4067303

ERM Holdings Limited

Report and Financial Statements

31 March 2006

ERNST & YOUNG

Registered No. 4067993

Directors

Liam Spring	(appointed 22 February 2006)
Mark Pearson	(appointed 22 February 2006)
Robin Bidwell (Chairman)	(resigned 21 February 2006)
Peter Regan	(resigned 21 February 2006)
Philip Keller	
Mike Hauck	(resigned 15 November 2005)
James Kelly	(resigned 15 November 2005)
Gordon Sage	(resigned 15 November 2005)
Laurel Powers-Freeling	(resigned 15 November 2005)

Secretary

Ann Sirois	(appointed 22 February 2006)
Greg Fahey	(appointed 22 February 2006)
Lisa Foster	(resigned 22 February 2006)

Auditors
Ernst & Young LLP
1 More London Place
London
SE1 2AF

Bankers
Bank of Scotland plc
Broad Street House
55 Old Broad Street
London
EC2P 2HL

Barclays Bank PLC
PO Box 544
54 Lombard Street
London
EC3V 9EX

Solicitors
S J Berwin
222 Grays Inn Road
London
WC1X 8HB

Registered office
8 Cavendish Square
London
W1G 0ER

Directors' statement

The twelve months ending 31 March 2006 was an eventful year for ERM. As well as seeing a number of new offices opening and our revenues grow by 10% we also replaced 3i as a majority investor in a Secondary Buyout in December 2005. As part of this transaction the Group was acquired by a new holding company, ERM Group Holdings Ltd. As a result the financial results stated in pages 14 to 35 do not reflect a full year's group trading. The proforma results shown below, at constant exchange rates, include all subsidiaries currently owned by the ultimate parent company, ERM Group Holdings Limited, and are prepared in accordance with the Group policy set out in Note 1 of the financial statements. These include the consolidated results of ERM Holdings Limited (as detailed further in these financial statements) and the results of ERM GmbH and ERM NA Holdings Corporation which were acquired by our parent company on the 8 December 2005.

	(un-audited)	*(un-audited)*	
	2006	*2005*	Variance
	$000	*$000*	
Turnover	475,449	428,105	11.1%
Net revenue	316,694	287,800	10.0%
Staff costs	(213,160)	(185,454)	(14.9%)
Depreciation and other operating charges	(60,278)	(64,543)	6.6%
Operating profit before amortisation of goodwill	43,256	37,803	14.4%
Amortisation of goodwill	(10,711)	(10,689)	(0.2%)
Operating profit	32,545	27,114	19.9%

Net revenue is the main measure of operating activity and grew by 10% year on year. As a result of improved leveraging of costs our operating margin based on net revenue improved from 13.1% to 13.7% and our operating profit before amortisation of goodwill grew by 14% to US$43.3m. The relationship between turnover and net revenue is a function of the mix of work that is performed during the year.

All our regions performed well and we saw good growth in our emerging markets (Brazil, India and China). Despite the distraction of the buyout we increased our operating profit by 14.4%. We opened two offices in Russia and established an office in Abu Dhabi to service the requirements of our oil and gas clients in that region.

The market

Our market place remains strong with on going pressures arising from globalisation and the resulting industrial restructuring. We continue to see opportunities in emerging countries (assisting with permitting, management systems, recruiting and training etc) as well as in North America and Europe where clients are looking to dispose of unwanted sites. Our clients are also paying more attention to auditing the environmental and social performance of their supply chains which are increasingly stretched further and further into challenging locations.

Continuing high energy and commodity prices have been another important driver for our business; not just work on new exploration and production for oil and gas and the mining sector (increasingly often in very difficult and sensitive locations), but also supporting the development of energy infrastructure such as LNG, terminals and pipeline developments across the world.

Directors' statement

The market (continued)

For many of our clients environmental, social and safety topics are increasingly key issues. We are taking an increasing role in assisting interpreting/interpretation of the technical and regulatory regimes, fully understanding the implications for business and assisting with decision-making and fully understanding the implications for business. In the US, the SEC has made it clear to New York-listed companies that they want increasing clarity about how environmental liabilities are reserved for on the balance sheet – for some there is a potential for these reserves to become a major financial issue. In Europe recent regulations such as REACH (Registration, Evaluation, Authorisation and Restriction of Chemicals) and emissions trading have implications for many industry sectors.

Over this year we have seen an increase in the activity of private equity groups for whom environmental and social issues are an important component of value, particularly insofar as they are concerned with the brand, reputation or relationships with regulators.

Also on the funding side there has been an increase in the attention being paid to the Equator Principles. These are the voluntary principles that major global banks have agreed and which commit them to assessing the environmental and social implications of their investments.

Finally, concerns around water as a resource are creeping up the agenda in almost every country where we work from the Southeast of England to India, to China, to parts of the Americas.

Meeting client needs

Our market research makes it clear that ERM has some real opportunities to differentiate itself from its competitors in terms of client services. A key component of this is to listen more carefully to our clients and to understand their existing needs. Our experience has taught us that senior members of our client organisations want to have the opportunity to discuss their issues and the work we are undertaking for them with a senior member of ERM. We are therefore realigning our priorities in order to ensure that the most senior members of the company spend a great deal more of their time with our clients.

We believe that the majority of our work will continue to be in our four core practice areas (compliance assurance, contaminated site management and remediation construction management, environmental impact assessment and planning, and mergers and acquisitions). Within these core services we recognise that we must deliver a consistent quality around the world; this means that we need to work harder to put together appropriate global teams that can blend the in-depth technical expertise with local experience.

Our clients are also asking us to provide more specialist services. We established an Information Solutions group 3 years ago to meet our clients' data management and analysis needs. This has had considerable success and we will be supporting its continued growth. Last year we acquired a specialist water quality modelling group to supplement our existing water capabilities. We are also seeing growth in demand for our social and community consulting services, our qualified risk assessment work, and the many services associated with climate change – especially the development of strategies around CDM (clean development mechanisms) and the development and assessment of specific projects.

