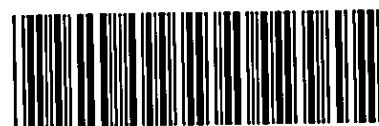


ERM Holdings Limited

Annual Report and Financial Statements

31 March 2007

FRIDAY



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16/11/2007
COMPANIES HOUSE

Registered No 406 7993

ERM Holdings Limited

Registered No 406 7993

Directors

Andrew Silverbeck

Mark Pearson

Secretary

William Boyd

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' Report

The directors present their annual report and financial statements for the year ended 31 March 2007

Results and dividends

The retained profit for the financial year after taxation amounted to \$7,780,000 (2006- \$183,600,000) The directors do not recommend the payment of a dividend (2006 - \$nil)

Principal activity and review of the business

The company is principally engaged as the in-house bank for all operating companies within the group It also acts as an intermediate group holding company There is likely to be no change in the company's activities in the future

The Companies Act requires directors to disclose the company's Key Performance Indicators (KPIs) ERM Holdings Limited manages its KPIs at a segment and geographical level As a result the directors have taken the decision not to disclose KPIs in individual subsidiary financial statements ERM Holdings Limited's KPIs are included within the financial statements of the ultimate parent undertaking, ERM Group Holdings Limited

For the year ended 31 March 2006 and prior periods, consolidated ERM Holdings Limited group statutory financial statements were prepared Following the restructure of the group, as discussed in note 4, entity statutory financial statements have been prepared for the year ended 31 March 2007

Directors and their interests

The directors who served during the year were as follows

Mark Pearson	
Andrew Silverbeck	(appointed on 23 October 2006)

Philip Keller	(resigned on 30 September 2006)
Liam Spring	(resigned on 20 November 2006)

Subsequent to year end the following director has resigned

Polly Gardiner	(resigned on 31 May 2007)
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None of the directors had any interests in the shares of the company during the year The interests of the directors in the shares of the ultimate parent company, ERM Group Holdings Limited, are shown in the financial statements of that company

Analysis of risk factors

The main risks arising from the company's financial instruments are foreign currency risk and interest rate risk The board reviews policies for managing each of these risks and they are summarised as follows

Foreign Currency Risk

The company operates in local currencies in its main operating jurisdictions Transactions in other foreign currencies are recorded at the rate ruling at the date of transaction and outstanding balances are regularly revalued to reflect the prevailing rates of exchange

Directors' Report (continued)

Interest Rate Risk

The company takes deposits and gives loans in various currencies to operating companies within the ERM group. Interest is charged on an arms length basis at 3-month LIBOR local currency floating rate. It is company policy not to hedge any of these transactions.

The company does not have a material exposure to investment risk.

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 2. It is confirmed that the Board (acting as a majority) has reviewed these statutory accounts and having made enquiries confirm that

- there is no information relevant to the preparation of their report of which the company's auditors are unaware, and
- the company has taken all steps that 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.

Re-appointment of auditors

In accordance with S385 of the Companies Act, a resolution to reappoint Ernst & Young LLP as the company's auditor will be put to the forthcoming Annual General Meeting.

On behalf of the board



Andrew Silverbeck
Finance Director

13 November 2007

Statement of directors' responsibilities

The directors are responsible for preparing the Annual 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company 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 company's financial statements for the year ended 31 March 2007 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 13. 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 the preparation of 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.

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.

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.

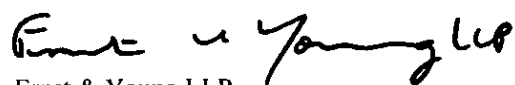
Independent auditors' report

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 company's affairs as at 31 March 2007 and of the company'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
Registered auditor
London

16 November 2007

Profit and loss account

for the year ended 31 March 2007

	Notes	2007 \$000	2006 \$000
Other operating income / (charges)	2	1,423	(55)
Operating profit / (loss)		1,423	(55)
Net interest receivable / (payable)	3	9,280	(9,299)
Profit on sale of investments	4	—	185,463
Investment income	5	—	7,491
Profit on ordinary activities before taxation		10,703	183,600
Taxation	6	(2,923)	—
Profit for the financial year		7,780	183,600

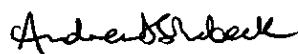
Statement of total recognised gains and losses

There are no recognised gains or losses other than as shown above

Balance sheet

at 31 March 2007

	Notes	2007 \$000	2006 \$000
Fixed assets			
Investments	7	63,015	63,015
Current assets			
Debtors	8	217,124	166,459
Cash at bank and in hand		4,762	4,057
		221,886	170,516
Creditors: amounts falling due within one year	9	(97,271)	(53,681)
Net current assets		124,615	116,835
Total assets less current liabilities		187,630	179,850
Capital and reserves			
Called up share capital	10	105	105
Share premium account	11	2,487	2,487
Profit and loss account	11	185,038	177,258
Equity shareholders' funds	11	187,630	179,850



Andrew Silverbeck
Finance Director
13 November 2007

Notes to the financial statements

at 31 March 2007

1. Accounting policies

Basis of preparation

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

Statement of cash flows

The company has taken advantage of the exemption in FRS 1 from producing a statement of cash flows on the grounds that it is a wholly owned subsidiary and its results are included in the publicly available group financial statements of the ultimate parent company, ERM Group Holdings Limited

Basis of consolidation

The company is a wholly owned subsidiary of ERM Group Holdings Limited and is included in the group financial statements prepared by that company. The company has therefore taken advantage of the exemption provided by section 228 of the Companies Act 1985 not to prepare group financial statements

Investments

Investments held as fixed assets are stated at cost less provision for permanent diminution in value. The carrying values of investments are reviewed for impairments if events or changes in circumstances indicate that 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, and
- 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

Foreign currencies

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

Notes to the financial statements

at 31 March 2007

2. Other operating income / (charges)

	2007 \$000	2006 \$000
Foreign exchange gains	1,875	—
Consultancy costs	(314)	—
Other operating costs	(138)	(55)
	<u>1,423</u>	<u>(55)</u>

Foreign exchange gains during the year derived from retranslation of inter-company loans due to and due from subsidiary undertakings

Audit fees for the current year were borne by another group company. There were no employees and no other staff related costs.

