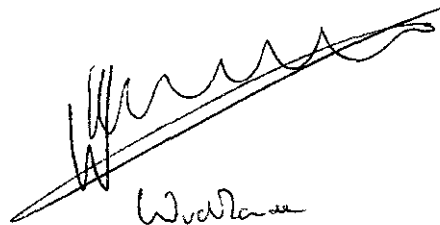
By Order Of The Board

Paul René van Essen
DIRECTOR
Kvaerner House
68 Hammersmith Road
London W14 8YW

Date



PR van Essen
21 9 06



W. van der Meer
21-9-06

AKER KVAERNER PROJECTS LIMITED

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 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; and
- 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 reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

KPMG Audit Plc

Dukes Keep
Marsh Lane
Southampton
SO14 3EX

Independent auditors' report to the members of Aker Kvaerner Projects Limited

We have audited the financial statements of Aker Kvaerner Projects Limited for the year ended 31 December 2005 which comprise the Profit and Loss Account and the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

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

As described in the Statement of Directors' Responsibilities on page 4, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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.

Independent auditors' report to the members of Aker Kvaerner Projects Limited
(continued)

Opinion

In our opinion the financial statements:

- give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2005 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

[Date]

6 October 2006

AKER KVAERNER PROJECTS LIMITED

Profit and Loss Account for the Financial Year ended 31 December 2005

	<u>Notes</u>	<u>2005</u> <u>£000</u>	<u>2004</u> <u>£000</u>
Turnover	2	105,022	36,335
Cost of sales		<u>(89,447)</u>	<u>(33,632)</u>
Gross profit		15,575	2,703
Net operating expenses		<u>(5,841)</u>	<u>(7,379)</u>
Operating profit/((loss)		9,734	(4,676)
Interest receivable and similar income	6	2,408	2,368
Interest payable and similar charges	7	<u>(341)</u>	<u>(432)</u>
Profit/(loss) on ordinary activities before taxation	3	11,801	(2,740)
Tax on profit/(loss) on ordinary activities	8	<u>(2,773)</u>	<u>757</u>
Profit/(loss) on ordinary activities after taxation		9,028	(1,983)
Dividends payable	15	<u>-</u>	<u>-</u>
Retained profit/(loss) for the financial year	17	<u>9,028</u>	<u>(1,983)</u>

There are no recognised gains or losses in either year other than the Profit/(Loss) for that year.

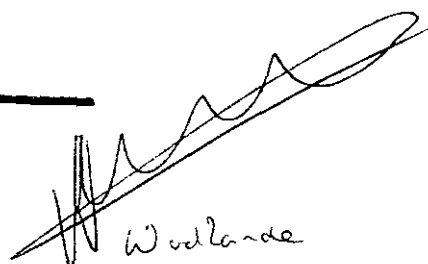
AKER KVAERNER PROJECTS LIMITED

Balance Sheet as at 31 December 2005

	<u>Notes</u>	<u>2005</u> <u>£000</u>	<u>2004</u> <u>£000</u>
FIXED ASSETS			
Investments	9	<u>3,902</u>	<u>434</u>
CURRENT ASSETS			
Debtors	10	94,446	80,419
Cash at bank and in hand	11	<u>25,725</u>	<u>15,048</u>
		<u>120,171</u>	<u>95,467</u>
CREDITORS: amounts falling due within one year	12	<u>(50,686)</u>	<u>(31,755)</u>
NET CURRENT ASSETS		<u>69,485</u>	<u>63,712</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>73,387</u>	<u>64,146</u>
CREDITORS: amounts falling due after more than one year	13	-	-
PROVISION FOR LIABILITIES AND CHARGES	14	<u>(100)</u>	<u>(142)</u>
		<u>73,288</u>	<u>64,004</u>
CAPITAL AND RESERVES			
Called up share capital	16	47,250	47,250
Exchange on reserves		256	-
Profit and loss account	17	<u>25,782</u>	<u>16,754</u>
EQUITY SHAREHOLDERS' FUNDS	18	<u>73,288</u>	<u>64,004</u>

The financial statements were approved by the Board of Directors on
and were signed on its behalf by:

P.R. van Essen
DIRECTOR


W. van der Ende

AKER KVAERNER PROJECTS LIMITED

Notes to the Financial Statements

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) Basis of preparation

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

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

Under Financial Reporting Standard (FRS) 1 the Company is exempt from the requirement to prepare a cashflow statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements.

