Kvaerner (Clyde) Limited

Director's report and financial statements

Registered number SC109057

31 December 2006

Contents

Director's report

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

Activity and prospects

The Company is a member of the TH Global group of companies which is currently undergoing a work out process aimed at achieving long term viable solutions for its remaining businesses and resolving its outstanding disputes, liabilities and legacy issues in a manner reasonable acceptable to all of its stakeholders

The Company has ceased trading On 15 December 1999, the trade and certain assets of the Company were sold to BAE Systems Marine (YSL) Limited (formerly Marconi Marine (YSL) Limited) The land, buildings and some fixed plant items were sold to Clydeport Authority Since 15 December 1999, the Company's only activity has been residual liabilities At the date of this report the Company's remaining residual liability is industrial injuries related claims The Company was an employer and operator of a shipyard and has retained responsibility for industrial injuries related claims resulting from its activity Claims may not arise until years after the relevant employment ceased Insurance cover exists in respect of any such claims Following the resolution of outstanding claims it is intended that the Company will be liquidated or dissolved

Financial statements and dividend

The audited financial statements for the year ended 31 December 2006 are set out on pages 5 to 10, inclusive

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

The Company had a retained loss of £2,000 for the year (2005 retained loss of £5,000)

The Company has a deficit on its profit and loss account Consequently, no dividend can be paid on any class of share (2005 £nil)

Directors

The Directors who held office throughout the year were

Rufus Laycock

Nigel Williams

Nigel Williams resigned as a Director on 25 June 2007

Auditors

KPMG Audit Plc has signified its willingness to continue in office

Disclosure of information to auditors

The Director who held 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 the Director 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

Rufus Laycock

Rufus Laycock
Director

10 October 2007

151 Saint Vincent Street
Glasgow
Lanarkshire G2 5NJ

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 in Note 1 to the Financial Statements, the Company has ceased trading and is engaged in a work out process Accordingly, 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

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Independent auditors' report to the members Kvaerner (Clyde) Limited

We have audited the financial statements of Kvaerner (Clyde) 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 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

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

Independent auditors' report to the members of Kvaerner (Clyde) Limited *(continued)*

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2006 and of its loss 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

KPMG Audit Plc

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

11 October 2007

Profit and loss account

for the year ended 31 December 2006

	Note	2006 £000	2005 £000
Cost of sales		(1)	
Gross loss		(1)	
Administrative expenses			(5)
Operating loss	2	(1)	(5)
Interest payable and similar charges		(1)	
Loss on ordinary activities before taxation		(2)	(5)
Tax on loss on ordinary activities	5		
Loss for the financial year	8	**(2)**	**(5)**

The notes on pages 7 to 10 inclusive form part of this profit and loss account

The company has no recognised gains or losses other than the result for the financial year Accordingly, a Statement of Total Recognised Gains and Losses 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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Balance sheet
at 31 December 2006

	Note	2006 £000	2005 £000
Cash at bank	*10*	**9**	
Creditors: amounts falling due within one year	*6*	**(70)**	**(59)**
Net current liabilities		**(61)**	**(59)**
Net liabilities		**(61)**	**(59)**
Capital and reserves			
Called up share capital	*7*	**67,408**	**67,408**
Share premium account	*8*	**9,999**	**9,999**
Profit and loss account – deficit	*8*	**(77,468)**	**(77,466)**
Shareholders' funds	*9*	**(61)**	**(59)**

The notes on pages 7 to 10 inclusive form part of this balance sheet

These financial statements were approved by the Director on 10 October 2007

Rufus Laycock

Rufus Laycock
Director

Notes
(forming part of 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

Basis of preparation

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

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, if any, 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

As the Company has ceased to trade and is engaged in a work out process the Directors are required by FRS 18 Accounting Policies to prepare the financial statements on a basis other than the going concern basis The effects of adopting this alternative basis have been to record all balance sheet items as current assets and liabilities and to record the assets and related liabilities at their recoverable value However, given 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 is exempt under the terms of FRS 1 from the requirement to produce a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated accounts

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 accounts

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction or, if hedged forward, at the rate of exchange under the related forward currency contract Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account

Taxation

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise

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

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Notes *(continued)*

2 Loss on ordinary activities before taxation

The audit fee in respect of the statutory audit of these financial statements was £2,500 (2005 £2,500) This fee has been paid on behalf of the Company by a fellow subsidiary undertaking

3 Remuneration of directors

None of the directors received remuneration for their services during the year (2005 £nil)

4 Staff numbers and costs

The company had no employees during the current and preceding year

5 Taxation

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

	31 December 2006 £000	31 December 2005 £000
Loss on ordinary activities before taxation	(2)	(5)
Taxation credit at UK corporation tax rate of 30% (2005 30%)	(1)	(2)
Effects of		
Group relief for which no payment is (received) / made	(1)	(2)
Current tax charge		

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

Notes *(continued)*

6 Creditors: amounts falling due within one year

	2006 £000	2005 £000
Bank loans and overdrafts		56
Trade creditors		3
Accruals	4	
Amounts owed parent & fellow subsidiary	66	
	70	59

7 Called up share capital

	2006 £000	2005 £000
Authorised		
Equity 67,306,647 ordinary shares of £1 each	67,307	67,307
Non equity 10,100,000 redeemable preference shares of £0 01 each	101	101
	67,408	67,408
Allotted, called up and fully paid		
Equity 67,306,647 ordinary shares of £1 each	67,307	67,307
Non equity 10,100,000 redeemable preference shares of £0 01 each	101	101
	67,408	67,408

Redeemable preference shares carry equal rights to ordinary shares in participation of profits On return of assets on liquidation or winding up of the company, the holders of redeemable preference shares will receive such sum as determined by the directors of the company, up to a maximum of £1 per share Any remaining balance of assets shall be distributed to the ordinary shareholders Redeemable preference shares carry no voting rights Redeemable preference shares are redeemable on one month's notice at par, at the discretion of the company

8 Share premium and reserves

	Share premium account £000	Profit and loss account £000
At beginning of year	9,999	(77,466)
Retained loss for the year		(2)
At end of year	9,999	(77,468)

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Notes (continued)

9 Reconciliation of movement in shareholders' deficit

	2006 £000	2005 £000
Retained loss for the financial year	(2)	(5)
Opening shareholders' funds	(59)	(54)
Closing shareholders' funds	(61)	(59)

10 Bank account

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

Of the total cash and bank balance on the balance sheet, £9,000, 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 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 represent borrowings

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, incorporated in England and Wales

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 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 or from the Company Secretary, TH Global plc, 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

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