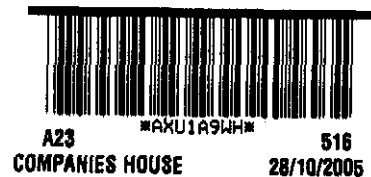


Trafalgar House Property Limited

Financial statements 31 December 2004
together with directors' and auditors' reports

Registered number: 582147



Trafalgar House Property Limited

Directors' Report

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

Principal activities and business review

The Company is an investment holding company.

At 31 December 2004, the Company purchased the entire share capital of Kvaerner E&C PLC, which company subsequently re-registered as a private company under the name Kvaerner E&C Holdings Limited, from Kvaerner PLC, a fellow subsidiary in the same group, for a consideration of £379,540,000. The consideration was left, and at the date of approval of these report and accounts still is, outstanding on intercompany loan. Kvaerner E&C Holdings Limited is an investment holding company. Immediately following the acquisition the Company invested £60,000,000 in additional equity of Kvaerner E&C Holdings Limited.

Financial statements and dividend

The financial statements of the Company appear on pages 3 to 12 inclusive.

The result for the year is set out in the profit and loss account on page 3. Retained profits of £19,314,063 (2003 - £2,070,559) have been transferred to reserves.

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

Share capital

On 31 December 2004, the Company issued 1,015,000,000 Ordinary Shares of 20p each credited as fully paid to its immediate parent company.

Directors

The current Directors are listed below.

Steffen Føreid
Rufus Laycock

On 21 December 2004, Finn Fosse resigned from the Board upon his retirement from the Kvaerner Group and Steffen Føreid was appointed a Director in his place.

Directors' interests

No Director has, or during the year had, or at the time he became a director, any interest in the shares of the Company or any other company within the same group to be disclosed in terms of the Companies Act 1985.

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 re-appoint its auditor annually and KPMG Audit Plc is, therefore, deemed re-appointed as auditor for the succeeding year.

Trafalgar House Property Limited

Directors' Report (continued)

Subsequent Event - Change in Ultimate Controlling Party

At 31 December and until 1 April 2005, the Company was a member of the Kvaerner ASA Group of companies (being the group of companies headed by Kvaerner ASA). The Company's immediate parent company was, and still is, Trafalgar House Property (Holdings) Limited, which company is an indirect subsidiary of Kvaerner PLC. At 1 April 2005, a management buy-out of certain assets and liabilities of Kvaerner ASA, including the shares of Kvaerner PLC took place with consequential change in the ultimate parent company and ultimate controlling party of the Company (see Note 13 for details of the Company's ultimate controlling party at the date of approval of these report and accounts).

By order of the Board,

Rufus Laycock

Rufus Laycock
Secretary

Date: 26th October 2005

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 as at the end of the financial year and of the profit or loss of the Company for that year. 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.

Report of the independent auditors to the members of Trafalgar House Property Limited

We have audited the financial statements on pages 3 to 12.

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 opinion we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 1 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 audit opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

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

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

20 October 2005

Trafalgar House Property Limited

Profit And Loss Account for the Year Ended 31 December 2004

	Note	Year ended 31 December 2004 £	Year ended 31 December 2003 £
Turnover			
Continuing operations		-	-
Net operating expenses	2	20,641,835	4,594,427
Operating profit – continuing operations		<u>20,641,835</u>	<u>4,594,427</u>
Interest receivable and similar income	3	12,666,601	10,133,254
Interest payable and similar charges	4	<u>(15,627,131)</u>	<u>(12,657,122)</u>
Profit on ordinary activities before taxation	5	17,681,305	2,070,559
Taxation - on profit on ordinary activities	6	<u>-</u>	<u>-</u>
Profit on ordinary activities after taxation		17,681,305	2,070,559
Income from shares in group undertakings		<u>1,632,758</u>	<u>-</u>
Retained profit for the financial year	12	<u><u>19,314,063</u></u>	<u><u>2,070,559</u></u>

The notes on pages 5 to 12 inclusive form part of this profit and loss account.