As the Company is a wholly owned subsidiary of Aker Kvaerner Europe BV, 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 (or investees of the group qualifying as related parties); the consolidated financial statements of Aker Kvaerner E & C Group AS within which this Company is included, can be obtained from the address in note 21.

(b) Foreign currencies

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction or, if fixed under contractual arrangements, at the contract rate. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date or, if appropriate, at the contract rate. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account when they arise.

(c) Turnover

Turnover, which includes inter-company trading, represents the estimated sales value of work (excluding value added tax) done in the year in accordance with long term contract accounting. The percentage of completion method is followed in accounting for long-term contracts. When the outcome of a contract cannot be estimated reliably, contract revenue is recognised only to the extent of costs incurred that are expected to be recoverable. Losses on contracts are fully recognised when identified.

AKER KVAERNER PROJECTS LIMITED

Notes (continued)

1. Accounting policies (continued)

(d) Long-term contracts

Amounts recoverable on long-term contracts are valued at anticipated net sales value after provision for contingencies and anticipated future losses on contracts. Claims are included in the valuation of contracts and credited to the profit and loss account only when entitlement has been established. Small works are valued at the lower of cost plus attributable overheads and net sales value. Cash received on contracts is deducted from amounts recoverable on contracts. Such amounts which have been received and exceed amounts recoverable are included in creditors. Contract provisions in excess of amounts recoverable are included in provisions for liabilities and charges. Immediate provision is made for all foreseeable losses.

(e) Cost of sales

Cost of sales includes direct costs and attributable overheads.

(f) Stocks

Stocks are valued at the lower of cost and net realisable value.

(g) Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of 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 FRS 19.

Overseas taxation is based on profits arising from overseas income.

(h) Leased assets

Assets acquired under finance leases that give rights approximating to ownership are treated as if they have been purchased and an amount equivalent to their cost is included under tangible fixed assets. Depreciation is provided in accordance with the company's normal policy. Leasing payments are treated as consisting of capital and finance charge elements and the finance charge is charged to the profit and loss account. All other leases are operating leases and the annual rentals are charged wholly to the profit and loss account, on a straight-line basis over the lease term, even if payments are not made on such a basis.

(i) Fixed asset investments

Investments in subsidiary undertakings are stated at cost less amounts written off.

AKER KVAERNER PROJECTS LIMITED

Notes (continued)

1. Accounting policies (continued)

(j) Research and development

Research and development expenditure is written off as incurred.

(k) Pensions

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The amount charged against profits represents the contributions payable to the scheme in respect of the accounting period.

2. Analysis of turnover

	<u>2005</u>	<u>2004</u>
By geographical area:	<u>£000</u>	<u>£000</u>
Americas	9	-
Asia/Middle East	74,547	23,275
Continental Europe	210	2,492
Russia	15,661	2,739
United Kingdom	14,595	7,829
	<u>105,022</u>	<u>36,335</u>

3. Profit/(loss) on ordinary activities before taxation

	<u>2005</u>	<u>2004</u>
	<u>£000</u>	<u>£000</u>
Profit/(loss) on ordinary activities before taxation is stated after charging :		
Auditors' remuneration - audit fees	50	76
Exchange (gain)/loss	(20)	(154)

AKER KVAERNER PROJECTS LIMITED

Notes (continued)

4. Remuneration of directors

	<u>2005</u> <u>£000</u>	<u>2004</u> <u>£000</u>
Directors' emoluments	-	-

All directors are remunerated by other Group companies.

	<u>2005</u> <u>Number</u>	<u>2004</u> <u>Number</u>
Retirement benefits are accruing to the following number of directors under defined benefit schemes.	-	-

The number of directors who exercised share options was nil (2004: nil).

5. Staff numbers and costs

The average number of persons employed by the company including directors, analysed by category was as follows:

	<u>2005</u> <u>Number</u>	<u>2004</u> <u>Number</u>
Process and Pharmaceutical industries	<u>22</u>	<u>31</u>

On 22nd January 2004 Aker Kvaerner Projects Ltd transferred all employees within the UK Defined Benefits Pension Scheme to Kvaerner E&C Resources Ltd. Aker Kvaerner Projects Ltd contracts with TH E & C Resources Ltd (formerly Kvaerner E&C Resources Ltd) for hire of staff in order to fulfil its contractual commitments.