Building our people

To achieve our growth ambitions, we need to make ERM the most attractive place for environmental professionals to work. From our internal surveys, it is clear that the key issues that we need to continue to address are career development and engagement.

Directors' statement

Building our people (continued)

We have a decentralised business model that creates a sense of responsibility for our individual operating units around the world. Around 275 of our more senior people are shareholders in ERM Group Holdings Limited so we also offer a global, connected partnership. This partnership model, with the associated reward of sharing in the company's growth, provides an important career aspiration for many of our younger staff. We recognise that we must also create career paths for those that want to pursue careers of technical excellence rather than the broader responsibilities that partnership implies.

Looking back over the past 5 years it is clear to us that not only have we seen good, strong profitable growth, but we have also built ourselves into a truly global firm. We have developed strong programmes to support our key clients and we have begun to diversify our services to meet their changing needs.

Last year we completed the roll-out of our Global Management System, bringing all our project management and financial systems on to a real time global platform.

In looking ahead, we are aware that our future success depends on our ability to provide our clients with the service that they need around the world and to ensure that we make ERM the most attractive organisation for environmental professionals.

Towards the end of the year, Bridgepoint, the London-based Private Equity house, took a stake in ERM; this enabled 3i, our previous private equity backer, to realise their investment, which they had held since 2001. Given current financial markets, we believe that private equity provides considerable stability to the business as well as providing a mechanism for enabling our 350 partners across the world to share in the success of the company.

Once more I would like to thank all of our clients, our Partners and staff around the world for all that they do to make ERM successful. And a special word of thanks to 3i, our departing shareholder, for all of their support over the past five years.

Director 27 JUL 2006

Directors' report

The directors present their report and financial statements for the year ended 31 March 2006.

Results and dividends

The profit for the year, after taxation and minority interests, amounted to $88,139,000 (2005 - $303,000). The directors do not recommend payment of a dividend (2005 - $nil).

Principal activities and review of the business

The principal activities of the Group are the provision of environmental, social, risk and health and safety consulting services.

A review of the business is contained within the Directors' Statement on pages 2 to 4.

During the year 37,661 "A" ordinary shares of 10 cents each, with an aggregate nominal value of $3,766 were issued for a net consideration of $256,000 under the Employee Ownership Programme. A further 10,472 "A" ordinary shares of 10 cents each, with an aggregate nominal value of $1,047 were issued for a net consideration of $124,000 as part of the acquisition of intangible fixed assets, as disclosed in note 8.

Acquisitions

The group purchased the final minority shareholdings in ERM Siam Co Limited. The group also increased its holdings in Environmental Resources Management (M) SDN BHD in Malaysia to 100%, ERM Singapore PTY to 100%, ERM Certification and Verification Services Limited to 94%, and India Private Limited to 100%.

Future developments

Our marketplace continues to grow and offer the group considerable opportunities. Our strategy is to continue to grow and build our presence in major markets, mainly through organic growth, using acquisitions where appropriate to broaden our service offerings. Our global expansion focuses on building stronger relationships with our largest clients and servicing their needs in more regions and across more practice areas. The chairman's statement provides further details on the group's market and growth.

Directors and their interests

The directors during the year held interests in the shares of ERM Holdings Limited at 31 March 2006 as follows:

		Ordinary 'A' shares of 10 cents each at 31 March 2006	*Ordinary 'A' shares of 10 cents each at 31 March 2005*	*Ordinary 'C' shares of 1 cent each at 31 March 2006*	*Ordinary 'C' shares of 1 cent each at 31 March 2005*
Robin Bidwell	(Executive Chairman)	-	47,933	-	200
Peter Regan	(Chief Executive Officer)	-	56,621	-	200
Philip Keller	(Finance Director)	-	29,596	-	100
Mike Hauck	(Non-executive)	-	1,500	-	-
James Kelly	(Non-executive)	-	1,500	-	-
Gordon Sage	(Non-executive, Deputy Chairman)	-	1,500	-	-
Laurel Powers-Freeling	(Non-executive)	-	2,000	-	-
Liam Spring		-	1,706	-	-
Mark Pearson			350		

Directors' report

Directors and their interests (continued)

The directors at 31 March 2006, and their interests in the shares of ERM Group Holdings Limited, were as follows:

		Ordinary 'A' shares of 1 cent each at 31 March 2006	*Ordinary 'A' shares of 1 cent each at 31 March 2005*	*Preference 'A' shares of 1 cent each at 31 March 2006*	*Preference 'A' shares of 1 cent each at 31 March 2005*
Philip Keller	(Finance Director)	11,716	–	2,360,774	–
Mark Pearson		284	–	57,226	–

Creditor payment policy and practice

It is the Group's policy that payments to suppliers are made in accordance with those terms and conditions agreed between the company and its suppliers, provided that all trading terms and conditions have been complied with.

Annual General Meeting resolutions

The resolutions to be proposed at the Annual General Meeting, together with explanatory notes, will appear in the separate Notice of Annual General Meeting to be sent to all shareholders.

Charitable and political donations

ERM made donations of $87,000 to charities, including the ERM Foundation, in the year to 31 March 2006. The ERM Foundation is an independent charity registered in the United States that awards grants to specific environmental projects around the world.

Neither the company nor any of its subsidiaries has a policy of making financial political donations to political parties or organisations. No such financial donations have been made during the year. Nonetheless, the company and its subsidiaries encourage employees in their political interests and activities, but only outside the normal scope of their employment, in their own time and for their own ends.

Employees

The Group is committed to involving all employees in the performance and development of the Group. Strong regional and company communication lines ensure that employees are kept up to date on corporate activities. Our intranet allows us to inform employees of the Group's success in the marketplace and information on vacancies.

