

Davy Property Holdings Limited

Financial Statements 31 December 2005
together with directors' and auditors' reports

Registered number: 31754



Davy Property Holdings Limited

Directors' Report

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

Activities and prospects

The Company is a property management company engaged in a work out process. The Company is a member of the TH Global group of companies. The objective of the work out of the Group is to manage its operations, sell/realise remaining assets and settle legacy issues and liabilities in a manner reasonably satisfactory to all stakeholders. Following the conclusion of the Company's affairs it is intended that the Company will be liquidated or dissolved.

Subsequent to the year end, the Company disposed of its remaining leasehold interests.

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 losses of £305,796 (2004 - loss £4,049,396) 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 as follows. Both of the Directors held office throughout the year.

Steffen Føreid
Rufus Laycock

Directors' interests

At 31 December 2005, no Director had a direct interest in the shares of the Company or any other company in the same group either during or at the end of the year. Steffen Føreid has an indirect interest in the shares of the Company by virtue of being an indirect beneficiary of The Glacier Trust, established under the laws of Guernsey, which is to be regarded as the ultimate controlling party of the Company

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

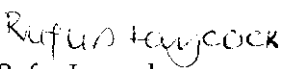
KPMG Audit Plc has signified its willingness to continue in office.

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.

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 Kværner ASA Group of companies. The Company's immediate parent company was, and still is, Trafalgar House Property Limited, which company is an indirect subsidiary of TH Global plc (formerly Kvaerner PLC). At 1 April 2005, a management buy-out of certain assets and liabilities of Kværner 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.

By order of the Board,


Rufus Laycock
Secretary

Date: 23 January 2007

Registered Office:
68 Hammersmith Road
London W14 8YW

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 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.

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.

Independent auditors' report to the members of Davy Property Holdings Limited

We have audited the financial statements of Davy Property Holdings Limited for the year ended 31 December 2005 which comprises 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

As described in the Statement of Directors' Responsibilities on page 1, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and UK Accounting Standards.

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
8 Salisbury Square
London
EC4Y 8BB

16 February 2007

Davy Property Holdings Limited

Profit And Loss Account for the Year Ended 31 December 2005

	Note	Year ended 31 December 2005 £	Year ended 31 December 2004 £
Turnover			
Continuing operations			
Rental income		595,010	543,742
Cost of sales - property outgoings	2	<u>(284,764)</u>	<u>(5,837,138)</u>
Operating profit/(loss) on continuing operations		310,246	(5,293,396)
Interest payable and similar charges	3	(616,042)	-
Interest receivable and similar income	4	<u>-</u>	<u>1,244,000</u>
Loss on ordinary activities before taxation	5	<u>(305,796)</u>	<u>(4,049,396)</u>
Taxation - on loss on ordinary activities	6	<u>-</u>	<u>-</u>
Retained loss for the financial year	10	<u><u>(305,796)</u></u>	<u><u>(4,049,396)</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 losses 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 loss for the year. Accordingly, a statement reconciling the movements in shareholders' funds has not been prepared.

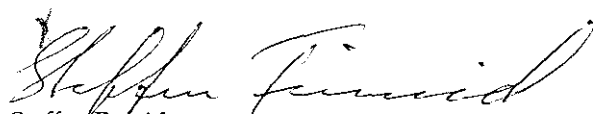
Davy Property Holdings Limited

Balance Sheet at 31 December 2005

	Note	31 December 2005		31 December 2004	
		£	£	£	£
Current assets					
Debtors	7	<u>20,388,580</u>		<u>20,245,722</u>	
Creditors: Amounts falling due within one year					
Amounts owed to fellow subsidiary undertakings		(9,871,681)		(7,767,278)	
Taxation and social security		(5,335)		-	
Accruals and deferred income		<u>(149,028)</u>		<u>(147,877)</u>	
		<u>(10,026,044)</u>		<u>(7,915,155)</u>	
Net current assets			10,362,536		12,330,567
Provisions for liabilities and charges	8		(4,011,557)		(5,673,792)
Net assets			<u>6,350,979</u>		<u>6,656,775</u>
Capital and reserves					
Called up equity share capital	9		26,000,000		26,000,000
Share premium account			1,259,260		1,259,260
Profit and loss account - (deficit)	10		<u>(20,908,281)</u>		<u>(20,602,485)</u>
Equity shareholders' funds			<u>6,350,979</u>		<u>6,656,775</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 23 January 2007 and signed on its behalf by:


Steffen Føreid
Director

Notes to accounts 31 December 2005

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.

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) **Basis of preparation**

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

(b) **Cash flow statement**

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.

