

Euler Hermes Holdings UK PLC

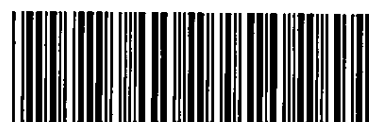
FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2007

**1 Canada Square
London E14 5DX**

Company Number 2337940

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Euler Hermes Holdings UK PLC

Year Ended 31 December 2007

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Euler Hermes Holdings UK PLC

COMPANY DETAILS

DIRECTORS:	P G Ward	Chairman
	F Desnos	Chief Executive
	N Hein	
	M A A Mollard	
	D G Perry	
	A Roger	
	C A F von Weichs	

SECRETARY:	R Barnett
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AUDITORS:	KPMG Audit Plc
	8 Salisbury Square
	London EC4Y 8BB

REGISTERED OFFICE:	1 Canada Square
	London E14 5DX

Euler Hermes Holdings UK PLC

REPORT OF THE DIRECTORS **Year Ended 31 December 2007**

The Directors present their report together with the audited financial statements of the Company for the year ended 31 December 2007.

Principal activity

The Company is a holding company for undertakings offering credit insurance and credit management services to customers in the United Kingdom, Ireland and overseas

Review of the business and future developments

A profit after tax of £16,133,000 (2006: £21,419,000) was recorded for the year. The directors are confident that the Company will remain profitable for the foreseeable future.

During the year, the company purchased 98.72% of the share capital of Euler Hermes Guarantee plc, a company which sells surety and guarantee insurance. The company also set up a new subsidiary, Euler Hermes Credit Management Services Ireland Ltd, to purchase the business of Resolve 2 Collect Ltd, a debt collections company in Ireland. Both of these acquisitions were to further strengthen the group's credit management services offering in the UK and Ireland.

Results and dividends

The results for the year are set out in the Profit and Loss Account. The Directors recommend payment of a dividend for the year ended 31 December 2007 of £16,000,000.

Directors

The following served as Directors during the year

F Desnos	Appointed 11 December 2007
N Hein	
M A A Mollard	
D G Perry	
A Roger	Appointed 27 August 2007
L S J Sénécaut	Resigned 26 August 2007
C A F von Weichs	
P G Ward	
R J Webster	Resigned 31 December 2007

Directors' interests

There were no directors in office at the end of the financial year that had an interest in the shares of the Company.

Euler Hermes Holdings UK PLC

REPORT OF THE DIRECTORS (Cont'd) Year Ended 31 December 2007

Policy and practice on payment of creditors

It is Company policy to agree and clearly communicate the terms of payment as part of the commercial arrangements negotiated with suppliers and then to pay according to those terms based upon the timely receipt of an accurate invoice.

Suppliers are paid centrally for the UK Group by Euler Hermes UK plc and the Directors believe it is helpful to give the disclosures on a Group basis. Trade creditors days of the Group for the year ended 31 December 2007 were 5 days (2006: 11 days).

Statement of disclosure of information to auditors

Each of the persons who is a director at the date of this report confirms that:

- 1) so far as each of them is aware, there is no information relevant to the audit of the Company's financial statements for the year ended 31 December 2007 of which the auditors are unaware; and
- 2) the director has taken all steps that he/she ought to have taken in his/her duty as a director in order to make him/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

The Board of Directors appointed KPMG Audit Plc in place of PricewaterhouseCoopers LLP as auditors of the Company with effect from 1 April 2007. A resolution for the reappointment of KPMG Audit Plc as Auditors of the Company is to be proposed at the forthcoming Annual General Meeting

By Order of the Board



R Barnett
Secretary

Dated:

8th February 2008

Euler Hermes Holdings UK PLC

DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE PREPARATION OF 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 the Directors 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 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 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.

Euler Hermes Holdings UK PLC

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE COMPANY

We have audited the financial statements of Euler Hermes Holdings UK plc for the year ended 31 December 2007 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.

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.

Euler Hermes Holdings UK PLC

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE COMPANY (Cont'd)

Basis of audit opinion (cont'd)

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 2007 and of its profit 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

Dated: *8 February 2008*

Euler Hermes Holdings UK PLC

PROFIT AND LOSS ACCOUNT Year Ended 31 December 2007

	Notes	<u>2007</u> £'000	<u>2006</u> £'000
Income from shares in group undertakings		16,000	21,000
Administrative expenses		(313)	(300)
Interest receivable		508	900
Interest payable		<u>(5)</u>	<u>-</u>
Profit on ordinary activities before taxation		16,190	21,600
Tax on profit on ordinary activities	2	<u>(57)</u>	<u>(181)</u>
Profit on ordinary activities after taxation		<u>16,133</u>	<u>21,419</u>

The Company has no recognised gains and losses other than shown in the Profit and Loss Account and therefore no separate Statement of Total Recognised Gains and Losses has been presented.