It is the Group's policy to give full consideration to suitable applications for employment of disabled persons. Disabled employees are eligible to participate in all career development opportunities available to staff.

Corporate governance

As detailed in prior year financial statements the company continued to maintain high standards of corporate governance until it was acquired by its parent, ERM Group Holdings Limited, on the 8 December 2005. After this date corporate governance was undertaken by the board and committees of ERM Group Holdings Limited which is committed to highest standards of corporate governance and stewardship.

Directors' report

Auditors

A resolution to re-appoint Ernst & Young LLP as the Company's auditor will be put to the forthcoming Annual General Meeting.

Directors' statement as to disclosure of information to auditors

The directors who were members of the board at the time of approving the Directors' report are listed on page 1. Having made enquiries of fellow directors and of the group's auditors, each of these directors confirms that:

- To the best of each director's knowledge and belief, there is no information relevant to the preparation of their report of which the group's auditors are unaware; and
- Each director had taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the Board

Director 27 JUL 2006

Director 27 JUL 2006

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and group and of the profit or loss of the group 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 accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statement 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 group and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors' report

To the members of ERM Holdings Limited

We have audited the group and parent company financial statements (the "financial statements") of ERM Holdings Limited for the year ended 31 March 2006 which comprise the Group Profit and Loss Account, the Group Statement of Total Recognised Gains and Losses, the Group and Company Balance Sheets, the Group Cash Flow Statement, and the related notes 1 to 26. 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 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

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) as 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, are properly prepared in accordance with the Companies Act 1985 and whether the information given in the directors' report is consistent with the financial statements.

We also report to you if, in our opinion, the group 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 other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

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 group's and 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 ERM Holdings Limited (continued)

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and the parent company's affairs as at 31 March 2006 and of the group's 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.

Ernst & Young LLP

Ernst & Young LLP
Registered auditor
London

28 July 2006

Group profit and loss account

for the year ended 31 March 2006

	Notes	2006 Continuing $000	2006 Discontinued $000	2006 Total $000	2005 Continuing $000	2005 Discontinued $000	2005 Total $000
Turnover	2	208,038	185,549	393,587	184,825	238,001	422,826
Change in work in progress		(1,136)	(350)	(1,486)	(222)	2,507	2,285
External project costs		(58,364)	(73,982)	(132,346)	(60,227)	(76,954)	(137,181)
Net revenue	2	148,538	111,217	259,755	124,376	163,554	287,930
Staff costs	5	(105,740)	(73,097)	(178,837)	(91,940)	(102,267)	(194,207)
Depreciation	9	(3,268)	(1,543)	(4,811)	(2,573)	(2,248)	(4,821)
Other operating charges		(18,332)	(21,650)	(39,982)	(21,963)	(28,959)	(50,922)
Operating profit before amortisation	3	21,198	14,927	36,125	7,900	30,080	37,980
Amortisation	8	(2,536)	(4,983)	(7,519)	(4,435)	(6,224)	(10,659)
Operating profit after amortisation		18,662	9,944	28,606	3,465	23,856	27,321
Profit on sale of investments	10	–	80,403	80,403	–	–	–
Net interest payable	6	(3,209)	(8,642)	(11,851)	(2,708)	(14,030)	(16,738)
Profit on ordinary activities before taxation		15,453	81,705	97,158	757	9,826	10,583
Taxation	7	(4,370)	(4,194)	(8,564)	(5,922)	(4,035)	(9,957)
Profit on ordinary activities after taxation		11,083	77,511	88,594	(5,165)	5,791	626
Minority interests		(453)	(2)	(455)	(268)	(55)	(323)
Profit for the financial year		10,630	77,509	88,139	(5,433)	5,736	303

Group statement of total recognised gains and losses

for the year ended 31 March 2006

	2006 $000	2005 $000
Profit for the year	88,139	303
Exchange difference on retranslation of net assets of subsidiary undertakings	135	2,303
Total recognised gain for the year	88,274	2,606

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Group balance sheet

at 31 March 2006

	Notes	2006 $000	2005 $000
Fixed assets			
Intangible assets	8	50,558	171,379
Tangible assets	9	10,257	13,798
Investments in associates	10	–	62
		60,815	185,239
Current assets			
Debtors	11	67,482	126,659
Cash at bank and in hand		13,226	24,594
		80,708	151,253
Creditors: amounts falling due within one year	12	54,299	90,618
Net current assets		26,409	60,635
Total assets less current liabilities		87,224	245,874
Creditors: amounts falling due after more than one year	13	899	247,662
Provisions for liabilities and charges	17	420	951
Minority interests - equity		1,411	1,372
		2,730	249,985
Capital and reserves			
Called up share capital	18	105	101
Share premium account	19	2,487	2,160
Profit and loss account	19	81,902	(6,372)
Equity shareholders' funds	19	84,494	(4,111)
		87,224	245,874

27 JUL 2006

Director

ERNST & YOUNG

Company balance sheet

at 31 March 2006

	Notes	2006 $000	2005 $000
Fixed assets			
Investments	10	63,015	111,145
Current assets			
Debtors	11	166,459	138,848
Cash at bank and in hand		4,057	6,417
		170,516	145,265
Creditors: amounts falling due within one year	12	53,681	13,345
Net current assets		116,835	131,920
Total assets less current liabilities		179,850	243,065
Creditors: amounts falling due after more than one year	13	–	247,146
Capital and reserves			
Called up share capital	18	105	101
Share premium account	19	2,487	2,160
Profit and loss account	19	177,258	(6,342)
Equity shareholders' funds	19	179,850	(4,081)
		179,850	243,065

