

Company Registration No 932159

TH GROUP SERVICES LIMITED (formerly Kvaerner Services Limited)

**REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2005**

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TH GROUP SERVICES LIMITED

DIRECTORS' REPORT

The Directors present their report and the audited financial statements for the year ended 31 December 2005

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Company is a provider of administrative services to other companies within the same group and is an investment holding company. The Company and its subsidiaries are members of the TH Global group of companies.

The TH Global group of companies is engaged in a work out process. The Group's activities relate to the management of a portfolio of a small number of operational businesses and minority shareholdings and significant liabilities and costs related to historic issues, such as historic contractual liabilities, environmental liabilities, legal disputes, industrial injury claims, future liabilities under property leases and sundry other liabilities. The objective of the work out is to manage its operations, sell/realise remaining assets and settle legacy issues and liabilities in a manner reasonably satisfactory to all stakeholders.

During the year the Company disposed of its investment in Jo Sypress Shipping CV to its partner in that company.

During the year the Company provided for impairment in value of subsidiaries in an amount of £7,323,773.

CHANGE OF NAME

On 20 March 2006, the Company changed its name to TH Group Services Limited.

FINANCIAL STATEMENTS AND DIVIDEND

The financial statements of the Company appear on pages 6 to 13, inclusive.

The Directors do not recommend the payment of a final dividend in respect of the year ended 31 December 2005 (2004: £Nil).

DIRECTORS

The current Directors are listed below:

Steffen Føreid
Rufus Laycock
Runar Nilsen

Richard Brown was appointed a Director on 23 June 2006 and subsequently resigned on 8 August 2006. Steffen Føreid and Runar Nilsen were appointed Directors on 23 June 2006. Nigel Williams resigned as Director on 23 June 2006.

DIRECTORS' INTERESTS

No Director had an interest in the shares of the Company or any other company within the same group either during or at the end of the year.

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TH GROUP SERVICES LIMITED

DIRECTORS' REPORT, continued

POLICY AND PRACTICE ON PAYMENT OF CREDITORS

Statutory Regulations issued under the Companies Act 1985 require the Company to make a statement of its policy and practice on the payment of trade creditors. It is the Company's policy that payments to suppliers are made in accordance with agreed terms and in accordance with its contractual and other legal obligations, provided that the supplier is also complying with all relevant terms and conditions. The average creditor payment period during 2005 was 21 days (2004 21 days).

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 as auditor for the succeeding year.

CHANGE OF ULTIMATE PARENT COMPANY AND ULTIMATE CONTROLLING PARTY

At 31 December 2004 and until 1 April 2005, the Company was a member of the Kvaerner ASA group of companies. The Company's immediate parent was, and still is, Kvaerner E&C Holdings Limited, which company is an indirect subsidiary of TH Global plc. At 1 April 2005, a management buy-out of certain assets and liabilities of Kvaerner ASA, including the shares of TH Global plc, took place with consequential change in the ultimate parent company and ultimate controlling party of the Company.

POST BALANCE SHEET EVENTS

The Company disposed of its investments in Fitzgeorge Limited, Fitzgeorge 1 Limited, Fitzgeorge 2 Limited, Fitzgeorge 3 Limited, Fitzgeorge 4 Limited, Fitzgeorge June (1) Limited, Fitzgeorge September (2) Limited and Fitzgeorge December (5) Limited to a third party. Prior to the disposal, the Company received dividends totalling £11,800,000 from these companies.

The Company disposed of its investment in Clavis Maris Finlandiae Oy to a fellow subsidiary.

The Kvaerner Pension Fund assumed all rights and obligations relating to the Permanent Disability Scheme in consideration of a payment of £512,596 from the Company.

The Company was a party to certain transactions in connection with an agreement reached between TH Global plc and the Trustee of the Kvaerner Pension Fund (KPF) related to the funding of the KPF. In that context the Company disposed of its investment in Rosenberg Verft AS to a third party and acquired certain assets from a fellow subsidiary.

