

TH Estates Limited

(formerly Kvaerner Estates Limited)

Financial Statements 31 December 2006
together with director's report

Registered number 551134



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TH Estates Limited
(formerly Kvaerner Estates Limited)

Director's Report

The Director present his report and the audited financial statements for the year ended 31 December 2006

Activities and prospects

The Company is a property management company. The Company provided property management services to satisfy the requirements of the former Trafalgar House and Kvaerner groups of companies. The Company has withdrawn from that activity. In the prior year and the year under review the Company has managed the disposal of remaining property assets.

The Company is a member of the TH Global group of companies which group is engaged in a work-out process. The work-out is a financial and organisational restructuring aimed at (i) achieving viable long-term solutions for its remaining businesses and (ii) resolving its outstanding disputes and liabilities, in a manner reasonably acceptable to its stakeholders.

Pursuant to the objectives and purpose of the work out described above, during the year the Directors continued to work to conclude the Company's affairs involving the disposal of onerous lease obligations and settlement of outstanding contractual liabilities. The disposals and settlements were within the levels of the provisions previously established. Following the conclusion of remaining contractual obligations it is intended that the Company will be liquidated or dissolved.

Financial statements and dividend

The financial statements of the Company appear on pages 4 to 11, inclusive.

The financial statements have been prepared on a basis other than the going concern basis.

The results for the year are set out in the profit and loss account on page 4. Retained profits of £888,013 (2005 – loss £(172,563)) have been transferred to reserves.

The Company has a deficit on its profit and loss account. Consequently, no dividend may be paid.

Change of name

On 20 March 2006 the Company changed its name from Kvaerner Estates Limited to TH Estates Limited.

Directors

The Directors who held office throughout the year were as follows:

Steffen Føreid
Rufus Laycock

Steffen Føreid resigned as a director on 31 August 2007.

Disclosure of information to auditors

The Director who holds office at the date of approval of this director's report confirms that, so far as he is aware, there is no relevant audit information of which the Company's Auditors are unaware, and he has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's Auditors are aware of that information.

Auditor

KPMG Audit Plc has signified its willingness to continue in office.

Rufus Laycock

Rufus Laycock
Director

Date 3 March 2008

Registered Office
68 Hammersmith Road
London W14 8YW

TH Estates Limited
(formerly Kvaerner Estates 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)

The financial statements are required by law to 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 the Director's Report and Note 1 of the Notes to the Financial Statements the Company is engaged in a work out process. These financial statements have been prepared on a basis other than the going concern basis

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its 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

RA

Independent auditors' report to the members of TH Estates Limited (formerly Kvaerner Estates Limited)

We have audited the financial statements of TH Estates Limited (formerly Kvaerner Estates Limited) for the year ended 31 December 2006 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have not been prepared on the going concern basis for the reason set out in note 1 to the financial statements but 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

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 2.

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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.

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 2006 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.

Emphasis of Matter – Recoverability of inter-company balances

In forming our opinion, which is not qualified, we have considered the adequacy of the disclosures made in Note 1 to the Financial Statements concerning the uncertainty in relation to the recovery of inter-company balances. The amount that might ultimately be recovered cannot presently be determined, and no provision has been made in the financial statements against the gross amount receivable.

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

6 March 2008

TH Estates Limited
(formerly Kvaerner Estates Limited)

**Profit and Loss Account for the Year Ended
31 December 2006**

	Note	Year ended 31 December 2006 £	Year ended 31 December 2005 £
Turnover	2	875,293	1,654,326
Cost of sales	3	(571,395)	(2,210,727)
Gross profit/(loss)		<u>303,898</u>	<u>(556,401)</u>
Operating expenses		<u>(180,703)</u>	<u>(308,982)</u>
Operating profit/ (loss)		123,195	(865,383)
Interest receivable and similar income	4	766,187	788,786
Interest payable and similar charges	5	(1,369)	(95,966)
Profit /(loss) on ordinary activities before taxation	6	<u>888,013</u>	<u>(172,563)</u>
Taxation – on profit on ordinary activities	7	<u>-</u>	<u>-</u>
Retained profit /(loss) for the financial year	13	<u><u>888,013</u></u>	<u><u>(172,563)</u></u>

The notes on pages 6 to 11, inclusive form part of this profit and loss account

The Company has no recognised gains or losses other than the profits for the current and prior financial years
Accordingly, a statement of total recognised gains and losses has not been prepared

The only movement in shareholders' funds is the profit for the financial year Accordingly, a statement reconciling the
movement in shareholders' funds has not been prepared

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

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TH Estates Limited
(formerly Kvaerner Estates Limited)