All activities of the Company are regarded as continuing

The accounting policies and notes to the financial statements form an integral part of these financial statements.

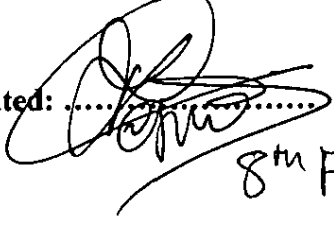
Euler Hermes Holdings UK PLC

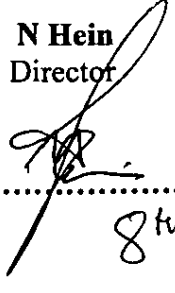
BALANCE SHEET

As at 31 December 2007

	<u>Notes</u>	<u>2007</u> £'000	<u>2006</u> £'000
Fixed assets			
Investments	3	102,175	71,303
Current assets			
Investments	5	4,500	-
Debtors	6	7,367	17,038
Cash at bank		10	59
		<u>11,877</u>	<u>17,097</u>
Creditors: amounts due within one year	7	(9,705)	(186)
Net current assets		<u>2,172</u>	<u>16,911</u>
NET ASSETS		<u>104,347</u>	<u>88,214</u>
Capital and reserves			
Share capital	8	50,614	50,614
Share premium account	9	36,881	36,881
Profit and loss account	10	16,852	719
Equity shareholders' funds	11	<u>104,347</u>	<u>88,214</u>

These Financial Statements were approved by the Board of Directors and signed on its behalf by:

F Desnos
Chief Executive

Dated:
8th February 2008

N Hein
Director

Dated:
8th February 2008

The accounting policies and notes to the financial statements form an integral part of these financial statements.

Euler Hermes Holdings UK plc

NOTES TO THE FINANCIAL STATEMENTS Year Ended 31 December 2007

1. Principal accounting policies

a. Basis of preparation

The Financial Statements have been prepared under the historical cost convention and in accordance with applicable accounting standards in the United Kingdom

b. Group accounts not prepared

The Company is exempt under Section 228 of the Companies Act 1985 from the requirement to prepare group financial statements and to deliver them to the Registrar of Companies. Therefore, the financial statements present information about the Company as an individual undertaking and not about its group. The Company is included within the consolidated financial statements of Euler Hermes SA, the Company's immediate parent undertaking, incorporated in France.

c. Income from shares in group undertakings and dividends

Dividends are recognised when approved by the group undertaking's shareholders in general meeting or by written resolution.

d. Interest

Interest receivable and payable is accounted for on an accruals basis. Interest is accrued up to the balance sheet date.

e. Investments

Investments in subsidiary undertakings are shown at cost, less any provision for impairment

Euler Hermes Holdings UK PLC

NOTES TO THE FINANCIAL STATEMENTS (Cont'd) Year Ended 31 December 2007

2. Tax on profit on ordinary activities	<u>2007</u> £'000	<u>2006</u> £'000
The taxation charge in the profit and loss account comprises:		
UK corporation tax on profit of the year	57	180
Adjustment in respect of previous periods	-	1
	<u>57</u>	<u>181</u>
Factors affecting the tax charge for the year		
	<u>2007</u> £'000	<u>2006</u> £'000
Profit on ordinary activities before tax	<u>16,190</u>	<u>21,600</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30%	4,857	6,480
Exempt dividend income	(4,800)	(6,300)
Adjustment in respect of previous periods	-	1
Current tax charge for the year	<u>57</u>	<u>181</u>

Euler Hermes Holdings UK PLC

NOTES TO THE FINANCIAL STATEMENTS (Cont'd) Year Ended 31 December 2007

3. Fixed asset investments	£'000
At 1 January 2007	71,303
Additions	30,872
At 31 December 2007	<u>102,175</u>

On 26 March 2007, the company purchased 7,114,726 ordinary shares of Euler Hermes Guarantee plc. The cost of the investment was £28,934,000. On 20 December 2007, the company purchased an additional 288,955 ordinary shares of Euler Hermes Guarantee plc. The cost of the investment was £1,233,838. The total shares purchased represent 98.72% of Euler Hermes Guarantee plc's share capital.

During the year, the company set up Euler Hermes Credit Management Services Ireland Ltd with a share capital of €300,000 made up of 300,000 ordinary shares of €1 each at par value. The company also increased the share capital of Euler Hermes Management UK Ltd (a previously dormant subsidiary called Euler UK Group Services Ltd) by 499,999 ordinary shares of £1 each at par value giving it a share capital of 500,000 ordinary shares of £1 each.