27 JUL 2006

Director

Group statement of cash flows

for the year ended 31 March 2006

	Notes	2006 $000	2005 $000
Net cash inflow from operating activities	3(b)	37,532	42,497
Returns on investments and servicing of finance			
Interest received		396	146
Bank interest paid		(4,460)	(4,434)
Loan stock interest paid		(9,934)	(2,763)
Interest element of finance lease rental payments		(8)	(18)
Net cash outflow from returns on investments and servicing of finance		(14,006)	(7,069)
Taxation			
Corporation tax (paid)/recovered		(2,254)	116
Overseas tax paid		(10,236)	(13,614)
Tax paid		(12,490)	(13,498)
Capital expenditure			
Payments to acquire tangible fixed assets		(5,532)	(6,647)
Proceeds from sale of tangible fixed assets		40	57
Net cash outflow from capital expenditure		(5,492)	(6,590)
Acquisitions and disposals			
Payments to acquire subsidiaries		(246)	(2,065)
Proceeds from disposal of subsidiaries		214,702	–
Cash disposed of in subsidiaries sold		(6,778)	–
Net cash outflow from acquisitions and disposals		207,678	(2,065)
Net cash inflow before financing		213,224	13,275
Financing			
Repayments of capital element of finance lease rentals		(179)	(137)
Loan repayments		(87,143)	(22,285)
Issue of ordinary shares	19	379	412
Share issue costs paid		(48)	(72)
Increase in loan stock		4,609	1,601
Repayment of loan stock		(151,081)	–
Decrease in other receivables		8,478	–
Net cash outflow from financing		(224,985)	(20,481)
Decrease in cash	20	(11,759)	(7,206)

Group statement of cash flows

for the year ended 31 March 2006

Reconciliation of net cash flow to movement in net funds/(debt)

	Note	*2006* *$000*	*2005* *$000*
Decrease in cash	20	(11,759)	(7,206)
Lease financing repayments		196	137
Loan repayments		222,526	22,285
Cash inflow from increase in loans		(297)	(1,601)
Change in net debt resulting from cash flows		210,666	13,615
Exchange difference		61	438
Amortisation of issue costs		–	(2,288)
Loan interest paid in kind		–	(8,829)
Other movements		24,770	502
Movement in net debt in the year		235,497	3,438
Net debt at 1 April		(223,492)	(226,930)
Net funds/(debt) at 31 March	20	12,005	(223,492)

Notes to the financial statements

at 31 March 2006

1. Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards. The financial statements are prepared in US dollars, as the majority of the group's transactions are denominated in this currency.

In preparing the financial statements for the current year, the group has adopted UITF 40 'Revenue Recognition and Service Contracts'. The adoption of UITF 40 has resulted in a change in accounting policy for work in progress. The change in accounting policy has resulted in a re-classification of work in progress in the prior year of £17,520,000 to amounts recoverable on contracts. The change in accounting policy has had no impact on the profit and loss account.

After making enquiries, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Basis of consolidation

The Group financial statements consolidate those of ERM Holdings Limited and its subsidiary undertakings, drawn up to 31 March each year. No profit and loss account is presented for the Company as permitted by section 230 of the Companies Act 1985. Entities, other than subsidiary undertakings, in which the group has a participating interest and over whose operating and financial policies the group exercises a significant influence are treated as associates. In the group financial statements, associates are accounted for using the equity method.

Revenue recognition

a) Turnover

Turnover represents amounts recoverable from clients in respect of the Group's continuing activities as stated in the directors' report. Turnover includes costs incurred on behalf of clients and excludes sales taxes. Turnover can be based either on time worked, or on a stage of completion of an assignment agreed previously with clients.

b) Attributable profit

Attributable profit is recognised for that part of the work performed on each contract at the accounting date when the outcome can be assessed with reasonable certainty.

c) Contract losses

Contracts are reviewed regularly and full provision is made for the anticipated total loss on contracts in the period in which they are first identified.

d) Amounts recoverable on contracts and bills in advance

The amount by which turnover exceeds invoiced amounts is disclosed as 'amounts recoverable on contracts' within debtors on the balance sheet. Advance payments are included as 'bills in advance' within creditors to the extent that they exceed the related work done.

Fixed assets

Fixed assets are initially recorded at cost.

Notes to the financial statements

at 31 March 2006

1. Accounting policies (continued)

Depreciation

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Leasehold property	-	over the lease term
Fixtures, fittings, plant and machinery	-	20% to 33% per annum
Motor vehicles	-	25% per annum
Computer equipment and software	-	20% - 33% per annum

The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Goodwill

Goodwill is the difference between the cost of an acquired entity and the aggregate of the fair value of that entity's identifiable assets and liabilities. Positive goodwill is capitalised, classified as an asset on the balance sheet and amortised on a straight line basis over its useful economic life up to a maximum of 20 years. It is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

Fixed asset investment

Fixed asset investments are held on a long-term basis and are stated at cost less any permanent diminution in value.

The carrying values of fixed asset investments are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

- provision is made for deferred taxation that would arise on remittance of the retained earnings of subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable.

- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Notes to the financial statements

at 31 March 2006

1. Accounting policies (continued)

Foreign currencies

Company

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

Group

The financial statements of overseas subsidiary undertakings are translated at the rate of exchange ruling at the balance sheet date. The exchange difference arising on the translation of opening net assets is taken directly to reserves. All other translation differences are taken to the profit and loss account.

Leasing and hire purchase agreements

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the Group, and hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives.

The capital elements of future obligations under finance leases and hire purchase contracts are included as liabilities in the balance sheet.

The interest elements of the rental obligations are charged to the profit and loss account over the periods of the leases and hire purchase contracts and represent a constant proportion of the balance of capital repayments outstanding.

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

Pensions

The Group operates a number of defined contribution pension schemes and makes contributions to employees' personal pension schemes. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the schemes.

The company does not operate a defined benefit pension scheme.