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TH GROUP SERVICES LIMITED

DIRECTORS' REPORT, continued

POST BALANCE SHEET EVENTS, continued

TH Global plc, the issuer of 10 7/8 per cent Bonds due 2014, of which Bonds the Company owns £52.9 million in principal amount pursuant to the terms of a subordination trust, initiated a process to repurchase any and all outstanding externally held 2014 Bonds. At the date of this report, TH Global plc has not reached final agreement with the external holders of 2014 Bonds in respect of its offer to purchase. In its latest offer, TH Global plc offered to purchase all outstanding external 2014 Bonds including unmatured coupons and accrued interest for a consideration of £0.782 for each £1 face value of the externally held Bonds. In these circumstances where TH Global plc is seeking to repurchase the external 2014 Bonds for a consideration less than the face value of the Bonds, the Company has provided for a permanent diminution in value of its holding of the 2014 Bonds and the amount included in these financial statements in respect of its holding has been reduced accordingly.

By order of the Board,

Rufus Laycock

Rufus Laycock
Secretary

Date 23 March 2007

Registered Office
68 Hammersmith Road,
London W14 8YW

TH GROUP SERVICES LIMITED (formerly Kvaerner Services 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.

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 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 reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

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

We have audited the financial statements of TH Group Services 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.

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 loss 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

3 April 2007

TH GROUP SERVICES LIMITED (formerly Kvaerner Services Limited)

Profit and Loss Account for the year ended 31 December 2005

	Notes	2005 £	2004 £
Turnover	2	6,228,167	7,027,137
Cost of sales		<u>(8,618,033)</u>	<u>(8,124,729)</u>
Gross loss		(2,389,866)	(1,097,592)
Amounts written off owed by fellow subsidiary undertakings	3 & 18	(52,860,000)	-
Provision for impairment against investments in subsidiaries	7	(8,975,197)	(7,323,773)
Provisions for impairment against investments in associates	7	<u>(249,000)</u>	-
Operating loss		(64,474,063)	(8,421,365)
Interest receivable and similar income	3	20,310,770	31,609,172
Interest payable and similar charges	3	<u>(24,968,469)</u>	<u>(12,545,730)</u>
(Loss)/profit on ordinary activities before taxation	3	(69,131,762)	10,642,077
Tax on profit on ordinary activities	4	-	-
(Loss)/profit for the financial year transferred to/from reserves	13	<u>(69,131,762)</u>	<u>10,642,077</u>

All activities of the company are continuing operations

The company has no recognised gains or losses other than the loss for the year and the profit for the previous year. Accordingly, a statement of total recognised gains and losses has not been prepared.

There is no difference between the (loss)/profit on ordinary activities before taxation and the retained (loss)/profit for the year stated above and their historical cost equivalents.

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Balance Sheet at 31 December 2005

	Notes	2005 £	2004 £
FIXED ASSETS			
Investments	7	<u>238,976,139</u>	<u>248,240,799</u>
CURRENT ASSETS			
Stocks	8	-	151
Debtors	9	341,980,702	374,439,330
Cash at bank and in hand		<u>5,772,051</u>	<u>8,827,228</u>
		<u>347,752,753</u>	<u>383,266,709</u>
CREDITORS			
AMOUNTS FALLING DUE WITHIN ONE YEAR	10	<u>(542,134,450)</u>	<u>(517,426,304)</u>
NET CURRENT LIABILITIES		<u>(194,381,697)</u>	<u>(134,159,595)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>44,594,442</u>	<u>114,081,204</u>
PROVISIONS FOR LIABILITIES AND CHARGES	11	<u>(2,100,000)</u>	<u>(2,455,000)</u>
NET ASSETS		<u>42,494,442</u>	<u>111,626,204</u>
CAPITAL AND RESERVES			
Called up share capital	12	100,000,000	100,000,000
Profit and loss account	13	(57,505,558)	11,626,204
EQUITY SHAREHOLDERS' FUNDS	14	<u>42,494,442</u>	<u>111,626,204</u>