(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 2005 between the Company and these related parties.

(d) **Turnover**

Turnover, which includes inter company trading, arises wholly within the United Kingdom and represents rental income, net of VAT, from properties owned by the Company.

(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.

Davy Property Holdings Limited

Notes to accounts (continued) 31 December 2005

2. Cost of sales - property outgoings

	Year ended 31 December 2005 £	Year ended 31 December 2004 £
Property outgoings less amounts charged against provisions	(727,764)	(67,981)
Provisions for liabilities and charges not required/(required)	443,000	(5,230,219)
Depreciation	-	(538,938)
	<u>(284,764)</u>	<u>(5,837,138)</u>

3. Interest payable and similar charges

	Note	Year ended 31 December 2005 £	Year ended 31 December 2004 £
Discounted provisions			
Unwinding of discount	8	616,000	-
Other		42	-
		<u>616,042</u>	<u>-</u>

4. Interest receivable and similar income

	Note	Year ended 31 December 2005 £	Year ended 31 December 2004 £
Discounted provisions			
Unwinding of discount	8	-	1,244,000

5. Loss on ordinary activities before taxation

Loss on ordinary activities before taxation is stated after charging:

	Year ended 31 December 2005 £	Year ended 31 December 2004 £
Hire charges on land and buildings	<u>594,760</u>	<u>1,844,500</u>

Neither of the Directors received any emoluments from the Company during the year (2004 - £Nil). There were no employees of the Company during the year (2004 - None). Administration expenses and auditors' remuneration were borne by Trafalgar House Property Limited, a fellow subsidiary undertaking.

6. Taxation - on loss on ordinary activities Factors affecting the current tax charge

The tax assessed for the year is higher (2004 - higher) than the standard rate of corporation tax in the UK. The differences are as follows:-

Davy Property Holdings Limited

Notes to accounts (continued) 31 December 2005

6. Taxation - on loss on ordinary activities (continued)

	Year ended 31 December 2005 £	Year ended 31 December 2004 £
Loss on ordinary activities before taxation	(305,796)	(4,049,396)
Taxation credit at UK Corporation Tax rate of 30% (2004:30%)	(91,739)	(1,214,819)
Effects of		
Group relief for which no payment is made	102,706	1,004,907
Capital allowances in excess of depreciation	(10,967)	147,058
Items not deductible for tax	-	62,854
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 £215M and surplus ACT of approximately £192M.

There is no potential liability to deferred taxation (2004 - £Nil).

7. Debtors

	31 December 2005 £	31 December 2004 £
Amounts falling due within one year:		
Trade debtors	355,392	90,638
Amount owed by immediate parent undertaking	9,679,855	9,546,614
Amounts owed by fellow subsidiary undertakings	9,888,927	10,030,811
Prepayments and accrued income	464,406	461,921
Taxation and social security	-	115,738
	<u>20,388,580</u>	<u>20,245,722</u>

Davy Property Holdings Limited

Notes to accounts (continued) 31 December 2005

8. Provisions for liabilities and charges

	£
At 1 January 2005	5,673,792
Released during the year	(443,000)
Utilised during the year	(1,835,235)
Unwinding of discount	616,000
At 31 December 2005	<u>4,011,557</u>

These provisions relate to onerous leases. The provisions were anticipated to be utilised in the period from the balance sheet date to 31 December 2013, however, see note 13 dealing with post balance sheet events.

	31 December 2005	31 December 2004
	£	£
9. Called up equity share capital		
Authorised, allotted and fully paid: 104,000,000 ordinary shares of 25 pence each	<u>26,000,000</u>	<u>26,000,000</u>

10. Profit and loss account

	£
At 1 January 2005 - (deficit)	(20,602,485)
Retained loss for the financial year	(305,796)
At 31 December 2005 - (deficit)	<u>(20,908,281)</u>

11. Commitments

Annual commitments under non-cancellable operating leases are as follows:-

	31 December 2005	31 December 2004
	£	£
Operating leases which expire over 5 years - Land and buildings	<u>1,845,500</u>	<u>1,844,500</u>

12. 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 Limited.

At 31 December 2005, the largest group in which the results of the Company were consolidated was 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 at Kamer van Koophandel, De Ruterkade 5, 1013 AA Amsterdam or from the Company at 68 Hammersmith Road, London W14 8YW.

The smallest group in which they are consolidated is that headed by TH Global 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 Glacier Trust, established under the laws of Guernsey, is to be regarded as the ultimate controlling party of the Company.

13. Post balance sheet events

Subsequent to the year end, the Company disposed of its remaining lease obligations.