Notes to the financial statements

at 31 March 2006

2. Segmental analysis

An analysis of net revenue and turnover by geographical origin for the year ended 31 March 2006 is given below:

		Net revenue by origin		*Turnover by origin*
	2006	*2005*	*2006*	*2005*
	$000	*$000*	*$000*	*$000*
Continuing				
Europe	87,077	70,691	105,140	100,559
Asia Pacific	42,706	40,765	64,644	54,317
Latin America	17,835	19,129	32,761	29,986
New Business	3,306	–	8,158	–
Discontinued				
North America	100,244	144,932	170,398	219,160
Europe	8,587	12,413	12,486	18,804
	259,755	287,930	393,587	422,826

The analysis of turnover by destination is not materially different from that shown above.

No other segmental analysis has been given as the directors believe that it would be seriously prejudicial to the interests of the Group.

3. Operating profit

(a) This is stated after charging/(crediting):

	2006	*2005*
	$000	*$000*
Depreciation of owned fixed assets	4,778	4,676
Depreciation of assets held under finance leases and hire purchase contracts	33	145
Amortisation of goodwill	7,519	10,659
Auditors' remuneration - audit services - UK	319	237
- audit services - overseas	411	682
- non-audit services	101	151
Operating lease rentals - land and buildings	8,250	14,425
Operating lease rentals - plant and machinery	1,779	1,597
Foreign exchange (gains)/losses	(370)	413
Profit on sale of tangible fixed assets	–	(34)

The profit dealt with in the financial statements of the parent company is $183,600,000 (2005 - loss of $4,589,000).

Notes to the financial statements

at 31 March 2006

3. Operating profit (continued)

(b) Reconciliation of operating profit to net cash inflow from operating activities:

	2006	2005
	$000	$000
Operating profit	28,606	27,321
Amortisation	7,519	10,659
Depreciation	4,811	4,821
Profit on disposal of fixed assets	–	(34)
Decrease in operating debtors and prepayments	34,569	2,633
Decrease in operating creditors and accruals	(37,603)	(3,316)
Foreign exchange (gains)/losses	(370)	413
	37,532	42,497

4. Directors' remuneration

	2006	2005
	$000	$000
Emoluments	3,087	3,194
Group contributions paid to defined contribution pension schemes	45	50

	2006	2005
	No.	No.
Members of defined contribution pension schemes	3	3

The amounts in respect of the highest paid director are as follows:

	2006	2005
	$000	$000
Emoluments	1,177	1,186
Contributions paid to defined contribution pension schemes	20	17

Notes to the financial statements

at 31 March 2006

5. Staff costs

	2006	*2005*
	$000	*$000*
Wages and salaries	150,295	163,200
Social security costs	14,232	14,281
Pension contributions	3,931	4,059
Other staff costs	10,379	12,667
	178,837	194,207

The average monthly number of employees during the year was made up as follows:

	2006	*2005*
	No.	*No.*
Partners	223	277
Consultants	1,542	1,684
Administration	430	480
	2,195	2,441

6. Net interest payable

	2006	*2005*
	$000	*$000*
Interest payable:		
Interest on bank loans and overdrafts	4,487	5,404
Interest on other loans	7,473	9,150
Finance charges payable under finance leases and hire purchase contracts	113	27
Amortisation of debt issue costs	–	2,288
	12,073	16,869
Interest receivable:		
Bank interest	(222)	(131)
	11,851	16,738

Notes to the financial statements

at 31 March 2006

7. Taxation

(a) Analysis of charge in period:

	2006	2005
	$000	$000
Current tax		
UK corporation tax on the profit for the period	420	1,080
Adjustments in respect of previous periods	457	622
	877	1,702
Foreign tax	7,547	10,003
Total current tax (note 7(b))	8,424	11,705
Deferred tax (note 17)	140	(1,748)
	8,564	9,957

(b) Factors affecting current tax charge for the period:

The tax assessed for the period is lower than the standard rate of corporation tax in the UK (30%). The differences are explained below:

	2006	2005
	$000	$000
Profit on ordinary activities before taxation	97,158	10,583
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2005 - 30%)	29,147	3,175
Effects of:		
Profit on disposal of subsidiaries	(24,121)	–
Expenses not deductible for tax purposes (primarily goodwill amortisation)	2,452	4,059
Depreciation for period in excess of capital allowances	14	110
Other timing differences	(895)	1,621
Higher tax rates on overseas earnings	1,303	1,425
Tax losses arising not available for utilisation in current year	67	543
Adjustments in respect of previous periods	457	772
Current tax for the period (note 7(a))	8,424	11,705

(c) Factors that may affect future tax charges

The group has $1.4m of non-trading losses carried forward. The deferred tax asset has not been recognised on this amount due to uncertainty regarding the future reversal of this timing difference.

Notes to the financial statements

at 31 March 2006

8. Intangible fixed assets

Group	*Goodwill*
	$000
Cost:	
At 1 April 2005	213,380
Additions:	
Environmental Resources Management (M) SDN BHD	227
ERM Siam Co Limited	93
ERM Singapore PTY	70
ERM India Private Limited	146
ERM Certification and Verification Services Limited	295
Disposals:	
ERM NA Holdings Corporation	(146,024)
ERM GmbH	(2,654)
At 31 March 2006	65,533
Amortisation:	
At 1 April 2005	42,001
Disposals:	
ERM NA Holdings Corporation	(33,926)
ERM GmbH	(619)
Provided during the year	7,519
At 31 March 2006	14,975
Net book value:	
At 31 March 2006	50,558
At 1 April 2005	171,379

Goodwill is being amortised in equal annual instalments over its estimated economic life of 20 years.

In October 2005, the group purchased 20% of Environmental Resources Management (M) SDN BHD in Malaysia for a consideration of $374,000. At the time of acquisition, the fair value of assets and liabilities acquired amounted to $147,123.

In October 2005, the group purchased a further 20% of ERM Siam Co Limited for a consideration of $225,000 including costs. The fair value of assets and liabilities acquired amounted to net assets of $131,705. The group now holds 100% of ERM Siam.