These financial statements were approved by the Board of Directors on 23 March 2007 and signed on its behalf by

Rufus Laycock
Rufus Laycock
Director

TH GROUP SERVICES LIMITED (formerly Kvaerner Services 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

The following accounting policies have been applied consistently in dealing with

In these financial statements the following new standards have been adopted for the first time

- FRS 21 'Events after the balance sheet date',
the presentation requirements of FRS 25 'Financial instruments presentation and disclosure', and
FRS 28 'Corresponding amounts'

The accounting policies under these new standards are set out below together with an indication of the effects of their adoption. FRS 28 'Corresponding amounts' has had no material effect as it imposes the same requirements for comparatives as hitherto required by the Companies Act 1985

The adoption of FRS 21 and FRS 25 has not had a material effect on the current year or prior year financial statements

(a) Accounting convention

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

(b) Basis of preparation

The company is exempt by virtue of section 228 of the Companies Act 1985 from the requirement to prepare group financial statements

(c) Cash flow statement and related party transactions

The company has taken advantage of the exemption under the rules of FRS 1 not to produce a cash flow statement, and the exemption under the rules of FRS 8 not to disclose related party transactions with members of the same group on the grounds that the Company is included in the consolidated financial statements of a parent undertaking which accounts are publicly available

(d) Turnover

Turnover, which includes inter company trading, represents management fees and service charges, and arises within the United Kingdom, Europe and North America

(e) Leased assets

All leases are operating leases and the annual rentals are charged wholly to the profit and loss account

(f) Fixed asset investments

Shares in subsidiary and associate undertakings are stated at cost, less any amounts written off

(g) Stocks

Stocks have been valued at the lower of cost and net realisable value

(h) Pensions

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

The Company ceased to participate in a Group pension scheme providing benefits based on final pensionable salary on 1 May 2004 following the transfer of participating employees to fellow subsidiary undertakings. At 31 December 2003, the Company transferred its employees to fellow subsidiary undertakings as part of an extensive restructuring of the Kvaerner ASA group. A small number of employees who were members of the Permanent Disability Scheme remained employed by the company until 1 May 2004 when they also transferred their employment to a fellow subsidiary.

The assets of the scheme are held separately from those of the company. Contributions to the scheme were charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the Group.

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Notes to the financial statements

1 Accounting policies (continued)

(i) Taxation

The charge for taxation is based on the profit 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

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

2 Analysis of turnover

	2005 £	2004 £
By geographical area		
Australasia	-	72,707
North America	-	365,627
Europe - EC	-	34,548
United Kingdom	4,273,989	4,044,956
Norway	1,954,178	2,509,299
	<u>6,228,167</u>	<u>7,027,137</u>
By class of business		
Continuing operations		
Management fees and service charges	6,228,167	7,027,137
	<u>6,228,167</u>	<u>7,027,137</u>

3a (Loss)/profit on ordinary activities before taxation

	2005 £	2004 £
(Loss)/profit on ordinary activities before taxation is stated after charging/(crediting)		
Auditors' remuneration		
Audit fees - for Kvaerner Services Limited and other group undertakings	269,100	200,000
Other - amounts paid to auditors	-	62,800
PDS liability (note 12)	192,469	245,959
Amounts owed by fellow subsidiary undertakings written down (3b below)	52,860,000	-
Impairment of investments in subsidiaries	8,975,197	7,323,773
Impairment of investments in associates	249,000	-
Interest paid to group companies	24,793,517	12,343,931
PDS interest	174,952	201,799
	<u>24,968,469</u>	<u>12,545,730</u>
Interest received from bank	204,294	376,885
Interest received from group companies	20,106,476	31,232,287
	<u>20,310,770</u>	<u>31,609,172</u>

3b Amounts owed by fellow subsidiary undertakings written down

As explained in note 18, TH Global plc has offered to purchase all outstanding externally owned 2014 Bonds, including unmatured coupons and accrued interest, for a consideration of less than face value. In these circumstances, the Company has provided for a permanent diminution in value of its holding of the 2014 Bonds equal to the face value of the Bonds owned. This amounts to a loss of £52,860,000 in the year.

