

Trafalgar House Property (Holdings) Limited

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

Registered number: 1414523



Trafalgar House Property (Holdings) 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.

During the year the Company invested the sum of £203,000,000 in addition equity of its subsidiary, Trafalgar House Property Limited.

Financial statements and dividend

The financial statements of the Company appear on pages 3 to 9, inclusive.

The result for the year is set out in the profit and loss account on page 3. Retained profits of £35,008,268 (2003 - loss £1,091,974) have been transferred to reserves.

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

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 had, any interest in the shares of the Company or any other company within the same group to be disclosed in accordance with 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

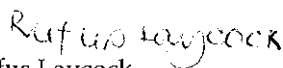
KPMG Audit Plc has signified its willingness to continue in office.

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.

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, One Berkeley Street Limited, which company is a direct 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 11 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
Secretary

Date: 20th 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 period which give a true and fair view of the state of affairs of the Company as at the end of the financial period and of the profit or loss of the Company for that period. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 (Holdings) Limited

We have audited the financial statements on pages 3 to 9.

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.

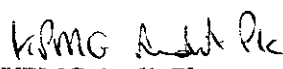
Basis of audit opinion

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
Chartered Accountants
Registered Auditor
8 Salisbury Square
London
EC4Y 8BB

20 October 2005

Trafalgar House Property (Holdings) Limited

Profit And Loss Account for the Year Ended 31 December 2004

	Note	Year ended 31 December 2004 £	Year ended 31 December 2003 £
Amounts written off investments	6	(42,179,988)	(1,093,358)
Interest receivable and similar income	2	1,698	1,448
Interest payable and similar charges	3	(76)	(64)
Income from shares in group undertakings		<u>77,186,634</u>	<u>-</u>
Profit/(loss) on ordinary activities before taxation	4	35,008,268	(1,091,974)
Taxation - on profit/(loss) on ordinary activities	5	<u>-</u>	<u>-</u>
Retained profit/(loss) for the financial year	10	<u><u>35,008,268</u></u>	<u><u>(1,091,974)</u></u>

The notes on pages 5 to 9 inclusive form part of this profit and loss account.

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

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

Trafalgar House Property (Holdings) Limited

Balance Sheet at 31 December 2004

	Note	31 December 2004		31 December 2003	
		£	£	£	£
Fixed assets					
Investments	6		537,671,556		376,851,544
Current assets					
Debtors	7	18,091,707		18,091,777	
Cash at bank and in hand	8	45,082		43,390	
		<u>18,136,789</u>		<u>18,135,167</u>	
Creditors: Amounts falling due within one year:					
Amounts owed to subsidiary undertakings		<u>(243,471,111)</u>		<u>(117,657,745)</u>	
Net current liabilities			<u>(225,334,322)</u>		<u>(99,522,578)</u>
Total assets less current liabilities			<u>312,337,234</u>		<u>277,328,966</u>
Capital and reserves					
Called up equity share capital	9		573,000,100		573,000,100
Profit and loss account - (deficit)	10		<u>(260,662,866)</u>		<u>(295,671,134)</u>
Equity shareholders' funds			<u>312,337,234</u>		<u>277,328,966</u>

The notes on pages 5 to 9 inclusive form part of this balance sheet.

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

LOth

October 2005 and signed on its

Rufus Laycock

R. Laycock
Director

Trafalgar House Property (Holdings) Limited

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 financial statements. 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 are publicly available and can be obtained from the address given in note 11.

(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 11.

(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.

2. Interest receivable and similar income

	Year ended 31 December 2004	Year ended 31 December 2003
	£	£
Other	<u>1,698</u>	<u>1,448</u>

Trafalgar House Property (Holdings) Limited

Notes to accounts (continued)

31 December 2004

3. Interest payable and similar charges

	Year ended 31 December 2004	Year ended 31 December 2003
	£	£
Bank charges	<u>76</u>	<u>64</u>

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

Administration expenses and auditors' remuneration were borne by Kvaerner Estates Limited, a subsidiary undertaking. There were no employees of the Company during the year (2003 - None).

Neither of the Directors received any emoluments from the Company during the year (2003- £Nil).

5. Taxation - on profit/(loss) on ordinary activities

Factors affecting the current tax charge

The tax assessed for the year is lower (2003 - higher) 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/(loss) on ordinary activities before taxation	35,008,268	(1,091,974)
Taxation charge/(credit) at UK Corporation Tax rate of 30% (2003:30%)	10,502,480	(327,592)
Effects of		
Group relief for which no payment is made	(486)	(415)
Expenditure not deductible for taxation purposes	12,653,996	328,007
Non-taxable income	(23,155,990)	-
Actual tax charge per accounts	<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 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 (Holdings) Limited

Notes to accounts (continued) 31 December 2004

6. Fixed assets – Investments

Shares in subsidiary undertakings	£
At 1 January 2004 (cost £642,402,089)	376,851,544
Additions	203,000,000
Amounts written off	(42,179,988)
At 31 December 2004 (cost £845,402,089)	<u>537,671,556</u>

Investments in subsidiary undertakings are stated at the lower of cost and net asset value.

The value of the investment in subsidiary undertakings based on the equity method of valuation is £562,389,407 (2003 - £390,715,041).

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 are 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 Finance Limited	Treasury services
Trafalgar House Property Limited	Investment holding company

* indirectly held.

7. Debtors

	31 December 2004 £	31 December 2003 £
Amounts falling due within one year:		
Amounts owed by subsidiary undertakings	18,091,707	18,091,707
Prepayments and accrued income	-	70
	<u>18,091,707</u>	<u>18,091,777</u>

8. 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.

Trafalgar House Property (Holdings) Limited

Notes to accounts (continued)

31 December 2004

9. Called up equity share capital

	Authorised		Allotted and Fully Paid	
	31 December 2004	31 December 2003	31 December 2004	31 December 2003
	£	£	£	£
Ordinary shares of £1 each	<u>573,000,100</u>	<u>573,000,100</u>	<u>573,000,100</u>	<u>573,000,100</u>

10. Reserves

	Profit and Loss Account £
At 1 January 2004 - (deficit)	(295,671,134)
Retained profit for the financial year	<u>35,008,268</u>
At 31 December 2004 - (deficit)	<u>(260,662,866)</u>

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

The Company's immediate parent company is One Berkeley Street 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 was 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.