In October 2005, the group purchased 20% of ERM Singapore PTY for a consideration of $nil. The fair value of assets and liabilities acquired amounted to net liabilities of $69,936.

n October 2005, the group purchased a further 14% of ERM India Private Limited for a consideration of $245,555 including costs. The fair value of assets and liabilities acquired amounted to net liabilities of $99,091. The group now holds 100% of ERM India Private Limited.

Also in October 2005, the group purchased a further 6% of ERM Certification and Verification Services Limited for a consideration of $321,749 including costs. The fair value of assets and liabilities acquired amounted to net assets of $25,745. The group now holds 94% of ERM Certification and Verification Services Limited.

Notes to the financial statements

at 31 March 2006

9. Tangible fixed assets

Group

	Leasehold property *$000*	*Fixtures, fittings, plant and machinery* *$000*	*Motor vehicles* *$000*	*Computer equipment and software* *$000*	*Total* *$000*
Cost:					
At 1 April 2005	1,994	3,040	1,711	18,358	25,103
Additions	258	971	338	3,962	5,529
Disposals	(1,911)	(2,412)	(1,050)	(13,664)	(19,037)
At 31 March 2006	341	1,599	999	8,656	11,595
Depreciation:					
At 1 April 2005	1,376	1,411	602	7,916	11,305
Provided during the year	297	570	294	3,650	4,811
Disposals	(1,592)	(1,893)	(420)	(10,873)	(14,778)
At 31 March 2006	81	88	476	693	1,338
Net book value:					
At 31 March 2006	260	1,511	523	7,963	10,257
At 1 April 2005	618	1,629	1,109	10,442	13,798

The net book value of fixtures, fittings, plant and machinery and motor vehicles above includes an amount of $195,000 (2005 - $367,000) in respect of assets held under finance leases and hire purchase contracts.

10. Fixed asset investments

Group - Associates

	Share of net tangible assets *$000*	*Goodwill* *$000*	*Total* *$000*
At 1 April 2005	62	–	62
Disposal	(62)	–	(62)
At 31 March 2006	–	–	–

Notes to the financial statements

at 31 March 2006

10. Fixed asset investments (continued)

Company	*Investment in subsidiaries $000*
At 1 April 2005	111,145
Disposals:	
ERM NA Holdings Corporation	(47,060)
ERM GmbH	(1,070)
At 31 March 2006	63,015

On 8 December 2005, the group completed the disposal of its interests in ERM NA Holdings Corporation. The disposal is analysed as follows:

Group	*$000*
Net assets disposed of:	
Fixed Assets	4,077
Debtors	62,057
Cash	5,360
Other creditors	(43,728)
	27,766
Disposal of group goodwill	111,952
Profit on disposal	139,718
	205,000
Satisfied by:	
Cash	205,000

The profit attributable to members of the parent company includes losses of $375,000 incurred by ERM NA Holdings Corporation up to the date of disposal on 8 December 2005.

During the year, ERM NA Holdings Corporation contributed $11,786,000 of the group's net operating cash flows and utilised $67,000 in respect of net returns on investment and servicing of finance and $1,446,000 for capital expenditure and financial investment, and paid $5,706,000 in taxation.

Notes to the financial statements

at 31 March 2006

10. Fixed asset investments (continued)

On 8 December 2005, the group completed the disposal of its interests in ERM GmbH. The disposal is analysed as follows:

Group	*$000*
Net assets disposed of:	
Fixed Assets	372
Debtors	8,411
Cash	261
Other creditors	(4,100)
	4,944
Disposal of group goodwill	2,035
Profit on disposal	6,979
	22,100
Satisfied by:	
Cash	22,100

The profit attributable to members of the parent company includes profits of $1,173,000 incurred by ERM GmbH up to the date of disposal on 8 December 2005.

During the year, ERM GmbH contributed $200,000 of the group's net operating cash flows, paid $38,000 for capital expenditure and financial investment and utilised a further $719,000 in taxation payments.

11. Debtors

		Group		*Company*
	2006	*2005*	*2006*	*2005*
	$000	*$000*	*$000*	*$000*
Trade debtors	41,639	70,403	–	–
Amounts owed by group undertakings	–	–	166,459	138,435
Amounts recoverable on contracts	19,476	40,552	–	–
Other debtors	4,384	6,105	–	85
Prepayments	1,983	4,383	–	328
Corporation tax	–	–	–	–
Deferred taxation (note 17)	–	5,216	–	–
	67,482	126,659	166,459	138,848

Notes to the financial statements

at 31 March 2006

12. Creditors: amounts falling due within one year

		Group		Company
	2006	2005	2006	2005
	$000	$000	$000	$000
Current instalment on loans (note 14)	709	412	–	–
Bank overdraft	330	–	–	–
Obligations under finance leases and hire purchase contracts (note 15)	47	213	–	–
Amounts due to group undertakings	–	–	53,345	10,267
Trade creditors	12,810	24,825	–	–
Corporation tax	2,119	5,094	–	–
Other taxes and social security costs	930	1,385	–	–
Bills in advance	11,679	11,695	–	–
Accruals and other creditors	25,675	46,994	336	3,078
	54,299	90,618	53,681	13,345

13. Creditors: amounts falling due after more than one year

		Group		Company
	2006	2005	2006	2005
	$000	$000	$000	$000
Bank loans (note 14)	–	87,293	–	87,143
Other loans (note 14)	–	160,003	–	160,003
	–	247,296	–	247,146
Obligations under finance leases and hire purchase contracts (note 15)	135	165	–	–
Other creditors	764	201	–	–
	899	247,662	–	247,146