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Notes to the financial statements

4 Tax on profit on ordinary activities

There is no charge to corporation tax on the profit for the year (2004 £nil) There is no liability to deferred tax at 31 December 2005 (2004 £nil)

Factors affecting the current tax charge

The tax assessed for the year is higher (2004 lower) than the standard rate of corporation tax in the UK

The differences are as follows,-

	2005 £	2004 £
(Loss)/profit on ordinary activities before taxation	(69,131,762)	10,642,077
Taxation charge at UK Corporation rate of 30% (2003 30%)	(20,739,529)	3,192,623
Effects of		
Group relief for which no payment is made	2,154,176	(5,371,718)
Capital allowances in excess of depreciation	(44,783)	(60,611)
Expenditure not deductible for tax	18,630,136	2,239,706
	<u>-</u>	<u>-</u>

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 tax group has brought forward tax losses estimated at £230 million and surplus Advance Corporation Tax of approximately £192 million There is no potential liability to deferred taxation (2004 - £NIL)

5 Staff numbers and costs

	2005 Number	2004 Number
The average number of employees, all of whom were engaged in the United Kingdom on the company's principal activity		
Directly employed personnel	16	12
Agency personnel	40	45
Total management and administration (includes agency personnel)	<u>56</u>	<u>57</u>
	2005 £	2004 £
Staff costs for directly employed personnel		
Wages and salaries	731,821	552,701
Social security costs	83,398	62,304
Other pension costs (note 16)	14,949	29,460
	<u>830,168</u>	<u>644,465</u>

6 Directors' remuneration

	2005 Number	2004 Number
Pensions		
The number of directors who were members of pension schemes was		
Defined benefit scheme	-	2

None of the directors received any remuneration for their services to the company during the year (2004 £nil)

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TH GROUP SERVICES LIMITED (formerly Kvaerner Services Limited)

Notes to the financial statements

7 Fixed assets investments

	Shares in subsidiary undertakings £	Shares in associate undertakings £	Total shares in subsidiaries and associate undertakings £
Cost			
At 1 January 2005	248,490,572	7,074,000	255,564,572
Additions	-	333,537	333,537
Disposals	(374,000)		(374,000)
At 31 December 2005	<u>248,116,572</u>	<u>7,407,537</u>	<u>255,524,109</u>
Impairment			
At 1 January 2005 bt fwd	(7,323,773)	-	(7,323,773)
Impairment for the year 2005	(8,975,197)	(249,000)	(9,224,197)
At 31 December 2005 c fwd	<u>(16,298,970)</u>	<u>(249,000)</u>	<u>(16,547,970)</u>
Net book value at 1 January 2005	<u>241,166,799</u>	<u>7,074,000</u>	<u>248,240,799</u>
Net book value at 31 December 2005	<u>231,817,602</u>	<u>7,158,537</u>	<u>238,976,139</u>

The Company has provided for impairment in the value of subsidiaries in an aggregate amount of £16,298,970

The Company has also provided for impairment in the value of associates in an aggregate amount of £249,000

In the opinion of the directors, the aggregate value of investments is not less than that shown in the balance sheet

The following subsidiary undertakings are wholly owned (ordinary share capital)

