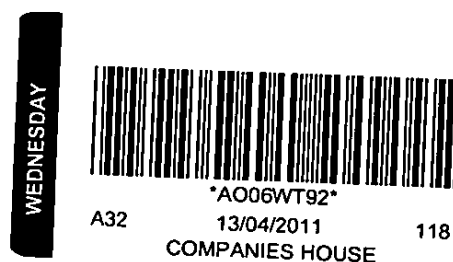


Euler Hermes Holdings UK PLC

FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2010



**1 Canada Square
London E14 5DX**

Company Number 2337940

Euler Hermes Holdings UK PLC

Year Ended 31 December 2010

<u>CONTENTS</u>	<u>PAGE</u>
Company Details	1
Report of the Directors	2 - 3
Statement of Directors' Responsibilities	4
Independent Auditors' report	5 - 6
Profit and Loss Account	7
Balance Sheet	8
Notes to the Financial Statements	9 - 15

Euler Hermes Holdings UK PLC

COMPANY DETAILS

DIRECTORS:

P G Ward
F Desnos
N Hein
M A A Mollard
A Melcher
P Overeem
P Flanagan
E Defraigne
J Daly

Chairman
Chief Executive

SECRETARY:

R Barnett

AUDITORS:

KPMG Audit Plc
15 Canada Square
London E14 5GL

REGISTERED OFFICE:

1 Canada Square
London E14 5DX

Euler Hermes Holdings UK PLC

Company Number 2337940

REPORT OF THE DIRECTORS

Year Ended 31 December 2010

The Directors present their report together with the audited financial statements of the Company for the year ended 31 December 2010

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 £1,176,000 (2009 £5,321,000) was recorded for the year. The directors are confident that the Company will remain profitable for the foreseeable future

With effect from 1 July 2010 the assets and liabilities of Euler Hermes Guarantee plc (EHG) were transferred to its fellow subsidiary company Euler Hermes UK plc (EHUK) by means of an insurance business transfer scheme under Part VII of the Financial Services & Markets Act 2000 (FMSA) EHG ceased trading at that time and was subsequently dissolved and struck off from the Companies House register on 7 December 2010 As a consequence of this arrangement, the cost of investment in EHG held by the Company, has been transferred to increase the cost of investment in EHUK plc (further details are provided in note 3 on page 11)

Results and dividends

The results for the year are set out in the Profit and Loss Account The Directors do not recommend payment of a dividend for the year ended 31 December 2010 (2009 £Nil).

Directors

The following served as Directors during the year

F Desnos	
N Hein	
M A A Mollard	
A Roger	Resigned 10 February 2010
P G Ward	
A Melcher	
W Verstraete	Resigned 10 February 2010
P Overeem	Appointed 11 February 2010
E Defraigne	Appointed 11 February 2010
P Flanagan	Appointed 11 February 2010
J Daly	Appointed 11 February 2010

Euler Hermes Holdings UK PLC

REPORT OF THE DIRECTORS (Cont'd) Year Ended 31 December 2010

Indemnity insurance

The directors benefited from qualifying third party indemnity provisions in place during the financial year and at the date of this report.

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 Management Ltd 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 2010 were 16 days (2009 21 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 2010 of which the auditors are unaware, and
- 2) the director has taken all steps that he ought to have taken in his 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

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and will therefore continue in office

By Order of the Board

R Barnett
Secretary

Dated:


.....

08 FEB 2011

Euler Hermes Holdings UK PLC

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)

Under company law the directors must not approve the financial statements unless they are satisfied that they 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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 EULER HERMES HOLDINGS UK PLC

We have audited the financial statements of Euler Hermes Holdings UK plc for the year ended 31st December 2010 set out on pages 7 to 15. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditors' 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 explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/UKNP.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31st December 2010 and of its profit for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Euler Hermes Holdings UK PLC

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EULER HERMES HOLDINGS UK PLC (Cont'd)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.

Murray Raisbeck

Murray Raisbeck (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants
15 Canada Square
London E14 5GL

Dated:8 February 2011.....