14. Loans

		Group		Company
	2006	2005	2006	2005
	$000	$000	$000	$000
Amounts falling due:				
In one year or less or on demand	709	562	–	–
In more than one year but not more than two years	–	–	–	–
In more than two years but not more than five years	–	87,893	–	87,893
In more than five years	–	160,003	–	160,003
	709	248,458	–	247,896
Less: unamortised debt issue costs	–	(750)	–	(750)
Less: included in creditors: amounts falling due within one year (note 12)	(709)	(412)	–	–
	–	247,296	–	247,146

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Notes to the financial statements

at 31 March 2006

14. Loans (continued)

Details of loans not wholly repayable within five years are as follows:

	2006 $000	2005 $000
Senior bank loans:		
Amended Revolving Credit Facility	–	87,893
Loan stock	–	160,003
Loans not wholly repayable within five years (all in Company)	–	247,896
Loans wholly repayable within five years (all in subsidiaries)	–	562
	–	248,458

The Amendment and Restatement agreement with Bank of Scotland entered into on 23 March 2005 was rescinded on 8 December 2005 as part of the restructure process for the acquisition of ERM Holdings Limited by ERM Group Holdings Limited (previously Eagle 1 Limited). All loans as part of the Amendment and Restatement agreement were repaid on 8 December 2005.

The current instalment on loans refers to ERM Brasil Limitada. currently operating a Warranted Current Account with Banco do Brasil with a facility limit of R$2.3million (US$1.1m). The loan is repayable on 30 October 2006 and carries an interest rate of CDI + 0.6% (Interbank Deposit Certificate). This is secured with a Standby Letter of Credit issued by the Bank of Scotland under a US$40.0m Revolving Credit Facility. This is part of the overall US$280m Senior Credit Agreement under ERM Group Holdings Limited, the ultimate parent company.

Treasury and financial policy

Financing activities including debt, interest costs and foreign exchange matters are managed by the Group in accordance with policies approved by the Board. The Group uses financial instruments to manage its interest rate and foreign exchange exposures. As a matter of policy the Group does not undertake speculative financial transactions.

15. Obligations under finance leases and hire purchase contracts

Group	2006 $000	2005 $000
Amounts payable under finance leases	295	676
Less: finance charges allocated to future periods	(113)	(298)
	182	378
Net obligations under finance leases are payable as follows:		
within one year (note 12)	47	213
in two to five years (note 13)	125	130
over five years (note 13)	10	35
	182	378

Notes to the financial statements

at 31 March 2006

16. Other financial commitments

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

Group	*Land and buildings*			*Other*
	2006	*2005*	*2006*	*2005*
	$000	*$000*	*$000*	*$000*
Operating leases which expire:				
within one year	1,740	3,383	497	594
between two and five years	2,838	9,906	740	981
over five years	384	1,021	12	–
	4,962	14,310	1,249	1,575

17. Provisions for liabilities and charges

The deferred tax movement is set out below:

Group	*$000*
At 1 April 2005	(4,265)
Charge/(credit) in year (note 7(a))	140
Disposal of subsidiary undertakings	4,545
At 31 March 2006	420
Included in debtors (note 11)	–
	420

Deferred taxation provided in the financial statements is as follows:

	2006	*2005*
	$000	*$000*
Fixed asset timing differences	(632)	(97)
Short term timing differences	212	4,362
	(420)	4,265

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Notes to the financial statements

at 31 March 2006

18. Share capital

		Authorised	Allotted, called up and fully paid	
	2006	2005	2006	2005
	No.	No.	$000	$000
"A" ordinary shares of 10 cents each	934,798	934,798	94	90
"B" ordinary shares of 1 cent each	1,138,237	1,138,237	11	11
"C" ordinary shares of 1 cent each	100,000	100,000	–	–
"A" deferred shares of 1 cent each	1,000,000	1,000,000	–	–
"B" deferred shares of 1 penny each	100,000	100,000	–	–
Ordinary shares of 1 cent each	74,650	74,650	–	–
	3,347,685	3,347,685	105	101

During the year 37,661 "A" ordinary shares of 10 cents each, with an aggregate nominal value of $3,766 were issued for a net consideration of $256,000 under the Employee Ownership Programme. A further 10,472 "A" ordinary shares of 10 cents each, with an aggregate nominal value of $1,047 were issued for a net consideration of $124,000 as part of the acquisition of intangible fixed assets, as disclosed in note 8.

"A" and "B" ordinary shares carry full voting rights, and represent the ordinary share capital of the company. "C" ordinary shares carry no voting rights, and holders are only entitled to a premium subject to certain conditions being met upon an exit transaction. "A" and "B" deferred shares carry no rights.

19. Reconciliation of shareholders' funds and movements on reserves

Group

	Share capital	Share premium account	Profit and loss account	Total
	$000	$000	$000	$000
At 31 March 2004	95	1,826	(8,978)	(7,057)
Profit for the year	–	–	303	303
Shares issued	6	406	–	412
Share issue costs	–	(72)	–	(72)
Exchange difference on retranslation of net assets of subsidiary undertakings	–	–	2,303	2,303
At 31 March 2005	101	2,160	(6,372)	(4,111)
Profit for the year	–	–	88,139	88,139
Shares issued	4	375	–	379
Share issue costs	–	(48)	–	(48)
Exchange difference on retranslation of net assets of subsidiary undertakings	–	–	135	135
At 31 March 2006	105	2,487	81,902	84,494

Notes to the financial statements

at 31 March 2006

19. Reconciliation of shareholders' funds and movements on reserves (continued)

Company

	Share capital $000	*Share premium account $000*	*Profit and loss account $000*	*Total $000*
At 31 March 2004	95	1,826	(1,753)	168
Loss for the year	–	–	(4,589)	(4,589)
Shares issued	6	406	–	412
Share issue costs	–	(72)	–	(72)
At 31 March 2005	101	2,160	(6,342)	(4,081)
Profit for the year	–	–	183,600	183,600
Shares issued	4	375	–	379
Share issue costs	–	(48)	–	(48)
At 31 March 2006	105	2,487	177,258	179,850