	<u>2005</u> <u>£000</u>	<u>2004</u> <u>£000</u>
Staff costs including directors' emoluments:		
Wages and salaries	914	1,319
Social security costs	102	132
Other pension costs (Note 20)	22	123
Total direct costs of employment	<u>1,038</u>	<u>1,574</u>

AKER KVAERNER PROJECTS LIMITED

Notes (continued)

6. Interest receivable and similar income

	<u>2005</u> £000	<u>2004</u> £000
Bank interest	<u>2,408</u>	<u>2,368</u>

7. Interest payable and similar charges

	<u>2005</u> £000	<u>2004</u> £000
Interest payable on:		
Bank loans and overdrafts	341	432
Other	-	-
	<u>341</u>	<u>432</u>

8. Taxation

Analysis of charge in period

	<u>2005</u> £000	£000	<u>2004</u> £000	£000
<i>UK corporation tax</i>				
Current Year tax (charge)/Credit	(2,722)		1,191	
Adjustments in respect of prior period	-		-	
<i>Foreign tax</i>				
Current tax on income for the period	(61)		(434)	
	<u> </u>		<u> </u>	
Total current tax		(2,783)		757
<i>Deferred Taxation</i>				
Origination and reversal of timing Differences		10		-
		<u> </u>		<u> </u>
Tax on profit/(loss) on ordinary activities		(2,773)		757

The current tax charge for 2005 is lower (2004 higher) than the standard rate of corporation tax in the UK (30%, 2004: 30%). The differences are explained below.

AKER KVAERNER PROJECTS LIMITED

Notes (continued)

8. Taxation (continued)

	2005 £000	2004 £000
<i>Current tax reconciliation</i>		
Profit/(Loss) on ordinary activities before tax	11,801	(2740)
Current tax at 30% (2004: 30%)	(3,540)	822
<i>Effects of:</i>		
Expenses not deductible for tax purposes	(13)	(9)
Movement on provisions	-	114
Deferred tax not provided for	-	(698)
Non-taxable income	-	962
Adjustments to tax charge in respect of previous periods	71	-
Utilisation of Losses	699	-
Overseas tax paid	-	(434)
Total current tax charge (see above)	(2,783)	757

The company has no tax losses carried forward at 31 December 2005. Future profits in this company are likely to bear taxation at standard rates of Corporation Tax.

9. Investments

Shares in Subsidiaries

Cost and net book value	£000
At 1 January 2005	434
Purchase of Kvaerner Ireland Limited and Aker Kvaerner Engineering Services Limited	3,468
At 31 December 2005	<u>3,902</u>

On the 31 December 2005 the company acquired the shareholding of Aker Kvaerner Engineering Services Limited and Kvaerner (Ireland) Limited from a fellow subsidiary company at a fair value cash consideration.

In the opinion of the directors, the aggregate value of investments is not less than that shown in the balance sheet. The current trading subsidiary undertakings are as follows:

AKER KVAERNER PROJECTS LIMITED

Notes (continued)

9. Investments (continued)

	Country of Incorporation	% of ordinary share capital held
Aker Kvaerner Gulf Limited	Saudi Arabia	75
Kvaerner Construction (Stevenage) Limited	UK	100
Aker Kvaerner Engineering Services Limited	UK	100
Kvaerner (Ireland) Limited	Ireland	100

The principal activities of Aker Kvaerner Gulf Limited (which changed its name from Saudi Davy Company Limited in March 2005) and Kvaerner Construction (Stevenage) Limited are the same as the holding Company. The principal activities of Aker Kvaerner Engineering Services Limited and Kvaerner (Ireland) Limited are the provision of Engineering Services.

10. Debtors

	<u>2005</u> <u>£000</u>	<u>2004</u> <u>£000</u>
Trade debtors	23,494	17,163
Amounts recoverable on contracts	6,816	3,346
Amounts owed by group undertakings:		
- Parent and fellow subsidiary undertakings	58,207	56,794
Other debtors	5,329	3,024
Prepayments	<u>600</u>	<u>92</u>
	<u>94,446</u>	<u>80,419</u>

11. Cash at bank and in hand

Of the total cash and bank balance on the balance sheet, £25.7 million (2004: £8.6 million) are deposits held in bank sub-accounts that are part of a group pooling system. In consequence, to the extent that other Aker Kvaerner E & C Group AS companies have withdrawn amounts from the group pooling system, such amounts represent a receivable from the Aker Kvaerner E & C Group AS group.