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

Trafalgar House Property Limited

Balance Sheet at 31 December 2004

	Note	31 December 2004		31 December 2003	
		£	£	£	£
Fixed assets					
Investments	7		722,613,373		262,306,545
Current assets					
Debtors	8	503,021,469		410,256,417	
Cash at bank and in hand	9	<u>425,659</u>		<u>125,266</u>	
		<u>503,447,128</u>		<u>410,381,683</u>	
Creditors: Amounts falling due within one year:					
Amount owed to intermediate parent					
Undertaking		(381,885,617)		(2,345,617)	
Amounts owed to subsidiary					
undertakings		(340,970,967)		(266,985,883)	
Amounts owed to fellow subsidiary					
undertakings		(118,548,714)		(241,210,894)	
Accruals and deferred income		(275,313)		(275,313)	
Other		<u>(70,313)</u>		<u>-</u>	
		<u>(841,750,924)</u>		<u>(510,817,707)</u>	
Net current liabilities			<u>(338,303,796)</u>		<u>(100,436,024)</u>
Total assets less current liabilities			384,309,577		161,870,521
Provisions for liabilities and charges	10		<u>(27,607,588)</u>		<u>(27,482,595)</u>
Net assets			<u>356,701,989</u>		<u>134,387,926</u>
Capital and reserves					
Called up equity share capital	11		638,130,000		435,130,000
Profit and loss account - (deficit)	12		<u>(281,428,011)</u>		<u>(300,742,074)</u>
Equity shareholders' funds			<u>356,701,989</u>		<u>134,387,926</u>

The notes on pages 5 to 12 inclusive form part of this balance sheet.

The financial statements were approved by the Board of Directors on 20th October 2005 and signed on its behalf by:

Rufus Laycock

R. Laycock
Director

Trafalgar House Property Limited

Reconciliation Of Movements In Shareholders' Funds

For The Year Ended

31 December 2004

	Year ended 31 December 2004 £	Year ended 31 December 2003 £
Profit for the financial period attributable to shareholders of the company	19,314,063	2,070,559
Share capital subscribed	<u>203,000,000</u>	<u>-</u>
Net addition to shareholders' funds	222,314,063	2,070,559
Opening shareholders' funds	<u>134,387,926</u>	<u>132,317,367</u>
Closing shareholders' funds	<u>356,701,989</u>	<u>134,387,926</u>

Notes to accounts
31 December 2004

1. Accounting policies

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

(a) Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules, modified for the revaluation of certain fixed assets.

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

(b) Cash flow statement

The Company has taken advantage of the exemption under the rules of FRS1 (revised) not to produce a cash flow statement. The appropriate amounts have been included in the consolidated financial statements for the year ended 31 December 2004 of Kvaerner ASA, which consolidated financial statements can be obtained from the address given in note 13.

(c) Related parties

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 13.

(d) 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.

(e) Fixed asset investments

Shares in subsidiary undertakings are stated at the lower of cost and net asset value prior to provisions for any net liabilities.

Shares in associated undertakings are stated at the Company's share of their net asset value. Other investments are stated at cost less amounts written off.

Notes to accounts (continued)
31 December 2004

2. Net operating expenses

Included in net operating expenses are items relating to:

	Year ended 31 December 2004 £	Year ended 31 December 2003 £
Reversal of amounts written off investments in prior periods	20,766,828	5,201,424
Provision for losses of subsidiary undertakings	(125,000)	(607,000)
Provision for losses of associated undertakings not required	7	3

3. Interest receivable and similar income

	Year ended 31 December 2004 £	Year ended 31 December 2003 £
Amount derived from group undertaking	12,539,312	10,130,190
Other	127,289	3,064
	<u>12,666,601</u>	<u>10,133,254</u>

4. Interest payable and similar charges

	Year ended 31 December 2004 £	Year ended 31 December 2003 £
Interest payable to subsidiary undertakings	15,627,131	4,689,049
Interest payable to fellow group undertakings	-	7,968,073
	<u>15,627,131</u>	<u>12,657,122</u>

5. Profit on ordinary activities before taxation

There were no employees of the Company during the year (2003 - Nil). Administration expenses and auditors remuneration were borne by Kvaerner Estates Limited, a subsidiary undertaking.

No Director received any emoluments from the Company during the year (2003 - £Nil).

Trafalgar House Property Limited

Notes to accounts (continued) 31 December 2004

6. Taxation - on profit on ordinary activities

Factors affecting the current tax charge

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

	Year ended 31 December 2004 £	Year ended 31 December 2003 £
Profit on ordinary activities before taxation	19,314,063	2,070,559
Taxation charge at UK Corporation Tax rate of 30% (2003:30%)	5,794,219	621,168
Effects of		
Group relief for which no payment is made	888,159	757,160
Non - taxable income	(6,682,378)	(1,378,328)
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 Kvaerner PLC UK tax group has brought forward tax losses estimated at £230M and surplus Advance Corporation Tax of approximately £192M.