4. Subsidiary and associated undertakings

Subsidiaries	% held	Country in which Registered	Principal Activity
Euler Hermes UK plc	100	England & Wales	Credit Insurance
Euler Hermes Collections UK Ltd	100	England & Wales	Debt Collection
Euler Hermes Risk Services UK Ltd	100	England & Wales	Credit Analysis & Reporting Service
Euler Hermes Guarantee plc	98.72	England & Wales	Surety & Guarantee Insurance
Euler Hermes Credit Management Services Ireland Ltd	100	Ireland	Debt Collection (and Service Company from 1 January 2008)
Euler Hermes Management UK Ltd	100	England & Wales	Service Company from 1 January 2008 (previously dormant)

Dormant subsidiary companies are not included above.

Euler Hermes Holdings UK PLC

NOTES TO THE FINANCIAL STATEMENTS (Cont'd) Year Ended 31 December 2007

5. Current asset investments	<u>2007</u> £'000	<u>2006</u> £'000
Other loan to immediate parent undertaking	<u>4,500</u>	<u>-</u>
The loan amount of £4,500,000 to Euler Hermes SA was granted on 7 May 2007 and is due for repayment on 6 May 2008		
6. Debtors	<u>2007</u> £'000	<u>2006</u> £'000
Amounts due from group undertakings	7,323	17,038
Prepayments and accrued income	44	-
	<u>7,367</u>	<u>17,038</u>
7. Creditors: amounts due within one year	<u>2007</u> £'000	<u>2006</u> £'000
Amounts owed to group undertakings	9,633	-
Corporation tax	57	180
Accruals	15	6
	<u>9,705</u>	<u>186</u>
8. Called up share capital	<u>2007</u> <u>Number of</u> <u>Shares</u>	<u>2006</u> <u>Number of</u> <u>Shares</u>
<u>Authorised – ordinary shares of 25p each</u> At 31 December	<u>243,400,000</u>	<u>243,400,000</u>
<u>Allotted, called up and fully paid</u> At 31 December	<u>202,455,211</u>	<u>202,455,211</u>
	£'000	£'000
Authorised	<u>60,850</u>	<u>60,850</u>
	£'000	£'000
Allotted, called up and fully paid	<u>50,614</u>	<u>50,614</u>

Euler Hermes Holdings UK PLC

NOTES TO THE FINANCIAL STATEMENTS (Cont'd) Year Ended 31 December 2007

9. Share premium

	<u>2007</u> £'000	<u>2006</u> £'000
At 1 January and 31 December	<u>36,881</u>	<u>36,881</u>

10. Profit and loss reserve

	<u>2007</u> £'000	<u>2006</u> £'000
At 1 January	719	300
Profit for the year	16,133	21,419
Dividend paid (2006 10 37p)	-	(21,000)
At 31 December	<u>16,852</u>	<u>719</u>

11. Reconciliation of movements in shareholders' funds

	<u>2007</u> £'000	<u>2006</u> £'000
Profit for the financial year	16,133	21,419
Dividend	-	(21,000)
Net addition to shareholders' funds	<u>16,133</u>	<u>419</u>
Opening shareholders' funds	88,214	87,795
Closing shareholders' funds	<u>104,347</u>	<u>88,214</u>

12. Directors' remuneration

	<u>2007</u> £'000	<u>2006</u> £'000
Directors' remuneration comprises:		
Emoluments paid through subsidiary companies	<u>386</u>	<u>373</u>

The number of Directors accruing benefits under the Company Defined Benefit Pension Scheme was 1 (2006. 1)

During the year, one Director (the highest paid Director) exercised share options (2006 nil).

The highest paid Director's emoluments excluding pension contributions were £328,128 (2006: £288,295). The accrued pension entitlement of the highest paid Director under the Company Defined Benefit Pension Scheme at 31 December 2007 was £20,335 (2006. £15,958).

Euler Hermes Holdings UK PLC

NOTES TO THE FINANCIAL STATEMENTS (Cont'd) **Year Ended 31 December 2007**

13. Auditors' remuneration

Auditors' remuneration in respect of audit services amounting to £3,170 (2006: £3,084) has been charged to expenses during the year.

Auditors' remuneration for non-audit services during the year was £Nil (2006: £Nil)

14. Cash flow statement

The Company is a wholly owned subsidiary of Euler Hermes SA. The Company is included in the consolidated accounts of Euler Hermes SA. Consequently, the Company is exempt under the terms of Financial Reporting Standard No 1 (revised) from publishing a Cash Flow Statement

15. Related party transactions

The Company is a wholly owned subsidiary of Euler Hermes SA and has taken advantage of the exemption under Financial Reporting Standard Number 8 from disclosing related party transactions with Group entities.

16. Ultimate and immediate parent undertaking

The immediate parent undertaking at 31 December 2007 was Euler Hermes SA, which is incorporated in France, copies of whose Financial Statements can be obtained from 1 rue Euler, 75008 Paris, France

The ultimate parent undertaking and controlling party at 31 December 2007 was Allianz SE, which is incorporated and registered in the EU as a European company, copies of whose consolidated Financial Statements can be obtained from Königinstraße 28, 80802 München, Germany.