	Country of incorporation	Nature of Business
Dearbridge Limited	England and Wales	Not trading
The Direct Spanish Telegraph Company Limited	England and Wales	Not trading
Fitzgeorge Limited	England and Wales	Not trading *
Fitzgeorge 1 Limited	England and Wales	Not trading *
Fitzgeorge 2 Limited	England and Wales	Not trading *
Fitzgeorge 4 Limited	England and Wales	Not trading *
Fitzgeorge June (1) Limited	England and Wales	Leasing *
Fitzgeorge September (2) Limited	England and Wales	Leasing *
Fitzgeorge December (5) Limited	England and Wales	Leasing *
Kazan Engineering Limited (in members' voluntary liquidation)	England and Wales	Dissolved subsequent to the year end
Kvaerner Pensions Investment Management Limited	England and Wales	Investment management
Thos and Jno Brocklebank Limited	England and Wales	Not trading
Clavis Maris Finlandiae Oy	Finland	Not trading *
Kvaerner Energy AS	Norway	Not trading
Kvaerner International Pte Limited	Singapore	Not trading
Kvaerner Kenny Limited	England and Wales	Not trading
Kvaerner Oil & Gas AS	Norway	Not trading
Kvaerner Pte Limited	Singapore	Not trading
Kvaerner Pulping AS	Norway	Not trading
Kvaerner Ulsteinvik AS	Norway	Not trading
Kvaerner Yards ASA	Norway	Not trading
Fitzgeorge 3 Limited	Scotland	Not trading *
Kvaerner National Limited	Scotland	Dissolved subsequent to the year end
Associated companies		
Buøy Invest AS (30% owned)	Norway	Real estate
Express Ferries Limited (21% owned)	Guernsey	Passenger ferries
Jo Syress Shipping CV (49% owned)	Netherlands	Ownership /operation of liquid product tanker *
Kvaerner Rosenberg Verft AS (23 2% owned)	Norway	Real estate *
AS Nordic Jetline (20% owned)	Estonia	Passenger ferries
Nordic Jetline Oy (20% owned)	Finland	Passenger ferries

Kvaerner Water Systems AS was disposed of in May 2005

During the year the Company increased its shareholding in Kvaerner Rosenberg Verft AS to 23 2%

* These companies have been sold subsequent to the year end

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TH GROUP SERVICES LIMITED (formerly Kvaerner Services Limited)

Notes to the financial statements

8 Stocks

	2005	2004
	£	£
Stock of consumables	-	151

9 Debtors

	2005	2004
	£	£
Amounts falling due within one year		
Trade debtors	154,016	26,634
Amount owed by ultimate parent undertaking	-	1,358,318
Amounts owed by subsidiary undertakings	162,847	250,459
Amounts owed by fellow subsidiary undertakings	339,055,167	370,283,624
Other debtors	2,186,039	1,989,866
Prepayments and accrued income	422,633	530,429
	<u>341,980,702</u>	<u>374,439,330</u>

10 Creditors amounts falling due within one year

	2005	2004
	£	£
Trade creditors	597,024	290,298
Amounts owed to immediate parent	250,141,195	236,499,933
Amounts owed to subsidiary undertakings	305,679	305,679
Amounts owed to fellow subsidiary undertakings	287,571,949	277,491,105
Other taxes and social security	47,932	10,001
Other creditors	1,876,004	1,513,928
Accruals and deferred income	1,594,667	1,315,360
	<u>542,134,450</u>	<u>517,426,304</u>

11 Provisions for liabilities and charges

	£
At 1 January 2005	2,455,000
Transfer to profit and loss account	192,469
Expenditure	(547,469)
At 31 December 2005	<u>2,100,000</u>

On 31 December 1995, in consideration for a payment of £7,846,378, the company assumed all the rights and obligations relating to the permanent disability insurance policy operated by the company in connection with the Permanent Disability Scheme for employees of the then Trafalgar House Group. The scheme is restricted to employees whose employment commenced on or before 31 December 1995. As described in note 1(h), all employees who were members of the Permanent Disability Scheme transferred their employment to a fellow subsidiary undertaking on 1 May 2005.

The liability at 31 December 2005 is based on an independent assessment provided by Lane, Clark & Peacock, actuaries, of the present value of the future payments of claims for current claimants and admitted potential claimants under the scheme. In August 2006 the Kvaerner Pension Fund assumed all the rights and obligations relating to the Permanent Disability Scheme in consideration for a payment of £512,596 from the company.