Euler Hermes Holdings UK PLC

PROFIT AND LOSS ACCOUNT Year Ended 31 December 2010

	<u>Notes</u>	<u>2010</u> £'000	<u>2009</u> £'000
Income from shares in group undertakings		1,200	5,420
Interest receivable		1	57
Interest payable		<u>(34)</u>	<u>(195)</u>
Profit on ordinary activities before taxation		1,167	5,282
Tax on profit on ordinary activities	2	<u>9</u>	<u>39</u>
Profit on ordinary activities after taxation		<u>1,176</u>	<u>5,321</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 on pages 9 to 15 to the financial statements form an integral part of these financial statements

Euler Hermes Holdings UK PLC

BALANCE SHEET

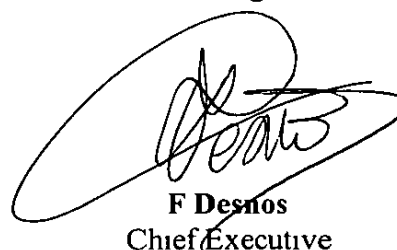
As at 31 December 2010

	Notes	2010 £'000	2009 £'000
Fixed assets			
Investments	3	102,641	102,641
Current assets			
Debtors	5	11,920	11,950
Cash at bank		46	6
		<u>11,966</u>	<u>11,956</u>
Creditors: amounts due within one year	6	(931)	(2,097)
Net current assets		<u>11,035</u>	<u>9,859</u>
NET ASSETS		<u>113,676</u>	<u>112,500</u>
Capital and reserves			
Share capital	7	50,614	50,614
Share premium account	8	36,881	36,881
Profit and loss account	9	26,181	25,005
Equity shareholders' funds	10	<u>113,676</u>	<u>112,500</u>

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



N. Hein
Director



F. Desnos
Chief Executive

Dated: 08 FEB 2011

Dated: 08 FEB 2011

The accounting policies and notes on pages 9 to 15 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 2010

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

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Business Review on pages 2 to 3

The company has considerable financial resources together with very prudent investment guidelines and high quality of assets

As a consequence, the directors believe that the group is well placed to manage its business risks successfully despite the current uncertain economic outlook. The directors are confident that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts

b Group accounts not prepared

The Company is exempt under Section 400 of the Companies Act 2006 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

Euler Hermes Holdings UK plc

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 December 2010

1. Principal accounting policies (con't)

e Investments

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

2.	Tax on profit on ordinary activities	<u>2010</u> £'000	<u>2009</u> £'000
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The taxation charge in the profit and loss account comprises

UK corporation tax on (loss)/profit of the year at 28%
(2009 28%)

<u>(9)</u>	<u>(39)</u>
<u>(9)</u>	<u>(39)</u>

Factors affecting the tax charge for the year

<u>2010</u> £'000	<u>2009</u> £'000
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Profit on ordinary activities before tax

<u>1,167</u>	<u>5,282</u>
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Profit on ordinary activities multiplied by the rate of
corporation tax in the UK in 2010 of 28% (2009 28%)

327	1,479
<u>(336)</u>	<u>(1,518)</u>

Exempt dividend income

Current tax charge for the year

<u>(9)</u>	<u>(39)</u>
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Euler Hermes Holdings UK PLC

NOTES TO THE FINANCIAL STATEMENTS (Cont'd) Year Ended 31 December 2010

3. Fixed asset investments £'000

At 1 January 2010 and 31 December 2010	<u>102,641</u>
--	----------------

On 1 July 2010 the assets and liabilities of Euler Hermes Guarantee plc (EHG) were transferred to Euler Hermes UK plc (EHUK) by means of an insurance business transfer scheme under part VII of the Financial Services & Markets Act 2000 (FMSA), at fair value for no consideration. At that time EHG ceased trading and was subsequently dissolved and struck off the Companies House register on 7th December 2010. As a result of this transfer, the value of the company's investment in that subsidiary undertaking fell below the amount at which it was stated in the company's accounting records. Schedule 1 to the Companies Act 2006 The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI 2008 No 410), requires that the investment in EHG be written down accordingly and that the amount be charged as a loss in the company's profit and loss account. However, the directors consider that, as there has been no overall loss to the company, it would fail to give a true and fair view to charge that diminution to the company's profit and loss account for the year and it should instead be re-allocated to the company's investment in EHUK. The effect of this departure is to increase the holding company's profit for the financial year and cost of investment by £30,634,022 in the holding company's balance sheet.