20. Analysis of net (debt)/funds

	At 1 April 2005 $000	*Cash flow $000*	*Exchange difference $000*	*Other movements $000*	*At 31 March 2006 $000*
Cash at bank and in hand	24,594	(11,435)	67	–	13,226
Overdraft	–	(324)	(6)	–	(330)
	24,594	(11,759)	61	–	12,896
Debt due within one year	(412)	(297)	–	–	(709)
Debt due after one year	(247,296)	222,526	–	24,770	–
Finance leases	(378)	196	–	–	(182)
	(223,492)	210,666	61	24,770	12,005

Other movements relate to non-cash items of the rollover of loan notes to ERM Group Holdings Limited for $16.3m and movements related to related parties in the new group structure of $8.5m. The cash movement of $11.8m includes the removal of the cash balances of $6.8m held under the subsidiaries disposed of on 8 December 2005.

21. Pension commitments

The Group operates various defined contribution pension schemes in countries around the world, including Australia, Hong Kong, the United Kingdom and the United States. The schemes are funded by the payment of contributions to separately administered funds.

At the balance sheet date, an accrual of $1,362,000 (2005 - $1,734,000) relating to unpaid pension contributions is included within the financial statements. The amount charged to the profit and loss account during the year was $3,931,000 (2005 - $4,059,000).

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22. Contingent liabilities

Due to the nature of the group's operations it is periodically exposed to contingent liabilities due to its contracting arrangements or litigation. The group has processes in place to identify contingent liabilities when they arise and where possible to quantify the potential exposure. The directors believe that the Group takes a prudent view when providing for any potential liabilities and that it has adequate insurance to cover known potential legal claims.

The Company and the UK subsidiary undertakings are part of a cash pooling arrangement. The structure is supported by a cross-guarantee agreement to which all parties in the pool participate.

23. Transactions with directors

The balance of the loan to a director, Philip Keller was repaid during the year. This represented a loan made to finance Mr Keller's purchase of shares in the Company in December 2000, on which interest was payable at 7%. The initial monies advanced totalled $232,000, of which $nil (2005 - $43,000) remained outstanding at the balance sheet date.

24. Related party transactions

On 30 March 2001, the Company borrowed $79,077,200 from 3i Group plc, 3i Europartners IIIA LP, 3i Europartners IIIB LP and 3i Parallel Ventures LP in connection with the acquisition of ERM Limited and ERM NA Holdings Corp. These amounts were repaid in full including all accrued interest as part of the acquisition by the parent company ERM Group Holdings Limited on 8 December 2005.

25. Ultimate parent company and controlling party

The ultimate parent company and controlling party is ERM Group Holdings Limited from 8 December 2005. Copies of its group financial statements are available from its registered office: 8 Cavendish Square, London W1M 0ER.

26. List of investments

Details of the investments in which the Group and the Company (where indicated) holds 20% of more of the nominal value of any class of share capital are shown below. All companies carry out the principal activities of the Group, namely the provision of environmental, risk and health and safety consulting services.

Principal subsidiaries		*% Holding*	*Country of incorporation*
United Kingdom			
ERM Limited		100	UK
ERM International Services Limited	*	100	UK
Environmental Resources Management Limited	*	100	UK
ERM Certification and Verification Services Limited	*	94	UK
ERM Financial Solutions Limited	*	100	UK
Diligen Limited	*	100	UK
ERM Eurasia Limited	*	75	UK

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26. List of investments (continued)

Principal subsidiaries		*% Holding*	*Country of incorporation*
EMEA			
Environmental Resource Management Ireland Limited	*	100	Ireland
ERM Italia Srl	*	100	Italy
ERM Brs Srl	*	80	Italy
ERM Austria GmbH	*	100	Austria
ERM France SA	*	100	France
ERM NV	*	100	Belgium
ERM Nederland BV	*	100	Netherlands
ERM Hungaria Kft	*	94.44	Hungary
ERM Polska Spzoo	*	100	Poland
ERM Iberia SA	*	96	Spain
Impacto 2000 - Gabinete de Engenharia e Pianeamento Industrial LDA	*	86	Portugal
ERM Portugal - Consultores em Engenharia do Ambiente LDA	*	99.3	Portugal
ERM Scandinavia AB	*	100	Sweden
ERM Dynamo Futura AB	*	100	Sweden
ERM Southern Africa	*	50.1	South Africa
Asia Pacific			
ERM Australia (Pty) Ltd	*	100	Australia
ERM Hong Kong Ltd	*	100	Hong Kong
ERM Japan KK	*	100	Japan
ERM Korea Ltd	*	80	Korea
ERM Technical Services (M) SDN BHD	*	100	Malaysia
ERM Taiwan	*	100	Taiwan
Environmental Resources Management (S) PTE Ltd	*	100	Singapore
ERM Siam Co Ltd	*	100	Thailand
Environmental Resources Management (Lanka) (Private) Ltd	*	51	Sri Lanka
ERM Indonesia	*	100	Indonesia
Beijing Environomics Environmental Resources Management Consulting Company Ltd	*	100	China
ERM China Ltd	*	100	Hong Kong
ERM India Private Ltd	*	100	India
ERM Energy Ltd	*	100	Australia
Environmental Resources Management (M) SDN BHD	*	100	Malaysia
ERM Singapore PTY	*	100	Singapore
South America			
ERM Argentina SA	*	100	Argentina
ERM Chile SA	*	100	Chile
ERM Brazil (CI)	*	100	Brazil
ERM Brazil Ltda	*	80	Brazil
ERM Venezuela SA	*	100	Venezuela
ERM Puerto Rico, Inc	*	100	Puerto Rico
ERM Peru SA	*	100	Peru

** Indirectly held through subsidiary*