

Davy Property Holdings Limited

Financial Statements 31 December 2004
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 2004.

Principal activities and business review

The Company's principal activity is, and continues to be, the ownership and management of land and buildings.

The loss for the year principally derives from an additional provision made on a basis consistent with the Company's provisions policy reflecting the terms of a subletting of one of the Company's properties.

Real estate management and advisory services are provided by a third party service provider, CB Richard Ellis.

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 £4,049,396 (2003 - loss £3,163,914) 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 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

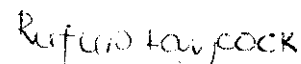
KPMG Audit Plc has signified its willingness to continue in office.

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.

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 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 12 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

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 Davy 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.

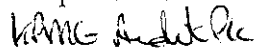
Basis of audit opinion

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 loss 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

Davy 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 £
Turnover			
<i>Continuing operations</i>			
Rental income		543,742	847,452
Cost of sales - property outgoings	2	<u>(5,837,138)</u>	<u>(4,062,455)</u>
Operating loss on continuing operations		(5,293,396)	(3,215,003)
Interest receivable and similar income	3	<u>1,244,000</u>	<u>51,089</u>
Loss on ordinary activities before taxation	4	<u>(4,049,396)</u>	<u>(3,163,914)</u>
Taxation - on loss on ordinary activities	5	<u>-</u>	<u>-</u>
Retained loss for the financial year	10	<u><u>(4,049,396)</u></u>	<u><u>(3,163,914)</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.

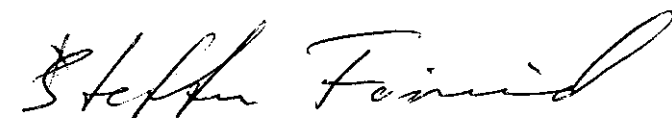
Davy Property Holdings Limited

Balance Sheet at 31 December 2004

	Note	31 December 2004		31 December 2003	
		£	£	£	£
Fixed assets					
Tangible assets	6		-		538,938
Current assets					
Debtors	7	<u>20,245,722</u>		<u>19,863,962</u>	
Creditors: Amounts falling due within one year					
Trade creditors		-		(365,884)	
Amounts owed to fellow subsidiary undertakings		(7,767,278)		(4,781,030)	
Accruals and deferred income		<u>(147,877)</u>		<u>(138,430)</u>	
		<u>(7,915,155)</u>		<u>(5,285,344)</u>	
Net current assets			<u>12,330,567</u>		<u>14,578,618</u>
Total assets less current liabilities			12,330,567		15,117,556
Provisions for liabilities and charges	8		<u>(5,673,792)</u>		<u>(4,411,385)</u>
Net assets			<u>6,656,775</u>		<u>10,706,171</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>(20,602,485)</u>		<u>(16,553,089)</u>
Equity shareholders' funds			<u>6,656,775</u>		<u>10,706,171</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 20th October 2005 and signed on its behalf by:



Steffen Føreid
Director

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.

(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 12.

(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 12.

(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) Depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Plant and equipment - 10 years

(g) 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 2004

2. Cost of sales - property outgoing

	Year ended 31 December 2004 £	Year ended 31 December 2003 £
Property outgoing less amounts charged against provisions	(67,981)	(654,047)
Prior year accruals no longer required	-	18,050
Provisions for liabilities and charges	(5,230,219)	(3,231,000)
Depreciation	(538,938)	(195,458)
	<u>(5,837,138)</u>	<u>(4,062,455)</u>

3. Interest receivable and similar income

	Year ended 31 December 2004 £	Year ended 31 December 2003 £
Discounted provisions	-	-
Unwinding of discount	8 1,244,000	51,000
Other	-	89
	<u>1,244,000</u>	<u>51,089</u>

4. Loss on ordinary activities before taxation

Loss on ordinary activities before taxation is stated after charging:

	Year ended 31 December 2004 £	Year ended 31 December 2003 £
Hire charges on land and buildings	<u>1,844,500</u>	<u>1,844,500</u>

Neither of the Directors received any emoluments from the Company during the year (2003 - £Nil). There were no employees of the Company during the year (2003 - None). Administration expenses and auditors' remuneration were borne by Kvaerner Estates Limited, a fellow subsidiary undertaking.

5. Taxation - on loss on ordinary activities

Factors affecting the current tax charge

The tax assessed for the year is higher (2003 - 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 2004

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

	Year ended 31 December 2004 £	Year ended 31 December 2003 £
Loss on ordinary activities before taxation	(4,049,396)	(3,163,914)
Taxation credit at UK Corporation Tax rate of 30% (2003:30%)	(1,214,819)	(949,174)
Effects of		
Group relief for which no payment is made	1,004,907	1,029,134
Capital allowances in excess of depreciation	147,058	39,140
Movements on provisions	-	(119,100)
Items not deductible for tax	62,854	-
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).

6. Fixed assets Tangible assets - plant and equipment

	Total £
Cost	
At 1 January 2004 and 31 December 2004	<u>1,264,583</u>
Accumulated depreciation	
At 1 January 2004	725,645
Charge for the year	126,458
Write down of assets	412,480
At 31 December 2004	<u>1,264,583</u>
Net book value	
At 31 December 2003	<u>538,938</u>
At 31 December 2004	<u>-</u>

Davy Property Holdings Limited

Notes to accounts (continued) 31 December 2004

7. Debtors

	31 December 2004	31 December 2003
	£	£
Amounts falling due within one year:		
Trade debtors	90,638	2,952
Amount owed by immediate parent undertaking	9,546,614	9,411,411
Amounts owed by fellow subsidiary undertakings	10,030,811	9,888,927
Prepayments and accrued income	461,921	472,725
Taxation and social security	115,738	87,947
	<u>20,245,722</u>	<u>19,863,962</u>

8. Provisions for liabilities and charges

	£
At 1 January 2004	4,411,385
Raised during the year	5,230,219
Utilised during the year	(2,723,812)
Unwinding of discount	<u>(1,244,000)</u>
At 31 December 2004	<u>5,673,792</u>

These provisions relate to onerous leases. It is anticipated that the provisions will be utilised in the period from the balance sheet date to 31 December 2013.

	31 December 2004	31 December 2003
	£	£
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 2004 - (deficit)	(16,553,089)
Retained loss for the financial year	<u>(4,049,396)</u>
At 31 December 2004 - (deficit)	<u>(20,602,485)</u>

Davy Property Holdings Limited

Notes to accounts (continued) 31 December 2004

11. Commitments

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

	31 December 2004 £	31 December 2003 £
Operating leases which expire over 5 years Land and buildings	1,844,500	1,844,500

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 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

On 1 April 2005, a management buy-out of certain assets and liabilities, including the shares of Kvaerner LC, 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.