Total aggregate emoluments for directors during the year amounted to \$nil (2006 - \$nil)

3. Net interest receivable / (payable)

	2007 \$000	2006 \$000
Interest payable		
Interest on bank loans and overdrafts	(653)	(11,548)
Bank arrangement fees written off	—	(7,933)
	<u>(653)</u>	<u>(19,481)</u>
Interest receivable		
Bank interest	640	384
Interest on amounts due from group undertakings	9,293	9,798
	<u>9,933</u>	<u>10,182</u>
Net receivable / (payable)	<u>9,280</u>	<u>(9,299)</u>

4. Profit on sale of investments

During the year ended 31 March 2006, as part of restructuring the ERM group, the Company disposed of its investment in ERM NA Holdings Corp (USA) and ERM GmbH (Germany) to newly incorporated intermediate holding companies, Eagle 5 Limited (UK) and Eagle Germany GmbH respectively, for a total cash consideration of \$227,100,000. The disposal was made at a profit of \$185,463,000.

Notes to the financial statements

at 31 March 2007

5. Investment Income

During the year ended 31 March 2007, the Company received \$nil (2006 - \$7,491,000) of total dividend income from its subsidiary undertaking, ERM Limited

6. Taxation

(a) Analysis of the tax charge for the year

The tax charge based on the profit for the year comprises

	2007	2006
	\$000	\$000
<i>Current tax</i>		
UK Corporation tax	2,923	—

(b) Factors affecting current tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK (30%)

The differences are explained below

	2007	2006
	\$000	\$000
Profit on ordinary activities before taxation	10,703	183,600
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2006 - 30%)	3,211	55,080
<i>Effects of</i>		
Non taxable profit on disposal of subsidiaries	—	(53,259)
Expenses not deductible for tax	47	—
Group relief	—	1,028
Non taxable dividend	—	(2,247)
Interest deductible when paid	—	(919)
Unutilised / (Utilised)	(335)	335
Other items	—	(18)
Current tax for the year (note 5 (a))	2,923	—

Notes to the financial statements

at 31 March 2007

7. Fixed asset investments

	2007 \$000	2006 \$000
Investment in subsidiary undertakings	63,015	63,015

The following is a list of the company's principal subsidiary undertakings and particulars of the shareholding therein

Company name	Country of Incorporation	Class of shares	Proportion of shares held directly
Environmental Resources Management (S) PTE Ltd	Singapore	Ordinary	73.5%
ERM Limited	UK	Ordinary	100%

All companies are engaged in the provision of environmental consulting services

8. Debtors

	2007 \$000	2006 \$000
Amounts owed by group undertakings	217,096	166,459
Other debtors	28	—
	<u>217,124</u>	<u>166,459</u>

9. Creditors: amounts falling due within one year

	2007 \$000	2006 \$000
Amounts due to group undertakings	94,348	53,345
Corporation tax	2,923	—
Accruals and other creditors	—	336
	<u>97,271</u>	<u>53,681</u>

Notes to the financial statements

at 31 March 2007

10. Share capital

	<i>Authorised</i>			
	<i>2007 No</i>	<i>2007 \$000</i>	<i>2006 No</i>	<i>2006 \$000</i>
"A" ordinary shares of 10 cents each	934,798	93	934,798	93
"B" ordinary shares of 1 cent each	1,138,237	11	1,138,237	11
"C" ordinary shares of 1 cent each	100,000	1	100,000	1
"A" deferred shares of 1 cent each	1,000,000	10	1,000,000	10
"B" deferred shares of 1 cent each	100,000	1	100,000	1
Ordinary shares of 1 cent each	74,650	—	74,650	—
	<u>3,347,685</u>	<u>116</u>	<u>3,347,685</u>	<u>116</u>
<i>Allotted, called up and fully paid</i>				
	<i>2007 No</i>	<i>2007 \$000</i>	<i>2006 No</i>	<i>2006 \$000</i>
"A" ordinary shares of 10 cents each	934,798	94	934,798	94
"B" ordinary shares of 1 cent each	1,138,237	11	1,138,237	11
	<u>2,073,035</u>	<u>105</u>	<u>2,073,035</u>	<u>105</u>

11. Reconciliation of shareholders' funds and movements on reserves

	<i>Share capital \$000</i>	<i>Share premium account \$000</i>	<i>Profit and loss account \$000</i>	<i>Total shareholders' funds \$000</i>
At 1 April 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 1 April 2006	<u>105</u>	<u>2,487</u>	<u>177,258</u>	<u>179,850</u>
Profit for the year	—	—	7,780	7,780
At 31 March 2007	<u>105</u>	<u>2,487</u>	<u>185,038</u>	<u>187,630</u>

12. Related party transactions

The company is a member of the ERM Group Holding Limited group of companies. In accordance with the exemption conferred by FRS 8, the company has not disclosed transactions with other group undertakings.

Notes to the financial statements

at 31 March 2007

13. Ultimate parent company and controlling party

The company's ultimate parent company and controlling party is ERM Group Holdings Limited. ERM Group Holdings Limited has included the company in its group financial statements, copies of which are available from its registered office 8 Cavendish Square, London W1G 0ER.