Balance Sheet at 31 December 2006

	Note	31 December 2006		31 December 2005	
		£	£	£	£
Current assets					
Debtors	8	29,583,808		30,948,154	
Cash at bank and in hand		<u>27,282</u>		<u>47,990</u>	
		29,611,090		30,996,144	
Creditors					
Amounts falling due within one year	9	<u>(13,960,285)</u>		<u>(14,217,354)</u>	
Net current assets and total assets less current liabilities			15,650,805		16,778,790
Provisions for liabilities and charges	11		<u>(264,682)</u>		<u>(2,280,680)</u>
Net assets			<u>15,386,123</u>		<u>14,498,110</u>
Capital and reserves					
Called up equity share capital	12		35,000,000		35,000,000
Other reserves	13		24,027,608		24,027,608
Profit and loss account - (deficit)	13		<u>(43,641,485)</u>		<u>(44,529,498)</u>
Equity shareholders' funds			<u>15,386,123</u>		<u>14,498,110</u>

The notes on pages 6 to 11, inclusive form part of this balance sheet

The financial statements were approved by the Director on 3 March 2008

Rufus Laycock

Rufus Laycock
Director

TH Estates Limited
(formerly Kvaerner Estates Limited)

Notes to accounts
31 December 2006

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

(a) **Basis of preparation**

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

The financial statements have been prepared on a basis other than the going concern basis. In the light of the position of the Company and past accounting policies, this has had no effect on the amount recognised in the financial statements nor has it impacted on the presentation of the balance sheet

The Company has withdrawn from property management activities. In the prior year and the year under review the Company has managed the disposal of remaining property assets

The Company is a member of the TH Global group of companies which group is engaged in a work-out process. The work-out is a financial and organisations restructuring aimed at (i) achieving viable long-term solutions for its remaining businesses and (ii) resolving its outstanding disputes and liabilities, in a manner reasonably acceptable to its stakeholders

During the year the Directors continued to work to conclude the Company's affairs involving the disposal of onerous lease obligations and settlement of outstanding contractual liabilities. Following the conclusion of remaining contractual obligations it is intended that the Company will be liquidated or dissolved

At the date of approval of these financial statements it is the opinion of the senior management of the TH Global Group that all of the Group's legacy issues and other external liabilities are capable of being resolved and settled out of the funds, cash flows and asset realisations available to them, based on all known factors. There is, however, uncertainty in relation to intercompany balances because of the complex web of intercompany indebtedness subsisting in the Group such that the actual recovery may be significantly less than the reported balance. No provision has been made in the Financial Statements against the amounts receivable except where a group undertaking has a net deficiency of assets. In such cases a provision is made against the lower of the net amount receivable and the deficit

(b) **Cash flow statement**

Under FRS1, the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements

(c) **Related parties**

The Company is exempt under the terms of FRS 8 from the requirement to disclose transactions with entities that are part of the Group on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements

The Company has related party relationships with directors of its ultimate and intermediate parent undertakings. No transactions took place during 2006 between the Company and these related parties

(d) **Turnover**

Turnover, which includes intra-group trading, represents rental income from properties and management fees, net of VAT, and arises wholly within the United Kingdom

TH Estates Limited
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Notes to accounts (continued)
31 December 2006

1 Accounting policies, continued

(e) Taxation

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 FRS 19. Advance corporation tax recoverable by deduction from future corporation tax is carried forward within deferred taxation or as ACT recoverable within debtors as appropriate.

(f) Leases

Rental costs under operating leases are charged to the profit and loss account in equal annual amounts over the periods of the leases.

2 Turnover – continuing operations

	Year ended 31 December 2006	Year ended 31 December 2005
Turnover represents		
Intra-group rental income	-	116,500
Other rental income	875,293	1,537,826
	<u>875,293</u>	<u>1,654,326</u>

3 Cost of sales

	Year ended 31 December 2006	Year ended 31 December 2005
	£	£
Property expenses less amounts charged against provisions	1,103,689	1,645,946
Provision against amounts receivable	-	177,081
Provisions (released)/ raised in respect of onerous leases	(532,294)	387,700
	<u>571,395</u>	<u>2,210,727</u>

4 Interest receivable and similar income

	Year ended 31 December 2006	Year ended 31 December 2005
	£	£
Interest receivable from fellow subsidiary undertaking	697,483	732,760
Bank interest	22,662	4,885
Other	46,042	27,141
Discounted provisions		
Unwinding of discount	-	24,000
	<u>766,187</u>	<u>788,786</u>

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TH Estates Limited
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Notes to accounts (continued)
31 December 2006