12 Share capital

	2005
	£
Authorised	
100,000,000 ordinary shares of £1 each	<u>100,000,000</u>
Allotted, called up and fully paid	
100,000,000 ordinary shares of £1 each	<u>100,000,000</u>

13 Reserves

	Profit and loss account £
At 1 January 2005	11,626,204
(Loss)/profit for the year transferred to reserves	(69,131,762)
At 31 December 2005	<u>(57,505,558)</u>

TH GROUP SERVICES LIMITED (formerly Kvaerner Services Limited)

Notes to the financial statements

14 Reconciliation of movement in shareholders' funds

	2005
	£
Opening shareholders' funds	111,626,204
(Loss) for the year added to shareholders' funds	(69,131,762)
Closing shareholders' funds	<u>42,494,442</u>

15 Pensions

The company's employees at 31 December 2005 are members of a defined contribution pension scheme operated by the TH Global PLC Group

As explained in Note 1(h), the company ceased to participate in the defined benefit scheme at 1 May 2004

In terms of the defined benefit and defined contributions schemes contributions are paid by the company and by employees. The assets of the schemes are held in trustee administered funds separate from the finances of the Group

The company's contributions are based on the expected cost of pensions across the TH Global PLC Group as a whole and are charged to the profit and loss account so as to spread the cost of pensions over the service lives of employees within Group schemes. Details of the actuarial valuation of the Group schemes are included in the report and financial statements of TH Global PLC

The pension charge in the period represents contributions payable by the Company to the schemes and amounted to £nil (2004 £608,408) in respect of the defined benefit scheme and £16,357 (2004 £74,219) in respect of the defined contribution schemes

Contributions amounting to £1,765 (2004 £1,150) in respect of the defined contribution schemes were payable at the year end and were included within creditors

16 Contingent Liability

Of the total cash and bank balance on the balance sheet, £5,772,051 are deposits held in bank sub-accounts that are part of a group pooling system. Other TH Global 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 TH Global group and any credit balance represents borrowings

17 Ultimate parent company and controlling party

The immediate parent company is Kvaerner E&C Holdings Limited (formerly Kvaerner E&C PLC), incorporated in England and Wales

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

The largest 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 Medaura BV available to the public and may be obtained from the Chamber of Commerce, Kamer van Koophandel, De Ruterkade 5, 1013 AA Amsterdam, The Netherlands or from the Company at 68 Hammersmith Road, London W14 8YW

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

18 Post balance sheet event

The Company disposed of its investments in Fitzgeorge Limited, Fitzgeorge 1 Limited, Fitzgeorge 2 Limited, Fitzgeorge 3 Limited, Fitzgeorge 4 Limited, Fitzgeorge June (1) Limited, Fitzgeorge September (2) Limited and Fitzgeorge December (5) Limited to a third party. Prior to the disposal, the Company received dividends totalling £11,800,000 from these companies

The Company disposed of its investment in Clavis Maris Finlandiae Oy to a fellow subsidiary

The Kvaerner Pension Fund assumed all rights and obligations relating to the Permanent Disability Scheme in consideration of a payment of £512,596 from the Company

The Company was a party to certain transactions in connection with an agreement reached between TH Global plc and the Trustee of the Kvaerner Pension Fund (KPF) related to the funding of the KPF. In that context the Company disposed of its investment in Rosenberg Verft AS to a third party and acquired certain assets from a fellow subsidiary

TH Global plc, the issuer of 10 7/8 per cent Bonds due 2014, of which Bonds the Company owns £52.9 million in principal amount pursuant to the terms of a subordination trust, initiated a process to repurchase any and all outstanding externally held 2014 Bonds. At the date of this report, TH Global plc has not reached final agreement with the external holders of 2014 Bonds in respect of its offer to purchase. In its latest offer, TH Global plc offered to purchase all outstanding external 2014 Bonds including unmatured coupons and accrued interest for a consideration of £0.782 for each £1 face value of the externally held Bonds. In these circumstances where TH Global plc is seeking to repurchase the external 2014 Bonds for a consideration less than the face value of the Bonds, the Company has provided for a permanent diminution in value of its holding of the 2014 Bonds and the amount included in these financial statements in respect of its holding has been