AKER KVAERNER PROJECTS LIMITED

Notes (continued)

12. Creditors - amounts falling due within one year

	<u>2005</u> £000	<u>2004</u> £000
Payments received on account	16,547	8,224
Trade creditors	4,720	1,137
Amounts owed to group undertakings:		
- Subsidiary undertakings	-	-
- Fellow subsidiary undertakings	11,099	15,022
Overseas taxation	-	-
Other creditors, taxation and social security	7,138	3,428
Accruals and deferred income	<u>11,182</u>	<u>3,944</u>
	<u>50,686</u>	<u>31,755</u>

13. Creditors - amounts falling due after more than one year

	<u>2005</u> £000	<u>2004</u> £000
Accruals and deferred income	<u>-</u>	<u>-</u>

14. Provision for Liabilities and Charges

	<u>2005</u> £000
As at 1 January 2005	142
Created	-
Utilised during the year	-
Reclassified	-
Released to Profit and Loss Account	<u>(42)</u>
As at 31 December 2005	<u>100</u>

The provision released to the Profit and Loss Account within the year, represents a release of excess provisions in respect of an office relocation and forward losses on contracts.

AKER KVAERNER PROJECTS LIMITED

Notes (continued)

15. Dividends

	<u>2005</u> £000	<u>2004</u> £000
Equity Shares: dividends payable	<u>-</u>	<u>-</u>

16. Share capital

	<u>2005</u> £000	<u>2004</u> £000
Authorised:		
Equity: 47,250,000 ordinary shares of £1 each	<u>47,250</u>	<u>47,250</u>
Allotted, called up and fully paid:		
Equity: 47,250,000 ordinary shares of £1 each	<u>47,250</u>	<u>47,250</u>

17. Reserves

	<u>Profit and Loss Account</u> £000
As at 1 January 2005	16,754
Revaluation of reserves	256
Retained profit for the year	<u>9,028</u>
At 31 December 2005	<u>26,038</u>

18. Reconciliation of movements in shareholders' funds

	<u>2005</u> £000	<u>2004</u> £000
Retained profit/(loss) for the year	<u>9,028</u>	<u>(1,983)</u>
Revaluation of reserves	256	-
Net increase/(reduction) in shareholders' funds	9,284	(1,983)
Opening shareholders' funds	<u>64,004</u>	<u>65,987</u>
Closing shareholders' funds	<u>73,288</u>	<u>64,004</u>

AKER KVAERNER PROJECTS LIMITED

Notes (continued)

19. Contingent liabilities

Guarantees have been given in respect of the due performance of contracts. The Company is also party to claims which arise in the ordinary course of business. It is the Company's policy to provide in full where liabilities are expected to occur as a result of these guarantees and claims. It is not envisaged that any further liability will arise under the guarantees; likewise, whilst the outcome of some of the claims cannot readily be foreseen, the directors believe that those which have not been provided for will be disposed of without material effect on the Company's financial position.

20. Pensions

The company's employees are members of a Defined Contribution pension arrangement, the Aker Kvaerner Defined Contribution Pension Scheme, for which Kvaerner PLC is the Principal Employer. The assets of the Scheme are held under trust, separately from the finances of the company. Contributions are paid by the company according to the Rules of the Scheme and are charged to the profit and loss account as they become payable

21. Ultimate parent company

The Company's immediate parent company is Aker Kvaerner Europe BV.

The largest group in which the results of the Company are consolidated is that headed by The Resource Group TRG AS, incorporated in Norway. The smallest group in which they are consolidated is that headed by Aker Kvaerner E&C Group AS. The consolidated financial statements of Aker Kvaerner E&C Group AS are available to the public and may be obtained from 68 Hammersmith Road, London W14 8YW.

The Company's ultimate parent company is The Resource Group TRG AS which is incorporated in Norway. Throughout the year under review, The Resource Group TRG AS was controlled by Kjell Inge RØkke and his interests.