There is no potential liability to deferred taxation (2003 - £Nil).

Trafalgar House Property Limited

Notes to accounts (continued) 31 December 2004

7. Fixed assets - Investments

	31 December 2004 £	31 December 2003 £
Shares in subsidiary undertakings	722,613,371	262,306,543
Shares in associated undertakings	<u>2</u>	<u>2</u>
	<u>722,613,373</u>	<u>262,306,545</u>

Subsidiary undertakings:

£

At 1 January 2004 (cost £436,504,305)	262,306,543
Additions during the year	439,540,000
Reversal of amounts written off investments in prior periods	<u>20,766,828</u>
At 31 December 2004 (cost £876,044,305)	<u>722,613,371</u>

Investments in subsidiary undertakings are stated at the lower of cost and net asset value prior to provisions for any net liabilities (Note 10).

The value of the investment in subsidiary undertakings based on the equity method of valuation is £801,146,760 (2003 - £323,803,836).

Main subsidiaries

These subsidiary undertakings are, unless otherwise stated, wholly-owned, incorporated in Great Britain and carry on their activities in the country of incorporation. Particulars of other subsidiaries and associated undertakings which are either not material or dormant will be included in the forthcoming Annual Return.

	Activity
Kvaerner E&C Holdings Limited	Investment holding company
Kvaerner Estates Limited	Real estate
*Kvaerner Services Limited	Investment holding company and administration services

Trafalgar House Property Limited

Notes to accounts (continued) 31 December 2004

8. Debtors

	31 December 2004 £	31 December 2003 £
Amounts falling due within one year:		
Amount owed by immediate parent undertaking	172,871,309	47,057,943
Amounts owed by subsidiary undertakings	309,647,023	1,795,815
Amounts owed by fellow subsidiary undertakings	-	340,899,368
Amounts owed by associated undertakings	20,496,381	20,496,381
Prepayments and accrued income	-	154
Taxation and social security	6,756	6,756
	<u>503,021,469</u>	<u>410,256,417</u>

9. Cash at bank and in hand

The cash and bank balance are deposits held in bank sub-accounts that are part of a group pooling system. Other Kvaerner Group companies may have withdrawn amounts deposited on such bank sub-accounts, such that the net balance on the accounts may be less than the reported balance. The bank has at any time a right of set-off in respect of any debit balance on any sub-account, towards satisfaction of any credit balance on other sub-accounts, in which case any debit balance represents a receivable from the Kvaerner Group and any credit balance represents borrowings from the Kvaerner Group.

10. Provisions for liabilities and charges

	£
At 1 January 2004	27,482,595
Provisions for deficiencies of assets of subsidiary and associated undertakings	<u>124,993</u>
At 31 December 2004	<u>27,607,588</u>

Analysis:

Provision for deficiency of assets of subsidiary undertakings	7,112,779
Provision for deficiency of assets of associated undertakings	<u>20,494,809</u>
	<u>27,607,588</u>

Trafalgar House Property Limited

Notes to accounts (continued) 31 December 2004

11. Called up equity share capital

	Authorised		Allotted and Fully Paid	
	31 December 2004	31 December 2003	31 December 2004	31 December 2003
	£	£	£	£
3,190,650,000 (2003 - 2,175,650,000) ordinary shares of 20p each	<u>638,130,000</u>	<u>435,130,000</u>	<u>638,130,000</u>	<u>435,130,000</u>

On 31 December 2004 the authorised share capital of the Company was increased from 435,130,000 to 638,130,000 by the creation of an additional 1,015,000,000 Ordinary Shares of 20p each. The new Ordinary Shares were allotted to the members of the Company at par in proportion to their existing holdings to provide additional working capital.

12. Reserves

	Profit and Loss Account
	£
At 1 January 2004 - (deficit)	(300,742,074)
Retained profit for the financial year	<u>19,314,063</u>
At 31 December 2004 - (deficit)	<u>(281,428,011)</u>

13. Ultimate parent company and parent undertaking of larger group of which the Company is a member

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

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

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

The consolidated financial statements of Kvaerner ASA are available to the public and may be obtained from www.kvaerner.no or by contacting Kvaerner PLC at 68 Hammersmith Road, London W14 8YW.

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

Post balance sheet event

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