Euler Hermes Holdings UK PLC

NOTES TO THE FINANCIAL STATEMENTS (Cont'd) Year Ended 31 December 2010

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 * See note below	100	England & Wales	Surety & Guarantee Insurance
Euler Hermes Credit Management Services Ireland Ltd	100	Ireland	Debt Collection
Euler Hermes Management UK Ltd	100	England & Wales	Service Company

* As explained in Note 3 above, Euler Hermes Guarantee plc was struck off the Companies House register on 7th December 2010

Dormant subsidiary companies are not included above

5. Debtors

	<u>2010</u> £'000	<u>2009</u> £'000
Amounts due from group undertakings	11,911	11,911
Corporation Tax recoverable	9	39
	<u>11,920</u>	<u>11,950</u>

Euler Hermes Holdings UK PLC

NOTES TO THE FINANCIAL STATEMENTS (Cont'd) Year Ended 31 December 2010

6. Creditors: amounts due within one year	<u>2010</u> £'000	<u>2009</u> £'000
Amounts owed to group undertakings	925	10
Other loan from immediate group undertaking	-	2,000
Accruals	6	87
	<u>931</u>	<u>2,097</u>

The remaining balance of £2,000,000 for the loan granted from Euler Hermes Guarantee Plc on 18 May 2009 was repaid in full on 30 June 2010

7. Called up share capital	<u>2010</u> Number of Shares	<u>2009</u> Number of Shares
<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>

8. Share premium	<u>2010</u> £'000	<u>2009</u> £'000
At 1 January and 31 December	<u>36,881</u>	<u>36,881</u>

Euler Hermes Holdings UK PLC

NOTES TO THE FINANCIAL STATEMENTS (Cont'd) Year Ended 31 December 2010

9. Profit and loss reserve

	<u>2010</u> £'000	<u>2009</u> £'000
At 1 January	25,005	19,684
Profit for the year	<u>1,176</u>	<u>5,321</u>
At 31 December	<u>26,181</u>	<u>25,005</u>

10. Reconciliation of movements in shareholders' funds

	<u>2010</u> £'000	<u>2009</u> £'000
Profit for the financial year	<u>1,176</u>	<u>5,321</u>
Net addition to shareholders' funds	<u>1,176</u>	<u>5,321</u>
Opening shareholders' funds	<u>112,500</u>	<u>107,179</u>
Closing shareholders' funds	<u>113,676</u>	<u>112,500</u>

11. Directors' remuneration

The directors of the company received the following aggregate remuneration charged to the company and included within net operating expenses

	<u>2010</u> £'000	<u>2009</u> £'000
Directors' remuneration comprises		
Emoluments	<u>783</u>	<u>316</u>

The number of Directors accruing benefits under the Company Defined Benefit Pension Scheme was 2 (2009 Nil)

During the year, no Director exercised share options (2009 Nil).

The highest paid Director's emoluments excluding pension contributions were £279,205 (2009 £230,848). The accrued pension entitlement of the highest paid Director under the Company Defined Benefit Pension Scheme at 31 December 2010 was £Nil (2009 £Nil)

Euler Hermes Holdings UK PLC

NOTES TO THE FINANCIAL STATEMENTS (Cont'd) **Year Ended 31 December 2010**

12. Auditors' remuneration

Auditors' remuneration in respect of audit services amounting to £Nil (2009 £Nil) has been charged to expenses during the year

Auditors' remuneration for non-audit services during the year was £Nil (2009 £Nil)

13. 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.

14. 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.

15. Ultimate and immediate parent undertaking

The immediate parent undertaking at 31 December 2010 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 2010 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.