5. Interest payable and similar charges

	Year ended 31 December 2006 £	Year ended 31 December 2005 £
Interest payable to subsidiary undertakings	1,369	93,966
Other	-	2,000
	<u>1,369</u>	<u>95,966</u>

6 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging

	Year ended 31 December 2006 £	Year ended 31 December 2005 £
Operating lease rentals		
Land and buildings	964,996	1,650,882
Auditors' remuneration – see below	-	-

The Company had no employees during the year (2005 – none) Neither of the Directors received any emoluments from the Company during the year (2005 - £Nil)

The audit fee in respect of the statutory audit of these financial statements was £5,000 (2005 £7,000) This fee has been paid on behalf of the Company by a fellow subsidiary undertaking

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TH Estates Limited
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Notes to accounts (continued)
31 December 2006

7 Taxation – on profit/(loss) on ordinary activities

Factors affecting the current tax charge

The tax assessed for the year is lower (2005 – higher) than the standard rate of corporation tax in the UK. The differences are as follows -

	Year ended 31 December 2006 £	Year ended 31 December 2005 £
<i>UK Corporation tax</i>		
Total current tax and tax on profit on ordinary activities	-	-

Factors affecting the current tax charge

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The differences are as follows -

Profit/ (loss) on ordinary activities before taxation	888,013	(172,563)
Taxation charge/(credit) at UK Corporation Tax rate of 30% (2005 30%)	266,404	(51,769)
Effects of		
Capital allowances in excess of depreciation	(182)	(243)
Movements on provisions	189,688	-
Expenditure not deductible for tax purposes	184,919	62,933
Income sheltered by losses	(640,829)	(10,921)
Actual tax charge per accounts	-	-

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.

The TH Global plc UK tax group has brought forward tax losses estimated at £215 million and surplus ACT of approximately £192 million. There is no potential liability to deferred taxation (2005-£Nil). Due to a change in corporate tax rate announced in 2007 budget, the company will be subject to a tax rate of 28% with an effect from 1st April 2008.

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TH Estates Limited
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Notes to accounts (continued)
31 December 2006

8 Debtors

	31 December 2006 £	31 December 2005 £
Amounts falling due within one year		
Trade debtors	93,777	1,694,119
Amounts owed by parent and fellow subsidiary undertakings	29,472,443	28,779,731
Prepayments and accrued income	4,735	474,304
Taxation and social security	12,853	-
	<u>29,583,808</u>	<u>30,948,154</u>

9 Creditors

	31 December 2006 £	31 December 2005 £
Amounts falling due within one year		
Amounts owed to parent and fellow subsidiary undertakings	13,573,680	13,585,439
Other creditors	68,808	19,619
Taxation and social security	-	68,152
Accruals and deferred income	254,974	544,144
Bank overdraft – see note 10	62,823	-
	<u>13,960,285</u>	<u>14,217,354</u>

10 Bank Accounts

During the year, the TH Global group entered into a multicurrency group bank account and banking facility with DnB NOR Bank ASA of which this Company is a member. The Company has a contingent liability in terms of an undertaking given to DnB NOR Bank ASA in support of borrowings of other TH Global group companies party to this group bank account and banking facility.

The bank overdraft on the balance sheet of £62,823 is part of the Group bank account and banking facility described above.

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TH Estates Limited
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Notes to accounts (continued)
31 December 2006

11 Provisions for liabilities and charges

The provisions relate to onerous leases

	£
At 1 January 2006	2,280,680
Raised during the year	-
Utilised during the year	(1,483,704)
Released during year	(532,294)
Unwinding of discount	-
At 31 December 2006	<u>264,682</u>

12 Called up equity share capital

31 December 2006	31 December 2005
£	£

Authorised, allotted and fully paid

Ordinary shares of £1 each	<u>35,000,000</u>	<u>35,000,000</u>
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13 Reserves

	Other reserves £	Profit and loss account £
At 1 January 2006 - (deficit)	24,027,608	(44,529,498)
Profit for the financial year	-	888,013
At 31 December 2006 – (deficit)	<u>24,027,608</u>	<u>(43,641,485)</u>

Other reserves arise from the sale of business premises and, in accordance with the Company's Memorandum of Association, are non-distributable

14 Ultimate parent company and controlling interest

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

The largest and smallest group in which the results of the Company are consolidated is that headed by Medaura BV, a private company incorporated in the Netherlands. The consolidated financial statements of this group are available to the public and may be obtained from the Chamber of Commerce, Kamer van Koophandel, De Ruterkade 5, 1013 AA Amsterdam, The Netherlands

The Glacier Trust, established under the laws of Guernsey, is to be regarded as the ultimate controlling party of the Company

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